The impact of corporatisation and management reform on the role and working life of managers in an Australian electricity utility: A triangulated study, 1994-2002

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THE IMPACT OF CORPORATISATION AND MANAGEMENT REFORM ON THE ROLE AND WORKING LIFE OF MANAGERS IN AN AUSTRALIAN ELECTRICITY UTILITY: A TRIANGULATED STUDY

1994 – 2002

by

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USE OF THESIS

THE IMPACT OF CORPORATISATION AND MANAGEMENT REFORM ON THE ROLE AND WORKING LIFE OF MANAGERS IN AN AUSTRALIAN ELECTRICITY UTILITY: A TRIANGULATED STUDY 1994 - 2002

ABSTRACT

Study context

For decades electricity has been a critical source of energy for all major industries, nationally and internationally. In 2002 the Australian electricity supply industry had assets in excess of $86 billion and accounted for more than 1.4 percent of gross domestic product. It is a major employer with more than 33,000 people serving more than 8 million customers.

This study explores the impact of corporatisation and management reform on the role and working life of managers within the broader context of this industry. It is an industry identified by academics, commentators and the business media over the past two decades as one of poor management performance and inefficiencies - often seen as significant contributors to historically high electricity costs to consumers in Australia. As a result, electricity utility reform has been high on the agenda of national and state governments from the early 1980's and throughout the 1990's. Macro and micro economic reforms driven by significant government sponsored reports were considered central to Australia's efforts to improve its economic position. Underpinning this orthodoxy was the call for managerial responsibilities and incentives for managers of public utilities to be redefined in accord with the government's objectives. Managerialism became the ideological driver for management reform and corporatisation. This in turn became the major change process employed by state governments seeking micro (agency level) economic

reforms. These economic reforms incorporated efficiency, productivity and contestability considerations in line with National Competition Policy.

The theoretical context for this study arises from the debate on micro economic reform which engendered an important shift in policy making debate from public administration to public management. It introduced managerialism, described as a flexible, market-based form of public management emphasising goal setting, planning and the measurement of results. Widespread adoption of managerialist policies in state government agencies is used as the broad context for changes to the roles, practices and working lives of managers within Australia's corporatised electricity supply utilities.

Case selection

The study employs a single case study approach premised on an in-depth rather than an industry-wide investigation of the impact of corporatisation on the role of the manager. It focuses on the changes experienced by managers within Western Australia's public electricity utility, Western Power. This choice is both methodologically defensible and practical. Western Power is the third largest Australian utility in customer terms and covers the largest geographical area. It is typical of the other state utilities and amongst the last to be corporatised following precedents established by its Eastern states counterparts. The choice of Western Power as the case study organisation related to access, time, distance and cost. The researcher has worked for the study organisation for more than 30 years and was able to carry out participant observation, interview staff and access relevant organisational and industry data.

Significance of the study

This study is both unique and significant in terms of its contribution to public management theory and practice. It combines an ethnographical qualitative and a quantitative approach with interpretist elements within a triangulated case study methodology. The study findings address the gaps in the literature on managerial experiences and practices in an essential industry - power generation and distribution. It identifies a wide variety of literature on corporatisation, conceptions of which were found to vary in accordance with party political doctrines on the form, scope and benefits of marketisation within the public sector at state and national level. These were closely linked to deregulation, competition and cost efficiency, or similar approaches to moving key sectors of state and national bureaucracies on to a more commercial footing.

The Australian and international literature presented reports on management reform, and changes to managers' roles as a result of corporatisation and similar commercialisation processes. It also recounts the broad academic, government, and business media views of corporatisation and associated change management processes drawing on interviews and surveys covering managers in different agencies, including power utilities. However, there is very limited discussion of how operational managers experienced change through corporatisation over an extended time period. Equally, few of these studies offer both a macro and micro level perspective on the corporatisation process.

This study aims to close this gap in the literature by providing broad practical insights into 130 managers' views of change of management practices over a seven-year period. Specifically, it captures their voices, opinions and understandings of corporatisation and management reform as it presented to them. Those changes which are effective and beneficial to managers, the organisation and key stakeholders are identified through the exploration of the experiences of those people given the task of implementing and embedding change. Their experience of far reaching, longitudinal changes and reported impacts on their roles and working lives provide valuable insights and lessons which can be used to inform future public policy and management practice.

Key findings

The study provides empirical data which contributes to the body of knowledge in public management policy and practice. Managers' roles have changed significantly since corporatisation, but they gained only few of the benefits that had been reported for their counterparts in other utilities and industries both in Australia and overseas. Differences between the dominant ideas in the literature and the findings reported for this study can be partly attributed to a methodology heavily focused on investigating managers' perceptions of corporatisation and management reform as experienced in a day to day operational sense. Other studies reviewed concentrated primarily on senior and executive management levels and give the general impression that managers at all levels have benefited in many respects from corporatisation and are better off as result of it. However, senior managers and executive tiers were identified in this study as gaining the most from corporatisation through the productivity and efficiency improvements delivered by the operational managers below them. There were fewer benefits for operational managers, apart from new skills, often acquired through personal initiatives to remain relevant or effective within an increasingly demanding role. Benefits such as improved remuneration from negotiated contracts and performance agreements were obtained largely at the discretion of senior management. What benefits the managers did get came at a cost to them in terms of increased workload, working hours and stress and, decreased job security and leisure time.

The study also found that although managers' motivation and job satisfaction had increased since corporatisation, there were indications that since the year 2000 management empowerment had decreased and roles had become blurred. For example, managers were now less empowered, less motivated and more confused over their roles because of imposed limits and the enforcement of procedures which they considered were restrictive and bureaucratic. These were often viewed as an instrument to apply further cost controls and performance improvements. These findings are contrary to the rhetoric of managerialism which promotes a move away from management controls and bureaucratic procedures, rules and standards.

Implications of the study for the electricity industry and management policy and practice include: Recognition within public policy and management discussion of the contradiction of an observed shift toward centralised authoritarian management structures and reduced empowerment of line managers whilst local accountability and empowered decision-making remain as cornerstones of managerialism and new public management; The need for an increased focus on human resource management initiatives to put in place adequate professional development structures, supportive to ongoing acquisition of new skills necessary to meet the demands of changing management roles and performance criteria; Recognition of the need for increased role clarity in an increasingly fluid and complex working environment; The promotion of top down and bottom-up communication of change within the public sector reform process; And, direct involvement of all management levels in the strategic planning and performance management processes on an ongoing cyclical basis.

Recommendations from the study for Western Power include: The identification and reduction of gaps in managers' understandings of their role and accountabilities through a process of annual reviews incorporating dialogue between senior managers, line managers and key stakeholders; And, further investigation into the impact of increased leadership accountabilities within managers' roles; in terms of workloads, working hours and responsibilities.

In addition to specific recommendations for Western Power, the study also provides recommendations for all Australian electricity supply utilities and industry in general. These include: Further investigation of the trend toward authoritarian management which includes reduced empowerment for line managers and increased bureaucracy from senior management; And, further studies to determine if there is an emerging trend toward a decline in managers' morale, motivation and organisational loyalty as a result of increased bureaucracy, workload, and roles and responsibilities

DECLARATION

I certify that this thesis does not, to the best of my knowledge and belief:

(i) incorporate without acknowledgement any material previously submitted for a degree or diploma in any institution of higher education;

(ii) contain any material published or written by another person except where due reference is made in the text; or

(iii) contain any defamatory material.

I also grant permission for the Library at Edith Cowan University to make duplicate copies of my thesis as required.

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Date 28 January 2005.

AKNOWLEDGMENTS

I have been working in the electricity supply industry for many years and this thesis marks a milestone in my career.

The greatest debt I owe for its completion is to my wife Robyn and my sons, Shane, Mark and Christopher who have encouraged and supported me unconditionally over the past five years, and to my mother, whose list of things for me to fix grows ever longer.

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STRUCTURE OF THE THESIS

Chapter One outlines the background to the research and introduces the problem under investigation. The justification for the research is presented, other relevant research reviewed and the research objectives formalised. It also outlines the research methodology, describes the research boundaries and defines key terms.

Chapter Two provides an overview of the Australian electricity supply industry and describes the case organisation, Western Power, before and after corporatisation. Prior research relative to the current research context and objectives is also reviewed. The analytical framework used for this study is also described in this chapter.

Chapter Three provides the literature review undertaken to investigate the theoretical, social and ideological considerations underpinning the reform agendas of Australia's state governments when restructuring and corporatising their electricity utilities. It embodies broad domains such as economics, public policy, managerialism, business management and change management in order to build a analytical base for a practical understanding of the phenomenon of corporatisation and management reform in the Australian electricity supply industry generally, and the impact on the role and working life of managers specifically.

Chapter Four describes the research methodology, research procedures and limitations. It establishes a research framework, develops the research questions and outlines the method by which the research data will be gathered.

Chapter five presents the results and the analysis of the preliminary interviews conducted as part of stage one of the research schema.

Chapter six presents the results and the analysis of the quantitative component of the research, stage two.

Chapter seven presents the results and analysis of the focused follow-up interviews, stage three of the research schema.

Chapter eight triangulates, synthesises and discusses the research findings of chapters five, six and seven with reference to the analytical framework, theory and literature presented in chapters two and three.

Chapter nine presents the study implications for the electricity industry and management policy and practice, and recommendations for future research.

Definitions of key concepts used in this thesis are included in appendix 1.

All references reviewed for this research are cited in the text and included in a table of references at the end of the thesis.

CHAPTER ONE

INTRODUCTION

1.1 ABOUT THE STUDY

This thesis examines the relationship between the broad corporatisation and management reform agenda for Australia's electricity supply utilities and the changes to managers' roles and working life. In particular, it focuses on impacts of corporatisation and management reform on the role and perceptions of managers within Western Australia's public electricity utility. Some writers make a distinction between 'change' and 'reform' (Caiden, 1988; Spann, 1979), where change refers to any alteration or shift in administration that occurs automatically, while reform implies administrative change that is deliberately designed and induced. This study follows Reynoldson (1999) and other writers who use the term interchangeably. This chapter introduces the research context, rationale and objectives of the study. Research questions are outlined and an overview of the study is presented to guide the reader through subsequent chapters.

For decades electricity has been a critical source of energy for all major industries, nationally and internationally. In 2002 the Australian electricity supply industry had assets in excess of $86 billion and accounted for more than 1.4 percent of gross domestic product. The sector is also a major employer with more than 33,000 people serving more than 8 million customers (Australian Bureau of Statistics, 2002, 5). In a similar manner to that which occurred in the UK, Europe, Canada, New Zealand and the United States the performance of all of Australia's public electricity utilities was a matter of strong public and political debate from the late 1980's to the mid 1990's. The discourse generated a growing awareness by government, the business media, academics and professionals that the industry had to change. The debate was particularly strong around issues of size, structure and ownership. More specifically, questions were asked as to how should an industry of such size and importance to the economy be managed to satisfy both government and commercial objectives. Managerialism became the ideology for management reform and corporatisation, the platform from which the state governments introduced major economic reform driven by the efficiency, productivity and contestability considerations of the National Competition Policy (Hilmer, 1993).

The reported economic benefits of macro-level reform featuring corporatisation and in some instances the sale of Australia's state public utilities are well documented in the literature, (Hyman, 1995; Maddock, 1993; Quiggin & Spoehr, 1998; Walker & Walker, 2000). Similar benefits from public utility reform have been reported in the United Kingdom, New Zealand, the United States, and elsewhere (Alkhafaji, 1993; Boston, 1987; Boycko, Shleifer, & Vishny, 1996; Duncan & Bollard, 1992). Absent from the literature for all countries, however, are the opinions, feelings and concerns of the managers responsible for implementing and embedding the broad organisational and management system changes introduced at the executive level of the organisation.

This study examines the micro-level aspects and impact of the corporatisation and management reform of an Australian public electricity utility from the perspectives of senior, middle and business unit managers. It reports the managers' perceptions and responses to the significant structural changes through a triangulated study analysis drawing on qualitative and quantitative data. The approach is ethnographical, quantitative and multidisciplinary and brings together elements of economics, public policy and management theory to present a composite 'insiders' perspective on the significance of the electricity supply industry in the economy, and more importantly, its inter-relationship between the government (as owner) and the manager (as agent). Specifically, the study investigates the impact of corporatisation and management reform on the roles and working life of managers in Western Australia's electricity supply utility over the period 1994 to 2002.

Use of the term 'manager'

Managers are conventionally defined for the purposes of this investigation as those agents who plan, organise, direct and control an organisation, branch or business unit on the owner's behalf (Beer, Eisenstat, & Spector, 1994). The term 'manager' is used throughout this study to include all senior managers, middle managers and senior section heads who are responsible for the performance of either a branch or business unit within the electricity supply industry. 'General Managers' in the study site are responsible for a division. They are also referred to as senior managers in this study, which is the general terminology used in the literature. All the general managers and the managing director form the executive. 'Branch Managers' in the study site are responsible for a branch within a division. They are generally referred to as middle managers in the literature. Finally, 'Senior Section Heads' in the study site are responsible for a business unit. They are also referred to as 'Business Unit', or 'Front-Line', managers in the literature.

1.2 STUDY CONTEXT: CORPORATISION AND MANAGEMENT REFORM 1994 - 2002

From the early 1980's and throughout the 1990's the recognition that Australian industry has to operate in a global market place has fuelled a demand by industry and commerce, supported by national and state governments, for Australian public electricity utility reform. Ever present in the rhetoric for reform has been the demand for greater state and federal government efficiency and effectiveness in managing their electricity utilities. Macro and micro economic reforms driven by significant government sponsored reports produced by Hilmer (1993), Carnegie (1993) and McCarrey (1993) were considered central to Australia's efforts to improve its economic position. Underpinning this orthodoxy, was strong debate from the 1980's and throughout the 1990's by academics and practitioners, including Butlin, Barnard & Pincus (1982), Painter (1988), Maddock (1993), Hilmer (1993), Carnegie (1993), McCarrey (1993) and Shirley (1999) who were strongly in favour of modelling the electricity supply utilities along private sector lines in order to improve their effectiveness and efficiency. Central to this argument was the tenet that managerial responsibilities and incentives for managers of public utilities should be redefined, so that they are in accord with the government's objectives.

The ensuing debate engendered an important shift in discourse from public administration to public management. It introduced managerialism, as a form of management reform argued by Considine (1988, 6) and Yeatman (1990, 13) to be a new generation of scientific management drawing on models and approaches from the private sector. They, and others, describe managerialism as a flexible, market-based form of public management that emphasises goal setting, planning and the measurement of results (Bradley & Parker, 2001; Considine & Painter, 1997; Kearney, Hays, & Steven, 1998; Reynoldson, 1999). Considine (1988) has written a critique on the corporate management framework in which he postulates that managerialism, as an ideology, elevates economic rationality to primary status in the public sector and is committed to four key management concepts: the product format, autocratic instrumentalism, systems integration, and purposive action (p.7). Considine & Painter (1997) were later to study the concept of managerialism in greater detail and reported it heralded a revolution in the way public sector organisations within Australia were to be managed (p.2).

Reynoldson (1999) conducted an extensive study of managerialism as an ideology and its application in the public sector. He found that it encompasses most if not all the changes that characterise public sector reform in the late 1980s and throughout 1990's. He argues that even in cases where there is some doubt about its appropriateness, such as with its applicability to market-style reforms, there is substantial overlap and linkage; accordingly managerialism remains the term that best describes the content of change in the public sector and is the focal point in discussions of reform (Reynoldson, 1999, 35). Reynoldson's broad view of managerialism is adopted in this study. The concept of managerialism as an ideological argument for reform and change in public utilities is discussed in detail in chapter three and appendix 1.

However, it is important to note that this study is not a detailed pursuit of the theories and principles of managerialism, but more on the product of managerialism and management reform and the impact it has on the roles and working life of managers. This study uses mainstream managerialism as defined by Considine (1988), Considine and Painter (1997) and Reynoldson (1999) as an explanation for management reform and what has happened to the roles of managers within Australia's corporatised electricity supply utilities.

Managerialism or the corporate style of management was adopted as a means of improving public sector effectiveness and efficiency and was presented as management reform to Australia's electricity supply industry in the mid to late eighties through a process known as corporatisation (Simmons & Bramble, 1996; Wood & Jones, 1993). Shirley (1999) defines corporatisation as an effort to make state owned enterprises (SOE's) operate as if they are private firms facing a competitive market. With corporatisation, individual state governments retain ownership of their enterprises and operate them under the companies code with a board of directors appointed by the government to make policy decisions. Where monopolies exist, regulation is introduced to remove barriers to the entry of competition, subsidies and special privileges. Driven by a reform agenda based on managerialist principles, corporatisation was introduced to the whole electricity supply industry in Australia in the early 1990's as 'management reform' or 'corporate management' (Considine & Painter, 1997, 212). Reynoldson (1999) considers the term 'management reform' to be an umbrella term that encompasses managerialist techniques such as, strategic planning, budgeting, devolved management and performance measurement.

For most Australian public electricity supply utilities, and particularly in Western Australia, corporatisation and management reform has been the driving force overcoming the inertia of years of public sector style management. Since the initial corporatisation and management reform push, organisational and management change has progressed unabated throughout the 1990's, and continues into the twenty first century (Booth, 2000; Eiszele, 1999; Walker & Walker, 2000). Increasingly, managers are becoming more accountable for managing their business units effectively and efficiently, for paying increasing attention to tighter financial accountability, for planning, and for conforming to legislative requirements (Dunford, Bramble, & Littler, 1998). Corporatisation as an ideology and driver for reform and change in the public utilities is discussed further in chapter three and appendix 1.

It is claimed by business writers and academics that deregulation, competition and commercialisation, critical components of the corporatisation and management reform agenda, have compelled managers to restructure their business units. They are required to place a greater emphasis on staff development, effective task assignment, training and the devolution of responsibility. Additionally, they must provide for the greater use of contractors and the contracting out of key services to bring them into line with the owner's (government's) requirements and commercially acceptable practice (Dunford et al., 1998; Walker & Walker, 2000). An outcome of this sees managers given the responsibility for introducing and implementing broad organisational and management system changes, which were previously unfamiliar to the electricity utilities and to the managers. This change manifesto includes business and labour rationalisation, customer focus, strategic planning, financial accountability, and new performance measures and reporting processes. Commercialisation, a key component of the broader reform process, was also introduced. This is defined by Dixon and Kouzmin (1994) as *...the levying of user charges, reflecting to varying degrees the economic cost of providing goods and services* (p.58). Prowse (1989) views commercialisation and corporatisation as being inextricably linked, and particularly applicable to publicly owned entities which operate in an environment where there is some kind of market for their product. He considers that in these cases the focus would be on the performance of business unit managers in relation to meeting objectives and resources (p.117). Although linked through their application Harman (1993) contends that commercialisation is often confused in public debate with corporatisation. He claims that:

> *Commercialisation is the process of setting clear commercial objectives for public enterprise and at the same time ensuring that it is not in a privileged position relative to its private sector competitors for the achievement of its commercial performance indicators* (Harman, 1993a, 9).

Commercialisation is defined in appendix 1 and discussed further in chapter three.

The corporatisation and management reform of Australia's electricity utilities in the 1990's was notable because the changes represent a significant paradigm shift for the engineering-led bureaucratic, vertically integrated management structure, whose main focus was technical excellence with little consideration of cost. Corporatisation also represented a substantial break from the production driven culture that, according to Simmons and Bramble (1996), *...led to gold-plating and over engineering* (p.220). Corporatisation was arguably the most momentous reform of Australia's electricity utilities since their inception in the early to mid-twentieth century (Eiszele, 1999; King & Maddock, 1996). The continuous nature of this reform process has been highlighted by David Eiszele, managing director of Western Power, who states that, *...as we near the end of the 1990's and indeed the end of the first electric century, this massive programme of change remains work-in-progress* (Eiszele, 1999).

Finally, this study focuses on the period 1994 to 2002. It spans those turbulent years of corporatisation and management reform underpinned by the introduction of new management systems and organisational and culture adjustment and readjustment; a period that has seen significant downsizing of the workforce in the electricity supply industry and continuing calls for further disaggregation and privatisation.

1.3 CASE SELECTION: WESTERN POWER 1994 - 2002

This study is an in-depth rather than an industry-wide study and focuses only on managers within Western Australia's public electricity utility, Western Power. The rationale behind the choice of Western Power as a research site was both methodological and practical. Western Power is the third largest state utility of six in customer terms and covers the largest geographical area (Electricity Supply Association of Australia, 2002). Walker & Walker (2000) report that prior to corporatisation in January 1995 Western Power was typical of the other Australian state utilities, which McCarrey (1993) and Booth (2000) claim were all vertically integrated government agencies run along public-sector lines with very similar enabling legislation and organisational and reporting structures. Harris (1991) describes Western Power as *...a very good representative of Australia's electric supply utilities in the early nineties* (p.52) and contends that it was among the last of Australia's public electricity supply utilities to be corporatised with the process informed to some degree through precedents established by its Eastern states counterparts.

Western Power is situated on the West coast of Australia and is quite remote from its counterparts on the Eastern seaboard. The practical rationale for using Western Power was access, time, distance and cost. The researcher has worked for the study organisation for more than 30 years and was able to carry out participant observation, interview staff and access data, e.g., internal documentation, with approval from the managing director, who expressed an interest in the research. The researcher's role within the organisation also ensured the preservation of the confidentiality of the participants, who included all general managers, branch managers and senior section heads.

Keen & Scase (1998) in their study of the impact of management reform and new managerial roles in UK government agencies contend that given the research limitations of time, distance and cost, research sites that are remote, but similar in organisational configuration and undergo similar change through a similar time period would present an *...as favourable as possible organisation for examining the complex socio-political processes, which characterise behaviour in those organisations* (p.171). They further content that research of like organisations represents an authority that presents *...a best possible chance for studying managerial changes, in that if changes did not occur in the study organisation, then they were unlikely to be occurring to a significant degree elsewhere* (Keen & Scase, 1998, 171).

1.4 STUDY OBJECTIVES AND RESEARCH QUESTIONS

The thesis aims to present a new perspective on senior, middle and business unit managers in the Australian electricity industry through the study of one major electricity utility. It focuses on the roles and quality of working life of managers, and particularly the impact of structural and system changes resulting from the electricity utility reform agenda of corporatisation and management reform, which includes commercialisation and the broader philosophy of managerialism. The research explores the associated skills, competencies and behaviours required of managers as a consequence of management reform. The study also contributes to a new emerging orthodoxy that queries the rationale of corporatisation and management reform (Considine & Painter, 1997; McKenna, 1999; Shirley, 1999; Vigoda, 2002; Walker & Walker, 2000; Wise, 2002). It does this from the perspective of the managers, that is it explores the managers' understanding of the rationale for corporatisation, the benefits arising from it and the impact it has on their roles and working life.

The study, consisting of qualitative and quantitative data focuses specifically on 130 managers' experience in Western Australia's electricity utility through the period 1994-2002. Significant restructuring and introduction of new management systems have occurred to support management reform within this utility and are ongoing. Many managers' roles have changed, shifting from 'administration' to 'management' and 'leadership', that is moving from a focus on maintenance of ongoing operations and the administration of rules or regulations to a broader role of managing capital resources and leading human resources to achieve defined and measured performance outcomes (Brehony, 2002; Gardner, 2001; McCarrey, 1993).

The research process investigates four lines of enquiry that will expand the body of knowledge relating to corporatisation and management reform with a major focus on the benefits and consequences of corporatisation and management reform within a significant representative sample of Australia's electricity supply utilities. The research questions which are the focus of this study are:

1 What are managers' understandings of the rationale for the corporatisation of Western Australia's public electricity supply utility?

2 What are the significant changes to managers' roles and how have those changes impacted on their roles within Western Australia's electricity supply industry as a result of corporatisation and management reform?

3 What are managers' perceptions of the benefits of corporatisation for themselves, for the organisation, and for key Western Power stakeholders.?

4 What are managers' perceptions of the impact of corporatisation and management reform on the quality of their working life?

The methodology for obtaining the research data to answer these questions is described in the next section. Any questions of significance beyond the scope of this study will be addressed in chapter nine as limitations and issues for future research.

1.4.1 Study Methodology

The methodology used for this research is described in detail in chapter four, but is reviewed here to give the reader an insight into the structure of the research and how the data has been gathered.

This study used an ethnographical qualitative (Ticehurst & Veale, 1999, 104) and a quantitative approach to data gathering which featured multiple sources of information gathered over three stages in order to triangulate the data. While technically not a longitudinal study (Ticehurst & Veale, 1999, 49) some aspects of this research explored the managers' perceptions of changes that had occurred prior to corporatisation in 1995 and over the years to 2002. Interviews and surveys combined with existing corporate documentation and the researcher's personal knowledge of and experience within the study organisation were used for this study. Interviews and surveys as a primary data source enable participants to demonstrate their perceptions and beliefs, and facilitate the clarification of any key issues that may emerge (Geletkanycz, 1997; Keen & Scase, 1998; Punch, 1998). Ticehurst & Veale argue that different approaches to evidence gathering enable holistic triangulation, which allows for the phenomena to be examined from multiple perspectives thereby allowing new and deeper dimensions to emerge. Furthermore, the ethnographic style of research seeks to see the situation as it appears through the eyes of those being researched and allows for them to speak for themselves, often through the use of direct quotations (Ticehurst & Veale, 1999, 104). Triangulation also offers flexibility and an in-depth approach that is not always available with more simple designs using either qualitative or quantitative data alone (Brewer & Hunter, 1990). Others view the triangulation methodological approach to social research as assigning either, or both, qualitative or quantitative values, such as text or numbers, to the social phenomena being studied (Breitmayer, Ayres, & Knafl, 1993; Creswell, 1994; Morse, 1991).

The data collection for this study consisted of a three-stage approach. The first stage was multi-faceted and consisted of a combination of secondary and primary data in the form of an in-depth review of corporate documentation and preliminary interviews. The literature reviewed in chapter two, as part of the secondary data, related to Australia's electricity supply industry at the macro-level and structural changes and new management systems introduced as management reform at the micro level during the period 1994 to 2002. The literature on macro-level change was extensive, but with considerably fewer sources linking this to the micro-level aspects of the corporatisation and management reform process. Therefore, in order to identify new issues and any concerns that managers may have, preliminary interviews were carried out prior to the development and administration of a questionnaire survey. The preliminary open-ended interviews provided primary data for stage one of the study and involved twenty managers from the target population of 130. The important issues, themes and concepts that emerged from the preliminary open-ended interviews were discussed in chapter five and used to inform the questionnaire survey for stage two.

The second stage of data gathering was divided into two parts: the first being a pilot survey, to verify the final survey design. The second part of stage two consisted of the main questionnaire survey which was administered to the whole target population and yielded a 85.4% response. The findings from stage two were discussed in chapter six.

The third stage of data gathering consisted of follow-up focused interviews with sixteen managers from across the organisation. These interviews enabled the validation of findings from stages one and two and enabled further exploration and analysis of important themes and issues that had emerged. The findings from stage three were discussed in chapter seven.

The study methodology is described in more detail in chapter four.

1.5 SIGNIFICANCE OF THE STUDY

There are several significant reasons for focusing on corporatisation and management reform within the electricity supply industry. Of primary importance is the size and influence the industry represents within the Australian economy. With assets in excess of $86 billion it accounts for more than 1.4 percent of gross domestic product, employs over 33,000 people and supplies electricity to more than 8 million customers (Australian Bureau of Statistics, 2002, 5). In Western Australia, the state-owned electricity utility is valued at nearly $6 billion (Western Power Annual Report, 2003, 7) and like its corporatised counterparts in New South Wales, Queensland and Tasmania is an important source of revenue for government. For example, cash payments to the WA state government have exceeded $1.04 billion since corporatisation (Western Power Annual Report, 2003, 7). However, the electricity supply industry has been plagued by accusations of poor management performance and industry-wide inefficiencies resulting in a disproportionately high cost of electricity believed by government, business, academics and professionals to be largely responsible for the lack of competitiveness of Australian industry (Maddock, 1993; Simmons & Bramble, 1996).

Further significance of this research is the important contribution it will make to the study of corporatisation and management reform. Previous work in the area has generally focused on financial, social and political aspects, see Prowse (1989), Sly & Weigall (1992), Dixon & Kouzmin (1994), Watts (1996), Deveson (1997) and Quiggin & Spoehr (1998) for the Australian content, and Wiltshire (1987), Deane (1989), Duncan & Bollard (1992), Lee (1994) and Lewis (1996) for overseas research. However, there has been very little debate, both in Australia and overseas, relating to the practical impact of corporatisation and management reform on managers in such an economically and strategically important industry as electricity supply. There is a need for a study which documents in detail and over an extended period of time the perceptions of those charged with implementing corporatisation as a reform agenda within their organisations. Managers have not been heard. There is a need to provide a true insight into the nature and impacts of managerialism and corporatisation, but going beyond the cost benefit and agency view of economics and political perspectives offered in public policy and political economy literature.

This study is unique in that it brings in the voice and concerns of the manager. It focuses on managers within an industry of high national significance for the economy, essential service delivery and the community in order to provide insights into their acceptance and perceptions of change as the industry experienced unprecedented reform. The study captures their voices and their understanding about the process of corporatisation and management reform. Those changes which are effective and beneficial to managers and to the organisation can be identified by exploring the experiences of the people given the task of implementing and promoting change. Moreover, in this case change was required from a set of vertically integrated bureaucracies to a competitive customer focussed corporation. Successful change on the scale required for state electricity supply utilities requires a plan, ownership of that plan and responsibility for implementing it. Although most significant change manifests from the top-down, it is the managers who are the agents of its implementation and promotion. They are ultimately responsible for the success or failure of change within their organisation. Finally, these work experiences and the impact they have on the roles and working life of managers will provide valuable insights and lessons to inform future public policy and practice. From an Australian perspective, these issues are only partially addressed through research by Jones (1998), Stace & Dunphy (1997), Simmons & Bramble (1996). Overseas research has included Akuamoah-Boateng (1989), Ernst (1993), Hales and Mustapha (2000),Worrall & Cooper (2000, 2001). These studies are reviewed in more detail in chapters two and three.

1.6 STUDY LIMITATIONS

Because of the practical considerations of time, distance and cost this is an in-depth study that focuses primarily on one state utility, rather than an industry-wide study. However, this weakness is reduced in importance through the representativeness of the site which was similar to other state electricity supply utilities throughout Australia at the time they were corporatised. Apart from physical size all were state-owned, similarly structured and subjected to the same pressures for change in the lead up to corporatisation (Booth, 2000; Harris, 1991; McCarrey, 1993; Walker & Walker, 2000).

A further limitation may arise because of the limited literature about managers' personal experiences and perceptions of corporatisation and management reform in the electricity supply industry as it impacts on them.

Much of the available literature addresses these matters from a general and 'arms length' perspective which makes comparisons difficult. However, the limited studies in this area may also be viewed positively by others as an opportunity for future research which further addresses the gaps in the literature and adds to the information on public management and public policy. For that reason, this study is not a detailed study of the theories and principles of managerialism which have been well reported in the literature, but more on the practical application of managerialism to corporatisation and management reform within the electricity supply industry as defined by Considine (1988), Considine and Painter (1997) and Reynoldson (1999). To avoid any weakness from this approach, the study will acknowledge important contributions of the managerialist debate which are relative to the aims of this study. These are covered in detail in chapter three, used in the data synthesis and discussion in chapter eight and study implications in chapter nine.

1.7 CONCLUSIONS

Electricity is a critical source of energy for all major industries and the recognition of the need for greater efficiency and effectiveness in the management of Australia's electricity supply utilities was the driving force for a far-reaching corporatisation and management reform agenda. Corporatisation and management reform within Australia's electricity supply industry was underpinned by a managerialist reform agenda with the main focus on deregulation, competition and commercialisation. Managers play a critical part in the implementation of change, but there has been very little debate, both in Australia and overseas, relating to the practical impact of corporatisation and management reform on the managers in such an economically and strategically important industry as electricity supply. Therefore, in order to address the gap in the literature and to inform future research and management practice this study will examine managers' understandings of the rationale for corporatisation; the changes that have occurred to their roles and how those changes have impacted on their roles; their perceptions of the benefits of those changes for themselves, the organisation, and key stakeholders; and their perceptions of the impact of corporatisation and management reform on the quality of their working life.

The next chapter provides an overview of the Australian electricity supply industry in the context of the research objectives and describes in greater detail the case organisation, Western Power, before and after corporatisation. Prior Australian and overseas studies which have relevance for this study are also reviewed and the analytical framework used for this study is presented.

CHAPTER TWO

A PROFILE OF THE AUSTRALIAN ELECTRICITY SUPPLY INDUSTRY: 1990 - 2003

2.1 OVERVIEW

Chapter one outlined the study context and the justification for the research. It also introduced the research site and identified four study questions. This chapter builds on the study context and justification for the research in terms of the unprecedented organisational changes and the evolution of management practices within public utilities. It focuses on managers within one of Australia's state electricity supply utilities, premised on the similarities of each state in terms of organisational structure, management practices and reform agenda prior to corporatisation. It introduces the macro level changes that have occurred within each of Australia's State and Territory utilities during the period 1990 to 2003 and gives an overview of the structure and ownership status of each and demonstrates the similarities of the changes which each utility underwent, but at different times. These similarities are well documented in the literature by Harris (1991), Hilmer (1993), Hyman (1995), Quiggin & Spoehr (1998), and others.

This chapter shows that the major objectives of each of Australia's state governments for the corporatisation of their electricity utilities in the 1990's was not dissimilar to the approach taken overseas, e.g., UK and New Zealand, during the 1980's. The objectives were principally to improve organisational productivity and efficiency through a policy of restructuring and management reform based on managerialist principles and practices. However, much of the available research literature on electricity utility reform, both in Australia and overseas, has been concerned with the financial, social and political aspects of corporatisation and privatisation. Nevertheless, an examination of the sparse literature pertaining to studies relevant to managers within the industry shows that their roles and working lives have changed significantly over the past decade.

The macro and micro-level changes that have occurred within the study organisation, Western Power are dealt with in greater detail in this chapter. It provides a confluence of important secondary data drawn from Western Power documentation and the researcher's personal experiences and observations from both within the study organisation and the electricity supply industry in general. It introduces the reader to the system changes that managers found themselves responsible for, and the industry jargon and terminology used in subsequent chapters. As described in chapter one, the term 'Manager' is used throughout this study to include all 'Senior Managers', 'Middle Managers' and 'Senior Section Heads' within the case organisation who are responsible for the performance of either a branch or business unit within the electricity supply industry.

Finally, the chapter introduces the analytical framework in section 2.5 which is used in this study to help understand the implications of corporatisation and management reform on the role of the manager. The analytical framework identifies key lines of inquiry which translate into the research questions described in chapter one (section 1.4). It also defines the boundaries of the literature search in chapter three in terms of the relationship between the theory driving the public electricity supply industry reform agenda and the consequential changes to the managers' roles and working life. The analytical framework also informs the research approach elaborated on in chapter four, the preliminary interview questions in chapter five and provides a focus for the data analysis and synthesis in later chapters.

2.2 KEY DRIVERS FOR REFORM

The performance of Australia's six state and two territory public electricity supply utilities have been a matter of strong public debate in managerial and financial sectors since the 1980's. At the national level, the Federal Government recognised that the electricity supply industry had to operate in the context of a world market, facing increasingly aggressive international competition. The pressures for changing the way the industry was structured and, more importantly, the way it was managed intensified through a growing awareness by each state and territory government of soaring costs attributed to poor management practices. The debate was strengthened by support from the managerial and financial sectors for Australia's electricity supply utilities to be managed along private sector lines in order to improve their effectiveness and efficiency (Borthwick, 1991; Carnegie, 1993; Harman, 1993a; Maddock, 1993; Pitkethly, 1992). Central to this debate has been the tenet that managerial responsibilities and incentives should be redefined to accord with the government's objectives. As a result, the corporatisation of Australia's public utilities was given legislative sanction in all Australian states and territories and introduced in the early 1990's as 'management reform' or 'corporate management'. The corporatisation reforms included managerialist techniques such as strategic planning, budgeting, devolved management and performance measurement (Considine & Painter, 1997, 212). Other key features of the corporatisation reform agenda included the introduction of deregulation and competition into a predominantly monopoly-orientated market, typical of Australia's electricity utilities at the time. To further each states' commitment to national competition, the Council of Australian Governments (COAG) was formed in 1994 with a policy that allowed each state government to determine their own reform agenda. Options included privatisation, corporatisation, deregulation and contracting out of services previously done internally (Walker, 1994, 282).

Since this initial corporatisation and management reform push, organisational and management change has forced managers to become increasingly more accountable for the effectiveness and efficiency of their business units while paying increasing attention to tighter financial accountability, planning and legislative requirements (Dunford et al., 1998). The pace of organisational restructuring and management reform in Australia's electricity supply industry, which has progressed unabated throughout the 1990's and continues today, has been particularly rapid in Victoria and to a lesser extent South Australia (Australian Bureau of Statistics, 2002; Booth, 2000; Eiszele, 2001; Harvey, 2003; Walker & Walker, 2000).

The rest of this section describes the broad macro level changes which have occurred to the electricity supply industry within Australia's six state and two territories and in doing so demonstrates the similarities which existed between them prior to corporatisation.

2.2.1 New South Wales

Up to 1990 the Electricity Commission of New South Wales (ELCOM) controlled the generation, transmission and distribution of electricity in that state. The changes in 1990 saw ELCOM restructured into separate generation and transmission business units and corporatised under the new name of Pacific Power. In February 1995, the transmission function of Pacific Power was separated off to form the Electricity Transmission Authority, trading as Transgrid. Transgrid was to develop and operate the NSW electricity market. By May 1995, the New South Wales government endorsed the restructuring of the generation and distribution sectors of the electricity industry which saw the introduction of an interim wholesale market and the development of a retail competition policy for retail competition.

The release of the Carr Labor government's review of the electricity generation and distribution systems in December 1995 resulted in Pacific Power being divided into two further state owned generation companies – First State Power and Macquarie Generation. Further division of the NSW electricity industry occurred in early 1996. From March 1996 there were four generation, one transmission and six distribution businesses, all corporatised and state owned. Although it was reported that this restructuring was a prelude to privatisation, up until June 1997 the Carr government had asserted that it had no mandate for the privatisation of any part of its electricity industry (Cargill & Koenig, 1997, 24). However, in 1998, Michael Egan, the Treasurer and Minister for Energy, with support from Bob Carr, the Premier of NSW, released a discussion paper outlining plans to sell off all government owned electricity businesses (Skulley, 1998, 6).

By February 1999, with an impending election and strong public opposition to privatisation, the NSW Premier announced that privatisation of the State's power business was off the agenda but refused to rule out part-privatisation if the party was re-elected at the March 27 poll. The subsequent re-election of the Carr government was followed by a commitment from the Premier that electricity privatisation was off the agenda for another four years (Electricity Supply Newsletter, 1999; Petroleum Economist, 2000). This was still the case in 2003 (Electricity Supply Association of Australia, 2003).

2.2.2 Victoria

Victoria commenced reforming and corporatising its electricity industry in October 1993 with the release of the Victorian Government's Office of State Owned Enterprises, Department of Treasury report titled "The Electricity Supply Industry in Victoria: A Competitive Future – Electricity". This report confirmed the government's intention to separate the industry into a number of generators, retailers, regional distributors and an independent transmission grid. It also planned to create a wholesale electricity market for generators, retailers and large customers. All electricity was to be traded through a power pool, using both spot sales and capacity contracts. Privatisation was to be deferred until after the new electricity supply industry had been settled (Cargill & Koenig, 1997).

By October 1994, five regulated regionally based distribution businesses had been established, comprising the eighteen business units of the former Electricity Services Victoria and the eleven Municipal Electricity Undertakings. Each regional distribution business had a competitive retail arm with the retail and distribution functions ring fenced (commercially separated) within each business. By June 1995 the Victorian government announced a reduction in the number of distribution companies, through mergers, such that there were four rural and two metropolitan distributors, each with a 'wires' and retail supply business. Further reforms from late 1995 resulted in all of these becoming privately owned (Electricity Supply Association of Australia, 2002).

The Victorian government made similar changes to the generation side of its electricity supply industry and by January 1995, Generation Victoria, the main generator of electricity in that state, was disaggregated into five corporatised regionally based generation companies (power stations). By July 1995 the privatisation of the five generation companies commenced. The transmission network in Victoria was one of the last parts of the Victorian electricity industry to be privatised (Cargill & Koenig, 1997, 29; Electricity Supply Association of Australia, 2002; Skulley, 1998, 6). This was still the case in 2003 (Electricity Supply Association of Australia, 2003).

2.2.3 South Australia

The Electricity Trust of South Australia (ETSA) was a fully government owned state monopoly until 1 July 1995 when it was corporatised with four subsidiaries: ETSA Transmission, ETSA Generation, ETSA Power (distribution and retail) and ETSA Energy (trading in fuels, new sources of energy and energy services). Early 1998, the Premier of South Australia, John Olsen, announced plans for the privatisation of the State's electricity industry. This was contrary to a previous commitment by his government and provoked much discussion and concern which resulted in rejection of the privatisation proposals (Quiggin & Spoehr, 1998, 4).

More recent attempts at privatisation were reported in April 1999 when the Legislative Council initially rejected the South Australian Government's Bill to sell or lease the state's electricity business (Electricity Supply Newsletter, 1999, 3). The Bill was finally successful in December 1999 and it was announced that Hong Kong Electric had leased the state's power stations and transmission and distribution businesses for 200 years (Power Industry News, 1999, 2). A subsequent redistribution of leasing arrangements has seen South Australia's transmission network controlled by ElectraNet which is an international consortium. Generation, transmission, distribution and retail are now controlled by eight different organisations all leased from the South Australian Government (Electricity Supply Association of Australia, 2003).

2.2.4 Queensland

In January 1995, the vertically integrated Queensland Electricity Commission (QEC) was split up into two new corporations: Queensland Generation, trading as AUSTA Electric and, Queensland Transmission and Supply Corporation (QTSC). QTSC is a holding company for eight subsidiary corporations - seven regional distribution corporations and the Queensland Electricity Transmission Corporation, trading as Powerlink Queensland. The transmission system was to provide service on a non-discriminatory basis to all participants. In addition, there was to be the development of a competitive electricity market linked with NSW, Victoria and SA. In February 1999, the Queensland government announced that its electricity supply industry was to undergo its third substantial restructuring of the 1990's. Although the industry would remain firmly in the state government's hands, it was to be structured into one transmission, one distribution and two generation businesses. In addition to numerous proposals for the introduction of independent power generation projects (competition), many of Queensland's reforms were timed to coincide with the completion of the electricity interconnection link with New South Wales in 2001. This is aimed at increasing competition between Queensland and other state electricity markets (Electricity Supply Newsletter, 1999, 3; Petroleum Economist, 2000). By 2003 further changes have left the Queensland government as owner of five generation businesses, two distribution and retail businesses and two transmission businesses (Electricity Supply Association of Australia, 2003).

2.2.5 Northern Territory

The Northern Territory electricity supply utility is a vertically integrated corporation controlled by the Power and Water Authority (PAWA), which is a government owned. The government has, like the states, signed the Competition Principles Agreement committing itself to the introduction of competition in the electricity industry. However, as the Northern Territory market is very small, there are no large-scale changes occurring and in 2003 the NT government was still the sole owner of PAWA (Electricity Supply Association of Australia, 2003).

2.2.6 Australian Capital Territory

The Australian Capital Territory Electricity and Water Corporation (ACTEW) was formed in 1995 through the amalgamation of the electricity and water authorities. The ACTEW is Australia's largest combined energy and water utility and has responsibility for the distribution and retailing of all the electricity and water needs of the Australian Capital Territory (ACT). The ACT had no generation capacity of its own and purchased all its electricity from New South Wales and the Snowy Mountains hydro-electric scheme. The Snowy Mountains hydro electric scheme was managed by the Snowy Mountains Hydro-Electric Authority, which was owned by the Federal government but jointly run and maintained by the New South Wales and Victorian governments. The Snowy Mountains Hydro-Electric Authority was commercialised in July 1994 and corporatised in July 1997. The new corporation was known as Snowy Hydro Limited with the Federal government retaining an eighteen percent share (Booth, 2000; Cargill & Koenig, 1997, 25-26; Electricity Supply Newsletter, 1999; Skulley, 1998, 6). However by 2003 the distribution and retail of electrical energy and water in the ACT was controlled by a new company ActewAGL, with the ACT government and AGL (Australian Gas & Light Company) having equal shares. Another company owned by AGL also provides for the generation distribution and retail of electrical energy in the ACT (Electricity Supply Association of Australia, 2003).

2.2.7 Tasmania

Electricity supply in Tasmania was controlled by the Hydro-Electric Corporation (HEC), but legislation passed by the Tasmanian Parliament in 1995 required it to become more commercially orientated. In order to achieve this a decision was made to link Tasmania with the mainland and the National

Electricity Market (NEM). The Premier at the time, Tony Rundle, committed his government, with private sector involvement, to the construction of a transmission link across Bass Strait, to be known as Basslink and is expected to be completed by 2005 (Electricity Supply Newsletter, 1998, 3). Tasmania's electricity supply is still owned by the state government with Aurora Energy responsible for distribution and retail, Hydro Tasmania responsible for generation and Transend responsible for transmission (Electricity Supply Association of Australia, 2003).

2.2.8 Western Australia

Western Australia's electricity supply industry is still owned by the State. Commencing business in 1948 as the State Electricity Commission (SEC) it was restructured 1975 when it was combined with the state Fuel and Power Commission to become the State Energy Commission of Western Australia (SECWA). By the early 1990s SECWA's structure and method of operation was similar to that of electricity utilities in other states of Australia (Harris, 1991; Hilmer, 1993; Hyman, 1995). Like its Eastern states counterparts it underwent significant structural and cultural change from the late 1980s through to the mid 1990s as a result of the Federal government's micro-economic reform agenda to improve industry efficiency and living standards. SECWA was split on January 1, 1995 and a new gas business, Alinta Gas Corporation was formed along with a new electricity business, Western Power Corporation. Western Power still remains a vertically integrated electricity supply utility incorporating generation, transmission, distribution and retail. It is still fully owned by the WA State Government (Western Power Annual Report, 2003). The restructuring and changes that Western Power has undergone since the mid 1990's are discussed in more detail in the review of secondary data, section 2.4.

The industry overview shows that from the late 1980's all of Australia's

State and Territory electricity supply utilities have undergone significant structural change and corporatisation, and, in some instances privatisation. To comprehend the impact of such change on the managers responsible for the day-to-day running of those organisations and their responses to corporatisation and management reform, it is appropriate not only to review literature pertaining to such effects, but also literature generic to the electricity supply industry and other government agencies.

2.3 CHANGE MANAGEMENT IN THE ELECTRICITY INDUSTRY: PRECEDENTS AND GAPS IN THE LITERATURE

2.3.1 Overview

The previous sections of this chapter demonstrate the significant changes which have occurred to Australia's electricity utilities over the past decade. Chapter one also showed that much of the research on the electricity supply industry in Australia and overseas has been mainly concerned with the financial, social and political aspects pertaining to corporatisation and privatisation. A few studies have dealt specifically with change processes and outcomes in terms of organisational size and structure, and economic and productive efficiency. Even fewer have dealt with the concerns of managers as a result of micro-level changes and management reform. The latter are reviewed in this section which first reports the Australian studies and then the international studies which are relevant to this research.

2.3.2 Australian studies of micro level change and its impact on the manager

Australian studies which report the changing roles of managers as a result of corporatisation, restructuring and management reform within state utilities are reviewed in this section. While the available literature does not specifically report the managers' perspectives of such change, it nevertheless makes an important contribution to this study because of the insights it provides into the changes which have occurred to their roles and working life within state utilities. The literature also provides further evidence that the changes which occurred as a result of corporatisation and management reform were common throughout all of Australia's state electricity supply utilities and, in many instances, within other public agencies.

Jones (1998) conducted a case study of Sydney Electricity, which was commercialised in 1991 and later corporatised in 1993. Her study analysed the strategic change agenda and the process of transforming a traditionally inward looking organisation which had strongly resisted change into one with a business culture and a customer focus. The study revealed that the change process included structural reorganisation involving decentralisation, cutting staff numbers and the reduction of thirteen levels of management to five. According to Jones the reform process was driven by the adoption of a Total Quality Management (TQM) philosophy, but with the TQM acronym reduced to Total Quality (TQ) in order to stress that quality was everybody's business and not just that of management (p.12). She argues that the method by which an organisation communicates its intentions for restructuring and change is important if managers are to take ownership of those initiatives and ensure they are implemented within the workplace. Her research also compares the commercialisation initiatives introduced into Sydney Electricity with those introduced into New South Wales Railways and other state-owned enterprises of the early to mid 1990's and found that in all of them communication took the form of a top-down network of team briefings and a corporate newsletters. She also observed that ongoing decentralisation meant regional management had to be commercially accountable for their own budgets, profits and customer satisfaction. Furthermore, their remuneration was linked to individual performance contracts and agreements aligned to the corporate plan. Dysfunctional consequences of organisational change were also identified such as resistance to change and high stress levels among employees due to cultural readjustments and job insecurity in the face of staff reductions. In summary, the study dealt with the change process and outcomes of corporatisation for the organisation which further strengthens the assertions of many academics and business writers such as Harris (1991), Hilmer (1993) and Hyman (1995) that the corporatisation of state utilities was undertaken in a similar manner across Australia.

Although not a study of an electricity utility, Spriggs's (1997) research of the recently corporatised New South Wales Railways has many parallels with the electricity supply industry. In a similar manner to Jones (1998), Spriggs focused on productivity factors and economic performance results stemming from the corporatisation and associated restructuring of a public enterprise. Significant organisational changes and management reforms identified by Spriggs were down sizing, multi-skilling, salary level broad-banding and job restructuring, financial accountability and customer focus. These were supported by training and a process of culture change and identity building. The changes reported by Spriggs which were in line with a managerialist philosophy and underpinned by TQM bear strong similarities to what befell each of Australia's state electricity utilities when they underwent restructuring and corporatisation. The study also found that although corporatisation turned around the financial performance of the government business enterprise, there were still tensions about the relationship between semi-autonomous business units and centralised corporate management. Finally, Spriggs reported that tensions exist between corporate business objectives and the powers and responsibilities of government (Spriggs, 1997). These tensions are also reported to have also been experienced by managers within the electricity supply industry within Australia (Reid, 1994; Walker, 1994) and overseas (Devine & Trayner, 1996; Duncan & Bollard, 1992).

Lehmann (1997) conducted unpublished research into corporate culture and change management within Western Australia's electricity supply utility during the period 1994 to 1997. The study involved a survey of a representative sample of employees from all levels across the organisation in order to explore the strategic changes that the organisation underwent and the impact the emerging culture was having on individuals in terms of their job role. The study compared their perceptions of the new organisational culture with results from previous in-house employee opinion surveys on organisational culture conducted by consultants on behalf of the utility. Some of those findings are drawn upon as part of the review of secondary data in section 2.4. The research by Lehmann (1997) provides useful insights into the change processes prior to and accompanying corporatisation, and the methods by which they were introduced. However, it did not explore the perceptions and concerns of those charged with introducing and embedding the change, their understanding of the reasons for change, and the impact of change on their role and quality of working life within the organisation.

Stace and Dunphy (1997) conducted a case study of the former Electricity Commission of New South Wales (ELCOM), renamed Pacific Power when corporatised in 1992. They reported that the corporatisation of ELCOM was followed by a period of significant organisational restructuring and cultural change, which was driven by the philosophy of Total Quality Management (TQM). Stace & Dunphy compared their findings with those reported in the literature about other Australian state utilities of the time, which included SECWA, SEQEB, ETSA and SECV. They described ELCOM as ... *an engineering organisation with little commercial focus ... it was a classic case of engineering-led management rather than management-led engineering and came under intense political and public scrutiny* (p.113). Of significance for this study were the findings by Stace and Dunphy that the corporatisation and reform program that emerged for ELCOM was similar to those applied to electricity utilities in other Australian states. For all of these utilities, the main emphasis was on organisational restructuring, tight financial controls and continuous improvement underpinned by a managerialist philosophy of improvement and accountability (Stace & Dunphy, 1997).

The productivity and performance of seven corporatised electricity distribution business units within the South-East Queensland Electricity Board (SEQEB) was researched by Watts (1996). He describes a range of measures used by the business units to report financial and non-financial information, market research and total factor productivity. The emphasis of this research was to produce a model for analysing productivity and performance in quantifiable terms that could be used in engineering management decisions. However, it also provides useful insights into the reasons for corporatisation, the approaches taken to achieve it and the changes which occurred as a result. The study also makes comparisons with organisational changes that have occurred within other Australian utilities and are very similar to those reported by Walker (1994), Simmons & Bramble (1996) and Walker & Walker (2000).

A case study of the South East Queensland Electricity Board (SEQEB) which covered the period 1984 to 1994 was conducted by Simmons and Bramble (1996). They reported the effects of workplace reform in the context of public sector reform and total quality management (TQM) on the blue-collar employees of the electricity supply industry in Queensland. Simmons & Bramble found that the work place reform required a change from a culture driven by engineers and production, to one focused on customers and marketing, and driven by the philosophies of TQM (p.213). They also reported that similar reforms had occurred within the electricity supply industry in NSW, VIC, SA and WA (p.218). They further reported that although several programs of workplace reform were adopted for SEQEB, they were not applied in a systematic fashion and this shortcoming was blamed on the traditional non-participative culture that had become entrenched in the organisation. Many of the findings reported by Simmons and Bramble have parallels with this study. For example they found that TQM delivered certain benefits in terms of increasing productivity and quality of service, but the 'team' program also lacked clear direction and was wasteful of resources. Moreover, they found that a lack of commitment from top management meant that many recommendations from lower levels of the organisation were largely ignored. Furthermore, middle managers paid only lip service to the participation programs while retaining majority control over all decision-making processes. They conclude that much of the efficiency gains within Queensland's electricity supply industry may simply represent downsizing and the intensification of labour usage (Simmons & Bramble, 1996, 231).

Johnson and Rix (1991) conducted a national multi-discipline study of Australia's electricity supply industry in which they surveyed and reported the changes taking place in the energy sector of Australia's economy and society in terms of rapid technological change, environmental concerns, and microeconomic and public sector reform. They reviewed the changes taking place and reported at length on government and union involvement in the reform process. Significantly, they claim one of the major issues confronting the electricity supply industry in Australia is *...its lacklustre management performance* (p.xiii) and that corporatisation and privatisation alone are unlikely to improve this situation. Furthermore, the levels of managerial accountability and openness accompanying these changes will actually reduce due to a lack of preparedness and skills by managers for their new role. This in turn will impact on management efficiency and responsiveness in Australia's largest publicly owned stock of capital. They further contend that the electricity supply industry needs to improve production, distribution and end-use efficiency, and build a new set of relationships with its workforce, customers and the community. In terms of working life issues, their research found that there are significant employment opportunities available in the industry, but that it requires significant organisational reorientation of workforce skills, gender, location and training and development opportunities to realise these (Johnson & Rix, 1991, xiv).

The Australian studies described above were found to contribute to the understanding that all of Australia's state electricity supply utilities were corporatised for similar reasons and have undergone similar management reforms since the late 1980's. However, they only partly address the objectives of this study and highlight the gaps in the Australian literature on the impact of corporatisation and management reform on the roles and working life of managers. Overseas studies in this area are examined in the next section.

2.3.3 International studies of micro level change and its impact on the manager

There is an abundance of research from overseas which deals with the issues of macro level change and corporate performance within state owned-electricity utilities. However, in common with the Australian studies only a few deal with the micro level aspects of change and even fewer deal with the concerns of managers, the exception being two recent empirical studies into the roles and working lives of managers in the United Kingdom. These studies by of Worrall and Cooper (2000, 2001) and Worrall, Cooper and Campbell-Jamison

(2000) were found to be the most relevant to this study of all the available literature and are reviewed in this section. They are also examined in more detail in chapter three and used for comparative purposes in chapter eight. Other literature thought relevant to this study is also reviewed in this section.

Worrall and Cooper (2000, 2001) conducted a five-year tracking study, which annually monitored the quality of working life of managers in corporate Britain between 1997 and 2001. Their study examines the changing quality of working life by examining the impact of organisational change on the perceptions and experiences of managers in the public sector, the private sector and the former public utilities. The research objectives were to produce a complete view of the impact of recent business and economic trends; to develop a better understanding of the processes and factors which influence the quality of working life; to develop a set of attitudinal measures for comparison with business and economic indicators; and to understand better the relationship between organisational change and its effect on the workforce in order to inform more sensitive human resource management policies. Worrall & Cooper found that significant organisational change included employee issues such as redundancy, downsizing, right sizing, delayering, culture change and other change initiatives. However, of importance for this study is the finding that the underlying driver of organisational change since 1997, and probably earlier, has been the organisational imperative to reduce costs at all levels of across the organisation. Additionally, their research indicates that managers are concerned about information overload. For example, the introduction of e-mail and mobile phones means they are contactable at all hours and this has had a negative impact on their home and social life. Many managers, therefore are working harder and for longer hours, leading to adverse effects on their well-being, health and leisure time. Managers were also unsure of the skills they required to continue to do their job and had concerns that the traditional authority structures had been eroded. Finally, Worrall & Cooper question the sustainability of, what they term, *...the long hours culture and productivity of people working up to 60 hours* *per week* (Worrall & Cooper, 2000, 2001).

Worrall, Cooper and Campbell-Jamison (2000) conducted further quantitative research on the work done by Worrall & Cooper (2000, 2001). They measured the extent of organisational change between private and public sector managers and the impact of the change on those managers. They found that since the early 1990's the public sector in the UK has undergone extensive change in structure, styles of governance and organisational culture and has been subjected to unparalleled management reform presented as managerialism, with an axiomatic call for managers to improve skills, competencies and behaviour. These changes had redefined managers' working lives and had significantly changed their career structures. Significantly, they found that restructuring had left many public utilities with depleted skills and experience at management levels as a result of staff reductions and increased use of contractors and contracting out of work normally done within the organisation. They also found that restructuring has lowered morale, loyalty, motivation and the managers' sense of job security. It has also impacted on their opportunities for training and skills acquisition within the organisation. Finally, their research contributes to the debate about the effectiveness of the management of human resources in the UK in terms of how well they are being managed and developed, and whether they are being *worn out* (Worrall, Cooper, & Campbell-Jamison, 2000).

The economic aspects of privatisation in the electricity supply industry in the United Kingdom have been investigated by Lewis (1996). His study examined the industry both before and after significant restructuring and final sell-off, and highlighted the reform process that the UK's electricity utilities underwent in the 1980s. The main study focus was on the level of domestic, commercial and industrial retail prices and the cost of supplying electricity to consumers in real pounds, and the cost structures of the organisation before and after privatisation. Lewis concluded that competition, brought about by industry-wide privatisation, had significantly reduced the price of electricity to the domestic, commercial, and industrial consumer and in most cases the stated government objectives for deregulation of the electricity supply industry had been met. While Lewis's research primarily concentrated on macro reforms some important parallels can be drawn between it and this study in terms of the rationale for government reform, e.g., deregulation and competition, the importance of the electricity supply industry to the national economy and the significance of such a socio-political reform process (Lewis, 1996).

Lee (1994) focused research on the electricity supply industry in Taiwan and examined the concept of the privatisation of Taiwan's state-owned utilities. His research provides useful insights which have commonalities with the ideology driving the reform of Australia's electricity supply utilities, and which are applicable to this study. He found that most of the privatisation of government agencies tended to be instructed by economic efficiency and a free competitive market, ignoring whether the privatisation of corporate enterprises would actually improve performance. Lee carried out a case analysis to verify privatisation theories. He argues that, like corporatisation the concept of privatisation varies with different theories and market driven ideologies, such as deregulation, competition and efficiency. These are underpinned by various factors such as size and structure; technology; economies of scale and scope; system security and stability; regulation and managerial behaviour, as well as ownership (Lee, 1994).

Akuamoah-Boateng (1989) researched the benefits of privatisation to employees and their management in terms of job satisfaction, work attitude, ownership and organisational commitment in the United Kingdom's electricity supply industry after it was privatised in the early 1980's. Included in this quantitative research was a comparative study between managers in private and public organisations that had recently been privatised. He found managers of the recently privatised agencies to be significantly different from those in the private sector in terms of job satisfaction, organisational commitment, participation in decision making and attitude to privatisation. He concluded that the perceived differences were due to certain restructuring processes going on in these organisations and the degree to which managers' were involved in the change (Akuamoah-Boateng, 1989). Although not directly addressing the aims of this study his research provides useful insights into the link between organisational restructuring and the involvement of managers in that process. It also provides for an understanding of organisational commitment, job satisfaction and empowerment as it applies to managers of public corporations that were privatised.

Wiltshire (1987) conducted qualitative research into the concepts, origins and objectives of the privatisation of government owned corporate instrumentalities including electricity utilities in the United Kingdom. Although not directly concerning the aims of this study, Wiltshire provides valuable insights into the deregulation and reform process that has occurred in the public sector in the UK which addresses government objectives that are similar to those facing state governments in Australia. These include increased organisational efficiency, strengthened competition, greater use of contractors and contracting out of services, and social responsibilities such as environmental and community service obligations. Wiltshire also explored the impact of the privatisation of state owned enterprises on important stakeholders such as managers, employees, the public and trade unions (Wiltshire, 1987).

In conclusion, through reporting the studies which address the concerns of managers over micro level changes and management reform this section has helped to identify the gaps in the literature and demonstrate the importance of the current study in addressing those gaps. Furthermore, the insights gained from the prior research are used to inform the analytical framework in section 2.5, the purpose of which is to inform the literature review and justify the research aims. The next section discusses the study organisation in greater detail and provides useful information into the organisation's background and the change processes that it underwent during the period 1994 to 2002.

2.4 WESTERN POWER 1994 – 2003

2.4.1 Overview

This section was developed with three important functions in mind. First, it discusses the study organisation in greater detail in order to further demonstrate the similarities between it and other utilities which are reported in this chapter to have undergone corporatisation and management reform. In so doing, it supports the methodological and practical rationale for the study being an in-depth rather than an industry-wide study which focuses only on managers within Western Australia's public electricity utility, Western Power (section 1.3). Second, it provides a confluence of important secondary data from documents pertaining to internal processes and procedures from within the organisation, and the researcher's own personal experience and observations, both within the study organisation and the electricity supply industry in general. Findings from an unpublished study by the researcher into corporate culture and change management within Western Australia's electricity supply utility are also included in the review of secondary data as they provide useful information into the organisation's background and the change processes that it underwent in the years leading up to and immediately following corporatisation. Important themes and issues identified from this, and previous sections were used to inform the development of the analytical framework and research questions in section 2.5. The analytical framework informed the preliminary interview questions in chapter five which in turn provided the survey questions in chapter six. The secondary data was also used in the detailed analysis of research evidence in chapter eight. Finally, the third important function of this section is to introduce the reader to the research site, Western Power, in the lead up to, during and post corporatisation, and the organisational and management system changes that managers found themselves responsible for.

2.4.2 Background

Although still owned by the State, Western Australia's electricity supply utility has undergone several significant name changes and restructuring since formation of the original State Electricity Commission (SEC) in 1946. The strong post-war growth in demand for electricity saw the WA power system expand rapidly, on average the installed capacity of the South West grid doubled every eight years (Boylen & McIlwraith, 1994, 56).

By the late 1980's, the energy market in Western Australia was geographically segmented into three main electricity consuming groups: the South West corner, where the majority of the population lives, the Pilbara region, and the electrically isolated towns throughout the rest of the state. Although the growth was exceptional, the high cost of generating electricity in Western Australia was still a handicap to attracting large industries to the state. As a consequence the State Energy Commission of Western Australia (SECWA) was established on July 1, 1975, with the amalgamation of the Fuel and Power Commission and the State Electricity Commission. The Commission was a policy advice body brought in to counter the total dominance of the SEC in advice to the Tonkin Government. Many organisational changes occurred as a result, the objective of which was to provide the state with competitive fuel sources for power generation in order to lower electricity prices (Industry

Commission, 1990, 110).

SECWA underwent further restructuring and management reform throughout the mid to late eighties and was corporatised and split into separate gas and electricity businesses in January 1995. Western Power Corporation emerged with a monopoly on the sale of electricity to consumers, but a significant number of consumers, mainly in the mining sector, also generated power for their own use.

2.4.3 Structural arrangements pre-1995

This section reviews the structural arrangement of SECWA prior to corporatisation on January 1, 1995 and discusses a number of restructuring initiatives such as the Functional and Organisational Review (FOR) and performance management which the organisation addressed in the late 1980's and early 1990's.

SECWA was formed in 1975 through the amalgamation of The Fuel and Power Commission and the State Electricity Commission. It was a vertically integrated structure that dominated the energy industry as a joint gas and electricity utility and was the largest government-owned trading enterprise in Western Australia (figures 2.1 and 2.2). By 1993 its annual revenue was around $1.7 billion, but had debts in the order of $4 billion, about forty percent of the State's total debt of $10.2 billion (State Energy Commission of Western Australia - Annual Report, 1993).

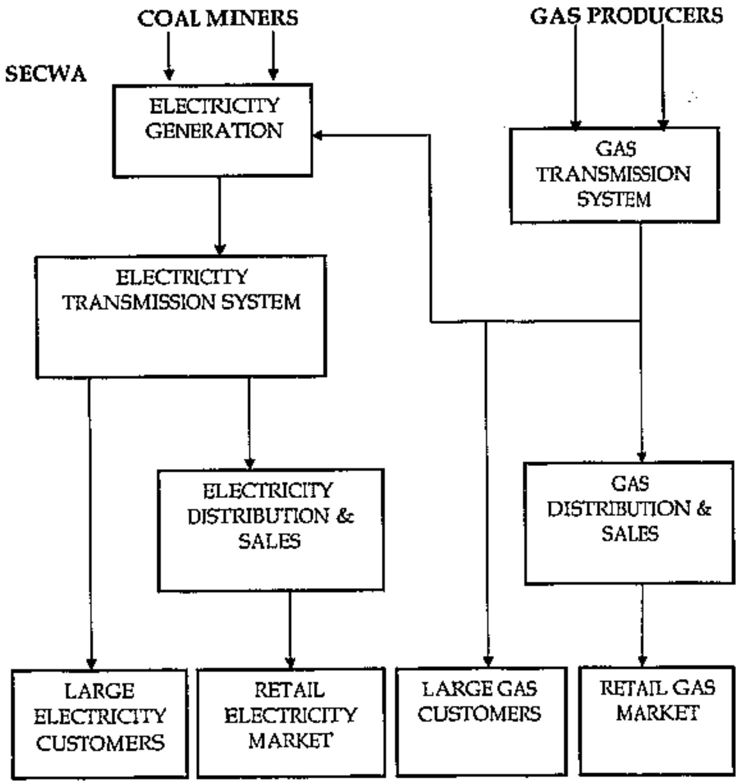


Figure 2.1
State Energy Commission of Western Australia - 1993.

Figure 2.1 illustrates the two principal roles of SECWA in 1993. The organisation was responsible for electricity generation, transmission, distribution and retail. The majority of power generation was from coal fired power stations with some oil and gas usage. The gas business within SECWA was responsible for the purchase of gas from the north-west shelf and its transmission by pipeline to the south west the state for distribution to gas customers.

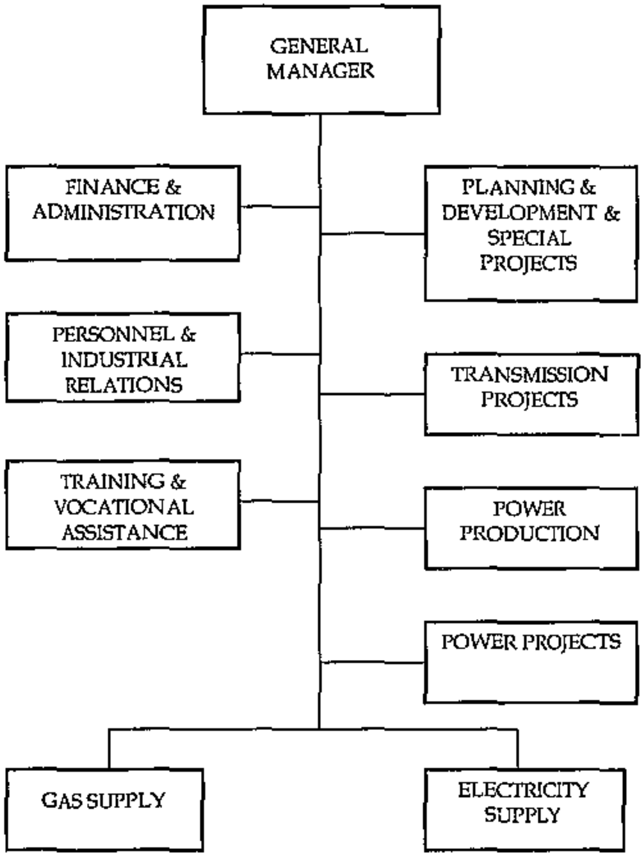


Figure 2.2
State Energy Commission of WA organisational structure - 1993.

Figure 2.2 illustrates the management structure of SECWA around 1993. The day-to-day running of the organisation was the responsibility of a General Manager who reported direct to the state government. The executive team consisted of senior managers from each of the nine branches and the GM. Each branch was further divided into sections headed by managers at different levels.

Throughout the mid to late eighties most of SECWA's 5,800 employees were members of a state or national labour union. Wage rates and other conditions were determined by Commonwealth or State Industrial Tribunals (State Energy Commission of Western Australia, 1985). As part of its report, the Energy Board of Review (1993), under the chairmanship of Sir Roderick Carnegie, found that SECWA had a history of management and union deals which had perpetuated high staff numbers and adverse work practices. Also, the large number of unions and state and federal awards resulted in lines of demarcation that were generally more rigid and inefficient than those of any of the internationally competitive private sector organisations of 1993 (Carnegie, 1993, 18). The Energy Board of Review further reported that in order for SECWA to succeed in the energy industry it had to convince unions and employees alike that changes were necessary for the future of the organisation. Further, if the organisation were to adopt world's best practice, then changes in work practices and an increased use of contractors would be needed for productivity to increase and for labour costs to decrease (Carnegie, 1993, 18). This view was supported by Harman (1992) who reported:

> *There was no doubt that both SECWA's own operations ... needed reform, but the political will was absent ...SECWA's own operations were overstaffed, and management and work practices contributed to both high labour costs and low availability levels for power stations* (Harman, 1992, 4).

Harman also claimed:

> *Attempts at reforming work practices and the use of contract labour for maintenance were always frustrated by the ability of the unions to make direct appeals to the relevant minister, who would generally give in to the unions for fear of politically unpopular industrial disputes in the power industry* (Harman, 1992, 4).

From the mid eighties SECWA began to feel the pressure of low productivity and inefficiency that had plagued it throughout the decade and senior management knew that it was only a matter of time before change would be forced on the organisation (State Energy Commission of Western Australia, 1985). Desperate to shed public perceptions that it was a bureaucratic, monopolistic, non-accountable government utility, it embarked on significant organisational restructuring from 1985 which involved a number of strategic initiatives, including the loss of approximately 1,300 jobs from a total of 5,000. The initiatives were designed to change the prevailing culture from an inflexible, bureaucratic, rule driven organisation that showed no incentive to compete with private enterprise nor improve its productivity, to an empowered, efficient, productive, competitive market-driven organisation (State Energy Commission of Western Australia, 1985). Some of the initiatives which were to have a significant impact on the roles and working life of managers were:

- A performance agreement between SECWA and the government which defined strategic objectives and outlined senior managers' responsibilities for their achievement,
- the establishment of decentralised business units with responsibility and accountability for their own areas of operations,
- the introduction of a performance management scheme to improve productivity,
- the introduction of broad banding to encourage greater productivity, efficiency and flexibility among SECWA's salaried officers, and
- the greater use of contractors for a variety of tasks related to SECWA's operations, serving to reduce costs through competition (State Energy Commission of Western Australia, 1985).

These changes, however, were too late to prevent the strong commercial lobby pressuring the State Government to do more. By the early 1990's, state governments on the Eastern seaboard were already moving to corporatise their monopolies (Review Committee on Power Options for WA, 1990).

2.4.4 Functional and Organisational Review (FOR)

In late 1988 and early 1989, SECWA undertook a major Functional and Organisational Review (FOR) of all salaried positions with particular emphasis on reducing levels of management and decentralising decision making. The main goal of the review was significant restructuring of the organisation to improve efficiency and productivity and in doing so create an organisation that was more responsive to the needs of customers, employees and stakeholders alike. The new leaner, flatter, decentralised management structure was designed to give managers a greater degree of responsibility and accountability for their own areas. Branch managers (figure 2.2) were to have the independence, within corporate guidelines, to operate in a manner they considered to be the most efficient and effective (State Energy Commission of Western Australia, 1989).

Functional and Organisational Review process

Early in 1989, employees were asked to complete a survey about their working activities and the percentage of time they spent doing them. Evidence from documentation and interviews within the organisation showed that a common view shared by many managers and employees who took part in the survey was that they were not given enough information or direction in how to complete the survey. Although a functional activity Lexicon (glossary of role descriptions and job definitions) was provided with the survey form, to assist employees with its completion, many claimed to have had insufficient instruction in the use of the Lexicon and as such answered the survey questions in the hope of improving their classification, rather than thinking about what they were really doing in their current job. This lack of effective communication highlights the poor state of internal communications and consultation that prevailed at the time. The information provided by the survey was used to inform the FOR which subsequently saw significant restructuring and down-sizing in many sections of the organisation. It is of interest to note that lower levels of management and employees were given no feed back about how they scored in the survey or what senior management's perceptions were of their job function or future in the organisation. This led to anxiety and unnecessary worry for the many who heard rumours of section closures and job cuts, but nothing of substance from their senior management.

Outcomes of the Functional and Organisational Review

The evidence suggests that the method used to gain information for the FOR from employees left many believing that the information had been gained by stealth, that is, capitalising on the prevailing culture of good rapport and trust that employees had with their line managers and supervisors at the time. For many front-line employees, supervisors and middle managers, this marked the beginning of a long period of distrust of senior management (Lehmann, 1997).

Many believed that while the FOR did review functions and dictate how the business should be restructured, it did not look at individuals and their needs. A common belief among employees at all levels, was that the prime reason for the FOR was to weaken the power that engineers, as senior, middle and front-line managers, had over the operations of SECWA. For example, prior to the FOR, seven out of the nine senior branch managers and most middle and front line managers were engineers and nearly all supervisor positions were filled by people with technical backgrounds. As a result of the FOR a significant number of managers and salaried officers lost their positions which for some represented a long struggle up the career ladder. Some had undertaken part-time studies at universities and technical colleges to achieve specialist qualifications for positions that no longer existed. Some were re-deployed into areas where they had little expertise and even less enthusiasm. For others, age, low self esteem and low morale would be barriers to significant re-training or re-deployment. For many it was a long wait to see if they would be offered a job, and when they were, they had to apply for it. Often an application would be for the same position they were forced out of some weeks previously. For others, redundancy was the only option (Lehmann, 1997). Harman (1992) reported that, although redundancies were offered in SECWA, there appears not to have been a plan for deciding who could go and who was of strategic importance to the organisation (p.4). Harman claims that in its efforts to reduce numbers, the organisation lost much valuable knowledge and expertise. Many key employees, particularly in the design areas, left the organisation, causing the organisation to place an increased reliance on contractors in some key areas. Gollan (1997), in the context of organisational restructuring in general, refers to this uncoordinated approach to staff reductions as a *slash and burn* mentality which can result in *corporate amnesia,* whereby ... *down-sizing companies threw away the experience network and knowledge of what made their company tick* (Gollan, 1997, 4).

Many SECWA employees believed that even though the old bureaucratic, process-orientated, authoritarian management style had failed in the past to produce lasting change, senior managers still persisted with the paradigm of preserving the status quo, that is continue with their outdated and inappropriate style of management. This is a classic example of *ordinary management* (Stacey, 1996, 71), where the paradigm of preserving the status quo is paradoxically linked with the paradigm of changing the structure of the organisation. A review of SECWA's internal documentation (State Energy Commission of Western Australia - Annual Report, 1990) shows that that most managers were recycled back into the positions they had occupied prior to the FOR. Some came out of the review with increased staff numbers, due to the amalgamation of some sections and redeployment from other branches, but with little or no increase in corporate responsibilities. The decentralisation of management functions and some rationalisation of the organisational structure as a result of the FOR reduced SECWA's workforce by 236 people. However, Harman (1992) states there was significant loss of morale in the process, due in part to the drawn out nature of the review and the finalisation of SECWA's structure (p.4).

Was the Functional and Organisational Review a success?

In terms of success, discussions and documents from within the organisation suggest that it is doubtful if all the stated goals for the FOR were actually achieved. These included restructuring to improve productivity and efficiency. Externally it would appear that SECWA had taken positive steps towards restructuring, and hence made progress towards the improvement of productivity and performance. Indeed, some rationalisation of the administrative structure was achieved in the period 1988-1989, and SECWA's work force was reduced marginally and its administrative structure improved. Internally however, it was obvious that the rule-driven bureaucratic management style which required approval from a hierarchical management structure for even simple decisions within the organisation, had survived the review virtually unscathed. The common tenet among many managers after the FOR was that the organisation had undergone restructuring because it was the current fad and once they had gone through the motions things would get back to normal. In fact, one manager claimed that senior management had succeeded in fending off the government and critics by *'rearranging the deck chairs on the Titanic' and throwing a few sacrificial lambs out of the organisation.* Significantly, however, senior management (refer figure 2.2) had failed to address the real drivers for change, that is, the issues of low productivity, overstaffing and inefficiency. These were the areas where changes should have been made, but were not, due mainly to union and political pressures. Not all blame for this should be apportioned to senior management however, as few could have predicted the intensity of the union influence on the State Government and the open and reported willingness of government ministers to interfere in the day to day running of SECWA (Municipal Officers Association, 1990; State Energy Commission of Western Australia - Internal HR Memorandum, 1990). Anecdotal evidence suggests that some senior and middle managers were fearful of their positions if they went against senior executive and government ministers' thinking.

The evidence further suggests that a lack of effective communication during the FOR process led to misinformation, misinterpretation and a general mistrust of senior management and the executive by managers and staff and lower levels within the organisation (Municipal Officers Association, 1990). Throughout the FOR, communication within the organisation, both up and down, were very poor, resulting in some line managers passing on speculation rather than fact; accrediting it to senior management. Senior management, for their part, appeared to be deaf to the discontent from line management and individuals. Due to the infrequency of communication and a reported lack of credibility in the content, when senior management did speak, few listened to or believed what was said. In fact, it was suggested that *...the real casualty of the functional and organisational review was trust and integrity borne about by the secrecy and stealth of its introduction* (Municipal Officers Association, 1990). Employees and managers alike openly expressed a distrust of senior management and the executive, this legacy was to endure for another five years, up to the split up of SECWA and the formation of Western Power in 1995. Even after, a few managers indicated they still do not trust senior management and view all communications from the executive with a degree of cynicism (Lehmann, 1997).

2.4.5 Performance management

Performance management was initially introduced into SECWA in 1990 and was to be applied to managers and employees at all levels within the organisation. Its main objectives were to ensure that:

- managers and staff worked towards defined goals consistent with divisional objectives,
- employees received regular feedback on their performance,
- employees were assisted in identifying the attitudes, knowledge and skills required to perform their jobs effectively, and
- reviews were performed properly and reflected a fair evaluation of the employee's performance upon which training and development decisions could be based.

Changes were made to the performance management process in 1992 which saw the abandonment of the performance rating system, whereby an employee's performance was rated using a scale of one to five, in favour of a narrative description of performance versus task in which managers would write a brief summary of an employee's performance, relative to the allocated tasks, on the report form. Also, factors that were considered beyond an individual's control and which could adversely affect the expected performance, such as human resource, equipment and skill shortages, were required to be entered onto the performance management form. The manager setting the performance management targets was expected to address these factors and take appropriate action. These changes, however, were unsuccessful in winning support for performance management and the process was abandoned in May 1994. Further attempts were made in 1995, 1998 and 1999 to successfully embed performance management into the organisation. On each occasion it was introduced with new enhancements, however, it was subsequently abandoned due to lack of support from unions, and middle and front-line managers.

The version of performance management introduced in 1995 was to be closely linked to the strategic planning process. In the first instance, the executive determined the strategies required to achieve corporate and organisational goals. The managing director and general managers then detailed the strategic result areas (SRAs) appropriate to each division and agreed on key performance indicators (KPIs) for each of the general managers. Each general manager attended a performance management system training course for approximately four hours. This was to enable them to cascade the performance management system process throughout the organisational structure, from the top-down, with each new level attending training as appropriate. Anecdotal evidence and observation from within the organisation, suggests however that there was lack of motivation and commitment shown by many middle and line managers. For example, few managers attended the training, claiming they were too busy and didn't need performance management in order to run their business. Some even discouraged their employees from attending training. Also, as the process filtered down through the organisation, the KPIs became increasingly less appropriate, especially in engineering and technical sections.

There were various reasons for the lack of support for performance management, however, the main reason appears to originate from the prevailing culture at the time which embedded a distrust of senior management and the executive and a rejection of any form of accountability for personal performance and task efficiency (Lehmann, 1997).

2.4.6 Case for corporatisation

In the late 1980's the Federal government put Australia on a path of microeconomic reform with the aim of improving industry efficiency and living standards. A report by the Australian Industry Commission (May 1991) called for state-owned electricity utilities to be corporatised, a growing worldwide trend inspired by concepts of competition, productivity and efficiency which was being advanced as the genesis for new policies, restructuring and industrial reform (Deveson, 1997). In response, the Western Australian Government set up its own Energy Board of Review in February, 1992, under the chairmanship of Sir Roderick Carnegie. The Board was to make recommendations on the optimal structure for the electricity and gas industries in Western Australia. The Board reported that, *employees must be realistic, ... they have no choice about change,* which will be *...a challenging and ongoing task;* they will *...have time to adjust to competitive pressure; ...if they do not adjust, they will be left behind* (Carnegie, 1993, 92).

The Energy Board of Review had also recognised that cultural change within SECWA needed to involve a management-driven initiative to change traditional ways of thinking in an attempt to socialise employees into accepting management-defined values, goals and objectives. Carnegie (1993) as chairman of the Energy Board of Review claimed that a key factor in the success or failure of the soon to be corporatised electricity utility would be securing the commitment of the executive, all levels of management and employees to the industry restructure. He reported that many individuals within the organisation will have built their careers in the electricity and gas industries and some will feel threatened as new and unfamiliar structures are created and as more competitive industries emerge (p.92). He also found that employees in the old organisation had, over many years, set up informal networks and associated sub-cultures aligned with the public service way of doing business, which appeared to be geared towards maintaining the status quo both within and outside the organisation. They had exhibited little want or willingness to improve labour productivity, to improve generating plant utilisation, to contain capital expenditure and to introduce competition within the industry (Carnegie, 1993, 82).

Anecdotal evidence and documentation such as union notices (Australian

Services Union, 1992) and individual branch managers' instructions placed on notice boards within the organisation support Carnegie's findings. Also, from his position within the organisation, Lehmann (1997) observed that many employees had constructed their own reality of customs and beliefs that they were comfortable with and could accept. Some openly rejected change as they were not convinced it was necessary and they did not believe that organisational restructuring and competition would bring any improvements to their position within the organisation. Indeed, there was a general feeling among most employees that change would bring with it more work and responsibility, for no increase in salary and the possibility of job losses (Lehmann, 1997).

On January 1, 1995, acting on the Board's recommendations, the state government split the State Energy Commission (SECWA) into separate state-owned gas and electricity businesses; Alinta Gas Corporation and Western Power Corporation. Many employees saw the emergence of Western Power as an opportunity to share in the rewards that only a competitive and commercially orientated organisation could offer. Others, saw corporatisation as a saviour for the vertically integrated, bureaucratic structure, free from the feared government break-up and privatisation, for the time being (Eiszele, 1995).

2.4.7 New responsibilities

Under the Electricity Corporation Act 1994, a board of directors is the governing body of Western Power with authority to determine the corporation's policies and to control its affairs according to prudent commercial principles. The board is responsible to the Western Australian Minister for Energy and consults the minister on major initiatives (Electricity Corporation Act, 1994). The managing director is responsible to the board for the day-to-day operations of the corporation and acts in consultation with the executive committee which is comprised of the heads of the eleven divisions (See Figure 2.3). The managing director in consultation with the executive committee was also responsible for the introduction of new management initiatives, such as performance management, corporate key performance indicators, financial control and HR functions.

Western Power is the principal generator, transmitter and distributor of electricity in Western Australia, serving more than 847,000 customers in an area larger than New South Wales, Victoria, South Australia and Tasmania combined. Owned by the Western Australian government, as sole shareholder, Western Power is a commercial organisation with fixed assets in excess of $5 billion and a workforce of 2,588 employees. Dividends paid to the state government since 1995 have exceeded $1.046 billion (Western Power Annual Report, 2003).

Even with the new corporate structure, Western Power remained a vertically integrated organisation with a top-down information flow and centralised management structure (Figure 2.3). Corporatisation brought new responsibilities for managers. Stakeholders now had a significant influence on those responsible for running the business (Cullum, 1997; Dunphy & Stace, 1994; Stace & Dunphy, 1997; Wheeler & Sillanpaa, 1997). Examples of internal and external stakeholders who influence decision-making within Western Power in terms of corporate responsibility and business imperatives are shown diagrammatically in Figure 2.4.

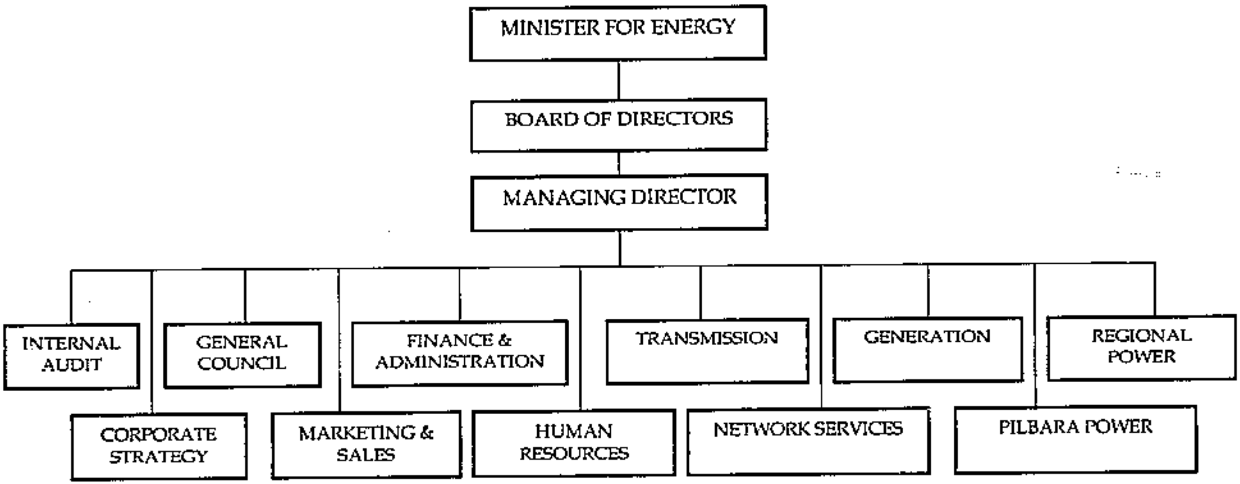


Figure 2.3
Western Power Organisational Structure - 2000.

Figure 2.3 illustrates the management structure of Western Power around 2000. The day-to-day running of the organisation was the responsibility of the managing director who reported to a Board which in turn reported to the state government. The executive team consisted of general managers from each of the eleven divisions. Each division was further divided into branches and sections headed by managers and section heads at different levels.

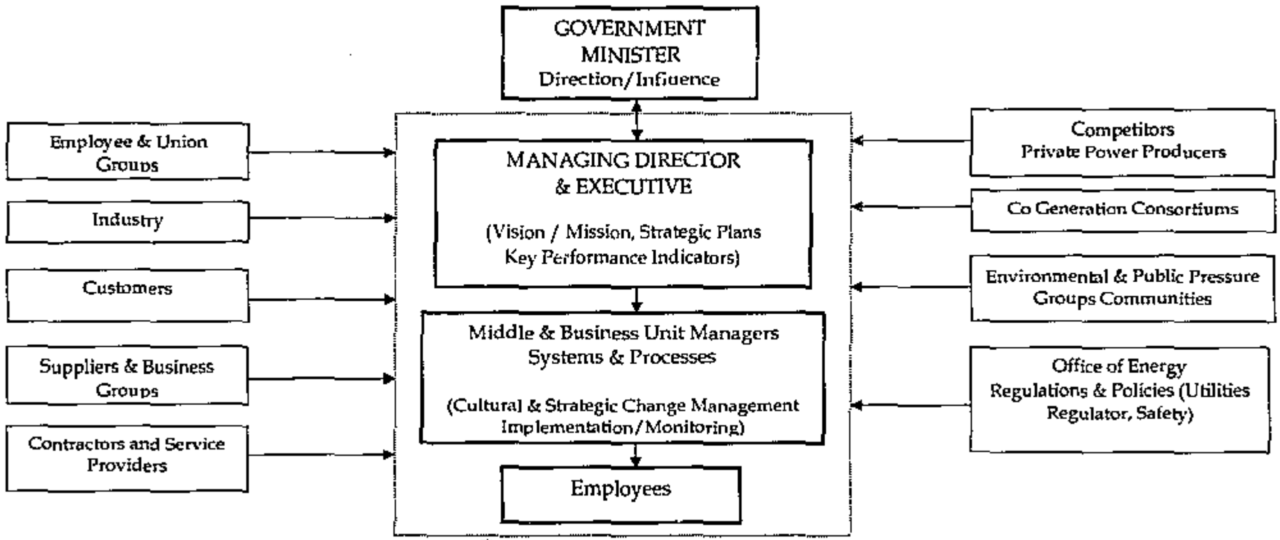


Figure 2.4
Key stakeholder influences in Western Power 1995 to 2002

This figure illustrates the internal and external stakeholders who influence decision-making within Western Power in terms of corporate responsibility and business imperatives.

Western Power - the new culture

With the help of a consultant from North America, Focused Change International, the Western Power executive put together management teams to analyse every department and determine how to implement the recommended changes. From January 1995 a series of 'FOCUS'[1] workshops commenced, aimed at convincing all employees from senior management down of the need for change in the way the organisation was managed and operated. This was to also include departmental restructuring to reduce the levels of management in some areas (Eiszele, 1995).

In July 1995, the blueprint for corporate performance and accountability the government and the executive expected of Western Power was released in an inaugural strategic plan. Under the banner of Breakthrough'98, the strategic plan was promoted by the Western Power executive as a framework for a new, competitive organisation that would use cultural change and strategic planning to its best advantage. The three stages of the strategic planning process were:

- Identification of a corporate mission statement and the underlying values for the organisation;
- translation of the corporate mission and values into integrated strategic plans for individual work units at the divisional and branch level; and,
- development of a culture across the organisation which embraces the values and works towards achieving the mission (Western Power Internal Publication, 1995).

Employees attending FOCUS workshops were told that, *Excellerated change is the process of turning visions into demonstrated realities at an extraordinary pace* (Widdis & Davis-Goff, 1995, 5). This was part of the case for cultural change presented to over sixty percent of all employees or approximately 2,200 people who attended the FOCUS workshops between January 1995 and May

[1] FOCUS was an acronym for Focus on Organisational Change Understanding and Skills, see also appendix 1.

1997. The main thrust of the change programme was to establish in Western Power a high performing culture and a sense of urgency among employees of the need for immediate change. The organisation was to achieve this by sending as many employees as possible, in the shortest time frame, on three and five day workshops or 'simulations' as they were otherwise known. The workshops started with the executive, then general managers, branch and business unit managers and senior section heads, working down the hierarchy to the front line workers (Western Power Annual Report, 1997).

The cultural change strategies adopted by Western Power would change the role and working life of employees at all levels of the organisation. The strategies were primarily aimed at productivity and efficiency improvements and included business-unit restructuring in order to reduce costs and make the organisation more competitive. The change strategies were designed to make employees aware of their new role in the organisation's future and empowered employees were to be responsible for their own actions and decisions and to be innovative and challenge the way things were done whenever they saw opportunity for productivity and efficiency improvements. The strategies also emphasised the need for greater financial accountability, strategic planning at all levels of management, business unit and employee performance management, the adoption of new technology in order to achieve new business targets and a greater focus on customers and the value of their long term loyalty to the organisation.

Reaction to the new initiatives

For some employees, the use of independent consultants in the change process immediately brought recollections of the turmoil caused by the attempts at change within the organisation in 1989 through the Functional and Organisational Review (FOR) (refer section 2.11.4). There was generally a profound distrust of consultants especially from overseas and the message that they carried. There was also concern that ideas and strategies that had possibly failed elsewhere would be adopted by Western Power. Further, a strong distrust of senior management and their motives still prevailed, especially in light of the number of jobs lost as a result of the FOR. Some employees expressed concern that little had been done to turn that feeling around (Australian Services Union, 1995).

Earlier research by Lehmann (1997) into the effects of culture change on employees in Western Power found that the majority of employees at all levels within the organisation saw the FOCUS strategies as a way of increasing productivity, reducing bureaucracy and achieving a greater level of control over their role and factors that influence their working life such as performance management, remuneration, training and career opportunities. However, not all were enthusiastic about the change strategies associated with FOCUS, with the strongest concerns from business unit managers and section heads. Many claimed FOCUS was developed and implemented with little or no consultation with them or their representative unions. Further, they saw the delayering of management levels brought about as part of the FOCUS changes as a threat to their status within the organisation. There was also a reluctance by some managers and section heads to accept change due to a number of issues which included demands by 'empowered' employees for greater freedom in decision-making and task assignment. Concern was also expressed by some managers over the creation by senior management of specialist teams, or 'Z-teams' as they were known, to conduct inter-departmental investigations into the recommendations for improvement and other strategic issues arising from the FOCUS workshops. They believed that the Z-teams unnecessarily interfered in their areas of responsibility (Lehmann, 1997).

Leadership – the new culture

In the latter half of 2000 Western Power introduced a new culture change program, the Managerial Leadership Initiative (MLI). The MLI was a leadership development program aimed at improving the company's performance by changing the management culture from one of command and control to one of people leadership. The Western Power executive promoted the MLI as a major change program that would require considerable commitment and effort from all formal leaders over a long period of time (Western Power Statement of Corporate Intent, 2000). The MLI objectives included:

- Strengthened managerial leadership and enhanced relationships between each employee and their formal leader.
- The introduction of a management framework that brings together individual and organisational capabilities (Harvey, 2001).

The MLI was aimed at improving the leadership capabilities of formal leaders with particular focus on Western Power's business priorities which included: business acumen, capacity to deliver, change leadership and management, people management, personal leadership, technological adeptness, working collaboratively and customer and stakeholder focus (Harvey, 2001). The MLI also included new people systems and changes to existing systems to improve the way work is done in Western Power. Examples include the Fair Treatment System, which is a combination of the Diversity and Equal Opportunity policies within the organisation, and another attempt to gain employee acceptance of The Employee Achievement Measure (TEAM) (performance management).

By July 2001 stage one of the MLI program had been presented to the executive, managers and section heads. The program was then rolled out to all employees. By early 2003 more than 1800 employees had successfully completed the program. The second stage of the MLI program was scheduled for implementation in late 2003. However, further internal restructuring and moves by the Western Australian State Government during 2003 to introduce legislation to split Western Power into four separate corporations has caused this program to be shelved for the time being.

2.4.8 Summary

This section explored the important elements of organisational and managerial change which were driven by the Western Australian government's desire to improve the performance and efficiency of its electricity supply utility. The commentary included the significant structural and management system changes that the organisation underwent in the reform process leading up to and beyond corporatisation. It showed that senior, branch and business unit managers are now required to be leaders as well as organisers. They must implement organisational restructuring, strategic planning and contracting, deal decisively with business unit and individual employee performance, and be financially accountable. Finally, further reductions in the workforce will see the need for managers at all levels to gain additional skills, not only to cope with the increase and diversity of work, but to also enable them to network and participate in strategic alliances, both internal and external to the organisation.

Important themes and issues identified in this and previous sections are used to inform the analytical framework developed in the next section.

2.5 ANALYTICAL FRAMEWORK

2.5.1 Introduction

Ticehurst and Veale (1999) view analytical frameworks as diagrammatic displays of the conceptual status of the theory, phenomena and variables that underpin important research questions. Punch (1998) agrees with this view and adds that the development of research questions using a framework often brings into focus implicit thinking about the topic, which in turn gives direction to the sampling decisions (p.39).

The analytical framework described below and illustrated in figure 2.5 aims to support a clear understanding of corporatisation and management reform on the role of the manager within the case organisation. The framework was developed from key elements of important social, ideological and theoretical considerations for change described in chapter one and explored in the earlier sections of this chapter. It brings into focus the practical elements of management reform agenda and issues of importance for managers identified as being applicable to the corporatisation and management reform of all Australia's state public electricity utilities. Such a framework enables a structured examination of the interacting features of government reform and the instruments of change used to achieve the reform objectives. Importantly, it identifies key lines of inquiry for this study which translate into the research questions described in chapter one (section 1.4). The framework is also used for this study to define the key themes and boundaries of the literature search in chapter three. This includes the relationship between the theory driving the public electricity supply industry reform agenda and the consequential changes to the managers' roles and working life. It also informs the research approach elaborated on in chapter four, the preliminary interview questions in chapter five and provides a focus for the data analysis and synthesis in later chapters.

2.5.2 Social and ideological considerations

The social and ideological considerations for reforming Australia's public electricity utilities are examined in so far as they impact on the government's reform agenda and the day-to-day operations of managers. Issues such as size and importance of electricity supply industry, ownership, competition and performance improvements, commercialisation, corporatisation, managerialism and deregulation of the electricity supply industry have all been identified as important issues driving management reform and change within Australia's public electricity supply industry.

2.5.3 Management reform agenda

Management reform within Australia's public electricity supply industry is examined in terms of ownership and management performance, government and managers as utility maximisers, social responsibility, stakeholder influences, outsourcing and contracting out, financial performance, strategic planning, customer focus, and culture change. These are underpinned by dominant theories identified in the analytical framework (fig 2.5). The theories include property rights which is part of the traditional theoretical framework used to analyse the relationship between ownership and managerial performance of public sector enterprises (Sanchis, 1997). Agency theory views social and political life as a series of contracts or agreed relationships between the owner (the principal) and manager (as agent) in which the manager does tasks on behalf of the owner and is rewarded in a mutually acceptable way.

However agency theory views managers as self interested utility maximisers and sees their interests in conflict with those of the owner (McKenna, 1999, 73). Agency theory plays an important role in developing the policy framework that underpin corporatisation programs (Boston, Martin, Pallot, & Walsh, 1997, 27). Public choice theory, or the economics of politics, sees public managers, bureaucrats and politicians as utility maximisers who pursue their own self-interest rather than the public interest or the will of the population at large (Sanchis, 1997, 4). However, public choice theory strongly influences public policy and public administration, the latter of which became the driving force for new public management or managerialism in the 1980's (McKenna, 1999, 58). Finally, stakeholder theory has been linked to agency theory and is viewed as part of the social responsibility of organisations to enter into contractual relationships with other stakeholders. While, it is argued that managers are the only group with direct control over the organisation's decision-making process, other stakeholders can influence the decisions (McKenna, 1999, 73). Finally, how the government addresses the issues for management reform and supports or hinders their implementation will impact significantly on the delivery of the corporatisation and management reform agenda.

2.5.4 Issues of importance for managers

This element of the framework identifies key lines of inquiry that can advance the corporatisation and managerialist debate and expand the body of knowledge relating to the impact of a managerialist ideology on the roles and working life of managers within Australia's electricity utilities. Here, the focus is on the managers who are responsible for implementing the reform agenda, which brings with it a shift from 'administration' to 'management' and 'leadership' where managers are no longer viewed as administrators focusing only on the maintenance of ongoing operations through the administration of rules or regulations, but as business unit managers with new responsibilities such as strategic planning, on-going structural reform, productivity improvements, performance monitoring and review, customer focus, competition, financial accountability and leadership.

Arising from the development of the elements above, are a number of key themes and issues are identified as having significant potential to cause concern for managers in the electricity supply industry and impact on their ability to carry out their duties in the manner expected of them. They are:

Understanding of the rationale for corporatisation. In order to evaluate the managers' perceptions of the changes to their roles which have occurred as a result of corporatisation and management reform within Australia's public electricity utilities it is important to first confirm their understanding of the rationale for corporatisation.

Changing role of managers. As part of the broad reform agenda the role of managers has undoubtedly changed. Managers become change leaders, to implement and oversee organisational and cultural changes. They must also introduce and support new management systems as part of the management reform process. Managers are held accountable for their business unit performance which is measured against predetermined indicators set by senior management or executive. Managers are required to maximise commercial performance, improve financial accountability, implement and drive strategic planning, manage the expectations of key stakeholders and address customer service as a major priority. Other issues requiring the managers' attention are training, recruitment and the performance monitoring of staff and the contracting out of services previously done in-house.

Impact of change on the roles of managers. Corporatisation and management reform of the electricity supply industry has heralded many changes to the way managers manage their business units. These changes will impact in different ways on individual managers and may make their role easier or more difficult to fulfil depending on their understanding of what they are expected to do and how are they able to do it. The introduction of new management systems is of concern for managers in terms of whether or not they have the appropriate skills to use those systems and whether or not those systems will help the managers achieve their performance targets.

Benefits of change. From the managers' perspective, what are the expected and perceived benefits of corporatisation and management reform for the managers, that is, what do they believe is in it for them, as well as for the organisation and its stakeholders.

Working life issues. Major opportunities and challenges have been presented to managers of the electricity supply industry through a continuously changing working environment. Key working life issues identified in the literature include workload; working conditions; personal and business unit performance; leadership; internal and external networks; remuneration; relationships; and career and learning opportunities.

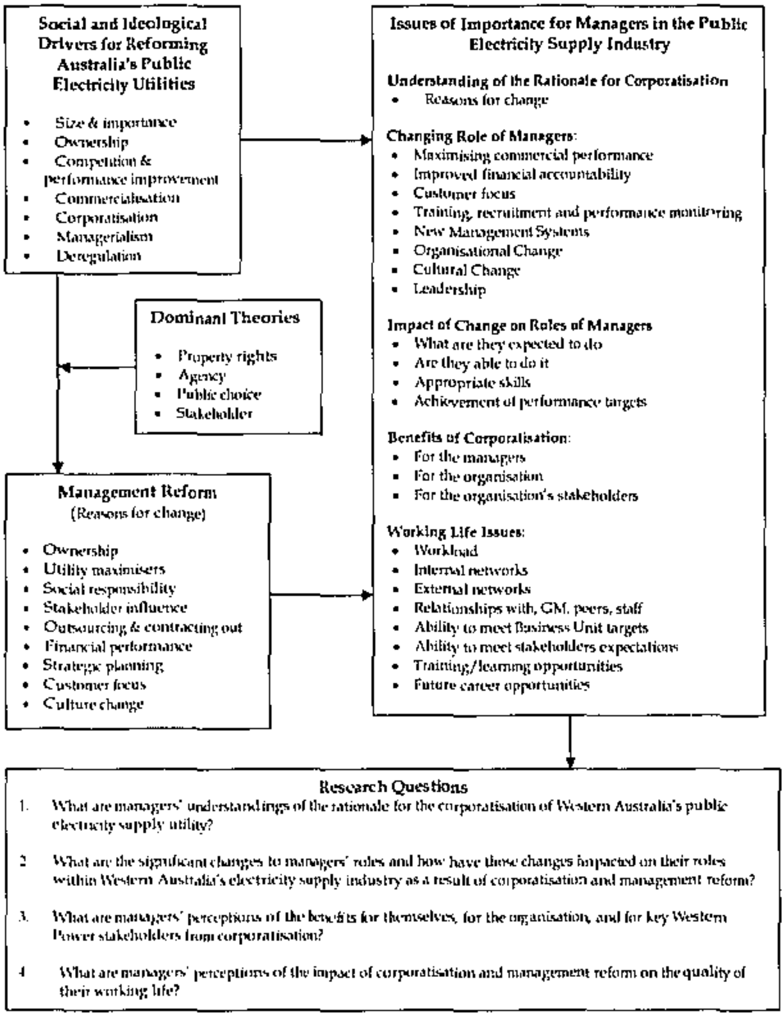


Figure 2.5
Analytical Framework: corporatisation and its impact on managers

This figure shows the relationship between the theory driving the public electricity supply industry reform agenda and the consequential changes to the managers' roles and working life and the perceived benefits of such change.

2.6 CONCLUSIONS

A review of similar cases and relevant literature and facts from secondary data has demonstrated that the study organisation was similar to its Eastern states counterparts in terms of organisational structure, management practices and reform agenda prior to corporatisation. The analytical framework developed diagrammatically in this chapter describes the practical and theoretical elements of corporatisation and management reform as it applies to Australia's public utilities. The framework enables a structured examination of the interacting features of government reform and the instruments of change used to achieve the reform objectives and how these impact on managers' roles and working life. It also identifies key lines of inquiry for this study and defines the key themes and boundaries of the literature search undertaken in the next chapter, informs the research approach elaborated on in chapter four, the preliminary interview questions in chapter five, and provides a focus for the data analysis, synthesis and discussion in chapter eight.

CHAPTER THREE

LITERATURE REVIEW

3.1 OVERVIEW

The previous chapter added to the study context and justification for the research described in chapter one. It focused on managers within one of Australia's state electricity supply utilities, premised on the similarities of each state in terms of organisational structure, management practices and reform agenda prior to corporatisation. Important insights and information from the previous chapters were used to construct the analytical framework (figure 2.5) which defines the key themes and boundaries of the literature search undertaken in this chapter. The literature reviewed in this chapter pertains to the social and ideological considerations underpinning the reform agendas of Australia's state governments when restructuring and corporatising their electricity utilities. It embodies broad domains such as economics, public policy and business management in order to build an analytical base for a practical understanding of the phenomenon of corporatisation and management reform in the Australian electricity supply industry generally, and the impact on the role of managers specifically.

The chapter is divided into three important literature themes logically arranged to address key components of the analytical framework. The first section identifies the macro issues for reforming Australia's public electricity utilities. It examines the arguments in the literature that support economic reform of the public sector as a catalyst for change within the electricity supply industry. Section one also explores the literature pertaining to the ideological debate over managerialism and corporatisation which were adopted by both the state and federal government as agendas for electricity utility reform. Key components of the reform agendas included the issues of ownership, importance, size and structure of utilities, and the necessary management reforms to deliver on expectations of productivity and economic performance improvements which was seen as precursors to competition and deregulation.

Section two identifies the key drivers for management reform within Australia's public electricity utilities. It explores the literature which describes the theoretical, social and ideological considerations for corporatisation in terms of organisational ownership and management performance; the social responsibility of the corporation and its managers; the government and managers as utility maximisers; and the influence of stakeholders on the organisation and its managers. Section two also examines the literature pertaining to managerialist concepts such as outsourcing and contracting out, financial performance, strategic planning, customer focus, and culture change as it relates to the corporatised utility and those who manage its day-to-day operations.

Finally, section three examines the literature relative to the micro-level reforms undertaken by the newly formed corporations in an attempt to transform management thinking and performance from public sector style management to the new managerialist style. Specifically, it reviews the micro policy issues which impact on the role of managers, their quality of working life in the electricity supply industry and the benefits of change to them resulting from corporatisation and management reform.

3.2 REFORMING AUSTRALIA'S PUBLIC ELECTRICITY UTILITIES

Economic reform of the public sector was a catalyst for change within the electricity supply industry. Electricity is viewed as a critical source of energy for all major industries, nationally and internationally. It pervades every aspect of modern society and impacts on the economy as an essential service to customers and as an intermediate input into other industries where it plays an important role in the production of most other commodities. From the late 1980's there was a growing awareness by government, business, academics and professionals that the electricity supply industry in Australia had to change. The debate was particularly strong around issues of size, structure and ownership, it revolved around how should an industry of such size and importance to the economy be managed to satisfy both government and commercial objectives. State-owned utilities in Australia, were being pressured to change the way they did business (Eby & Hazan, 1998). It was reported that throughout Australia, industry and commerce were calling for a reduction in electricity tariffs to make them more competitive with their overseas counterparts (Carnegie, 1993; Harman, 1993a; Hilmer, 1993; Industry Commission, 1991a, 1991b). This section identifies the literature pertaining to the macro issues which support the reforming of Australia's public electricity utilities.

3.2.1 Size and importance of the electricity supply industry

From the early 1990's, in response to economic and political pressure from major stakeholders for reform of the electricity supply industry, the Federal and state governments' set up boards of inquiry chaired by Hilmer (1993); Carnegie (1992 and 1993); Harman (1992); McCarrey (1993) and others.

Their responsibility to government was to investigate and report on the changes necessary to make Australia's public utilities more efficient and effective without the need for on-going regulation. It was argued by Deane (1989), Duncan & Bollard (1992), Harman (1993), Quiggin (1997) and others that significant micro level structural, cultural and managerial changes would have to occur in order to achieve the perceived gains from macro level changes like deregulation and corporatisation. Recommendations aimed at stimulating competition and making significant improvements in productivity and efficiency would see the state owned utilities restructured to be more compatible with competitive markets. This process would require the regulatory functions being separated from commercial functions and in some cases, separation of potentially competitive parts of an enterprise into several distinct businesses (Harman, 1993b; Hilmer, 1993; Quiggin, 1997). This was to be the catalyst for substantial restructuring of the electricity supply industry.

A central element of the restructuring of public and private sector organizations in many countries has been the substantial reorganization of the workforce based on the reduction of employee numbers. Duncan & Bollard (1992) report that work force reductions in New Zealand were a key element of public sector reform, where before corporatisation, it was common for *...electricity utilities to be over staffed due to poor management practices, union pressure, and political pressure to take on more people* (Duncan & Bollard, 1992, 55). In Australia the thinking was no different, so inextricably linked to the reform agenda for Australia's state public electricity utilities was a desire by government to reduce the size of its workforce. According to Pitkethly (1992) the period between the mid-1970s to mid-1980s, employment levels in Australia's public utilities swelled by over 20 per cent (Pitkethly, 1992, 18). In fact, Hyman (1995) reports that state owned utilities worldwide were often used *... as employment agencies in times of high unemployment* (Hyman, 1995, 190). In the Western Australian context the practice of overstaffing had led to poor management and work practices which contributed to high labour costs and low productivity (Harman, 1992, 4). Harman considered that restructuring and staff reductions were necessary in order for Western Australia's gas and electricity utility (SECWA) to eliminate restrictive work practices and adopt a commercial focus in a competitive environment (Harman, 1993a, 2).

Simmons & Bramble (1996) report major staff reductions in the electricity and associated industries in Australia and that restructuring and work force reductions were most significant in the period 1987 to 1993 where employment in the electricity supply industry fell by thirty four percent. For example, they claim that the electricity generating and mining industry under the State Electricity Commission of Victoria (SECV) went through significant change in the period 1989 to 1994, and the workforce of almost 24,000 dropped to less than 10,000. Around the same time the Electricity Commission of New South Wales reduced its workforce by thirty percent in the two years to June 1990. While in Western Australia in the lead up years to corporatisation staff numbers in the state electricity and gas supply utility fell by twenty eight percent, or 696 jobs, in the period 1987 to 1994 (p.218). These reductions were most heavily borne by lower skilled blue-collar workers, such as trades assistants and labourers, who made up the bulk of employees. There were also cuts in trades' people, technical, engineering, clerical and administrative staff and management across the organisation. In fact, because of the prevailing low unemployment rate in the eighties, utilities found staff were more willing to accept voluntary redundancy and work force reductions. A different orthodoxy emerged in the early nineties, however, where increased staff reductions due to restructuring was met with strong resistance from the unions, resulting in long and protracted disputes (Simmons & Bramble, 1996, 219).

In conclusion, there are strong arguments in the literature recommending significant micro level structural, cultural and managerial changes in order to achieve the perceived gains from macro level changes like deregulation and corporatisation. Work force reductions were a central element of public electricity utility restructuring in order to reduce costs and increase productivity. However, there was still strong debate over who should own the utilities and how should they be managed. The next section looks at what the literature has to say about the issue of ownership as a ideology for the reform of Australia's electricity supply utilities.

3.2.2 Ownership as an issue for reform

The previous section discussed the arguments revolving around the size and importance of electricity utilities. In discussing structural change the question of ownership frequently arises in the debate over corporatisation, which involves a change of status from public service orientation to a state-owned corporatised body. The object of such change is to reduce the drain on revenue raised from taxpayers and to provide a return to government. There will, however, always be a call for the provision of subsidised goods and services to enable government to meet its social or community service obligations in providing for the poor and underprivileged (Hess & Adams, 1999, 7). Wiltshire (1987) considers that if a utility is to be left to implement any social objectives of government, the question then to be addressed is whether these obligations will be spelt out formally by the government, or left to informal behaviour on the part of the utility (p.39). Most importantly, it must be asked whether the utility will be left to implement these objectives free from scrutiny or whether some form of regulatory framework will be devised for the post-corporatisation period to keep check on the extent to which that utility is adhering to these objectives (Wiltshire, 1987, 39). Electricity regulation was born out of the need to set prices because normal market mechanisms were not present, however, it has extended well beyond this as regulators have accepted social and political agendas, such as monitoring the quality and reliability of electrical supply (Felton & Harper, 1998a, 2).

Government versus private ownership has long been the subject of debate by academics and business writers such as De Alessi (1980), Sanchis (1997) and Shirley (1999). This debate focuses on ownership and the rights to profits which are clearly defined within the private sector, but diffused and uncertain in the public sector (Harris, 1991, 152; Sanchis, 1997, 1). Other writers in favour of public utility reform and corporatisation invariably focus on the improvements to be made in productivity and efficiency, and the reduced drain on government revenue (Carnegie, 1993; Harman, 1993a; Labour Research Centre Inc, 1990; Stuhmcke, 1997). Further, Painter (1988), Twohill (1989) and Maddock (1993) view corporatisation is a method by which the government retains ownership of utilities while introducing a programme of reform aimed at improving the financial return to government from those utilities. They contend that the executive and senior and business unit managers of such organisations play a key role in supporting and giving credence to government arguments for the need to restructure and rationalise public owned state utilities (Maddock, 1993; Painter, 1988; Twohill, 1989). However, Rosenthal and Russ (1988) claim that this view is somewhat oversimplified because a grossly inefficient government is just as likely to lose an election and replaced by a government with a platform of improved administration. They concede that the underlying hypothesis for introducing competition into Australia's electricity supply industry was the assumption that it would bring cheaper power for a similar standard of service through greater efficiency. However, they contend that the polarised debate over public versus private ownership has provided remarkably little evidence that any of those assumptions would be proven correct (p.200).

For Pitkethly (1992) the issue of ownership is clear cut, he considers that the shortcomings stemming from government ownership of electricity supply utilities can be reduced by corporatisation. In essence, he claims that corporatisation seeks to improve performance by restructuring the utilities to be more commercially orientated, this involves two broad sets of initiatives. The first is to introduce measures to provide the authorities with clear commercial objectives and managers with the necessary power and autonomy to pursue these objectives without undue government intervention. Pitkethly argues that managers must also be more accountable for performance and that there is a need for the introduction of measures to monitor performance, such as rate of return targets and a comprehensive range of non-financial indicators. The second initiative is to create a commercial operating environment similar to that which applies in the private sector. This requires the removal of factors that both advantage and disadvantage the operators of electricity authorities. For example, tax concessions and public sector borrowing constraints (Pitkethly, 1992, 19).

Opposing arguments advanced by academics and business writers, such as Dawkins (1986), Quiggin (1986), Alford (1993), Dunford, Bramble & Littler (1998) and others, favour the continued operation of the States' electricity supply utilities along public sector lines. These arguments are generally based on a requirement for government fulfillment of social obligations that would not be done if the utility were operating as a private business. These community service obligations are defined in Australia by Borthwick (1991), Harman (1993a), Nagarajan (1994) and Hess (1999) as non-commercial activities undertaken by a government business enterprise which meet the social objectives identified by government and include the losses in supplying electricity to rural and remote areas. Borthwick (1991) further argues that undertaking community service obligations involves an enterprise carrying out an activity that is obviously not commercially viable, or which it could only do at higher prices (Borthwick, 1991, 5).

3.2.3 Competition and performance improvement

Traditionally, Australia's electricity supply utilities were government owned enterprises and like their counterparts overseas held a monopoly over the generation, transmission and distribution of electricity. Governments' controlled and regulated the power industry, ensuring that utilities had little, if any, competition. As a result, electricity utilities and their suppliers have taken advantage of the security and stability afforded by the monopoly situation (Carnegie, 1993; Ferguson, 1996). They have had relatively easy access to capital and, as many academics have noted, have had little or no financial accountability (Harman, 1993a; Hyman, 1995; Prowse, 1989). This in turn has had a fundamental influence on the hierarchical and monopolistic financial structures and management habits that evolved which were conceived to be authoritarian and anti-competitive (Hilmer, 1993; Walker, 1994). Decisions were made and implemented by engineer-managers with little or no business value analysis or attention to customer requirements (Simmons & Bramble, 1996). Customers, whether small and regional, or large and commercial, were not consulted, but were told what was considered best for them and supply was offered on a take it or leave it basis. Often government intervention was required to settle an impasse over line routes, supply voltage and tariff. Ultimately, the lack of competition and commercial imperative within the industry was the impelling force of subsequent change. There was intense lobbying by industry and commerce for the monopoly utilities to be broken into smaller, competitive organisations (Carnegie, 1993; Dawkins, 1986; Hyman, 1995; Maddock, 1993).

Much of the debate over the competition and restructuring of public electricity utilities has focused on New Zealand and the UK, but Australia has not been neglected. The literature on government reform in Australia during the early to mid nineties shows strong debate between academics and professionals, such as Carnegie (1993); Harman (1993); Harris (1991); Hilmer (1993) and McCarrey (1993), who all argued that competition in the electricity supply industry was a good thing for governments because it would lead to better outcomes for consumers in terms of access, cost and reliability. The debate centered on restructuring and the introduction of competition for traditional public sector activities. Hyman (1995) examined the beneficiaries of competition in the public electricity supply monopolies and found the governments see increased profits as providing additional funds to help solve environmental, social and developmental issues. Many utility managers also see competition as a positive move. They want sufficient profits to improve their remuneration and conditions and to allow their utilities to expand to meet customer demands. Likewise, customers want the best possible service for the lowest price (Hyman, 1995).

As the public versus private ownership debate continued throughout the nineties, Harris (1991) reported that competition and regulation seemed likely to be the more fundamental determinants of the economic performance of electricity enterprises than their ownership status (p.156). Harris conceded that limited competition for many of Australia's public enterprises had reduced the incentives for efficient management. He proposed that, through the constraints imposed by ongoing government ownership, corporatisation would investigate incentives which approximate those that exist for private sector managers (Harris, 1991, 55). Hoggett (1994) agreed with Harris and further claimed that competition is a distinct emerging form of organisational control within the public sector. He stated that Australia's government owned utilities could improve their efficiency either through direct competition with other utilities for the supply of electricity, or at least by the introduction of enforceable, stringent performance standards. Competition (market and non-market based) is viewed by Hoggett as a means of coordinating the activities of decentralised units and the extended development of performance monitoring and management techniques. Finally, Hoggett noted that the introduction of competition to vast areas of the public sector since 1987 *...appears to be bringing about a major change in the way in which workers and managers behave* (Hoggett, 1994,19).

An important tenet in the Australian debate was whether public electricity supply utilities could ever be restructured to be as cost efficient in the same competitive environment as their private sector counter-parts and whether the community, or rather the user of each service, is best served by private or public monopoly or through competition. Advocates of competition such as Forsyth (1986), Hensher (1986) and Prowse (1989) maintain that private companies would outperform public electricity utilities because private enterprise is more efficient and operates in a competitive market. Hilmer (1993), in his role as chairman of the Independent Inquiry into a National Competition Policy (1993), reported that corporatisation of government trading enterprises is less likely to offer significant public benefits unless appropriate structural and management reforms were carried out before, or in concurrence with, corporatisation. Hilmer further reported that competition policy, comprising rules governing the conduct of firms, plays an important part in the consolidation of any structural reform (Hilmer, 1993, 216). Commissioned in October 1992 and presented to government in August 1993, the Inquiry found *...strong and widespread community support for implementing an effective National Competition Policy* (Hilmer, 1993, iii).

3.2.4 Commercialisation

Commercialisation is defined in appendix 1. Prowse (1989) claimed commercialisation and corporatisation was seen as being applicable to publicly owned entities which operated in an environment where there was some kind of market for their product. In those cases the focus was on business unit performance and management accountability in relation to business objectives and the resources used (p.117). Rosenthal and Russ (1998) agree and further claim that accountability within the electricity supply industry is an issue that has been keenly debated by public sector analysts for a considerable period of time. They contend that accountability and public interest in electricity matters give the community and government a measure of control over the utility and involvement in its operations, considered important in the context of issues such as tariff schedules and environmental issues (p.37). Johnson and Rix (1991) also consider accountability for public agencies is an issue of concern for politicians, academic researchers, organised groups and journalists, and that confusion within the debate centres around financial accountability as provided through the companies' code and the necessary political and social accountability expected of authorities in a Westminster style parliamentary democracy. Further, they argue that the appropriate balance between autonomy and control is fundamental to the structure and operation of public enterprises in most countries of the world, therefore they contend that public utilities should be required to discharge their commercial responsibilities with the community at large, while adhering to their social and corporate responsibilities (Johnson & Rix, 1991, 100 - 104). Ingersoll (1989) considers that commercialisation would see increasing pressure applied to managers in all levels of government to provide evidence of an increasingly commercial approach to the acquisition, utilisation and valuation of assets. This commercialised approach to the management of government trading enterprises would see managers called upon to provide strategic business plans, which included financial planning, reporting and accountability. Ingersoll conceded that social and other obligations incumbent upon government agencies may preclude the achievement of profit. A fundamental tenet of

Ingersoll's argument was that social objectives, such as community service obligations imposed on public electricity supply utilities were expressed in general terms and accounting systems often did not distinguish between the costs of achieving social goals and the costs of undertaking commercial activities (Ingersoll, 1989, 169). Wood and Jones (1993) view commercialisation as a top down process that needs to become participative once critical policy decisions are made. Moreover, as government considers the introduction of change, staff need to be involved in the design of their work and the clarification of the organisation's role. Wood & Jones considered that the economic imperative was to produce more with less, and that an essential component in achieving improved productivity was for government trading enterprises (GTE's) to use their human resources *...efficiently, effectively and humanely* (Wood & Jones, 1993, 25).

Harman (1993), in contributing to the debate over the reform of Western Australia's public electricity utility, claimed that commercialisation is often confused in public debate with corporatisation (p.9). He described commercialisation as *...the process of setting clear commercial objectives for public enterprise and at the same time ensuring that it is not in a privileged position relative to its private sector competitors for the achievement of its commercial performance indicators* (Harman, 1993a, 9). This was expanded upon by Dixon and Kouzmin (1994) who defined commercialisation as the levying of user charges reflecting to varying degrees the economic cost of providing goods and services (p.58). Dixon and Kouzmin also claimed that questions raised as to the alleged unsatisfactory performance in the public sector were met with proposals for a range of commercialisation reforms to improve efficiency. They also noted that public agencies were under political pressure to identify services for which charges could be increased or introduced in order to recover costs, reduce losses or increase profits. At that time commercialisation within the public sector at all levels of government was becoming common-place from the mid to late

1980's (Dixon & Kouzmin, 1994, 60).

McCarrey (1993) in his role as chairman of the Independent Commission to Review Public Sector Finances (volume 2, 1993) claimed that commercialisation is an administrative reform that embraces all principles of corporatisation except the emphasis on competitive neutrality. He believed that, with the shift towards maximisation of commercial performance, improved financial accountability and customer focus, the utilities would adopt business models which were more commercially orientated and competitive (McCarrey, 1993). Maddock (1993) took this concept further and argued that managers of public utilities are expected to make operational decisions emulating those taken in the market and to provide for a return to the shareholder (government) (p.14). However, Rowlands (1990), Maddock (1993), Harman (1993a) Kearney, Hays and Steven (1998), and others, had concerns that this form of government and corporatised utility relationship may not work as planned because in practice politicians tend to interfere in the running of their corporations.

Garth Pitkethly (1992), as Assistant Commissioner with the Industry Commission, studied the performance of Australia's electricity supply industry from the onset of commercialisation in the mid to late eighties through to the early nineties. He argued strongly in support of corporatising Australia's electricity supply utilities. While his study did not address the impact of change on managers, it does contribute to the knowledge of government reform of Australia's electricity utilities. Pitkethly, like Twohill (1989), Lansdown (1990), Dixon & Kouzmin (1994) and Howard (1994), found that organisational performance had improved in the years leading up to the early 1990's, but the achievement of further efficiency gains required the utilities to be corporatised in order to enable effective competition to evolve. He claims that ...*the pressures for change have been intensified by a growing awareness of the serious implications that* *poor performance by electricity authorities has for industry in each state and for already strained state finances* (p.18). Furthermore, he considers that management performance within the electricity supply industry must improve, and corporatisation will help, but concedes that low public sector style management rewards and incentives have encouraged a culture *...that is geared towards insuring against failure* (p.18). He also found that public utility management has *...been stifled by intrusive government intervention* (p.18) and that managers are forced to comply with government directives that are clearly at odds with prudent commercial practice. Finally, he considers that managers must be held accountable for their performance, they must be provided with clear commercial objectives and have the necessary power and autonomy to pursue these objectives without undue government intervention. This, he argues, could be achieved through corporatisation (Pitkethly, 1992).

3.2.5 Corporatisation of the electricity supply industry

Shirley (1999) in examining the roles of privatised versus state-owned enterprises defines corporatisation as efforts to make state owned enterprises operate as if they were private firms facing a competitive market. Shirley argues that with corporatisation, individual state governments retain ownership of their enterprises and operate them under the companies code with a Board of Directors, appointed by the government to make policy decisions (Shirley, 1999). The literature shows that the ideological debate over corporatisation, which has continued since the early nineties, invariably focuses on the public sector, its size, accountability, efficiency, effectiveness and the like. The literature further suggests that the move to corporatise Australia's electric utilities was seen to be an answer to their perceived poor performance. These views are supported by strong argument in the literature which claims that efficiency within government trading enterprises can be improved if operated along private sector lines (Considine & Painter, 1997; Painter, 1988; Simmons & Bramble, 1996). Twohill (1989), Deane (1989) and others contributed to this orthodoxy by pointing out that central to any rationale for corporatisation is the concept and belief by many that private corporations, large privately owned companies, are always more efficient than public enterprises or public service departments. They argued therefore, that public sector management should imitate the organisational structures, the power relations between boss and workers, and the profit motive of the private sector giants. (Duncan & Bollard, 1992; Dunphy & Stace, 1994; Hilmer, 1993; Maddock, 1993). Carnegie (1993) agreed, but added a cautionary note by recommending that where government business enterprises are competing against other firms any net competitive advantage flowing from their ownership should be neutralised. Quiggin (1986), on the other hand, saw the issue of corporatisation as a reactionary attack on public control and ownership of industry (p.23). He argued that the debate in Australia was fuelled mostly by overseas examples, most notably, the public sector reform policies of the Thatcher government in the UK and electricity industry reform and deregulation in the United States associated with former Presidents Carter and Regan (Quiggin, 1986, 23).

Academics and professionals have long held the common view that governments, when faced with budgeting problems within their utilities, see corporatisation as a programme of liberalisation to improve the efficiency of their trading enterprises and as a viable option to raising taxes (Hilmer, 1993; Hyman, 1995; Stace & Dunphy, 1997). Federal and state governments view corporatisation as consisting of two interrelated activities, both of which impact significantly on the role of the manager. One is the process of administrative reform of management style such as work practices, financial accountability and control. The other is the process of creating a competitive market for monopolies such as electricity, water and gas (Sly & Weigall., 1992; Watts, 1996). Corporatised utilities would induce competitiveness that would free up market forces and lead to greater micro and macro-efficiency. Managers of the corporatised utilities should have a single clear objective which is the maximisation of commercial performance. They should have the authority to make key decisions in order to a achieve efficient commercial outcomes, be free to decide on recruitment, remuneration and dismissals, to set business plans and be accountable for performance against established objectives set by the Minister (McCarrey, 1993). Other contributors to the corporatisation debate, such as Pitkethly (1992), Dixon & Kouzmin (1994) and Walker & Walker (2000), saw corporatisation as a vehicle through which significant industry restructuring could be undertaken; including large-scale staff reductions and the flattening of hierarchical management structures. They reported that in many instances the outcome of corporatisation was the loss of key personnel and employee career paths; managers were increasingly faced with staff shortages, exacerbated by recruitment restrictions which resulted in increased contracting out of services (Dixon & Kouzmin, 1994; Pitkethly, 1992; Walker & Walker, 2000).

Academics and management writers such as Rosenthal & Russ (1988), Dixon (1995) and Hilmer & Donaldson (1996) contended that the viability of corporatisation as a stimulus for public sector reform, with expected improved organisational performance, would depend largely upon managerial performance. They noted that, although most significant change manifests from the top-down, it is the managers who are ultimately responsible for the success or failure of the change within their organisation. Managers provide leadership for their employees who emulate their behaviours and performance. In a like manner, managers look to senior management and the executive for clear direction and support. With corporatisation and associated change, managers would be held accountable for their own performance and that of their respective business units. In addition, they would be expected to participate in strategic planning and observe strict budget controls, but if the managers are not convinced of the importance for change, or understand the necessity for it, then is unlikely that they would drive it with the necessary vigour for success (Dixon, 1995; Hilmer & Donaldson, 1996; Rosenthal & Russ, 1988).

Hilmer (1993), while agreeing that the success of the corporatised entity depends upon the managerial performance of the executive and managers, considered more importantly that it depends heavily on minimalist government involvement. For Hilmer and other academic writers and researchers, such as Deane (1989) and Duncan & Bollard (1992), corporatisation is a process of minimising government involvement and devolving responsibility to the executive and managers as well as introducing new reporting systems to make middle and business unit more managers accountable for their actions. Harman (1993) agreed, he claimed that corporatisation should increase both managers' autonomy from the government as owner, and managerial responsibility, but at the same time it must preserve the public interest. He saw this being done through an agreement of the corporate plan between the Minister and the executive. The executive would have direct accountability to Parliament through an openness to parliamentary inquiries and the tabling of the annual reports (Harman, 1993a, 9). Harman's views were aligned with those of Duncan & Bollard (1992) who, in drawing heavily on property rights and public choice literature, had argued that the responsibilities and initiatives of managers which result from corporatisation would have to be redefined so as to bring them into line with the principal's (government's) objectives. They consider that in this new arrangement, managers would be responsible for the effective and efficient use of inputs, for pricing their products and for marketing them within performance objectives set by the Minister (p.9).

3.2.6 Managerialism as an ideological driver for change

This section reviews the literature on managerialism as an ideology for management reform in the public sector with particular focus on management reform adopted as part of the broad corporatisation reform agenda. It is not intended that the review of the literature on managerialism be exhaustive nor a critique from a multi-paradigm perspective. However, the literature review will acknowledge important contributions to the managerialist debate that are relative to the aims of this study and described in chapter one. The literature reviewed in this section shows the importance of managerialism as an ideology for management reform within the public sector, as described and reported by academics and others when reporting the shift in management style that occurred with the corporatisation of Australia's state electricity supply utilities throughout the 1990's.

Duncan & Bollard (1992) reported that corporatisation is a form of managerialism and was to be the vehicle through which various state governments would introduce managerialist ideology to management and staff of their electricity utilities (p.9). This tenet has been supported by Clarke & Gewirtz (2000) and Brehony (2002) who consider that a key part of the corporatisation process was management reform, driven by the managerialist ideology which they describe as having an output emphasis focused on efficiencies, cost-cutting and revenue raising. The ensuring debate engendered an important shift in discourse from public administration to public management. It introduced managerialism to public management. Academic and business writers such as Considine (1988), Painter (1988) and Dunford Bramble & Littler(1998) describe managerialism as a flexible market-based form of public management that emphasises goal setting, planning and the measurement of results. In Considine's (1988) critique on the corporate management framework, he postulates that managerialism as an ideology elevates economic rationality to primary status in the public sector. Moreover, managerialism is committed to four key management concepts: the product format, autocratic instrumentalism, systems integration, and purposive action (p.7). In later literature, Considine & Painter (1997) claim that although *...managerialism is now the widely used term employed to describe all the organisational changes achieved in the public sector since 1979, it is neither an elegant nor an exact description* (Considine & Painter, 1997, 2). However, Reynoldson (1999) has also conducted an extensive study of managerialism as an ideology and its application to management reform in the public sector and has found that the term managerialism encompasses most, if not all, the changes that characterise public sector reform in the late 1980s and throughout the 1990's. He argues that even in cases where there is some doubt about its appropriateness, such as with its applicability to market-style reforms, there is substantial overlap and linkage with public sector reform in general. *Accordingly, managerialism remains the term that best describes the content of change in the public sector throughout the 1990's and is the focal point in discussions of reform* (Reynoldson, 1999, 35).

As the debate that unfolded on new managerialism in the public sector in the late 1980s predicted, reform improvements have not been without cost, particularly in societal terms, where the greater the increase in productivity, the higher the pace of labour shedding which left many without jobs and departments understaffed (Considine, 1988; Painter, 1988; Yeatman, 1987). In reporting the corporatisation of public agencies in Australia Dunford, Bramble & Littler (1998) explored the issue of productivity improvements and workforce reductions further. They claim that the evidence suggests that much of the espoused efficiency gains attributed to managerialism since the late eighties may actually represent the intensification of labour usage brought about by industry restructuring and workforce reductions. That is, fewer people were doing more work. They believe that the redesigning of core processes, and flatter and often centralised organisational structures, paved the way for cost reductions through reduced diversification and staff requirements. In addition, a market based relationship between branches and divisions within the newly corporatised government agencies replaced hierarchical ones through the contracting out of some functions previously done within the organisation (Dunford et al., 1998).

Academics and professionals have emphasised the importance of managerialism in the management reform process of Australia's public agencies and have described how it has promoted a greater concentration by governments' on the issues of management and how their organisations are managed. Considine and Painter (1997), Yeatman (1998), Quiggin & Spoehr (1998) and others argue that government agencies within Australia have been influenced considerably by the rise of managerialism and the important role played by politics and politicians in the determination of public policy and responsibility for organisational performance. All these scholars provide examples of both internal politics, where significant groups such as professional workers may demand relatively autonomous working conditions, and external politics, where political interference in the activities of public organisations can occur when a minister responds to some special interest groups. They further report that managerialism highlights the importance of the role and accountability of individual managers, resulting in a closer examination of the processes and responsibilities of management. Painter (1988) and Kingwell (1993) agree, and claim that managerialism was brought about by an understandable reaction against bureaucratic formalism and proceduralism. It embodies an output emphasis and measures management performance on the basis of outputs, wherever possible in quantifiable terms. They consider that in order to achieve this, Australian government agencies must be restructured in an attempt to create middle management responsibility centres, that is, self contained productive units with clear duties and targets (Kingwell, 1993, 2; Painter, 1988, 1). However, Considine (1988) believes that this concentration on output performance is a contentious issue. He claims that rather than rewarding public servants for rule conformity, error avoidance and attention to detail, managerialism rewards them for achieving output targets and punishes them for under performance (p.7). Further criticism of the managerialist concept comes from Mulgan (1995) who suggests that managers are motivated by self-interest to advance their own careers and remuneration and in doing so increase the size and importance of their own business units. Mulgan considers that managerialism is over concerned with outcomes and neglects how these are achieved. In Mulgan's view the focus on outcomes and the monopoly position of most government departments has led public servants to overlook the importance of following due legal process and of acting with personal integrity (Mulgan, 1995, 7).

Dixon and Kouzmin (1994), who studied commercialisation within Australia's public sector, also found that managers under the managerialist ideology are required to be more efficient and effective in their use of resources; less discriminatory in their personnel management decisions; more participative in their decision making styles; and more customer orientated in their service delivery. Dixon & Kouzmin argue that economic efficiency is an important ingredient of managerialism, it appeals to many managers and non-managers in Australia and abroad. However, they believe that the obsession with economic efficiency is highly ideological and focuses on means and obscures ends, that is, it only looks towards the costs of operations and input reduction rather than legitimately encompassing innovation. Finally, Dixon & Kouzmin report that public sector managers have long been under siege to deliver for less cost than their private sector counterparts. Underlying this are financial pressures brought about by the increasing demand for services that cash-strapped governments could not afford (Dixon & Kouzmin, 1994).

Overseas research by Lawler & Hearn (1995) on the rise of managerialism and its impact of change on social services departments in the United Kingdom found that public sector organisations had moved away from their traditional position *...as organisations which were seen as being administered rather than managed* (p.8). For example, managers in public sector organisations in the UK had been under pressure to consider private sector management practices and to transfer those approaches to their own contexts. Also, the rise of managerialism saw an increased emphasis on intervention costs and a concern with management cost effectiveness on a greater scale than previously. In this way, managerialism has promoted the values of management above those of professionalism and has resulted in professional workers being more closely scrutinised, especially regarding the cost of any interventions that they decide are appropriate. Lawler and Hearn point out that successive governments in the UK have wished to reduce the role of the state in the provision of all traditional services and have espoused the free market as the desired means of allocating resources (Lawler & Hearn, 1995, 7).

3.2.7 Deregulation of the electricity supply industry

Prior to corporatisation, state owned electricity utilities operated within a tight regulatory framework set by the government. The regulations ensured that the government monopolies had little or no competition. It was the government who wrote the rules and changed them whenever it wished, the government selected the managers who operated its utilities, guaranteed the utilities' debts and set the price for service. In addition, the government chose whether to make a profit from its utilities or to use them for social or political purposes instead (Hyman, 1995, 9). Academics and influential sources supporting private ownership and a deregulated competitive market have argued in favour of corporatisation and deregulation as a means to create a more profitable and efficient electricity supply system. Hilmer (1993), Maddock (1993), Alkhafaji (1993), and others, claim that deregulation is generally accompanied by a policy of corporatisation to improve the efficiency of the government utilities. They report that since the initial rush for commercialisation and corporatisation from the 1980's through to the mid 1990's the electricity supply industry worldwide is rapidly moving towards total deregulation. They define deregulation of the electricity industry as the process of opening up government owned and controlled electricity utilities to competition, that is, allowing commercial generators and retailers of electrical energy to transfer electricity for a fee through the government owned monopoly transmission and distribution lines (Alkhafaji, 1993; Deane, 1989; Harman, 1993a; Hilmer & Donaldson, 1996; Hyman, 1995; Maddock, 1993). Deregulation is further defined and discussed in appendix 1 of this thesis. Hilmer (1993) further adds that in order to increase competition, unofficial restrictions on entry, embodied in the statutory monopolies and granted to most of the government utilities, should be removed. Gibson (1999) is also a strong proponent of deregulation and looks upon it as a catalyst, not only for lower electricity prices, but also for the utility companies to supply additional services such as gas, cable television, telephone, Internet access and home security, as is already the case in the USA (Gibson, 1999, 17). Other writers such as Forsyth (1986), Rowlands (1990) and Eby & Hazan (1998) take the corporatisation and deregulation debate further and discuss the role of managers who must introduce and drive the necessary changes. They contend that managers must not only rethink the way they manage their business units, but gain and apply additional skills in order to accommodate their new roles in a corporatised utility that must operate in an increasingly deregulated market (Eby & Hazan, 1998; Forsyth, 1986; Rowlands, 1990).

Harman (1993a), Maddock (1993) and others argue that corporatisation and deregulation are part of an evolution that electricity utilities are undergoing and are generally precursors to privatisation. Not all agree, however, such as Dawkins (1986), Quiggin (1986), Kahn (1995) and Mallabone (1999) who argue against deregulating and selling off electricity utilities. They consider there needs to be a persistence of monopoly and continuing regulation, particularly in the local distribution networks and electricity transmission for three closely related reasons. First, to provide continuing protection for residential and small business customers. Second, to ensure fair and efficient competition between utilities and others wishing to enter the market, including access to the utilities' monopolised or the partially monopolised infrastructure such as overhead lines and electricity substations. The third reason they advance in favour of retaining monopoly and regulation within the electricity supply industry is the safeguarding against cross subsidisation of competition by the incumbent utilities at the expense of their monopoly customers. That is, subsidising markets which are subject to competition with profits from markets that have no competition (Dawkins, 1986; Kahn, 1995; Mallabone, 1999; Quiggin, 1986). Lee (1994) also argues that without some form of regulation asset transfer from monopoly government trading enterprises, such as in the case of privatisation, would result in a change from one monopoly supplier to another. In this situation neither cost or performance is likely to change very much (Lee, 1994). Finally, Beldotti (1998) views deregulation and corresponding increased competition from an environmental perspective and proposes that it could mean utilities spending less time and money on research and development resulting in increased air pollution due to a reduced commitment to developing renewable energy resources, such as solar and wind power (Beldotti, 1998).

Kahn (1995) expands further on the argument for continued regulation and states that it is not considered possible nor prudent to totally eradicate direct regulation of what has traditionally been considered authentic public entities, such as electricity, gas and telephone services. Specifically, public utilities were to be restructured so as to ensure the separation of regulatory and commercial functions, the separation of natural monopoly and potentially competitive activities, and the separation of potentially competitive activities. Kahn's argument for the continuation of some form of regulation takes into account the capital investment costs of the incumbent utility companies, such as the construction of transmission and distribution lines substations, etc. These capital costs, he claims, have been carried over into the competitive era, insufficiently depreciated on the books, but are what provides the utilities with the opportunity to earn a return, e.g., charging a fee for private generators and retailers to transfer electricity from generation sources to customers through the transmission and distribution lines. In addition, the existing utilities have been subject to continuing community service obligations which are not borne by competitors. For electricity supply utilities, community service obligations may include the provision of electricity to regional and underprivileged customers, uniform domestic tariffs across the network and the subsidisation of energy conservation programs, e.g., subsidies for solar hot water systems and fluorescent lighting, and the investment in more environmentally sustainable technologies, e.g., generation of electricity from solar and wind energy. Kahn claims a further problem occurs when government utilities have an obligation to serve as the providers of last resort to all customers, and to incur the cost, largely fixed, of fulfilling that responsibility. The introduction of competition, he claims, also offers electricity customers the opportunity to avoid those costs by shifting to other suppliers in order to take advantage of competitively priced power, while retaining the option of returning to the government utility and demanding service without penalty. Kahn also believes that the government benefits from deregulation because it allows for realistic prices to be set in the market reducing the burden on taxpayers, and provides utility managers with sufficient profits to allow the utility to expand and meet the demands of customers (Kahn, 1995, 4).

3.3 MANAGEMENT REFORM WITHIN AUSTRALIA'S PUBLIC ELECTRICITY UTILITIES

This section examines the literature underpinning the social and ideological considerations for corporatisation of Australia's state electricity supply utilities in so far as they influence the government reform agenda and impact on the day-to-day operations of managers. Corporatisation was seen as an important step in the introduction of competition and deregulation and it was intended that the utilities would introduce a managerialist approach to management and adopt business models which were more commercially orientated and competitive.

3.3.1 Ownership and management performance

Wiltshire (1987) and Sillanpaa (1997) consider the debate over the ownership of public electricity utilities and management performance causes a dilemma for governments wishing to pursue the corporatisation path, and managers, who are expected to accede to the government's wishes, but may not fully understand or be convinced of the rationality for such change. However, governments must first convince their managers and voters that their methodology and timetable for public sector reform will be in the best interests of the state (Sillanpaa, 1997; Wiltshire, 1987). Success in achieving this will ultimately pivot on the efficacy with which government, as owner, provides the necessary legislation and foundation for corporatisation and its intended influence over the running of the new business (Duncan & Bollard, 1992; Hyman, 1995). De Alessi (1980) conducted research into the economics of government versus private ownership of electricity utilities, specifically the economic principle of property rights. He found that managers of public electricity utilities have little incentive to seek wealth maximising tariff structures. Managers of private firms however, would seek to maximise output sales and hence income to the organisation and would therefore be more likely to increase charges, but only for selected customers. De Alessi found that because managers working in the public arena are more constrained in their operations they exhibit greater risk aversion than managers of private firms, leading to a slower response to changes in supply and demand conditions. There was a tendency for them to adopt a more uniform and more simple pricing regime, however, these tariffs rarely reflected the true cost of supply (De Alessi, 1980, 29).

Harris (1991) argues that of the managers of public utilities should be more entrepreneurial and effective in their business dealings. Moreover, he considers that there could be a preference in some sectors for continuing public ownership, because of the potential for hiding the cost of bestowing favours on particular interest groups (Harris, 1991, 149). Duncan and Bollard (1992) on the other hand, see this as normal and argue that politicians quite rationally use state enterprises to pursue political objectives which may conflict with stated efficiency objectives. However, Walker (1994) considers that intervention by government in Australia's public electricity utilities was not in accord with the prevailing climate of economic rationalism, deregulation and competition policy, which was a major factor in the push for their corporatisation. Walker contends that with corporatisation traditional mechanisms of public accountability and reporting are significantly altered because the scope for ministerial direction and interference is narrowed when the government becomes a shareholder and managers would be required to run the utilities as successful businesses just like their private sector counterparts (Walker, 1994). Even so, a problem may arise when the objectives of owners and managers diverge and undue government influence in the running of the corporation may give rise to disagreement between the Minister and the CEO as to the direction it should take. Also, the information available to both of them may differ manifesting into distortions of strategic plans, reprioritisation of budgets and blurred key performance indicators (Duncan & Bollard, 1992; Maddock, 1993; Sanchis, 1997). Duncan & Bollard give an example of this conflict where the government's objectives may be for improved commercial performance from its electricity utility, while at the same time retaining community service obligations as part of the its social public duty. On the other hand, the CEO may wish to pursue a more user pays approach and push for full cost recovery and tariff increases placing himself or herself in direct conflict with the government's or owner's requirements. Duncan & Bollard contend that the traditional managers of the utility will ultimately have to adjust for this discord and accede to the owners requirements or the pressures for organisational change will see them marginalised from the mainstream management hierarchy (Duncan & Bollard, 1992).

There is broad consensus in the literature that the role of engineers, as managers, is underpinned by the technical rationale taken as axiomatic that electrical engineers in public electricity supply utilities are required to not only design and build them, but more significantly, to manage them. Carter and Mueller (2002) consider that the changing role of managers resulting from corporatisation provides a dilemma for many senior and middle managers, some of whom are professional engineers first and managers second. They argue that the role of engineering-managers of government business has changed. The role of serving the shared or common interests of citizens, with little regard for cost, was being eroded and replaced by an economistic orientation to outcomes created by the dominance of economic rationalist and managerialist agendas. However, there is an expectation by the public that engineering values will remain dominant, and that the engineering profession will perform certain functions within an electricity supply utility as if still set in a static, monopolistic environment of public ownership (Carter & Mueller, 2002, 1329). This view is further legitimised through the arguments advanced by Simmons & Bramble (1996) and Walker & Walker (2000) and others who claim that the power industry was built on an engineering culture, where the chief executive officer, the executive, and senior and general management positions were all predominantly held by engineers who had progressed through the organisation. Many started as graduates and worked their way up through the business designing and constructing electricity supply systems, argued to be of very high standard and reliability and often with little regard for cost. McLeod (1999) supports the claim that engineers have held the majority of management positions within the state electricity supply utilities. However, McLeod also argues that engineers do not necessarily make good managers. He reports that for many engineers advancement was typically based on seniority, mentoring and experience rather than leadership quality, competency and knowledge, resulting in the development of pocket cultures, elitism and a lack of real leadership (McLeod, 1999).

As a result of corporatisation, utilities in NSW, WA, Tasmania, NT and Queensland have only one shareholder: the respective state governments who retained ownership of their electricity supply monopolies (Electricity Supply Association of Australia, 2002). When such a significant event occurs, the analytical focus of management performance is then upon where the decision-making authority, and 'doing', lay within the organisation. Attention to public utility ownership and management reform has focused on differences in incentives between public and private firms, arising from differences in the ability of the owners to monitor managers and to ensure that business objectives are met (Considine & Painter, 1997; Donaldson & Preston, 1995; Duncan & Bollard, 1992). It is argued by Hilmer & Donaldson (1996) that good management prevails when managers are under the continual scrutiny of a tough-minded and independent executive which clearly demonstrates it is acting in the owner's best interests (p.5). For corporatised utilities, it is the responsibility of the executive, acting on the owners behalf, to enter into a contractual relationship with senior and middle managers. In accordance with such contracts the managers undertake to perform various tasks on behalf of the executive and in exchange it agrees to reward them in mutually acceptable ways (Giddens, 1984, 28-30). Boston et al (1997) and Considine & Painter (1997) agree with this view, and further argue that ownership and management performance rests on the notion that social and political life can be understood as a series of contracts, or mutual obligations and agreed relationships, set out in writing, and becoming *...the framing discourse for public sector change* (Considine & Painter, 1997, 216). They contend that individual contracts, administered to senior and middle managers within the newly corporatised utilities, is a technique to confirm the efficacy of managers' effort and accountability to the shareholders (Boston, 1987; Considine & Painter, 1997). Conversely, Lee (1994) considers the absence of clear ownership rights reduces incentives for the executive to monitor managerial performance and thereby ensuring cost minimisation and profit maximising. Also, this can result in the managers of the newly corporatised utilities not performing to their full potential due to the absence of realistic and achievable incentives. Lee claims the evidence shows that managers constantly encounter issues of under resourcing with capital and operating budget cuts, and expectations from the executive for them to do more with less (Lee, 1994, 11).

In terms of rewarding managers for effort, Dunford, Bramble & Littler (1998) believe that owners can encourage managers to respond efficiently to market incentives, particularly where they receive a share in the profits or gain improved conditions, a luxury vehicle with private registration and so on. Managerial contracts, made available to selected senior and middle managers were seen by the executive of the newly corporatised utilities as a means of encouraging managerial excellence through a bonus scheme linked to key performance indicators (KPI's). In turn these were linked to individual performance monitoring, an important process for comparing the managers' ongoing business unit results to corporate KPI's, such as, financial, commercial, and customer satisfaction and safety performance (Dunford et al., 1998). Ultimately organisational performance and, hence success as a business, will depend largely upon the skills and commitment of the individual managers, senior management and executive and the degree of interaction between them as managers and the owners of the organisation. However, if the objectives set for the corporation are to be achieved, managers need to be given the flexibility to run their business units and freedom from political interference in making the necessary decisions. This means that greater emphasis needs to be placed on empowerment and accountability, which in turn requires clearly defined objectives and a means for measuring performance and the achievement of objectives (Dixon, 1995; Hilmer & Donaldson, 1996; Hilmer, 1993; Prowse, 1989; Rosenthal & Russ, 1988). This was the framework for the executive-management contract and reward system adopted by all of Australia's corporatised utilities in the 1990's.

Shirley (1999) researched the effects of ownership on performance, and the effectiveness of management contracts as a means of measuring and rewarding performance. She found that information problems impact on the effectiveness of management contracts, where owners and managers have different sets of information, and each can use their exclusive information to improve their position at the expense of the other. Also, because future events are unknown it is impossible to design a contract that will cover all eventualities. To alleviate such information problems, contracts usually include promises of rewards and penalties. However, without suitable incentives managers will not be strongly motivated to achieve performance targets, and penalties for poor performance such as firing or demotion were seldom applied (p.123). Shirley also found that managerial autonomy, reported to be important for managers in the achievement of their targets, was promised but seldom delivered, forcing managers to use their knowledge of the firm to negotiate multiple soft targets that were easy for them to reach (Shirley, 1999, 125). This view is also shared by Stewart (1992) and Yeatman (1994) who claim that, without clear motivation and executive support, managers will see little reason for changing the status quo of their business units; to do so could result in role change and possible increased responsibility for little or no increase in utility (Stewart, 1992, 57; Yeatman, 1994).

3.3.2 Government and managers as utility maximisers

Leibenstein (1979), Sanchis (1997), McKenna (1999), and others, view managers as decision-making utility maximisers dominated by self-interest, who individually adjust their work behaviour and motivation in order to maximise their utility. They further claim that managers as individuals do not always act in the best interest of the owner, and activities undertaken to pursue utility maximisation may not minimise the costs incurred by the organisation e.g., increasing the number of staff reporting to them in order to justify a remuneration review based on increased responsibility (Leibenstein, 1979; McKenna, 1999; Sanchis, 1997). The nature of the utility managers seek to maximise is not clearly defined, however McKenna (1999) believes it may include financial, leisure and socialisation factors (p.165). Simmons & Bramble (1996), Sanchis (1997) and Shirley (1999) take the utility maximisation debate further and argue that not only public managers, but bureaucrats and politicians will also pursue their own self interests rather than the public interest, or the will of the population at large. For example, government may choose to increase the likelihood of it being re-elected by approving budget increases to allow for increased staff numbers (to improve employment figures) and additional public works programs, such as building power stations in marginal electorates. This may be undertaken regardless of cost and whether it is economically sensible. Painter (1998) agrees, and claims that in Australia corporate management has the political attraction as an instrument for asserting government and managerial power over public organisations, their employees and clients (p.2). It is achieved because of the limited information exchange between bureaucrats and taxpayers which inhibits public monitoring of spending, something that was common throughout Australia's electricity supply industry during the 1980's.

3.3.3 Social responsibility

An important literature theme to emerge during the early years of debate over reforming Australia's electricity supply utilities was the issue of socially responsible loss-making activities, and who would provide them if the utilities were to move out of government ownership. The social needs of the isolated, poor and underprivileged in Australian society have been addressed in reports to Federal and State Governments by Hilmer (1993), Carnegie (1993), McCarrey (1993), Harris (1991) and others. These reports show that within every community some individuals and groups are disadvantaged by physical or social factors including geographic remoteness, physical disability, gender, race, ethnicity and age. Equable access to the electricity supply, as opposed to quality and cost, is argued by Hess and Adams (1999) to be a matter of social responsibility. They maintain that citizens must be protected from natural disadvantage and one way of achieving this was through state intervention and by imposing community service obligations on corporatised utilities (p.7). However, in examining the privatisation of the electricity supply industry in United States and Great Britain, Ernst (1993) and Alkhafaji (1993) have demonstrated that the private sector cannot generally afford to undertake socially responsible loss-making activities without an unacceptable increase in prices. They found that social responsibility diminishes when state-owned enterprises are privatised. In a public enterprise however, loss-making activities can be supported depending upon the subsidies which the government is prepared to provide. Moreover, public enterprises are more able to fund socially responsible loss-making activities and provide services to underdeveloped areas than private enterprises, because gains and losses are more dispersed among the ultimate owners, i.e., the taxpayers (Alkhafaji, 1993; Ernst, 1993).

In terms of undertaking and managing socially responsible loss-making activities, Simmons & Bramble (1996), Walker & Walker (2000) and Carter & Mueller (2002) have found that public utility managers, who are predominantly engineers, actually have no problem with the concept of social responsibility. Many joined the growing electricity utilities as engineers during the rapid growth period from the early 1950s to the mid 1980's. They predominantly focused on technical efficiency and the logistical considerations related to infrastructure such as power station, substation and line construction. There was little call for commercial business sense and costs were of little consideration as many of the activities they undertook were for political and social purposes, and would never return the cost of implementation. An example of this was the rural electrification extension scheme undertaken in the 1950s by all states of Australia as part of a decentralisation policy (Carter & Mueller, 2002; Simmons & Bramble, 1996; Walker & Walker, 2000). Lehmann (1997) found that even after the corporatisation of Western Power in 1995, there was strong belief among staff that the government should continue to subsidise its development in unprofitable rural and remote areas (Lehmann, 1997).

3.3.4 Stakeholder influence

This section identifies the literature pertaining to stakeholders, who they are, and what influence they have in the management and operation of the public-owned electricity supply industry. In reporting the various issues associated with the privatisation of utilities and the stakeholders associated with them in the UK, Wheeler & Sillanpaa (1997) define stakeholders as individuals and entities who may be affected by business and who may in turn bring influence to bear upon it. They identify direct stakeholders as investors, employees, customers, suppliers and local communities. Secondary stakeholders are identified as regulators, civic groups, pressure groups, commentators, trade bodies and competitors (Wheeler & Sillanpaa, 1997, x). These definitions are supported Keen and Scase (1998) and McKenna (2000) and provide a framework for describing the influence of stakeholders in the context of change in the electricity supply industry (ESAA, 1999).

Felton & Harper (1998) hold a broad view of stakeholding. They include everyone who has a 'stake' in how the electricity supply is run. They consider major stakeholders in the electricity supply industry to include:

- Customers: people and organisations who use electricity and receive services from utilities in the industry.
- Employees: everyone who is employed in the industry including utility employees, management and suppliers and their personnel.
- Investors: individuals and financial institutions that have invested either equity or debt capital into the industry. Corporatisation is an example where the government is an investor, often as sole shareholder; and
- Regulators: this category includes the general public, future generations and other regulating bodies set up by government to oversee the operations of

the electricity supply industry in terms of monitoring prices and the quality and reliability of supply (Felton & Harper, 1998a, 2).

Cullum (1997) looks at the concept of stakeholding and examines the various definitions advanced by its supporters. In particular, he considers whether consumers of electrical energy and the regulator are indeed stakeholders and whether a stakeholder analysis is even in the interests of consumers. Cullum views stakeholding as an increasingly important but complex political concept and claims that the primary duty of the electricity supply industry regulator is not necessarily to protect consumers, as Felton and Harper, Wheeler and Sillanpaa, and others suggest, but instead to ensure that reasonable demand is met, to ensure that companies make enough money and to promote competition (Cullum, 1997). However, in the normally accepted view, (Felton & Harper, 1998a; Keen & Scase, 1998; McKenna, 1999; Wheeler & Sillanpaa, 1997), and the one adopted for this study, the regulator and consumers are viewed as key stakeholders of the public utility. In the Australian context, Stace & Dunphy (2001) refer to the regulator and consumers as political and community stakeholders respectively and argue that both have considerable influence in the decision-making process within public utilities. Stace and Dunphy claim that public managers are accountable for managing expectations of political and community stakeholders and such stakeholders are equally, if not more, demanding of management performance. This often leads to higher rates of management turnover if stakeholder requirements are not anticipated or met (p.2-4). For political stakeholders such as the regulator, influence may be in the form of inspections and reports of the utilities' operations for compliance with appropriate electricity supply regulations, the meeting of power quality requirements, etc. Such reports are made to parliament via the appropriate minister and if unfavourable can attract unwanted ministerial scrutiny of the utility, and possible intervention. Consumers have influence over management decisions through appeals to the ombudsman and the minister, who may direct the managers to undertake programs which the managers may consider are unnecessary or undesirable. Like Stace and Dunphy, Considine & Painter (1997) also recognise the influence stakeholders have over public sector managers in Australia in terms of impact on decision-making and the formulation of strategic plans within government owned corporations. They consider that all public sector managers are empowered by their stakeholders, i.e., the voting public, to use the legitimate authority of the state as well as public money in order to carry out their tasks. Success will depend upon strategies the managers adopt to carry out their tasks and how well they maximise the benefits for the public while minimising costs.(p.161).

In describing what they believe the sustainable corporation in Australia should look like, Dunphy & Griffiths (1998) extended the stakeholder concept adopted by Wheeler & Sillanpaa (1997), Felton & Harper (1997), Keen & Scase (1998) and others, to include employees and their representatives. Dunphy & Griffith view industrial democracy and worker participation as an attempt to define how workers' stake in the organisation should be recognised. Central to this tenet is that managers must take into account the interests of employees and their representative unions when preparing their business strategies. To support their argument Dunphy & Griffiths draw a parallel between shareholders investing capital into the firm while workforce members are investing their lives. Dunphy Griffiths also agree with the views of Wheeler & Sillanpaa (1997), Felton & Harper (1997), Keen & Scase (1998) and others that the concept of stakeholders has been extended in recent years to other key groups with an interest in the firm's future, such as regulators, investors, consumers and suppliers. Finally, like Felton & Harper (1997) Dunphy and Griffiths consider that future generations should be added to the list of stakeholders so that strategic decisions by managers are evaluated in terms of potential effect on the lives of succeeding generations (Dunphy & Griffiths, 1998, 197).

3.3.5 Outsourcing and contracting out

Like their counterparts in Great Britain, New Zealand, America and numerous other countries around the world, the corporatisation of Australia's electricity supply utilities in the 1990's has bought with it significant restructuring and change within the engineering community for both the utilities and private enterprise. The utilities are down sizing their engineering departments and outsourcing traditional services such as engineering design, plant maintenance and construction works in an effort to contain costs, improve efficiency and reduce union influence in employee matters. Outsourcing includes the contracting out of specialised work traditionally done within the organisation and usually involves work being done by people for organisations other than the producing unit. For example the fabrication of purpose-built test equipment and electrical fittings, and maintenance activities which were mostly unavailable outside the organisation because of their specialisation. Corporatisation and outsourcing are considered by Considine & Painter (1997) and Dunford et al (1998) to be the common policy instruments used by government to improve the effectiveness, efficiency and responsiveness of government agencies to their clients and customers. Both are aimed at reducing government expenditure and improving managers' accountability through tighter performance specifications and greater use of contracting out. Outsourcing is favoured because of a belief that private enterprises is more innovative and productive, and provides higher levels of customer service than public enterprise. Further, outsourcing work is seen as a method of accomplishing the objectives of government while at the same time supporting structural and management reform such as corporatisation. (Considine & Painter, 1997, 10; Dunford et al., 1998). Other arguments in favour of outsourcing include those of Reid (1994), Shepherdson (1996), McLeod (1999), and others, who believe that outsourcing is primarily driven by cost considerations and shifting production to non-union sites in order to substantially increase employer bargaining power when negotiating with unions. Prior to corporatisation, unions enjoyed a wide coverage within the electrical supply industry and had the strength and ability to use the political system to secure significant bargaining power when negotiating awards. Cost reductions were to come from the savings to be made from reduced wage demands by unions and the more effective use of staff who would be freed up to concentrate on core activities within the utilities, e.g., project design and management and network operations such as switching and fault investigation (McLeod, 1999; Reid, 1994; Shepherdson, 1996). Finally, the increase in outsourcing activity from Australia's public utilities has meant an increase in business for external companies that now provide their services to the utilities. Hyman (1995), Miller (1996), Walker & Walker (2000), and others, note that outsourcing is changing the nature of the electricity supply business in terms of size, structure and method of operation and is creating a significant challenge for most Australian utilities. Outsourcing now accounts for a significant number of what were previously core activities and reflects the ongoing structural changes taking place, such as the move to smaller engineering departments and fewer engineering staff in favour of using external service providers (Hyman, 1995; Miller, 1996; Walker & Walker, 2000, 145).

Some scholars and observers of the electricity supply industry have shown that there is a 'downside' to outsourcing. For example, Paddon (1991) challenges the idea that effective internal organisational change within government trading enterprises can be achieved through competitive tendering or contracting out. Paddon claims that missing from the outsourcing debate is an assessment of its impact on the role of the manager in terms of increased responsibilities, and of the effectiveness of outsourcing in terms of quality of service and control and accountability of the contractor (Paddon, 1991). Hess & Adams (1999) also believe that there is a strong focus today on contestability, i.e., work that was formally done exclusively by the utilities is now put out to tender in order to allow external parties to compete against the utilities' workforce. They consider that outsourcing in the reforming of public monopolies is de-emphasising cost efficiency which may lead to the quality of outsourced services being overlooked. They argue in favour of a more balanced approach to contestability and contracting out to ensure quality service delivery (Hess & Adams, 1999). Others urging caution in the use of outsourcing include Norton (1999) and McLeod (1999) who claim there are both advantages and disadvantages with the contracting out services traditionally done in-house. In terms of disadvantages, they consider that the practice represents a serious problem for managers in electricity utilities, particularly in the engineering design and planning sections which rely heavily on engineering and technical expertise, these skills can be lost permanently to the utility. For example, many engineers and key technical staff leave the organisation through natural attrition or redundancy, while others leave to join the contractors for higher salaries and (sometimes) better conditions. The resultant vacancies are mostly left unfilled, satisfying executive demands for staff reductions. However, because of reduced recruitment and little consideration for succession planning the skills and expertise leave the organisation with the employee. This loss of specialist staff such as engineers and designers makes it difficult for the utility to keep up with new and emerging technology and puts it at the mercy of what is offered by contractors. Managers are faced with the dilemma of making do with less staff and must deal with the detrimental impact on their remaining staff of employee reductions. Due to the increasing number of contractors, managers also find their role includes contracts and contractor management with the accompanying problems of job ownership. In terms of advantages with outsourcing, both Norton and McLeod believe that outsourcing provides utilities with the flexibility necessary to remain competitive and provide employment security to remaining employees. Outsourcing also provides the opportunity to use scarce resources more effectively. For example, outsourcing low value-added work, such as vegetation management and pole maintenance. This frees up staff within the utility and enables them to concentrate on high-value added work such as customer funded projects where the customer pays the utility to provide a service, e.g., cable jointing and specialist electrical testing (McLeod, 1999; Norton, 1999).

3.3.6 Financial performance

The resources boom from the late seventies through to the early eighties saw most of Australia's electricity utilities faced with soaring capital and operating costs brought about by the need to expand the electricity grid in order to supply rapidly increasing demand. Capital investment was large as the utilities' borrowed to finance the building of power stations, substations and transmission lines. According to Rosenthal and Russ (1988) during the 1980's electricity supply utilities attempted to finance these capital works through revenue from tariffs using a range of pricing methods, even though economists cannot agree which pricing method is the best. Rosenthal & Russ consider the problem lies in the conflicting social and economic objectives that governments and utilities face when setting electricity price levels and where consideration of social objectives leads to unprofitable low pricing for the needy. Any shortfalls in revenue were covered through borrowings on domestic and offshore markets for capital expansion. Furthermore, governments prefer utilities to pay for infrastructure and expansion through borrowings rather than through price increases, despite high interest rates. This meant that some utilities plunged deeper into debt by borrowing to cover interest payments on loans for projects still under construction. Federal and state governments saw these rising debts as part of a national trend contributing to Australia's worsening exchange rate and, as a consequence, calls from both the public and private sector for new pricing and financing policies intensified throughout the mid to late eighties (Rosenthal & Russ, 1988).

The traditional guidelines for utility pricing methods has been that government bodies are non-profit making therefore their primary function is to provide the best service at the lowest cost. However, inextricably linked to the financial performance of the newly corporatised utilities is the emergence of competition and deregulation where new financial strategies will require close assessment of assets, systems and activities controlled by the utility. Hyman (1995) in reviewing the reasons why utilities are privatised claims that that the move towards competition changes the foundation principle upon which the financial structure of the monopoly electricity industry has been built (p.38). In a regulated monopoly situation the product is priced to recover the cost of producing it and any financial costs. In a competitive market however, the product price is not related to its cost, thus, the recovery of financial costs are not assured. Therefore, claims Hyman, electricity supply utilities must increasingly position themselves to reduce prices and capture a greater market share (p.203). However, if this was to be achieved while the utilities remained in government hands, i.e., without privatisation, they would need to be restructured in order to provide better financial management and greater use of technology (p.219). Further, traditional approaches to planning, staffing and supplier relationships (p.215) will have to be redesigned as the organisation can no longer be viewed as a business process focusing on customers' needs alone, but must devote more resources to improving its competitiveness and valuing more highly financial management skills such as budgeting, pricing strategy, cost accounting and cash management (p.214). Finally, Hyman believes there is an expectation by government for a greater return on earnings, so growth in shareholder value will be a key element for financial success in an increasingly competitive marketplace. To achieve this, new focus would be placed on profit margins and market share requiring a new financial business culture, new accounting concepts and new measures of financial success (p.216). However, shareholder value need not increase through cost reduction alone. According to Hyman, not only must managers get the most out of core business activities, but they must also develop, unregulated income streams (Hyman, 1995, 216).

Beer, Eisenstat and Spector (1994) reported key changes undertaken through the late eighties and early nineties by corporatised utilities in the United States in order to improve financial performance and organisational efficiency. Beer et al claim that there are problems associated with only defining success in terms of improvement in financial performance with little regard for organisational efficiency. They contend that corporate financial performance can be influenced by many situational factors including market share, customer satisfaction, cost-cutting initiatives, financial strength and past investment decisions. Business success is a measure of the quality of decisions, managerial competence and underlying corporate culture. Beer et al believe that sound financial performance involves enhancing the contributions and abilities of managers and workers at all levels of the organisation and possibly redefining the corporate culture. This involves reducing the exclusive reliance on managerial authority, rules, procedures and introducing teamwork. Such changes result in a flatter, less hierarchical and more flexible organisation, more suited to taking the initiative in reducing costs, improving quality and responding to customer needs (Beer et al., 1994).

With regard to financial measurement, conventional methods of financial analysis often shed little light on the overall efficiency of an organisation (Walker & Walker 2000). Such methods are often undertaken with a specific agenda for example, to support arguments for the downsizing or outsourcing of unprofitable business units. Walker & Walker claim that governments, in reviewing the efficiencies of their electricity utilities, have pushed for corporatisation on the basis of past inefficiencies and poor financial performance. One way to avoid such misinterpretations is to focus on the contributions made by business units towards the recovery of overheads and hence profits (Walker & Walker, 2000).

3.3.7 Strategic planning

Strategic planning places systematically planned change on the agenda of boards of management and senior executive teams report Dunphy and Griffiths (1998). Strategic planning also encourages managers to recognise that the environments in which their business units work are dynamic and, if goals and objectives are to be met, the managers must confront and adapt to changes in the surrounding environment. Further, strategic planning should also be market-driven and managers should encourage employees to participate and think like business owners. Finally, Dunphy Griffith consider that corporate success depends largely on the effectiveness of the strategic planning process and on the ability of managers to manage the interests of an increasingly wide range of stakeholders while ensuring the corporation demonstrates an environmental conscience and acts responsibly in the community (Dunphy & Griffiths, 1998).

Maddock (1993), Dunford Bramble & Littler (1998) and others report that corporate strategic planning was adopted by Australia's state utilities from the early 1990's as a means to coordinate the efforts of their newly corporatised utilities. Corporate plans were introduced to set out senior management's vision for the firm including its mission statement, values, competitive advantages and strategic issues. Typically, strategic plans are linked to a number of critical success factors or strategic result areas (SRA's). In the electricity supply industry these include safety; reliability of supply; employee issues; customer service and customer satisfaction; productivity; financial performance such as budgets, marketing and sales; and corporate image. Progress towards these goals is to be assessed on a quarterly basis relative to set targets. Linked to the SRA's are related key result areas (KRA's) which underpin performance agreements between the various state governments and the executive, and between the executive and senior managers within the state-owned utilities. Performance agreements between managers, senior management and the executive are used as a key mechanism for driving the implementation of the overall reform strategies, adopted by each state government. The KRA's are also used as indicators for adjustments to the position and remuneration of the executive and senior managers within the utilities (Dunford et al., 1998; Maddock, 1993; Pitkethly, 1992; Simmons & Bramble, 1996).

3.3.8 Customer focus

Customers behave according to the principles of freedom of choice: all the customer needs to make these choices is freely available, accurate information and full access to markets where there are diverse, competing suppliers and an absence of monopolistic behaviour (Wheeler & Sillanpaa, 1997, p240). In reforming their utilities, governments have looked to customer focus, or focusing on customers' needs and satisfying those needs as an important part of commercialisation. Howard (1994) also reports that the case for commercialisation is being increasingly widened from one of cost efficiency within public utilities to customer focus and quality of service. Thus, governments are attempting to develop indicators of quality of service and customer responsiveness and publish data on these indicators in order to show commercialisation in a positive light (Howard, 1994).

Hyman (1995) views customer focus as an important part of electricity deregulation and industry restructuring. He observes that competition in the retail market has seen many small electricity producers entering the market and taking business that would have normally gone to the incumbent utility. Hyman considers that, in order to flourish some of the existing utilities will have to embark on product leadership strategies in order to address more customers' needs and to create new markets. As a result, these utilities may offer packages to homes and businesses that include other services such as telephone, cable television and Internet and possibly gas and water. In order to accommodate customer focus, significant change must first occur within the organisation such as, specialised case teams and account managers, who will require new job descriptions; new management systems that include recognition and reward; and information technology for managing the customers' total package and relationship with the utility (Hyman, 1995). Stace and Dunphy (2001) however, urge caution with what they term to be *...a firm's preoccupation with customer needs* (p.56) when customers often don't even know what they need. For example, this 'preoccupation' with customer focus could lead to under-performance in other areas of strategic importance within the organisation. Stace & Dunphy extend this argument to include internal customers, i.e., people from one branch performing work for people in other branches within the same organisation, which Stace and Dunphy claim often leads to confusion and may detract from the long-term success of the firm (Stace & Dunphy, 2001).

3.3.9 Culture change

Corporate culture underlies much of the way in which things get done in the organisation. It can be expressed through its myths, heroes, stories, jargon, rights and rituals and it encompasses the company's goals and dominant ideologies in the environment in which the organisation must do business (DeMarie & Keats, 1995). Corporate culture is also described as a common perception of dominant values within an organisation which includes motivation, teamwork, unambiguous corporate goals, and performance management systems. She stresses the importance of changing the corporate culture of electricity supply corporations in order for them to achieve competitive advantage in a deregulated market (Petrovic-Lazarevic, 1999, 3). Corporate culture, claims Elliott (1999), must recognise employees as individuals if the workplace is to be 'soulful' and the work meaningful to employees. Elliott considers that corporate strategies which impact on the organisation's culture must recognise that human spirit cannot be completely confined within the boundaries of explanation, measurement and outcomes, there must be a balance between the economic aspects of business and the human aspects (p.20). However, frequently the pressures of meeting productivity outcomes invariably means that any notions of making work more meaningful for employees seems idealistic and unworkable. In fact, policies such as down sizing and cost-cutting, if not part of a wider and long-term strategic re-orientation, often lead to unworkable cultures in which trust levels are severely eroded and resources are stretched to the limit (Elliott, 1999, 21). Organisational restructuring and adjustments to staff numbers are considered by Williams, Dobson & Walters (1993) to be important strategies to enable organisations to adapt to changes in their internal and external business environments. However, they caution that the methods by which restructuring and downsizing are applied will directly impact on organisational culture. A positive impact, where change is accepted and business improvements identified, would result from a process of clear communication and willing participation by all employees (Williams, Dobson, & Walters, 1993, 71). Changing an organisation's culture is one thing, but getting managers to accept the change can be difficult reports Waddell (1998) who claims that managers are not universally open to change, even in the context of significant environmental adjustment and will often resist change unless they are convinced of the need for it (Waddell & Sohal, 1998). Geletkanycz (1997) studied corporate executives in twenty countries and found that executives often develop a strong attachment to the status quo. He believes many develop a strong personal attachment to existing policies and profiles, particularly those who have long tenure with the organisation. This, Geletkanycz argues, effectively impedes culture change in organisational strategy and the systems and practices supporting it (Geletkanycz, 1997, 619).

It is argued by Simmons & Bramble (1996) that government activities in the Australian electricity industry, such as the generation and supply of electricity, have been successful in the past due to their cultures being bound to the need to minimise risk, operate efficiently and deliver a public service. Now, the electricity supply utilities have been influenced by the rise of managerialism and subsequent corporatisation, and an agenda of management reform which requires a different set of values or culture with strong commercial focus concentrating on customer service, business excellence and innovation (p.225). Simmons & Bramble claim that this managerialist approach has seen successive governments move away from a welfare culture, characterised by state provision of welfare services, to an enterprise culture, a reliance on the free market to provide goods and services which consumers demand, and are prepared to pay for. They further believe that the cultural change programs which accompanied corporatisation were initiated within the whole of Australia's state electricity supply industry as part of the broad management reform agenda. Simmons & Bramble found that a key theme of these cultural change programs was an attempt by state governments to change the culture of their organisations from one driven by engineers and production to one focusing on customers and marketing (Simmons & Bramble, 1996). Similarly, according to Riley (1998), there is a need to change the business orientation and hence the culture of senior and middle managers in Australia's state utilities.

This includes encouraging them to have a more direct influence on the way that their business units meet the new challenges of the industry, for example, by identifying ways to add value to customers' requirements and by implementing a range of new service concepts (p.21). At management levels, Riley found the common themes driving culture change were the need for sound commercial and business knowledge and a management style that provides a clear sense of direction, sets challenging but realistic standards, and seeks to improve staff capabilities for the longer term. However, these are difficult to inculcate in an industry with a strong public service tradition. Managers, for example, respond to the predictable components of corporatisation, e.g., increased accountability and greater efficiency for their business units, but the impact of discontinuous and transformational change such as regular organisational structural reviews and restructuring, take most by surprise (Riley, 1998, 23).

Stace and Dunphy (2001) have observed that with the restructuring of Australia's electricity supply utilities, a board of directors is superimposed on a hierarchical management structure. Therefore, in order that structural repositioning and structural change be effective, it must be reinforced by cultural change. Stace & Dunphy maintained that structure provides the key working and power relationships in the organisation, whereas culture defines the key values that support those relationships. Such culture change programs need to align the behaviour of managers with the interests of the owners (taxpayers), represented by the respective state government minister. Several private sector measures were also introduced, which included full cost recovery or services provided to customers, asset and risk management, and procurement and cash management practices. Stace and Dunphy note that much of the private sector measures adopted by the newly corporatised utilities actually came from management consultants employed by individual business units, and the adoption of these new measures called for a culture shift in the way the organisations were managed. The public sector style of management was no longer considered appropriate. Faced with the new challenges of managing a corporation, managers were empowered to act and be accountable for their actions; they also realised that they had to experiment, be innovative and take risks if they are to create a sustainable future for their organisations (Stace & Dunphy, 2001).

Other key components of culture change programs associated with restructuring and corporatisation of Australia's electricity utilities were an increased emphasis on workforce training and the implementation of teamwork and benchmarking. These change programs were driven by the philosophies of total quality management (TQM) which sought continuous improvement in all processes, products and services, with an emphasis on the importance of measurement (Hill & Hutton, 1997; Simmons & Bramble, 1996; Stace & Dunphy, 1997). The TQM system requires an understanding of the role of the customer and the supplier, it recognises that management plays a key role here and emphasises the necessity for the involvement of employees at all levels (Stace & Dunphy, 1997). The benefits of TQM are argued to be increased productivity and quality of service, however, the proactive identification and exploitation of business opportunities has also resulted in significant increases in accountability and responsibility for middle and senior managers (Fisher, 1990; Graham, 1992; Jones, 1998; Simmons & Bramble, 1996; Stace & Dunphy, 1997; Stein, Ruzek, & Wallage, 1991). Not all agree that the culture change underpinned by TQM was successful. Hoggett (1994) for example argues that attempts by senior management to shape the culture of public organisations were a characteristic of the late 1980's and have generally failed, remaining largely as *...symbolic and rhetorical artifacts* (p.19) towards which the majority of staff are highly cynical. In fact, even attempts to shift public organisation culture by persuasion such as training and empowerment appears to have failed (p.19). In fact, Hoggett believes that it is the introduction of competition which is responsible for the major change in the way in which public sector managers and workers behave. Competition, is therefore a powerful practice which forces public service organisations to accept the new values of public enterprise in which workers and managers are subject to the progressive intensification of labour, i.e., doing more work with less people (Hoggett, 1994, 19).

Executives of Australia's public electricity utilities who were charged with the responsibility of corporatising their organisations knew what they had to do but saw difficulties in how to achieve the necessary changes, often because they lacked the skills and confidence to undertake high-risk activities such as earning unregulated income by tendering for work outside the organisation and in some cases overseas (Stace & Dunphy, 1997, 2-4). Geletkanycz (1997) expands on this and claims that managers in high uncertainty avoidance cultures such as those working in the public sector, where there is no reward, only sanctions for undertaking risk, tend to feel uncomfortable dealing with uncertainty. As a result, they lean towards greater structure, clear rules, and standardised operating procedures, i.e., they don't change from a previous role-directed work environment. By contrast, managers from low uncertainty avoidance cultures, where there is a culture of tolerance to risk and risk-taking is often encouraged, are more comfortable with instability and are more open to experimentation with new untested initiatives and are also more likely to engage in greater entrepreneurial activity (Geletkanycz, 1997). Pitkethly (1992) claims that prior to the corporatisation of Australia's public electricity utilities government ownership precluded many commercial disciplines and risk-taking activities such as partnerships with other businesses to generate electricity and build transmission lines. Pitkethly considers that as long as the rewards and incentives for public sector managers to apply efficient management techniques are smaller than the private sector, they will continue with a culture of 'uncertainty avoidance'. That is, poor public sector incentives will continue to encourage a management culture that is geared towards insuring against failure. For example, in the past this has been manifest in the public electricity supply industry through excessive power station construction and the adoption of engineering standards that provide for higher levels of reliability than would be applied in the private sector (Pitkethly, 1992, 18).

3.4 ISSUES OF IMPORTANCE FOR MANAGERS WITHIN AUSTRALIA'S PUBLIC ELECTRICITY UTILITIES

This reviews the literature pertaining to the micro level reforms undertaken by the newly formed corporations in an attempt to transform management thinking and performance from public sector style management to the new managerialist style of management. It is divided into three subsections which reviews the literature about the changing roles of managers, their quality of working life as a result of corporatisation and other management changes and the benefits that managers get from such changes.

3.4.1 Role change

In describing the change methodologies used in Australia by the executives of the newly formed corporations from the mid eighties through to the mid nineties, Stace & Dunphy (1997) report on managers' responsibilities for implementing corporate change, such as total quality management (TQM), best practice or benchmarking, training needs analysis and horizontal organisation restructuring. In some of their earlier literature, Dunphy and Stace (1994) claim the creation of flatter organisational structures was achieved by stripping away several layers of management to lessen the communication distance between top management and the organisation's frontline employees.

Additionally organisational reform introduced a radical devolution of authority and accountability through the development of profit accountable strategic business units and project style operations. Managers who once concentrated their attention predominantly on the technical and production process and largely left personnel matters to others now found they were expected to be accountable for both results and people (Dunphy & Stace, 1994, 47). Beer, Eisenstat and Spector (1994) reported similar findings from a review of recently corporatised utilities in United States. For example, when electricity utilities are corporatised, the roles of managers are transformed as they are put under pressure to adopt a more commercial style of management. There is a significant shift away from dedicated human resource professionals to a greater onus being placed upon managers to attend to recruitment and selection, performance management, training and the career development of employees. However, Beer et al also report that without suitable preparation and training, many managers find it difficult to adjust to their new roles and for them it is 'business as usual' (Beer et al., 1994). For even with the significant restructuring that follows corporatisation, most the original engineering-based managers are reappointed in the positions they held prior to restructuring. Thus, as Simmons & Bramble (1996) also point out, while corporatisation brings the significant structural changes that both business and the government want, because of the reappointment of the original incumbents, the utilities can fail to significantly alter the predominance of engineers in management roles (p.220).

In a later work Stace & Dunphy (1997) report that managers can now be required to deal with structural change, continuous improvement or radical transformation, and empowerment or leadership and command (p.6). In order to cope with these changes, managers must be flexible in their behaviour, to mix 'soft and hard' approaches in their leadership style to meet changing situational conditions, and not be intransigent with regard to change (Stace & Dunphy, 1997, 6). Hyman (1995) holds the view that managers are the only unifying force that can institute the changes necessary to transform a government-owned regulated monopoly into a competitive organisation. He argues it is managers who form the human side of the organisation and it is their people and leadership skills along with their business knowledge that will determine the success or failure of such a transition. Moreover, the success or failure of such change has less to do with operating systems, cost control, regulatory reforms and customer service, and more to do with the outcomes of business understanding, good decision-making, accountability and a willingness to champion change (Hyman, 1995, 216). This view is supported by Riley (1998) who argues that organisational success requires the effective alignment of *...people capability* (p.21) with new business imperatives. This is a deliberate recognition that business strategy is achieved by people who are effectively managed, it includes managers at all levels of the organisation from the executive, who are managed by the Minister or CEO, senior managers, who are managed by the executive, and so on down through the various levels of management to the front-line managers (Riley, 1998, 21). In summary, both Hyman and Riley consider an early and thorough understanding by managers of their role along with appropriate strategies and informed employees are necessary ingredients of a successful and competitive electricity business (Hyman, 1995; Riley, 1998).

With corporatisation in Australia's public electricity supply utilities, therefore, came a shift in the way organisations were being managed (Dunford et al., 1998). Managers were more accountable for their business unit's performance and, as a consequence, found themselves employed under contracts linked to performance targets upon which salary reviews depended. Further, they were now empowered leaders, expected to make decisions and be accountable for them. In their new role they were also required to provide appropriate resources through procurement recruitment and training to improve productivity and the profitability of their business units (Dunford et al., 1998). Painter (1988) considers that performance targets linked to the output and productivity of a business unit actually dispenses with the need for detailed control of staff and financial input. Thus, performance monitoring in modern public management devolves responsibility and accountability to managers, and encourages initiative and entrepreneurialism (Painter, 1988, 1). There is common agreement in the literature among many management writers such as Smith, Barnard & Smith (1988), Beer, Eisenstat & Spector (1994) and Considine & Painter (1997) who collectively claim that devolving responsibility and incorporating reporting systems such as budget reviews makes managers more accountable for their actions. The accountability debate is taken further by Painter (1988) who claims the budget process itself strongly conforms to an output format and is therefore a major management tool for imposing control. Thus, *...rather than rewarding managers for rule conformity, error avoidance and attention to detail, it* (the organisation) *rewards them for achieving output targets and punishes them for under performance* (p.1). Lawler and Hearn (1995) add that the rise of managerialism has seen an increased emphasis on intervention costs such as closer scrutiny of capital project proposals, and a concern with cost effectiveness on a greater scale than previously (p.8). In this way they claim that *...managerialism has promoted the values of management above those of professionalism* (p.8). In summary, the introduction of managerialism as an ideology underpinning management reform into Australia's electricity supply utilities provided a catalyst for significant changes to managers' roles. This has resulted in their performance and decisions being more closely scrutinised than prior to the introduction of managerialism.

As the technological base of organisations became increasingly sophisticated, the nature of the administrative task also changed. Managers' roles changed from the administration of rules to introducing and managing technological change. In their review of the performance of Australia's public utilities, Walker & Walker (2000) found that managers play a vital role in the introduction of new technology and their promotion was increasingly based on expertise in this area. Walker & Walker contend that the introduction of new technology actually secured the organisational change and major productivity gains within the electricity supply industry. For example, major investments in technology enabled the automation of many labour intensive functions contributing to significant cost reduction (Walker & Walker, 2000).

Much research has been undertaken to determine how managers go about their work, but little is known about what managers actually do when carrying out their designated roles. Some researchers such as Mintzberg (1973), Hales (1986), Fondas & Stewart (1994) and Brehony (2002) have related their findings to a theoretical standard and sought to show how dramatically managerial practice differs from management theory. For Machin (1982) and Stewart (1982) this forms part of a wider investigation of managerial jobs within the framework of demands, constraints and choices, that is, what managers must do, what they cannot do and what they may exercise choice or discretion over. Machin's expectations approach examines the relationship between the actual and perceived expectations of managers in terms of what each manager expects of others in an organisation and what they perceive others expect of them. While Stewart's work has concentrated upon the choice inherit in managerial jobs and the resulting discretionary variation in what managers do, her major investigation has been of the demands made upon individual managers. Stewart however, does not investigate the origins of demands, but simply treats them as inherent characteristics of jobs (Machin, 1982; Stewart, 1982). Hales and Nightingale (1986) contend that both Machin's and Stewart's research is a reasonable argument for investigating the nature of and variation in managerial jobs, as given to and perceived by individual job incumbents. However, they claim it leaves unexamined the possibility of a discrepancy between the demands which managers perceive as being made upon them by their jobs and the actual demands made upon them, not by their jobs, but by other members of the organisation (p.5).

Hales and Nightingale conducted qualitative and quantitative research into the organisational circumstances that define what managers in the UK are supposed to do. They found that the whole job of the manager is much more than the assigned roles and that different role requirements competed for available resources. Managers were also expected to control costs on the one hand while maintaining standards and quality on the other. In addition to these conflicts over time and resources, role requirements of the manager were found to conflict in terms of the types of role activity and the skill needed by the manager. Managers were also required high levels of analytical, numeracy, literacy, and social skills, the latter being important in managing staff. Finally, Hales and Nightingale reported that a major limitation with their study was a failure to locate evidence on what managers actually do within the context of what managers are required to do (Hales & Nightingale, 1986, 5). Role definition, according to Levinson (1959, 1966), can be divided into role conception or the individual's perception of their role and the demands attached to it, and role performance on the individual's actual behaviour (Levinson, 1959, 1966). Hales & Nightingale (1986) summarise role demands into four classifications. First, explicitness, coherence, clarity, specificity, and degree of consensus. Second, source, via the identification of a role set. Third, the strength of expectations, for example, must, should and can. Finally, the focus, either what the role incumbent must do, in terms of role behaviour, or what the role incumbent must be, in terms of role attributes (Hales & Nightingale, 1986, 4).

In terms of managers' roles and behaviour, Hales and Mustapha (2000) argue that most studies of managerial work are limited by their exclusive focus upon actual managerial behaviour rather than upon the role descriptions of the managerial job (p.5). They contend that the extent and way in which managerial work varies or remains constant across jobs, levels, functions, organisations, industries and cultures has important implications for training and education, recruitment, appraisals, remuneration and careers. In developing the role of managers further, Hales and Mustapha (2000) argue that a distinction has often been made between the technical component of managers jobs, reflecting their specialist contribution and the managerial component, reflecting their responsibility for getting others to do things (p.20). They claim that job-related variations often see managers working less as managers and more as technical specialists, that is, some middle managers' core activities are surrounded by differences in terms of the technical and managerial components of particular jobs. This results in the managers having, in effect, a dual role, not only as managers but also as technical or professional specialists (p.22). This dual role may see managers choosing to concentrate on matters that enable them to meet performance targets (Hales & Mustapha, 2000).

From an Australian perspective, Beer et al (1994), Simmons & Bramble (1996) and Walker & Walker (2000) report the different role requirements of managers within Australia's public electricity utilities, which now include business unit administration, seeking new business opportunities, entrepreneurship and innovation. They note that these new roles compete for managers' time and resources and may lead to conflict where business unit managers have expectations placed upon them to control costs on one hand while maintaining standards and quality on the other. When faced with this dilemma, managers from an engineering background, that is the majority of managers in Australia's electricity utilities throughout the 1980's and 1990's, will tend to concentrate on technical issues and neglect administration duties (Beer et al., 1994; Simmons & Bramble, 1996; Walker & Walker, 2000). Whether this situation had changed that more than half a decade after the corporatisation of Australia's electricity supply utilities is unknown due to a lack of any significant studies in this domain in Australia. This study investigates and reports the Australian situation seven years after the corporatisation of one of Australia's state electricity supply utilities.

A study by Hales & Mustapha (2000) into the variations and commonalities in managerial work of middle managers in former Asian manufacturing organisations found that overall managers have accepted their new roles and remain individually responsible and accountable for the performance of their business units. They manage staff and monitor performance, attend to recruitment, selection and training, handle information and deal with technical and administrative issues. Customers have a general expectation that the business unit is well-managed. Under these situations, they may only require access to the manager on occasions. If the business unit is not being well-managed they may require increased time with the manager to discuss complaints or improvement recommendations (Hales & Mustapha, 2000).

In summary, there is an abundance of literature about the new responsibilities of managers as a result of significant organisational change and the resultant changes to managers' roles as a result. However, the literature does not report what the managers actually think about these changes to their roles, nor does it report what has been the impact of these changes on the managers roles in terms of making their job easier or more difficult. This study addresses those gaps in the literature.

3.4.2 Quality of working life

There is general agreement in the literature that there is no single well developed or well accepted definition of the term 'quality of working life' (Eilon, 1976; Lawler, 1975; Levine, Taylor, & Davis, 1984, 81). This seems to suggest that different people have different perspectives as to what makes for a high quality of working life, see also definitions in appendix 1. The OECD defines the quality of working life as the possibility to work continuously and divides the definition into objective work conditions, such as pay, hours of work, holidays, physical working conditions, technology, etc; and subjective work conditions, such as job satisfaction, attitudes towards the organisation and supervisors (OECD, 1977). This definition is used in this study.

Walton (1973) contends that in recent years the phrase 'quality of working life' has been used with increasing frequency to describe certain environmental and humanistic values neglected by industrialised society in favour of technological advancement, industrial productivity, and economic growth. He further considers, that within business organisations, attention has been focused on the quality of human experience in the workplace (p.11). Walton's study proposes eight major analytical categories ranging from adequate and fair compensation for work to the social relevance of work. These categories provide a framework for analysing the salient features of the quality of working life in Walton's research. The eight categories are briefly summarised here:

Adequate and fair compensation. Walton claims the typical impetus for employment is earning a living. Adequacy of compensation affects the quality of working life. Additionally, there are operational meanings between the level of compensation paid and factors which can impact on this, such as training, job responsibility and working conditions.

Safe and healthy working conditions. This relates to the hours of work and physical working conditions that provide for a safe and healthy working environment. Legislation, union action and employer concern have resulted in continually rising standards in this regard.

Opportunity to develop and use capabilities. Walton considers an individuals autonomy and self-control over their work is important in the development of a wide range of skills and abilities as well as self-improvement and self-esteem. Additionally, autonomy and self-control enables an appreciation of the relevance of the work and consequences of actions.

Future opportunity for growth and security. This relates to career opportunities, both in terms of income and security. These are often self-actualising, by self-improvement through education, training and work experience.

Social integration into the work place. This relates to the ability of workers to pursue personal relationships in the workplace. Personal relationships are an important dimension of the quality of working life and have a significant impact on one's work and career.

Rights within the work organisation. This relates to the involvement an employee has in the workplace regarding decision making, and how this affects his or her status within the organisation.

Work and the total life space. Work and personal commitments can have a positive or negative effect on an employees lifestyle and relationships. Excess demands by the employer can seriously affect an employee's ability to perform other life roles, such as partner or parent. Alternatively, under utilisation of an employees skill or time may see them shift their attention to other activities.

The social relevance of work life. In order for employees to appreciate the value of their work and careers, it is important that organisations are socially responsible in their treatment of employees, marketing practices, products and waste disposal (Walton, 1973).

Similar to Walton (1973), Brown (1977) did a study in Canada of managers and their quality of working life and found that good quality working life exists in an organisation that is managed collaboratively in such a way that its goals and purposes are achieved and there is growth in the selfworth of individuals within the organisation. Brown reports that organisations and individuals are increasingly productive when people have an increased opportunity to participate in and contribute to the goals of the organisation. Moreover, in a fully effective organisation, organisational goals and employees' goals are mutually supporting, rather than conflicting (p.546). Brown also found that when people are given more opportunity to be creative, the result is greater satisfaction and productivity. However, those at the policy level of the organisation must provide the needed sense of purpose and direction, they must provide a supportive climate and the resources necessary to facilitate these positive changes. Brown concludes that the majority of Canadians surveyed ranked interesting work as their primary concern regardless of income level. Next in the ranking was having confidence in and the helpfulness of supervisors and work associates. Promotional opportunities, challenge and growth and then financial considerations, along with personal relationships on the job, and comfort and convenience of work were given low priority (Brown, 1977, 547). A quantitative five-year tracking study by Worrall & Cooper (2000, 2001) and Worrall, Cooper & Campbell-Jamison (2000) has yielded similar findings to Walton (1973) and Brown (1977). The ongoing study by Worrall et al in conjunction with the Manchester School of Management has monitored the quality of working life in corporate Britain on an annual basis since 1997. In its sixth year, the study has focused on the impact of key organisational, social and economic changes on 5,000 individual managers using data gathered through annual self-administered questionnaire surveys. The main aims of the study by Worrall, Cooper & Campbell-Jamison were to produce a more socially complete view of the impact of recent business and economic trends; to develop a better understanding of the processes and factors which influence the quality of working life; and to better understand the relationship between organisational change and its effect on the workforces in order to design more sensitive human resource management policies. Their study so far indicates that the majority of change initiatives since 1997 have consisted of cost and staff reductions. These changes have impacted profoundly on managers in terms of job security and morale with many managers believing that not all change objectives have been achieved and the resultant staff cuts have left many areas underskilled. A significant finding of the study was the concern that managers had expressed over the increased hours of work they were expected to undertake resulting in adverse personal and social effects, particularly the impact on their relationship with their children. They reported that their organisations did little to help them balance their work and home commitments. Many managers indicated that they were less inclined in 1999 to work the long hours they did in 1997, even though most reported having an office and the necessary technology at home which meant they were virtually attached to the office 24 hours a day. Worrall et al also found that managers' job satisfaction had declined consistently from 1997, while their workload was reported to have increased over the same period. The majority of managers also reported increasing information overload and the need for a broader range of skills to do their job (Worrall et al., 2000; Worrall & Cooper, 2000, 2001).

In conclusion, Worrall et al found that exposure to continuous change is now a fact of working life in corporate Britain and that restructuring has generally not delivered the intended outcomes. Additionally, the demand by managers for a better balance between home and working life is both consistent and strong, but it doesn't appear as though anyone in authority is listening, leaving many managers to take matters into their own hands and reduce their time at work. Also strong is the realisation by managers at all levels that their career development is their own responsibility. Half of the managers interviewed regard valuing, rewarding and investing in people as the most important way to improve their quality of working life. Factors such as improved communication and consultation, and clearly defined targets and goals were significantly less important to managers (Worrall et al., 2000; Worrall & Cooper, 2000, 2001).

As a result of there being very little discussion in the Australian literature, or any other literature for that matter, on the managers' opinions of the impact of corporatisation on their roles and their quality of working life, the findings by Worrall et al (2000, 2001) are not compared with other studies at this point. However, the concepts and findings of their study are compared and reported with the findings of this study in chapters eight and nine.

3.4.3 Benefits of change

Watts (1996), Zifcak (1997), Stace & Dunphy (2001), and others all consider that there were various beneficiaries of the organisational and restructuring changes resulting from the corporatisation of Australia's public electricity supply utilities. For managers, corporatisation meant greater autonomy and flexibility within specified goals, greater role clarity, and increased participation in decision-making through corporate and branch strategic planning. They also became change leaders and the introduction of contracts and performance agreements meant increased remuneration for many. However, managers also found their roles had changed, they had increased financial accountability and were now responsible for what were previously human resource functions such as the performance management of their staff, recruitment and selection, training and skills development.

For the organisation, corporatisation meant achieving policy objectives; more effective allocation of resources; performance level agreements with government and key managers; rationalisation of workforce and union representation; increased productivity; increased level of financial and social accountability; improved level of responsiveness to customer requirements; competition; market orientation and a competitive focus and; increased return to government.

For key external stakeholders, corporatisation meant greater accessibility and responsiveness of services; improved services; increased level of social and commercial equity i.e., the introduction of electrical supply industry deregulation, and the introduction of a regulator to oversee supply tariffs, safety and reliability; a wider range of product choice; price stability and in some instances a decrease in real terms; improved access for suppliers of goods and services and a greater use of contractors and outsourcing; greater environmental awareness; and higher return on revenue which is a benefit to government and taxpayers.

Finally, with corporatisation came significant organisational restructuring that saw many employees made redundant or redeployed elsewhere within other government agencies. For those who remained, the introduction of industrial democracy, which played a key role in public sector reform, allowed employees to have greater involvement in decisions which affected their working life. Other benefits for employees have included: increased job satisfaction; improved skills development and career paths; and increased remuneration, particularly where skills audits have been done as part of the national competency standards (Labour Research Centre Inc, 1990; Stace & Dunphy, 2001; Watts, 1996; Zifcak, 1997).

3.5 CONCLUSIONS

The review of the literature in line with the key themes and boundaries identified in the analytical framework (figure 2.5) shows that from the early 1990's, Australia's public electricity supply utilities underwent similar structural and management reforms to those previously undertaken in electricity utilities in the United Kingdom, the United States and New Zealand. The social and ideological considerations underpinning Australia's reform agenda, which includes management reform, were also similar to those applied overseas and are well documented in the literature. What is not so well documented, however, are studies into the impact of significant structural and system changes on the roles and working life of managers in Australian public electricity utilities resulting from the electricity reform agenda of corporatisation and management reform. A study by Worrall & Cooper (2000, 2001) and Worrall, Cooper & Campbell-Jamison (2000) was found to have the most in common with the objectives of the study presented in this thesis and will be compared and reported with the findings of this study in chapters eight and nine.

The next chapter describes the methodology used in this study to gather the research data and to analyse and synthesise it in order to answer the research questions.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 OVERVIEW

The analytical framework, developed in chapter two identified the important social, ideological and theoretical considerations underpinning the reform of Australia's public electricity supply utilities and the key lines of inquiry for this study which translate into the research questions described in chapter one (section 1.4). This chapter describes the methodology by which the data will be gathered and analysed in order to answer those questions.

Data was gathered using a three-stage approach. The first stage consisted of an in-depth review of secondary data relative to the electricity supply industry and structural changes and new management systems introduced as management reform into the study organisation during the period 1994 to 2002. It also included an extensive review of the literature on corporatisation, management reform, managers' roles and quality of working life issues, with particular emphasis on the electricity supply industry in Australia. Preliminary open-ended interviews were also conducted as part of stage one in order to address gaps in the literature and to inform a questionnaire survey applied in stage two. The findings from the preliminary interviews are triangulated and synthesised with findings from the other two research stages in chapter eight.

Stage two of the data gathering was divided into a pilot survey and a main questionnaire survey, which was administered to the whole target population. The third and final stage of data gathering consisted of follow-up focused interviews, which validated findings and enabled further exploration and analysis of important themes that emerged from stages one and two and which have been expressed in the research questions in chapter one.

4.2 RESEARCH OBJECTIVES

Chapter one described the study context, the case selection and the research questions. In this study the focus is on the managers of one Australian state-owned electricity supply utility who are responsible for implementing the broad government reform agenda, which brings with it a shift from 'administration' to 'management' and 'leadership'. The study presents a new perspective on senior, middle and business unit managers in Australia's public electricity supply industry and reports on the changes and the impact of those changes on the role and working life of managers resulting from the reform agenda of corporatisation and management reform, which includes commercialisation and a broader philosophy of managerialism. The research explores managers' roles and working life in terms of the associated skills, competencies and behaviours required of them as a consequence of corporatisation and management reform. The study also contributes to the new emerging orthodoxy that questions the rationale of corporatisation and management reform (Considine & Painter, 1997; McKenna, 1999; Shirley, 1999; Vigoda, 2002; Walker & Walker, 2000; Wise, 2002), from the perspective of the managers. That is, it explores the managers' understanding of the rationale for corporatisation, the benefits arising from it and the impact it has on their roles and working life.

4.3 RESEARCH DESIGN

4.3.1 Research design considerations

The research combines qualitative and quantitative data. This is represented in Figure 4.1 which diagrammatically displays the main data collection, data synthesis and the outcomes of the study. Because of time, distance, access and cost considerations this study only focuses on managers within one Australian electricity utility. The research site is representative of all Australian state electricity utilities of the era since, according to Harris (1991), Hilmer (1993) and Hyman (1995), it displayed similar organisational structure and management practices prior to corporatisation.

Multiple data sources were used in this study. These featured primary data gathered through interviews and surveys combined with existing secondary data. This process provided for the triangulation and synthesis of data from different methodological viewpoints. The researcher considered that given the different dimensions of the problem under investigation, data collected from multiple sources using a variety of methods has the advantage of making the study less vulnerable to the well-documented limitation of using a single method for researching managerial work (Kotter, 1982; Martinko & Gardner, 1985). Validity was enhanced through the process of triangulation which allows the findings from the qualitative investigation to be checked against the findings of the quantitative study (Punch, 1998, 247; Ticehurst & Veale, 1999, 115). This methodological approach is not unusual and is well documented in the literature by Ticehurst & Veale (1999), Brewer & Hunter (1990), Creswell (1994) and others. For example, Ticehurst & Veale argue that different approaches to evidence gathering provide holistic triangulation which allows for phenomena to be examined from multiple perspectives to enrich understanding by allowing new and deeper dimensions to emerge (Ticehurst & Veale, 1999). Brewer & Hunter (1990) also suggest that data triangulation offers flexibility and an in-depth approach that is not always available with more simple designs using either qualitative or quantitative data alone. Morse (1991), Breitmayer, Ayres & Knafl (1993), Creswell (1994) and others view the triangulation methodological approach to social research as assigning either, or both, qualitative or quantitative values, such as text or numbers, to the social phenomena being studied.

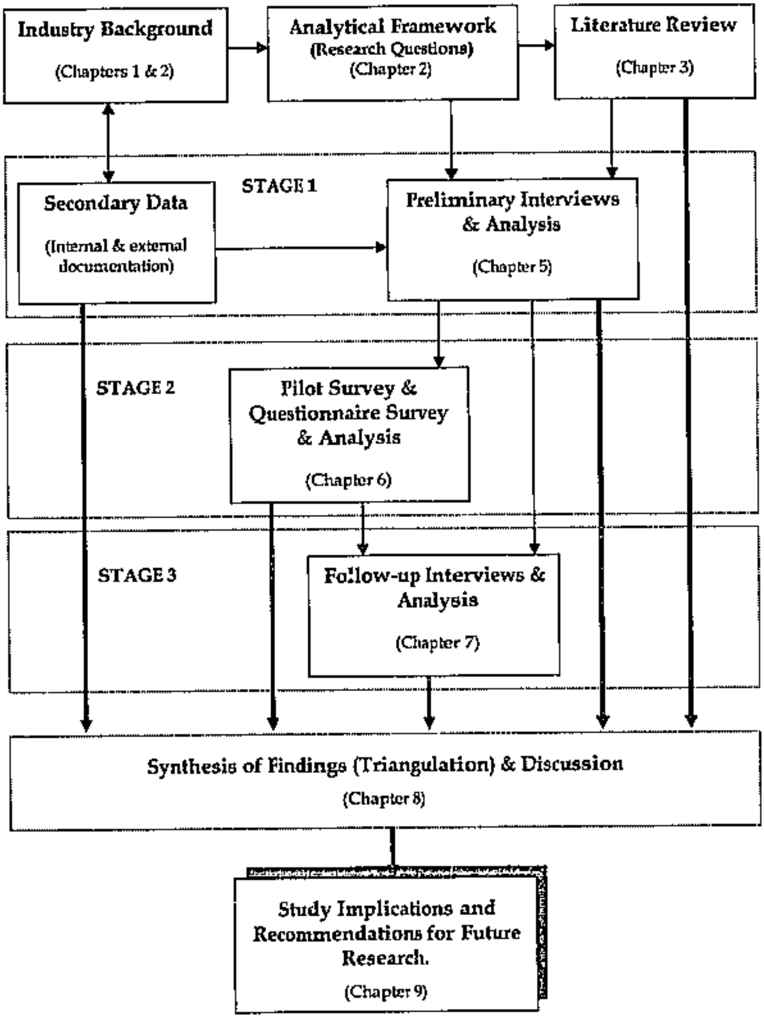
In order to gain both before and after data for this study participants were asked to indicate on a questionnaire how they felt about certain aspects of their roles and their understanding of the organisation in 2002 and how they thought they felt about the same aspects previously in 1994. This modified approach to the before-after research design (Ticehurst & Veale, 1999) was necessary because of time and cost constraints and provided two sets of data on managers' roles and their perceptions of the impact of change on their working life.

It is possible that data collected by the before-after research method may be affected by memory since a period of around seven years is a long time for anyone to remember exactly how they had previously felt about their roles and organisational understanding. However, it was considered that since participants would be making the pre-corporatisation (1994) evaluations in relation to their current evaluations (2002), the current evaluations would serve as standards to evaluate their feelings in 1994 and thus minimise memory distortions. Further, the 1994 measures serve as baseline data from which to deduce any improvements in managers' roles and working life in 2002. Thus, the data of interest are the 2002 data. Brewer & Hunter (1990), Trochim (2002) and others argue favourably for this method of dealing with the effects of memory over time and, although it will not completely eradicate memory distortion they consider it better controlled than if participants were to make absolute judgements or evaluations.

4.3.2 Research design framework

The multi-method research strategy graphically illustrated in figure 4.1 supports a triangulated study methodology. Ticehurst and Veale (1999) view research frameworks as diagrammatic displays of the conceptual status of theory, phenomena and variables that underpin important research questions. Similarly, Punch (1998) contends that developing research questions using a framework often brings into focus the implicit thinking about the topic, which in turn gives direction to the sampling decisions that are required (p.39).

Stage one of the research schema consisted of two important components. The first, was a review of important secondary data and the development of an analytical framework (figure 2.5) in chapter two. The second, was qualitative research in the form of preliminary interviews (section 4.4.2 and chapter five) which were developed from the secondary data. Stage two (chapter six) consisted of the pilot and main survey questions which explored the complex relationship of role change drivers, new management systems, and government and executive expectations. Follow-up interviews in stage three (chapter seven) were generated from the data analysis in chapters five and six. Finally, the findings of the three research stages were triangulated, synthesised and discussed in context with the literature in chapter eight to provide more robust results in order to support the research implications and recommendations for future research in chapter nine.



<u>Figure 4.1</u>
Research Design Framework

This figure shows the research method, from data collection and analysis, to synthesis of findings and discussion, and presentation of study implications and recommendations.

4.3.3 Data collection methods

This study used an ethnographical qualitative (Ticehurst & Veale, 1999, 104) and a quantitative approach to data gathering which featured multiple sources of information to enable data triangulation. The data was collected through a three-stage approach. The first stage was multifaceted and consisted of an in-depth review of literature and corporate documentation which related to Australia's electricity supply industry at the macro-level and structural changes and new management systems introduced as management reform at the micro level during the period 1994 to 2002. The available literature on macro-level change was relatively extensive, but very limited on micro-level aspects of corporatisation and management reform. Because of the literature limitations, stage one of the research method explored aspects of management change and managers' perceptions of that change within the public electricity supply industry specifically. It included preliminary open-ended interviews based on internal documentation, e.g., corporate documents, memoranda and staff notices and union newsletters, and the researcher's personal experience within, and knowledge of the study organisation. The preliminary open ended interviews were conducted with twenty selected managers from the target population of 130. Those selected for the preliminary interviews had a broad cross-section of experience and worked in either front-line (senior section heads), middle or senior (general) management positions for more than ten years with the target organisation. The selection criteria is described in more detail in section 4.4.2. Important issues themes and concepts that emerged from the preliminary open-ended interviews were used to inform the questionnaire survey in stage two. Yin (1994), Zikmund (1997), Punch (1998), Trochim (2002) and others support the use of preliminary interviews in order to identify important issues, generate survey questions and enable the inclusion of the wide and varied experience of the study population. Further, Zikmund (1997) considers the gathering of secondary data an important component of exploratory research which can be used as a diagnostic tool to point out issues of concern or to generate possible explanations for motivational patterns within a study population such as working conditions, workload and impact on leisure time, remuneration, career and training opportunities etc (p.103).

Stage two of the research schema consisted of two parts. The first part (a) was a pilot survey used to verify the final survey design and ensured that no important concepts or issues were omitted and that the questions were unambiguous and not repetitive. The pilot survey was administered to eleven randomly selected managers representing a cross section of the target population in terms of tenure and experience; using the same selection criteria adopted for the preliminary interviews (section 4.4.2). The random selection ensured the participants were different from those used in Stage one.

The second part (b) of Stage two consisted of the main questionnaire survey which was self-administered to the whole target population of 130 managers. Writers such as Miles & Huberman (1994) and Ticehurst & Veale (1999) claim that questionnaire surveys usually involve only a proportion, or sample, of the population that the researcher is interested in. For this study however, the questionnaire was administered to the whole target population of 130 managers, which consisted of all senior (general) managers, middle managers and senior section heads who are responsible for the performance of either a division, branch or business unit within Western Power. It was found that surveying the whole target population attracted a high response rate and enhanced the representativeness, internal validity and statistical significance of the data. For this survey the response rate was 85.4%, i.e., 111 responses out of a total of 130. The administration of the questionnaire survey was aided by the researcher's knowledge of and experience within the organisation, ease of access, centralised management structure and the internal mail system.

The third and final stage of data gathering consisted of follow-up focused interviews with sixteen randomly selected managers using similar selection criteria to the preliminary questionnaire, stage one. The random selection ensured the participants were different from those used in Stage one and part (a) of Stage two. The follow-up interviews were used to validate findings and enabled further exploration and analysis of important themes and issues that emerged from stages one and two. Important issues that were identified but beyond the scope of this study are discussed in chapter nine as considerations for future research.

Data gathered in stages one and three were entered into a MS Word document categorised under key themes based on notes taken during the interviews. The analysis centered on emerging ideas, the clarification of themes and storage of memoranda from the field data. Data gathered in stage two was entered into the statistical analysis software SPSS and analysis such as the coefficient alpha or Cronbach Alpha test of reliability was undertaken and is reported in chapter six. Coakes and Steed (2001) and Trochim (2002) describe the Cronbach Alpha test as a commonly used test undertaken as an internal comparison test of reliability, which ensures that questions are free from variable errors.

4.4 DATA COLLECTION

This section describes in detail the three stages of data collection and provides the reader with an insight into how the data was collected, the players involved and the level of their participation in providing the data.

4.4.1 Exploratory Research - Secondary Data

Secondary data was sourced from company bulletins; internal newsletters; documentation from senior management and the managing director; published annual reports and statements of corporate objectives; Western Power employee surveys and opinion polls; and other internal communications. This comprised information about government, corporate and executive objectives for organisational change; the structure and timetable for change; and employee perceptions of change. Staff numbers, financial performance, productivity and other indices for the periods before and after corporatisation are also contained in the secondary documentation. Another rich source of data came from the researcher attending internal training courses and workshops, branch and business unit presentations, strategic planning and information sessions.

Additional data was sourced from relevant electricity industry Websites; technical publications, such as Electricity Supply Association of Australia; conference proceedings; books, by authorities knowledgeable of the electricity supply industry; and, newspaper and journal articles. These provided an important source of information for comparisons of size, structure, performance, ownership, and levels of political involvement across the electricity supply industry.

Important themes and issues identified from the exploratory research were used to inform the line of inquiry to be taken in the preliminary interviews.

4.4.2 Preliminary Interviews

The preliminary interviews were conducted face-to-face in order to capture the wide and varied experience of the managers and to enable further in-depth inquiry into key issues as they arose. The purpose of the preliminary interviews was three-fold (refer to the Research Design Framework figure 4.1). First, data from the preliminary interviews was used to inform the questionnaire survey design and question structure. Second, themes and issues that arose from the preliminary interviews, but because of their complex nature could not be satisfactorily addressed by quantitative methods, were used to inform questions in the follow-up interviews, stage three. Third, data from the preliminary interviews was used for comparative purposes in chapter eight as part of the triangulation process adopted for this study.

Sample size, location and selection criteria

Western Power is a diverse organisation with many of its 2,500 employees distributed over a 2.5 million square kilometre landmass (Western Power Annual Report, 2002). However, it is centralised in terms of managers and senior section heads, i.e., the target population. Of the total target population of 130 persons, all but sixteen (twelve percent) work in the head office and of those only seven work outside the metropolitan area (table 4.1).

Table 4.1
Locations of target population

Target Group	Corporate Head Office	Within Metro Area	Outside Metro Area
General Managers[2]	7	0	0
Branch Managers[3]	53	4	3
Senior Section Heads[4]	54	5	4
Totals	114	9	7

The sample size for the preliminary interviews was influenced by three important factors:

(1) **Selection criteria.** A selection criterion was applied to ensure that each potential interviewee was in a management position prior to 1994 and had continuously worked for Western Power since. While this reduced the sample size, it was considered necessary to ensure a continuity of experience over the critical period 1994 to 2002.

(2) **Representation.** Managers fitting the selection criteria were then sorted according to division (e.g. the Transmission Division) and management category (e.g. general managers, middle managers and senior section heads). At least one participant for each management category in each division was then randomly selected. However, in the case of the general managers, only two were interviewed as not all passed a selection criteria and some were unavailable for an interview. Apart from the general managers the selection criteria resulted in the interview of at least one branch manager and one senior section head from each of the seven divisions, see table 4.2.

[2] General managers in Western Power are responsible for a division which consists of a number of branches or business units and sections. General managers are also referred to as senior managers in this study which relates to the general terminology used in the literature.
[3] Branch managers in Western Power are responsible for a branch within a division. They are generally referred to as middle managers in the literature.
[4] Senior section heads in Western Power are responsible for a section or business unit and a referred to as business unit managers in the literature.

(3) **Risk of identification.** Many branch managers and senior section heads selected for an interview declined, claiming they could not spare the time (on average 2.5 hours per interview). This could have been due to prevailing job and role uncertainty and the significant organisational restructuring that was occurring throughout the organisation around the time of the preliminary interviews. Where a branch manager or senior section head declined an interview an alternative person, who satisfied the selection criteria, was chosen from the same management category and from the same division. Many managers also indicated a reluctance to discuss sensitive organisational issues and concerns in an interview situation, particularly where their branch or business unit was small (less than 10). However, as evidenced from the high rate of survey returns (85.4%), they were willing to participate where they felt their anonymity was secure.

Table 4.2
Target populations and preliminary interview numbers

Target Group	Total Target Population	Number Interviewed
General Managers	7	2
Branch Managers	60	8
Senior Section Heads	63	10
Totals	130	20

Interview structure

The interviews were semi-structured and formalities for the interviews, such as times, dates and location, were made by telephone and confirmed by e-mail prior to the event. All interviews were conducted with the full consent of the individual concerned and each participant received a statement of disclosure and informed consent prior to the interview. Interviews were conducted in the participant's office or some other convenient private location such as a conference room and each interview lasted around two and a half hours. The interview participants were given as much time as they required to answer each question. Apart from asking questions the researcher only intervened where additional information or clarification was required or the respondent drifted away from the subject. Responses were hand written by the researcher and later transcribed into a MS Word document for analysis.

Twenty-eight questions were asked during the preliminary interviews. These were formulated from significant issues which emerged from the exploratory research, the analytical framework (chapter two, figure 2.5) and the researcher's first-hand knowledge. The questions sought to determine a baseline of managers' understanding and were broadly structured under eight main themes which explored the managers' perceptions and understanding of: the rationale for corporatisation; the management system and organisational changes which have occurred since corporatisation; financial accountability; strategic planning; competition and customer focus; contractors and contracting out of services; stakeholders; and, working life issues (chapter five, table 5.1).

Analysis of interview data

The interviews provided information on managers' understanding of the reasons for corporatisation, the beneficiaries of it and the impact it has had on their roles as managers. The interviews also informed of the changes to managers' roles since corporatisation in terms of responsibility and accountability for business unit performance; managerial autonomy; empowerment to take action and make decisions; recruitment and selection; performance management; introduction of new technology; strategic planning; and their ability to manage stakeholders. Finally, the preliminary interviews also provided useful insights into changes in managers' workloads; working hours; leisure time; stakeholders; remuneration; employment conditions; management contracts; job satisfaction; promotion opportunities; and training.

The analysis of the data from the preliminary interviews are summarised in chapter five. The data was used to inform the survey design and question structure in chapter six and was later referred to in chapter eight for comparative purposes as part of the triangulation process adopted for this study.

4.4.3 Pilot survey

A pilot survey was undertaken to test and verify the final survey design and to ensure that no important concepts or issues were missed. The pilot survey was administered by mail to eleven randomly selected persons, representing around nine percent of the target population (Table 4.3). This population was different from that used for the preliminary interviews, however, the demographic breakdown was the same, as seen in table 4.3.

Table 4.3
Target population and pilot survey numbers

Target Group	Total Target Population	Number in Pilot Survey
General Managers	7	2
Branch Managers	60	4
Senior Section Heads	63	5
Totals	130	11

Data from the pilot survey was edited, tabulated and coded into SPSS (Statistical Package for the Social Sciences) Version 10. The process of exploratory data analysis has been specifically designed by statisticians for the purposes of examining a data set (Coakes & Steed, 2001, 30; Kinnear & Gray, 2000, 88) and was applied in this study to examine the data set for construct validity and design. This process also confirmed that all the important concepts and issues identified in the preliminary interviews were included in the survey.

Exploratory data analysis using 'descriptives' and 'frequencies' was used to examine the variables for errors and aberrant values. The frequencies within descriptive statistics gives frequency distributions for both nominal and ordinal data along with percentages and cumulative percentages, which were used for assessing the normality of the variables using the Kolmogorov-Smirnov statistic with a Lilliefors significance level. Coakes and Steed (2001) state that, with this test, normality is assumed if the significance level is greater than 0.05 (p.35).

4.4.4 Questionnaire survey

Sample size

For this study the questionnaire was administered to the whole target population of 130 managers, which consisted of all senior (general) managers, middle managers and senior section heads who are responsible for the performance of either a division, branch or business unit within Western Power, see table 4.4.

Table 4.4
Breakdown of target populations

Target Group	Total Number in Western Power
General Managers	7
Branch Managers	60
Senior Section Heads	63
Total	130

Survey structure

The survey questionnaire (appendix 2) consisted of six sections each containing number of questions making up twenty one questions in total. Thirteen of the questions required respondents to record their answers on a five-point Likert scale. Of the remaining eight questions, six required the respondent to select one or more responses from a list and two required either a 'yes' or 'no' response. Thirteen questions had provision for comments to allow for the respondent to qualify or expand upon their choices, however, very few did.

Section one of the survey related to managers' understanding of the rationale for introducing corporatisation and management reform within Western Power and what they believed to be top management's three main reasons for ongoing management system changes. It also sought their perceptions of the benefit that specific stakeholders such as customers, industry, unions, government, executive, managers and employees would get from corporatisation using a combination of 'yes' or 'no' and multi-choice responses. A five-point Likert scale, where 1 was 'no benefit' and 5 was 'significant benefit', was used to determine managers' perceptions of the benefit that stakeholders would get from the corporatisation of Western Power. Section one also collected information on the length of service that the managers had with the organisation and the average branch or section size they had been in charge of over that time.

Section two sought to determine managers' perceptions of how effectively senior management had communicated management system changes to them. Fourteen management systems were listed and the respondent was asked to make a selection against each from a five-point Likert scale, where 1 was 'totally ineffective' and 5 was 'totally effective'. This section also ought to determine the understanding managers have of their roles at the time of the questionnaire compared with seven years ago, using a five-point Likert scale where 1 was 'much less clear' and 5 was 'much clearer'.

Section three questioned the extent of managers' involvement in the introduction of new management systems within Western Power. It also sought to determine managers' perceptions of how important it was for them to be involved in the planning and implementation of new management systems and initiatives within the organisation.

Section four related to managers' perceptions of the impact of the new management systems on their roles as managers or section heads within Western Power. The fourteen management systems that were introduced into Western Power were listed. Against each management system the respondent was asked to make a selection from a five-point Likert scale, where 1 was 'largely negative impact' and 5 was 'largely positive impact'. Against the same fourteen management systems managers were also asked to select from a five-point Likert scale the importance of those management systems in supporting the achievement of their performance targets, where 1 was 'unimportant' and 5 was 'very important'.

Section five sought to determine managers' opinions of which key stakeholders significantly influenced their roles as managers or section heads and their business unit's performance, both before and after corporatisation. The nine key stakeholders listed in the questionnaire included the state government (Minister), Treasury, competitors, employees, industry groups and so on. Against each of the nine key stakeholders, the managers were requested to select 'yes' or 'no' in terms of significant influence, for the periods of pre-1995 and post-1995. Section five also sought to determine if managers perceived that Western Power had gained any advantage from having the state government as sole shareholder. For this, a five-point Likert scale was used where 1 represented 'a very significant disadvantage to Western Power' and 5 'a very significant advantage to Western Power'.

Finally, section six related to managers' opinions of how the introduction of the new management systems and corresponding organisational changes had affected the quality of their working life over the past seven years in terms of working conditions, role performance, remuneration, career and training opportunities, motivation, job satisfaction, hours of work and so on. For each of these, a five-point Likert scale was used, where 1 was 'largely negative' and 5 was 'largely positive'. Managers were also asked to provide a 'yes' or 'no' response to each of the following questions: do they consider their current skills adequate for what they are expected to do; do they consider they should learn new skills; have they sought new skills; and, do they consider Western Power should provide training for any new skills they may require? The impact of new management systems on managers' workloads over the past seven years was also explored through a question listing eighteen recently introduced management systems such as customer focus, financial accountability, competition, productivity, performance management, continuous change and strategic planning. For each of these, a five-point Likert scale was used where 1 was 'largely negative impact' and 5 was 'largely positive impact'.

Survey administration.

A brief message outlining the forthcoming survey and its purpose was electronically mailed to all the target population one week prior to the survey being administered. Distribution of the survey was through internal mail to all the target population with instructions and a cover letter introducing the researcher, the purpose of the survey and a statement of disclosure and consent. A return freepost envelope addressed to the researcher's university was provided so that completed surveys could be returned with total anonymity. Zikmund (1997) claims that this form of survey allows individuals to participate and present their views anonymously within a controlled framework.

A reminder notice was electronically mailed to all the target population at intervals of one and two weeks after the initial mail-out. A final notice, worded as both a reminder and a thank you, was sent one week after the return-by date. This approach yielded a greater than eighty five percent response to the survey.

4.4.5 Follow-up focused interviews

After the data from the preliminary interviews and questionnaire surveys were analysed (chapters 5 and 6), face-to-face follow-up interviews were conducted in a like manner to the preliminary interviews. Sixteen managers were randomly selected from the target population (table 4.5). This was done using the same criteria as that outlined for the preliminary interviews in section 4.4.2 and which enabled the validation of findings and the in-depth exploration of key issues that emerged from the analysis.

Table 4.5
Target populations and follow-up interview numbers

Target Group	Total Target Population	Number Interviewed
General Managers	7	1
Branch Managers	60	5
Senior Section Heads	63	10
Totals	130	16

Each interview took an average of thirty minutes during which twelve questions were asked, see table 4.6. Important key issues identified in the analysis of the data (chapter seven), but beyond the scope of this study are discussed later in chapter nine as issues for future research.

Table 4.6
Follow-up interview questions

This table lists the questions that were asked at the follow-up interviews in order to validate findings and further explore key issues from stages one and two of the research schema.

Number	Question
1	What has been the impact of financial and budgeting systems on your role as manager and the performance of your business unit?
2	What has been the impact of strategic planning on your role as manager and your ability to achieve performance targets?
3	What has been the impact of performance management and performance targets on your role and remuneration?
4	How has the use of contract labour and contracting out of services impacted on your role as manager?
5	What has been the impact of the pursuit of unregulated income on your role as manager and the performance of your business unit?
6	How has customer focus impacted on your role as manager?
7	What has been the impact of empowerment on your role as manager?
8	What has been the impact of the managerial leadership initiative on your role as manager?
9	What has been the impact of corporatisation and new management systems on the technical component of your role as manager?
10	What has been the impact of corporatisation and organisational restructuring on the clarity of your role as manager?
11	What has been the impact of corporatisation on your career opportunities?
12	What has been the impact of corporatisation and new management systems on the time you spend doing work related activities?

4.5 DATA ANALYSIS

The research design in this study is based on the gathering and triangulation of evidence from both a qualitative and quantitative research methodology. The qualitative research in the form of semi-structured interviews was informed by key themes from the secondary data and the literature. Quantitative research in the form of a mail-out questionnaire survey was administered to the total target population of 130. The response to the survey was greater than eighty five percent and was of sufficient size for critical analysis.

The preliminary interview and focused follow-up interview were recorded as field notes and later transcribed into MS Word. The 'Find' and 'Go To' search feature of MS Word enabled quick location of pertinent sections of text and key words.

Data from both the pilot and main questionnaire survey was edited, tabulated and coded into SPSS (Statistical Package for the Social Sciences) version 10. Ticehurst & Veale (1999) consider survey data to be ideally suited to computer-based analysis because of the consolidation and analysis required of large amounts of data that are involved in the analysis of a survey (p.197).

The analysis of the data from the preliminary interviews, the survey and follow-up interviews is undertaken in chapters five, six and seven. Chapter eight deals with the triangulation of the comparative quantitative and qualitative evidence contrasting the new managerialist role of managers with their previous role under the public sector management system. The triangulation analysis also correlates the responses and perceptions of managers to those role changes and the identified changes to their quality of working life.

4.6 VALIDITY AND RELIABILITY

4.6.1 Validity

The preliminary semi-structured interview findings provided valuable input into the content validity of the questionnaire survey. Validity was also enhanced through the process of triangulation, which allowed the findings from the qualitative investigation to be checked against the findings of the quantitative study. In addition, the questionnaire was rigorously pre-tested in a pilot survey to confirm structure and the respondents' understanding of the questions and the relevance they have to them.

External validity was also improved through the literature and industry review in chapter two which showed that Western Power underwent restructuring and corporatisation in a like manner to its counterparts in the Eastern states. After the organisational reform and corporatisation in the 1990's of all of Australia's state owned public electricity supply utilities, Victoria and South Australia went on to privatise theirs. The other states, including Western Australia have continued with deregulation and competition reforms, but retained their electricity utilities with the state government as sole shareholder.

4.6.2 Reliability

A coefficient alpha or Cronbach Alpha test of reliability (Coakes & Steed, 2001) was undertaken using the statistical analysis software SPSS Version 10.0. This is one of the most commonly used tests (Coakes & Steed, 2001, 147) and provided an internal comparison test of reliability and ensured that the questions were free from variable errors.

Sekaran (1992) and Trochim (2002) contend that reliabilities less than 0.60 can be considered poor, while those over 0.70 are acceptable. Reliability coefficients in excess of 0.80 are viewed as good. The results of the alpha tests are detailed in chapter six where the quantitative data was assembled and analysed against the research questions.

4.7 CONCLUSIONS

A research design framework showing a diagrammatic display of the research method, from data collection and analysis, to synthesis of findings and discussion, and presentation of study implications and recommendations was developed in this chapter (figure 4.1). The three-stage approach to data gathering adopted for this study consists of secondary data and preliminary interviews, questionnaire survey and follow-up interviews. Because of time, distance, access and cost considerations the study only focuses on managers within one Australian electricity utility. However, according to Harris (1991), Hilmer (1993) and Hyman (1995) Western Power is representative of all Australian state electricity utilities of the era since it displayed similar organisational structure and management practices prior to corporatisation. The next chapter describes the preliminary interview questions, the administration of the interviews and the analysis of the data.

CHAPTER FIVE

PRELIMINARY INTERVIEW FINDINGS: STAGE 1

5.1 OVERVIEW

Stage one of the research schema consisted of two important components. The first was a confluence of important secondary data drawn from Western Power documentation and the researcher's personal experiences and observations from both within the study organisation and the electricity supply industry in general, and the development of an analytical framework (figure 2.5) in chapter two. The second was qualitative research in the form of preliminary interviews. The secondary data provided an insight into the significant changes that Australia's electricity supply industry has undergone through the period 1990 to 2003, the objectives of which were principally to improve organisational productivity and efficiency through a policy of restructuring and management reform based on managerialist principles and practices. The analytical framework identified issues of importance for managers in the public electricity supply industry as it underwent corporatisation and management reform. These were used to frame the research questions described in chapter one and to inform the preliminary interview questions explored in this chapter (table 5.1). Participant selection and the method by which the preliminary interviews were conducted was described in chapter four. Twenty managers were interviewed and the results of those interviews were analysed in this chapter and the findings used to inform the development of the questionnaire survey in the next chapter.

The interview questions explored the managers' personal opinions and understanding of corporatisation in terms of the reasons for it; the method by which it was introduced; the main beneficiaries of it; the impact of it on their role as manager; and corporate performance since its introduction. The questions also explored managers' views about the many micro issues associated with corporatisation and ongoing changes to their roles and working life in terms of their understanding of the reasons for the changes; how the changes were communicated to them; the impact of the changes on their roles; and the benefits of the changes to key stakeholders. Finally, the questions focused at the personal level, on working life issues such as their career prospects; their workload and hours of duty; performance management; their management contracts; the clarity of their roles; and their internal and external networks.

5.2 SELECTION CRITERIA

The interviews were conducted with two general managers, eight branch managers and ten senior section heads within Western Power. For ease of reporting, they are referred to as 'managers' 'respondents' or 'participants' throughout the following chapters. The twenty managers represent around fifteen percent of the total target population of 130. Those interviewed were chosen because they had more than eight years service within Western Power, were in management positions prior to 1994 and collectively represented a good cross section of the branches and business units within the organisation. Although females participated in all stages of the research their participation rate is not noted in this study because the size and structure of some branches and sections within Western Power may lead to their anonymity being compromised. In addition, specific gender issues are not addressed in this study. The sample size and selection criteria are discussed in section 4.4.2.

5.3 PRELIMINARY INTERVIEW QUESTIONS

A review of secondary data pertaining to the corporatisation of Australia's public electricity supply utilities, with particular attention to the Western Australian situation, was undertaken in chapter two. However, this mostly provided the corporation's view, or the common knowledge and official view, of the reported benefits and the necessity for organisational change and the introduction of new management systems to support management reform. It provided little of the personal insights of managers and what they actually thought and felt about the many micro issues associated with corporatisation and ongoing changes to their roles and working life. A review of secondary data from within the study organisation did provide some information that was common knowledge. For example, the beliefs and concerns of staff about change within the organisation, shared through conversation and other sources such as union newsletters and general information notices, commentaries and cartoons. Commentaries and cartoons were particularly prevalent on workplace notice boards during the period leading up to and immediately following corporatisation. Because of the anonymous and unofficial way in which cartoons and commentaries 'appeared' on the notice boards they gave staff the opportunity to express their concerns without fear of retribution. Two commentaries, which reflected a common mood among staff at the time, read; *Due to a lack of interest, the light at the end of the tunnel will be turned off until further notice* and *The floggings will continue until morale improves* (staff notice board, 1995).

The analytical framework (figure 2.5) developed in chapter two from the secondary data provided a map of how the secondary data and the literature merged within the research context and objectives and gave direction to the sampling decisions. The important issues for managers in the public electricity supply industry were listed and prioritised based on the research aims and questions set out in table 5.1 below.

Table 5.1
Important issues arising from the analytical framework and preliminary interview questions

Important Issues	Preliminary Interview Questions
Managers' understanding of the rationale for corporatisation and the drivers for change within the electricity supply industry.	What are managers' understanding of the rationale for corporatisation and the main reasons for the introduction of corporatisation into Western Power
	Who do managers consider are the main beneficiaries of corporatisation
	What are the advantages and disadvantages of having the WA government as the sole shareholder in Western Power
	What has been the impact of corporatisation on the managers' roles. Comparison of job roles now and prior to corporatisation
	How were managers involved with the introduction of corporatisation into Western Power
	What are managers' opinions of corporate performance in terms of productivity, efficiency and effectiveness since corporatisation
New management systems and organisational changes that have been introduced since corporatisation.	What is managers understanding of change management
	What have been the main changes in management systems and practices in Western Power over the past seven years
	How were new management systems and organisational changes communicated to managers and what was their involvement in the implementation of those changes
	What do managers consider to be the main reasons for on-going management systems changes
	What were the main benefits of management system and organisational changes
	What are managers' perceptions of the impact of organisational changes on their roles since corporatisation
Increased focus on financial accountability since corporatisation.	What are managers' opinions on financial accountability and how has it impacted on their roles as managers
The introduction of strategic planning within Western Power.	What are managers' views on Western Power's strategic planning process and the impact of strategic planning on their roles
Increased focus on competition and customer focus since corporatisation.	What are managers' understanding of competition and customer focus.

Continued next page.

Important Issues	Preliminary Interview Questions
The increasing use of contractors and the contracting out of services since corporatisation.	What are managers' views on the increasing use of contract labour within Western Power and the contracting out of services previously done within the organisation
The impact of corporatisation on stakeholders.	Who do managers consider are Western Power's most important stakeholders
	Have changes since corporatisation affected Western Power's ability to meet stakeholder expectations
	Who do managers' consider to be their priority stakeholders at present
	Who were the managers' priority stakeholders prior to corporatisation
	Have changes to managers' roles affected their ability to meet the expectations of their priority stakeholders, now and prior to corporatisation
The impact of corporatisation and new management systems on working life.	What has been the impact of corporatisation on their working conditions
	What has been the impact of corporatisation on their career prospects
	What has been the impact of corporatisation of workload and hours of duty
	What do managers think of performance management and how has it impacted on their roles
	What are managers' perceptions of management contracts and have these had any impact on their personal performance
	Has corporatisation affected the clarity of their roles as managers
	What has been the impact of corporatisation on the managers internal and external networks

5.4 FINDINGS FROM THE PRELIMINARY INTERVIEWS

This section is divided into eight main topics which are subdivided into the questions used for the preliminary interviews. These are shown in table 5.1, above. The interviewee responses are reported and analysed within the context of these questions.

5.4.1 Corporatisation

Understanding of the rationale for corporatisation

All interview participants displayed a good understanding of corporatisation as applied to Western Power and electricity utilities in general. They viewed corporatisation as a process in which a government business enterprise, e.g., electricity utility, is restructured along the lines of private enterprise with a board, CEO and shareholders (usually the government, as sole shareholder). All the participants understood the government requirements for the new corporatised business to be run according to the Corporations Act, to conform to corporation laws and to pay corporate taxes and dividends. Most believed that Western Power endeavours to perform like a private organisation in a competitive, deregulated market. Some however, considered the corporatisation of government agencies to be *a sham* and reported that such agencies *...act like a private organisation, but within the constraints imposed by the minister.*

The main reasons participants gave for the introduction of corporatisation into Western Power were: energy industry reform; deregulation; competition; price reduction; productivity and efficiency gains; the commercialisation of business decisions; and improved financial accountability. Other reasons included: making the network available for open access; justification of costs to the public and the owner (by reporting balance sheets, profit and loss statements); following a fad and simply following other utilities around Australia and overseas; a response to the Energy Board of Review which was not possible as government department; the need to be a corporation in order to act as a true corporation, rather than just applying government imposed social obligations; part of the micro economic reform agenda, i.e., to drive efficiency gains; to support federal and state industry reforms and to promote commercial business acumen and process improvements; for government to show Western Power is not getting preferential treatment by making a level playing field, i.e., operating on equal footing with competitors allows business comparisons and performance measurement; the first step towards privatisation; and, the creation of an organisation that acts in a more commercial manner, understands risks and gives broad accountability for actions.

Beneficiaries of corporatisation

Interview participants were asked who they considered to be the main beneficiaries from the corporatisation of Western Power. Most considered the state government to be the strongest beneficiary due to increasing dividends being paid by the corporation from increased profits, restructuring (staff reductions), greater cost control and productivity (contain prices), continuation of community service obligations, enactment of political objectives e.g., built power stations. Also, some managers claimed that successive governments have benefited from the corporation of Western Power through the payment of state taxes which were previously exempt and through the more businesslike and commercially focused way that the organisation was being run, enabling increasing dividend rates from 40 to 60 percent over the past seven years. However, some managers reported that a down-side to the increase in dividends meant less money was available for capital works and the maintenance of important infrastructure. They consider that this has resulted in *...the assets being run-down and an increased likelihood of equipment failures.*

Commercial and industrial customers were also considered by most participants to be among the main beneficiaries of corporatisation. They were reported to have benefited most from tariff reductions due mostly to contract re-negotiation and, in some instances, due to government interventions promoting commerce and industry in the state e.g., investment and employment.

Some participants also considered domestic customers were significant beneficiaries of corporatisation due to the stabilisation of domestic tariffs over the past seven years which they believed were brought about by efficiency gains and productivity improvements. Apart from cheaper power, all the interview participants considered that Western Power customers were receiving a better service through more open policies and improved internal procedures.

Other beneficiaries of corporatisation were reported to include the board and the executive as they were perceived by the interview participants to have more control over their working life and business direction, even though they have to report to the minister and political interference can, and reportedly does, apply. The executive have also gained significant salary increases and bonuses since corporatisation (Western Power annual reports 1996 - 2003). These are reviewed annually and indexed against organisational performance in terms of profit and key performance indicators. The managers also considered themselves and other employees to be beneficiaries of corporatisation as a result of job continuity; employment in a more dynamic environment, i.e., more in tune with global business models compared with the previous government utility model; increased salaries; bonuses; and a clearer business direction. Finally, some of the participants considered there was considerable benefit from *...having one set of policies and clear direction from one boss* (i.e., the managing director).

Finally, unions were perceived by managers to have gained no benefit from corporatisation. They claimed that union membership by both managers and staff had declined since corporatisation in 1995 when award rationalisation reduced the number of awards and agreements, and simplified human resource management procedures and reduced union representation from fifteen unions to only two. Managers lost direct union representation as a result of the exclusion of the Association for Professional Electrical Scientific and Mechanical Engineers Australia (APESMA) from the Western Power Award created in 1995. Since corporatisation engineers and industrial chemists within Western Power have had to rely on another union, the Australian Services Union (ASU), to give them indirect representation in award negotiations.

Advantages and disadvantages of WA government as sole shareholder

The managers participating in the preliminary interviews offered a wide range of responses when questioned on the advantages and disadvantages of having the WA government as the sole shareholder in Western Power. Advantages included: more commercial strength due to government backing, for example, by leveraging off the government credit rating meant access to cheaper finance; increased returns to government (and hence the people of WA) through more efficient and profitable business operations; assets (i.e., the electricity utility) remained in the hands of the community; there was now greater concern for the environment and individual customers (i.e., increased community awareness); and business decisions made by the government with regard to the electricity industry, such as tariff setting, were generally made in the best interests of the community. Some participants considered that having the state government as sole shareholder made it easier for the executive to understand the government's expectations.

Identified disadvantages included the difficulty in resolving politically sensitive issues, such as easements for transmission lines through national parks and other environmental issues such as vegetation clearing. As one manager stated *...public pressure and political motives drive government and thus blurs the lines of expectations.* Other disadvantages cited were: government interference in terms of employee numbers, forcing many vacancies to go unfilled; business decisions and board membership; the government setting the agenda on issues such as tariffs, dividends and executive salaries; government influences on spending, for example, for capital and operating expenditure. The government can also overrule Western Power decisions regarding new business ventures and partnerships.

Having the government as sole shareholder was also seen as inviting interference from other government departments, such as community services groups with regards to fixing of tariffs and debt recovery and the Treasury with regards to investment and borrowing restrictions. Some of the managers interviewed considered the state government viewed Western Power *...as a large business to help with social policies and state development* and *...a piggy bank from which increased dividends could be drawn.* Finally, Western Power was perceived to be responsible for the cost of community service obligations (CSO's) imposed on it by the government. However, many considered CSO's should be provided for through the taxation system, thus allowing Western Power to act more commercially. One manager commented that *...Western Power has greater commercial restrictions than comparable private organisations.*

Impact of corporatisation on role as manager

Participants were also asked to describe the impact of corporatisation and the government as sole owner on their roles as managers. Most considered that the government as sole owner *...clouds the decision-making process from purely commercial to the issues of ownership and possible interference.* They considered there was more focus on individual customers who now have the right to appeal directly to the minister or to take up issues with the regulator, and this can impact on how managers run their business units. Some contrasted this with private companies *...where only commercial issues apply and not political ones.*

Managers were more aware of the potential for political interference by politicians and other government departments. They considered their roles were affected by an additional need for constant awareness of current government policy; community concerns; environmental issues; government reporting requirements; and what is happening in other government departments. Additionally, managers reported that considerable time was now spent on handling ministerials, that is, responding to public complaints and questions from other organisations through political channels such as government ministers.

The managers were also aware of the potential for political interference in business decisions such as the rationalisation of services in country areas because of the affects on local communities. They claimed that prior to corporatisation, SECWA was managed geographically with depots and customer service centres distributed throughout the South West interconnected system. With corporatisation this has changed to a costed supply basis to better recognise the profitable and non-profitable areas of the organisation. The managers claimed that they are now tasked with concentrating on the profitable areas and paying less attention to the non-profitable ones, resulting in all but a few depots outside the metropolitan area remaining. Some managers considered that local communities see social and community responsibilities as more important than economic reasons for maintaining costly regional depots and payment centres. This, they claimed, impedes the benefits of technical and strategic business change.

All of the managers interviewed considered the most significant driver for change in the energy industry to be commercialisation. They thought that they now placed a greater emphasis on improving customer service and were more aware of business costs and the need for competitive costing in the supply and delivery of services. This required them to analyse the market in terms of competition, financial performance, organisational efficiency, stakeholder management, customer service and shareholder dividends, as one senior manager claimed ...*prior to corporatisation we were merely diligent public servants – inward looking and non-competitive. Corporatisation has made us think like private enterprise i.e., look for extra sales and add value to assets.* Finally, the managers also believed that commercialisation meant there was now a greater need to ensure employee awareness of Western Power's commercial role and its public image to customers and the community.

Most of the managers, however, expressed concern that commercialisation had come at the expense of technical excellence. The majority of managers at Western Power are engineers, but this career choice was now taking second place to their new role as resource managers where they have greater responsibility for human as well as financial resources. They claimed that corporatisation has placed a greater focus on the bottom-line: they must now develop codes of conduct and employee management standards. They are now responsible for human resource issues such as recruitment, employment, employee contracts, training, performance management and terminations, all of which the managers claimed were formerly the province of human resource managers. The managers also noted that human resource accountabilities and reporting requirements had increased, but corporatisation had bought about more flexibility and freedom to do things within the organisation, such as directly negotiate staff contracts and salary. For example, managers were now directly involved in negotiations for certified agreements with salaried employees.

All the managers interviewed considered that commercialisation introduced with corporatisation had resulted in a reduction in bureaucracy and rule application. One manager claimed that ...*there is now more emphasis on business needs, rules come second and can readily be changed.* Managers reported that there was now a greater emphasis on financial planning and accountability. For example, pre-corporatisation, the focus was on budget allocations and spending, now the focus was on profit and loss cost accounting, strict budget control and taxation and financial reporting as per corporate requirements. A few described frustration over missed business opportunities due to the government enforcement of five-year budget plans for capital which could not be varied *...unless it suited the government.* However, such variations usually cost more than any likely return on expenditure, for example, the installation of generating equipment in remote areas or line extensions to commercially unviable customers. One senior manager claimed that government interference in the budgetary process *...affected the strategies for capital and operating spend-plans and removed the flexibility to deal with ad hoc unplanned changes.* Most saw this as impeding the introduction of new technology and processes as the opportunities presented. Finally, some considered budget inflexibility as a cause for concern when unplanned events such as storms or bushfires *...strained already scant funds.* This, they claimed, left managers with no alternative but to spend scarce time preparing business cases for budget variations.

Some of the managers interviewed thought that they now had contradictory objectives. For example, they now had to act in a commercial manner, but were expected to respond to non-commercial objectives set within the organisation, and, in some cases by government. For example, direct government requests to act in a non-commercial manner included supplying electricity at and below cost to some large businesses, or, the carrying out of community service obligations and issues of significant capital expenditure which *...appear to benefit only selected businesses.* Not all the managers were supportive of commercialisation and business profits. Some indicated a preference for the past where managers in government agencies were public servants where their role was *...serving the public, not the financial needs of a commercial organisation.* They further considered that in order to provide the public with reliable quality electricity they should not be impeded by budget restrictions. However, when questioned further on this, all conceded that some cost control was necessary. Also, they did not want to see their salaries returned to pre-corporatisation levels.

Involvement in the introduction of corporatisation

The managers participating in the preliminary interviews were questioned regarding their personal involvement in the changes associated with the introduction of corporatisation into Western Power. Four claimed to have been involved, but only through their normal work function at the time. For example, some were already working in a human resource function set up to identify employee issues associated with corporatisation, or were involved in strategic planning processes and meetings designed to identify strategic direction for the new company. The managers who indicated no involvement in the introduction of corporatisation claimed they were not invited or included in any formal discussions. Most claimed that prior to corporatisation very few managers below general manager level were consulted or had the opportunity to be involved in the introduction of corporatisation and the associated culture change program FOCUS into Western Power. One manager thought that the reason for such *secrecy* was because of the debacle of the FOR[5] where branch managers had openly demonstrated a clear dislike of the changes and had not willingly participated in them. Although the FOCUS change program was to be presented to all Western Power staff the executive chose the team to continue the presentations after the consultants had finished the initial introduction, leaving little opportunity for others to be involved. Most other managers claimed that, apart from information published in the press and what could be gleaned from the 'grapevine,' they only found out about the new organisational

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[5] 5 Functional and Organisational Review undertaken in SECWA in late 1988 and early 1989 with particular emphasis on reducing levels of management and decentralising decision making. See chapter two for details.

structure and reporting hierarchies when it suited senior management to tell them. One claimed that this was *...when he saw vacancies advertised,* and another reported that he was notified at a planning meeting where he was told *...you will learn to live with it* (corporatisation).

Corporate performance

The managers were asked about their perceptions of corporate performance, in terms of productivity, efficiency and effectiveness, since corporatisation. Most considered there had been a significant change in emphasis from the way performance was measured. The methods of data measurement had become more complex, making it difficult in some instances to compare past performance measurements with the current ones. For example, new technology which had provided a relatively easy measurement of quality of supply was now a key performance indicator. Some managers considered that the performance measures used were erroneous and not standardised across the electricity supply industry. For example, the customer per employee ratio for which there was no true industry-standard. However, all agreed that there were indicators that had proved that productivity had improved substantially. Examples were fewer employees; higher profits; increased returns to shareholder; no increases in electricity prices for some years; and improvements in financial, environmental, technical and safety performance.

The managers were asked if they believed corporatisation has had any impact on performance, in terms of improved productivity, efficiency and effectiveness, in Western Power since 1995. Although all agreed that performance had improved and most believed it was attributable to corporatisation, one manager considered *...it would have happened anyway and corporatisation merely made it easier to achieve.* Others believed that the benefits delivered to customers since corporatisation could have been achieved without corporatisation. that is, with the appropriate reform of SECWA and with a suitably experienced CEO. Yet others considered that tariffs would probably rise *after the honeymoon* or of the organisation was further disaggregated or privatised. Significantly, all the managers considered that corporatisation had allowed a sharper focus on competition, customers and financial accountability. One manager claimed that *...any independent organisation free of the public service ethos would have found it easier to make the tough and hard decisions necessary for productivity improvement.* The majority of managers however, saw corporatisation as the key driving force for making the change from a government department to a commercially focused, competitive business. They considered that corporatisation, driven by market structure and commercialisation, was absolutely fundamental to performance improvements. They also considered that both the organisation and employees were more commercially focused and had a better understanding of the business direction. One manager claimed that *...employees are working beyond their areas of authority to satisfy the customer. There are less than half the number of people now doing the same or more work than before.*

5.4.2 Management system and organisational changes

Change management

In exploring the managers' understanding of the process for introducing change into the organisation it was found that most viewed it as a responsibility which was managed by only a few people, mostly senior management appointed by the executive. Most saw the method by which FOCUS was introduced into Western Power as a prime example of introducing change, and the selected teams chosen by the executive to run the FOCUS workshops as an example of managing that change. All the managers agreed that the introduction of FOCUS and corresponding management system changes had resulted in a significant culture change throughout the organisation. The majority were in favour of organisational changes and the introduction of new management systems provided there was clear benefit for them and the organisation. They also considered that the need for the changes and the executive's intentions must be clearly communicated to all staff prior to implementation of any changes, but this was rarely done in Western Power.

All of the interviewees believed that the introduction of new management systems often required considerable effort and attention on the part of those given the responsibility for introducing them. It was reported that in some cases those who were selected to manage the change project were taken 'off-line', that is, their sole role was to manage the introduction and implementation of the change at the corporate level. It was often left to branch and business unit managers to manage the introduction, training and implementation of the new systems into their work areas. For the branch and business unit managers their involvement with change management often meant additional responsibilities and an increase in workload as it was rare for these managers to be freed from their normal duties. For this reason four of those interviewed indicated a reluctance to become involved with change management at any level, and seven indicated a reluctance to get involved unless it was part of their performance targets and therefore linked to their remuneration. Performance targets as part of performance management is discussed further in section 5.4.8.

Management system changes

The managers were asked to identify what they considered to be the most important management system changes that had been introduced into Western Power since corporatisation. They identified 14 new management systems and 5 key business strategies which they considered important in supporting management reform in terms of influencing their role as a manager, their ability to meet performance targets and their workloads. They were:

- FOCUS (Focus on Organisational Change Understanding and Skills – a culture change program introduced with the corporatisation of Western Power);
- MLI (Managerial Leadership Initiative);
- Change Management (introduction and implementation of branch and business unit restructuring);
- Transformation (a restructuring and cultural change programme introduced to only the generation segment of Western Power);
- Strategic Planning (at divisional and branch levels);
- TEAM (The Employee Achievement Measure – a performance management system);
- SIRSS (Strategically Integrated Recruitment and Selection System);
- SLA (Service Level Agreements);
- SVA (Shareholder Value Adding – a system for evaluating the financial viability of capital expenditure);
- MIMS (Mimcom Information Management System – the main IT system used in Western Power);
- Customer Focus (emphasises the importance of satisfying the needs and expectations of customers);
- Commercialisation (developing and operating business in an open and competitive business environment);
- Financial Accountability (accountability for capital and operating budgets); and
- New Technology (a wide range of IT applications introduced to automate and improve systems of work).

In addition to the above, some of the managers also identified Benchmarking Business Unit Performance, Environmental Issues, Contracting Out of Services, Contract Labour and the Pursuit of Unregulated Income as strategies for business improvement.

The managers claimed that new management systems and business strategies occupied a large portion of their time in terms of introduction, implementation, training, etc. All of the managers reported that the introduction of any new system usually resulted in them having to learn the new system, often outside normal working hours in order to apply it and to enable them to train others. Furthermore, the introduction of new systems often meant more work for them in terms of having to write new processes and procedures, manage IT projects and budgets associated with the new systems and manage staff issues such as lack of skills, under-resourcing and complaints of increased workload. Some of the managers interviewed expressed annoyance over the introduction of new management systems and business strategies because there had been no improvement to their remuneration or position even though in some instances workloads had increased by more than forty percent as a result. Furthermore, they claimed that much of this additional work often went unreported in their performance reviews. The reason they gave for this was that some of the changes were introduced after their performance targets had been set, and were often concluded twelve to twenty four months later. They considered that the low number of performance reviews, often only one for the year, did not help either.

Communication of changes and involvement in their introduction

The managers were asked to describe how the new management systems and organisational changes were communicated to them and their involvement in the implementation of those changes. Most considered that the communication of changes within the organisation had been top-down and very poorly managed, particularly during the critical years leading up to and immediately after corporatisation (1994 – 1995). In contrast to the low level of information received prior to corporatisation, most managers considered that they had been adequately informed about the changes introduced since 1997. However, communication was still mostly top-down and some reported that they still had concerns over the communication of minor changes within some divisions and branches. Furthermore, the majority of managers considered that there was only limited consultation between senior management and them prior to any change being introduced, and this situation did not improve until after the introduction of the introduction of the Managerial Leadership Initiative (MLI) in 2000. The methods used to communicate changes within the organisation included: workshops, corporate videos, Power People (an internal magazine), Power Net (electronic distribution of information using desktop PCs), written and verbal presentations by HR and senior management representatives, e-mail (electronic mail), involvement in strategic planning; notice boards and the informal word of mouth 'grapevine'.

The managers thought that since corporatisation the executive and senior management had adopted a more participatory approach to the introduction of change which had slightly improved their opportunities to be involved in the introduction of new management systems and organisational changes, but while most welcomed the opportunity, not all wanted it. They claimed that they were discouraged from being involved because it took their attention away from their core job, and any time that they spent with such activities meant more time that they had to work after hours in order to catch up with their normal work. Significantly, while some did not want to be involved with the introduction of new management systems and change, all of the interviewees believed it was important for them to be involved or at least have a say in what changes were being planned and how they would be introduced into their areas of responsibility. The four managers who indicated they had been involved with the introduction of new management systems into Western Power claimed their involvement had been at a higher level and mostly related to strategic planning at either a divisional or branch level. This high level of involvement had also meant being part of the decision-making process and being on the project teams which introduced the new systems, provided training etc.

Reasons for ongoing management system changes

Managers were asked what they considered to be the main reasons for ongoing management system changes in Western Power over the past six years. The managers believed the main reasons were changing markets; changing expectations and needs of people and society; constantly changing energy infrastructure; and deregulation of the electricity supply industry providing for competition through independent generators and retailers.

Changing technology was also seen as a key reason for the changes. One manager gave an example of new generating plant which required less people, but increased technology to operate them. A few of the managers considered improvement such as seeking new business in the form of unregulated income, i.e., marketing of engineering design and construction expertise, and enhancing existing business as important in staving off the perceived threat of disaggregation and privatisation. One manager stated, *...if we don't perform to government* (owners) *expectations Western Power will be broken up and sold off.*

Benefits of management system and organisational changes

Section 5.4.1 analysed from a macro level perspective the managers' perceptions of who were the main beneficiaries from the corporatisation of Western Power and why. This section analyses the managers' perceptions from the micro level perspective, and seeks their views of the benefits arising from the management system and organisational changes introduced since corporatisation. The question was asked in order to give the managers an opportunity to describe and expand upon the changing nature of their roles, and issues affecting their working life from a personal perspective.

All the participants considered that Western Power had benefited from management system changes in some form or another. Identified benefits included: employees now more customer focused with a better understanding of business needs and imperatives; the move from a bureaucratic government enterprises to a commercial corporation had provided improved service delivery to customers; the introduction of strategic planning which had sharpened senior management focus on what is important to the business. The managers also considered that the changes which followed FOCUS had released much untapped talent such as innovation, business, financial and marketing skills that had previously been suppressed under the old (SECWA) system. Finally, most reiterated the belief that, with increasing deregulation and,competition, change is necessary in order for Western Power to survive as a government-owned organisation.

While all thought that Western Power had benefited significantly from the changes, they identified areas where there has been little or no benefit, and in some cases, negative benefit. For example, the greater emphasis on cost management and return on investment had led to some fringe and rural customers being disadvantaged. With increasing pressure to reduce budgets, system reinforcements and key maintenance had been neglected in some rural areas in favour of urban and industrial areas where the return on investment was much higher.

Significantly, some of the managers interviewed considered that successive organisational change since corporatisation had gradually led to an over concentration of intellectual capital on the commercial side of the business compared to the technical side. This is not surprising since the majority of management positions were predominantly held by engineers prior to corporatisation. Since corporatisation many new management positions have gone to people from IT and financial backgrounds. Some interviewees considered that the increase in non-engineering based management positions had led to a weakening of engineering skills and a shortage of engineers due to a lack of promotional opportunities. Some claimed that the decrease in engineers had increased their workload and made their job difficult, sometimes at the expense of personal life. It had also led to the contracting out of many core activities.

When questioned as to how the organisational changes could have been done differently, interviewees noted that staff reductions were handled poorly, that there should have been more consultation with front-line managers and staff and a less haphazard approach to selection and application. This resulted in some managers expressing disappointment over the ad hoc way in which staff were shed, resulting in many of them losing key staff whilst having to retain poor performers. They claimed that often only a few managers were involved in the change process. One manager claimed, *...there was little consultation, most just had to accept it* (the change). *It would have been better if more were involved.* A few claimed that some key changes were handled at the divisional level, applying different rules to those that would have applied to the whole corporation. They claim that this resulted in confusion over different performance requirements and outcomes across the organisation. Also, some managers reported that there was insufficient effort by senior management to pass on the changes or even provide adequate resources for their implementation. One manager claimed, *...their responsibility suddenly became our problem, they would just drop the change manifest on our desk and run.*

Finally, the pace of change within the organisation was criticised by some of the managers who held the view that, *...changes have been slow, incomplete and rarely reinforced by senior management.* They cited the introduction of performance management (TEAM) and the introduction of new technology such as the Document Management System (DMS) and Mimcom Information Management System (MIMS) across the organisation as examples of slowly introduced, incomplete and rarely reinforced management systems. They considered senior management should have put more effort into 'selling' the changes and in providing appropriate training.

Impact of changes on managers' roles

The managers' perceptions of the impact of corporatisation on their roles from a macro level perspective were analysed in section 5.4.1. This section analyses from a micro level perspective the impact on managers' roles of organisational changes introduced since corporatisation. The question was asked in order to give the managers an opportunity to describe and expand upon the changing nature of their roles, and issues affecting their working life from a personal perspective. It was found during the interviews that the managers used this question to elaborate further on issues they had raised previously. However, at the risk of repetition this was considered too important by the researcher to omit from the data analysis.

All the managers indicated that they now have multifaceted roles which impacted negatively on their personal lives, but positively on their dealings with senior management, peers and staff. However, many of the managers considered that role clarity were still an issue for them and considered that their roles had been poorly communicated to them. Some claimed that because of this much of the work they did was similar to what they had done prior to corporatisation, nevertheless, they saw a weakening of their technical skills as a result of a stronger focus on commercialisation and financial accountability. While others considered that in addition to their technical skills they must improve their commercial skills as well. They all agreed that they must now be competent in financial matters; technology; customer service; service quality; marketing and sales; human resources, including selection recruitment and training; health and safety; environmental and statutory requirements; and leadership. All of these roles were reported by the managers to have grown in importance in response to increasing government and community expectations and increased business competition.

A key issue to emerge from the preliminary interviews was commercialisation where managers now have to be more cost focused; have a greater awareness of commercial drivers, competition and financial performance; be more rigorous with budgeting processes; have a greater focus on value adding and the bottom-line, along with the introduction of the concept of shareholder value adding (SVA). All the interviewees considered this to require a much greater focus on business objectives. They also felt that they must keep up with technological and organisational change or get left behind. They perceived that there was an increased focus on their personal accountability through performance management (TEAM) and management contracts administered by senior management and executive. Most reported that they felt compelled to learn new skills, however, there were mixed opinions as to who should provide the necessary training and funding. Also, and most significantly, many of the participants considered that technical managers were being forced to be business managers and leaders first and engineers last, often with little or no training. Finally, they thought that they were now viewed by senior management as change leaders, and that they must effectively communicate and implement business imperatives and the new business systems and organisational changes to their staff.

Key issues identified by the managers as having a negative impact on their roles, in terms of increased responsibility and workload and the need to acquire new skills, included: increased accountability and reporting requirements; a greater emphasis on business needs e.g., reducing bureaucracy and rule application; tighter control on staff levels and increased technology in lieu of staff; customer focus i.e., greater emphasis on customer service and customer satisfaction; the introduction of the concept of stakeholder management whereby stakeholder management at all levels, within and external to the organisation, becomes a key business imperative; increased contracting out of services, due to ongoing staff reductions and the loss of key skills from within the organisation; greater emphasis on strategic thinking and planning; less focus on technical issues and technical excellence i.e., a departure from total quality management, a keystone of FOCUS; less inward looking and more competitive such as the introduction of market discipline. In describing the impact of commercialisation on his role, one manager claimed that he now *...only added assets and increased system supply capacity where there was a guaranteed return on investment, whereas in the past we often factored in spare capacity during the design phase to allow for expected load growth.*

Performance management using TEAM was seen to have significantly increased managers' workload with the setting of individual performance targets for each employee, conducting regular reviews and focusing on the individual's performance as well as the performance of the group as a whole. All agreed that performance management required a greater emphasis on people management and people issues. Many found this difficult due to their acknowledged lack of people and leadership skills. This has forced some managers, who were traditionally technical experts, to seek additional training in areas such as leadership, performance management, conflict resolution, negotiation and counselling to handle employment matters such as career paths training and job opportunities.

Technological change was found to impact positively on the role of managers because it generated more data to help with decision-making. It also provided decision support systems and sophisticated modelling tools which were important to managers. Important technology changes included the provision of PCs on every desk which were linked via servers and wide area networks (WAN) to all parts of the organisation. Also, the introduction and use of common software applications across the organisation made it easier to send and retrieve information from key stakeholders within and external to the organisation. With information technology budget and expenditure data is available daily which streamlines account billing and other financial services. Some managers also reported that the technology assisted with power system design and operation, condition monitoring, system fault location and reporting and enables staff reductions.

Technology changes also included the introduction of e-mail, mobile telephones and laptop computers. Managers reported that e-mails, while improving internal and external communications also took up two to three hours per day. Some managers reported that they had become *virtual slaves* to e-mail whereby the majority of their daily tasks were done at their desk creating and responding to e-mails. It was reported that this method of communication had taken precedence within the organisation over other forms of communication to the point where many managers were passing even simple instructions to staff via e-mail, even though the staff were located only a few metres away. When questioned further on this, most agreed that while e-mail had increased their workload it had provided them with a system for communicating with a large number of people at the same time. Almost all managers reported that having a mobile phone and lap-top computer has meant that they are now doing more work at home. Some expressed concern that this practice had a negative impact on their family life and leisure time, but consider it was expected of them as part of their job. Managers felt pressed to keep up-to-date with the changing technology. Finally, technology had brought a whole range of new responsibilities such as staff training, security and access to and abuse of information. These issues are discussed further in section 5.4.8.

5.4.3 Financial accountability

Financial accountability was viewed by all the managers as fundamental to their jobs and the major means of accountability for all managers. They now felt more accountable due to a sharper focus on the bottom-line, i.e., reducing costs and spending within budgets. All agreed that the emphasis had shifted from purely financial budgets to a strategic planning approach to identify how business plans impact on the budget, but this required a very good understanding of the cost structures driven by corporate strategic planning. Not only was there a cost management focus but also a focus on return on revenue. Financial accountability was therefore a motivator for them to prepare precise budgets, to review them monthly, to control expenditure and to be accountable for outcomes.

Managers had found that the new budgeting systems and financial accountability were complex and often required people with specialist knowledge and skills, particularly during budget planning. Some financial programs were aimed at reducing risk, increasing revenue, disposing of assets and managing the corporation's debt to equity ratio. New systems such as activity based costing were introduced to help managers gain better financial visibility, for example, labour and material costs in maintenance areas. The Mimcom Information Management System (MIMS) which linked a multitude of previously separate systems, such as, budgeting, payroll and awards, purchasing and stores, project management, asset management, and asset maintenance. All the respondents considered that the introduction of MIMS into Western Power had been poorly conceived, planned and implemented, for instance there was very little introduction or training prior to its implementation in July 2000. This resulted in valuable time being spent learning the system and helping staff to cope with it.

Some managers thought that Western Power was good on financial accountability but poor at the pricing of services and cost recovery, particularly with pricing and cost recovery associated with requests from customers for increased supply, such as, larger cables or transformers supplying electricity to their businesses to cater for business expansion. The managers contended that cost recovery was pursued on an ad hoc basis, and true costs were rarely recovered. They suggested that low levels of empowerment, interference by senior management, and senior management reluctance to apply strict business procedures was the main reason for this problem. Reluctance was attributed to fears that aggrieved customers would seek a political solution through the Minister.

Another concern expressed by some about financial accountability was that budgets were not being developed simultaneously with strategic planning even though the two were linked. Therefore, business plans set by strategic planning rarely aligned with the budget cycle, resulting in constant tinkering with budgets throughout the year. Government calls for increased dividends from Western Power and tighter budget constraints were also cited as concerns for managers because of the constraints it imposed on capital and operating expenditure. This was particularly evident on the engineering side of the organisation where managers claimed that budget cuts meant reassessing the risk to the business for work not done. One manager claimed that successive budget cuts had resulted in a significant reduction in inspections and maintenance throughout the rural distribution system. Finally, a few managers reported that the ongoing restructuring within Western Power had left them in control of, and accountable for budgets that had been set by others during a previous structure and for a different business purpose.

5.4.4 Strategic planning

All the managers interviewed knew of the strategic planning process within Western Power. However, not all were involved with strategic planning and some did not view it as an important part of their work. Their opinions of strategic planning included: *...helping people to focus on current strategic issues; ...should include lower management levels in the strategic planning process; ...it is only relevant to the executive level; ...all staff levels should be involved in strategic planning, ...allows for a wider view of the business plans; ...balanced scorecard methodology better, however it is still not really robust; ...it* (strategic planning) *is a fad, better than the last* (SECWA), *but not much;* and *...the process is evolving, it is a rudimentary process that does not recognise the hard realities of future competitors.*

Other views of strategic planning were that it was a *one model fits all* process which was difficult to adapted at business unit level and that it should include branch and business unit levels. That is, some managers saw strategic planning as a process handed down by top management with little involvement or input by line managers. However, others claimed that Western Power had a strong strategic planning process, but there were weaknesses in its application in that it did not link directly to the budget process. Therefore, branch and divisional budgets were often not aligned to the corporate strategic plan.

Strategic planning was found to impact significantly on some of the managers' roles who indicated during the interviews that they spent up to fifteen percent of their time identifying the core elements of strategic plans and including them in their business plans and processes. This included having to realign budgets with strategic plans and meant having to neglect some core operational activities. They reported that achieving performance targets and business unit objectives which often shifted during strategic planning and budget cycles placed added pressure on them. Two managers claimed that low staff morale, high staff turnover and skills shortages were all related, to some degree, to poorly applied strategic planning and budgets.

Two of the managers expressed concerns about political interference from both the minister and other government departments such as Energy Safety and Environmental Protection which both directly and indirectly pressured senior managers to change their strategic plans often after they were considered finalised. Examples of this pressure included the government requiring a higher dividend than previously indicated, or a reduction of certain tariffs, or Energy Safety requiring upgrades and improvements to the distribution system. These requirements impacted either directly or indirectly on capital and operating budgets. Although some managers claimed they had an involvement with divisional and branch planning, most indicated a reluctance to take responsibility for the outcomes of corporate strategic planning set by senior management and the executive with no little or no input from them. This often resulted in branch plans and business objectives being interpreted differently from the corporate plan. For example capital replacement of assets not identified in the corporate plan.

5.4.5 Competition and customer focus

All the managers saw that the greater competitiveness for customers and increased accountability for business unit costs impacted on their roles. For example, they were expected to deliver on measurables such as cost management, cost reduction, customer service, and technical and commercial innovation. They now had to regularly review infrastructure and budgets in order to do more with less. They now had to become more commercially focused and compete with businesses outside of Western Power, for instance by increasing unregulated income through external work such as engineering design, project management, electrical construction and maintenance.

Customer focus was considered to include *...a better understanding of customer needs, managing customer's expectations and constant improvements in customer service delivery.* One manager claimed, *...customer focus was about identifying the needs and requirements of the customers and delivering better than acceptable products.* Some managers considered customer focus to be a cultural change moving from the previous SECWA culture of "take it or leave it" to the new Western Power customer satisfaction culture. This view however was not supported by all. One manager claimed *...customer focus can be an obsession by management and not necessarily cost beneficial to Western Power.* An example of this was the money spent on sponsorships and advertising in order to attract and retain domestic customers, where Western Power was still the sole provider and likely to be so for some years to come.

All the managers interviewed claimed that customer focus had a significant impact on their roles. It increased their duties and responsibilities through the need to continually question and review the way things were done within their business unit. Customer focus also required understanding of new rules and standards. The managers explained that previously, *...We set the standards and the world accepted that. Now, since corporatisation, customers' expectations have changed, they want a say in the service they are provided.* So there was an increased need to communicate with and satisfy both internal and external customers which *...means you have to go and talk to people. Can't sit back and wait for work and issues to come to you.* A further new requirement was to respond to customers' requests and to track and report on job progress. They had to improve the training and management of their staff to be more customer aware, as one manager explained, *...there was a need to keep our people involved and focused on the customer. This is difficult considering past customer practices. Very much a culture change, we must manage stakeholders and customers well.*

5.4.6 Contractors and contracting out of services

Managers were asked their views on the increasing use of contract labour within Western Power and if it had impacted on their roles as managers. Most considered it made their role easier as they have more authority over contractors, as one manager said, *...if the contractors don't perform they are terminated.* They viewed the use of internal contractors as necessary in order for Western Power to conduct its business with an increasingly smaller workforce. One manager claimed, *...sometimes there are no available internal staff with the required skills to do the job and contractors become necessary.*

The main perceived benefits of contract labour included: peak-lopping of resource requirements during busy periods, i.e., employing contract labour when workloads are high, or 'peaked' and putting them off when workloads are normalised or low; the avoidance of awards and award conditions thereby giving managers greater freedom when choosing contractors and assigning tasks; contract labour being a means to break the power of organised labour; and the use of contract labour for non-core activities was freeing up key staff to seek new business.

However, all the managers interviewed considered that the *hiring and firing* of contractors and *setting rules which they must abide* had moderately increased their workload. Managers reported they now had to manage individual employment contracts for the contractors and carefully select contractor training to ensure that internal staff were not disadvantaged and that the training delivered was value for money. Other concerns expressed by managers over the use of contract labour included: the generally increased labour costs associated with contract labour had impacted on projects and budgets; and the loss of expertise and skills from Western Power if core and essential work was done by contract labour. One manager reported that eighty percent of his staff were contractors. Reliance on short term contracts and sometimes shortages in availability also caused concern for managers. Other concerns included difficulties in focusing contract labour on business objectives and complaints from full-time staff who believed that contractors got preferential treatment by way of office accommodation, training, choice jobs and higher salaries.

Managers were questioned about their views on the contracting out of services that were traditionally provided from within Western Power. Contracting out non-core and non-strategic work was acceptable to most, but only *...providing there was clear economic benefit to do so and where it does not affect the competitiveness of the business.* For example, the use of contractors for peak workloads and specialist functions to meet deadlines using fewer full-time equivalent employees was deemed acceptable. However, a common theme to emerge was that Western Power must retain key resources to do the day-to-day core work, e.g., skilled linesman, design engineers and technical staff. Significantly, many did not believe that this was happening and they expressed concern that important expertise was being lost to Western Power through the non-replacement of key staff when they left because of promotion, retirement or redundancy. Many senior technical roles that were made redundant due to restructuring were now being filled by contractors or consultants. Furthermore, they believed that the increased use of contractors and the lack of succession planning had put at risk the essential skills and experience needed to safely and effectively design, construct and maintain Western Power assets. Moreover, many expressed concern over the quality of the work being done by some contractors and claimed there was a need for improved auditing and contractor accreditation. They claimed that increased plant failures and customer interruptions were the direct result of contracting out maintenance work such as pole and line inspections, vegetation management and streetlight maintenance, etc.

All interviewees believed that contracting out had brought them increased duties and responsibilities through having to plan and manage the external contractors' work as well as that of staff. Much of this additional work included tenders and specifications and the preparation of contract documents. They also reported that they had to specify the work more clearly for contractors than for permanent staff. Other issues included: increased planning and management responsibilities based mainly on commercial and capital cost considerations; insurance considerations and managing risks associated with dealing through a third party, i.e., contractor; issues of standardisation and consistency of work due to the non-permanence of contractors; having the skills to manage contractors or contracts; and the legal implications in terms of contract law and health and safety. Finally, most of the managers saw the contracting out of services as breaking the psychological concept of a job for life and corporate loyalty.

5.4.7 Key stakeholders since corporatisation

Managers were asked who they considered were Western Power's most important stakeholders since corporatisation. They identified a wide range of stakeholders which included the state government, i.e., through the Minister for Energy; industrial, commercial and domestic customers; other government agencies such as the Office of Energy, i.e., as a pseudo regulator, Treasury and the Environmental Protection Agency (EPA); competitors; the unions; the executive; Western Power managers; and Western Power employees.

The government was considered to be the most important stakeholder because it owns Western Power and is the sole shareholder. The executive and board must report to the Minister who can direct policy and influence the strategic direction of the organisation. The Minister must approve any tariff increases and set the level of dividend payable from Western Power profits. This was interpreted by one manager as ... *what the owner wants the owner gets.* Respondents were mindful of the fact that the government has the power to split Western Power into a number of corporate businesses or to privatise it, but they thought that the managing director of Western Power wanted it kept a vertically integrated organisation. This was considered to be the main driving force for Western Power to demonstrate commercial adeptness and to continue to improve productivity.

Customers, which included industry, commercial and domestic customers were also seen as important stakeholders because they not only provided Western Power with its revenue, but could also influence the way that Western Power ran its business. For example, they could appeal or complain to the government via their parliamentary representative or go directly to the Minister for Energy, the Ombudsman or the Office of Energy if they felt they were not getting the quality of supply or service they desired. Also, deregulation and competition, essential components of corporatisation, had enabled independent power generators to enter the energy market and sell electricity directly to large consumers. This meant that dissatisfied industrial customers were able to shift away from Western Power to an alternative electricity supplier.

The Office of Energy, in its role as pseudo regulator, was also considered to be an important stakeholder because it could require Western Power to change standards and modify existing work practices under the Electricity Act and the Energy Safety Act. These requirements could impact on Western Power's resources and influence its position in the market. For example, the Office of Energy can influence height of overhead lines and other safety clearances. According to some managers compliance in such instances could result in budget blowouts. The State Treasury was considered important because of the borrowing limitations it could set against Western Power and the significant influence it had in the setting of the dividends Western Power paid to the state government. Finally, managers considered that the Environmental Protection Agency could also have an impact on Western Power through environmental issues such as the containment of spills and leaks and vegetation management under overhead lines in environmentally sensitive areas. As one manager indicated, ...*they* (Environmental Protection Agency) *could be very hard on us if they chose to be picky.*

Competitors were considered by most of the interviewees to be important stakeholders for Western Power because of the influence they have over its strategic plans and commercial operations. However, some believed that business competitors have not yet gained significant benefits from the corporatisation of Western Power because of network access problems and government delays in introducing full electricity deregulation. This has excluded many potential new entrants into in the generation and retail sectors and has enabled Western Power to continue to be the monopoly provider.

Many of interviewees considered employees, which included the executive, managers and staff, and their representative unions were important stakeholders because of the influence they have on Western Power's economic performance and its ability to meet the demands of its key stakeholders. The executive were responsible for setting the strategic direction of the organisation, for ensuring the organisation was run according to the Companies Code and

Practice and ensuring the state government's demands, as owner, were met. The respondents considered that managers were important stakeholders through their role in the day-to-day running of the organisation and through the carrying out the executive's plans. Although some believed that unions have lost their status in Western Power due to union rationalisation (Cahill, 1995) introduced in 1995 they still had an important role in the formulation of agreements and award variations between employees and the executive. Others claimed that depending on the political persuasion of the state government in power at the time, unions and employee groups could use the government to exert significant influence on Western Power's strategic plans if they chose to do so. For example, in the areas of employee numbers, restructuring and the introduction of new management systems. Simmons & Bramble (1996) had reported that significant union rationalisation had occurred during 1984 to 1994 as a result of a prolonged dispute over the restructure and corporatisation of the South East Queensland Electricity Board.

All the managers considered Western Power's ability to meet its stakeholders' expectations had improved significantly since corporatisation. This was attributable to greater public awareness of Western Power as a corporate body rather than just another government agency, through brand naming and marketing, and through a greater staff awareness of stakeholders' needs. The managers also believed that meeting stakeholders' expectations meant increasing returns to the government; containing electricity tariffs through substantial and sustainable cost cuts and business performance improvements; continual awareness of prices and competition; high standards of employee and public safety; and demonstratable environmental compliance.

Managers were asked who they considered to be their priority stakeholders. They identified customers; the state government; the Office of Energy; the managing director and the executive; branch managers; Western

Power employees; and other internal business customers, e.g., other branches and section that use their services. As a comparison, managers were asked who they considered to be their priority stakeholders seven years ago. Common responses included the community and customers, their immediate general manager, fellow employees, internal business customers, and major suppliers of equipment. Only three managers considered their stakeholders to be the same as before corporatisation.

The managers were also questioned about changes in their ability to meet the expectations of their priority stakeholders. Most considered that there was now a wider range of stakeholders who were not a priority seven years ago, for example the pseudo regulator (i.e., the Office of Energy) and a strengthened Environmental Protection Agency, along with increased community expectations for Western Power to act as a responsible corporation. These, and increased penalties for non-compliance were perceived to have driven many of the strategic planning decisions and had added significantly to managers' workload. They also now had retail relationships with large contestable customers and had to set up co-generation agreements with private generators. These, they claimed, required lengthy negotiations and the scrutinising of complex contracts for which they were accountable. As a result, of increased involvement with stakeholders most of the managers considered they were more empowered and had greater authority and accountability than seven years ago. Overall, all the managers considered that this had improved their business knowledge, clarified their roles and enabled more flexibility to address issues such as employee contracts and contractors.

5.4.8 Working life issues

Corporatisation and impact on working conditions

The interviewees were asked of their opinions about changes which have occurred to their working conditions as a result of corporatisation. Most considered that they now felt more empowered to make decisions without having to refer to their supervisor or senior manager. As a result, the majority of interviewees considered that they were prepared to take more responsibility and be accountable for their own work and that of their staff. As one said, ... *I don't mind taking ownership and being responsible for work, providing I make the decisions.* Furthermore, all reported increased job satisfaction and increased motivation to do work that they planned, implemented and controlled without involvement from their immediate supervisor. They claimed that they would seek direction if they did not understand what they were required to do or did not know how to do it. Some considered that this improved their credibility and authority with their staff, as one claimed ... *at least we appear to know what we're doing.* The majority believed that having greater control of their work enabled them to prioritise it and the work they gave to their staff. This helped them achieve personal and business unit performance targets. However, some reported that they did not always get clear instructions from their senior manager which sometimes resulted in them having to redo work. This concerned them, but they believed that communication between themselves, their supervisors and their peers had improved as a result of the MLI.

Overall, all believed that safety and employment conditions had improved since corporatisation. It was reported that safety and employee welfare was promoted as the number-one priority for the corporation. This had resulted in increased training and awareness for managers and staff in areas such as safety, employee fair treatment and equal employment opportunity.

However, some of the managers interviewed considered that there were aspects of their working conditions that had not improved since corporatisation. For example, they claimed that open-plan office arrangements, introduced as part of ongoing business unit restructuring and accommodation rationalisation was a distraction and of concern for them. They reported that it was difficult and sometimes stressful having to deal with sensitive staff issues in an open-plan office which enabled others to overhear the conversation. They did not believe that the availability of conference rooms solved this problem as often the conference rooms were unavailable and sometimes issues between them and their staff required a spontaneous response, not being delayed while they relocate to another area. Furthermore, some considered that the new working arrangements had significantly reduced the available work area for themselves and their staff and had resulted in cramped conditions and unnecessary clutter of files and office equipment.

Corporatisation and impact on career prospects

Managers were asked if corporatisation had had any impact on their future career prospects. Almost all respondents spoke positively of this explaining that they now had wider career choices. They believed that this was helped by the move away from the public service system of promotion through seniority towards a process that selected on merit and recognised good performance. Furthermore, in their view, corporatisation and accompanying organisational change had created many new management positions and some managers had benefited significantly from this. Others saw this as an improved opportunity to get promotion, although this opportunity decreased significantly as they moved up the levels due to the flatter organisational structure since corporatisation. For some, the only promotions left for them were the positions of general manager or managing director and they did not believe that had much chance of those. Overall, most of the managers considered that if they chose to stay with Western Power they would continue in a management role and only sideways movement was likely.

The managers also considered that there would be career advancement opportunities outside Western Power if they chose to leave. They believed that their future career prospects had been enhanced through new skills and their external business dealings which had put them in contact were with potential employers. They saw opportunity in Western Power being an independent non-government organisation, where they could get a range of experience and business knowledge in both technical and commercial fields.

Impact on workload and hours of duty

All of the managers interviewed thought that the broader changes introduced through corporatisation over the past seven years had had a significant impact on their workload and working hours. Most acknowledged they focused less on engineering issues, but a greater emphasis on business needs has offset this. They now had to be more cost focused and financially accountable. They had to develop and scrutinise business unit, branch and section budgets and regularly report progress. Undue influence from the executive and the need for complex submissions to get approval to spend allocated budgets was highlighted as a frustration and source of much wasted effort. Most considered that once budgets were approved they should be allowed to conduct their business within those budgets without continually having to justify each expenditure increment.

All the managers viewed technology changes which usually accompanied the introduction of new management systems and the normal evolution of a modern office as having the most impact on their role and workload. The managers reported that most of the technology and management system changes improved their productivity, they now had access to larger amounts of data enabling better, more meaningful and accountable decisions. However, they claimed that more data meant more time required to analyse and report information from it. Finally, all reported that to benefit from technology and new management systems they had to set aside time to learn and apply it.

Heightened emphasis on customer service, stakeholder management, increased contracting out of services, and ongoing human resource performance management, recruitment and selection were also seen as having a significant impact on managers' workload. The increased emphasis on customer service and stakeholder management identified a shortage of many new skills and the requirement for significant recruitment and training. The managers claimed that ongoing change and organisational restructuring, designed to improve the organisation's flexibility and efficiency, was often at the cost of employee numbers. There had been a steady decline in the numbers of available staff due to redundancies and others becoming disenchanted and leaving the organisation. This left managers with fewer staff and many of those who were left had insufficient skills to do the new work. They also saw an increase in the need to make greater use of technology in lieu of staff. However, most of the managers reported time being spent on a continuous cycle of submissions to senior management and the executive for approval to replace staff, increase staff numbers or hire contractors. Further, if they were lucky enough to get the staff replacements or increases approved, they had to spend time on recruitment, training and contracting issues.

Shortages of skilled staff were claimed to be the reason for increased network failures and supply problems that resulted in increased workload and hours of duty for managers. Most of the interviewees reported that shortages of skilled staff because of reduced training and recruitment across most branches within Western Power had meant many key operational sections were under resourced and reliant on contractors to performed important maintenance work. Some claimed that there were problems with this approach as many of the contractors had limited network experience and often did not do or report things that experienced staff would. Furthermore, the shortages of skilled staff had resulted in key maintenance work being postponed on the aging network, sometimes many years, or not being done at all. One manager claimed *...reduced maintenance work made the economic figures look good, but has left the system in poor condition.* Others claimed that it was a combination of reduced maintenance and a lack of capital expenditure in the distribution system that had resulted in increased supply problems for customers. It was reported that increased intervention by the minister and other government departments, e.g., the Office of Energy, in response to complaints from domestic and commercial customers over supply problems had resulted in substantial increases in some of the managers' workload and hours of duty. They had to re-prioritise work and to pay increased attention to the reallocation of resources and budgets. One manager said *...we spend too much time patching up the system rather than maintaining or replacing it.* Some blamed the increased customer complaints and external intervention on the ageing network and reduced maintenance activities over previous years, which one manager claimed *...made the economic figures look good, but has left the system in poor condition.*

Finally, some managers considered that their workload had increased due to ring fencing, or the process of identifying and separating some business units from the mainstream organisation. Managers perceived this as an attempt by the executive to demonstrate to the government that a vertically integrated organisation which included generation, transmission, distribution and retail could provide all the efficiencies of several competing organisations with the one board. Some thought that ring fencing had resulted in *...barriers to clear information flow across divisions, leading to inefficiencies and the building of empires.*

Performance management

Most managers considered performance management to be a useful human resource management tool which enables formal talks between individuals and managers. But all agreed that performance management was not being fully utilised across the organisation and it still required further refinement. One commented that performance management was *...embryonic and still has a long way to go*. Another claimed that *...it is pretty basic and relies heavily on commitment from managers.* All the managers believed that performance management should be less structured, more flexible and linked to a reward system. Performance management was seen by all as necessary for confronting poor performance, but interestingly, only a few alluded to its potential for rewarding good performance. Furthermore, the majority of interviewees claimed that got very little feedback from their senior managers between performance reviews. Most did not know whether their supervisor considered that they were doing a good job or not, but believed that *no news is good news.* All agreed, however, that performance management needed to be directly linked to business plans and remuneration. Performance planning, enablement and review was therefore important to prevent failure and promote success.

Perceptions were sought of how the current approach to performance management differed from pre corporatisation. Most stated that there were no individual performance measures prior to corporatisation, while some claimed that performance management introduced prior to corporatisation was *...a crude attempt to align managers and employees.* Significantly, all agreed that prior to corporatisation performance management was generally not accepted by employees or managers, although there were some minor exceptions in branches more closely aligned with the executive thinking of the time.

It was claimed that the re-introduction of The Employee Achievement Measure (TEAM) in 1999, in conjunction with management contracts, improved the acceptability of the performance management process. Managers were appointed under contracts for which salary increments and bonuses were dependent on performance reviews. Many of the managers saw this as a good thing and claimed that it enabled them to focus most of their attention on work that was linked to performance targets in order to gain a good performance review, however, some work was neglected as a result. Interestingly, the managers also believed that they were held accountable for their performance and the performance of their business unit relative to other business units within the organisation. Some explained that prior to TEAM it was difficult to quantify performance as it did not deal with tough issues. There was also more widespread knowledge and acceptance of performance management now than there was prior to corporatisation. Concerns about performance management have been partially allayed, although there was still a reluctance among employees to accept TEAM. However, This was reducing as more employees chose individual contracts in lieu of award agreements.

In terms of performance management issues affecting their role as managers, they all considered that performance management required a greater focus on individual employees' day-to-day practice and time was required to reflect on their performance. This *people work* had also increased managerial workloads. More time had to be spent on monitoring and appraising, conducting reviews, setting clear objectives and getting feedback from employees. Some managers reported delegating the more technical work to others so that they could attend to performance management issues which they were not adequately trained to do. Some found setting goals and confronting performance issues with individual employees to be stressful, and others openly indicated a dislike for performance management. Overall, performance management helped managers to develop better relationships with employees.

It helped them with selection and recruitment and in some instances retention of key employees.

Management contracts

Managers' perceptions of management contracts were generally positive. All of those interviewed considered that their remuneration had improved since corporatisation and believed that management contracts were responsible for that. However, some expressed concerns that they take away the security of employment, particularly the 'sunset clause' which gives no guarantee of renewal. Contracts were seen to be fairly generic and as *one size fits all.* Most questioned the need for them and viewed them as *generally inflexible,* stating that it was very difficult to negotiate anything different from the standard format. They would have preferred that contracts be tailored to the individual position and contain a stronger link between performance and pay, that is, *...people should be rewarded for good work.* contracts seemed to be presented with a *...take it or leave it* attitude initially, but were *...getting better and becoming more flexible,* for example, by containing salary packaging.

When questioned about the effect of management contracts on their personal performance, most thought that contracts had not significantly influenced their performance as managers, but simply put in print what they should be doing. Others claimed that they concentrated most of their efforts on work that was linked to performance targets in order to achieve them and maximise their potential salary review. Yet others considered personal performance a matter of personal integrity and saw themselves as giving their best performance regardless of any contract. For example, two managers claimed that they had always focused on deliverables and ensured that branch outputs were in line with business imperatives, regardless of pay or reward.

Clarity of role

Managers were asked if corporatisation has affected the clarity of their roles as managers. Half considered that the clarity of their roles was still a major issue in Western Power. They claimed that the requirements of their roles were poorly communicated to them and tended to be negotiable between their manager and senior managers. Also, roles varied with business unit size and function. Some also considered their roles had been downgraded since corporatisation making their responsibilities less clear which resulted in them doing what they *thought best*. They had found that corporatisation had become a *centralisation policy*. Many managerial roles had lost their status and many positions had gone. One interviewee claimed never having a role that was clearly defined therefore corporatisation had brought little change. The other half of those interviewed however, stated that corporatisation had helped to clarify their roles in terms of performance management, planning processes, financial accountability and safety and environmental compliance. One respondent thought that corporatisation had enhanced the clarity of his role to enable firm policies and procedures to be adopted. This respondent had found in the past that role clarity could be affected by the whim of the government of the day, for example, customer disconnections for non-payment were often overturned by the Minister after lobbying by social welfare groups.

Overall, the majority of the managers thought that issues affecting the corporation and its economic performance were now better explained. Business and performance requirements were generally clearer and there was a greater focus on costs and the production of the best product in a timely manner. Corporatisation had also defined a range of potential clients and customers that were previously ignored. This included partnering deals with independent power generators, greater use of external service providers, and seeking unregulated income by providing construction, project management and engineering skills to external organisations in Australia and overseas.

Impact on internal and external networks

When asked if corporatisation and organisational changes had affected their ability to maintain internal and external networks, half of the managers responded that it had hindered, but not significantly affected, their internal networks. The increase in workload compelled them to deal predominantly with those necessary networks which would help achieve business needs. Even so, managers now dealt with a wider range of people. The remaining respondents considered that their internal relationships had improved since corporatisation. They saw a greater need to focus on people both internally and externally to make sure they had the right skills. They were also more focused on the commercial aspects of the business and now dealt with people from most branches and divisions across Western Power.

In terms of external networks all the managers considered that these had increased significantly since corporatisation. This was because Western Power now had a much broader business base, a wider range of potential clients and customers, different players in the market, and new rules. For some, seeking unregulated income had increased their external networking both within Australia and overseas.

Managers were also asked what they have done to maintain or establish new internal and external networks since corporatisation. Internal networks were seen as important and involved getting to know and understand the role of all the other business units within Western Power. Stakeholder management and customer focus were also forms of external networks. It was now deemed important to contact the customers, to know who they are and become known to them creating direct lines of communication with key customers. For example, it was reported by one manager that account managers regularly made personal contact with clients to confirm satisfaction and to determine if there were any issues of concern. The account managers have also become accessible to clients 24 hours a day via mobile phones and e-mail.

All the managers agreed that since corporatisation they had become more involved with influential stakeholder organisations outside Western Power, such as business and community groups, manufacturers and their representatives, consultants and service providers and local government and industry organisations. As one manager said, *...we need to devote more non-work time to meeting and socialising with the competition.* They saw themselves as more involved in joint forums, steering committees and industry groups; targeting potential customers, partners, alliances, and bidding and reviewing tenders and contracts. Whenever the opportunity presented, managers would create strategic alliances with external business partners and conduct open book accounting with vendors. This had never been done in the past. They also considered that, with the globalisation of businesses and products, it was necessary to establish closer working relationships with other utilities both in Australia and abroad.

Not all managers, however, were overly enthusiastic about networking. Some expressed concern about the amount of effort they were required to put into the establishment and maintenance of new internal or external networks. They thought that there was an over concentration on networking and external relationships in order to increase commercial activity, and that this could be at the expense of effectively managing their staff. One commented, *...we must ensure we don't over concentrate on the commercial business to the detriment of our people skill levels.* Another claimed *...we must maintain a balance of values within the business i.e. commercial versus human element and don't marginalise the value of key employees.*

5.5 CONCLUSIONS

The preliminary interviews analysed in this chapter and the secondary data reviewed in chapter two have provided the first element in the three stages of the study methodology. The interviews were conducted with twenty managers from across the organisation. Each were asked twenty-eight questions which addressed important topics identified from the analytical framework and the analysis of data from the exploratory research. The questions were designed to further explore and clarify those important topics.

The managers had a good understanding of corporatisation and the main reasons for it and management reform as applied to Western Power and other Australian electricity utilities. They identified 14 new management systems introduced through corporatisation which they considered supported management reform and were important for the success of Western Power as a commercial business. Corporatisation provided increased benefits to the organisation, stakeholders and the community. The WA state government was the utility's most important stakeholder. However, interference by government through policy and reporting requirements impacted significantly on managers' roles. This, and other changes to their roles had led to significant increases in responsibilities and workload, sometimes at the expense of their personal life. The changes also required managers to seek additional skills and to change their focus from engineering excellence to human resource management and leadership.

The results from the preliminary interviews were used to inform the questionnaire survey and are synthesised in chapter eight with the findings from chapters six and seven. The next chapter presents the survey findings for stage two of the study methodology.

CHAPTER SIX

SURVEY FINDINGS: STAGE 2

6.1 OVERVIEW

The methodology, described in chapter four provided, inter alia, for the investigation to draw upon both qualitative and quantitative research conducted in three stages. Stages one and three form the qualitative research that was undertaken in the form of preliminary interviews in chapter five and follow-up focused interviews in chapter seven. However, given the constraints of time, and access to the target population, the researcher considered that quantitative research was more appropriate as the primary research instrument for this study. Nevertheless, the preliminary interviews and findings from it provided valuable information which addressed the research questions and identified further important lines of inquiry that were used to inform the questionnaire survey. It also enabled the questionnaire survey for the quantitative data to be refined as well as strengthening the content validity of the instrument. Pre-testing in the form of a pilot survey was conducted to confirm the survey structure and prospective respondents' understanding of the questions and their relevance.

The questionnaire survey was presented to the total target population of 130 which comprised all the senior managers, middle managers and senior section heads within Western Power during 2001 to 2002 when the study was undertaken. All of the target population are responsible for the performance of either a division, branch or business unit. For convenience, the target population are referred to as managers, participants or respondents throughout this chapter; these terms are used interchangeably. Of the total target population of 130 managers, 27 were female and 103 male. There were 111 responses, equating to a response rate of 85.4%. The ratio of male to female responses cannot be determined from the research data due to the anonymity built-in to the survey instrument. The anonymity also ensures that the functional position of individual managers cannot be identified from data collected about branch sizes or whether they were managers prior to corporatisation or not. The researcher considers that the assured anonymity was the main contributor to the high response rate. Another possible contributor to the high response rate was the fact that the researcher works for the organisation.

The quantitative research findings are described in this chapter and synthesised in chapter eight with the qualitative findings from chapters five and seven.

6.2 KEY SURVEY THEMES AND FINDINGS: STAGE 2

The questionnaire survey consisted of 21 questions. Most of the questions contained multiple sub questions which provided for a total of 151 variables. The questions and variables were distributed over six major sections which addressed key themes and issues identified from the analysis of the preliminary interview data in chapter five. The first section had 5 questions with a total of 33 variables. It sought to determine managers' understanding of the rationale for introducing corporatisation and management reform within Western Power and the perceived benefits for identified stakeholders.

The second section consisted of 2 questions with a total of 15 variables. It sought to determine managers' perceptions of how effectively management system changes were communicated to them and how clear was their understanding of their roles at the time of the survey in 2002 compared with their roles seven years before.

Section three consisted of 3 questions with a total of 5 variables. This section sought to determine managers' involvement in the corporatisation process and the introduction of new management systems within Western Power.

Section four consisted of 3 questions with a total of 40 variables which sought to determine managers' perceptions of the impact of new management systems on their roles, their internal and external networks, their relationships with peers and senior management and their skills development within Western Power. It also sought to determine the managers' views of the importance of newly introduced management systems in supporting the achievement of their branch or business unit performance targets.

Section five consisted of 2 questions and 19 variables. It sought the managers' perceptions of the influence that stakeholders have had on Western Power and on their roles as managers, both before corporatisation and since.

Section six consisted of 6 questions with a total of 39 variables which sought to determine how the introduction of new management systems and corresponding organisational changes have affected the quality of the working life of managers over the previous seven years. It also sought the managers' perceptions of the impact of new management systems on their workload, motivation, job satisfaction, training and learning opportunities, leisure time, hours of work, etc.

It was appropriate to undertake an exploratory examination of the variables that comprised each of the key themes identified in the six sections, and which were later used to answer the study questions. Thus, in order to have an understanding of the strength of the variables and their significance for the research, particular attention was paid to the frequencies, mean, standard deviation, and inter-item reliability of the independent and dependant variables. The frequencies were calculated using SPSS V10 and are reported in this study as a percentage of the total responses. A Cronbach alpha (Coakes & Steed, 2001) reliability check was also calculated for each factor grouping. In all cases the coefficient alpha for the variables examined was in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research. The results of the exploratory examination of the variables, along with an analysis of each of the six sections of the questionnaire survey are discussed in the following subsections. The analysis and discussion is further broken down to specific questions and the significance of the variable frequencies. Where appropriate, some comparisons are made with the preliminary interview findings (chapter five) and the review of secondary data (chapter two).

6.2.1 Managers understanding of the rationale for corporatisation

The first section of the questionnaire survey identified the average branch or section size the managers had been in charge of, and how many of them were working as managers when Western Power became corporatised in January 1995. The first section also sought to determine the managers' understanding of the rationale for introducing corporatisation and management reform within Western Power and what they believed to be top management's four main reasons for ongoing management system changes. Finally, section one of the survey also sought managers' perceptions of the benefits to specific stakeholders such as customers, industry, unions, government, executive, managers and employees from corporatisation.

Working as manager

Question one sought to determine if the respondents were working as a manager or section head when Western Power became corporatised.

Table 6.1
Working as manager in 1995

Description (variable #)	Number	Frequency	Percent
Working as Manager in 1995 (# 1.1)	111	71	63.96
Not Working as Manager in 1995 (# 1.2)	111	40	36.04
Mean 1.41			

The survey results indicated that 64% of the respondents were working as either a manager or senior section head when Western Power became corporatised. The remaining 36% were either promoted or had joined Western Power after it was corporatised. It is likely that many of those promoted to the role of manager had previously acted in a management position prior to their promotion.

Average branch size

Question two sought to determine what was the average branch or section size respondents have been in charge of since the corporatisation of Western Power.

Table 6.2
Average branch size since 1995

Description (variable #)	Number	Frequency	Percent
Small (0 - 25 people) (# 2.1)	111	74	66.7
Large (more than 50 people) (# 2.3)	111	19	17.1
Medium (26 – 50 people) (# 2.2)	111	18	16.2
Mean 1.5			

Frequency analysis indicates that of the responses 67% indicated Small Branch Size (up to 25 people), 16% indicated Medium Branch Size (26 to 50 people) and 17% indicated Large Branch Size (more than 50 people). From the data in table 6.2 it can be seen that 74 branches within Western Power consist of 25 or less people. This demonstrates the wide diversity of activities undertaken within an electricity supply utility such as Western Power (refer also to figures 2.3 and 2.4 which describe Western Power structure and key stakeholder influences at the time the survey was administered).

Main reasons for corporatisation and management reform

Question 3 sought to determine what managers believed were the four main reasons for introducing corporatisation and management reform into Western Power. They were asked to choose their four main reasons from a list of eleven in the questionnaire survey. The eleven reasons had been previously identified during the preliminary interviews.

Table 6.3
Main reasons for introducing corporatisation and management reform into Western Power

Description (variable #)	Number	Frequency	Percent
Productivity/Efficiency Gains (# 3.4)	111	61	55.0
Energy Industry Reform (# 3.7)	111	61	55.0
Competition (# 3.1)	111	60	54.1
Deregulation (# 3.3)	111	55	49.5
Commercialisation (business development) (# 3.6)	111	49	44.1
Future Privatisation (# 3.11)	111	49	44.1
Competitive Neutrality (creating a level playing field) (# 3.2)	111	29	26.1
Improved Financial Accountability (# 3.8)	111	29	26.1
Greater Managerial Autonomy (# 3.9)	111	22	19.8
Increased Returns to Government (# 3.5)	111	14	12.6
Organisational Downsizing (# 3.10)	111	10	9.0

The survey responses were ranked according to frequency and converted to a percentage of total responses as shown in table 6.3.

The closeness of the top four variables relative to the remaining seven indicates a strong perception among Western Power managers that key reasons for corporatisation were Productivity/Efficiency Gains (55%), Energy Industry Reform (55%), Competition (54%), and Deregulation (49%). This finding is not surprising considering the publicity given to corporatisation and the reasons for such reform. Also, one of the key themes of FOCUS[6], the culture change program initiated in Western Power in 1995, was to draw attention to the changing roles that managers and staff would have in the new corporation (Eiszele, 1994). The next two highest ranking responses were Commercialisation (business development) (44%) and Future Privatisation (44%).

The strong perceptions among managers that Productivity/Efficiency Gains, Energy Industry Reform, Competition, Deregulation and Commercialisation were the top reasons for corporatisation and management reform is most likely linked to the increasing amount of attention that senior management and the executive have placed on these drivers for change over the past seven years (Eiszele, 1998a, 1998b; Eiszele, 1999). In addition, the main reasons for corporatisation advanced by the managers had also been promoted in the public arena by academics, economists and business writers (Harman, 1993b; Hilmer, 1993; Maddock, 1993) as the key elements of the electricity supply industry reform and were strongly reinforced during FOCUS (Eiszele, 1995; Widdis & Davis-Goff, 1995). Furthermore, privatisation and its consequences, while publicly not welcomed by Western Power senior management or the executive, had been extensively debated in the literature throughout the 1990's and raised in both the media and internal newsletters and union publications within Western Power (Australian Services Union, 1995;

[6] FOCUS was an acronym for Focus on Organisational Change Understanding and Skills, see also appendix 1.

Eiszele, 1998a; Eiszele, 1999; Electricity Supply Newsletter, 1999).

Of the remaining reasons for corporatisation Competitive Neutrality (26%) and Improved Financial Accountability (26%) had a response frequency greater than Managerial Autonomy (20%), Increased Returns to Government (13%) and Organisational Downsizing (9%). The low response frequency for the variable Competitive Neutrality is understandable considering the monopoly situation Western Power had at the time of this research, and still has (Western Power Annual Report, 2003). The introduction of full competition that was to follow the corporatisation of Western Power has progressed very slowly due mostly to a reluctance among senior management to encourage any significant competition and a reluctance among the private sector to invest in generators in Western Australia under the current legislation. Even with the current legislative reforms before the Western Australian Parliament, the likelihood of full competition is some years away (Harvey, 2003). Interestingly, the managers reported Improved Financial Accountability, Greater Managerial Autonomy, Increased Returns to Government and Organisational Downsizing to be the least important reasons for introducing corporatisation into Western Power. This is despite these reasons being well documented in the literature as key components of the Australian corporatisation reform agenda (Harman, 1993a; King & Maddock, 1996; Walker & Walker, 2000). It is likely the low ranking frequencies were because these components of corporatisation had all been initiated to varying degrees over the years leading up to corporatisation and were already familiar to the managers, and therefore not seen as significant. For example, prior to corporatisation SECWA, as it was then, underwent substantial restructuring and workforce reductions along with the introduction of new measures for financial and management reporting. Both restructuring and financial accountability have been strengthened and refined since corporatisation and both have been the focus of continued review since. Finally, the electricity utility was a source of revenue to the state government before it was corporatised and has continued to provide increased returns to government. Dividends have exceeded $1.04 billion since 1995 (Western Power Annual Report, 2003, 7).

Stakeholder benefits from corporatisation

Question four asked respondents to indicate how much benefit they believed stakeholders got from the corporatisation of Western Power. They were given 14 variables, which represented stakeholders identified from the preliminary interviews, and asked to rate each on a five-point Likert scale where 1 was 'no benefit' and 5 was 'significant benefit'.

Table 6.4.
Stakeholder benefits from the corporatisation of Western Power

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
WA State Government (# 4.6)	111	4.5045	0.7370	0.2546
Western Power as a Business (# 4.7)	111	4.4144	0.7801	0.6326
Industry (# 4.3)	111	4.2342	0.9420	0.6524
Commercial Customers (# 4.2)	111	4.1351	0.9769	0.6057
Western Power Executive (# 4.9)	111	4.0000	0.8421	0.3877
Western Power Managers (# 4.10)	111	3.9099	0.8480	0.6000
Yourself (# 4.12)	111	3.7117	1.1938	0.5794
Your Branch or Section (# 4.8)	111	3.6577	1.2685	0.6702
Regulators (# 4.5)	111	3.4505	1.1179	0.0607
Western Power Employees (# 4.11)	111	3.4342	1.1006	0.6907
Suppliers of Services to Western Power (# 4.13)	111	3.3423	1.0401	0.4017
Domestic Customers (# 4.1)	111	3.2432	1.3019	0.3707
Business Competitors (# 4.14)	111	3.1441	1.1025	0.0195
Unions (# 4.4)	111	2.3243	1.0459	0.4103
Reliability Coefficients 14 items Alpha 0.8220				

A Cronbach alpha reliability check was calculated for this question. The coefficient alpha for the variables examined was found to be 0.82 (table 6.4) and in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research.

The means of the variables (table 6.4) showed strong agreement among the respondents that the WA State Government, Western Power as a Business, Industry, Commercial Customers, The Western Power Executive and Western Power Managers were the greatest beneficiaries from the corporatisation of Western Power. In these cases the means were 4.50, 4.41, 4.23, 4.13, 4.00, and 3.90 respectively. There was a moderate level of agreement that all the remaining the stakeholders apart from Unions gained some benefit from the corporatisation of Western Power. The WA State Government, Western Power as a Business, and Industry were perceived by respondents to be the three greatest beneficiaries from the corporatisation of Western Power.

The weakest areas identified in the questionnaire survey related to perceived benefits for Unions, Business Competitors and Western Power Employees. For these the means were 2.32, 3.14 and 3.43 respectively which represent a low level of agreement. These results are not surprising, especially with respect to unions. Since 1995 there has been a gradual move away from union membership by managers at all levels within Western Power, due to poor union representation and the increased popularity of individual agreements and managerial contracts among managers which do not require union representation for their administration. Union rationalisation was part of the corporatisation process which saw the number of unions representing Western Power employees reduced from fifteen to two. One union, the Communications Electrical and Plumbers Union (CEPU), represents all wages staff and the other, the Australian Services Union (ASU), represents the administrative and technical staff. Engineers, who constitute the majority of managers in Western Power, ceased to have direct union participation in industrial relations issues when union rationalisation was introduced in 1994. From that time the Association for Professional Electrical Scientific and Mechanical Engineers Australia (APESMA) which had represented engineers and industrial chemists was excluded from the Western Power Award. The engineers and chemists now rely on the ASU to represent them in negotiations for enterprise bargaining agreements, award reviews, industrial relations matters, etc.

Finally, with regard to the variable Business Competitors, the lack of significant competition in the generation and retail sectors of the electrical supply industry in Western Australia has enabled Western Power to continue to be the monopoly provider. Therefore, most managers perceived that business competitors have not realised significant benefits from the corporatisation of Western Power.

Main reasons for management system changes

Question five asked respondents what they believed to be the three main reasons for ongoing management system changes within Western Power. They were given six variables, which had been identified as important from the preliminary interviews, but from which they were to choose three.

Table 6.5
Main reasons for ongoing management system changes in Western Power

Description (variable #)	Number	Frequency	Percent
Business Advantage (i.e., competitive positioning) (# 5.2)	111	96	86.5
Continuous Improvement (# 5.3)	111	73	65.8
Response to Market Changes (# 5.1)	111	72	64.9
Survival of Western Power as a Vertically Integrated Business (# 5.5)	111	61	55.0
Political Direction (# 5.6)	111	22	19.8
Following Fads (# 5.4)	111	9	8.1

The frequency analysis shown in table 6.5 indicates that Business Advantage (86%) was the number one reason for ongoing management system changes within Western Power. This finding is most likely due to the strong attention that senior management had placed on the introduction of new technology and management systems since 1995 in order to improve the efficiency and effectiveness of the organisation in terms of productivity and financial management. The success of this strategy is evidenced by the $1.04 billion Western Power has provided to the state government since corporatisation (Western Power Annual Report, 2003, 7).

Continuous Improvement (66%) and Response to Market Changes (65%) were the second and third main reasons given for the ongoing management system changes within Western Power. These responses also reflect the productivity and efficiency gains from the introduction of new technology and improved reporting systems.

The Survival of Western Power as a Vertically Integrated Business (55%) and Political Direction (20%) were given for the fourth and fifth main reasons for ongoing management system changes within Western Power. These findings reflect a belief by some that there is strong support from the executive for the retention of Western Power as a vertically integrated business, and many of the changes had been introduced for this purpose. The changes had also been introduced to support Western Power's strategic planning, in response to directions by the minister (Eiszele, 1995; Eiszele, 1998a, 2001).

Following Fads (8%) was considered to be the least important reason for ongoing management system changes within Western Power. Interestingly however, the introduction of FOCUS in 1995 was dismissed by unions and many managers at the time as another example of the executive following overseas fads for organisational change (Australian Services Union, 1995). At the time many believed that the changes introduced during the lead up to corporatisation would fade away and become irrelevant as had other management initiatives in the past (Lehmann, 1997).

6.2.2 Communication of management system changes

Section two of the questionnaire survey sought to determine managers' perceptions of how effectively senior management communicated the system changes to them. This section also sought to identify the clarity of understanding managers had of their roles at the time of the survey compared with seven years earlier.

Fourteen new management systems, introduced into Western Power since 1995, were listed in question six (table 6.6). Respondents were asked to indicate their perceptions of how effectively each of these were communicated to them using a five-point Likert scale, where 1 was 'totally ineffective' and 5 was 'totally effective'.

A Cronbach alpha reliability check was calculated for this question and the coefficient alpha for the variables examined was found to be 0.81 (table 6.6) and in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research.

Table 6.6.
Effectiveness of communicating new management system changes

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
TEAM (# 6.6)	111	3.9730	0.9483	0.4773
Managerial Leadership Initiative (MLI) (# 6.2)	111	3.8468	0.8000	0.2636
Strategic Planning (# 6.5)	111	3.8378	0.8795	0.4751
Customer Focus (# 6.11)	111	3.6306	0.9528	0.4917
Financial Accountability (# 6.13)	111	3.5586	0.9971	0.5309
SIRSS (# 6.7)	111	3.4685	1.1427	0.4404
FOCUS (# 6.1)	111	3.4414	1.0241	0.4196
Commercialisation (i.e. business development) (# 6.12)	111	3.3964	1.0382	0.6102
Shareholder Value Adding (SVA) (# 6.9)	111	3.3604	1.0427	0.2766
New Technology (in general) (# 6.14)	111	3.3063	0.9981	0.3838
Change Management (# 6.3)	111	3.2162	0.9284	0.5374
Service Level Agreements (SLA's) (# 6.8)	111	3.0991	1.0613	0.4165
Transformation (# 6.4)	111	3.0721	0.9696	0.3240
MIMS (#6.10)	111	2.7477	1.1157	0.4207
Reliability Coefficient for 14 items Alpha 0.8104				

The means of the variables (table 6.6) showed agreement among the respondents that all the management system changes, apart from MIMS (Mimcom Information Management System, a business management software system), were effectively communicated to the respondents. TEAM (The Employee Achievement Measure, a performance management tool), Strategic Planning and Managerial Leadership Initiative (MLI) were perceived by respondents to be those most effectively communicated to them. In these cases the mean were 3.97, 3.85 and 3.84 respectively. TEAM and Strategic Planning were probably the most effectively communicated because they had been introduced, modified and reinforced over many years and senior management made them an integral part of the managers' performance reviews. The MLI was also considered to have been effectively communicated most likely due to the recency and the breadth of its introduction across the organisation and the recent substantial improvements that senior management had made to their methods of communicating change and other initiatives. Greater use is now made of e-mail and the company homepage (PowerNet) which is available to almost all office-based employees. In addition, there is being greater involvement of managers and senior section heads in the introduction and presentation of the MLI. They now have the responsibility for inviting their staff to attend MLI sessions and to attend with them, and to prepare and deliver core segments of the MLI.

The variables which scored the lowest in questions six related to Transformation (a restructuring and cultural change programme introduced to only the generation segment of Western Power) and Service Level Agreements (SLA's). For these the means were 3.07 and 3.09 respectively. The low scores most likely reflect limited application of these management systems across the organisation. For example, Transformation was only applied to approximately 25% of Western Power staff. For service level agreements, the managers had indicated during the preliminary interviews, that although Service Level Agreements were supported by senior management, the majority of managers did not become directly involved in their formulation or application.

The only management system change that respondents considered was ineffectively communicated to them was MIMS. The mean for this was 2.75. Evidence from both the review of secondary data (chapter two) and the preliminary interviews (chapter five) indicated that the introduction of MIMS into Western Power was not handled well and although there were regular newsletters and project updates circulated among employees, the majority considered MIMS to be a hindrance to their work. The main reasons for the objections to MIMS were probably rooted in the lack of effective consultation between the end users of the application and the project managers during the conception and introduction stages and due to a lack of training when it was first introduced.

Clarity of understanding of role

Question seven sought to identify the clarity of understanding managers have of their role today, compared with seven years ago.

Table 6.7
Clarity of understanding of role as manager today compared to seven years ago

Description. (variable #)	Number	Frequency	Percent
Somewhat Clearer (# 7.4)	111	46	41.4
Much Clearer (# 7.5)	111	32	28.8
No Change (#7.3)	111	20	18.0
Somewhat Less Clear (# 7.2)	111	9	8.1
Much Less Clear (# 7.1)	111	4	3.6
Mean 3.84			

The mean of 3.84 and the frequency analysis shown in table 6.7 indicates that managers are moderately clear on their understanding of their role today compared to seven years ago. Significantly, 41% of the managers considered their understanding of their role at the time of the research was Somewhat Clearer than it had been seven years before. The increased use of TEAM as a tool for setting targets and as a measure of personal performance is believed to be one of the main contributors to the managers having a clearer understanding of their roles. Another contributor may have been the increased focus on role and task relationships introduced with the Managerial Leadership Initiative (MLI) along with significant branch and section restructuring in line with changing business unit objectives over recent years (Western Power Memoranda, 2002).

Organisational restructuring and role tenure are the most likely reasons why some managers indicated that the clarity of their role was Somewhat Less Clear (8%) and Much Less Clear (4%). During the preliminary interviews, restructuring was a cause for concern with regard to future career prospects and indeed the future of the actual job itself. It is also likely that the 36% of managers who had indicated they were not in a managerial position seven years ago (table 6.1) may have been unable to make an objective comparison between present and previous managerial roles.

6.2.3 Introduction of new management systems

Section three questioned the extent of the manager's involvement in the introduction of new management systems within Western Power. It also sought to determine the manager's perceptions of how important was it for them to be involved in the planning and implementation of new management systems and initiatives within the organisation in general.

Extent of involvement with the introduction of new management systems

Question eight asked respondents to indicate their involvement with the introduction of new management systems within Western Power on a five-point Likert scale, where 1 was 'not involved at all' and 5 was 'highly involved'.

Table 6.8
Involvement in the introduction of new management systems

Description (variable #)	Number	Frequency	Percent
Involved (# 8.4)	111	42	37.8
Limited Involvement (# 8.2)	111	35	31.5
Not Involved at All (# 8.1)	111	19	17.1
Highly Involved (# 8.5)	111	13	11.7
Don't Know (# 8.3)	111	2	1.8
Mean 2.95			

The mean of 2.95 and the frequency analysis, table 6.8, showed that the majority of respondents had some involvement in the introduction of new management systems. Managers interviewed during the preliminary interviews had indicated that their involvement in the introduction of new management systems had largely consisted of attending meetings about the new systems, introducing the new systems into their workplace and training staff on how to use the new systems. The questionnaire survey showed that 38% of respondents considered they had been Involved, and 12% Highly Involved in the introduction of new management systems (table 6.8). Managers had indicated during the preliminary interviews that being Highly Involved meant being part of the project teams which introduced those systems into Western Power, and had prepared and presented training.

The relatively low level of positive responses for the Highly Involved (12%) and Involved (38%) variables supports information from the secondary data and that given by managers during the preliminary interviews that much of the planning and the introduction of management system changes was done with little or no involvement from managers below senior management level. Also, those respondents who were not working for Western Power at the time of corporatisation would have most likely indicated Not Involved at All (i.e.

17%).

Ways managers were involved with the introduction of new systems

Question nine required managers to indicate the ways in which they were involved with the introduction of new management systems. The respondents were given three choices which were Participated In The Planning, Participated in The Implementation, and Other. Respondents selecting Other were asked to specify what they had been involved in. However, the response rate for this variable was around 6% and the only comments that were recorded were *...no involvement at all; very limited involvement; involved only in auditing results; and prepared presentations* and *coordinated activities during and after implementation.*

Table 6.9
Involvement with the introduction of new management systems

Description (variable #)	Number	Frequency	Percent
Participated in The Implementation (# 9.2)	111	61	55
Participated in The Planning (# 9.1)	111	43	38.7
Other (# 9.3)	111	7	6.3

The frequency analysis for this question indicates that the majority of managers participated in the implementation of new management systems in one form or another (table 6.9). Significantly, 55% had Participated in The Implementation and 39% indicated that they had Participated in The Planning of new management systems. However, it is unclear from the survey responses as to what form that participation took. Indications from the secondary data and preliminary interviews were that it may have involved the preparation and delivery of presentations and training or the provision of suppo.t for activities such as the preparation and monitoring of training budgets and the administration of staff training records.

Importance of being involved

In question ten the managers were asked to indicate how important it was for them to be involved in the planning and implementation of new management systems and initiatives within Western Power. A five-point Likert scale was applied, where 1 was 'unimportant' and 5 was 'very important'.

Table 6.10
Importance of being involved in the planning and implementation of new management systems and initiatives within Western Power

Description (variable #)	Number	Frequency	Percent
Very Important (# 10.5)	111	42	37.8
Quite Important (# 10.4)	111	40	36
Moderately Important (# 10.3)	111	19	17.1
Of Minor Importance (# 10.2)	111	7	6.3
Unimportant (# 10.1)	111	3	2.7
Mean 4.00			

The Frequency analysis, table 6.10, showed that the 38% of respondents considered it was Very Important and 36% considered it was Quite Important for them to be involved in the planning and implementation of new management systems and initiatives. It is likely that the experience managers had with the introduction of new management systems such as, TEAM, Service Level Agreements, MIMS, customer focus and technology in general had made them aware of the implications of not being involved at the planning and implementation stages. For example, during the preliminary interviews concerns had been expressed about the way new management systems and organisational changes had been introduced into the organisation since corporatisation. Some managers had expressed concern that the lack of consultation prior to the announcement that changes were to occur had left them unprepared and, in some instances, embarrassed when quizzed by staff about what was going on. Others had expressed annoyance that the introduction of new systems and changes within the organisation ultimately meant more work for them through the necessity for them to learn new skills, often in their own time or at the expense of other job priorities.

Respondents who had considered that being involved in the planning and implementation of new management systems and initiatives was Moderately Important (17%), Of Minor Importance (6%) and Unimportant (3%) were likely to be those who had been responsible for only a small number of staff (table 6.2) where the introduction of change was probably easier.

6.2.4 Impact of new management systems on roles and performance

Section four of the questionnaire survey sought to determine managers' perceptions of the impact of the new management systems on their roles, for example, their ability to fulfil that role and achieve performance targets as a manager or section head within Western Power. It also sought to determine what the impact had been on managers' skills, internal networks and stakeholders.

The impact of new management systems on role as manager

In question eleven respondents were again given a list of the fourteen management systems that had been introduced into Western Power since corporatisation (1995) and were asked to indicate their perceptions of the impact that each of these had had on their role as manager or section head.

A five-point Likert scale was used, where 1 was 'largely negative impact' and 5 was 'largely positive impact'. In the survey context positive impact implies that things have got better, easier or improved for the managers. Negative impact implies that things have got worse or are more difficult than previously and there are no perceived benefits.

In order to have an understanding of the strength of the variables and their significance for the research, particular attention was paid to the mean, standard deviation, and inter-item reliability of the independent and dependant variables. The coefficient alpha for the variables examined was found to be 0.83 (table 6.11) and in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research.

Table 6.11.
Impact of new management systems on role as manager

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
TEAM (# 11.6)	111	4.1909	0.8513	0.3663
Managerial Leadership Initiative (MLI) (# 11.2)	111	4.1727	0.8659	0.4822
Strategic Planning (# 11.5)	111	4.0455	0.7709	0.5508
Financial Accountability (# 11.13)	111	3.9000	0.7288	0.4846
New Technology (in general) (# 11.14)	111	3.8636	0.7354	0.3114
Customer Focus (# 11.11)	111	3.8182	0.8148	0.5660
Commercialisation (business development) (# 11.12)	111	3.7909	0.8684	0.5484
Shareholder Value Adding (SVA) (# 11.9)	111	3.5727	0.8290	0.4408
Change Management (#11.3)	111	3.5273	0.7258	0.5888
FOCUS (# 11.1)	111	3.4909	1.0983	0.3166
SIRSS (# 11.7)	111	3.4636	0.9155	0.4463
Transformation (# 11.4)	111	3.4545	1.0806	0.4277
Service Level Agreements (SLA's) (# 11.8)	111	3.3909	0.6920	0.4834
MIMS (# 11.10)	111	2.6091	1.0929	0.3576
Reliability Coefficients 14 items Alpha 0.8281				

The means of the variables (table 6.11) showed agreement among the respondents that all the management system changes, apart from MIMS, impacted positively on their roles as managers or section heads. TEAM, the Managerial Leadership Initiative (MLI) and Strategic Planning were perceived to have had the most positive impact. In these cases the means were 4.19, 4.17 and 4.04 respectively. These results confirmed findings from the preliminary interviews where although all the managers considered that the changes had meant more work for them, most believed that overall the new systems enabled them to perform more efficiently and effectively.

The systems that the respondents considered had the least impact on their role were Service Level Agreements (SLA's) and Transformation. For these the means were 3.39 and 3.45 respectively. It is most likely that managers believed that Service Level Agreements had a low impact on their roles because of the poor implementation and application of this system which resulted in the majority of managers not being involved with SLA's, nor being trained in their application. Similarly, managers considered that Transformation, a functional and organisational review, had a low impact on their roles because its application was confined to the generation sector which consisted of approximately 900 employees or about one-quarter of Western Power's workforce.

The only management system change that respondents considered impacted negatively on their roles as managers was MIMS. The mean for this was 2.60. This level of response accords with the concerns that managers had expressed about the Mimcom Information Management System (MIMS) during the preliminary interviews. They attributed this negative impact to the need to acquire new skills, train staff and manage administration issues for a system that did not meet all their business needs.

The importance of new management systems

In order to determine how important new management systems were seen to be in achieving performance targets, the managers were again given the list of fourteen new management systems and asked to indicate their perceptions of how important each of the management systems had been in achieving performance targets. A five-point Likert scale was used where 1 was 'unimportant' and 5 was 'very important'.

The coefficient alpha for the variables examined was found to be 0.83 (table 6.12) and in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research.

Table 6.12.
Importance of new management system in achieving performance targets

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
TEAM (# 12.6)	111	4.2182	0.8608	0.5528
Financial Accountability (# 12.13)	111	4.1636	0.7484	0.5423
Strategic Planning (# 12.5)	111	4.1273	0.8471	0.4521
Customer Focus (# 12.11)	111	4.0455	0.9519	0.4708
Managerial Leadership Initiative (MLI) (# 12.2)	111	3.9818	0.8983	0.5428
New Technology (in general) (# 12.14)	111	3.9727	0.7952	0.3605
Commercialisation (Business Development) # 12.12)	111	3.9364	0.9412	0.5420
Shareholder Value Adding (SVA) (# 12.9)	111	3.6182	0.9085	0.2992
Change Management (# 12.3)	111	3.5182	1.0112	0.5790
Transformation (# 12.4)	111	3.5091	0.9457	0.4002
Service Level Agreements (SLA's) (# 12.8)	111	3.4636	0.9255	0.5175
MIMS (# 12.10)	111	3.4000	1.2356	0.3986
SIRSS (# 12.7)	111	3.2818	1.0149	0.4441
FOCUS (# 12.1)	111	2.3455	1.2738	0.2655
Reliability Coefficients 14 items Alpha 0.8274				

The means of the variables (table 6.12) showed strong agreement among the respondents that TEAM, Financial Accountability, Strategic Planning and Customer Focus were perceived to be the most important management systems for achieving their performance targets. In these cases the mean were 4.22, 4.16, 4.13 and 4.04 respectively.

The means of the variables for New Technology (mean 3.97), Commercialisation (mean 3.93), Shareholder Value Adding (mean 3.62), Change Management (mean 3.52), and Transformation (mean 3.51) indicates that managers considered these of moderate importance for them achieving their performance targets. Change Management attempts to involve managers at the introduction, training and application stages of branch and business unit restructuring, however, evidence from the preliminary interviews suggests that not all managers are willing participants in change management. Shareholder Value Adding, and Transformation were unlikely to have been experienced by all the managers responding to the questionnaire survey. Nevertheless, it is probable that all managers would have been aware of these systems and would no doubt have opinions as to their perceived effectiveness within the organisation and ranked them accordingly. New Technology and Commercialisation had been identified in the secondary data and the preliminary interviews as important drivers for the achievement of business unit performance. It is likely that many of the productivity and efficiency gains Western Power had experienced since corporatisation can be attributed to improved commercial performance and the use of new technology. For example, SCADA[7], a new centralised supervisory system which not only gives network controllers a real-time view of the state of all circuit breakers on the network, but also provides regularly updated information on the supply status and power consumption of major customers. This enables problems to be quickly identified and action taken to minimise the loss of supply to customers.

[7] SCADA, an acronym for Supervisory Control and Data Acquisition.

The weakest areas related to FOCUS[8], SIRSS (Strategically Integrated Recruitment Selection System) and MIMS (Mimcom Information Management System). For these, the means were 2.34, 3.28 and 3.40 respectively which indicates that managers believed these systems did little to help them achieve their performance targets. Although the principles of FOCUS and some of the change initiatives still prevail within the organisation, it is likely that it rated low because of the time that has elapsed since it was introduced (1995 to 1997). In addition, the introduction of the Managerial Leadership Initiative (MLI) in 2001 has since overshadowed FOCUS. The MLI (mean 3.98) has been promoted as a management change program which surpasses FOCUS in all aspects of leadership.

The impact of new management systems on skills, internal networks and stakeholders

Question 13 asked respondents to indicate their perceptions of what has been the impact of new management systems and organisational change on their skills, internal networks and stakeholders. A five-point Likert scale was used, where 1 was 'largely negative impact' and 5 was 'largely positive impact'. In the survey context positive impact implies that things have got better, easier or improved for the managers. Negative impact implies that things have got worse or are more difficult than previously.

[8] FOCUS, an acronym for Focus on Organisational Change Understanding and Skills, see also appendix 1.

Table 6.13.
Impact of new management systems and organisational change

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
Your Relationships With Your Subordinate Staff (# 13.5)	111	4.0090	0.8686	0.6270
Your Relationship With Your Supervisor (GM or Executive) (# 13.3)	111	3.9910	0.9954	0.6385
Your Relationships With Your Peers (# 13.4)	111	3.9550	0.8021	0.6961
Your Ability to Apply Your Commercial Skills (# 13.12)	111	3.9550	0.7554	0.5695
Ongoing Development of Your Commercial Skills (# 13.11)	111	3.9099	0.7810	0.5658
Your Ability to Get Subordinate Staff to Meet Business Unit Targets (# 13.7)	111	3.8829	0.8500	0.6618
Your Ability to Meet The Expectations of Your Priority Stakeholders (# 13.8)	111	3.8468	0.8549	0.7295
Your Internal Networks (# 13.1)	111	3.5946	0.9943	0.5682
Your External Networks (# 13.2)	111	3.5586	0.8055	0.5271
Ongoing Development of Your Technical Skills (# 13.9)	111	3.5405	0.7721	0.5353
Your Ability to Apply Your Technical Skills (# 13.10)	111	3.5135	0.7369	0.5014
Your Relationships With Colleagues Outside Work (# 13.6)	111	3.3514	0.5823	0.4869
Reliability Coefficients 12 items Alpha 0.8879				

The means of the variables (table 6.13) showed agreement among the respondents that the new management systems and organisational changes had impacted positively on all the listed skills, internal networks and stakeholders. For example, Relationships With Subordinate Staff (mean 4.01), Relationship With Supervisor (3.99), Relationships With Peers (3.95), Ability to Apply Commercial Skills (3.95) and Ongoing Development of Commercial Skills (3.90). These results are supported by information from the preliminary interviews.

The least positive impact of new management systems and organisational change was reported for Relationships With Colleagues Outside Work (3.35), Ability to Apply Technical Skills (3.51) and Ongoing Development of Technical Skills (3.54). These responses seem to reflect managers' belief that their relationships with colleagues outside of work have improved only slightly with the introduction of new management systems and organisational change. It also reflects their concerns that continuous change had meant that many of the skills they had acquired previously were unsuitable for their new roles. This had left some of them with insufficient skills to perform their task effectively, but acknowledged that opportunities to gain these skills had improved since corporatisation (table 6.23).

6.2.5 Stakeholder influence

Section five of the questionnaire survey sought to determine managers' opinions of which key stakeholders have significantly influenced the organisation's business plans and budgets both prior to and since corporatisation. It also sought to determine if the managers believed that Western Power gained any advantage from having the government (i.e., a key stakeholder) as a sole shareholder.

Stakeholder influence in business plans and budgets

Question 14 listed nine key stakeholders which had been identified by managers during the preliminary interviews as having a significant influence on the organisation's business plans and budgets, and therefore on their roles as manager. The questionnaire survey participants were requested to select a 'yes' or 'no' response against each stakeholder in terms of significant influence for the periods pre-1995 and post-1995.

Table 6.14.
Stakeholder influence in business plans and budgets pre 1995

Description (variable #)	Significant Influence Pre-1995 YES	NO
State Government (Minister) (# 14.1)	95.5	3.6
Treasury (# 14.2)	84.7	15.3
Employees (# 14.8)	50.5	49.5
Commercial Customers (# 14.6)	34.2	65.8
Industry Groups (# 14.4)	33.3	66.7
Office of Energy (# 14.3)	17.1	82.9
Domestic Customers (# 14.5)	17.1	82.9
Competitors (# 14.7)	12.6	87.4
Contractors (# 14.9)	10.8	88.3

The Frequency analysis (table 6.14) indicated that the managers considered the most significant stakeholders in terms of influencing Western Power's business plans and budgets prior to corporatisation (pre 1995) were the State Government (Minister) (96%), Treasury (85%), Employees (50%) and Commercial Customers (34%) and Industry Groups (33%). This result is not surprising considering findings from the review of secondary data and the preliminary interviews which showed that Western Power was subjected to ministerial scrutiny, interference and influence in all levels of the decision-making process from many levels of government prior to corporatisation. Also, many Commercial Customers and Industry Groups had the political and commercial power to significantly influence strategic planning and tariffs. Employees were considered to have significant influence in business plans and budgets prior to 1995 because of the high union membership and strong union representation in industrial award negotiations. Industrial action was common if the unions failed to achieve their demands.

The least significant stakeholders for the same period were the Office of Energy (17%), Domestic Customers (17%), and Competitors (13%) and Contractors (11%). This result is also not surprising because prior to 1995 there were very few contractors working for the state electricity utility and there was virtually no competition due to the monopoly environment the utility operated in. Also, prior to 1995 the Office of Energy had no significant influence over the electricity utility's operations and domestic customers, who had no alternative source of supply, had to accept the service they were given.

Table 6.15.
<u>Stakeholder influence in business plans and budgets post 1995</u>

Description (variable #)	Significant Influence Post- 1995 YES %	NO %
Competitors (# 14.7)	91.9	8.1
State Government (Minister) (# 14.1)	88.3	11.7
Commercial Customers (# 14.6)	86.5	13.5
Treasury (# 14.2)	76.6	23.4
Office of Energy (# 14.3)	73.9	26.1
Industry Groups (# 14.4)	73.9	26.1
Employees (# 14.8)	45	55
Domestic Customers (# 14.5)	37.8	62.2
Contractors (# 14.9)	27	73

Frequency analysis of responses for post 1995 (table 6.15) indicates that the most significant stakeholders in terms of influencing Western Power's business plans and budgets since corporatisation were Competitors (92%), State Government (88%) and Commercial Customers (86%). These results give an indication of the impact of corporatisation and the resultant deregulation (albeit partial) and commercialisation within Western Australia's electricity supply industry. Furthermore, Western Power as a corporation has an obligation to run its business in a commercial manner. This has forced it to recognise the influence that competitors can have on its commercial activities and the influence that the government has as sole shareholder. Other stakeholders which managers considered had significant influence in business plans and budgets post 1995 were Treasury (77%), most likely because of the influence it has on Western Power's borrowing capacity; the Office of Energy (74%) because of the wider regulatory and electrical safety responsibilities it was given with the enabling legislation for Western Power; and Industry Groups (74%) because they had retained their strong economic and political influence in the utility's business plans and budgets.

The least significant stakeholders in terms of influencing Western Power's business plans and budgets since corporatisation were Employees (45%), Domestic Customers (38%) and Contractors (27%). It is believed that managers rated Employees low because of the greater use of contractors and the lessening influence unions had in Western Power's strategic plans and budgets post 1995 as a result of union rationalisation which saw union representation reduced from around fifteen unions to just two. Domestic Customers were most likely rated low because despite corporatisation and partial deregulation they still do not have a choice of electricity supplier. Finally, although Contractors were engaged by Western Power in significant numbers, they were still not regarded by managers as having a significant influence in its business plans and budgets. This finding is surprising considering the large amounts of work contracted out, and even though contractors are accounted for as materials, rather than as labour, their overall cost would be significant.

WA government as sole shareholder

Question 15 sought to determine if the questionnaire survey participants' considered it an advantage or disadvantage for Western Power to have the Western Australian government as the sole shareholder. A five-point Likert scale was used, where 1 was 'a very significant disadvantage to Western Power' and 5 was 'a very significant advantage to Western Power'.

Table 6.16
Having WA government as sole shareholder

Description (variable #)	Number	Frequency	Percent
A Very Significant Disadvantage to Western Power (# 15.1)	111	58	52.3
A Minor Disadvantage to Western Power (# 15.2)	111	25	22.5
Neither a Disadvantage or Advantage (# 15.3)	111	14	12.6
A Minor Advantage to Western Power (# 15.4)	111	9	8.1
A Significant Advantage to Western Power (# 15.5)	111	5	4.5
Mean 1.90			

The mean of 1.90 showed that the majority of respondents considered Western Power was disadvantaged by having the WA government as its sole shareholder, see table 6.16. The frequency analysis indicates that of the responses, 52% considered it was A Very Significant Disadvantage to Western Power and 22% considered it was A Minor Disadvantage. It is likely that managers see Western Power being disadvantaged by reported government interference (section 5.4.1) in important strategic issues such as employee numbers, tariff rates, and new business ventures and partnerships. It is believed that many of the managers who reported it was Neither an Advantage or Disadvantage (13%) managed branches which were not significantly affected by government influence in Western Power. For example, Business Information Technology (BIT) whose main role was to introduce and maintain information management systems. Finally, 8% of the respondees considered it was A Minor Advantage and 5% considered it A Very Significant Advantage to Western Power. It is believed that managers in the financial sectors of Western Power, e.g., Western Power's Treasury, would view the increased borrowing capacity and lower interest rates from having the government as sole shareholder to be an advantage to Western Power when large capital investment was being planned.

6.2.6 Impact of new systems and organisational change on working life

Section six sought to determine managers' opinions of how the introduction of new management systems and corresponding organisational changes have affected their quality of working life over the previous seven years, in terms of working conditions, role performance, remuneration, career and training opportunities, motivation, job satisfaction, hours of work, etc. The impact of new management systems on managers' workloads over the past seven years is also explored in this section.

Influence of changes to working conditions on managers' performance

Question 16 sought the participants' opinions of the influence that changes to their working conditions had had on their performance as a manager since 1995.

A five point Likert scale where 1 was 'largely negative influence' and 5 was 'largely positive influence' was used.

Table 6.17
Influence of changes to working conditions on managers' performance

Description (variable #)	Number	Frequency	Percent
Largely Positive Influence (# 16.5)	111	44	39.6
Slightly Positive Influence (# 16.4)	111	35	31.5
Neither a Negative or Positive Influence (# 16.3)	111	20	18
Slightly Negative Influence (# 16.2)	111	8	7.2
Largely Negative Influence (# 16.1)	111	4	3.6
Mean 3.96			

The mean of 3.96 showed that the majority of respondents considered that changes to their working conditions had had a Slightly Positive Influence (table 6.17). The frequency analysis indicates that of the responses, 40% considered that changes to their working conditions had a Largely Positive Influence on their performance as manager; 31% considered changes to their working conditions had a Slightly Positive Influence; 18% considered that the changes had Neither a Negative or Positive influence; 7% considered changes to working conditions had a Slightly Negative Influence; and 4% considered changes to working conditions have had a Largely Negative Influence on their performance as manager since 1995 (table 6.17).

The high level of positive responses may be attributable to organisational changes and restructuring along business unit lines and the introduction of new technology which has led to greater efficiency within the workplace. The negative responses may be because of the increased workload which managers have reported as a result of changes and the introduction of new management systems within their workplace (section 5.4.2).

Rating of employment in terms of remuneration and conditions

Question 17 of the questionnaire survey asked managers to rate their employment with Western Power in terms of remuneration and conditions for the work they are expected to do. The question was divided into two parts and managers were asked to respond for both prior and post corporatisation. A five point Likert scale was used for both parts of the question, where 1 was 'very poor' and 5 was 'very good'.

Table 6.18
Rating of employment in terms of remuneration and conditions prior to corporatisation

Description (variable #)	Number	Frequency	Percent
Good (# 17.1.4)	111	55	49.5
No Opinion (# 17.1.3)	111	37	33.3
Poor (# 17.1.2)	111	15	13.5
Very Good (# 17.1.5)	111	3	2.7
Very Poor (# 17.1.1)	111	1	0.9
Mean 3.40			

Responses for the period prior to corporatisation, question 17.1, indicated a mean of 3.40, see table 6.18. The Frequency analysis of the responses indicates that 49% rated their employment with Western Power in terms of remuneration and conditions as Good. The other variables were rated as No Opinion 33%; Poor 13%; Very Good 3% and Very Poor 1%. These results may have been influenced by those participants who were not in management positions prior to the corporatisation of Western Power. In addition, the significant organisational restructuring prior to and since the corporatisation of Western Power had resulted in many managers changing roles several times thus making accurate comparisons difficult.

Table 6.19
Rating of remuneration and conditions now

Description (variable #)	Number	Frequency	Percent
Good (# 17.2.4)	111	56	50.5
Very Good (# 17.2.5)	111	29	26.1
No Opinion (# 17.2.3)	111	14	12.6
Poor (# 17.2.2)	111	10	9
Very Poor (# 17.2.1)	111	2	1.8
Mean 3.9			

Responses for the post corporatisation situation, question 17.2, indicated a mean of 3.9, see table 6.19. This was just within Good on the Likert scale. The frequency analysis indicates that of the responses, 50% rated their employment with Western Power in terms of remuneration and conditions as Good. The other variables were rated as Very Good 26%; No Opinion 13%; Poor 9%; and Very Poor 2%.

The ratings for both Good and Very Good increased from the pre-corporatisation to the post corporatisation parts of questions 17. For the Good variable the increase was 1% and for the Very Good variable the increase was 23.4%. These increases were mostly due to a reduction in the ratings of No Opinion, down 20.7% and Poor, down by 4.5% from the pre-corporatisation results (tables 6.18 and 6.19). It is believed that these shifts in the ratings were largely due to the improved conditions and remuneration that managers within Western Power enjoyed after corporatisation compared to the years leading up to it. Since corporatisation management contracts have been linked to specific performance targets which gave managers increased incentive to improve their business unit performance.

Impact of organisational change on career opportunities

Question 18 sought managers' opinions on what had been the impact of organisational change on their career opportunities within Western Power over the previous seven years. A five point Likert scale, where 1 was 'largely negative impact' and 5 was 'largely positive impact', was used for this question. In the survey context positive impact implies that things have got better, easier or improved for the managers. Negative impact implies that things have got worse or are more difficult than previously.

Table 6.20
<u>Impact of organisational change on career opportunities</u>

Description (variable #)	Number	Frequency	Percent
Largely Positive Impact..(# 18.5)	111	33	29.7
Slightly Positive Impact..(# 18.4)	111	30	27
Neither Negative or Positive Impact..(# 18.3)	111	28	25.2
Slightly Negative Impact..(# 18.2)	111	15	13.5
Largely Negative Impact..(# 18.1)	111	5	4.5
Mean 3.64			

The mean of 3.64 showed that the majority of respondents considered that organisational changes have had a positive impact on their career opportunities within Western Power (table 6.20). The frequency analysis indicates that of the responses, 30% considered that organisational changes have had a Largely Positive Impact on their career opportunities; 27% considered organisational changes have had a Slightly Positive Impact on their career opportunities; 25% considered the changes had Neither a Negative or Positive Impact; 13% considered organisational changes had a Slightly Negative Impact; and 5% considered organisational changes have had a Largely Negative Impact on their career opportunities within Western Power. The positive response indicates that managers have experienced, or are optimistic that they will experience, improved career opportunities due to the corporatisation of Western Power and the changes that have resulted.

Impact of new management systems and organisational change on skills

Question 19 sought managers' opinions about the adequacy of their current skills and whether they considered they should learn new skills and who should provide the training for those skills. The managers were asked to respond to four questions (table 6.21).

Table 6.21.
Impact of new management systems and organisational change on skills

Description (variable #)	Percent YES %	NO %
Do you consider you should learn new skills? (# 19.2)	91	9
Do you consider Western Power should provide training for any skills you may require? (# 19.4)	84.7	14.4
Do you consider your current skills adequate for what you are expected to do? (# 19.1)	79.3	20.7
Have you sought new skills? (# 19.3)	78.4	21.6

The frequency analysis of the responses for each of the variables (table 6.21) indicates that 91% of the managers considered that they should learn new skills, however, only 78% indicated that they have sought new skills. There is also an interesting gap between the 91% who considered they should learn new skills and the 79% who considered their current skills are adequate for what they are expected to do. It is likely that while managers considered their current skills were adequate, they also believed that it was important for them to learn new skills in order to cope with the different roles which resulted from restructuring and the introduction of new management systems. It is also probable that managers would have viewed learning new skills an important adjunct to the improved career opportunities which they acknowledged in question 18 (table 6.20). This issue is explored further in the follow-up interviews, chapter seven.

Skill development is of very high concern for the 85% of managers who considered Western Power should provide training for any skills they may require to do their job. High university fees and the need for study leave are likely reasons why some managers believe that Western Power should provide such training. Others may be resentful of the structural and management system changes that have been inflicted upon them since corporatisation and consider that if senior management wants them to undertake different roles then it is up to Western Power to provide whatever training they may need to undertake those roles. It is likely that the true picture lies somewhere in the middle as many of the managers who spent time acquiring the necessary skills at the time the changes were introduced, considered at the time of the survey that their current skills are adequate for their role. Others may have answered this question in light of the seemingly regular management system changes which also heralds new technology and further skill-learning for the managers. This issue is discussed in detail in chapter eight.

Impact of new management systems and business strategies on workload

Question 20 of the questionnaire survey asked participants to rate the impact of new management systems and business strategies on their workload. They were instructed to select an appropriate response against a list of eighteen variables which included thirteen of the management systems explored in earlier questions and an additional five variables to include key business strategies which have been adopted since corporatisation. The additional variables included Benchmarking Business Unit Performance, Marketing and Sales, Environmental Issues, Contract Labour, and Contracting Out of Services. Transformation as a management system was not included among the variables for this question because it had been applied for only a short period and its application was restricted to the generation division, which represented about 25% of staff.

For each of the eighteen variables, a five-point Likert scale was used, where 1 was 'largely negative impact', that is, workload has significantly increased and 5 was 'largely positive impact', that is, workload has significantly decreased.

Table 6.22.
Impact of management systems and business strategies on workload

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
Employee Performance Management (TEAM) (# 20.7)	111	3.6455	1.0716	0.5857
Strategic Planning (# 20.15)	111	3.5091	1.0557	0.7413
Introduction of New Technology (# 20.17)	111	3.5000	0.9554	0.4180
Customer Focus (# 20.12)	111	3.4727	0.9550	0.5627
Budgets & Financial Accountability (# 20.13)	111	3.4636	1.0552	0.6710
MLI (# 20.2)	111	3.3818	1.0491	0.5554
Service Level Agreement (SLA's) (# 20.5)	111	3.3364	2.9531	0.0414
Contract Labour (# 20.16)	111	3.2818	0.8142	0.4433
Marketing and Sales (# 20.10)	111	3.2727	0.8340	0.4345
Contracting out of Services (# 20.18)	111	3.2636	0.8639	0.3812
Environmental Issues (# 20.14)	111	3.2455	0.8479	0.4143
Change Management (# 20.8)	111	3.2273	0.8089	0.5644
Benchmarking Business Unit Performance (# 20.9)	111	3.1545	0.8260	0.5639
Pursuit of Unregulated Income (# 20.11)	111	3.1455	0.8866	0.4704
Employee Recruitment and Selection (SIRSS) (# 20.6)	111	3.1000	0.9082	0.3640
Shareholder Value Adding (SVA) (# 20.4)	111	3.0818	0.7311	0.3669
FOCUS (# 20.1)	111	2.9636	0.9475	0.3693
MIMS (# 20.3)	111	2.8182	1.1588	0.2776
Reliability coefficients 18 items Alpha 0.8656				

A Cronbach alpha reliability check was calculated for this question and was found to be 0.86 (table 6.22).

The means of the variables which showed the strongest areas of agreement were Employee Performance Management (TEAM), Strategic Planning, the Introduction of New Technology, Customer Focus, and Budgets and Financial Accountability. In these cases the means were 3.64, 3.51, 3.50, 3.47 and 3.46 respectively which indicates moderate agreement that workloads have reduced with the introduction of new management systems. However, it is believed that while these new management systems were introduced to improve business efficiency and management effectiveness, the systems themselves required a significant concentration of the managers' time and effort in order for them to be successfully introduced, embedded and sustained. Therefore, it is probable that managers' workloads had actually increased significantly at the time of introduction of the new management systems, in some cases five to seven years ago, but at the time the questionnaire survey was administered managers were starting to see the benefits of those systems which had helped reduce their workload. The size of the benefits, in terms of workload reduction for the managers, may be limited by the likelihood that, although many of the managers were now less focused on engineering issues, most of the workload reductions in that area were being offset by the requirement to place a greater emphasis on business needs. That is, the concentration of managers' time and effort to get the systems working as planned would have to some degree offset any reductions to the managers' workload brought about through the productivity and efficiency improvements the systems were supposed to deliver on. For example, MIMS which was the only management system change that respondents to question 11 had considered impacted negatively on their roles as managers (table 6.11). Both MIMS (mean 2.81) and FOCUS (mean 2.96) were reported in question 20 to have moderately increased managers' workloads. For MIMS, the increase in managers' workloads was most likely because of the complexity of the system and its poorly managed introduction into Western Power (section 5.4.2).

It is understandable that both FOCUS and MIMS would have been considered by managers to have increased their workload due to the magnitude of the changes associated with the two programs. Although FOCUS ceased to be a key management system around 2000 many of the management systems listed in question 20 were the direct result of the FOCUS culture change program and were introduced between 1995 and 2000 as on-going change initiatives for business improvement. Management system changes associated with both FOCUS and MIMS not only impacted on managers, but on employees across the organisation. They had to learn new skills in order to effectively use the new systems and division, branch and business unit performance was now measured against many of the management systems. Performance reviews for managers could also take some or all of these systems into consideration. Interestingly, the MLI (mean 3.38) was not reported as having significantly increased the managers workload even though a key component of this program requires significant involvement by managers at all levels of its introduction. The reason for this is most likely because, at the time the questionnaire survey was administered, not all managers had attended MLI training.

The remaining management systems and business strategy variables are ranked according to their mean in table 6.22 and all were reported to have slightly decreased the manager's workloads. It is likely, however, that the results do not reflect the true situation for some managers. For example, not all managers are responsible for Shareholder Value Adding, the Pursuit of Unregulated Income and Benchmarking Business Unit Performance. Also, for the majority of the managers that were involved it is probable that they viewed these as part of their normal workload and did not view them as an increase in work. Moreover, the Pursuit of Unregulated Income had only been seriously pursued in the two to three years prior to the administration of the survey. Therefore, their full impact on the managers' workloads might not have been noticed at the time the survey was administered. These issues are explored further in the follow-up interviews, chapter seven.

Impact of new management systems on working life

The final question in the questionnaire survey sought the managers' perceptions of how new management systems and business strategies had impacted on working life issues such as motivation, job satisfaction, training / learning opportunities, hours of work, etc. A five-point Likert scale was used for each of these variables, where 1 was 'strongly decreased' and 5 was 'significantly increased'.

A Cronbach alpha reliability check was calculated for this question and was found to be 0.61 (table 6.23). This is in excess of the minimum of 0.60 quoted by Sekaran (1992) for exploratory research.

Table 6.23.
Impact of new management systems on working life

Description (variable #)	Number	Mean	Standard Deviation	Item Total Correlation
Your degree of Accountability as Manager or Section Head (# 21.9)	111	4.1622	0.6947	0.4498
Your Hours of Work (# 21.5)	111	4.1351	0.7803	0.4016
Time You Spend Organising and Attending Meetings (# 21.13)	111	4.0631	0.7661	0.3446
Your Personal Stress at Work (# 21.6)	111	3.9009	0.7622	0.1378
Amount of Work You Take Home (# 21.7)	111	3.8919	0.8671	0.3090
Time You Spend on Employee Issues That Were Previously a HR Concern (# 21.8)	111	3.7838	0.7187	0.2872
Your Empowerment to take Action and Make Decisions Without Referring to Your Supervisor (GM or Executive) (# 21.10)	111	3.7748	0.8601	0.4988
Your Motivation (# 21.1)	111	3.7117	0.8882	0.4238
Your Job Satisfaction (# 21.2)	111	3.6667	0.8782	0.3805
Time You Spend Coaching and Training Subordinates (# 21.12)	111	3.6216	0.7392	0.3116
Your Training / Learning Opportunities (# 21.3)	111	3.5225	0.8512	0.3046
Time You Spend on Non Core Activities (# 21.11)	111	3.2883	0.9380	0.0498
Your Leisure Time (# 21.4)	111	2.0721	0.6969	0.5435
Reliability Coefficients 13 items Alpha 0.6106				

Respondents to question 21 of the questionnaire survey reported that their Degree of Accountability as Manager or Section Head (mean 4.16) had increased the most of all the variables (table 6.23). This finding is not surprising considering that key managerialist and corporatisation objectives are management reform and financial accountability as well documented in the literature (Dunford et al., 1998; Harman, 1993b; Hyman, 1995; Reynoldson, 1999; Stace & Dunphy, 1997). Both financial and managerial accountability were strong features of the Functional and Organisational Review (FOR) undertaken in the late 1980's prior to corporatisation. They were also reintroduced and reinforced during the FOCUS culture change program when Western Power was corporatised.

Other working life issues found to have a moderate level of increase were Hours of Work, Time Spend Organising and Attending Meetings, and the Amount of Work Taken Home. For these, the means were 4.13, 4.06, and 3.89 respectively. The increased work related activities are mirrored in the moderate decrease in the managers' Leisure Time (mean 2.07). This non-working time, was considered by respondents to be the area of most concern for them. Despite the reported reductions in the manager's workloads due to new management systems (table 6.22) it is probable that managers were already working increased hours at the time the questionnaire survey was conducted and any perceived benefits have only moderately reduced those excess hours. This has resulted in managers having to use some of their leisure time in order to get their work done and meet performance targets.

Respondents to the questionnaire survey indicated a moderate level of increase in Personal Stress at Work (mean 3.90). The stress is most likely attributable to role changes due to restructuring over recent years. Both restructuring and role changes require cultural readjustments which can manifest into concerns by some over job security and, for others, future career opportunities. Restructuring could further exacerbate stress if managers were placed in charge of sections and business units for which they may not have the appropriate skills. Question 19 of the questionnaire survey had sought to determine whether managers considered their current skills were adequate for what they are expected to do. The responses reflected managers' concerns that continuous change had meant that many of the skills they had acquired previously were unsuitable for their new roles (table 6.21).

Managers had indicated a moderate increase in the amount of time they

Spend on Employee Issues That Were Previously a HR Concern (mean 3.78). However, it is likely that managers actually spend more time attending to staff matters than they indicated in the questionnaire survey. For example, some managers had indicated during the preliminary interviews that their workloads had noticeably increased due to time spend attending to staff matters that were previously a HR function. These findings are supported by the secondary data (chapter two) which shows that since corporatisation, and more recently since the introduction of the Managerial Leadership Initiative (MLI) in the latter half of 2000, the executive and senior management have gradually devolved responsibility for day-to-day employee matters, which were originally the responsibility of Human Resource (HR) personnel, to the managers. These matters included staff training and the maintenance of training plans and registers, staff recruitment and selection, staff roles and responsibilities, staff performance management and staff employment contracts and increment reviews.

The means of the variables showed a moderate level of increase for working life issues such as Empowerment to Take Action and Make Decisions Without Referring to Supervisor, Motivation and Job Satisfaction. The means were 3.77, 3.71 and 3.66 respectively. This increase is indicative of the changes that had occurred in Western Power since 1995. The secondary data (chapter two) shows that the introduction of empowerment through the FOCUS culture change program (1995-1997) had sent a clear message to managers and staff that it was acceptable for them to make decisions and to take responsible action, in fact *...responsible risk-taking* (Widdis & Davis-Goff, 1995) was a common phrase used during the FOCUS workshops. It is likely that the ability to make decisions without constant referral to senior management for approval was seen to be a strong motivator by managers. For the same reasons managers probably gained increased job satisfaction.

The survey responses also showed a moderate level of increase for training and learning opportunities (mean 3.52). This finding is supported by data from question 19 of the questionnaire survey which showed that 78% of the managers had indicated that they had sought new skills since the introduction of new management systems. The managers were also agreeable to undertake any training required for their job, but the majority considered that Western Power should provide training for any skills they may require (table 6.21). Finally, the review of secondary data (chapter two) had shown that since corporatisation the executive has focused increased attention on new technology and new business systems in order to improve organisational effectiveness and efficiency. This had required the managers to spend significant time developing the necessary skills in order for them to introduce and promote the new systems among their staff.

6.3 CONCLUSIONS

The questionnaire survey revealed a substantial consistency in exploring how managers perceive the broad organisational impact of corporatisation and management reform on their roles and working life. Furthermore, the width of the differences in perceptions between respondents for all six sections of the survey was found to be relatively narrow. The researcher believes that this was due to the strong content validity of the survey instrument, which was enabled by the findings of the preliminary interviews and the rigorous pre-testing in the form of a pilot survey. The key themes and findings from both the review of secondary data and the preliminary interviews ensured the questionnaire survey was relevant and was strongly focused on key issues that concerned managers within Western Power.

There was a strong understanding by managers of the rationale for the introduction of corporatisation within Western Power, the main beneficiaries of it and the main reasons for ongoing management system changes. However, the communication of management system changes was only moderately effective and no direct link was made between how effectively they had been communicated to the managers and the clarity with which they saw their roles. Nevertheless, it is considered likely that there is a link because of the high level of importance they had placed on their being involved with the introduction of new management systems. Furthermore, for managers, role clarity comes from an understanding of the management systems and how those systems fit within the organisational structure. Therefore, it is likely that ongoing restructuring and role tenure had contributed to a 'blurring' of role clarity for some, but the majority of interviewees considered that their roles were clearer in 2002 than they were prior to corporatisation.

The secondary data and preliminary interviews had identified the fourteen most significant management system changes, which along with organisational changes introduced since corporatisation, had impacted the most on the managers. These were explored further in the questionnaire survey where it was confirmed that the changes had impacted both positively and negatively on the managers' roles, working life, and on the achievement of performance targets. Furthermore, the new management systems and organisational changes introduced since corporatisation had a moderately positive impact on their skills, career opportunities, internal networks and relationships with key stakeholders. The most positive being in the areas of remuneration and working conditions and managers' relationships with subordinate staff, supervisors and peers. Those working life issues found to be adversely affected were the managers' levels of personal stress, workload and working hours. It is most likely that the increased hours of work directly impacted on their leisure time. There was strong agreement by managers that their current skills were adequate for what they are expected to do, but most believed that they should learn new skills, and the majority indicated that they had sought them. Moreover, they considered that Western Power should provide the training for any new skills they may require.

The significant changes which have occurred, and the perceived benefits of those changes to the managers' roles and working life as a result of corporatisation are important for this study and are explored further in the next chapter.

CHAPTER SEVEN

FOLLOW-UP INTERVIEWS: STAGE 3

7.1 OVERVIEW

The data from the preliminary interviews was analysed in chapter five and key themes and issues identified during the analysis were used to inform the questionnaire survey. The analysis of data from the questionnaire survey in chapter six identified twelve important topics where further investigation would greatly improve the content and validity of the data. These topics were organised into questions for follow-up interviews and are listed in table 7.2. The follow-up interviews were conducted with sixteen randomly selected managers from across the organisation. In order to further improve the content validity of the data, those interviewed during the follow-up interviews were different from those interviewed during the preliminary interviews.

7.2 SELECTION CRITERIA

The interviews were conducted with one general manager, five branch managers and ten senior section heads within Western Power (table 4.5). It was considered by the researcher that the content validity of the data would be enhanced if the sixteen managers chosen for the follow-up interviews were different from those who participated in the preliminary interviews. The selection criteria was the same as that which applied for the preliminary interviews i.e., the chosen managers had more than eight years service within Western Power, were in management positions prior to 1994 and collectively represented a good cross section of the branches and business units within the organisation (chapter 4, section 4.4.2).

Each interview took an average of thirty minutes during which twelve questions were asked. Important key issues identified in the analysis of the data, but beyond the scope of this study are discussed later in chapter nine as issues for future research. Although females participated in all stages of the research their participation rate is not noted in this study because the size and structure of some branches and sections within Western Power may lead to their anonymity being compromised. In addition, specific gender issues are not addressed in this study.

7.3 FOLLOW-UP INTERVIEW QUESTIONS

Table 7.2 lists the questions that were asked at the follow-up interviews in order to validate findings and further explore key issues from stages one and two of the research schema.

Table 7.2
Follow-up interview questions

Number	Question
1	What has been the impact of financial and budgeting systems on your role as manager and the performance of your business unit?
2	What has been the impact of strategic planning on your role as manager and your ability to achieve performance targets?
3	What has been the impact of performance management and performance targets on your role and remuneration?
4	How has the use of contract labour and contracting out of services impacted on your role as manager?
5	What has been the impact of the pursuit of unregulated income on your role as manager and the performance of your business unit?
6	How has customer focus impacted on your role as manager?
7	What has been the impact of empowerment on your role as manager?
8	What has been the impact of the managerial leadership initiative on your role as manager?
9	What has been the impact of corporatisation and new management systems on the technical component of your role as manager?
10	What has been the impact of corporatisation and organisational restructuring on the clarity of your role as manager?
11	What has been the impact of corporatisation on your career opportunities?
12	What has been the impact of corporatisation and new management systems on the time you spend doing work related activities?

7.4 KEY FOLLOW-UP INTERVIEW FINDINGS: STAGE 3

This section provides an analysis of the data gathered during the follow-up interviews and is structured in the same order as the questions were presented in table 7.2. The findings from this analysis are synthesised in chapter eight with the findings from chapters 5 and 6.

Financial accountability

Financial accountability was identified in the preliminary interviews as a major issue for managers in terms of personal and business unit performance. It was also found to have had a negative impact on their roles and had contributed to a noticeable increase in their workload, brought about by the introduction of new management systems and increased expenditure related bureaucracy such as the preparation of business cases in order to gain expenditure approvals. The findings of the questionnaire survey, however, showed that the majority of managers considered financial accountability had had a positive impact on their roles, was important in supporting the achievement of their performance targets and had a slightly positive impact on their workload. In the survey context a positive impact implied that things had got better, easier or improved for the managers, whereas a negative impact implied that things had got worse or are more difficult than previously.

The follow-up interviews found that the main area of disagreement between the above findings was the individual managers' perceptions of the new financial management systems and how they had impacted on their roles and workload. This perception was found to be dependent upon the level of financial reporting the managers were required to do in order to carry out their duties. They all identified the Mimcom Information Management System (MIMS) as being important to them for budgeting, financial reporting and achieving performance targets. However, most believed that MIMS failed to meet many of their financial management and budgeting needs. They reported that it was not an ideal system because it was too complex and lacked user-friendly reporting software providing a significant source of frustration for many managers. For example, reporting problems included delays in the production of reports and the inflexibility of the reporting format which often caused unnecessary delays in gaining the required data and sometimes several reports being produced where one should have been sufficient. Most managers attributed these problems to the IT specialists who lacked a clear understanding of the engineering and the commercial aspects of electricity supply and that this had resulted in a greater concentration on the system rather than on the output. All agreed, however, that it was likely that ongoing improvements to MIMS would enable better reporting in the future. Also, it was considered that their knowledge, understanding and acceptance of MIMS would improve as the system was further developed and more widely used.

Managers had also reported during the preliminary interviews that financial accountability and budgets played an important part in their accountabilities as managers and were part of the measurables used to assess their performance. When questioned on this during the follow-up interviews all agreed that there was a clear need for budgets and justification for expenditure. They saw Shareholder Value Adding (SVA), introduced into Western Power in the late nineties, as a business management system enabling them to justify and control expenditure. Most considered that although SVA had increased their workload slightly, it had impacted positively on their role as it gave them the opportunity to highlight branch objectives and achievements to senior management. Some claimed that it had also helped them to identify training and staff shortages and to focus on the core responsibilities of their business unit through the need to carefully scrutinise all SVA submissions. Others considered SVA was cumbersome and required specialist accounting knowledge to apply it effectively. It was also felt that it did not adequately take into account expenditure on issues such as safety and community service obligations where there was not going to be any monetary gain or 'value adding' to the organisation. However, when explored further, some interviewees acknowledged that the SVA process did have provision for intangible, or non monetary, returns, but these were very subjective and required them to spend considerable time researching and writing up acceptable business cases for the executive.

Some managers expressed frustration during the follow-up interviews at the controls that senior management and the board placed on their authority to spend within approved budgets. While different management levels had different delegated financial authority (DFA) some claimed they were unable to authorise expenditure for amounts considerably less than their limit without first making a formal submission to the board for approval. The approvals process was also considered frustrating for some and stressful for others because it involved the preparation of lengthy business cases to justify spending within budgets that had previously been approved. They were also concerned that approvals can take as long as six months to be processed. Although the business cases were seldom rejected, this practice commonly resulted in cost increases and consequent budget overruns due, for example, to varying exchange rates and price rises. One manager commented, *...It does little to improve trust between levels of management, why give us financial authority if they* (the board) *don't trust us to be accountable for it?*

Finally, some of the managers interviewed during the preliminary interviews had considered Western Power to be good on financial accountability but poor at pricing of services and cost recovery. Some of the managers had contended that cost recovery had been pursued on an ad hoc basis, and the true costs were rarely recovered. They had given examples of where customers requiring larger cables or transformers to supply expanded businesses or redevelopment would only be charged for a portion of the cost, with the balance to be recovered over time, or through increased power consumption. When questioned further on this during the follow-up interviews they claimed that cost recovery was random and in some instances not at all. The reluctance to recover the balance of the costs was considered by some to be *too hard* because of the lack of direction and support from senior management. They considered this was due to fear that aggrieved customers would seek a political solution through the minister or ombudsman, thus bringing unwanted attention upon the branch or section. Some also considered that there was no incentive to recover costs because money already spent had come from their budgets and any money recovered went into consolidated revenue and did not improve their budget balance.

Strategic planning

Positive aspects of strategic planning to emerge from the preliminary interviews included a better understanding by managers of corporate business processes and a greater opportunity to be involved in the planning to deal with issues that impacted on their branch or business unit and the organisation as a whole. Some also considered that the knowledge and understanding of strategic planning processes would hold them in good stead for work outside of Western Power. However, not all managers interviewed in the preliminary interviews had considered strategic planning to be an important part of their work and those that were involved considered that around fifteen percent of their time was taken on strategic planning issues. Some thought that it was only relevant for the executive level, while others believed that all staff should be involved in strategic planning. The questionnaire survey had indicated that strategic planning had a positive impact in supporting managers achieve performance targets, that it was effectively communicated within Western Power and that it had a largely positive impact on the managers' roles.

When explored further in the follow-up interviews, it was claimed that not all levels of management were involved or wanted to be involved in strategic planning. Furthermore, it was mostly divisional and senior branch managers who were involved in strategic planning at the higher levels, while lower levels of management and senior section heads generally were only involved in branch strategic plans. One manager claimed that at the lower levels of management, *...they were going through the motions, whereby the exercise was to create sub-plans aligned with divisional and corporate plans, but mostly to achieve the performance targets of respective senior managers.*

Budgeting and its link with strategic planning had also been identified in the preliminary interviews as an activity which had impacted the most on the roles of managers. When this was explored during the follow-up interviews the managers all agreed that it was important for them to have a good understanding of cost structures and budgets for their respective branches and business units and that these must be in alignment with branch, divisional and corporate strategic plans. They also expressed frustration over the non-alignment of budgeting with strategic planning, causing long delays in finalising budgets. Budgets, set with the best available information at the time, often had to be readjusted and returned several times to senior management before being approved. Managers from operational and service provider areas in particular reported that budgets set the previous November were often still being modified and sent back for approval in June the following year. Most believed the underlying reason for this was the executives' inability to finalise strategic plans and budgets without first referring to the responsible minister, who in turn, was influenced by pressure from other government departments, such as Energy Safety and the Environmental Protection Authority. This *budget roundabout,* as one manager termed it, created planning and resourcing difficulties, particularly with the contracting out of work. This manager claimed that because of insufficient resources within the differing engineering sectors of Western Power, there is a heavy reliance on contractors to fill resource gaps. However, external service providers were not prepared to undertake the recruitment and training of appropriately skilled personnel until they were assured of regular work, and assurance of this could not be given until plans and budgets were finalised.

The managers were also asked to elaborate on concerns raised by some in the preliminary interviews that up to fifteen percent of their time was spent identifying core elements of strategic plans and including these elements in their branch business plans. Similarly, some of the managers interviewed during the follow-up interviews indicated a similar commitment of time to strategic planning issues. When explored further, it was found that a few of the managers had included the time they took to present the branch and corporate strategic plans to their staff. A large portion of this time was also used in the planning and application of strategies to achieve strategic goals and key performance indicators set by the executive. The managers considered this to be in their own interests as strategic plans and key performance indicators were central to the targets set within TEAM (i.e., performance measurement) and played a key role in their remuneration reviews and contract renewals.

Performance management

Managers in the preliminary interviews had reported that divisional managers' performance targets were aligned with corporate plans. Similarly, the performance targets of branch and business unit managers were aligned with the branch plans. They all claimed that performance management (e.g., TEAM) was a useful system for managing staff performance, however, only some considered there was an adequate link between individual performance and remuneration. Moreover, they had indicated in the questionnaire survey that they considered performance management had had a positive impact on their role and workload and was important in supporting the achievement of their performance targets.

The issues of performance management and remuneration were explored further in the follow-up interviews. The main findings were that managers did not consider extraordinary performance was adequately identified and rewarded by senior management and the executive. Although most reported that they worked hard to ensure that their performance targets were met in order to maximise their remuneration and increase their share in any management bonuses. However, some expressed concern that although they had met their performance targets their remuneration did not always reflect this. Some compared their roles, responsibilities and remuneration with similar positions in private enterprise, claiming they were not as well-paid as some of their contemporaries in private enterprise. When questioned further, however, they conceded that industry comparisons were difficult due to the current structure and isolation of Western Power which does not have the same economic pressures and competition as its Eastern States counterparts. Finally, some of the managers considered that their relationship with their senior manager was more important than achieving performance targets. They considered a good relationship enabled them to discuss problems and issues of concern more openly and that this resulted in favourable responses when requesting budget and resource variations. This supports both the preliminary interview and questionnaire survey findings in that the majority of managers considered that new management systems and organisational change had impacted positively on their relationships with supervisors, peers and subordinate staff.

All of the managers interviewed during the follow-up interviews understood performance management to be an integral part of good leadership and an important part of their role as manager. However, they also thought that the introduction of performance management for all levels of staff had increased their workload proportional to the number of staff in their section. They now set individual performance targets for each employee, conducted regular reviews and focused on individual performance as well as the performance of the group as a whole. Most managers viewed this positively, claiming that performance management at the individual level was an important management function enabling them to encourage and reward high achievers, assist others and sanction poor performers. They also believed that performance management had led to more openness and accountability by those who participated in it and had improved their relationships with their supervisors, peers and staff as a result. Finally, some managers claimed that, with the introduction of performance management, they needed additional training to help them negotiate performance targets, conduct performance reviews and assist employees in matters such as career planning and training.

Contract labour and contracting out of services

Managers' perceptions of the increased use of contractors and the contracting out of services were explored in the preliminary interviews and the questionnaire survey. While not overwhelmingly in favour of contractors and the contracting out of services, most managers thought this was acceptable providing the organisation retained key skills and only contracted out non-core and non-strategic work. They also believed that there should be clear economic benefits in using contractors.

When explored further in the follow-up interviews, all the managers considered that contract labour and the contracting out of services was now *a way of life* in Western Power due to the significant reductions in permanent full-time employees since corporatisation. In some business units, e.g., IT, the majority of staff were contractors. A few managers attributed the increasing use of contractors to the executive focus on the commercial performance of

Western Power and, in order for Western Power to demonstrate labour productivity and efficiency gains, contractors were costed against materials rather than labour. One manager claimed *...it's a numbers game, they* (the executive) *want to make it look as though we are doing more with less people.* It was also claimed that this *form of creative accounting* distorts capital and operating budgets and disguises the true cost of labour within the organisation. Further, it causes problems with the identification of work on one hand and the actual amount of work completed on the other. One example of this was where parcels of corrective work were costed using internal labour, but the work was eventually done by contractors and costed in the budget as 'materials'.

Some interviewees were concerned that senior management had reduced the workforce despite the increased workload, resulting in more work being put out to contractors. They claimed that Western Power preferred to use contract labour rather than permanent staff. This resulted in a shortage of skilled people within the organisation, most significantly in the technical and engineering sectors with restrictions on external recruitment of technical and engineering graduates. The absence of any formal succession planning had resulted in shortages of skilled staff which had reportedly left many managers dependent upon, as one manager said, *...costly and sometimes underskilled and unreliable contractors.* A few had stated concern over the loss of skilled and experienced staff needed to safely and effectively assess the risks to the organisation when formulating budgets, plans and strategies. Some also expressed frustration at continuously having to train new contractors. This took their attention away from training full-time staff and left them exposed to accusations that contractors were getting preferential treatment. However, there was the view that contract labour made it easier to monitor the performance of individual contractors with the intention of making them full-time employees if the opportunity arose.

Unregulated income

All the managers involved in the preliminary interviews understood that the term unregulated income meant the seeking of payment for work that was not directly involved with the generation, transmission and distribution of electrical energy within Western Power. For example, tendering to do work within other utilities or businesses locally, interstate and overseas. The managers claimed that the pursuit of unregulated income was driven by a directive from senior management and the executive to demonstrate that Western Power could compete in an open commercial market. The impact of pursuing unregulated income on the managers' workload was explored further during the questionnaire survey where it was reported to have slightly decreased the managers workload. However, it is likely that the survey results do not reflect the true situation because the pursuit of unregulated income has mainly been restricted to those branches involved in engineering design and construction and maintenance, therefore, not all managers would have been involved.

Unregulated income and its impact on the roles of the managers and their business units was explored further during the follow-up interviews. It was found that even though there was strong understanding of the perceived benefits from seeking unregulated income, e.g., the opportunity for managers to enhance engineering and commercial skills within their business units, only a few managers displayed any eagerness for pursuing it. Most of those who had been directly involved with unregulated income claimed that it distracted them from their core activities, taking 5% of their time, but creating 25% of their problems. It was claimed moreover that 90% percent of the learning from the pursuit of unregulated income was not applicable to Western Power needs. One manager said, *...it is like asking the automotive industry to make refrigerators. This requires a redesign of work practices and procedures.* Consequently, managers held concerns for how they would achieve their business unit performance targets with already dwindling resources being used for what they considered to be non-core activities. They thought that staff were already overworked and questioned the logic of using key personnel in the pursuit of unregulated income when it meant meeting tight contractual deadlines and dealing with delays in completing important internal work. Some claimed that this had resulted in contractors doing core work causing further resourcing difficulties with the need to train the contractors to do the work not being done by key staff who were distracted by the unregulated work. There was also the issue of complaints from other staff who claimed that the contractors got preferential treatment and the best work. Also, contractors were employed to do the internal work at a greater cost than full-time equivalent employees, for example, as one manager claimed, *...profits made on unregulated income are spent paying contractors to do the work we should be doing ourselves.*

There were others, however, who viewed the pursuit of unregulated income as an opportunity for their efforts to be recognised by senior management. They saw that unregulated income provided senior management with proof of their ability to undertake non-core activities and to manage them according to good commercial practice. It also enabled them to expand their own personal business skills and knowledge with the intention of furthering their careers outside Western Power, for example, the opportunity to network, exchange ideas and work with peers in similar businesses, both in Australia and Asia. Finally, most managers identified the advantage that seeking unregulated income had for networking and becoming more involved with customers, businesses and community groups, and manufacturers and their representatives, but they still did not want to do it. They acknowledged that there was a need for strategic alliances and close working relationships with other utilities both in Australia and abroad and saw the pursuit of unregulated income as a useful adjunct to this.

Customer focus

The preliminary interviews had shown that managers identified customer focus as an important measure of their business unit performance, but one which had also increased their workload and made their role more complex in terms of new rules and standards. In contrast, the questionnaire survey found that managers considered that customer focus mostly had a positive impact on their workload over the past seven years, showing that they generally accepted customer focus and considered it as having enhanced or lessened their workload in some way. However, when these issues were pursued further in the follow-up interviews it was found that the managers interviewed considered that they must now place greater attention on the demands of external customers. They claimed external customers now get a faster response to their complaints, often brought about by direct intervention by the Minister and other government departments. As a result, of this intervention the managers now focus more on the needs and demands of their external customers in order to avoid trouble. They reported that this had increased their workload significantly through the need to re-prioritise work and pay increased attention to resources and budgets. However, they perceived there were benefits in it for them, for example, focusing on both internal customers, i.e., other branches and sections within the organisation, and external customers had given them a better understanding of the capabilities of their business unit and the requirements of their client base. Consequently, this had enabled them to plan their resource needs and skill requirements better and to be in a *stronger and more credible* position when requesting increased budgets.

The interviewees also saw customer focus as an important key performance indicator for their business unit and that good result in that area would help in their performance (and salary) reviews. Finally all the managers interviewed in the final stage of the research agreed that focusing on both internal and external customers had had a positive impact on their working life in terms of improving their remuneration and position within the organisation. They claimed it had also enhanced their personal skills and marketability should they choose to apply for work outside of Western Power.

Empowerment

The preliminary interviews found that most managers considered that empowerment, which had been introduced during FOCUS[9] (i.e., the culture change program, January 1995 – May 1997) had given them a greater say in their business unit structure, how it was managed and employee numbers. They also believed that empowerment had given them the authority to make decisions and be accountable for them, to challenge the norm, to be innovative and entrepreneurial and to push the boundaries of their working environment. These findings were confirmed in the questionnaire survey where more than 70% of managers surveyed considered that since corporatisation they felt more empowered to take action and make decisions without referring to their supervisors. However, when explored further in the follow-up interviews some managers expressed concern that their areas of authority and empowerment to make spontaneous business decisions had been reduced. They believed that this was due mainly to the Managerial Leadership Initiative (MLI) introduced to all levels of management and staff within Western Power from 2001. They were concerned that the MLI had contradicted the earlier requirements of entrepreneurialism, innovation and pushing the boundaries, which had been key features of FOCUS, that is, these skills were no longer supported by senior management. They thought that since the introduction of the MLI, senior management had moved from a more literal understanding of empowerment to a more authoritarian approach with increased bureaucracy in management structure, particularly at the lower levels. For example, a key feature of the MLI had been the defining of limits or boundaries within which subordinate staff could operate. They considered these limits were *restrictive and regressive,* as demonstrated in the constraints imposed on expenditure within budgets that were already approved. Furthermore, they believed that this added bureaucracy whether intentional or not, was making their roles more difficult and that they were now *rules driven* and spent valuable time seeking approval to do things they had done as a matter of course previously. Further examples included having to gain approval for training for subordinate staff and the employment of temporary contract staff. In fact one manager claimed that *...senior management have used the MLI as an opportunity to seize back the authority they lost from FOCUS.*

Some of those interviewed considered there was a need for clear limits to their roles and responsibilities and the boundaries of their authority. This would be helpful in achieving performance targets and setting targets for subordinate staff. Others believed limits were necessary to ensure they remained clearly focused on strategic goals and operated within their financial plans. Some considered that the move back to bureaucracy was due to a greater focus on organisational performance and recent organisational and role changes. However overall, most thought that if they had a problem with their level of authority, they could always discuss the problem with their senior manager and negotiate a change, although none of the managers reported that they had actually done this.

Leadership

It was found during the preliminary research that Western Power had introduced the MLI ostensibly to improve the leadership capabilities of all formal leaders, that is, all managers and supervisors that have staff reporting directly to them, and to introduce a level of understanding of the role

[9] FOCUS, an acronym for Focus on Organisational Change Understanding and Skills, see also appendix 1

relationship between them and subordinate staff within the organisation. The managers reported that the key leadership elements of the MLI were role relationships and responsibilities, accountability and limits, performance management and fair treatment. They also considered that the MLI had helped them focus attention on people management and personal leadership, something which FOCUS had failed to do. The responses to the questionnaire survey were similar in that the MLI was important in supporting the achievement of performance targets and it had a slightly positive impact on their workload and roles. However, in the three-month period between the administration of the questionnaire survey and the follow-up interviews there was a significant shift in opinions about the MLI. Most of the managers interviewed in the follow-up interviews claimed that since the MLI had been introduced they had found that their workload had increased significantly along with their MLI related duties, while for some, empowerment which had been introduced as part of FOCUS was being eroded. Workload increases were reported to be due to the increased attention managers were now required to pay to the establishment of role relationships and role agreements between other teams, sections, business units and branches, and between themselves and their staff. The managers had claimed that in order to do that they had to spend considerable time on discussions and, what some viewed as 'typist functions' in writing up the new role agreements. Some said that because of their work commitments they had to do this outside normal working hours. All the managers reported that they had to roll out the MLI to their staff which entailed the preparation and delivery of training to their staff during prearranged two day workshops. Most reported that this role was new to them and some expressed annoyance that they had to make the presentations, something for which they had no formal training apart from a brief meeting with MLI coordinators prior to the workshops. Finally, all reported that when the MLI workshops had been completed their workload had increased due to an expectation by staff for them to provide greater detail and clearer instructions when passing on work. Furthermore, they claimed that the reintroduction of TEAM with the MLI meant that they must now set performance targets, review performance and provide feedback to all their staff, not just those on individual employment agreements.

Many of the interviewees believed that the introduction of the MLI had signalled a more authoritarian approach by senior management where increased bureaucracy and rules had replaced innovation and entrepreneurialism. Many of the managers indicated that they were becoming concerned about the way the MLI was being administered. For example, they now had less say in their employee numbers and budgets. Some claimed that they now found it necessary to seek approval for things such as training and staff replacement even though they had been assigned an allocated number of staff and were told that staff recruitment and training was now their responsibility. When questioned about their understanding of the reasons for these changes which concerned them, most attributed the changes to a common leadership approach throughout the organisation in order for all business units to be aligned with corporate Key Performance Indicators, but only a few considered they were necessary. Importantly, most of the managers who were interviewed during the follow-up interviews considered that there was an urgent need for reviewing the application of the MLI principles to ensure that the organisation did not become *bureaucratically paralysed* and return to the pre 1995 management systems.

Technical excellence

Managers had expressed concern during the preliminary interviews that organisational changes and many of the new management systems favoured commercialisation and had come at the expense of technical excellence. This had been difficult to accept for many managers in Western Power who had an engineering background. The questionnaire survey found that most saw only slight improvement in their opportunities to develop and apply their technical skills since corporatisation. The questionnaire also reflected their concerns that continuous change had meant that many of the skills they had acquired previously were unsuitable for their new roles. This was explored further during the follow-up interviews in order to determine the level of acceptance traditional technical managers have in Western Power today. Similar to the findings of the preliminary interviews, most considered that their chosen careers as technical managers were being overshadowed by the greater focus on commercial issues and financial accountability, i.e., having a greater awareness of cost versus quality and the need to be more business and customer focused. However, while a few lamented *the passing of the good old days* and the weakening of their technical skills, they all considered it was in their best interests to change with business requirements and actively pursue a good commercial outcome for Western Power and improved remuneration for themselves.

During the preliminary interviews the managers had also reported that organisational and management system changes had required a greater emphasis on employee and resource management issues. This increased focus on 'people' issues had further reduced the technical component of their roles. When further questioned during the follow-up interviews, the managers confirmed that the changes introduced since corporatisation had impacted significantly on their roles in terms of how they dealt with stakeholders, i.e., senior management, customers, peers and staff. Many claimed that they had acquired new skills to make this job easier, but it had still led to a significant increase in their workload and sometimes at the expense of their personal life, e.g., taking work home or spending longer periods of time at work.

Role clarity

The analysis of the preliminary interview findings showed that half of the managers interviewed considered role clarity was still a major issue, whereas the other half believed that corporatisation had helped to clarify their roles. These conflicting findings were replicated in the questionnaire survey wherein most of the respondents indicated that their understanding of their roles as managers was somewhat clearer today compared with seven years ago. While the others said their roles were less clearer. When explored further in the follow-up interviews eleven of the sixteen managers interviewed considered that they had a better understanding of their roles now than seven years ago. They also thought that the introduction of new management systems and organisational changes had been better communicated since corporatisation and particularly in recent years. Since corporatisation they had been increasingly involved in the introduction and management of change within the organisation and this required them to understand the systems and changes in terms of the impact on their business unit, and hence their own roles.

The managers further claimed that their role clarity was significantly enhanced by the introduction of management contracts linked to the performance management process, i.e., TEAM, and performance targets aligned with corporate or divisional strategic plans. However, some reported that the organisational restructuring which had divided or augmented their responsibilities had complicated their understanding of their roles, for example, the amalgamation of the transmission and distribution business units. Some expressed concern that their roles had changed significantly during the year, while their performance targets were set annually and rarely reviewed in between. This had left some with inappropriate performance targets and concerns that they had not been suitably evaluated for their efforts during remuneration reviews.

Despite a reported decrease in empowerment and an increase in bureaucracy, most considered that the introduction of the Managerial

Leadership Initiative (MLI) had led to a significant improvement in role clarity across the organisation. They claimed that roles and role relationships were key elements of the MLI and upon completion of the MLI training they were tasked with identifying their key stakeholders and drawing up roles and responsibility agreements with them. Finally, most managers agreed that greater role clarity had enabled them to focus on the important issues for their business unit and to identify key corporate objectives. They also believed this had improved their understanding of commercial practices and business procedures, and for some, enhancing their chances of employment outside Western Power.

Career opportunities

The preliminary interviews had shown that the majority of the managers interviewed considered that corporatisation had improved their career opportunities within the organisation and the learning of new skills which would be of great benefit to them should they seek employment outside. However, most believed that the flatter organisational structure since corporatisation had enabled greater horizontal movement and the pursuit of different career paths, but had actually resulted in fewer promotional opportunities for them. The questionnaire survey revealed similar findings with the majority of managers indicating that corporatisation had impacted positively on their career opportunities, that is, the ability to move sideways within the organisation in order to gain greater skills and experience. In order to verify these findings, managers were asked during the follow-up interviews for their opinions of the impact that corporatisation had on their career opportunities. The responses were similar to the findings from both the preliminary interviews and the survey questionnaire wherein most managers believed that because of the flatter organisational structure there were fewer promotional opportunities, but their career opportunities, that is, their ability to change roles for the same remuneration had improved. They now had greater opportunities to participate in many different projects within the organisation, which in turn improved their knowledge and business skills. For example, some had considered that Western Power's pursuit of unregulated income had given them an opportunity to experience competitive tendering and other aspects of commercial business which they would not have experienced if working for a non-corporatised government agency. Although the majority acknowledged that they had felt compelled to seek additional skills to fulfil these different roles, this was not seen as a wasted effort, particularly if the organisation paid for it.

Hours of work

Both the preliminary interviews and the questionnaire survey illustrated concerns that the organisational and management system changes introduced through corporatisation over the past seven years had significantly increased their workload and working hours and subsequently decreased their available leisure time. When questioned further on this during the follow-up interviews, all the managers agreed that their hours at work or doing work-related activities had increased significantly over the past seven years and it was proportional to their increased workload. They all voiced concerns that increased working hours had a detrimental effect on their leisure time and their time with their families.

All the interviewees for this stage of the research thought that the increased working hours were necessary for them to do their job and believed that the longer working time was forced on them mostly by increased workloads and staff shortages. Many reported that longer working time was stressful for them, but they felt compelled to do it through fears over job security. Most claimed that this was unacceptable and a few stated that unless the situation improved they would be seeking alternative employment. The main reasons they gave for the increased workload and working hours were the same as those given during the preliminary interviews, e.g., technology changes, increased customer awareness and stakeholder management. In addition, the majority of those participating in the follow-up interviews considered that the changing nature of their roles from work administration to people management had a significant impact on their workload and hence working hours. Previously they had managed work processes and had passed on instructions and requests for specialist intervention into staff matters, e.g., to human resources who dealt with recruitment and training matters. Now, they must manage people by clearly specifying the roles and responsibilities of individual staff and the work to be done by staff or contractors; they must provide adequate reviews and feedback to staff on work in progress and work completed; they must ensure that staff have the appropriate skills to do the work and where necessary provide adequate coaching and training; they must undertake staff recruitment; and finally, they must consult and counsel staff on work-related issues and career and training opportunities. In addition, all the managers believed it was necessary for them to be continuously involved in the planning, implementation and application of any changes affecting their areas of responsibility. This included the introduction of new management systems, the most recent being the MLI. Finally, the managers confirmed that staff and skills shortages in many areas had resulted in them having to spend more time doing the routine work that would have been done previously by subordinate staff, e.g., completing and reviewing statistical reports and project requests.

7.5 CONCLUSIONS

The follow-up interviews analysed in this chapter have provided the final element in the three stages of the study methodology. The questions were designed to further explore and clarify important topics identified in the previous chapter. The analysis of data from the follow-up interviews identified increased responsibilities and workload for the managers as a result of new management systems introduced since corporatisation. Working hours had also increased and this had a negative impact on managers' leisure time. Some of the new systems had improved their skills and career opportunities and had helped them achieve performance targets while other systems, e.g., financial accountability were seen as a source of increased frustration and stress for the managers. Moreover, workforce reductions had resulted in the increased use of contractors which was exacerbated by the increased pursuit of unregulated income. Finally, an increased focus on leadership issues introduced with the MLI had meant role clarity for most, but there was concern that since the MLI there had been a move back to a more authoritarian approach to management.

The findings from this chapter are synthesised in the next chapter with those from previous stages of the study to address the research questions described in chapter one.

CHAPTER EIGHT

DATA SYNTHESIS AND DISCUSSION

8.1 INTRODUCTION

This chapter employs the analytical framework described in chapter two to synthesise the theory and conceptions of corporatisation and managerialism presented in chapters one, two & three with the managers' perspectives reported in chapters five, six & seven. The findings from this chapter are used to inform the implications and recommendations in chapter nine.

8.1.1 Overview

Chapter one introduced the study context and objectives supported by the analytical framework described in chapter two (figure 2.5). The framework defined the boundaries of the literature search in chapter three in terms of the relationship between the theory driving the public electricity supply industry reform agenda and the consequential changes to the managers' roles and working life. It also informed the three-stage research methodology elaborated in chapter four incorporating qualitative interviews and quantitative survey components and secondary data combined to address the study objectives. Stage one of the research methodology consisted of qualitative data gathered through preliminary open ended interviews with 20 managers representing a cross-section of the organisation. The data from stage one was analysed in chapter five and important themes and issues relevant to the study objectives were used to inform the questionnaire survey, stage two, which is the content of chapter six. The survey was administered to the total target population of 130 managers with a response rate was 85.4%. Important themes that emerged from stages one and two, were further explored through follow-up interviews with 16 managers in stage three of the study discussed in chapter seven. The findings from the three research stages are triangulated and synthesised with key literature in this chapter in order to make sense of corporatisation and management system change and its impacts on managers.

8.1.2 Linking corporatisation, new management systems and roles

This chapter revisits the new management systems and business strategies which embodied the WA government's corporatisation and management reform agenda within Western Power, 1994 – 2002. The study evidence and literature presented relates to the impact of new management systems on the roles and working life of managers. The chapter also examines the respondents' unique understanding of the process of corporatisation and management reform. Those people given the task of implementing and promoting change identified changes perceived as effective and beneficial to management and to the organisation. Similarly, changes they perceived as having a negative impact on the organisation and the individual manager are considered from an operational perspective in the broader context of reform in Western Power and the WA government's corporatisation agenda. In doing so, the research addresses the gaps in the literature as described in chapters one and two linking policy debates on corporatisation and public sector reform, on management change and the role of the manager within Australia's power utilities. The discussion presented in this chapter aims to provide valuable insights to inform future public policy and management practice.

The study is premised on the fact that there has been very little discourse both in Australia and overseas, relating to the practical impact of corporatisation and management reform on managers in the economically and strategically important industry of electricity supply. Previous work in the area has generally focused on financial, social and political aspects of the debate at the level of public policy examining reform agendas, or high-level economic cost-benefit analysis. What is missing from the literature is any detailed analysis of corporatisation from the perspective of the manager. In general, managers' voices have not been heard and their experiences have not been well documented, with the exception of two recent empirical studies of the roles and working life of managers in the United Kingdom. These studies, by Worrall & Cooper (2000, 2001) and Worrall, Cooper & Campbell-Jamison (2000), were found to be the most relevant to this research and were reviewed in detail in chapters two and three.

8.1.3 Chapter outline

This chapter is divided into four sections relating to the four major research questions addressed in this study (section 1.4). The corporatisation process, reforms and changes presented to the managers as new management systems (table 8.1, below) are discussed in relation to their impact on managers' roles. Managers being those charged with introducing and implementing the change in an operational sense.

The following section addresses the first study question. It will report the managers' understanding of corporatisation as it was applied to Western Power and the reasons for it. It will also report their involvement in the corporatisation process and accompanying changes and their perceptions of how well the changes were communicated to them.

8.2 RATIONALE FOR CORPORATISATION AND RELATED SYSTEM CHANGES

This section addresses the first research question described in chapter one. Specifically, it answers the question of:

What are managers' understandings of the rationale for the corporatisation of Western Australia's public electricity supply utility.

In order to explore both the macro and micro-level perspectives (chapter one) of this question the section is divided into two main parts. The first part reports the managers' views on the reasons for corporatisation and management reform as it applied to them. The second part examines their collective understanding of the reasons for specific management system changes as they relate to the introduction of corporatisation and management reform at Western Power.

8.2.1 Rationale for corporatisation and management reform

The findings from chapters five and six suggest the four main reasons for corporatisation and management reform were perceived as: productivity and efficiency gains; energy industry reform; competition in the energy market; and market deregulation. These reasons appear to be linked to the increased emphasis placed by senior management and the executive on these drivers for change over the seven years from 1995 to 2002, as reported by Eiszele (1998a, 1998b, 1999a), and evidenced in Western Power newsletters and internal reports covering matters with high transparency in the Western local media and other areas within the public domain. Ultimately, the managers' understanding of accounts of the rationale for corporatisation proved to be broadly consistent with the ideological and practical reasons reported in the literature by Carnegie (1993), Hilmer (1993), McCarrey (1993), and others (tables 6.3 & 6.4).

The study findings from chapters five and six show that the Western Power managers' perceptions were consistent with the reform rationale reflected in government policy and changes introduced in power utilities in other Australian states over the period 1990 to 1997 (Petroleum Economist, 2000; Simmons & Bramble, 1996; Walker & Walker, 2000). The Australian and international literature reviewed and the collective responses of the Western Power managers underpin the commonly held view that corporatisation was a process of restructuring and reform aimed at creating systems, practices and conditions consistent with those found in private enterprise. Corporatised government utilities operate with a board and managing director and, in the case of Western Power, the state government as sole shareholder. The interview and survey respondents were also widely aware of the fact that Western Power was to be run according to the Corporations Act, to conform to corporation laws and to pay corporate taxes and dividends.

Finally, the study findings from chapters five and six show that the managers also considered that for the corporatisation process to be successful it had to encompass organisational changes and management reform, leading to the implementation of systems and programs associated with new public management. Notably, these consisted of strategic planning, performance management and budgeting and accounting approaches consistent with corporate governance and reporting standards. The managers' understanding of the reasons for the introduction of management reform within Western Power was found to accord with the views expressed in the literature by Maddock (1993), Dixon (1995) and Hilmer & Donaldson (1996) who reported on management reform within electricity utilities elsewhere in Australia.

8.2.2 Understanding of reasons for specific management system changes

This section examines evidence of the managers' understanding of the reasons for specific management system changes which occurred at the micro-level. The major management system changes introduced in Western Power as an extension of the broader corporatisation and reform process 1995 – 2002 are shown in table 8.1 below.

Table 8.1.
New management systems

NEW MANAGEMENT SYSTEM	DESCRIPTION
FOCUS	A culture change program introduced with the corporatisation of Western Power in order to improve corporate performance and management accountability
MLI	A leadership development program aimed at improving the company's performance by changing the management culture from one of command and control to one of people leadership
Change Management	The involvement of managers in the introduction of new management systems and the implementation of branch and business unit restructuring
Strategic Planning	Introduced at divisional and branch levels in order to improve corporate performance and accountability
TEAM	A performance management system introduced as part of the FOCUS culture change programme
SIRSS	A new system of recruitment and selection introduced in 1996 as part of FOCUS
SLA	Formalised service level agreements between the asset owner, the asset manager and the service provider
SVA	A system for evaluating the financial viability of capital expenditure
MIMS	The main IT system used in Western Power
Customer Focus	Emphasises the importance of satisfying the needs and expectations of customers
Commercialisation	Developing and operating business in an open and competitive business environment
Financial Accountability	Accountability for capital and operating budgets
New Technology	A wide range of IT applications introduced to automate and improve systems of work
Business Strategies	Benchmarking Business Unit Performance, Environmental Issues, Contracting Out of Services, Contract Labour and the Pursuit of Unregulated Income as strategies for business improvement

Four main reasons were reported for the introduction of specific management system changes in stage two, the survey component of the research (table 6.5). These were to give the organisation a business advantage over emerging competitors, to ensure continuous improvement in organisational effectiveness and efficiency, to respond quickly to industry and market changes, and to ensure the survival of Western Power as a vertically integrated business. There was the widespread opinion among the participants that the new management systems, and in particular commercialisation and strategic planning, had been introduced in order to prepare the organisation for full competition that would occur when the energy market was deregulated.

Most of those interviewed and half of the survey respondents considered that deregulation of the state's electricity supply industry was necessary in order to breakdown Western Power's monopoly and promote competition in the electricity market. Interviewees considered that competition would mainly come from private retailers and generators entering the market and competing with Western Power by providing similar products on equal terms. They further considered that the transmission and distribution sectors of Western Power, i.e., the 'networks' or 'wires' business, should remain with Western Power for providing network access for all public and private generators and retailers. This would allow commercial generators and retailers of electrical energy to transfer electricity for a fee through the government owned monopoly transmission and distribution lines. These views fit with the general definition of deregulation reported in the literature by Deane (1989), Harman (1993a), Hilmer & Donaldson (1996), and others who see deregulation as a process of opening up government owned and controlled electricity utilities to competition. The managers' understandings were also in line with the actions reported by Walker (1994) and Ferguson (1996) to have been taken by the NSW, QLD, VIC and SA state governments after the initial corporatisation of their electricity utilities. Those managers who were not in favour of deregulation, however, viewed it as a disadvantage for Western Power because it meant increased cost and reduced market share. For example, Western Power had to ensure adequate 'spinning reserve' i.e., immediately available supply of electricity should a private generator fail, but the economic cost of running less efficient plant to cover this was not fully recovered.

Fifty five percent of survey respondents (table 6.5) and most of those interviewed considered that the introduction of new management systems would ensure the survival of Western Power as a vertically integrated business. Managers were mindful of the fact that the government has the power to split Western Power into a number of corporations or to privatise it, but they thought that the managing director of Western Power wanted it kept a vertically integrated organisation. Some managers thought that this was the main driving force behind Western Power demonstrating commercial adeptness and improving productivity, but considered ring fencing had resulted in *...barriers to clear information flow across divisions, leading to inefficiencies and the building of empires* (section 5.4.8). However, most respondents admitted that true competition would not be achieved while Western Power remained vertically integrated and it would only come about with the disaggregation of Western Power into separate corporations, regardless of whether the market was deregulated or not. This thinking aligns with that of Walker (1994), Ferguson (1996), Hess & Adams (1999), and others who argue in favour of the disaggregation of Australia's public electricity supply utilities in an attempt to open up the energy market to competition and improved efficiency.

8.3 MANAGERS' ROLES: CHANGES AND IMPACT

This section addresses the second research question which was described in chapter one. Specifically, it answers the question of:

What are the significant changes to managers' roles and how have those changes impacted on their roles within Western Australia's electricity supply industry as a result of corporatisation and management reform.

The section has been arranged into four parts. The first part reports the significant changes which have occurred to the managers' roles since corporatisation. The second part reports on the effectiveness of the communication of change between senior management and the managers. Change communication is discussed as it provides an important link between the change process and programs planned by senior management and managers who are responsible for implementing these in an operational sense. The third part reports on the managers' actual involvement in the introduction of change. As with the change communication dimension the intention is not to directly address a particular research question, or to identify direct causal links, but to highlight a significant element shaping the roles and activities undertaken by managers in relation to the implementation of the broader change process. Finally, the fourth part reports the impact of change on the managers' roles.

8.3.1 Significant changes to managers' roles

The findings reported in chapters five, six and seven confirmed that the significant changes affecting managers' roles since corporatisation were directly attributable to new management systems (table 8.1, and described in chapter five) and other organisational changes.

This research has shown that new management systems and related organisational changes were important elements of the reform within Western Power and were introduced through an organisation-wide culture change program called FOCUS (Focussed on Organisational Change Understanding and Skills) (Widdis & Davis-Goff, 1995). Although FOCUS ceased to be a key corporate change driver around 2000, most of the management systems listed in table 8.1 were the result of business improvement initiatives identified through the FOCUS process and allied management review activities (section 2.4.7). The research shows strong agreement among managers that FOCUS had been the catalyst for *...the most challenging changes to their roles that they had ever experienced*. This included the time involved in learning and understanding the systems, introducing the systems, training staff in their use and managing the ongoing utilisation of the systems. These findings were not surprising considering the effort that the executive put into the introduction and promotion of FOCUS through the use of notice boards, promotional videos and intensive cross-organisational training workshops (Eiszele, 1995; Western Power Internal Publication, 1995).

One of the key aims of FOCUS was to draw the managers' attention to the changing roles that they and their staff would have in the new corporation. It was to be a catalyst for increased productivity, reduced bureaucracy and greater control for managers over their roles. There was to be a greater concentration on business imperatives, budgets, cost control and performance measuring in line with a prevailing managerialist philosophy (Considine, 1988, 7; Duncan & Bollard, 1992, 9) and underpinned by a Total Quality Management (TQM) approach to encourage employee participation (Stace & Dunphy, 1997, 5; Waddell, Cummings, & Worley, 2004, 306). The impact of FOCUS and other management systems on managers' roles is discussed in section 8.3.4.

Evidence from the three research stages shows that management reform had in fact occurred and that the managers now had multifaceted roles. They were no longer just engineer–managers concerned only with technical efficiency and production, but they now had a more commercial role. These new roles were also reported in the literature to have grown in importance in response to increased government and community expectations and increased competition within the electricity market generally. Duncan & Bollard (1992), Simmons & Bramble (1996) and Stace and Dunphy (1997), for example, have all reported that similar changes occurred to the roles of engineers as managers as a consequence of the corporatisation of electricity supply utilities elsewhere in Australia and overseas. In New Zealand the electricity supply industry found that corporatisation involved *...radical structural and economic reform* (Duncan & Bollard, 1992, 8) and involved far-reaching changes to managers' roles requiring them to focus their attention on the maximisation of commercial performance and financial accountability. This meant a significant change in organisational culture from one of production and technical efficiency to a more commercial and market orientated one (Duncan & Bollard, 1992, 58-64).

Further similarities in the changes to the managers' roles found in this study were reported in studies by Simmons and Bramble (1996) and Stace & Dunphy (1997). A case study conducted by Simmons and Bramble (1996) of workplace reform and corporatisation in the South East Queensland Electricity Board (SEQEB) showed a major theme of that reform program to be an attempt to change the management culture from one driven by engineers and production to one focused on customers and marketing and underpinned by the philosophies of Total Quality Management (p.213) and managerialism (p.214). They reported that similar management reforms have occurred within the electricity supply industry in NSW, VIC, SA and WA (p.218). Equally, the corporatisation of Pacific Power in NSW was reported by Stace and Dunphy

(1997) to have involved significant organisational restructuring and cultural change which was also driven by the philosophy of TQM (p.115). They reported that the changes resulting from the corporatisation of Pacific Power were similar to those applied to electricity utilities in other Australian states where the main emphasis was on organisational restructuring, tight financial controls and continuous improvement. These were all underpinned by a managerialist philosophy of management improvement and accountability (Stace & Dunphy, 1997). This is of significance for the broad applicability study within the Australian electricity supply industry and the position adopted throughout that the Western Power case is situated in a similar political, economic, and legislative context to other electricity utilities throughout Australia and to a lesser degree, New Zealand and the UK.

The evolution of the managers' role from engineer to business unit manager has led to an increased concentration on the commercial aspects of generating, transmitting and distributing electrical energy. Commercialisation has been described by Harman (1993a, 9) as an administrative reform which sets clear commercial objectives for public enterprise. It was initially introduced into SECWA in the early nineties and into Western Power in 1995 as part of the corporatisation and management reform. The data from this research (section 5.4.1) shows general agreement among managers that the productivity and efficiency gains Western Power has experienced since corporatisation were related to improved commercial performance. For example, managers considered that both the organisation and employees were more commercially focused and had a better understanding of the business direction. As one manager said *...there are less than half the number of people now doing the same or more work than before.* While the study evidence shows that commercialisation resulted in the managers having a better understanding of the business direction and was an important driver for the achievement of business unit performance targets, it also introduced significant changes to their roles (section 5.4.2). These included a greater emphasis on improving customer service, an increased focus on cost and financial performance, a greater awareness of competition and the pursuit of unregulated income. Managers considered that this required much more attention by them to business objectives and to raising staff awareness of Western Power's commercial role and public image.

The increased commercial emphasis forced the managers to become more accountable for the effectiveness and efficiency of their business units and this meant increased attention to financial matters. Data from all three stages of the research shows general agreement that improved financial accountability was an important driver for management reform and was a significant issue for the managers in terms of what they were expected to do and how they did it (sections 5.4.3, 7.4 and table 6.12). It played an important role in their accountabilities as managers and was one of the measurables used to assess their personal and business unit performance (section 5.4.3 & table 6.22). For example, managers were now required to prepare precise budgets, to review them monthly, to control expenditure, to focus on return on investment and to be accountable for outcomes. In addition, they felt that their attention had shifted from budgets, with limited scope focusing only on the operational needs of their business units, to a more strategic planning approach, which linked corporate Key Performance Indicators to business plans and budgets at all levels within the organisation. This shift in roles has been reported in the literature to have occurred in other Australian utilities as reported by Simmons and Bramble (1996), Walker and Walker (2000), and others. They contend that managers must adapt to this new role and if necessary, they must seek new skills. This impact of change on Western Power managers' roles is discussed in sections 8.3.4 and 8.5.2.

With the stronger focus on commercial performance, the managers also found themselves concerned with attending to the demands of customers and key stakeholders. Stakeholders are defined by Wheeler & Sillanpaa (1997) as individuals and entities who may be affected by business and who may in turn bring influence to bear upon it (p.10). Stakeholders therefore are investors, employees, customers, suppliers and local communities. The key stakeholders in Western Power and the benefits they were perceived to have got from its corporatisation are discussed further in section 8.4.3. The evidence from the secondary data indicates that the executive considered that customers were important stakeholders for all levels of management and therefore customer focus was introduced into Western Power in July 1995 as part of the FOCUS culture change program (Western Power Internal Publication, 1995). It was acknowledged among the managers participating in this study that customer focus represented a culture shift away from the previous SECWA culture of 'take it or leave it' to a new 'customer satisfaction' culture for Western Power.

The greater focus on the needs and wants of their internal and external customers had also increased the managers' duties and responsibilities through the need to continually question and review the way things were done within their business unit. The evidence from this research shows that, although customer focus had made managers' roles more complex in terms of new rules and standards, there was general agreement that they had a clearer understanding of what was required of them now than they had prior to corporatisation (sections 5.4.5, 7.4 and table 6.7). Furthermore, customer focus had improved managers' ability to meet the expectations of their priority stakeholders and had enhanced their internal and external networks. They attributed this to the strong promotion of customer focus as a key accountability for managers and its inclusion in their performance targets and corporate and divisional strategic plans.

The introduction of the Managerial Leadership Initiative (MLI) in the latter half of 2000 to replace FOCUS brought further significant and widespread changes to the managers' roles. It was intended that the MLI would improve the company's performance by changing the management culture from one of command and control to one of leadership. Furthermore, the MLI objectives were to strengthen managerial leadership and enhance relationships between employees and their formal leaders. The MLI objectives therefore introduced a management framework that brought together individual and organisational capabilities. The interview data in this study showed strong agreement among managers that leadership issues had grown in importance within Western Power over recent years in response to increased government and community expectations and increased business competition (sections 5.4.2 & 7.4). As a result, managers' roles had also increased in terms of scope, key accountabilities and senior management expectations. There was a relatively strong agreement among managers that the development of relationships between their supervisors, peers and staff; their own accountability within those relationships; and performance management and fair treatment of staff were new responsibilities. Furthermore, the responsibilities promoted by the MLI helped the managers focus attention on people management and personal leadership, something which they considered FOCUS had failed to do.

Like FOCUS, the MLI included managers' acceptance of performance management as part of their role. The Employee Achievement Measure (TEAM), a form of performance management, had been previously introduced as part of the FOCUS culture change program in 1995 in order to help achieve corporate and organisational goals. However, evidence from the secondary data shows that this was unsuccessful (Australian Services Union, 1995; Lehmann, 1997). The 'improved' TEAM introduced with the MLI was promoted by the executive as *...an important management function and an integral part of good leadership* (Western Power Corporate Strategic Plan, 2001). Managers were to use TEAM to encourage and reward high achievers, to assist others and to sanction poor performers through setting and reviewing individual performance targets. However, the evidence shows that the introduction of TEAM increased managers' roles and responsibilities (sections 5.4.8, 7.4 & table 6.11). Performance management meant managers were now responsible for staff selection and recruitment. They must set clear objectives and individual performance targets for staff, conduct regular performance reviews and assist staff in matters such as career planning and training, all of which were formerly a specialist HR function. The impact of performance management on managers' roles is discussed in section 8.3.4.

The introduction of new management systems caused managerial work to become more intensive due to the changed working practices and systems and reporting structures, shaped in part by the introduction of large scale information and communication technology across the organisation and it's broader customer, supplier and stakeholder networks. There was widespread consensus among managers that, since corporatisation, the nature of their roles had changed significantly from work administration to people management. There was an increased focus on key stakeholders and commercial issues, and that the new management systems that had enabled this were heavily reliant on new technologies such as personal computers and software applications. A majority of managers stated that in order to respond to market changes and the changing expectations for the needs of people and society, Western Power must continuously improve as a business and take advantage of changes in technology. Technology in the form of specialised software programs and data-bases was seen as important in comparing corporate performance with other utilities. For example, interconnected databases were set up using similar protocols, and containing organisational and network performance data, which was comparable across business units and the industry as a whole, allowing for cross industry comparisons for commercial and academic purposes. These are discussed in more detail below. The interview data from this research showed a relatively high level of agreement among managers that there had been a significant shift in the way that performance was measured making it more complex, for which computers were ideally suited. These findings are supported by the literature which reports that the technological base of organisations generally has become increasingly sophisticated (Gibson, 1999, 16; Schein, 1996, 14). This has been particularly noticeable in the electricity supply industry (Lewis, 1997, 23; Walker & Walker, 2000, 95) with its heavy reliance on engineering and technology systems to secure organisational change and productivity improvements.

The Mimcom Information Management System (MIMS) was introduced into Western Power in July 2000 as a single mainframe computer system to replace a multitude of separate HR, financial, administration, procurement and engineering systems. These systems had been administered by specialists, but now became the responsibility of the managers. The study found that the new systems now include certain aspects of employee administration, budgeting and financial reporting, safety, project management, asset management and asset maintenance (section 5.4.3). However, there were low levels of acceptance of MIMS because the majority of managers were not consulted in the planning and implementation of it. This is discussed further in the next section.

Other important technology changes highlighted by the managers included the introduction of e-mail, mobile telephones and laptop computers for them in order to improve communication and access to information. From the interview data it was evident that each manager and all their staff now had a personal computer linked to all parts the organisation. As in many organisations this created a whole new working environment, and as a result they now spent much of their time responding to e-mail. There were now new technology related responsibilities for managers such as staff training, security and access to and dealing with abuse of information.

This part of section 8.3 has discussed changes in managers' roles since corporatisation and doing so has addressed part of the second research question. The next part of section 8.3 will discuss perceptions of the effectiveness of communication of the change in Western Power.

8.3.2 How effectively were the changes communicated?

The communication of change provides an important link between senior management and the managers who were responsible for implementing that change. Furthermore, the study of communication between senior management and managers provides useful insights for future organisational change and helps expand the body of knowledge relating to perceptions of communication within government agencies.

For the managers, the most important component of any change program was clear and effective two-way communication. This finding is in accord with the literature by Larkin (1994), Gilgeous (1998) and Petrovic-Lazarevic (1999) who have given considerable attention to the importance of effective two-way communication within organisations. However, this research shows that poor communication in the years leading up to corporatisation meant managers were not adequately informed of the impending changes. This in turn led to a culture of mistrust between senior managers and those at the lower levels. Such a breakdown in trust evidenced in this study has also been described in the literature (Brooks & Harfield, 2000, 91; Galbraith, Lawler, & Associates., 1993, 102) as breaking the psychological contract between those in authority and subordinates. That is, there is an implicit belief by subordinates that those in authority will always keep in mind the best interests of their staff when planning change and will clearly communicate such change to them. In this study, the mistrust occurred when senior managers focussed their attention on the technical detail and economic consequences of the restructuring and failed to communicate their plans to the lower levels.

The evidence suggests that the culture of mistrust that developed within Western Power formed as a result of the traditional adversarial industrial relations culture which prevailed in the 1980's and the early 1990's and was further exacerbated by the heavy handed Functional and Organisational Review (FOR) introduced in late 1988 and early 1989. The FOR was undertaken in what was then SECWA with particular emphasis on reducing the number of levels of management and decentralising decision making (chapter two). However, the evidence presented in this thesis suggests that the FOR had been introduced into Western Power by what managers termed as 'stealth'. Furthermore, they claimed that the information senior management divulged when they presented the FOR was misleading and did not explain the reason for it nor the impact that it would have on their roles. As a result of the FOR, the managers experienced significant staff reductions and changes to their roles without any prior consultation from senior management. Similar events were reported to have occurred in utilities elsewhere in Australia as a result of early attempts to introduce commercialisation into public sector utilities prior to their corporatisation, and, like the Western Power situation, had created a culture of mistrust and resistance among lower levels of management and staff (Petrovic-Lazarevic, 1999; Simmons & Bramble, 1996; Watts, 1996). For Western Power, the failure of senior management to adequately communicate change to lower levels continued up until the introduction of the culture change program that accompanied corporatisation.

In contrast to the low level of information received prior to corporatisation, the evidence from the large-scale survey and interviews shows that apart from MIMS, which is discussed in later sections, most managers considered that they had been adequately informed about the changes introduced since 1995. The implementation of the FOCUS culture change program in 1995 was the turning point in communication methods within the organisation. There was general agreement among the managers that the FOCUS training workshops, presented by senior staff and which the majority of employees attended, were the turning point in the method by which senior management communicated change within Western Power. The secondary data (chapter two) suggests that the FOCUS workshops gave all attendees a clear overview of the new strategic direction for Western Power and what was expected of them in the new organisation. From these were developed the mission statement (Western Power Internal Publication, 1995) and set of organisational values (Western Power - Policy Statement, 1996). The improved communications within the organisation were also attributed to the corpcrate videos, internal newsletters, PowerNet and e-mail.

The evidence suggests that many of the communication improvements since the 1990's were attributable to new technology, e.g., personal computers, e-mail and mobile phones. Since the late 1990s, almost all employees have had regular access to personal computers and this has been largely responsible for the improved communications and information flow within the organisation. This view is supported in the literature (Felton & Harper, 1998b, 2; Walker & Walker, 2000, 94) which shows that the use of technology to improve communications and commercial performance within electricity utilities had increased at a rapid rate from the 1990's. However, it is likely that this technology would have been introduced regardless of corporatisation.

Clear free-flowing information has been described by Scase & Goffee (1989, 54) and Simmons & Bramble (1996, 226) as strategically important for all levels in order for the managers to communicate their intentions and expectations both up and down the organisation and to know what was expected of them. However, while this study found that the communication of change to the managers was relatively successful, evidence shows that the communication approach was largely top-down (section 5.4.2). Senior management communicated the changes, and their expectations of them, clearly to the managers below throughout the reform period, but did not seek preliminary or ongoing opinions from the managers about the nature of change, how it should be implemented or any consideration of how it would impact on management roles. Changes were often introduced and announced *fait accompli*. These findings are consistent with those of Worrall & Cooper (2000, 2001) and Worrall, Cooper & Campbell-Jamison (2000) who reported the negative impacts of change on managers in the United Kingdom resulting from limited one-way communication and a lack of consultation about restructuring decisions and change within their organisations.

The evidence from the secondary data and stage one of the study suggests that a lack of consultation with the managers, staff and representative unions was the main reason for the general mistrust of senior management and their motives which had developed in the years leading up to corporatisation and for several years after, i.e., 1989 to 1997. In fact, the introduction of FOCUS had been dismissed at the time by unions (Australian Services Union, 1995) and many managers (Lehmann, 1997) as another FOR in a different guise and Executive enamoured with 'overseas fads' and widely hyped formulas for initiating and managing organisational change. The Australian Services Union also took industrial action between 1995 and 1996 which delayed the completion of the FOCUS workshops for several months. The research presented in this thesis shows that consultation with managers and key stakeholders with regard to the planning and implementation of change did not occur until after the introduction of the Managerial Leadership Initiative (MLI) which was rolled out to all employees in 2000 (section 5.4.2). Although the MLI itself had been introduced with limited consultation among managers, the principles and practices promoted by the MLI provided for major improvements in two-way communication and consultation between senior managers, the lower levels of management and staff. However, the evidence suggests that senior managers still only consulted with lower levels when it suited them. The MLI is discussed further in section 8.3.4. Failure to adequately consult with key stakeholders prior to the implementation of change was reported by Keen & Scase and Worrall, Cooper & Campbell-Jamison (2000) to be an important issue for managers in organisations that have a wide mix of stakeholders and where the pace of change is high. For those managers, the lack of consultation impacts on their working life in terms of job security and personal stress. Working life issues are discussed in section 8.5.

This part of chapter eight has presented a discussion of the methods of communication used to inform managers about changes at Western Power. The next part will focus on the managers' involvement in the introduction and implementation of that change.

8.3.3 Managers' involvement in change

Being responsible for the implementation of change was one way in which managers' roles changed. Although managers frequently reported involvement in the change process both at the onset of corporatisation and in the years since, closer analysis of this data shows that this involvement was mostly superficial and mainly consisted of attending meetings about the new systems after they had been introduced into the workplace and training staff on how to use the new systems. While the managers thought it was in their best interests to be involved in the planning and the introduction of change at the senior management level prior to it's introduction into the lower levels, they claimed that they were rarely invited to do so (section 5.4.1 and tables 6.8 & 6.9).

In fact, the research evidence suggests that much of the planning and the introduction of management system changes was done with little or no consultation or involvement from managers below senior management level (section 5.4.1). The study further shows that this situation did not start to improve until after the introduction of the Management Leadership Initiative (MLI) in 2000. The principles and practices promoted by the MLI provided for major improvements in two-way communication and consultation between senior managers, the lower levels of management and staff. This provided increased opportunities for managers to be involved in change should they choose to do so. The MLI is explored further in section 8.3.4.

Managers' understandings of the importance of being involved in change is consistent with the literature by Clark & Garside (1997) and Wood & Jones (1993). In developing a model for change management, Clarke & Garside (1997) argue the importance of involving people at all levels in the organisation in all stages of change. This includes planning, preparation, communication, introduction and implementation (Clarke & Garside, 1997, 539). The importance of managers being involved in the planning and implementation of change is further reinforced by Wood & Jones (1993) who reported on the central issues relating to human resource strategies in government enterprises. They contend that commercialisation and corporatisation are top down processes which need to be participative in order to benefit from the experiences of staff and to deliver on productivity improvements. This makes it important for staff at all levels to be involved as much as possible in changes that impact on the role and design of their work.

However, in contrast to the low levels of actual involvement, the results in all three stages of the research indicated that the managers did want to get involved, and in fact had become more involved given the significant impact the introduction of new management systems had within their branch or business unit (section 5.4.1 and table 6.10). This meant that managers had to spend time on resource and business unit performance issues that often followed the change. Moreover, the managers claimed that because they were not always involved in the early stages of change, senior management had often 'got it wrong' resulting in key staff being under utilised, overworked or lost from the branch or business unit due to poorly planned and introduced changes. The importance of involvement by managers at all levels of change was noted by Devine & Trayner (1996). They reported the success of change initiatives within a Canadian electricity utility which they believe were attributable to collaboration and staff involvement at all levels throughout all stages of the change process (Devine & Trayner, 1996). Key elements of these initiatives were the joint development of shared values; management actions and systems to match their words; time allowed to acquire new skills; and the development of trust and care between senior management and staff.

Another constraint on involvement was reluctance by some managers to get involved because it would take up a lot of their time. The findings of this study show that a few managers considered that involvement outside their core activities distracted them from other important work and unless involvement with change was one of their performance targets they were not interested in doing it (section 5.4.2). Shirley (1999) observed similar behaviour in state owned enterprises and suggests that performance targets for managers are an effective way of measuring and rewarding performance. However, Shirley also found that managers would still opt to focus on multiple soft targets that were easy for them to reach (p.125). This view is also shared by Stewart (1992) who claims that, without clear motivation and executive support, managers will see little reason for changing the status quo of their business units; to do so could result in role change and possible increased responsibility for little or no increase in utility (Stewart, 1992, 57). This was also evident in this study of Western Power where some managers had indicated a reluctance to participate in change if they thought it would keep them from their core duties and prevent them achieving performance targets, i.e., an increase in their workload without recognition through increased remuneration (section 5.4.2). In a like manner, those managers who indicated a willingness to become involved in the planning and introduction of change had an expectation that it would be included in their performance management plan, or involvement would enhance their career in some way. This motivation to satisfy self interests is viewed by Mulgan (1995) as a failing of the managerialist approach to management reform and sees managers shying away from involvement in work that does not improve their utility.

Problems of a lack of involvement by the managers as end-users are not uncommon where complex IT systems are introduced. At Western Power the lack of a clear understanding of the engineering and the commercial aspects of electricity supply by IT specialists has often resulted in a greater concentration on the system rather than on the output. The introduction of the Mimcom Information Management System (MIMS) was an example of this. There was a general view that the introduction of MIMS into Western Power had been poorly conceived, poorly planned and poorly implemented. While the actual ongoing project status was well reported, managers were concerned about their lack of involvement in the inception and acceptance stages of a system which numerous managers considered inadequate for their needs. Furthermore, there was a relatively widespread agreement among managers that the objections to MIMS were mainly due to the lack of effective consultation by senior managers during the conception stage, and by the project managers during the introduction stages, and the lack of training when it was first introduced. In reporting such problems, Schein (1996) captures the very essence of the problem that faced the engineer-managers at Western Power with the introduction of new technology. Schein (1996) found that the introduction of new technology within an organisation involves a complex process of communication and consultation between executives, IT specialists and engineers. The IT specialist works towards improving management decisions under the direction of the executive, by focusing only on the kinds of information that can be packaged and electronically transmitted. However, this invariably results in a system which is not necessarily suited to the needs of the operator and often finds the operator with insufficient time and resources to devote to the learning process (Schein, 1996, 17).

Section 8.3.3 has reviewed findings on the managers' involvement with the planning and introduction of organisational changes and new management systems within Western Power. The next section discusses managers' perceptions of how the changes associated with corporatisation and management reform have impacted on their roles.

8.3.4 Impact of change on managers' roles

With corporatisation came new management responsibilities. Managers were now expected to participate in the introduction and the implementation of change. The research evidence and secondary data showed that Western Power managers were viewed by the executive as change leaders (Western Power Internal Publication, 1995). However, if they were not convinced of the need for such change or did not understand the necessity for it then, they were reluctant leaders. While there had been exceptionally strong support for change, there had been a relatively low level of involvement by managers with the implementation of that change. The reasons for this have been discussed in 8.3.3. Not all managers wanted to be involved with the implementation of change because it would mean additional responsibilities and an increased workload without being freed from their normal duties (5.4.2). Furthermore, the managers held a relatively strong view that the new management systems and business strategies introduced through FOCUS during the period 1995 to 2000 had occupied a large portion of their time in terms of introduction, implementation and training, and they were not willing to repeat the process. There was general agreement that the introduction of any new system usually resulted in them having to learn the system and write and implement new processes and procedures for it. Sometimes, this work had to be done outside normal working time (sections 5.4.8 and 7.4 & table 6.23). The literature reports similar findings of a reluctance by managers from former public utilities, the public sector and the private sector in the United Kingdom (Graham, 1992; Keen & Scase, 1998; Worrall & Cooper, 2000, 2001) to take on additional responsibilities because it meant increased workload and longer working hours.

Other managers simply did not want change (section 5.4.1). They preferred to retain the status quo, i.e., *...serving the public, not the financial needs of a commercial organisation*. A small number of managers considered that Western Power was still a public organisation and that serving the public interest was more important than economic rationalism. This constituted a conflict between economic and social objectives which has been reported elsewhere by Rosenthal & Russ (1988) in the early stages of energy industry reform in Australia, and later by Walker (1994) after the corporatisation of Australian state utilities had commenced. Rosenthal and Russ (1988) consider that the respective state governments as owners are responsible and accountable for ensuring that their utilities take into account complex social issues that affect the community such as tariff schedules and environmental protection. However, when setting business objectives, the utilities often face conflicting social and economic objectives which sometimes have to be resolved through political intervention (p.38). Examples of this within Western Power include increased intervention by the minister and other government departments, e.g., the Office of Energy, in response to complaints from domestic and commercial customers over supply problems resulting from

Western Power's decreased capital spending. Such intervention usually resulted in substantial increases in workload and hours of work for those managers involved. They had to re-prioritise work and to pay increased attention to the reallocation of resources and budgets. As one manager said *...we spend too much time patching up the system rather than maintaining or replacing it* (section 5.4.8).

Nevertheless, there was a general view among managers that the changes which accompanied corporatisation made sense to them in the context of the need for industry and management reform (section 8.2). They saw that the changes which followed the introduction FOCUS had released much untapped talent such as innovation, business, financial and marketing skills that had previously been suppressed under the old bureaucratic and rule driven (SECWA) system (section 5.4.2). Moreover, FOCUS was considered to have a positive impact on their roles in terms of its expansion and reduced bureaucracy. This generally gave them greater control and made their jobs easier and more interesting (table 6.11). For example, there was general agreement that the new management systems provided greater control over factors such as performance management, remuneration, and career opportunities (sections 5.4.8 and 7.4 & table 6.23). Although the flatter organisational structure which resulted from corporatisation meant reduced promotional opportunities, the managers considered their career prospects had improved through increased ability to change career paths through sideways movement or leave the organisation with their new skills. This is discussed further in section 8.5.

However, not all managers viewed their new roles as a good thing. Some saw their role as engineering-managers disappearing because the successive organisational changes since corporatisation had led to an over concentration on the commercial side of the business and a significant number of management positions filled by people from IT and financial backgrounds rather than from engineering backgrounds. This increase in non-engineering based management positions had reportedly led to a weakening of engineering skills in senior positions and a shortage of engineers within Western Power in general (section 5.4.2). This was due to two reasons. Firstly, organisational restructuring since corporatisation had meant a flatter, less hierarchical structure which also meant less engineer-management positions. This reduced the succession opportunities for engineers to progress to management positions, meant less recruitment of graduate engineers and an increased attrition rate through engineers leaving to fill positions outside Western Power, and secondly, successive organisational restructuring since corporatisation had reduced the technical and engineering positions within Western Power, this was despite system growth and increased work within the organisation (section 5.4.2).

The concentration on the commercial aspects of generating, transmitting and distributing electrical energy was found to have had some positive impacts on managers' workload and working hours. The initial increases in workload and working hours as a result of commercialisation had been mostly offset by the managers focusing less on engineering issues. In fact, managers found their new roles helped them work more efficiently and effectively, helped them achieve their performance targets, and that it had slightly decreased their workload. Workload issues are discussed further in section 8.5.3.

The increased focus on commercialisation also meant increased financial accountability for managers. This was a significant issue in terms of what managers were expected to do, how they did it, and its impact on personal and business unit performance (section 5.4.1 and tables 6.12 & 6.13). Financial accountability required them to prepare precise budgets, to review them monthly, to control expenditure, to focus on return on revenue and to be accountable for outcomes. The managers agreed that financial accountability required a good understanding of the cost structures driven by strategic planning and this required additional skills and sometimes specialist accounting knowledge. They considered this to be important for them and the organisation despite the fact that managers below senior level had very limited involvement with strategic planning. Managers commented that strategic planning *...should include lower management levels in the strategic planning process,* and, *...all staff levels should be involved in strategic planning, it allows for a wider view of the business plans* (sections 5.4.4 and 7.4). Although managers set the budgets they were often adjusted by senior management, or the managers were told how much they could spend regardless of identified needs. Also, budgets were not being developed simultaneously with strategic planning even though the two were linked. As a result, business plans set by strategic planning rarely aligned with the budget cycle which resulted in the readjustment of budgets throughout the year (section 5.4.3). Nevertheless, the research shows that there was a clear need for budgets and financial control and that these not only played an important role in the managers' accountabilities, but were also some of the measurables used to assess their personal and business unit performance (tables 6.11, 6.12 & 6.23).

However, not all the managers saw improvements in their roles as a result of increased financial accountability. Some were frustrated at having to seek formal approval from senior management to spend within their budgets and their delegated financial authority (DFA). This involved the preparation of lengthy business cases to justify spending budgets that had already been approved and for they were held accountable. These requirements were enforced by a few senior managers in order to retain tight financial control and meet financial performance targets, but as one manager commented *...It does little to improve trust between levels of management, why give as financial authority if they* (the board) *don't trust us to be accountable for it.* (section 7.4). There was also a common belief that senior management was placing too much attention on staff numbers and the reduction of operational costs rather than on true leadership issues. For example, managers below branch level now found it necessary to seek approval for staff training and staff replacements, even though they had been assigned an allocated number of staff and had been told that staff training and the training budget was their responsibility. Similar findings of increased bureaucracy and cost control measures have been reported by Keen & Vickerstaff (1997). They conducted a study of change and its impact on local government managers in the United Kingdom and concluded that although tensions between flexibility and control were inherent within all devolved management systems, many managers were coming to realise that *...they had been given the flexibility to save money but not to spend it* (Keen & Vickerstaff, 1997, 45).

Command and control management techniques similar to those found in this study have been reported by Beer, Eisenstat & Spector (1994) who studied restructuring and management reform in the United States. They found that the requirement for managers to obtain approval for the smallest expenditure was common in organisations where there was a tendency for managers to be over-managed by senior managers who often possessed technical skills and functional expertise but lacked a broad business perspective and managerial skills (Beer et al., 1994, 16-17). This situation is not unlike that for Western Power where the majority of managers, including senior managers, came from engineering or technical backgrounds and generally lacked business and managerial leadership skills (section 5.4.2 and table 6.21). For them, these skills were either acquired through additional training or through on the job learning. Skills as a working life issue for managers is discussed in section 8.5.2.

Senior management introduced the Managerial Leadership Initiative (MLI) into Western Power in 2000 in order to improve leadership skills within the organisation (section 2.4.7). However, a general view among managers was that the empowerment which had been introduced as part of FOCUS and had encouraged innovation, entrepreneurialism and responsible risk-taking (Western Power Leadership Principles, 1995) was being eroded by the MLI and replaced with a more authoritarian approach to managing by senior management through increased bureaucracy and rules (section 7.4). These findings are contrary to the principles of managerialism which underpinned management reform in Australia's public electricity utilities and promoted a move away from input controls and bureaucratic procedures, rules and standards to a greater reliance on output measures and performance targets (Boston et al., 1997; Considine & Painter, 1997).

It appears that some senior Western Power managers would prefer to go back to the bureaucratic public service management style of rules and administration which was their primary function prior to corporatisation. Their motives for this are unclear, but the evidence suggests that it is not the principles of the MLI that are responsible, but more likely the MLI was being used by some senior managers as an instrument to apply further cost controls and performance improvements in order to better improve their own positions (section 7.4). A study by Hoggett (1994) into the privatisation of former public utilities in the United Kingdom reported findings on management control which are similar to those of this study. Hoggett found that the emerging forms of organisational control within the UK public sector appeared to promote increased formalism and proceduralism that reduced empowerment and entrepreneurialism and supported a process of standardisation and bureaucratic control (Hoggett, 1994, 18).

There have been reports in recent literature about similar moves towards increased centralised control and the extended development of performance monitoring and management control techniques. For example, Worrall &

Cooper (2001) who conducted a five-year longitudinal study of managers from the public and private sectors and from former public utilities in the United Kingdom have reported a 'disturbing trend' towards centralist policies which apply increased constraints on managerial autonomy and aim at restricting managers' scope for entrepreneurialism and flexibility. The majority of managers in their study, particularly from the former utilities, had reported that restructuring had impacted on their roles in terms of increased workload; increased organisational focus on cost reduction; increased tendency towards centralised management; and reduced empowerment and employee participation which slowed down management decision-making. Worrall & Cooper (2001) refer to managers' reactions to increased bureaucracy and reduced empowerment as 'presenteeism' in which managers report for work but have no loyalty for the organisation (p.40). It is possible that if Western Power managers continue to experience decreased empowerment and increased bureaucratic control their attitudes and motivation toward the organisation will also change.

Empowerment and its impact on managers' motivation and job satisfaction is discussed in section 8.5.1. Because similar events are occurring within Western Power, this shift in policy by senior managers is considered to be an important direction for further investigation in order to determine if the managers' opinions will have changed after the MLI has been fully implemented. The full implementation of the MLI has been delayed until late 2004 due to the disaggregation plans for Western Power by the WA State Government. The disaggregation is discussed in section 9.5.

Despite the reported increasing trend towards a more authoritarian approach by senior management, most managers considered that the MLI had helped them improve their leadership capabilities and the achievement of personal performance targets. But, in doing so, it had also resulted in increased in responsibilities and workload for them. For example, the managers indicated an increase in the amount of time they spent on employee issues that were previously a HR concern (table 6.23). They were now required to set performance targets, to review performance and provide feedback, to manage and review training requirements, and to provide counselling for all their staff (section 5.4.2). This was of general concern as only a relatively few managers considered that they had the necessary skills to discuss personal issues and performance directly with their staff. Skills as a working life issue for managers is discussed in section 8.5.2.

The Employee Achievement Measure (TEAM), a form of performance management, was introduced by the executive as part of the FOCUS culture change program in 1995. It was to be closely linked to the strategic planning process through Key Performance Indicators in order to achieve corporate and organisational goals. However, there was a significant lack of motivation and commitment to performance management in its earlier forms from managers and staff in the levels below general manager. For example, few managers attended the training, claiming they were too busy and didn't need performance management in order to run their business. Some even discouraged their employees from attending training. Also, as the process filtered down through the organisation, the key performance indicators became increasingly less appropriate, especially in engineering and technical sections (section 2.4.5).

That employees resist change is not new, especially when they do not see benefits for themselves, or understand how it contributes to their role within the organisation. In her study of culture change within Australia's electricity supply industry, Petrovic-Lazarevic (1999) found that it was normal for employees at all levels to resist the introduction of change and she suggests that employees can be motivated to accept change through the use of a performance management system. Such a system can be used to inform employees and provide feedback on their contribution and performance within the organisation (p.4). A modified TEAM was reintroduced in 2000 and was communicated to all employees through the MLI workshops. It was promoted by the executive and branch managers as an important management function and an integral part of good leadership which would enable formal talks between individuals and managers and assist the managers in setting performance targets (section 5.4.8 and table 6.13).

The new version of TEAM was accepted by the managers, most likely because the majority of them now had management contracts and their remuneration and bonus reviews were dependent upon the achievement of performance targets. Seen in this light, TEAM was viewed as a useful human resource management instrument and an important managerial role which assisted them in their relationship with their senior manager and staff, and enabled open discussion between management and staff about problems and issues of concern. Although TEAM had meant more work initially, there had been an overall decrease in the managers' work due to staff having a better understanding of their jobs and requiring less direction (sections 5.4.2, 5.4.8, and 7.4 & table 6.21). However, irrespective of these good points performance management was not being fully utilised across the organisation and that it required further refinement in order to make it less structured and more flexible. Furthermore, there was general consensus that performance targets should be linked to a reward system in order to ensure that extraordinary performance was adequately rewarded (section 7.4).

Staff recruitment was another new role for managers. The Strategically Integrated Recruitment and Selection System (SIRSS) took into account the capabilities of applicants to do the job through an examination of their previous experience based on certain 'dimensions' and 'capabilities' applicable to the position for which the applicant had applied. It was the managers' responsibility to implement SIRSS, and the data showed general agreement among managers that it had a slightly positive impact on their roles by assisting them in meeting personal and business unit performance targets through the selection of quality staff (tables 6.11 & 6.12).

Another way in which managers' roles changed was through the new policy of customer focus. Customer focus was viewed by managers as an important accountability against which business unit and personal performance targets were measured. The literature reports customer focus to be a key accountability for managers of newly corporatised electricity utilities and an important part of commercialisation and management reform (Deveson, 1997; Howard, 1994; Hyman, 1995). Participants in this study saw that the achievement of performance targets linked to customer focus had improved their remuneration. Also, the skills and experience managers had gained from the commercial application of customer focus was seen to improve the possibility of employment outside Western Power should they choose to leave. Moreover, customer focus and its link with stakeholder management was beneficial to the managers' role as it enabled them to establish and maintain mutually beneficial internal and external networks.

The pursuit of unregulated income was viewed by some managers to be an important part of their role while others strongly resisted it. There was a general understanding that the pursuit of unregulated income was driven by a directive from the executive to demonstrate that Western Power could compete in an open competitive market. However, few managers indicated any interest in pursuing it. Those who did, reported increased workload and held concerns that if the activity increased it would distract them and key staff from their core activities and prevent the achievement of their business unit targets. A few who were involved with the pursuit of unregulated income considered that it had significantly enhanced their external networks giving them a much broader business base and a wider range of potential clients and customers both within Australia and overseas. They were more commercially focused and that their business unit was regularly able to compete with businesses outside Western Power in areas such as engineering design, project management and specialised electrical construction and maintenance (section 5.4.8). However, there were managers who queried the economic sense of paying contractors to do the core work of key staff who had been re-directed to work on projects attracting unregulated income (section 7.4).

An important component of the reform of all public electricity supply utilities in Australia has been the increased use of contract labour and the outsourcing of work that was previously done within the utilities. Western Power has downsized and contracted out many traditional services such as design, construction and maintenance, ostensibly to improve efficiency. Findings of this research show however that this practice was more likely to be used to reduce employee numbers in order to improve performance figures. For example, using contractors, and costing them against materials rather than labour. One manager claimed *...it's a numbers game, they* (the executive) *want to make it look as though we are doing more with less people* (sections 5.4.6 and 7.4). Furthermore, the managers considered that this 'creative accounting' distorted capital and operating budgets and disguised the true cost of labour within the organisation which in turn caused problems with the identification of work on one hand and the actual amount of work completed on the other.

There was also an exceptionally high level of concern among managers about the reductions in permanent staff which had occurred since corporatisation, despite increased workloads within their business units. This had caused a significant increase in the use of contract labour within the organisation and the contracting out of work previously done by Western

Power staff. For example, managers reported that in some areas, such as IT and drafting, the majority of staff were contractors (sections 5.4.6 and 7.4). In discussing the reform of Australia's public sector Walker & Walker (2000) claim that public agencies tend to outsource activities where private sector firms have a comparative advantage, and to provide services themselves where the work involved specialist activities (p.144). However, most managers saw the increased use of contractors as the business direction the executive wanted to take, and while the managers did not agree with it, there was little they could do about it. A few managers thought that the use of contractors made good business sense, provided they had the appropriate skills and were used mostly for non-core work or where there were clearly identified skill shortages. Nonetheless, most managers thought that this would make the organisation reliant on contractors who may not always be available when required. Both Norton (1999) and McLeod (1999) have made similar observations in other Australian electricity utilities and have warned that the use of contractors to replace key technical staff who have left through natural attrition and redundancy could result in important skills being lost from the utility. They consider this poses a serious problem for managers, particularly in the engineering design and planning sections which rely heavily on engineering and technical expertise (McLeod, 1999; Norton, 1999). The findings from this study are in accord with the literature and show that important engineering and technical expertise was also being lost from Western Power because of the lack of succession planning and the non-replacement of key staff when they left (sections 5.4.6 and 7.4). As a result, many senior technical roles were now the responsibility of contractors or consultants. Skill shortages and the increased use of contactors to overcome this are discussed in section 8.5.2.

Overall, participants thought that the use of contractors and the contracting out of services made their role easier as they had more authority over contractors in terms of hiring and firing and setting the rules to which contractors must abide. In addition, the use of contract labour had assisted them with recruitment and selection because it enabled them to try out potential employees as contractors prior to offering them permanent status. However, the evidence also suggests that the use of contract labour had increased the managers' workload. For example, as well managing the contracts under which contractors were employed, the managers also dealt with staff issues relating to the use of contractors, such as complaints of preferential treatment, getting the best jobs and higher pay (sections 5.4.6, 6.2.6 and 7.4).

The strategic planning process within Western Power was known and understood by managers at all levels within the organisation, however, not all managers had been involved with it, nor did they want to be. This was discussed in section 8.3.1. Strategic planning had meant changes to the roles of those managers involved, but it had only a moderate impact on their roles and had only moderately increased their workload (sections 5.4.4, 6.2.6 and 7.4). For them, most of the work associated with strategic planning had become their core work and in some instances had replaced other work rather than adding to it. Tasks associated with strategic planning such as setting, adjusting and administering divisional, branch and business unit plans and budgets, and ensuring that performance targets for staff were aligned with those plans were central to the targets set within TEAM and played a key role in managers' remuneration reviews and contract renewals. However, those managers below general manager level who were involved with strategic planning found that this task was made more difficult by divisional and branch plans often not aligning with corporate strategic plans because the strategic planning was also out of alignment with the budget cycles (section 5.4.4). This was because the corporate strategic plans were set by the executive with little or no input from the lower levels of management. Therefore, as mentioned for financial accountability above, time was reportedly lost in adjusting and readjusting budgets, business unit objectives and performance targets for staff because the strategic planning was also out of alignment with the budget cycles (section 5.4.4).

Undue political interference from the minister and other government departments also resulted in significant changes to the strategic plans, often after they had been finalised. Examples of this included the government requiring a higher dividend than previously indicated, or a reduction of certain tariffs, or Energy Safety requiring upgrades and improvements to the distribution system (sections 5.4.4, 5.4.7.and 7.4). These requirements impacted either directly or indirectly on capital and operating budgets at the executive level and often resulted in managers having to rework branch budgets and business plans. Managers need an increased awareness of the propensity for government interference through constant awareness of current government policy; community concerns; environmental issues; government reporting requirements; and what is happening in other government departments. Additionally, considerable time was now spent on handling ministerials, that is, responding to public complaints and questions from other organisations through political channels such as government ministers (section 5.4.1). Political interference in the planning and running of government corporations, particularly utilities, is not uncommon and similar issues have been described by Maddock (1993) who claims that although improving the performance of Australia's state-owned utilities is a major component of government economic reform policy, politicians continue to use the utilities to achieve political ends (p.15). For example, Watts (1996) reports in his study of the performance of Queensland's electricity distribution utilities that a major argument in favour of corporatisation was the expected reduction in government interference. However, this had not occurred to the degree which proponents of corporatisation believed it should, and the utilities still experienced government interference in issues like strategic planning and community service obligations (Watts, 1996, 97).

The positive aspects of strategic planning included a better understanding by managers of corporate business processes and a greater opportunity for them to be involved in the high-level planning of issues that impact on their branch or business unit and the organisation as a whole. Also, managers believed that the knowledge and understanding of the strategic planning processes would hold them in good stead for work outside of Western Power should they choose to leave (sections 5.4.4, 6.2.4 and 7.4). However, there was also general agreement that in order for others to gain these benefits from strategic planning, it would have to be extended down to all levels of management.

The new management systems which had a low impact on the managers' roles included Service Level Agreements (SLA) and Shareholder Value Adding (SVA). Service Level Agreements were formalised agreements between requestors and suppliers introduced into Western Power in 1999 into all divisions by the executive as part of the customer focus and asset owner/asset manager initiatives. Although there was a general understanding of the SLA concept, relatively few managers had personal experience with them and SLA had a low impact on their roles (sections 6.2.4 and 6.2.6). Shareholder Value Adding (SVA) was introduced into Western Power in 1998 by the executive as part of the financial management system within FOCUS. As a management system, SVA is a process of analysis and review which shows the costs and benefits for all expenditure in excess of twenty thousand dollars. Although there was a relatively high level of understanding by managers of the SVA concept, it had limited application across the organisation and had a marginally positive impact on managers' roles as it provided the opportunity to highlight branch objectives and achievements to senior management and to identify training needs and staff shortages. However, it had also increased the workload due to the need to prepare business cases for expenditure approval (sections 5.4.2, 6.2.4 and 7.4).

The Mimcom Information Management System (MIMS), the main IT system used in Western Power, was found to have a negative impact on managers' roles. Managers held exceptionally strong opinions about MIMS failing to meet many of their financial reporting and budgeting needs and as such made their job difficult. MIMS was considered a hindrance because it was too complex for their needs and lacked user-friendly reporting software. Moreover, the introduction of MIMS into Western Power had been poorly conceived, poorly planned and poorly implemented (sections 5.4.3 and 7.4). The survey data shows that MIMS was the only management system change which the managers considered had only moderately assisted them in achieving their performance targets, had impacted negatively on their roles in terms of making their work more difficult, and had a negative impact on their workload in terms of increasing their work (sections 6.2.2, 6.2.4 and 6.2.6). The main reasons for their objections to MIMS was the lack of effective consultation by senior managers and project managers and the lack of training when it was first introduced.

The increasing use of technology to support the introduction of new management systems also meant that managers had to gain additional skills in order to apply the technology effectively and to keep up with changes. Although this often meant additional work-related hours, there was strong agreement that technological change had impacted positively on their roles because it generated more data to help them with decision-making. It also provided decision support systems such as sophisticated modelling tools which helped improve their efficiency and effectiveness (section 5.4.2 and tables 6.11 & 6.12). However, as discussed earlier, the common use of personal computers which were linked to all parts of the organisation and which used common software made it easier to send and retrieve information, but this also brought with it a whole range of new responsibilities for the managers such as staff training, security and dealing with access to and abuse of information (section 5.4.2).

The proliferation of computers led to the overuse of e-mail and redefined the principal forms of communication within the organisation from telephone calls and memos to electronic mail. Where once a short telephone call provided the necessary information there was now a tendency for long protracted debate through e-mail which generally added little value to the original query, but consumed a disproportionately large amount of the managers' time. The overuse and misuse of e-mail also meant that managers and staff were regularly overloaded with information and as a result, many important notices were often overlooked or inadvertently discarded (section 5.4.2).

The availability of managers outside of normal working hours was an emerging problem. With the increased use of mobile telephones and laptop computers, there was a tendency for managers to take their work with them wherever they went, which made them contactable 24 hours a day. While there was a general view that this was expected of them, a few managers expressed concern that this practice had had a negative impact on their family life and leisure time (sections 5.4.8 and 7.4 & table 6.23). This is an important emerging quality of working life issue for managers and is addressed further in section 8.5 which explores the impact of corporatisation and management reform on their working life.

This section has addressed the second part of research question two, specifically it discussed the managers' perceptions of how corporatisation and management reform impacted on their roles.

8.4 BENEFITS OF CORPORATISATION

This section addresses the third research question which was described in chapter one. Specifically, it will discuss:

What are managers' perceptions of the benefits of corporatisation for themselves, for the organisation, and for key Western Power stakeholders.

The first part reports the benefits of corporatisation for the managers. The second part reports the benefits of corporatisation for the organisation. Finally, the third part reports the benefits of corporatisation for key Western Power stakeholders.

8.4.1 Benefits for the managers

The expected and theoretical benefits of corporatisation for managers have been well reported in the literature (Boston et al., 1997; Shirley, 1999). However, the practical benefits managers received from corporatisation have received less attention. In order to address the gap in the literature, this research has reported the personal experiences of Western Power managers from all levels and their perceptions of the benefits they received from corporatisation.

Rowlands (1990), Sanchis (1997), McKenna (1999), and others, report that public choice theorists (Leibenstein, 1979) view managers of government agencies as decision-making utility maximisers dominated by self-interest, who individually adjust their work behaviour and motivation in order to maximise their remuneration and conditions. Boston, et al (1997) argues that agency theory, which has played an important role in developing policy framework underpinning corporatisation, also assumes that individuals are rational, self-interested, utility maximisers and that the interests of the agents (managers) and principles (government) are bound to conflict. The current research has found that managers openly reported their desire to improve their conditions and remuneration and did this through the pursuit of performance targets, sometimes to the exclusion of other work (sections 5.4.8 and 7.4). Mulgan (1995) views this motivation as a weakness in the managerialist approach to management reform. Boston et al (1997) concede there can be problems if managerialism is applied automatically, uncritically or comprehensively to the public sector, but consider there are adequate accountability provisions within the model to deal with these contingencies.

The literature further reports that managers' roles changed with the corporatisation of public agencies. Duncan & Bollard (1992), Watts (1996), Zifcak (1997) and others believe that for public sector managers, corporatisation and new management techniques have meant greater autonomy and flexibility within specified goals; greater role clarity; increased participation in decision-making through branch and strategic planning; increased financial accountability; the opportunity to become change leaders; increased leadership and human resource management role; participation in management contracts and performance agreements. As discussed previously in section 8.3.1 these role changes also happened to Western Power managers and their impact on managers' roles was discussed in 8.3.4. However, they came at a cost to the managers in terms of increased workload, longer working hours and decreased leisure time (sections 5.4.8, 6.2.6 and 7.4). These issues are discussed further in section 8.5.

Despite their new roles the managers themselves did not consider they had benefited significantly from corporatisation (table 6.4). Nonetheless, they saw some benefits from acquiring new skills in commercial and financial areas, technology, customer service, marketing and sales, human resources which included recruitment, training, health and safety, and leadership (section 5.4.2). The benefits from these new skills were reported to include increased remuneration, increased opportunities for a wider variety of work, increased opportunities to change careers through sideways movements within the organisation, and the possibility of work outside Western Power should they decide to leave (sections 5.4.2, 6.2.1 & 7.4). Although new skills had improved career opportunities, promotional opportunities within Western Power were limited due to the flatter organisational structure since corporatisation. Goffee & Scase (1992), Graham (1992), Dunford Bramble and Littler (1998), and others reported that similar events and consequences for managers had occurred in other organisations. The impact of new skills on career opportunities are discussed in section 8.5.2.

Further identified benefits of corporatisation for managers included opportunities to be involved in the introduction of new management systems and organisational change. They considered that involvement in the organisational changes from planning and inception to application was important because it improved understanding of their roles and where they fit within the organisation (sections 5.4.2 and 6.2.3). However these opportunities did not eventuate until after the introduction the Managerial Leadership Initiative (MLI) in 2000 and even then not all managers wanted to be involved in change and consultation was still only when it suited senior management. But, this was a positive improvement compared with the pre-corporatisation years when senior management planned and implemented organisational and role changes without any consultation (section 8.3.3).

This section has reported the benefits managers perceived they got from the corporatisation of Western Power. These benefits are in general accord with the literature (Duncan & Bollard, 1992; Watts, 1996; Zifcak, 1997). However, what appears to be missing from their research is closer analysis of the practical benefits that managers perceived they got from corporatisation. The literature gives the general impression that managers have benefited significantly in many respects from corporatisation and considers that they are better off as a result of it. These researchers do not appear to have asked managers what they personally thought of the benefits and what it had cost them in return. It is also possible that they only concentrated their studies on senior and executive management levels which this study has shown gained the most benefits from corporatisation through the productivity and efficiency improvements delivered by the efforts of managers at the lower levels (section 8.4.3). This study shows that managers have gained few benefits from corporatisation when balanced against the cost to them to gain those benefits. Corporatisation has therefore come at a cost for managers in terms of increased workloads, increased working hours and decreased leisure time. The most significant benefit which managers have got from corporatisation is new skills to improve their opportunities for horizontal career moves and employment outside of Western Power. The next section discusses the managers' perceptions of the benefits of corporatisation for Western Power.

8.4.2 Benefits of corporatisation for the organisation

Pitkethly (1992), Simmons & Bramble (1996), Jones (1998), Shirley (1999), and others all consider that there were various benefits for Australia's public electricity utilities resulting from restructuring and organisational changes associated with corporatisation. This study found that Western Power had achieved the benefits described in the literature (sections 2.2 and 3.3) which included the achievement of policy objectives; the more effective allocation of resources and staff reductions; performance level agreements with government and between the executive and branch managers; rationalisation of union representation; financial performance; social accountability; and responsiveness to customer requirements (chapter five and section 6.2.1).

The achievement of policy objectives benefited Western Power through the projection of a commercially focused, vertically integrated organisation that provided significant dividends to the state government in the years after corporatisation (Western Power Annual Report, 2003). These objectives were achieved through organisational restructuring; the setting of performance level agreements with government and between the executive and branch managers; the introduction of new business strategies and management reform which included improved strategic planning; increased financial accountability; performance management; customer focus; the continuation of community service and other social obligations; and the maintaining of a skilled workforce that was effectively and efficiently managed (sections 5.4.1, 7.4 and 6.2.1).

The more effective allocation of resources and staff reductions were an important benefit to Western Power. They enabled the organisation to meet government performance targets through work force and labour budget reductions and skill diversification among staff. This was achieved through organisational restructuring; resource planning that included staff reductions through natural attrition and redundancies; a greater use of contractors and contracting out of services, which were not accounted for in labour budgets; the increased use of new technology to replace staff; and the introduction of new management systems and business strategies that improved business unit effectiveness and efficiency (chapters five and seven and section 6.2.1). In addition to staff reductions the reduction in union representation from fifteen unions to only two was also of benefit to Western Power through improved utilisation of remaining staff; reduced number of awards and agreements; simplified human resource management procedures; and the greater use of individual contracts and certified agreements (section 5.4.1).

The increased use of contractors and the contracting out of services was found to have assisted Western Power to conduct business with an increasingly smaller workforce and to overcome shortages of specialised skills in some areas. However, the study suggests that many of the skill shortages were the direct result of poorly planned restructuring, poorly administered redundancies and the lack of a formal succession plan (sections 5.4.6 and 7.4). Nevertheless, the use of contract labour for the peak-lopping of resource requirements during busy periods, i.e., employing contract labour when workloads are high, or 'peaked' and putting them off when workloads are normalised or low benefited Western Power through the avoidance of awards and award conditions. As discussed earlier in section 8.3.4 the use of contractors had enabled Western Power to demonstrate labour productivity and efficiency gains through the costing of contractors against materials rather than labour. Contract labour for non-core activities was supposed to free key staff to seek new business such as unregulated income which was thought by some to be a benefit for Western Power. However, the majority of managers were not supportive of the pursuit of unregulated income as it had resulted in key skills being used to do the unregulated work and forced the managers to recruit contractors to do the core work (sections 5.4.6, 6.2.6 & 7.4).

Social accountability was seen by managers as benefiting Western Power because it enabled it to show due diligence in its corporate responsibilities and to help government achieve those social responsibilities for which Western Power was held accountable. Some of the managers interviewed considered the state government viewed Western Power *...as a large business to help with social policies and state development* (section 5.4.1). Social accountability was achieved through an increased organisation-wide awareness of environmental issues; the adoption of environmental policies and standards; the continuation of community service obligations such as supplying power to remote and rural areas; the continuation of a uniform tariff policy; the provision of concessions to senior citizens; conforming with requirements of the Companies Code and payment of corporate taxes; corporate performance reporting; and improved employee and public safety (section 5.4.1).

Section 8.4.2 has presented the findings of what managers considered were the benefits of corporatisation for Western Power. The next section discusses the managers' perceptions of the benefits of corporatisation for key Western Power stakeholders.

8.4.3 Benefits of corporatisation for key Western Power stakeholders

Hill & Hutton (1997), Dunphy & Stace (1998), Felton & Harper (1998), Stace & Dunphy (2001), and others hold the broad view that stakeholding in the electricity supply industry includes everyone who has a 'stake' in how electricity is generated, transmitted and distributed. However, they generally agree that the important stakeholders include customers, employees, regulators and investors, e.g., government. Managers involved in the current study listed a similar set of stakeholders which included the state government, i.e., through the Minister for Energy; industrial, commercial and domestic customers; other government agencies such as the Office of Energy, as a pseudo regulator, Treasury and the Environmental Protection Agency (EPA); competitors; the unions; the executive; Western Power managers; and Western Power employees (section 5.4.7). Moreover, the managers considered Western Power's ability to meet its stakeholders' expectations had improved significantly since corporatisation. This was attributed to the greater public awareness of Western Power as a corporate body rather than just another government agency, to brand naming and marketing, and to a greater staff awareness of stakeholders' needs.

The managers considered that the main benefiting stakeholders were the WA state government, industry, commercial customers, and the Western Power executive (table 6.4). The literature (King & Maddock, 1996; Walker & Walker, 2000) shows the main beneficiaries of the corporatisation of electricity utilities to be investors, e.g., owner, customers and employees in general. The reason for the difference is because the literature views all managers and staff as employees and does not distinguish between customer groups. This study, however, makes a distinction between the reported benefits of corporatisation for the managers, the executive, Western Power employees and their representative unions, and domestic, commercial and industrial customers (table 6.4). The differences between the study findings and the literature are discussed further in this section.

Chapter two and earlier parts of this chapter show that the main benefit to the WA state government from the corporatisation of Western Power was increased dividend payments and the payment of state taxes which were previously exempt. For example, payments to government have totalled more than $1,046 million since 1995 and were enabled through increased profits (Western Power Annual Report, 2003). The specific changes which increased profits included organisational restructuring, staff reductions, productivity and efficiency improvements and cost control (section 5.4.2). Furthermore, Western Power could increase its profits and hence its dividends to the government and, in theory, provide increased capital for generation improvement and network expansion. In practice, however, this was difficult because the government restricted Western Power's operating and capital spending and viewed the organisation as a source of ready cash to be called upon to 'shore up' budget shortfalls (section 5.4.1). Further benefits for the government came from Western Power achieving social and political objectives on its behalf. These included containing electricity prices; financing and providing community service obligations, uniform tariffs and concessions; demonstrating high standards of employee and public safety and environmental compliance; and improving the infrastructure through the building power stations and lines (section 5.4.1).

Earlier chapters show the main benefits that large and medium consumers of electrical energy, i.e., industry and commercial customers, got from the corporatisation of Western Power was the partial deregulation of the energy market (sections 2.2, 5.4.7 and table 6.15). Although still not fully deregulated, it has opened the market to competition in the retail and generation sectors for large and medium consumers. Competition has improved productivity and efficiency within the WA electricity supply industry, but until full deregulation occurs, domestic customers in WA can only receive supply from Western Power. Competition has enabled industry and commercial customers to negotiate better rates with other suppliers of electrical energy (section 2.2).

A further benefit that industry and commercial customers have got from the corporatisation of Western Power has been improved customer service. The evidence shows that both the organisation and employees were now more commercially focused and had a better understanding of business direction (section 5.4.1). Western Power now provides account managers, appointed specifically to deal with issues such as supply reliability and rates. Corporatisation had also meant that Western Power now has more flexibility to negotiate commercial tariffs without first referring to the government. This increased flexibility and faster decision-making has been of direct benefit to industry and commercial customers. Finally, Western Power now had the ability to enter into co-generation partnerships with others to produce and sell electricity, the commercial benefits of which would flow on to industrial customers (sections 5.4.1 and 7.4).

Many managers considered that employees and their representative unions were important stakeholders because of the influence they have on Western Power's economic performance and its ability to meet the demands of its key stakeholders. However, in this study the only employees seen to benefit the most from the corporatisation of Western Power were the executive (table 6.4) and this is not what has been found in the literature (King & Maddock, 1996; Walker & Walker, 2000) which reported all employees of electricity utilities benefited from corporatisation. The reported benefit for the executive was a clearer business focus through the setting of agreed performance levels with government. As a result, the executive had more control over their working lives, business direction and working conditions (section 5.4.1 and section 6.2.1). Increased organisational performance since corporatisation had also meant improved salaries and bonuses for them (Western Power annual reports 1996 - 2003). These are reviewed annually and indexed against organisational performance in terms of profit and key performance indicators. The reasons managers, employees and unions were not seen to benefit from corporatisation are discussed below.

Managers were considered to be important stakeholders through their role in the day-to-day running of the organisation and through the carrying out the executive's plans. However, the research shows that managers themselves did not consider they had benefited significantly from corporatisation (table 6.4). This was probably because their reported benefits (section 8.4.1) had come at a price in terms of increased workload and working hours. Furthermore, the study evidence shows that many management positions were lost as a result corporatisation and organisational change (section 5.4.2). This resulted in increased roles, responsibilities and workloads for the remaining managers and a flatter organisational structure which reduced their promotional prospects (section 5.4.8). Goffee & Scase (1992), Graham (1992), Dunford Bramble and Littler (1998), and others reported that similar events and consequences for managers had occurred in other organisations, both in Australia and the United Kingdom.

For other employees, the study evidence suggests that they also benefited little from corporatisation. The downside for most employees was reduced career paths, increased workload and job insecurity (sections 5.4.8 and 7.4 & table 6.23). Employee reductions were most heavily borne by trades assistants and labourers, but there were also cuts in the numbers of trades' people and technical, engineering and administration staff across the organisation. King & Maddock (1996), Simmons & Bramble (1996), Jones (1998), and others report similar reductions in employee numbers in other Australian electricity utilities. Possible benefits for the employees were improved communications within the organisation, clearer job roles and business direction, performance bonuses, and, for some, improved salaries (section 2.4 and table 6.4).

Union rationalisation and loss of representation for many employees had also occurred as a result of corporatisation (Jones, 1998; King & Maddock, 1996; Simmons & Bramble, 1996). Unions representing Western Power employees were perceived by the managers to have gained no benefit from corporatisation (table 6.4). Union membership had declined since corporatisation in 1995. This was due to a loss of direct union representation for managers as a result of the exclusion of the Association for Professional Electrical Scientific and Mechanical Engineers Australia (APESMA) from the 1995 Western Power Award. Since corporatisation engineers and industrial chemists within Western Power have had to rely on another union, the Australian Services Union (ASU), to give them indirect representation in award negotiations. However, although it was believed that unions have lost their status in Western Power due to the union rationalisation (Cahill 1995) introduced in 1995, they still had an important role in the formulation of agreements and award variations between employees and the executive (section 5.4.1).

This section has reported the benefits that the WA government, industry and commercial customers and the executive, as key Western Power stakeholders, got from corporatisation. The next section discusses managers' perceptions of the impact corporatisation on their quality of working life.

8.5 IMPACT OF CORPORATISATION ON QUALITY OF WORKING LIFE

This section addresses the fourth research question which was to determine:

What were managers' perceptions of the impact of corporatisation and management reform of the quality of their working life.

A review of the literature found that quality of working life issues were abundantly reported during the 1970's and the 1980's by Walton (1973), Eilon (1976), Boisvert (1977), and Levine, Taylor & Davis (1984) and more recently by Juuti (1991), Graham (1992), Stace & Dunphy (1997) and Gilgeous (1998). However, most of these studies have dealt with the broad aspects of working life as it relates to the community in general and there have been few studies which sought to explore the impact of change on managers' perceptions of their own working situations.

The extensive literature search undertaken for this study found no Australian reports which dealt specifically with the personal concerns of managers and the impact of corporatisation on the quality of their working life. In fact, the literature search found only two reports which had some application for this study. These were recent empirical studies into the roles and working life of managers within the UK public sector, the private sector and the (former public) utilities by Worrall, Cooper & Campbell-Jamison (2000) and Worrall & Cooper (2000, 2001). They found that managerial work had become more intensive due to changes in work systems underpinned by new technology, the fragmentation of tasks and the organisational structures in which they had to work.

The impact of corporatisation and management reform on the working life of managers is discussed in this section from both a subjective and objective perspective as described by Levine, Taylor & Davis (1984). This section is arranged into four parts which address the four most important working life issues for managers reported by Eilon (1976), Juuti (1991), Stewart (1992) and Worrall & Cooper (2001). The first discusses the changes to managers' working conditions as a result of corporatisation. The second contains a discussion of the way managers' skill requirements have changed as a result of corporatisation. The third discusses managers' perceptions of their workloads since corporatisation. Finally, the fourth part includes a discussion of managers' perceptions of leadership as a responsibility for them and the impact this has had on their working life.

8.5.1 Working conditions

The literature shows that the managers' working conditions, and hence their job satisfaction (McKenna, 1999, 170), are enhanced by empowerment, i.e., making decisions and being accountable for those decisions (Stace & Dunphy, 1997, 175; Waddell et al., 2004, 556). However, Gilgeous (1998), who studied the quality of working life for manufacturing managers, found that for empowerment to be effective it must be clearly communicated from further up the organisational hierarchy (p.178). The researcher believes it is possible for the hierarchy to withdraw empowerment in the same way as it can bestow it, although it would be expected that the withdrawal of empowerment would be done very subtly in order not to arouse the ire of the managers. The evidence suggests that the withdrawal of empowerment commenced at Western Power under the guise of improved management leadership in 2000 (section 7.4).

Managers' motivation and job satisfaction had increased since corporatisation, however, there were indications that since 2000 management empowerment had decreased and roles had become blurred. There was general agreement that managers had been more empowered and had greater authority and accountability since corporatisation in 1995 and up to around 2000. This had resulted in increased job satisfaction and motivation and had also clarified their roles and provided them with more flexibility to manage key stakeholders and to address important employee issues (section 5.4.8 and table 6.23). However, the evidence from chapter seven suggests that this changed with the introduction of the Managerial Leadership Initiative (MLI) in 2000. Managers were now less empowered, less motivated and more confused over their roles because of imposed limits and the enforcement of procedures which they considered were restrictive and bureaucratic (section 7.4). Empowerment in Western Power has also been examined in section 8.3.4 above and is considered by the researcher to be an important issue for further investigation in chapter nine.

The reasons for the return to rules administration is unclear, however, the evidence from the follow-up interviews suggests that some senior managers were using the MLI as an excuse to introduce a more authoritarian approach as an instrument to apply further cost controls and performance improvements and to improve their own positions. This may be a reflection of a desire for minimalist management structures for managing large numbers of contractors instead of permanent employees. Such structures would rely heavily on the standardisation of work and rigid procedures underpinned by an internationally accepted quality control system in order to be commercially viable. By comparison, Worrall, Cooper & Campbell-Jamison (2000) and Worrall & Cooper (2000, 2001) found that the levels of empowerment for managers in the UK had also reduced over the five-year period of their research. This was particularly so at the lower levels of management in former public utilities. Managerial styles within the former utilities were now considered to be more authoritarian, centralised, reactive, secretive and vacillating than their public and private sector counterparts. Furthermore, Worrall & Cooper (2001) identified what they term huge differences in the perceptions and attitudes of senior and junior managers and expressed concern that these differences appear to have become wider over the five year period of their research (p.111). They propose that this was because managers at the higher levels of the hierarchy, while enjoying increased empowerment themselves, were not passing down appropriate authority and empowerment to those below them. This could be happening within Western Power, however, there was no data to support this hypothesis. It is considered in chapter nine for future research.

Around half of the managers participating in the study thought that corporatisation had improved internal networks. This was due to a greater focus by managers on internal and external customers and improved ability to meet the expectations of priority stakeholders (section 5.4.7 and table 6.13). Those managers who indicated that corporatisation had hindered internal networks blamed their increased workload for compelling them to deal predominantly with those who would help achieve their business objectives. In contrast, there was general agreement that the pursuit of unregulated income had increased external networks both within Australia and overseas. Managers now had a much broader business base and dealt with a wider range of potential clients and customers, so there were now different players in the market and new rules.

However, not all the managers were enthusiastic about external networking. A few expressed concern about the tendency towards an over-concentration on networking and external relationships in order to increase commercial activity. They thought that the pursuit of unregulated income could be at the expense of the time and effort that was required of the managers to effectively manage staff. However, such thinking is contradicted in the literature where both internal and external networking has been reported by Scase and Goffee (1989, 90), Dunphy & Griffiths (1998, 156, 160) and McKenna (1999, 228) to be an important component of mentoring which adds new skills and learning to the organisation. Because of this, networking has been closely linked to careers and is becoming less organisationally confined due to wider markets. The study evidence suggests that, while not all managers had the time to be involved with external networking, most considered it would be of benefit to them through improved stakeholder relationships (sections 5.4.8 and 7.4).

For the managers, corporatisation included satisfying the needs of priority stakeholders who were business and community groups, manufacturers and their representatives, consultants and service providers and local government and industry organisations. Furthermore, the study evidence suggests increased involvement by senior managers in joint forums, steering committees and industry groups in order to identify potential customers, partners and alliances, that is, potential stakeholders (sections 5.4.8 and 7.4). Whenever the opportunity presented, the senior managers were now to create strategic alliances with external business partners and conduct open book accounting with vendors. This had not been done prior to corporatisation, however, with the partial deregulation of the electricity industry which followed some years later and increased competition for customers it was necessary to establish closer working relationships with other generators and suppliers of services both in Australia and abroad. Wheeler & Sillanpaa (1997, 101), McKenna (1999, 228), Stace & Dunphy (2001, 264), and others have reported that increased competition and market globalisation have generally been the drivers for corporations to restructure and undertake strategic alliances and business partnerships with suppliers. Managers played an increasingly important role in these partnerships. This was also the case for Western Power.

Managers reported that their remuneration had improved significantly since corporatisation because management contracts were now linked to performance targets which most managers considered were reasonable and achievable. Furthermore, there was general satisfaction with bonuses that had been paid as part of the performance incentive scheme. However, some expressed concern that management contracts were generic and inflexible and that it was very difficult to negotiate anything different from the standard format. This was despite them having limited ability to negotiate certain aspects of their roles, performance targets and levels of authority with their senior manager. Some also held concerns about their employment security because of a 'sunset clause' in their contracts which gave them no guarantee of renewal (section 5.4.8). Nevertheless, there was strong support for the use of contracts and the management of performance through TEAM which was seen to improve communication and trust between the managers and their supervisors. In fact, it was generally thought that this was largely responsible for the improved relationships between the managers and their supervisors, their peers, and their subordinate staff (table 6.13). This finding is generally supported by the literature. For example, a study of remuneration and reward was conducted on managers from the former public utilities in the United Kingdom by Worrall, Cooper & Campbell-Jamison (2000) where it was reported that remuneration and reward had improved significantly for managers after the utilities were initially corporatised and later privatised. Similar observations were reported by Duncan & Bollard (1992) for the corporatisation and eventual privatisation of New Zealand's public electricity utilities (p.32). However, the current study also found that for some managers there had been no improvement in remuneration since corporatisation even though there had been a significant increase in their workload. This is discussed in section 8.5.3 which examines workload as a working life issue for managers.

Safety and employment conditions had also improved since corporatisation according to participants in this study. This was due to the strong focus that the executive had placed on safety and employee welfare which had been promoted as the number-one Leadership Principle (Western Power Leadership Principles, 1995) and the corporation's number one priority. However, it is likely that this would have occurred irrespective of corporatisation due to the increased attention by government agencies and unions on health and safety matters and the economic and social benefits from reducing workplace incidents (Kearney et al., 1998). Other employment conditions such as equal opportunity and diversity have occurred as a result of legislative requirements (Taylor, Easter, & Hegney, 2001).

There was some concern over problems with physical working conditions, particularly with reduced workspace and open-plan office arrangements that had been introduced with the successive restructuring. The rationalisation of office space was to reduce accommodation costs. For example, although Western Power owns the head office building, it apportions rent, air-conditioning and lighting costs to each business unit according to the amount of floor space used. As a result, the new working arrangements had significantly reduced the available work area for the managers, their staff and contractors and had resulted in cramped conditions and unnecessary clutter of files and furniture (section 5.4.8). Some managers reported that such conditions were stressful for them, especially when dealing with staff issues and other private management business in an open office area where they had no privacy (section 7.4). However, Graham (1992) supports the open plan office arrangement. In his study of the impact of Total Quality Management (TQM) on the working life for employees in the UK, Graham argues that office accommodation should meet employees' needs of safety, pleasant work environment and be supportive of involvement and commitment, and that open-plan offices achieve this. Graham also contends that if these conditions are met by the organisation, then managers and staff will adapt to them over time. The researcher considers this to be an important issue for future study and is discussed further in chapter nine.

For some of the managers, corporatisation had also meant increased personal stress which they mostly attributed to more responsibilities and greater workload, longer working hours and decreased leisure time (sections 5.4.8 and 6.2.6). Other stresses included fears over job security, learning new skills and the adoption of new performance targets. The evidence further suggests that managers' found conducting performance reviews and confronting poor performing staff to be stressful because of the lack of appropriate people skills (sections 5.4.2 and 7.4). The literature shows that personal stress relating to both subjective and objective working conditions (Levine et al., 1984) is not confined to managers in the electricity supply industry. Managers in general face the same stressors regardless of the industry they work in. Toohey (1994) reports stress as a general concept in the workplace and considered key stressors to be organisational change; restructuring; redeployment and redundancies; increased responsibilities; financial accountability; technological change and performance appraisal (Toohey, 1994, 429). Scase & Goffee (1989) have shown that for many managers in the UK, private-life issues relating to working long hours along with career challenges, low skill levels and the threat to job security were factors which increased stress levels and impacted on the quality of working life (Scase &

Goffee, 1989, 25). The Western Power situation therefore reflects experiences already reported in the UK. The impact of corporatisation on skills, workload and leadership are discussed in the following parts of section 8.5.

8.5.2 Skills

The skills that the managers acquired through the introduction of corporatisation and management reform, and their perceptions of the impact of those skill changes have been covered in previous sections of this chapter (8.3.4 and 8.4.1). This part discusses managers' perceptions of the way in which their skill requirements changed as a result of corporatisation.

The most significant changes in the managers' skill requirements were due to the change of focus from engineering to commercial and technology. Highly skilled technical managers were obliged to be business managers and leaders first and engineers last. The evidence shows that a loss of technical skills was reported for all levels of management and that these were mainly replaced through the increased use of contractors (sections 5.4.2 and 7.4 & table 6.13). These findings of skill conversion and technical downsizing are in general agreement with the changes reported to have occurred in the United Kingdom by Worrall, Cooper & Campbell-Jamison (2000) and Worrall & Cooper (2000, 2001). They found that restructuring and organisational change had severely undermined the skill base of the former public utility managers. Similar to the UK experiences, key technical skills were lost from Western Power through the reappointment of technical-managers to the roles of commercial managers. Key skills were also lost as a result of senior management reducing staff costs through redundancies, delayering and downsizing. As a result, many positions were left vacant or replaced with contractors (section 5.4.6 and table 6.3).

Western Power managers considered it was in their best interests to acquire new skills aligned with business requirements and to actively pursue a good commercial outcome for Western Power, which also meant their remuneration improved. The new skills therefore had a positive impact on the managers' career opportunities despite the fact that the organisational structure had flattened leaving fewer promotional opportunities. The new skills had given the managers greater opportunities for horizontal career development and to participate in many different projects within the organisation, and had improved their prospects of employment outside Western Power should they seek it (sections 5.4.8, 7.4 and tables 6.20 & 6.21). By comparison, the UK studies also found that while restructuring and organisational change had resulted in remuneration improvements for the former public utility managers, it had actually reduced their career opportunities and chances of further promotion because of flatter structures and fewer senior positions (Ebadan & Winstanley, 1997; Worrall et al., 2000; Worrall & Cooper, 2000, 2001). It is probable that the managers in this study viewed their career opportunities more favourably than their UK counterparts had because of the wider career choices available to them through Western Power remaining vertically integrated. For example, Western Power offers careers in engineering, technology, business, finance and administration and information technology. However, the experiences from the UK and this study are similar in that the traditional vertical career paths for managers have been significantly reduced.

The evidence from stage three of this research indicates a decline in loyalty and motivation, but it is too early to determine if this is a general trend or a result of resistance to the introduction to MLI, or other innovations. If there is a trend toward declining motivation and loyalty then it would be consistent with the UK studies by Worrall, Cooper & Campbell-Jamison (2000) and Worrall & Cooper (2000, 2001). They found that managers' loyalty, morale and motivation had significantly reduced over the past five years as a result of organisational restructuring. However, this was not evident for Western Power in stages one and two of the research. Also, the researcher's own extensive (30 year) experience within the organisation and a previously unpublished study into culture change and its effect on Western Power employees (Lehmann, 1997) indicates that there has been generally strong loyalty and motivation among Western Power managers and staff since corporatisation. Furthermore, the high level of participation (85.4%) in and the general reception given to this study suggests camaraderie and organisational commitment based on a strong and sustained culture change program and common corporate goals which were developed during the culture change workshops. Senge (1992) views such activity as organisational learning. In discussing the theory of the learning organisation, Senge explains that motivation has more to do with a continual expansion of an individual's capabilities, rather than just the performance of tasks (Senge, 1992, 340). McKenna (1999) takes this idea further and claims that, in order to achieve personal mastery, the individual seeks confidence and skills and for this needs goals (p.179). Levine et al (1984) explain that working conditions can be arranged so that managers will be motivated towards the achievement of organisational goals, which in turn will enable them to obtain outcomes that they themselves value (p.81).

Organisations proclaim their goals through mission statements. Western Power's mission statement *...to be the leading energy supplier business in Australia by 1998* (Western Power Internal Publication, 1995) was developed during the FOCUS workshops and has been periodically modified to reflect the strategic direction that the executive want the organisation to take. For the individual manager, their goals are their performance targets and in order to achieve these targets the managers have sought the required skills (table 6.21). In return for the achievement of performance targets the managers are rewarded, for example, through increased remuneration and bonuses. The managers' beliefs that the organisation will reward them for good performance can therefore be explained in the context of organisational loyalty as a psychological contract with implicit beliefs about reciprocal obligations between employees and employers (Brooks & Harfield, 2000, 93). Therefore, the research demonstrates the view that motivation and loyalty had increased for Western Power managers as a result of corporatisation.

This section has shown that there are a number of similarities between Western Power and UK organisations. Both have experienced significant changes to managers' roles, the loss of technical skills and management positions and the greater use of contractors, often to replace lost technical skills. For Western Power managers, this has meant seeking new skills for their new roles. Managers' remuneration had improved, but the prospects for promotion were significantly reduced in both cases. While career opportunities had significantly reduced for managers in UK organisations, Western Power managers still had opportunities for horizontal career moves. Finally, organisational restructuring had meant significant reductions in loyalty, morale and motivation among managers in UK organisations, whereas these had actually increased among Western Power managers prior to the MLI in 2000, the evidence suggests a possibility that these were in decline since.

8.5.3 Workload

This section discusses the evidence relating to how the changes resulting from corporatisation have affected managers' workloads.

Overall, the managers claimed to have experienced moderately increased workloads due to increased responsibilities, increased accountability, staff shortages, and, in some instances skill shortages. The amount of work they took home had also increased (section 5.4.2 and table 6.23). These findings are in general agreement with studies conducted in the United Kingdom into organisational change and its effects on managers. Worrall, Cooper & Campbell-Jamison (2000), for example, found that managers' workloads had also increased over the five-year period of the study and that the increases were mainly due to increased accountability, additional responsibilities for staff, staff shortages and lack of skills. Similar findings had been reported by Dopson & Stewart (1990), Keen & Vickerstaff (1997) in the United Kingdom and in Australia by Dunford, Bramble & Littler (1998).

Managers were concerned over increased working hours as they had a detrimental effect on their leisure time and their time with their families, but they felt compelled to work extra hours because of their fear of job security. They agreed that increased working hours and the corresponding impact on their quality of working life was unacceptable (section 7.4). A few even claimed that they would seek alternative employment if the situation did not improve. These findings were in general agreement with those reported in a five-year tracking study by Worrall & Cooper (2001). They found that the majority of the managers from former public utilities had reported that they regularly worked more than their contract hours and although they didn't want to work these extra hours they felt they had to through fear of job security. Furthermore, many managers had reported that they were concerned about the adverse effects that extra working hours was having on their health, their well-being, their relationships with their partners and children, and their involvement with social and community institutions outside work (p.112).

There was general agreement that leadership issues and people management were most responsible for the increased workload. Managers indicated in the follow-up interviews that they now spent time on employee issues that had previously been the responsibility of human resource specialists.

This issue was explored in detail in section 8.3. Increases in managers' workloads were generally proportional to the number of staff reporting to them. For example, managers were now required to set performance targets, to review performance and provide feedback, to manage and review training requirements, and to provide counselling for all their staff (section 5.4.2). However, the survey data produced conflicting results showing that, except for FOCUS and MIMS[10], all of the management systems and business strategies introduced since corporatisation had moderately decreased managers' workloads (table 6.22).

The probable explanation for this contradiction is that the survey question (table 6.22) asked managers to indicate the impact of new management systems and business strategies on their workload over the past five years. However, it is likely that not all survey respondents were involved in the introduction of the new management systems to the extent that they would have increased their workload. For example, around one-third of the respondents were not in a management position at the time Western Power was corporatised (table 6.1) and may have joined or moved into management level after corporatisation. Furthermore, for many respondents the new systems would constitute a large portion of what they actually do or what they believed they are supposed to do, hence they would not necessarily consider this work to increase their workload. For example, roles had shifted from engineering, which few of the new management systems supported, to commercialisation, which all of the management systems supported. Also, the performance targets linked to the new systems would make the associated work appear as 'normal' rather than as an increase in their workload. Therefore, it is likely that some managers may have viewed the management systems as part of their normal work and may not have attributed any workload increases to them. Evidence from Prowse (1989, 117), Duncan & Bollard (1992, 81) and Hales & Mustapha

[10] Mimcom Information Management System – the main IT system used in Western Power.

(2000, 22) also support this view. This literature shows that managers give priority to achieving performance targets in order to improve their remuneration, and therefore focus mainly on those activities to which the targets are linked, seeing them as normal workload rather than additional workload.

The concentration on the achievement of targets that are rewarded is a contentious issue. Western Power managers are appointed under contracts for which salary increments and bonuses are dependent on performance reviews. The study evidence shows that most managers saw this as a good thing and focused the majority of their attention on work that was linked to performance targets in order to improve their remuneration. However, some work was neglected as a result. There were some managers who considered personal achievement to be a matter of integrity and saw themselves as giving their best performance regardless of targets (section 5.4.8). The literature is both critical and supportive of this type of management practice. Considine (1988) criticises what he terms the 'managerialist approach' which only rewards managers for achieving output targets while failing to identify important issues such as rule conformity, error avoidance and attention to detail (p.7). While the evidence shows that Western Power rewards managers for achieving output targets, the evidence also suggests that increased formalism and proceduralism introduced since the MLI had addressed the issues of rule conformity, error avoidance and attention to detail identified by Considine (1988). In support of performance rewards, Shirley (1999) argues that without suitable incentives, managers will not be strongly motivated to achieve performance targets, and penalties for poor performance are seldom applied (p.123). Of importance for explaining managers' approaches to performance targets in Western Power is Shirley's claim that managers will use their knowledge of the firm to negotiate soft targets that were easy for them to reach (Shirley, 1999, 125). This also happened in Western Power. Managers' had reported they had negotiated targets which were well within their capabilities and easily achieved. In many instances, the targets were no more than milestones in their core work.

8.5.4 Leadership

This section reports managers' perceptions of leadership as an accountability and its impact on their working life. The literature views leadership and management as two separate concepts which are interlinked and interdependent (McKenna, 1999, 315; Waddell et al., 2004, 536). Managers of Western Power were expected to be both managers and leaders, but participants in the study agreed that leadership issues had grown in importance within Western Power in response to increased government and community expectations and increased business competition.

With the introduction of the Managerial Leadership Initiative (MLI) in 2000, managers' roles included new people systems which were meant to help them to focus more on leadership issues. One example is the Fair Treatment System which is a combination of the Diversity and Equal Opportunity policies within the organisation. Other employee issues that managers were now responsible for included staff recruitment and retention; staff succession planning; staff career planning, training, coaching and mentoring; staff administration; health and safety; and counselling (sections 5.4.2 and 7.4 & table 6.23). However, managers reported that while the training in the MLI principles was adequate, it had been left to them to either learn these new roles on the job or arrange their own training. The study evidence shows that with the increased focus on leadership issues, the managers were also responsible for the development of role relationships and role responsibilities between their supervisors, peers and staff, and were accountable for those role relationships and responsibilities (section 7.4 and table 6.11). This resulted in improved productivity and efficiency through staff being more focused, more capable and more motivated to do their work with minimal supervision. Therefore, managers supported the introduction of a leadership approach and agreed that it was needed for business improvement and that there were benefits in it for them. For example, improved skills and job security, and remuneration and bonuses through the achievement of personal and business unit performance targets which were linked to the MLI principles. However, the study also showed that taking on a leadership role did increase managers' workloads, working hours and responsibilities and also forced them to seek new skills (sections 5.4.8 and 7.4 & table 6.21). Finally, while managers' leadership skills had improved in terms of increased attention to employee matters and role relationships, it is too early to determine if they will permanently adopt the MLI principles, or whether work pressures will force them to discard the MLI sometime in the future. This is an issue for future research and is discussed in chapter nine.

Similar changes have been reported in the literature by Keen & Vickerstaff (1997) who report the extent to which management practice has changed as a consequence of the introduction of new managerialism into the UK Postal Service. Managers in that organisation were now responsible for human resource policies and practices such as providing training, encouraging staff to adopt new working practices and implementing performance appraisal and pay systems to meet increasingly rigorous performance targets. These are the same as the new responsibilities reported for Western Power managers. Similarly, Lawler & Hearn (1995), Dunford, Bramble & Littler (1998), Hales & Mustapha (2000) and others have reported greater leadership roles for managers due to a more managerialist approach to management and organisational restructuring. Once again the Western Power situation has been experienced elsewhere in similar large corporations.

8.6 CONCLUSIONS

Chapter eight has synthesised and discussed the research findings from chapters five, six and seven with reference to the analytical framework and theory and literature presented in chapters two and three. The study validity has been enhanced through this approach and the research data provides a base upon which future research may be structured. In most instances there was agreement between the findings from the three data sources and the generally accepted views reported in the literature. A probable reason for the differences between the literature and the findings reported for this study is the methodological approach the study has taken in reporting managers' perceptions and experiences of corporatisation and management reform as it applied to them. That is, while the ideology and publicly reported benefits of corporatisation of public utilities are well documented, the perceived practical benefits and limitations from the perspective of the working manager are not. Consequently, this study has identified important gaps in the literature and provided empirical data which closes those gaps and increases the knowledge in the field of management policy and practice within the electricity supply industry specifically, and public sector organisations in general.

This study found that managers below senior level, and other employees of Western Power, gained few of the benefits from corporatisation that had been reported for their counterparts in other utilities and industries both in Australia and overseas. Senior management gained most benefits, because of the productivity and efficiency improvements delivered by the efforts of managers. Apart from new skills acquisition, which the managers mostly arranged for themselves, what benefits they did gain from the corporatisation of Western Power were at the discretion of senior management. Most of the reported benefits for Western Power managers had come at a cost to them in terms of increased workload and stress, longer working hours, and decreased job security and leisure time; factors which decreased the perceived quality of their working lives. The findings from this chapter inform chapter nine which presents the study implications for the electricity industry and management policy and practice, and recommendations for future research in relevant fields such as public management and change management.

CHAPTER NINE

IMPLICATIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

The study is both different and significant. It addresses the gaps in the literature on managerial experiences and practices in an essential industry - power generation and distribution. It provides insights into what the managers think about their personal experiences of corporatisation and management reform over an extended implementation period. Managers are defined for the purposes of this investigation as those agents who plan, organise, direct and control an organisation, branch or business unit on the owners behalf.

This chapter revisits the research themes and objectives that were set for the study in chapter one and reviews the contribution each chapter has made to addressing the research questions. It uses the conclusions from the synthesis and discussion of the research data and questions in chapter eight to present the implications of this study for the electricity industry, for management policy and practice and to provide recommendations for future research. Findings include the reassertion of an authoritarian approach to managing, the continued prevalence of top down communication, the loss of key skills through the increased use of contractors, and the limited participation of managers in strategic planning.

Chapter one

Chapter one introduces the practical and theoretical context in which this study was undertaken, highlights the significance of the study, describes the case selection and study limitations and presents the study objectives. The chapter identifies a wide variety of literature about corporatisation, the conceptions of which vary in keeping with party political doctrines on the form and scope of marketisation within the public sector at state and national level. The three tiers of key literature relevant for this study are shown diagrammatically in table 9.1.

Table 9.1.
Three tiers of literature on public policy, public management and corporatisation

CONTEXT	KEY LITERATURE
High-level ideological debate by politicians, academics and business writers about corporatisation and the need for it as an instrument for reforming Australia's electricity supply industry.	(Carnegie, 1993; Considine & Painter, 1997; Deveson, 1997; Dixon & Kouzmin, 1994; Dunphy & Griffiths, 1998; Hilmer, 1993; Hyman, 1995; King & Maddock, 1996; Maddock, 1993; Pitkethly, 1992; Prowse, 1989; Quiggin & Spoehr, 1998; Sly & Weigall., 1992; Wiltshire, 1987)
Broad academic and business perspectives of corporatisation and management reform including the views of managers in different contexts and agencies including utilities.	(Duncan & Bollard, 1992; Dunford et al., 1998; Dunphy & Griffiths, 1998; Jones, 1998; Simmons & Bramble, 1996; Spriggs, 1997; Stace & Dunphy, 1997; Stewart, 1992; Wise, 2002; Wood & Jones, 1993)
Limited reported findings on specific experiences of organisational change withir utilities translated into the working lives, practices and experiences of managers.	(Worrall et al., 2000; Worrall & Cooper, 2000, 2001) (Lehmann, 2004 - unpublished thesis).

These often encompass various forms of deregulation, competition and cost efficiency, with corporatisation or a similar approach, to move key sectors of state and national bureaucracies on to a more commercial footing. Also well reported is organisational change, management reform and changes to managers' roles as a result of corporatisation and similar commercialisation processes. The Australian and international literature presented also reports the broad academic, government, and business media views of corporatisation and associated change management processes drawing on interviews and surveys covering managers in different agencies, including power utilities. However, there is very limited reportage on how operational managers experience far reaching change (through corporatisation) over an extended time period. Equally, few of these studies offer both a macro and micro level perspective in one study. This work combines an essentially ethnographical qualitative and a quantitative approach drawing on interpretist elements to provide broad practical insights into 130 managers' views of change of management practices over a seven-year period. Specifically, it captures their voices, opinions and understandings about the rationale for corporatisation and management reform as it presents to them. Those changes which are effective and beneficial to managers, the organisation and key stakeholders are identified through the exploration of the experiences of the people given the task of implementing and promoting change. Finally, the manager's direct experience of far reaching, longitudinal changes and reported impacts on their roles and working lives provide valuable insights and lessons which can be used to inform future public policy and management practice.

The practical context and importance of this study is highlighted in chapter one through a description of Australia's electricity supply industry and the management problems which were considered by many academics and business writers to be the reasons for its perceived poor performance. The electricity supply industry is described as a major contributor to the Australian economy. However, chapter one points out that it has been plagued by accusations of poor management performance and industry-wide inefficiencies resulting in a disproportionately high cost of electricity. As a result electricity utility reform has been high on the agenda of national and state governments from the early 1980's and throughout the 1990's. Macro and micro economic reforms driven by significant government sponsored reports were considered central to Australia's efforts to improve its economic position. Underpinning this orthodoxy was the call for managerial responsibilities and incentives for managers of public utilities to be redefined, so that they are in accord with the government's objectives.

The theoretical basis for this study arises from the debate on micro economic reform which engendered an important shift in discourse from public administration to public management. It introduced managerialism, as management reform described as a flexible, market-based form of public management that emphasised goal setting, planning and the measurement of results (Bradley & Parker, 2001; Considine & Painter, 1997; Kearney et al., 1998; Reynoldson, 1999). The concept of managerialism as an ideological argument for reform and change in public utilities is discussed in detail in chapter three. However, chapter one points out that this study is not a detailed pursuit of the theories and principles of managerialism, it focuses on the corporatisation process in a large power utility which reflected some of the managerialist ideas and principles explored in the broader literature.

Chapter one describes the introduction of managerialism to the whole electricity supply industry in Australia in the early 1990's as 'management reform' or 'corporate management' through a process known as corporatisation. With corporatisation, individual state governments retained ownership of their enterprises and operated them under the companies code with a board of directors appointed by the government to make policy decisions. Critical components of corporatisation and management reform are deregulation, competition and commercialisation and in order to achieve these, managers have been compelled to restructure their business units and introduce changes to their management systems (Dunford et al., 1998; Walker & Walker, 2000). The outcome of such change saw managers given the responsibility for introducing and implementing broad organisational and management system changes, which were previously unfamiliar to the electricity utilities and to the managers. Since the initial corporatisation and management reform push in the early 1990's, organisational and management change has progressed unabated and continues into the twenty-first century.

The case selection for this study is noted in chapter one as an in-depth rather than an industry-wide study which focuses only on managers within Western Australia's public electricity utility, Western Power. The choice of Western Power as a research site was presented as both methodologically defensible and practical. Western Power is the third largest state utility of six in customer terms and covers the largest geographical area. Western Power was typical of the other Australian state utilities and was among the last of Australia's state public electricity supply utilities to be corporatised. The process was informed through precedents established by its Eastern states counterparts which prior to corporatisation had been vertically integrated government agencies run along public-sector lines with very similar enabling legislation and organisational and reporting structures (Booth, 2000; Harris, 1991; McCarrey, 1993; Walker & Walker, 2000). The practical rationale for using Western Power was given as access, time, distance and cost. Western Power is situated on the west coast of Australia and is quite remote from its counterparts on the eastern seaboard. Furthermore, the fact that the researcher has worked for the study organisation for more than 30 years and was able to carry out participant observation, interview staff and access data was posited as strength for an in-depth study of the managerial experience and corporatisation.

Chapter one presents four lines of inquiry which present a new perspective on the changing roles and experiences of managers in the Australian electricity supply industry. These focus on the roles and quality of working life of managers, and particularly the impact of structural and system changes resulting from the broad reform agenda of corporatisation and management change, driven to some degree through an ideological shift by governments in United Kingdom, (1980's and 1990's), and Australia and New Zealand, (1990's), towards increased commercialisation in the public sector. The research questions which have been the focus of this study are:

1. *What are managers' understandings of the rationale for the corporatisation of Western Australia's public electricity supply utility?*

2. *What are the significant changes to managers' roles and how have those changes impacted on their roles within Western Australia's electricity supply industry as a result of corporatisation and management reform?*

3. *What are managers' perceptions of the benefits for themselves, for the organisation, and for key Western Power stakeholders from corporatisation?*

4. *What are managers' perceptions of the impact of corporatisation and management reform on the quality of their working life?*

The methodology for obtaining the research data to answer the study questions is described in chapter four. Any questions of significance beyond the scope of this study are addressed later in this chapter as recommendations for future research.

Chapter two

Chapter two provides a confluence of important secondary data drawn from Western Power documentation and the researcher's personal experiences and observations from both within the study organisation and the electricity supply industry in general. It introduces the macro level changes that have occurred within each of Australia's State and Territory utilities during the period 1990 to 2003 and demonstrates the similarities of the changes which each utility underwent, but at different times. Chapter two also provides a review of the Australian and overseas research which informs this study as well as demonstrating the gaps in the literature which this study addresses. Macro and micro-level changes that have occurred within Western Power are dealt with in detail to introduce the system changes that managers found themselves responsible for. Finally, chapter two introduces the analytical framework which defines the boundaries of the literature search in chapter three in terms of the relationship between the theory driving the public electricity utility reform agenda and the consequential changes to the managers' roles and working life. It identifies the key lines of inquiry for this study from which the research questions are developed. The analytical framework also informs the research approach elaborated on in chapter four, the preliminary interview questions in chapter five and provides a focus for the data analysis and synthesis in later chapters.

Chapter three

Chapter three reviews the literature pertaining to the social and ideological considerations underpinning the reform agendas of Australia's state governments when restructuring and corporatising their electricity utilities. The chapter notes that from the early 1990's, Australia's public electricity supply utilities underwent similar structural and management reforms to those previously undertaken in electricity utilities in the United Kingdom, the United States, New Zealand and elsewhere. Chapter three suggests, however, that what is not so well documented are studies into the impact of those significant structural and system changes on the roles and working life of managers in Australian public electricity utilities. This study addresses these gaps in the literature.

The literature described in chapter three embodies broad domains such as economics, public policy, management theory and change management in order to build an analytical base for a practical understanding of the phenomenon of corporatisation and management reform in the Australian electricity supply industry generally, and the impact on the role and working life of managers specifically. In order to do that chapter three is divided into three important literature themes. The first section identifies the macro issues for reforming Australia's public electricity utilities. It examines the arguments in the literature that support economic reform of the public sector as a catalyst for change within the electricity supply industry. Section one also explores the literature pertaining to the ideological debate over managerialism and corporatisation which were adopted by both the state and federal government as agendas for electricity utility reform. Key components of the reform agendas included the issues of ownership, importance, size and structure of utilities, and the necessary management reforms to deliver on expectations of productivity and economic performance improvements which were seen as precursors to competition and deregulation.

The second part of chapter three identifies the key drivers for management reform within Australia's public electricity utilities. It explores the theory which describes the social and ideological considerations for corporatisation in terms of organisational ownership and management performance; the social responsibility of the corporation and its managers; the government and managers as utility maximisers; and the influence of stakeholders on the organisation and its managers. Section two also examines the literature pertaining to outsourcing and contracting out, financial performance, strategic planning, customer focus, and culture change as it relates to the corporatised utility and those who manage its day-to-day operations.

Finally, the third part of chapter three examines the literature and theory relative to the micro level reforms undertaken by the newly formed corporations in an attempt to transform management thinking and performance from public sector style management to the new managerialist style. Specifically, it reviews the micro policy issues which impact on the role of managers, their quality of working life in the electricity supply industry and the benefits to them resulting from corporatisation and management reform.

Chapter four

Chapter four describes the research procedures and the methodology to be applied for analysing the data. It establishes a research framework which is a diagrammatic display of the research method, from data collection and analysis, to synthesis of findings and discussion, and presentation of study implications and recommendations. The issues of importance for managers which were identified in the analytical framework (chapter two) are used in chapter four to develop the interview and survey questions. Chapter four notes that data gathering for this study consists of three stages. The first stage involves both an in-depth review of secondary data relative to the electricity supply industry in general and the study site specifically and preliminary open-ended interviews with 20 managers. The interviews addressed gaps in the literature and informed the questionnaire survey applied in stage two. Findings from the preliminary interviews were also triangulated and synthesised with findings from the other two research stages in chapter eight. Stage two of the data gathering consists of a pilot survey and a main questionnaire survey, administered to the whole target population of 130 managers. The third and final stage of data gathering consists of follow-up focused interviews with 16 managers to validate findings and enable further exploration and analysis of important themes that emerge from stages one and two.

Chapter five

Chapter five presents the results and the analysis of the preliminary interviews which represents the primary data for stage one of the research. The secondary data is provided by chapters two and three. The findings from chapter five were used to inform the questionnaire survey and provided data for triangulation and synthesis in chapter eight.

Chapter six

Chapter six presents the results and the analysis of the questionnaire survey which represents stage two of the data gathering. Issues that required further investigation informed the questions for the follow-up interviews conducted in stage three of the research. Findings from the questionnaire survey were synthesised in chapter eight.

Chapter seven

Chapter seven presents the results and analysis of the follow-up interviews which represents stage three of the data gathering. The findings from the follow-up interviews were triangulated and synthesised in chapter eight with the findings from the previous research stages.

Chapter eight

Chapter eight triangulates and synthesises the theory and literature identified in the analytical framework with managers' perceptions and practices in order to make sense of management system change and its impacts on managers. The study validity is enhanced through this approach and in most instances there is agreement between the findings from the three data sources and the generally accepted views reported in the literature. Where there is not agreement however, is between the ideological benefits for managers from the corporatisation of public utilities reported in the literature, and the practical benefits reported in this study. Chapter eight shows that managers and employees of Western Power have personally gained few of the benefits from corporatisation that have been reported for their counterparts in other utilities and industries both in Australia and overseas. In fact, the only significant benefit for managers was new skills which improved their opportunities for horizontal career moves, for example, gaining commercial skills enabled engineer-managers to seek alternative careers in retail and marketing. But, such moves only exist while Western Power remains a vertically integrated organisation. Apart from their new skills, which were often acquired through personal initiatives to address competency gaps and do the job effectively, benefits obtained by managers were largely at the discretion of senior management. It was the senior managers and executive tiers which were identified by the respondents as having gained the most from corporatisation because of the productivity and efficiency improvements delivered by the efforts of the operational managers below them. Moreover, the benefits came at a cost to the managers in terms of increased workload, working hours and stress and, decreased job security and leisure time. Differences between the dominant ideas in the literature and the findings reported for this study can be partly attributed to a methodology heavily focused on investigating managers' perceptions of corporatisation and management reform as experienced in a day to day operational sense. Other studies reviewed concentrated primarily on senior and executive management levels - the strata identified in this thesis as having most to gain from corporatisation.

As such, findings from chapter eight are used in this chapter to inform the implications for the electricity industry and management policy and practice, and recommendations for future research in relevant fields such as public management and change management.

9.2 IMPLICATIONS FOR THE ELECTRICITY INDUSTRY

The findings from the research data and the study conclusions in chapter eight are considered to make an important contribution towards expanding the body of knowledge relating to corporatisation and management reform with particular implications for management practice within the electricity industry. For example, the study found evidence of the reassertion of an authoritarian approach to managing which appeared to contradict the espoused commitment to empowerment, performance improvement, and localised management accountability (key tenets of managerialism). This served to locate the key nexus of power in the senior management strata. Such moves to reduce managers' authority, entrepreneurial license and innovative or risk-taking behaviour has significant implications for management practice within electricity utilities in general. As the study suggests, managers' motivation, loyalty and morale are reliant on the psychological contracts (Brooks & Harfield, 2000) which define the boundaries of trust and accountability between themselves and their supervisors. The majority of managers within electricity utilities self identify as committed professionals and as this study revealed, view the manager's role as one requiring a high level of integrity when acting in the job and as an agent of the organisation. This study considers that low levels of empowerment and unnecessary bureaucratic intervention is not an appropriate working environment for professionals and will have negative long-term consequences for the organisation. For example, managers may reluctantly comply with bureaucratic procedures and present for work, but contribute little to the organisation through a lack of motivation and low morale. Others may leave the organisation, further contributing to the loss of important skills that was reported in this study.

A possible reason for a move toward a more authoritarian approach to managing may be the Western Power executive team's reaction to increasing attention by the regulator for the utility to comply with regulatory standards for public safety, service and supply. The executive may view strict processes and procedures, with limited scope for entrepreneurialism and innovation, as a method of ensuring compliance. However, this study considers that such an approach will reduce the organisation's responsiveness to problems and could see many managers waiting for instructions, rather than implementing solutions. The study considers a more applicable method for ensuring that the utility meets its social obligations would be through improved training methods and appropriate levels of empowerment. This would ensure managers' have the necessary skills and authority to perform their expected roles.

The study found that with managers' new roles came the need for them to acquire new skills. However it was mostly left to managers to either learn their new skills on the job or to organise their own training. The study recommends that all change programs include an adequate provision for the training of managers and their staff to acceptable levels of competency prior to the changes being implemented. Furthermore, the training should be regularly reviewed throughout the implementation period.

The communication of change was shown in this study to have improved in the years since corporatisation, but it is still essentially top down and involves little consultation with levels below senior management. This has resulted in confusion and a general lack of interest by managers in some of the changes and may have contributed to the lack of role clarity discussed above. Therefore, in order to avoid misunderstandings and ensure managers take ownership of change, this study proposes that they should be involved at all stages of the change. It follows that there is an opportunity for the electricity industry to ensure two-way communication is encouraged and culturally accepted. Both the managers and the organisation will benefit from knowledge sharing, clearer understanding of roles and improved effectiveness and efficiency of change programs.

The loss of key skills and their replacement with contractors has serious implications for the study organisation and the electricity industry as a whole. The study considers that the reliance on contractors to provide vital expertise has the potential to cause serious problems during times of natural or man-made disasters. Contractors will offer services to the highest bidder or those with whom they are contractually obliged (McLeod, 1999). This could leave the electricity utilities without the necessary skills to recover from disaster in what should be the optimum time. Critics of managerialism (Hood & Jackson, 1992) have warned of this. This study reiterates that warning and recommends caution in the application of the managerialist doctrine of using contractors to do work which is considered more suited to the private sector.

The study questions the rationale of using contractors to do core work within the utility while it contracts out its own scarce resources to do work for other organisations. This creates a situation where any profits made from such activities are used to pay contractors employed to do the work of those pursuing the unregulated work. It is proposed that besides the impact of unregulated work, there are insufficient skilled resources within the utility to meet internal needs forcing it to use contractors to overcome this shortage. This study recommends unregulated work should only be pursued using excess resources and contractors. It also recommends that in order to reduce internal skill shortages and reliance on contractors the organisation should establish succession planning with clearly defined career management plans and training programs that address specific skill shortages (sections 3.3.5, 5.4.6, 7.4 and 8.3.4).

Finally, the study found that strategic planning was an important management system which provided managers with a clear business direction and a sense of purpose. However, the evidence suggests that not all managers were involved with it for various reasons, ranging from not wanting to be involved to not being asked to be involved. This study recommends that strategic planning should directly involve managers at all levels within the organisation and participation in it should be an accountability for them.

9.3 IMPLICATIONS FOR MANAGEMENT POLICY AND PRACTICE

This study recognises that a move toward a more authoritarian approach to managing may be an emerging new management trend in utilities that argues in support of the intensification of managerial work through larger structures and fewer managers. In addition to the possibilities described earlier, this could see managers responsible for increasingly more staff or managing large numbers of contractors instead of permanent employees. It is possible that if the trend continues and spreads to other utilities and organisations, it could have implications for management policy and practice and herald new inquiry in terms of how management issues are defined, analysed, debated and implemented in the public domain. It could, for example, signal a shift in emphasis from a predominantly managerialist style of managing which concentrates on accountability for results through measurable outcomes, to a more bureaucratic method of managing that emphasises process accountability through a reliance on rules, procedures and standards. This would be a move back to the previous era before corporatisation. As discussed above this may be a response to increased attention by government agencies such as Energy Safety and the Environmental Protection Authority for greater corporate accountability for issues of public and environmental safety and quality of supply. It is also possible that threats of litigation by aggrieved customers has resulted in insurers applying pressure to the executive for network performance improvements. However, the author considers that moves to a more authoritarian approach to managing is also an outcome of an ongoing policy of new public management in Australia maintaining the emphasis on cost-cutting, increased efficiency, reductions in management numbers and increased use of contractors. Therefore, it may not necessarily be a change in the application of managerialism as an administrative doctrine for public utilities, but rather the desire to intensify managers' effort, while at the same time compensating for any lack of management and leadership skills through reliance on rigid procedures and the standardisation of work.

Agency theory, which played an important role in developing the policy framework underpinning corporatisation (Boston et al., 1997), views managers as utility maximisers who will pursue self-interests ahead of the interests of others. This was the case for Western Power, where managers at all levels have concentrated on increasing their remuneration and bonuses through the achievement of performance targets, which has led to other important work being neglected. Critics of managerialism (Considine, 1988; Mulgan, 1995; Yeatman, 1998) see this over concern with outcomes and the neglecting of how they are achieved as a weakness in the model. Supporters of managerialism (Boston et al., 1997) argue that such actions have no place in corporatised utilities and it is within the power of the principle (owner) to correct such problems through contractual arrangements with the managers. However, the author considers there is a problem with this thinking when applied to public utilities. It is not the owner (government) who directly negotiates performance contracts with the managers, it is the executive, who are also motivated to maximise remuneration and bonuses. This study shows that problems exist with aligning the owner's requirements for the organisation with the objectives of the managers' tasked with its day-to-day running. A possible solution may lie with the increased application of strategic planning at all levels of management (section 9.2) and the tighter linking of management contracts with the administration and outcomes of those plans. If nothing else, the outcome would at least see all managers focusing on the same corporate objectives.

9.4 RECOMMENDATIONS FOR FUTURE RESEARCH

Role clarity is an important issue for managers, but attempts to improve it within Western Power appears to have had mixed success with only half reporting that their roles were clearer now than before corporatisation. It is possible that role clarity will improve over time, but the evidence suggests that regular restructuring will only cause further confusion and perpetuate the problem. This study recommends annual reviews of roles, role relationships and accountabilities between senior managers, line managers and key stakeholders to identify and correct any gaps in understanding.

The study recommends further investigation both within Western Power, other utilities and industry in general of the trend toward a more authoritarian management style and reduced empowerment identified in this study and reported for organisations in the United Kingdom (Hoggett, 1994; Keen & Vickerstaff, 1997; Worrall et al., 2000; Worrall & Cooper, 2000, 2001). It does not appear to have been widely reported in Australian organisations and less for public utilities. The return to authoritarian management is (prima facie) contrary to the managerialist principles which underpin management reform of Australia's public electricity utilities. Therefore, any moves back to the bureaucratic public service management methods is of concern for the study organisation and the electricity industry as a whole. It puts in jeopardy the complex management relationships which exist within organisations such as utilities and is therefore worthy of further attention.

Managers' loyalty, morale and motivation has significantly reduced over the past five years in the United Kingdom as a result of organisational restructuring and increased bureaucracy (Worrall et al., 2000; Worrall & Cooper, 2000, 2001). For Western Power, indications are that managers' motivation has lessened since 2000, but there is insufficient evidence from this study to be certain if this trend will continue. The demotivation may be linked to the reported increase in bureaucracy or it may be linked to increased workload, roles and responsibilities that resulted from the MLI, or all of these. It is recommended that further studies are conducted to determine if this is an emerging trend within Australia's utilities and industry in general. If there is a trend toward declining motivation and loyalty then there is consistency with the UK studies.

While, there appears to have been much general literature about stress and factors which promote it, there is an opportunity to further explore managers' personal perceptions of work space and how it impacts on them (sections 5.4.8, 7.4 and 8.5.1). Therefore, this study recommends further research within the electricity supply industry specifically, and organisations in general, of the connection between open plan office areas and reported increased levels of personal stress for managers. It is further recommended that the findings of Graham (1992), who supports open plan office arrangements and believes that managers and staff will adapt to them over time, are tested in the context of new and emerging technology and management practice within the electricity supply industry.

Finally, this study shows that taking on a more leadership role did increase managers' workloads, working hours and responsibilities and forced them to seek new skills. However, the study was unable to determine if managers will permanently adopt their new leadership roles or whether work pressures will see them discard these sometime in the future. This presents an opportunity for future research. Therefore, this study recommends further research into the impact of leadership as a management accountability on the role of the manager in the electricity supply industry specifically, and industry in general.

9.5 POST SCRIPT

At the time of this study Western Power was the only remaining state-owned vertically integrated electricity utility in Australia. Not long after stage three of the research was completed (April 2003), the Western Australian state government announced plans to disaggregate Western Power into four separate corporations; networks, generation, retail, and regional. The legislation to enable this was to be introduced into the 2004 sitting of state parliament. However, the government abandoned its plans prior to the sitting of parliament when it realised it could not get the support it needed in the upper house. No doubt disaggregation will re-emerge as an issue for the state government after state elections, due around January 2005.

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APPENDIX 1

DEFINITIONS OF KEY CONCEPTS

Commercialisation

Defined by Dixon and Kouzmin (1994) as the levying of user charges reflecting, to varying degrees, the economic cost of providing goods and services (p.60). They contend that commercialisation within the public sector at all levels of government are becoming common-place. McCarrey (1993) states that commercialisation is an administrative reform that embraces all principles of corporatisation except the emphasis on competitive neutrality (p.22). Twohill (1989) describes commercialisation as an attempt by government to recover costs of services or goods (user pays), to reduce losses (e.g. reduce subsidies), or increase profits (p.4). Harman (1993) believes that commercialisation is often confused in public debate with corporatisation (p.9). He claims that *commercialisation is the process of setting clear commercial objectives for public enterprise and at the same time ensuring that it is not in a privileged position relative to its private sector competitors for the achievement of its commercial performance indicators* (Harman, 1993a, 9).

Competitive Neutrality

Competitive neutrality is defined by McCarrey (1993) as the provision of a level regulatory playing field for government trading enterprises (GTE's) and competing, or potentially completing, private enterprises (p.18). McCarrey contends that government trading enterprises experience advantages and disadvantages relative to private sector firms. Advantages include, tax exemptions, government guarantees for borrowings and monopoly powers. Disadvantages include the provision of community service obligations and lack of flexibility within the budgeting system. The aim of competitive neutrality is to promote greater accountability and efficiency in the allocation of resources (McCarrey, 1993, 18).

Corporatisation

Defined by Shirley (1999) as efforts to make state owned enterprises (SOE's) operate as if they were private firms facing a competitive market or, if monopolies, efficient regulation. The definition not only includes incorporating SOE's under the same commercial laws as private firms, but also placing them on a level playing field with private firms by removing barriers to entry, subsidies and special privileges. This forces SOE's to compete for finance on an equal basis with private firms, and gives state managers virtually the same powers and incentives as private managers (Shirley, 1999, 115). Twohill (1989) believes that central to any 'definition' is the concept and belief by many that private corporations, large privately owned companies, are always more efficient than public enterprises or public service departments (p.4). Many academic and management writers argue that the public sector should imitate the organisational structures, the power relations between boss and workers, and the profit motive of the private sector (Deane, 1989; Hilmer, 1993; McCarrey, 1993; Pitkethly, 1992; Twohill, 1989). This, Twohill claims, leads to public sector enterprises being restructured as one hundred percent government owned companies, operating under the companies code and with a Board of Directors appointed by the government to make 'policy' decisions (Twohill, 1989, 4). Harman (1993) sees the role of the Board of a corporatised utility as one of looking after the long-term interests of the state, leaving managers responsible for day-to-day operations free of political interference (p.9). Further, the board has direct accountability to Parliament and must table annual reports (Harman, 1993a, 9). Corporatisation is discussed further in chapter three.

Deregulation

Many academic and management writers see deregulation of the electricity industry as a process of opening up government owned and controlled electric utilities to competition (Deane, 1989; Harman, 1993a; Hilmer, 1993; Hyman, 1995; Maddock, 1993). They consider it is part of an evolution in the energy marketplace and is generally the precursor to privatisation. Eiszele (1999) on the other hand contends that deregulation does not necessarily mean privatisation, but is central to Australia's efforts to improve its economic position.

Economic Rationalism

Stace and Dunphy (2001) describe economic rationalism as a philosophy that gives priority to economic goals, advocates a market economy and relegates social goals to a position of lesser importance. Accordingly, they argue, the firm should concentrate on maximising value for its shareholders and not be deflected into pursuing a broader range of objectives (Stace & Dunphy, 2001, 13). Considine and Painter (1997) argue that economic rationalism was introduced to the public sector in an attempt to replace the legal and procedural framework of classical Weberian bureaucracy, said to emphasise legal rationality and bureaucratic work (p.80). They further argue that economic rationalism was used by governments to influence the management of producer organisations (of capital investment and labour markets) in order to use the output as a form of social and economic intervention (Considine & Painter, 1997, 80).

FOCUS

FOCUS was an acronym for Focus on Organisational Change Understanding and Skills. It was introduced by Focused Change International as a cultural change program into Western Power between January 1995 and May 1997. It was claimed that the purpose of FOCUS was, *To create a core of cultural ambassadors who are people of influence across the company and will:*

1. Visibly model new leadership and cultural behaviours consistent with accomplishment of values, vision/mission and SRA's.
2. Influence others to demonstrate the same behaviour.
3. Present a high energy, non segmented, visible example of our cross boundary company of the future (Widdis & Davis-Goff, 1995).

Managerialism

Yeatman (1987) describes managerialism as a fusion of economic rationalism with the technocratic or instrumental approach to financial management. Considine and Painter (1997) claim that managerialism is a term given to a flexible, market-based form of public management through the use of management techniques and organisational strategies, previously confined to the private sector. That is, a change from the bureaucratic, rigid, hierarchical form of public administration (p.77). They contend that although *managerialism is now the widely used term employed to describe all the organisational changes achieved in the public sector since 1979, it is neither an elegant nor an exact description* (Considine & Painter, 1997, 2). Considine (1988) claims managerialism elevates economic rationality to primary status in the public sector, and emphasises goal setting, planning and measurement of results. He further argues, that managerialism as an ideology is committed to four key management concepts: the product format, autocratic instrumentalism, systems integration, and purposive action (Considine, 1988, 7). Reynoldson (1999) states that corporate management is an umbrella term that is often applied to managerialist techniques, examples of which include corporate planning, program budgeting, devolved management and the measurement of performance.(Reynoldson, 1999). Managerialism is discussed further in chapter three.

Privatisation

Defined by Shirley (1999) as the sale of state owned assets. In the case of public electricity utilities, the company is no longer state-owned when management control, measured as the right to appoint the managers and board of directors, passes to private shareholders (p.115). Thus, privatisation is the transfer of public assets, enterprises, services and functions to the private sector (Nagarajan, 1994, 155; Twohill, 1989, 3). Similarly, Wiltshire (1987) claims that privatisation is an all embracing term for several actions, all of which shift activity from the so-called public sector to the private sector (p.19).

Public Sector Reform

Public sector reform means clear identification of the objectives of public sector activity, recognition and understanding of the diversity of clients and accountabilities, and development of a range of techniques to suit specific needs of particular agencies and activities (Labour Research Centre Inc, 1990, 5). Harris (1991), arguing in the context of reforming public electricity utilities, contends that managerial reform, or corporatisation, is a form of management change which seeks to improve the performance of public electricity utilities by creating improved incentives for efficient management and a more neutral operating environment between utilities and private sector enterprises (p.53). Further, managerial reform includes policies to improve management productivity and efficiency by placing utilities on a more commercial footing. This involves providing greater autonomy to managers, but making them more accountable for their utilities' performance. Harris claims these reforms have resulted in the development of corporate strategies and business plans, flatter management structures, greater delegation of responsibility, establishment of performance targets and improved budgetary procedures (Harris, 1991, 26).

Quality of Working Life

Walton (1973) claims that in recent years the phrase 'quality of working life' has been used with increasing frequency to describe certain environmental and humanistic values. These, he claims, have been neglected by industrialised society in favour of technological advancement, industrial productivity, and economic growth (p.11). This seems to suggest that different people have different perspectives as to what makes for a high quality of working life. The OECD defines the quality of working life as the possibility to work continuously. The definition is divided into objective work conditions, such as pay, hours of work, holidays, physical working conditions, technology, etc; and subjective work conditions, such as job satisfaction, attitudes towards the organisation and supervisors (OECD, 1977). This definition is used in this study.

Roles of managers

Defining the role of managers, or what managers are supposed to do, is not easy according to Burnes (1996). Burnes claims an examination of the role of managers will show there is a discrepancy between what the literature says managers should do and what managers actually do (Burnes, 1996, 346). Mintzberg (1996) defines the manager as a person in charge of an organisation or one of its units (p.23). In so doing, he describes the manager as performing a set of management functions, or roles, with the person at the centre. This approach, claims Mintzberg, provides each manager with a frame of reference for interpreting the job in its context. Accordingly, the frame determines the activities which a manager concentrates on and schedules time to deal with (Mintzberg, 1996, 23). Hales (1986) claims the extent of a managers involvement in these activities will depend on the kind of organisation the manager works for, the type of job the manager has, and most importantly the manager's level in the organisation's hierarchy. Hales and Mustapha (2000) take this further, and draw a distinction between managers roles, in terms of what they are expected to do, their work activities, what they actually did. They claim managerial roles are seen as a construct of the role expectations of others and the role perceptions and interpretations of the managers themselves (Hales & Mustapha, 2000, 6).

APPENDIX 2

SURVEY QUESTIONNAIRE

SECTION 1

This section relates to your understanding of the rationale for introducing corporatisation and management reform within Western Power and the benefits for specific stakeholders.

1 Were you working as a manager or section head when Western Power became corporatised (January 1995)? *Tick one box.*

Yes	No	Comments
☐1	☐2	....
		....

2 What is the average branch or section size you have been head of since January 1995? *Tick one box.*

Small (0 – 25 people)	Medium (26 – 50 people)	Large (more than 50)	Comments
			....
			....
☐1	☐2	☐3	....

3 What do you believe were the four main reasons for introducing corporatisation and management reform into Western Power? *Tick 4 boxes.*

3.1	Competition	☐1	
3.2	Competitive Neutrality (creating a level playing field)	☐1	
3.3	Deregulation	☐1	
3.4	Productivity / Efficiency Gains	☐1	
3.5	Increased Returns to Government	☐1	
3.6	Commercialisation (Business Development)	☐1	Comments
3.7	Energy Industry Reform	☐1	....
3.8	Improved Financial Accountability	☐1	....
3.9	Greater Managerial Autonomy	☐1	....
3.10	Organisational Downsizing	☐1	....
3.11	Future Privatisation	☐1	

4 How much benefit do you believe the following got from the corporatisation of Western Power?
Tick one box for each part of this question.

		No Benefit	Very Little Benefit	Don't Know	Some Benefit	Significant Benefit
4.1	Domestic Customers	□ 1	□ 2	□ 3	□ 4	□ 5
4.2	Commercial Customers	□ 1	□ 2	□ 3	□ 4	□ 5
4.3	Industry	□ 1	□ 2	□ 3	□ 4	□ 5
4.4	Unions	□ 1	□ 2	□ 3	□ 4	□ 5
4.5	Regulators	□ 1	□ 2	□ 3	□ 4	□ 5
4.6	WA State Government	□ 1	□ 2	□ 3	□ 4	□ 5
4.7	Western Power as a Business	□ 1	□ 2	□ 3	□ 4	□ 5
4.8	Your Branch or Section	□ 1	□ 2	□ 3	□ 4	□ 5
4.9	Western Power Executive	□ 1	□ 2	□ 3	□ 4	□ 5
4.10	Western Power Managers	□ 1	□ 2	□ 3	□ 4	□ 5
4.11	Western Power Employees	□ 1	□ 2	□ 3	□ 4	□ 5
4.12	Yourself	□ 1	□ 2	□ 3	□ 4	□ 5
4.13	Suppliers of Services to Western Power	□ 1	□ 2	□ 3	□ 4	□ 5
4.14	Business Competitors	□ 1	□ 2	□ 3	□ 4	□ 5

5 What do you believe are top management's' three main reasons for ongoing management system changes within Western Power? *Tick 3 of the six boxes.*

5.1	Response to Market Changes	□ 1	5.4	Following Fads	□ 1
5.2	Business Advantage (competitive positioning)	□ 1	5.5	Survival of Western Power as a Vertically Integrated Business	□ 1
5.3	Continuous Improvement	□ 1	5.6	Political Direction	□ 1

Comments:
....
....

SECTION 2

This section relates to the communication of management system changes within Western Power.

6 How effectively were the following management system changes communicated to you? *Tick one box for each part of this question.*

		Totally Ineffective	Largely Ineffective	Don't Know	Largely Effective	Totally Effective
6.1	FOCUS	□ 1	□ 2	□ 3	□ 4	□ 5
6.2	Managerial Leadership Initiative (MLI)	□ 1	□ 2	□ 3	□ 4	□ 5
6.3	Change Management	□ 1	□ 2	□ 3	□ 4	□ 5
6.4	Transformation	□ 1	□ 2	□ 3	□ 4	□ 5
6.5	Strategic Planning	□ 1	□ 2	□ 3	□ 4	□ 5
6.6	TEAM	□ 1	□ 2	□ 3	□ 4	□ 5
6.7	SIRSS	□ 1	□ 2	□ 3	□ 4	□ 5
6.8	Service Level Agreements (SLA's)	□ 1	□ 2	□ 3	□ 4	□ 5
6.9	Shareholder Value Adding (SVA)	□ 1	□ 2	□ 3	□ 4	□ 5
6.10	MIMS	□ 1	□ 2	□ 3	□ 4	□ 5
6.11	Customer Focus	□ 1	□ 2	□ 3	□ 4	□ 5
6.12	Commercialisation (Business Development)	□ 1	□ 2	□ 3	□ 4	□ 5
6.13	Financial Accountability	□ 1	□ 2	□ 3	□ 4	□ 5
6.14	New Technology (in general)	□ 1	□ 2	□ 3	□ 4	□ 5

7 How clear is your understanding of your role as manager or section head today compared to seven years ago? *Tick one box.*

Much Less Clear	Somewhat Less Clear	No Change	Somewhat Clearer	Much Clearer
□ 1	□ 2	□ 3	□ 4	□ 5

SECTION 3

This section relates to your involvement in the introduction of new management systems within Western Power.

8 To what extent were you involved with the introduction of new management systems within Western Power? *Tick one box.*

Not Involved at all	Limited Involvement	Don't Know	Involved	Highly Involved
☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Comments:..
....
....

9 In what ways were you involved with the introduction of new management systems within Western Power? *Tick one box.*

9.1 Participated in the Planning ☐ 1

9.2 Participated in the Implementation ☐ 1

9.3 Other ☐ 1 Please specify:..

Comments:..
....

10 How important is it for you to be involved in the planning and implementation of new management systems and initiatives within Western Power? *Tick one box.*

Unimportant	Of Minor Importance	Moderately Important	Quite Important	Very important
☐ 1	☐ 2	☐ 3	☐ 4	☐ 5

Comments:
....
....

SECTION 4

This section relates to your perceptions of the impact of new management systems on your role as manager or section head within Western Power.

11 What has been the impact of the following management system changes on your role as manager or section head? *Tick one box for each part of this question.*

		Largely Negative Impact	Slightly Negative Impact	Neither Negative or Positive Impact	Slightly Positive Impact	Largely Positive Impact
11.1	FOCUS	☐1	☐2	☐3	☐4	☐5
11.2	Managerial Leadership Initiative (MLI)	☐1	☐2	☐3	☐4	☐5
11.3	Change Management	☐1	☐2	☐3	☐4	☐5
11.4	Organisational Restructure (e.g. Transformation)	☐1	☐2	☐3	☐4	☐5
11.5	Strategic Planning	☐1	☐2	☐3	☐4	☐5
11.6	TEAM	☐1	☐2	☐3	☐4	☐5
11.7	SIRSS	☐1	☐2	☐3	☐4	☐5
11.8	Service Level Agreements (SLA's)	☐1	☐2	☐3	☐4	☐5
11.9	Shareholder Value Adding (SVA)	☐1	☐2	☐3	☐4	☐5
11.10	MIMS	☐1	☐2	☐3	☐4	☐5
11.11	Customer Focus	☐1	☐2	☐3	☐4	☐5
11.12	Commercialisation (Business Development)	☐1	☐2	☐3	☐4	☐5
11.13	Financial Accountability	☐1	☐2	☐3	☐4	☐5
11.14	New Technology (in general)	☐1	☐2	☐3	☐4	☐5

12 How important today are the following management systems in supporting the achievement of your performance targets? *Tick one box for each part of this question.*

		Unimportant	Of Little Importance	Neutral	Important	Very important
12.1	FOCUS	□1	□2	□3	□4	□5
12.2	Managerial Leadership Initiative (MLI)	□1	□2	□3	□4	□5
12.3	Change Management	□1	□2	□3	□4	□5
12.4	Organisational Restructure (e.g. Transformation)	□1	□2	□3	□4	□5
12.5	Strategic Planning	□1	□2	□3	□4	□5
12.6	TEAM	□1	□2	□3	□4	□5
12.7	SIRSS	□1	□2	□3	□4	□5
12.8	Service Level Agreements (SLA's)	□1	□2	□3	□4	□5
12.9	Shareholder Value Adding (SVA)	□1	□2	□3	□4	□5
12.10	MIMS	□1	□2	□3	□4	□5
12.11	Customer Focus	□1	□2	□3	□4	□5
12.12	Commercialisation (Business Development)	□1	□2	□3	□4	□5
12.13	Financial Accountability	□1	□2	□3	□4	□5
12.14	New Technology (in general)	□1	□2	□3	□4	□5

Please comment on those you consider to be important or very important and why?

....

13 What has been the impact of new management systems and organisational change on the following? *Tick one box for each part of this question.*

		Largely Negative Impact	Slightly Negative Impact	Neither Negative or Positive Impact	Slightly Positive Impact	Largely Positive Impact
13.1	Your Internal Networks	□ 1	□ 2	□ 3	□ 4	□ 5
13.2	Your External Networks	□ 1	□ 2	□ 3	□ 4	□ 5
13.3	Your Relationship With Your Supervisor (GM or Executive)	□ 1	□ 2	□ 3	□ 4	□ 5
13.4	Your Relationships With Your Peers	□ 1	□ 2	□ 3	□ 4	□ 5
13.5	Your Relationships With Your Subordinate Staff	□ 1	□ 2	□ 3	□ 4	□ 5
13.6	Your Relationships With Colleagues Outside Work	□ 1	□ 2	□ 3	□ 4	□ 5
13.7	Your Ability to get Subordinate Staff to Meet Business Unit Targets.	□ 1	□ 2	□ 3	□ 4	□ 5
13.8	Your Ability to Meet the Expectations of Your Priority Stakeholders	□ 1	□ 2	□ 3	□ 4	□ 5
13.9	Ongoing Development of Your Technical Skills	□ 1	□ 2	□ 3	□ 4	□ 5
13.10	Your Ability to Apply Your Technical Skills	□ 1	□ 2	□ 3	□ 4	□ 5
13.11	Ongoing Development of Your Commercial Skills	□ 1	□ 2	□ 3	□ 4	□ 5
13.12	Your Ability to Apply Your Commercial Skills	□ 1	□ 2	□ 3	□ 4	□ 5

Comments:..
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SECTION 5

This part relates to your perceptions of stakeholders and the influence they may have on Western Power and your role as a manager or section head.

14 In your opinion which of the following stakeholders significantly influenced Western Power's business plans and budgets, prior to and following corporatisation?
Tick one box for pre-1995 and one box for post-1995 for each part of this question.

		Significant Influence Pre- 1995		Significant Influence Post- 1995	
		YES	NO	YES	NO
14.1	State Government (Minister)	□1	□2	□3	□4
14.2	Treasury	□1	□2	□3	□4
14.3	Office of Energy	□1	□2	□3	□4
14.4	Industry Groups	□1	□2	□3	□4
14.5	Domestic Customers	□1	□2	□3	□4
14.6	Commercial Customers	□1	□2	□3	□4
14.7	Competitors	□1	□2	□3	□4
14.8	Employees	□1	□2	□3	□4
14.9	Contractors	□1	□2	□3	□4

Comments:
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15 Having the WA Government (Minister) as the sole shareholder in Western Power is:
Tick one box.

A Very Significant Disadvantage to Western Power	A Minor Disadvantage to Western Power	Neither a Disadvantage or Advantage to Western Power	A Minor Advantage to Western Power	A Very Significant Advantage to Western Power
□1	□2	□3	□4	□5

Comments:..
....

SECTION 6

This part relates to your opinion of how the introduction of new management systems and corresponding organisational changes have affected your working life over the past seven years.

16 Since 1995 what influence have changes to your work conditions had on your performance as a manager or section head? *Tick one box.*

Largely Negative Influence	Slightly Negative Influence	Neither Negative or Positive Influence	Slightly Positive Influence	Largely Positive Influence
□ 1	□ 2	□ 3	□ 4	□ 5

17 How would you rate your employment with Western Power, in terms of remuneration and conditions, for the work you are expected to do? *Tick one box for each part of this question.*

		Very Poor	Poor	No Opinion	Good	Very Good
17.1	Prior to Corporatisation	□ 1	□ 2	□ 3	□ 4	□ 5
17.2	Currently	□ 1	□ 2	□ 3	□ 4	□ 5

18 What has been the impact of organisational change on your career opportunities within Western Power? *Tick one box.*

Largely Negative Impact	Slightly Negative Impact	Neither Negative or Positive Impact	Slightly Positive Impact	Largely Positive Impact
□ 1	□ 2	□ 3	□ 4	□ 5

19 With the introduction of new management systems and organisational changes....
Tick one box for each part of this question.

		YES	NO
19.1	Do you consider your current skills adequate for what you are expected to do?	□ 1	□ 2
19.2	Do you consider you should learn new skills?	□ 1	□ 2
19.3	Have you sought new skills?	□ 1	□ 2
19.4	Do you consider Western Power should provide training for any skills you may require?	□ 1	□ 2

Comments:..
....

20 What impact have the following management systems and business strategies had on your workload over the past seven years? *Tick one box for each part of this question.*

		Largely Negative Impact	Slightly Negative Impact	Neither Negative or Positive Impact	Slightly Positive Impact	Largely Positive Impact
20.1	FOCUS	□1	□2	□3	□4	□5
20.2	MLI	□1	□2	□3	□4	□5
20.3	MIMS	□1	□2	□3	□4	□5
20.4	Shareholder Value Adding (SVA)	□1	□2	□3	□4	□5
20.5	Service Level Agreement (SLA's)	□1	□2	□3	□4	□5
20.6	Employee Recruitment and Selection (SIRSS)	□1	□2	□3	□4	□5
20.7	Employee Performance Management (TEAM)	□1	□2	□3	□4	□5
20.8	Change Management	□1	□2	□3	□4	□5
20.9	Benchmarking Business Unit Performance	□1	□2	□3	□4	□5
20.10	Marketing and Sales	□1	□2	□3	□4	□5
20.11	Pursuit of Unregulated Income	□1	□2	□3	□4	□5
20.12	Customer Focus	□1	□2	□3	□4	□5
20.13	Budgets & Financial Accountability	□1	□2	□3	□4	□5
20.14	Environmental Issues	□1	□2	□3	□4	□5
20.15	Strategic Planning	□1	□2	□3	□4	□5
20.16	Contract Labour	□1	□2	□3	□4	□5
20.17	Introduction of New Technology	□1	□2	□3	□4	□5
20.18	Contracting out of Services	□1	□2	□3	□4	□5

21 How would you rate the following with respect to your personal experience of new management systems within Western Power since corporatisation? *Tick one box for each part of this question.*

		Strongly Decreased	Somewhat Decreased	Neither Decreased or Increased	Somewhat Increased	Significantly Increased
21.1	Your Motivation	□1	□2	□3	□4	□5
21.2	Your Job Satisfaction	□1	□2	□3	□4	□5
21.3	Your Training / Learning Opportunities	□1	□2	□3	□4	□5
21.4	Your Leisure Time	□1	□2	□3	□4	□5
21.5	Your Hours of Work	□1	□2	□3	□4	□5
21.6	Your Personal Stress at Work	□1	□2	□3	□4	□5
21.7	Amount of Work You Take Home	□1	□2	□3	□4	□5
21.8	Time You Spend on Employee Issues That Were Previously a HR Concern	□1	□2	□3	□4	□5
21.9	Your degree of Accountability as Manager or Section Head	□1	□2	□3	□4	□5
21.10	Your Empowerment to take Action and Make Decisions Without Referring to Your Supervisor (GM or Executive)	□1	□2	□3	□4	□5
21.11	Time You Spend on Non Core Activities	□1	□2	□3	□4	□5
21.12	Time You Spend Coaching and Training Subordinates	□1	□2	□3	□4	□5
21.13	Time You Spend Organising and Attending Meetings	□1	□2	□3	□4	□5

Comments:..
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