

**Privatization and Industry reform:  
an historical case study of British Rail  
1960 – 1980**

**A thesis submission to the University of Manchester for the degree of  
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## **Abstract**

Drawing on institutional perspective – institutional change, institutional legitimacy and the three institutional pillars – this doctoral study is developed to disentangle a complexity of successive industry reforms that have shaped a development of British railways in general and a growing idea of a railway privatization in particular. This adds to the body of knowledge, which so far has tended to focus on enhancing the sector's performance outcomes, by arguing that performance improvement is not a whole story of the railway's privatization. Indeed, as an archival research in British railway's reform (1960s - 1980s) has revealed, a growing idea of a private sector's involvement was constructed as the governments at the times sought to draw and (re-) draw boundaries among interest groups in order for British railways to de-lock from a historical development path of nationalization industry. Furthermore, the study also found that the idea of privatization was dynamically legitimized and maintained by the government's reform agenda that blended a performance rationale with political and socio-economic conditions of British railway at the times. Indeed, this historical-institutional analysis in British railway's reform suggests that a privatization of British railways is more socially and politically complex than generally understood as the government's attempt in making an efficient railway sector. As such, in order to advance this field of study both academic scholars and the industry practitioners should pay more attention on the influence of institutional dynamics that shapes a performing of British railway rather than narrowly focusing a performance improvement issue.

**Key words:** Archival research, British railways, Institutional theory, Privatization, and Industry reform.

## **Declaration**

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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# CHAPTER 1

## Introduction

### 1.1 The centrality of this doctoral research

This thesis is about disentangling a complexity of successive industry reforms that have shaped the development of British railways in general and a growing idea of privatization in particular, during the period of 1960s and 1980s. Put in a theoretical way, it investigates a process of institutional adjustment from one institutional equilibrium “Nationalization” undergirded by the post-war ideology to a new punctuated equilibrium “Privatization”, often believed as a more efficient one. Through the three analytical frames of institutional theory – institutional change (Campbell, 2010; Mahoney and Thelen, 2010; Lawrence et. al., 2009 and North, 1990) institutional legitimacy (Deephouse and Suchman, 2008; Suddaby and Greenwood, 2005; Green, 2004 and Suchman, 1995) and the three institutional pillars (regulative, normative and cultural cognitive) developed by Scott (2008) – in tandem with a power of archives as a research methodology, it could be argued that in reforming British railways toward a growing involvement of the private sector in rail’s business, performance improvement was not a whole story, perhaps not even a central part of reform. Indeed, informed by a historical-institutional analysis, the industry reform can be argued to be more socially and politically complex than the general understanding of reform as a move towards efficiency often promulgated by government officials. As such both research community and industry practitioners are encouraged to pay more attention to studying the institutional dynamic that shape the “performing” of the privatized railway sector rather than to solely focus on a performance improvement issue.

## 1.2 Problem statement

The 1993 Railway Act ushered an era of railway privatization. As a consequence, the privatization of the railways has attracted numerous attention from academic scholars and industry practitioners. The focus has hitherto been placed on changing governance and ownership structures and particularly how these changes enhanced (or could enhance) the industry performance outcomes. However, reflecting on what they have been focusing on over the years, it suggests that these extant studies are inclined to take the view that privatization is a rationale system designed to only improve the performance of British railways and demarcated from a wider surrounding environment (e.g. changes in the political and economic landscape). This seemingly-taken for granted view negates the influence of institutional dynamics that could have social implications and the impact on a development of British railways.

Regarding this gap found in the literatures, this doctoral research *aims* to put forward the study on railway privatization by investigating a series of industry reform that reflected a political and socio-economic conditions of the railway over times. By doing this, it enables the research to add to the body of knowledge by illustrating how understanding the institutional dynamics could help advancing this field of study. In doing so, the successive industry reform agendas between 1960s and 1980s that had shaped a development of British railways towards a growing idea of privatization is investigated under a particular focus of research questions, presented below.

**Table 1.1:** Research objectives and research questions

<b>Research objective</b>	<b>Research questions</b>
- To investigate a process in which a privatization idea was constructed in a more contextual manner	1 <sup>st</sup> What role did the industry reform play in a growing involvement of the private sector in a provision of railway service during the 1960s?
- To re-examine a process in which the seed of privatization had been sown during the turbulence period	2 <sup>nd</sup> How was the growing idea of privatization of British Rail nurtured throughout the period of change in the social and political landscape in the 1970s?

<p>- To understand the root causes of paradox reform ‘disruption’, and the role it played in reforming the BR</p>	<p>3<sup>rd</sup> Why was the privatization of the railways as a “reform programme” politically and socially disrupted during the policy formulation process of the 1970s and 1980s?</p>
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### 1.3 Theoretical contributions

This doctoral thesis has contributed to the current state of knowledge in a three-fold ways. These include the novelty of research findings (theoretical contribution), an introduction of a historical-institutional perspective in a study on privatization (methodological contribution), and implications on policy and practices (practical contribution).

- **Theoretical contribution:** Informed by a historical-institutional analysis of the British railways reform between 1960s and 1980s, it could be argued that a “performance improvement” was not a whole story of the industry reform. As a series of historical events unfolded, it suggested that the roles the industry reform played (research question 1) and the legitimizing process (research question 2) were far more socially and politically complex than was generally understood of the government’s attempts to make an efficient railway sector. The reforms had been crafted and driven by the political and socio-economic conditions at the times. Thus, if reform was not simply designed to increase a performance outcome but rather constructed as blended between a performance-based agenda and the dynamics of institutional contexts, then the study on the privatization of British railways should not have been framed only to find ways in enhancing financial and economic outcomes. In this regard, such a micro-foundation as pension scheme, a transfer of labour forces and social security of railwaymen under privatization should therefore be further investigated, as they are strongly related to the socio-political condition of British railways (these micro-foundations emerged while the author were collecting and analysis the data e.g. AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences).
- **Practical contribution:** Since the thesis found that a performance rationale alone was not sufficient to legitimize the reform of British railway, rather a reform had been dynamically legitimized through a rhetorical manoeuvre – emotional evoking and moral appeal – embedded in both the government inquiry reports as well as their

negotiations. Therefore in order to get reforms done, both the government and its responsive departments should put more emphasis on the power of language used, for example, in a series of the government interim reports to create a conducive environments and conciliating between a degree of change purposed by reform and a social expectation and the industry norm. Yet this would put a reform in less confrontational manner.

In addition, as revealed by research question 3 on the paradox of disruptions, not only is it not as negative as it sounds nor counter-productive as it is generally perceived. Rather disruption opened up opportunities for interest groups to be reconfigured and express their concerns on policy issues. More crucially, the industry disruptions served as a generative force that transformed British railways in term of operational and managerial routine as well as the industry norm and mind-set of railwaymen in how the industry should be run and organized. Therefore, industry practitioners are urged not to treat disruptions as an obstacle that need to be removed. Rather, they should be more positive to utilise the generative force and transformative capacity of disruption to reform their industry sectors.

- **Methodological contribution:** While the existing studies tend to focus their attention on change on '*a particular point in time*', an archival research adds a longitudinal dimension into studying institutional change. It enables the study to observe and trace change and development of the industry reform agenda '*over time*'. As a result, a broader and more completed picture of the industry reform and a rich story of BR's privatization are provided.

#### **1.4 Brief research methodology**

In order to answer the three research questions, an archival research approach is adopted to aid this historical-institutional investigation. This methodology is chosen because of a relevant between its core strengths (e.g. tracing change and development over time and non-reactive type of data) and the nature of research (e.g. philosophical stance, theoretical informed and type of research questions, see section 4.2.2 for a rationale for archival research). By having a historically-orientated characteristic, the archival research provides an opportunity for getting access to historical data that is naturally produced in relation to the political and socio-

economic conditions at the time. This means they were first created for some other reasons before being examined as data. This benefits the interpretive research paradigm, which seeks to investigate a complexity of the industry reform and a human sense-making on the railway's issues, by allowing the investigation to engage with the evidence that may speak more eloquently and truthfully about the situations of the British railways than other informants (Lee, 2000). Such data generally includes letters, diaries, confidential memos, letter notes, transcripts, rough drafts of unpublished manuscripts and other personal and organization records (Hill, 1993). Weaving together this historical sedimentary that was generated during the period of 1960s to 1980s, the change and development of British railway initiated by the reform agenda can be observed in a more contextual manner.

The data is collected concurrently with a process of data analysis. In a preliminary step, it is interpreted and structured through a set of simple but interrogative questions – 5Ws (Who were involved, What went on, Where it all happened, Why it happened, and When events took place) and 1H (How did the reform take place). Not only helping to get the data structured, these questions also play a crucial part in guiding further data collections. Subsequently this preliminary organized data is further interpreted to understand the context and complexity between British railway reform and the growing involvement of the private sector in the railway sector. Although this study is an inductive-oriented research, theory still plays a crucial role in giving direction to the study, otherwise it would be difficult to know what the issue is about and what area we should pay particular attention to. As such, the institutional theory and its three perspectives – change, legitimacy and three pillars – are adopted as the study's theoretical frame. Finally, through an iterative process between data collection (section 4.3.2) and analysis (section 4.3.3) and the interplay between deductive and inductive thinking through the data, a chronology of reform in each government administration can be constructed to provide both perspective and details of the railway reforms. And as a series of historical events unfolded, those research questions that aim to disentangle a complexity of successive industry reforms could be addressed.

## **1.5 Thesis outline**

In addition to an introduction chapter (chapter 1) which provides an overview of this thesis, there are eight other chapters that form this doctoral study. They are – chapter 2: Privatization of British Railways (BR): a current state of knowledge, Chapter 3: The industry reform and the

privatization of British railways, Chapter 4: Research design, Chapter 5: Disentangling a complexity of the industry reform: Applying an archival research to investigate The British railways reform, Chapter 6: Roles of the industry reform in a growing idea of privatization, Chapter 7: Managing legitimacy: How the momentum was built up and maintained, Chapter 8: Paradox of reform and a power of disruption, and Chapter 9: Discussion.

## **Chapter 2 Privatization of British railways (BR): a current state of knowledge**

This chapter is centred on drawing up a current state of knowledge in a study on privatization in general, and the privatization of the railway sector in particular. The five research areas have been identified as what academic scholars have contributed to this field of study so far. These include 1) investigating into a process of privatization, 2) governance structure, 3) socio-economic impacts, 4) returning to a nationalisation idea, and 5) a policy study. Reflecting on this, the chapter argues that while the current works have sought to improve the industry's overall performance, they tend to downplay the role of the wider surrounding environment that shapes a performing of the privatized industry such as; changes in the political and economic landscape over time. In doing so, this study is intended to advance the knowledge in this field by investigating the industry reform agenda that has conditioned and constrained changes and development of the rail sector.

## **Chapter 3 The industry reform and a privatization of British railway**

As it has been identified as a gap in the literatures on privatization in a preceding chapter. The chapter examines reform both in a practical and theoretical way by consulting literatures in various disciplines, such as, public administration, public sector management, policy study and organizational study. By doing this, it helps to define the areas that should be of concern in investigating the industry reform – 1) shifting of boundaries between the public and private; 2) routine and rhetoric of reform and 3) paradox of reform – which is subsequently sharpened by the institutional theory and developed to become the research questions of this doctoral research project.

## **Chapter 4 Research design**

Having developed the research questions that seek to disentangle a complexity of successive industry reforms between 1960s and 1980s, this the chapter provides a route map for research investigation to be conducted according to the research questions. Put another way it pays a particular attention on constructing a 'bridge' a solid and reliable one that can connect between 'here'

(research questions) and ‘there’ (research findings). It consists of, firstly, a research philosophy “interpretive” that explains what is the industry reform (ontology) and how the knowledge of reform should be acquired (epistemology) regarding on this study. Secondly a research methodology “an archival research” – how the research is to be conducted in a particular way (a historical-institutional study), and finally a research method that pays particular attention to data collection and analysis.

### **Chapter 5 Disentangle a complexity of the industry reform: Applying an archival research to investigate The British railways reform.**

While a prior chapter is focused on how this research should be properly conducted according to its historical-institutional characteristic, this chapter pays particular attention on applying a research design to address the three aspects of the railways reform – “*Boundaries issues*”, “*Legitimacy*”, and “*Disruption as a paradox of reform*” - that associated with a privatization in this industry. It is structured in three main sections according to the research questions and each section provides logical steps of the interpretive process ranging from a coding system to a construct of timeline that helps to unfold a series of events pertaining to the institutional dynamic of reform. Yet at the end, it leads to an interpretation on a re-constructed of archival account that help disentangle a complexity of the railway reform between 1960s and 1980s. Simply put, the chapter prepares the audiences with an analytical process of this study before going to discuss the three aspects of BR’s reform in the three following chapters.

### **Chapter 6 Roles of the industry reform played in a growing idea of privatization**

This chapter particularly focuses on a process in which the idea of privatization was constructed in a contextual manner. This has been done by investigating the two railway reform agendas during the 1960s – the Beeching report 1963 and the Joint Steering Group (JSG) inquiry 1967 – as well as in early 1970s where the private sector was increasingly taken into the policy circle in Whitehall. Roles the industry reforms had played in a growing idea of privatization against a backdrop of nationalisation industries, was largely about constructing and re-constructing boundaries in the railway sector through a series of policy designs e.g. reducing power and the role played the unions, allocating responsibilities to local government and a coming in from a private sector. This finding is quite a contrast from the general understanding of the role of industry reform as a performance-enhancer.

## **Chapter 7 Managing legitimacy: How the momentum was built up and maintained?**

While the previous chapter deals with roles of reform in a growing idea of privatization, this chapter moves one step further by investigating how the idea was dynamically legitimized and maintained during the 1960s and 1970s. In addition to the Beeching report 1963 and the JSG inquiry 1967, this chapter investigates a reform agenda in early 1970 ‘integrated/coordinated transport’ and the Ridley report in 1977. As a series of historical events unfolded, it could be argued that the idea of railway privatization was dynamically legitimized by the government’s reform agenda that reflected political and socio-economic conditions of British railway at the time. In order to maintain the legitimacy of the private sector’s involvement, an emotional appeal and moral argument were embedded in the government reform agenda to institutionalize the old logic and pave the way for institutionalizing the new logic into British railways. Based on this historical-institutional analysis, the thesis once again challenges the extant studies in which an expected-performance improvement is seen as the essence in legitimizing the growing idea of privatization.

## **Chapter 8 Paradox of reform and a power of social disruption**

One thing that can be clearly seen from the British railways reform in the 1960s and 1970s, was a reoccurrence of social tensions and the industry disruption within the railway sector. This chapter is intended to investigate why the industry reforms had paradoxically turned out to be a disruptive figure rather than a cohesive force in advancing the British railways. A particular focus is placed on a span of three decades from 1960s to 1980s. Having framed by the institutional perspective – the three institutional pillars – it could be observed that almost all industry reforms had taken for granted the importance of the industry’s norm and cultural cognitive mind-set of the railwaymen in preserving the industry status quo. There was only a ‘regulative pillar’ – structural change and a use of regulative power – that had been emphasized in most of the reforms. This neglect of other institutional dimensions had contributed to those reoccurring social tensions and the industry disruption for decades, the chapter argues.

In addition, the chapter also found that the industry disruptions and social tensions were not as counter-productive as they seemed. As shown in an archival account of railway reform between the 1970s and 1980s, they were essential and acted as a generative force in disrupting the industry operational/managerial routines and altering the industry norms. These together helped pave the way for a privatization of British railways in 1994.



## **Chapter 9 Discussions**

This chapter is written with the chief aim to encapsulate what this doctoral study is about. However, it is by no means a summary. Rather, it is a reflection on the contributions this thesis can make to the research community. This has been discussed in five sections – 9.1 the relation between research findings, research questions and extant studies, 9.2 implications for policy and practice, 9.3 Implications for future research, 9.4 Thesis limitations and 9.5 If I was doing this study all over again, is there anything I would do differently? Finally, it helps the author to clearly crystalize what this thesis is all about. Reflecting on the research questions and findings, this thesis is about “questioning on a performance improvement” and to whether this is the whole story of the industry reforms. This contradiction from a general understanding of reform as a move toward performance improvement makes this thesis have both a theoretical and practical contribution as well as a methodological one to a research community.

## CHAPTER 2

### Privatization of British railway (BR):

#### A current state of knowledge

*"When you take into public ownership a profitable industry, the profit soon disappear. The goose that laid the golden egg goes broody. State geese are not great layers"*

(Margaret Thatcher, 1976 quote extracted from Parker, 2009)

#### Introduction

Since it was first mentioned as “denationalisation” – the sale of state-owned industries – in the 1980s, for better or worse, the term privatization has been interwoven into British everyday lives. For the proponents, it has played a crucial role in transforming British economy away from being the sick man of Europe. However, for the critiques, privatization has significantly contributed to an encroaching on public services from private sector profiteering and tearing apart the social fabric, as a result. These concerns triggered profound discussions among academics and practitioners once again, after the Conservative - led government returned to power in May 2010. With their ambitions to cut a structural deficit and getting the best value for money out of public services, the term privatization has regained the public’s attentions.

To understand this contemporary issue, this chapter initially provides a comprehensive account of what is currently happening in the UK public services under the coalition government (Conservative and Liberal Democrat) and how privatization has been brought back into public life as well as in policy discussions. The chapter then reviews privatization in general as a policy for social and economic development, as argued emphatically by some scholars. This

include its contributions and economic rationales that have driven the idea across the continents. This will help to understand the intellectual underpinning of the privatization programme and why the former SOEs need to be privatized. Particular attention is then paid to the privatization of the railway sector which is a focus of this doctoral study. This section is grounded to a restructuring of British railway industry and its implication (e.g. fragmented industry/interface cost and socio-economic impacts) that subsequently generate a very productive line of researches into the issues of privatization.

Having provided the rationales, implications and criticisms surrounding this neo-liberal idea, the chapter outlines the current state of knowledge of rail sector privatization that has been so far developed. These include the studies on 1) investigating into a process of privatization, 2) governance structure, 3) socio-economic impacts, 4) returning to a nationalisation idea, and 5) a policy study. Reflecting on these existing studies, on the one hand it illustrates how far the research communities have advanced in this field of study, on the other hand, it provides an opportunity to see what else is theoretically missing in research into the privatization of the railway sector. Based on a review of the literatures, the chapter argues that while the predominant studies have sought to improve the industry's overall performance, they tend to downplay the role of the wider surrounding environment that shapes a performing of the privatized industry such as; changes in the political and economic landscape over times. In doing so, this study intends to advance the knowledge in this field by investigating the industry reform agenda that has conditioned and constrained changes and development of the rail sector over times.

## **2.1 Socio-political context of the UK public services**

### **2.1.1 What is going on? Public services under a coalition government**

In the UK, the governments over the last thirty years have tirelessly continued their projects to reform public services. For instance, shortly after assuming an office in May 2010, the Prime Minister David Cameron once again emphasized his vision on how public services should be managed and delivered in a cold fiscal climate. He argued,

“The size, scope and role of government in Britain has reached a point where it is now inhibiting, not advancing, the progressive aims of reducing poverty, fighting inequality and increasing general well-being.

Indeed there is a worrying paradox that because of its effect on personal and social responsibility, the recent growth of the state has promoted not social solidarity but selfish and individualism” (Norman, 2010).

Cameron’s proposition as an alternative to big government is neither no government, nor a reheated version of ideological laissez faire, rather he passionately called for the big society.

Consequently, influenced by this political ideology, many reform programmes ranging from healthcare to education and local government to transport, for example, have been implemented in the light of a connected society with more room for a private sector enterprise as wealth creator to perform (Heppell, 2014; Hood 2013 and Norman, 2010). The flagship projects such as, free school, where local governments, parents and educational providers come together to craft out their own curriculum for schooling or the attempts to radically reform a National Health Services (NHS) by allowing private firms to become more involved in an operational and managerial aspect of national healthcare, are seen as derivatives of the government’s big society programme.

In the context of transport, a rail industry which is an integral part of British everyday lives is also a matter of concern for the government reform programme. This is evident by an inquiry into the industry sector “Rail Value for Money” known as McNulty report published in 19<sup>th</sup> May 2011. The report pinpointed to a misalignment of incentive where each player tried to maximize their own stake in the system regardless of the impact elsewhere (McNulty, 2011). The issue raised by the report is also a critical area for an implementation of the High Speed Rail 2 (HSR2). In addition to those fundamental studies on its socio-economic impacts (see e.g. Sanchez-Mateos and Givoni, 2011 and Chen and Hall, 2011), among other things, the discussions and exchange of ideas have primarily been placed on the role’s play and interaction among interest groups. Or more specifically it is between the government and private firms in a financial structure and regulatory, for example (Chou, 2012 and Cohen and Kamga, 2012). These seem to suggest that there is an increasing concern on the current state of railway performance after decades of the privatization programme.

For example, Preston (2008) did a review of 10 years of passenger rail franchising which subsequently highlighted problems in three areas: a tension between commercial and social objectives, vulnerability to strategic behaviour and presence of risks and uncertainty. Furthermore Preston and his colleague Robin evaluated the long term impacts of transport policy by paying particular attention to the case of passenger rail privatization. Having applied a simple econometric model to examine what would have happened if the change had not

occurred, their counterfactual study suggested that the overall loss in welfare far exceeded the net receipts from the privatization programme, e.g. increased infrastructure and operational costs (Preston and Robin, 2013).

These two areas of academic discussions – the benefits derived from HSR 2 project and a current state of the British railway industry – together with a vision of big society, implicitly, if not explicitly suggest how such an issue of delivery of public services is strongly linked to a political ideology and often framed around a contemporary debate between public sector versus private sector (see e.g. Rainey and Chun, 2007).

### **2.1.2 Still ?a continuing debate on “Public bad” versus “Private good” in a delivery of public services**

In their chapter “Public and Private Management Compared”, Rainey and Chun (2007) note that as the New Public Management (NPM) policies have swept through many nations, many scholars have taken an interest in whether and how public management differs from its private counterpart. The traditional concept is that an autonomous private sector acts in pursuit of its own interests, notably profit maximization, whereas a public sector with discretionary power and multiple objectives always acts in pursuit of public interests (Pongsiri, 2002). Each carries different characteristics in regards to goals, managerial roles, structures and processes, as often recognized by scholars in political science, public administration and organization studies. In this respect, more than private enterprises do, public agencies have strong tendencies toward “red tape, rules, caution and bureaucracy” (Rainey and Chun, 2007). Indeed, from the academic literature, all of these have significantly contributed to the public sector lacking in providing public services. Yet this induced a notion of transporting business management techniques and principle across sectors. Put simply, it is pursued with the expectation to “harness the management skills, flair and entrepreneurial spirits of private sector as well as their resources to provide better services for the public” (Shaw, 2000).

Talbot (2001) in UK public services and management (1979 – 2000), examined the way public sector and public management evolved in the UK. He observed that over a number of years and changes in government from right-wing to left-wing, the key argument had been still on the role and size of the state for instance, “rolling back the state frontier” during the Thatcher era and “third way” represented by Tony Blair. These two differences formed an intellectual underpinning for a delivery of public services in the UK in a different manner. By taking the view at the time as “overload welfare state” – a financier and provider of services (see Sullivan

and Skelcher, 2002), the Thatcher government had committed itself to a series of privatizations of state own enterprises (SOEs) and public services, including the agenda on hollowing out that left the government focusing on a core activity (Sullivan and Skelcher, 2002). What actually was being pursued by the Conservative reform was an excessive downing size of the administrative policy hierarchy and a layering of government departments in tandem with liberalising those state owned to the force of the market (Painter, 1999). New Labour on the contrary, instead of following the progressive force of the free market and liberalization, or returning to a nationalization, it chose to reform public services through the use of an ideology known as “Third Way”.

Anthony Giddens, a professor of sociology, who pioneered this idea argued that “third way encompasses a new mixed economy ... utilising the dynamism of markets but with the public mind” (Giddens, 1998, p.99), while in a body of practice Driver and Hyndman (2006) suggested that it helped “finding alternatives to the state provision and government control; promoting wealth creation by being fiscally prudent; matching right with responsibility; and fostering of duty within strong communities”. This socio-political view was very influential in directing the New Labour public services reform and subsequently triggered an intellectual examination of the policy idea in academic communities. Kelly (2007) reviewed an increasing role of the third sector in shaping public services in the UK and questioned whether the policy was flawed. Others, such as, Connolly et.al, (2008) and Broadbent and Laughlin (2005) particularly investigated the role of third way ideology, Private Finance Initiative (PFI) and the reform. If anything can be observed from the literatures, it is the concern of how relationships and interactions between the economy and state, the public and private sector has been reconfigured under the New Labour government policy. Put another way, public versus private seems to be a contemporary issue on public services reform and its related studies (Shaoul, 2011; Hellowell and Pollock, 2010; Hodhson et.al, 2007 and Walker and Boyne, 2006).

This matter has become, once again, a defining issue around public transport as a general election 2015 is looming. After speculation of rail fare increases in the winter time, the public and the opposition party express their concerns in bringing the rail industry back to state control, re-nationalizing the industry. Will Hutton, in The Observer 24 August 2014 “Stop fleecing passengers: bring trains back under public control” for example questioned a series of promising benefits from privatized rail. He called for a directly-operated Railways by the 100 % publicly own company by pointing to the case of East coast mainline where the incompetent private sector walked away in 2009. Five years of public ownership, he argued “...it is now the

best run and most efficient operator, making a net surplus of £16m for the tax payers...”. However this is perceived by some industry practitioners as a scapegoat finding to try to get the railway back into public ownership (Dr. Malcolm Gylee, British Rail privatization – a different view, Chartered Institute of Logistics & Transport). Even from an academic scholar who has been closely examining the implications and issues that have emerged from rail privatization, such as, Jupe (2009), he seemed to disagree with an idea of bringing the railway back to public ownership:

“ The result of nationalization [...]...seems to represent imperfect solutions to the problem of providing an efficient and effective transport system. Nationalised industries have to compete for funding with a wide range of public services, such as health and education, and are vulnerable to macroeconomic policy changes by governments, especially in times of recession...[...]...regulatory mechanism in order to maintain performance and safety could be better solutions”

Regarding on this a renationalisation seems unlikely to improve performance of its target areas. And more crucially it can be extremely damaging the atmosphere of private enterprise in the UK as the companies fear the government agencies would get a taste for it. In addition, in a comparative case study of five European railways – Netherlands, France, Germany, Sweden and the UK in an area of governance structure, Finger (2014) concluded that in the case of the UK, there was an improvement in economic performance as well as concomitant improvements in modal split, in the privatization and liberalization of British rail. Therefore with these mixed results and the controversial (public versus private) debate, particularly at a time of resurfacing of a re-nationalization idea, the privatization policy that played a crucial role in the reform programme has to be rethought and re-examined more contextual and in greater details.

## **2.2 Privatization : as a policy for social and economic development**

### **2.2.1 Defining “Privatization”**

Since 1980s, the term privatization has become a global phenomenon, which began in the UK before spreading across the continents. The common explanation as to why it has become so important to both developed and developing countries is the debt crisis in early 1980s and poor financial performance of the SOEs (Lieberman, 1993). Despite its relatively distant advent, privatization has been included in the policy agenda of developed and transitional economies (Yondi, 2010). Dixon and Joyner (2005), argued that it was an ideologically driven initiative

of a Conservative government intending to reduce the size of the state. Dominated by a concurrence of a market-led economy, reducing public sector involvement is seen as a way to encourage competition and enhance the performance of state own enterprise (SOEs) (Gibb et. al., 1996). With the aim to drive a performance outcome, privatization encompasses a number of inter-related elements “a policy package” many scholars implied (Dower and Markevich, 2014; Preston and Robin, 2013; Aulakh and Kotabe, 2008; Nash, 2008; Pollitt and Smith, 2002 and Dixon and Joyner, 2000). Organizational / industry re-structuring, deregulation and change in ownership are, for example, labelled as part of those elements (Jupe, 2009). With this regard, academics have attempted to define it in an intellectual and practical way. Ramamurti (2002) suggested that it could be conceptualized in a broad and narrow sense. In the broad sense, privatization is associated with a shift of activities or the production of goods and services function from the public to private sector (e.g. outsourcing, contracting out, franchising, privatization of public finance, liberalization and the sale of state asset to the private enterprise. Yet in the narrow sense, it refers to a sale of state-owned enterprise (SOEs) to the private sector.

Currently, privatization is a prescription aiming to heal a financial predicament and improve the country’s economic efficiency given by the World Bank and International Monetary Fund (IMF) generally referring to denationalization, selling of either whole or part of SOEs and share issue (Yondi, 2010 and Aulakh and Kotabe, 2008). However as mentioned above, it seems to vary geographically and institutionally in term of content and meaning. For instance, studies conducted by Finger (2014) which compared a variation of governance structure of railway industries in five countries and the degree of liberalisation level across four European countries – Italy, France, Germany and Spain – by Beria et. al. (2012), seem to suggest that although a privatization programme might have been underpinned by mostly the same political ideology and neoliberal economy, it should not be rigidly defined. In fact, it should be conceptualized as a package of policies which are subject to geographical and institutional contexts and conditions with a shared goal “to harness the management skills, flair and entrepreneurial spirit of private sector to provide better services for the public” (Shaw, 2000). Indeed as noted by Parker (2009)

*“Privatization programme involved a complex set of interacting policy initiatives including public flotation and trade sales of nationalised industries, divestments and asset sales, and competitive tendering and contracting out in central and local government”*



And yet by taking into account those geographical and institutional contexts, he went on and argued that

*“...[...]... In addition, privatization cannot be separated completely from other economic policy initiatives at the time, notably monetarism and controlling public expenditure, tax reductions and other supply side reforms. Sometimes the whole set of economic policies is labelled Thatcherism...”*

(Parker, 2009)

From its early days in the 1980s and with different industries experimented with – British Gas, British Telecom, British Airway for instance, until the last privatized “British Railway” (BR), privatization appeared not to be neatly similar. Each programme has its own way of restructuring and increasing a private sector involvement. In a special topic forum – Privatization and Entrepreneurial Transformation – Academy of Management Review, Zahra et. al. (2000) tried to capture salient points and highlight shapes and processes of this complex policy. Their studies, however, suggested that privatization basically contains two key features, firstly changes in *ownership* and secondly, changes in *profit orientation*. As a consequence, they argued, it led to change in governance and control system that relevant to privatization objectives such as; reducing the government’s operating deficit and generating new sources of tax revenue (*through sales of public asset/divestment*), promoting domestic investment (*through a joint capital project/private finance*) and improving the quality of services and increasing productive and operating efficiency (*through contracting out/deregulation/private provision of services*) (Lieberman, 1993). This help to understand that privatization is rather complex phenomenon in which its contents and meaning are socially constructed by social actors (interest groups) and shaped by political and socio-economic conditions at the times.

Therefore borrowing from Parker (2009), privatization is explained in a narrative and conceptual way to gain a general understanding. The section 2.3, would be more contextual in defining privatization of British railway which is a focus of this thesis.

### **2.2.2 Driving forces of privatization**

Gaining its pervasive momentum during the 1980s, privatization had been driven across countries by a strong commitment to better performance outcome of SOEs and public services. By injecting private sector expertise and flair, privatization helps to refine the SOEs objective function. When the state is the owner, firms (or the industry) typically pursue multiple and often conflicting objectives, privatized firms are more focused on productive and operating efficiency (D’Souza et. al., 2007). This could be explained by the dynamic model and

proposition developed by Cuervo and Villalonga (2000). They noted that as replacement of management is put in place (e.g. a replacement of pre-privatization managers, the CEO and top management team), the SOEs goals became clear, related to profit maximization and value creation for shareholders as strategic change of firm. Yondi (2010) went further in a case study analysis of Indonesian SOEs and found that a change in ownership brought about major changes in the organizational goals, corporate governance and organizational structure of privatized firms. These changes, she argued altered the behaviours, incentives and performance of managers and organization. Furthermore, Pollitt and Smith (2002), indicated that after a privatization process, the industry was restructured and reorganized through the removal of unprofitable units following by a transformation of the SOEs from hierarchical and bureaucratic structure to market-oriented form. These radical changes are strongly associated with an enhanced performance outcomes of those privatized firms.

In addition to a structural change at firm level, privatization also has a capacity to transform the industry and the country's economic landscape. In his multilevel model of privatization Rammamurti (2000) contended that it did not only contribute to firm-level improvements in governance arrangement, but also industry –level competition and regulatory as well as country-level institutions, such as labour and capital market. This is encapsulated by studies from Zahra et. al. (2000) on the first-order and second-order effect of privatization. Yet in the first-order, privatized companies change their organizational structure and culture to ensure faster decision making by eliminating layers of management and reducing bureaucratic rules. This created the combined influence on a larger scale on the industry structure (e.g. opened market, more competition) and the country economic adjustment.

On the financial aspect, Tsamenyi et. al. (2010) examined a post-privatization performance and organizational changes in Ghana. Their case studies revealed that by adopting the discipline of the price mechanism and having better rewards/incentive systems which link to economic performance, it made the SOEs to allocate resources more efficiently and able to eliminate inefficient activities. Yet a removal or reduction of legal restrictions are also recognized by other scholars as crucial elements in giving rise to a privatization programme since its enhanced competitions in providing public services (Asquer, 2011). Not only is a financial dimension, privatization is also seen as a way of improving social welfare. Boardman et. al. (2013) employed cost-benefit analysis to estimate the social welfare gains from the privatization of the Canadian National Railway. They concluded that in addition to showing a substantial better

performance in an operational perspective, a privatized CN also demonstrated a positive social welfare gains interpreted at around \$ 25 billion in 2011.

Furthermore, there are also numerous studies that go further by shifting their attentions from a macro analysis toward an exploratory research of the privatization process in greater detail. Link (2012) for example, investigated an unbundling public infrastructure financing and access charge regulation, which is perceived as a result of the privatization programme. With a separation of core activities, it facilitates faster progress in introducing competition in the rail sector, though creating negative implications for the regulatory problem. In a similar vein, Belloc et. al. (2013) in an investigation on disentangling liberalisation and privatization policies, noticed that during the implementation process a cumbersome industry was disintegrated into a small autonomous business units subjected to market forces, which they argued stimulated those businesses to perform well. These studies seem to suggest that privatization could help to unleash the forces and discipline of the market by transforming the industry institutional templates and archetype and at the same time altering the core value (Aulakh and Kotebe, 2008). Therefore, it has the potential to transform national economies, industries, and organizations by infusing a spirit of entrepreneurial risk-taking and utilizing a force of free market economy (Zahra et. al., 2000).

In brief, privatization has generated a considerable amount of positive effects on a former state owned enterprises (SOEs). It fundamentally changes the way industries operate through a restructuring process, notably by a reduction of state ownership or even further by a re-shuffle of governance structure. As Cheon et. al. (2010) found in their study that ownership restructuring contributed to a productivity gain. It induced optimized operation of resources and allowed specialised private entities to concentrate on operation and service providing provision. In this regard, it provokes all involved parties to craft out a responsive and competitive governance structure that enables a better performance of the SOEs. To conclude, this complex set of interacting policy initiatives has triggered institutional changes in those lacking nationalised industries in light of the efficiency effects of liberalisation and free market economy.

### **2.2.3 Privatization: the economic rationale**

The intellectual foundation of privatization can be traced back to the New Right Agenda, led by Milton Friedman in 1980s – who challenged Keynesian economics which at that time had an influential capacity on nationalisation. Rather than following the same path that seemed to

give a secure blanket for the British economy, at least adhering to the post war norm, this New Right Agenda strongly criticised the excessive size of SOEs and public expenditure (Letza et al., 2004). In tandem with Hayek's publications on a critical stage of big government, it made a New Right Agenda to encompass a deregulation and denationalisation in order to extend the capitalist mentality into many SOEs. As Margaret Thatcher credited him for influencing her economic thinking "There is of course still so much to do. But none of it would have been possible without the values and belief to set us on the right road and provide the right sense of direction" (Parker, 2009). That said, the privatization of SOEs during those days were underpinned by the neo-liberal economy in which operational and financial dimension were put as priorities.

In addition to a shift in the government's macroeconomic model – Keynesian (demand management) to New Right Agenda (less intervention and supply-side management) – there are other two theoretical foundations that have shaped the direction of privatized industries in the UK. These include *Public choice theory and Agency theory*. The first one, public choice theory, is drawn upon a notion of individual utility maximization. It assumes that individuals like government employees are self-interested, rational, maximizing decision makers. Yet they tend to pursue self-interest when making economic policy and taking political decision (Parker, 2009; Cuervo and Villalonga, 2000). Because of this the government officials and politician would take a form of maximizing their chances of remaining in office by focusing on vote-winning programme such as, imposing objectives on those nationalised firms that are able to help them gaining votes but might conflict with efficiency. In this regard, the state ownership appears to make a resource's allocation on political rather than market force. As a result, it leads to economic waste.

To address this economic malaise in the SOEs as well as other public services, Wise (1990) argued that market-like mechanism and competitive pressure (e.g. multiple provider arrangements) could generate higher efficiency than an exclusive monopolies and bureaucratic system inherited in many state ownership industries. The theory had a powerful influence on economic thinking during the 1970s and 1980s. In Britain, for instance, many SOEs moved to a gradual dismantling in their activities (e.g. selling asset and partnership with a private sector enterprise) in order to improve the industry's competitiveness.

In addition to a rationale of the virtue of the market forces, which places an emphasis on changing goals of the industries, privatization is also justified by the incentives and controls

that would have not been seen in a formerly nationalised firms. Indeed, an ability to control and monitor agent behaviour are central to the theory of agency. Central to this theory is the potential for conflict of interest arises between manager and owner of firms. In state owned firms managers (agents) are likely to maximize their own interests rather than the organization or owners (principals) (Muller, 2011; Parker, 2009; Cuervo and Villalonga, 2000 and Wise, 1990). In the context of private sector enterprises, this issue is reduced by external mechanisms such as; capital and corporate control, as well as internal mechanisms such as; reward systems and the board director. However in the SOEs these mechanisms and incentives are considered to be absent or least attenuated. This is especially true in the post-war period where the SOEs and their managers had no threat, had fixed and guaranteed salaries and were rarely allowed to fail (Seeleib-Kaiser, 2011; Ashworth et. al., 2010 and Sullivan and Skelcher, 2002). This issue could be better addressed under a realm of control mechanism widely used in the private firms. In this situation, different governance structures exist to turn around and re-direct the SOEs toward productivity and efficiency. As Tsamenyi et. al. (2010) observe in post-privatization performance and organizational change. They found that under state control, employees believed they have ‘job for life’ and as a result there was high inefficiency and low productivity. This was a result of attitude that the company belonged to the state, as such there was minimal incentive to manage resources. This however changed after privatization. Strict labour control mechanism, for instance, was employed to check indiscipline and lateness. Looking at quoted as part of their finding “Gone were the days when you come to work without having anything to do. These days we all have goals and we are constantly monitored” (Tsamenyi et. al., 2010).

Both agency and public choice theory provide an economic rationale that private ownership is superior to state ownership and with this regard privatization should therefore lead to performance improvement of the former nationalised industries. Arguably, it induces changes in managerial incentives, corporate governance and control systems (Yondi, 2010). Table 2.1 below give a summarised fundamental contributions of these theories.

**Table 2.1:** theoretical perspective of privatization

<i>Theoretical basis</i>	<i>Central tenets</i>	<i>Implications on SOEs</i>
<i>Public choice theory</i>	Private sector firm maximize profits  Government and politicians maximize their role/budget and their votes respectively	Increasing search for efficiency  Less political intervention

<i>Agency theory</i>	Goal conflicts between the agent and principal	Change in incentives and control system
	Opportunistic behaviours	Change in governance structure

**Source:** Self compilation

Overall, a shift in the economic paradigm and together with these two theoretical perspectives provide an important intellectual underpinning for privatization. Without this thinking many SOEs would have been different from what we witness now, or even underperforming and in poor financial and operational conditions. With these anticipated implications, privatization had become an instrument in reforming public services and transforming the economies on both developed and developing nations.

## 2.3 Privatization of British Railways (BR)

### 2.3.1 Industry restructuring

During seventeen years of the Conservative government (1979 to 1997) the dominant policy to manage the UK economy had been based on neoliberal paradigm – searching for ways to reduce public sector involvement, promote market-led policies and encourage competitions in providing public services – to improve the industry’s financial and operational performance (Gib, et. al., 1996). As a consequence, it triggered a wave of privatization programmes in State Own Enterprise (SOEs) such as; telecoms, electricity, gas, water, and many other industries. British railway (BR), an iconic figure of the UK public services, was the last industry that undergone a restructuring programme in 1994. Prior to privatization, BR was a nationalised industry – a single vertically integrated operator – owned by the government. In order to address a chronic financial predicament and promote efficiency through private ownership and market disciplines, British railways was eventually privatized under John Major’s government in 1994. Fundamentally, the industry was fragmented into independent business units in which some of them were either sold out to or managed and organized by the private firms (Parker, 2012).

In this respect, Shaw (2000) and Gibb et. al., (1996) argued that it could be accomplished in numerous different ways, but notably through *denationalisation*, which involves the sale of publicly owned asset; *deregulation or liberalisation* that concern with abolition of statutory monopoly to promote market competition; and *contracting-out* where the production of state

financed goods and services are franchised to private firms. These three policy strands had been used as main mechanisms in reforming railway sector, not only in the UK but also in Europe. Whilst there is a common in the fundamental aim of privatization as a reform initiative – to improve efficiency and competitiveness of the rail system -, those three strands seem to constitute alternatives model adopted for privatization programme. Nash (2008) reviewed a passenger railway reform over the last 20 years in Europe. He pointed out three different models widely used to privatize the rail system across Europe – Complete separation; Holding Company; and Separation of key powers. The first model ‘Swedish model’ was originally about a complete separation between the infrastructure and rail operator but still a state-owned organization. However, the model was later developed by separating the state-owned train operating company into independent freight and passenger companies. In their studies on policy development of rail liberalisation in Sweden, Alexandersson and Rigas (2013) argued that this vertical separation together with a decentralisation of responsibility to local and regional passenger train services created an opportunity for regional authorities to procure train services by mean of competitive tendering.

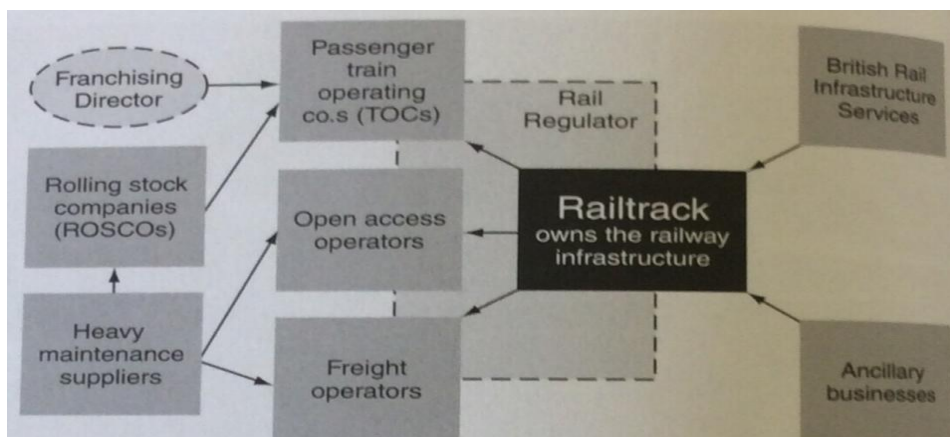
The second model, the ‘German Holding Model’ both the infrastructure and train operations are still being kept under the same holding company, but as separate divisions. This model is argued that it has a merit on integrated railway, whilst still allowing competition through the open access conditions (Link, 2012 and Nash, 2008). Besides, the third model – French model – involves a separation of infrastructure and operation, but – at least initially – no competition. In a reflection Nash (2008) and Gressier (2005) mentioned

“The aim of this model seems to create a separate source of expertise on rail infrastructure planning and investment issues and to separate financing of the infrastructure from operations, whilst – originally at least – maintaining a monopoly train operating company which still retained integrated control of many functions”

These three models implies that there is a different degree of separation between infrastructure and train operations including some derivatives such as; open access, passenger franchising, regulation and infrastructure charging according to their institutional environment. Evidenced by many current studies, for example, Finger (2014) in an analysis of five cases – governance of competition and performance in European railways; and Beria et. al., (2012) a comparison of rail liberalisation levels across four European countries. These studies remind us that there is no a unique recipe applicable to all countries, nor a one size fit all programme. In fact

privatization as a reform programme varies significantly on political and socio-economic context of the country at the time.

In case of the UK, British railways (BR) was privatized through the unbundling of infrastructure and operation – a vertical separation – and franchising of rail operation in regions to private companies – horizontal disintegration. Unlike the above model, Swedish one in particular, BR was broken up and privatizing both of its train operating company as well as infrastructure (Parker, 2012; Jupe 2009; Nash 2008 and Shaw, 2000). Theoretically, this helped to promote and enforce competition by removing the existing barrier and bureaucratic system of a monopoly. Concerning with liberalisation and regulatory reform as constitutive elements of privatization, Asquer (2011) conducted a comparative case study analysis in Italian public utilities. He found that it resulted in greater degree of the industry structure by reducing a legal restriction to market access. Yvrande-Billion and Mernard (2005) noticed that this British rail reform provided an efficient incentives in order to encourage private sector to run and operate the system and at the same time prevented a political capture by public authorities. As a result Preston and Robins (2013) concluded in their evaluation on the long term impact of a passenger rail privatization that it have had advantages in term of lower fares and better services than otherwise would have been the case. The figure 2.1 below shows the rail industry restructuring after privatization.



**Figure 2.1:** British railway restructured after privatization

**Source:** Freeman and Shaw (2000)

In a perspective the industry was restructured through 1) a vertical separation (a split between rail infrastructure from train service), 2) a horizontal disintegration (to create a franchise system



in running train geographically). This was implemented due necessarily to encourage ‘private sector’ involvement in operations and services as well as ensuring a fair access to rail track between competing train operators (Department of Transport, 1992, p 12). As shown in the figure above, under a privatization programme the Britain railways industry was divided into three different functional areas, which included Railtrack – the infrastructure authority; 25 passengers train operating companies (TOCs) running fixed term franchises; and Rail regulator. According to the economic rationales discussed in a previous section, a restructuring is understandable and economically justified, as investigated by many scholars.

For example, Gib et. al. (1996) shortly after privatization started, did an examination on a policy and evaluated potential impacts of a privatized British railways. Although they questioned how successful was rail privatization going to be?, their study found that “competition, diversity and choice” were introduced into the industry. Following a line of research investigation, Crompton and Jupe (2002) analysed *The government published Transport 2010* – a ten year plan to improve Britain’s transport. Their analysis was in the context of the privatized railway industry. Financially, the railway system was in a condition of lacking investment. This would have been in a worse situation, if the BR was still a monopoly industry. These two distant piece of works seem to be valid till these days. As observed by Cheon et. al., (2010). The study evaluated how the industry reforms influenced efficiency gains between 1991 and 2004. The findings revealed that ownership restructuring contributed to a productivity gain since it allowed specialised private entities to dynamically work on operational and managerial aspects of the industry. Yet this is indeed explainable and theoretically relevant to the agency theory.

In addition to an economic rationale of agency theory, a new structure of BR was found relevant to public choice perspective, particularly in term of market like mechanism and competitive pressure. Finger (2014) noticed that by centre on regionalisation (horizontal disintegration) and system fragmentation, European railways including Britain are able to achieve a better performance outcomes in term of volume growth, financial condition, productivity and cost efficiency. More specifically in the British railway context, Preston and Robins (2013) were also convinced in a merit of rail privatization by seeing an overall trend of lower fares and better services level brought in by a force of competitions and choices of service providers. Whilst others have devoted energy to prove the benefits derived from privatization, Cantos et. al., (2012) went another way around by estimating inefficiency level, which suggested that in order to foster more efficiency, both vertical and horizontal dimension of the industry must be

equally taken into a reform account. Their observations remind us that apart from a predominant focus on a separation between infrastructure and train operators, there are many other issues need to be addressed in order to fully grasp the benefit of privatization (see e.g. Ollivier-Trigalo and Brone, 2011 in regionalization of rail transport in France; Scholler-Schwedes, 2010 in the failure of integrated transport policy; Charlton et. al., 1997 in regulation and continuing monopoly and Charlton et. al., 1995 in rail privatization and local authority reorganization).

However despite many benefits derived from the policy, a privatized railway also has a series of negative implications. According to Jupe (2009), the fragmented privatized structure could introduce new risks and perverse incentives and led to dissipation in railway-specific skills and a major increase in operating cost. Ironically, this fragmentation of the rail industry had become a barrier of efficiency (Parker, 2012). In this issue Nash et. al., (2014) used both quantitative and qualitative method to investigate a structural reform in British railway industry. Surprisingly, they found that actually a vertical separation model raised cost due to the incentive misalignment where each player sought to optimize their own cost rather than those of the system as a whole. This study is quite relevant to what Bowman (2015) concerned. In his work – an illusion of success: the consequence of British railways privatization – he argued that with its fragmented structure, there are loopholes for subsidies to be channelled to the backers of privatization e.g. train operators and political elites. However with a presentation of opaque and malleable account, it allows the proponents of privatization to make a strong selective emphasis on positive side and exclude many negative impacts. In order to see a more completed picture of this neo-liberal policy, the following sector will deal particularly with the implications of British rail privatization.

### **2.3.2 Debates and implications on privatized railways industry**

#### *Fragmented industry and interface cost*

As a result of a separation of trains, ownership of rail infrastructure and network maintenance and renewal, the privatization of BR had been criticised on its downside, Fundamentally, the issue was about the ‘interface costs’ arose as many private firms were involved in supply chain with upward pressure on prices as each of them aimed to squeeze profits (Jupe, 2009). This is particularly in the aspect of track access charge. Ljungberg (2013) in a study on impacts of increased rail infrastructure charges noticed that it created a backfire in both of rail transport system and on an aggregate level of society as a whole. These include a reduction of social

welfare in term of accessibility and yet for commuters a rise in transport cost refers to a rise in rail fare. This implication found an empirical support from a work conducted by Merkert (2010). The study, instead of identifying the size of transaction cost (e.g. access charge) on a single fiscal year which it argued as unable to provide a clear picture of this issue, was based on a longitudinal effects within the country. It showed that transaction cost had changed significantly over the period of 1996/1997 – 2007/2008 comparing to other European railways. So in his review on a European rail reform, Nash (2010) suggested that a compromise between competition and minimising transaction cost was required (See also Merrett and Nash, 2013).

Yet due to its fragmented nature as well as critiques on interface costs, a privatized BR was widely seen as an underlying reason in a series of rail fatal accidents during the early days of a privatization programme – The Hatfield crash in 2000, The Southall rail crash in 1997 and Ladbroke Grove Junction in 1997. Dixon and Joyner (2000) examined the threats facing a recently privatized BR industry at that time. Their study warned that rather than promoting and protecting the public interests as a public service, the programme seemed to drive only for efficiency almost regardless of social cost. Moreover even in a financial concern, Jupe (2009) also pointed out that rather than creating a surplus account, the new BR industry was still in a financial plight with a borrowing cost £ 1 billion. They found that it was a result of a continuing transfers from taxpayers and passengers to the financial elite. Accompanying by a maintenance and renewal works outsourced to infrastructure companies, which were purchased by construction companies, an opportunistic behaviour happened to reduce all these cost. So this led to a decline in a performance of asset and unfortunately demonstrated through those accidents (Tyrall, 2004). Indeed this problem of asset conditions, especially in maintenance and renewal is another an area of concern after railway privatization, given a nature of private sector inclining toward profit maximization. For example, Laid (2013) in New Zealand railway industry. He illustrated a series of attempts from the government to repurchase and rehabilitate rail infrastructure. The paper noted some emerging problems after the initial success of change in change in ownership. These include an elapse of upgrading, improving and expanding the rail infrastructure from the private sector.

However for some other academic scholars and practitioners, the above implication seems to be misleading. Gylee (200x) argued that

“The accident at Southall, as I understand the situation, was caused by a High Speed Train colliding with a freight train, which was crossing in front of the HST at the time. As I recall, the signals were operating

correctly, and it appears that the HST could have gone through double amber, single amber and red signals before the collision – where was privatization involved in that?”

He then continued

“The accident at Ladbroke Grove occurred when a Thames Train ran into the path of HST. The problem came down to the position of a signal, as I understand it, which was part of the station remodelling at Paddington planned. As I see it the track and signalling was deemed safe when the railways were a public utility and not safe when privatized ...[...]...To me it would seem that privatization was a scapegoat by the Blair government to try and create a political climate”

He then commented that the re-integration of railway infrastructure with the operation will destroy a whole railway system since it would again open up the very inefficiencies that privatization exposed and worked to eliminate.

In addition, in an investigation into a link between rail safety and privatization by analysing data on almost all fatal railway accident from 1967 to 2003. The study found that the privatized railway had fewer accident than people generally perceived, and yet the principal conclusion was that there was no evidence showing privatization caused railway safety to deteriorate. Moreover, Haywood (2007) in examining whether Britain’s national railway network (infrastructure) fits for purpose in 21<sup>st</sup> century, concluded that although they were serious shortcoming, but they seemed to be developed in the right direction according to a developing pattern of urban area. Put it in a perspective, there are mixed perceptions and research findings on the impacts of rail privatization in Britain, especially in the angle of ‘interface cost’ and ‘fragmented industry’. However this line of debates implies that both of vertical separation and horizontal disintegration need to be properly regulated in order to minimize externalities and make BR industry to become fair and more responsive public service. Thus a second implication worth to observe is a regulatory function dimension of a privatized railway.

### *Regulatory dimension*

In order to introduce competitions into the rail industry, a franchised system was designed to replace a monopoly nature of railway. However it had become a backfire socially and economically. Preston (2008) in a review of Britain passenger rail franchising from 1996/1997 – 2006/2007 highlighted problem of privatization in three area – the tension between commercial and social objective; vulnerability to strategic behaviours and presence of risks and uncertainty. Each of which reflects what Jupe and Crompton (2006) mentioned as a deficient performance of the regulation. Against five main objectives – increasing the number

of passengers; managing franchises in the interest of passengers; encouraging efficiency and economy in the provision of passenger rail services; encouraging investment in rail services; and securing a progressive improvement in the quality of rail services, the privatized BR only achieved the first objective. And more crucially they noticed that there was a continuing transfer of wealth from taxpayers to the owners and providers of capital. To overcome this problem, the establishment of strong independent regulator is required (Nash, 2010).

To address the issue Everett (2006) highlighted some major constraints embedded in the model caused by railway reform and deregulation. Arguably, drawing on the case-study analysis in Australia and other European countries which embarked on a liberalisation of railway, the study pinpointed to a too much reliance of private company without putting in place public sector disciplines. The finding is in the same line of the study on evaluating European railway deregulation conducted by Cantos et. al., (2012). As it was intended to estimate efficiency and productivity of rail reform, an obstacle that held back a reform programme was identified. In an analysis, a sensible regulatory body that able to coordinate and direct both of vertical activities and horizontal businesses simultaneously are found as a crucial element to foster an increase efficiency of railway. In this regard, reflecting upon a review of reform and regulation of the Portuguese rail sector, What has failed? Santos et. al. (2010) made a suggestion to improve a regulatory model by emphasizing more on three aspects – a price-cap regulation regime to prevent an unfair rail fare increase; a control on market distortion to understand a social and economic role of rail sector in the time and; enhancing competition with other modes of transport. In other words, this is a call for greater attention for not only crafting up a regulatory body to enhance an economic activity on rail but also taking into account on more social implication of railway privatization. To this end, AlHussaini and Molz (2009) put forward their argument by saying that under a realm of neo-liberal economic model the rail reform has so far only focused on operational and financial outcomes and failed to properly address the social outcomes of privatization process. Thus, they proposed a regulatory model that balanced social and financial outcomes. The heart of their model is on identifying other previously overlooked attributes including job security, transferring benefits (price cut) to consumers, access and quality (oblige firms to service remote area), fiscal effects (transparency on subsidy process).

Yet this issue in a regulatory dimension of rail industry privatization has increasingly been observed by transport policy academics. For instance; Nash et. al., (2014) found that in the European railways industry Britain included, a structural reform is needed to deal with an

incentive misalignment which contributed to cost implications. They argued a current regulatory system seemed to encourage each player to seek to optimize their own cost or even irrationally reduce it rather than considering the system as a whole (See also Alexandersson and Rigas, 2013). Without doubt, it stemmed from a preoccupation of neo-liberal economic viewpoint, which tries to downplay an importance of market discipline and control. However this EU directive that has sought to impose a liberalisation and competition agenda in railway industry throughout the continent is seen as problematic approach as observed by Marti-Henneberg (2013). By analysing the evolution of EU railways since 1840, the study found that despite many changes in economic framework the state played, and continue to play a fundamental role in a development of rail industry. Moreover, the development has exhibited a specific characteristics throughout its own history. Thus, a regulatory function derived from an excessive force of neo-liberalism and full force of free market and competition might have not been appropriated for some countries where a value of public service ethos is firstly prioritised.

In fact if it is not properly addressed, the issue of deficient regulatory function could ironically even trigger the industry disruption and a social tension as a whole. Johnson and Nash (2012) by conducting a simulation exercise on a competition of rail passenger rail service found that under the current franchise system the industry was still monopolized not by the public but the private sector profiteering. Consequently, it has driven up cost to keep a profit margin high. Also Asquer (2011) made a case for regulatory reform in the context of liberalization and competition in a rail sector to become a more responsive not only effective in a response to an increasingly disenchanted public users. In brief, this rail industry restructuring seems to pose more issues and complexity into the industry as already been discussed so far (e.g. an increase in interface cost, deficient regulation). However as it form a social and economic backbone of the country, any change or any restructuring would inevitably create a social implication.

### *Social impacts of privatization*

As representing a force of change in both of ownership and the way the industry is run and organized, a privatized British railway industry is inevitably embroiled in either a social tension or the industry disruption. In the early days of reform programme, Charton et. al., (1997) observed that a privatization of British railway did prevent a competitions it originally envisaged by only changing from public monopoly to a private one. Knowles (1998) believed that it had implications especially for urban services where train was perceived as a social

service for all, not in a commercial sense. Profiteering and profit maximization to lubricate a friction at the interface were widely perceived by British people (see e.g. Crompton and Jupe, 2003). This perception of public discontent was recently explained by Martimort and Straub (2009). In their mathematical model, they found that although privatization could help in fostering investment in the industry, it also opened up the door to more corruption. A seemingly least control as a result of liberalisation ideology together with a tendency to behave opportunistically from both sides, it siphoned taxpayer money to private sector providers. As a consequence, privatization regardless whatever industry adopted, it is portrayed as rifting up a social fabric of a whole community (Pollock, 2005).

For instance, Pollitt and Smith (2002) by adopting a social cost-benefit analysis, indicated that although some economic and financial goals had been achieved, public in general especially in deprived area felt socially excluded from the benefits of privatization programme. Additionally in his historical investigation on political parties' manifesto on rail transport policy from 1945 – 2011, Channey (2014) observed a regional opposition and tensions against a growing idea of private sector involvement in rail business. To quantify this impacts Preston and Robins (2012) conducted a study in the long term impacts of transport policy: the case of passengers' rail privatization. Based on their counterfactual investigation in an econometric model, they conclude that overall loss in welfare since the reforms were introduced far exceed the net receipt from the sale of rail business. Likewise Evans (2007) examines train accidents data from 1967 to 2003, the study appears to believe in a strong connection between a number of fatalities in train collisions and derailments, and a deregulations unleashed by the privatization programme. These social tensions and resistance are not unusual in privatization programme as a policy for social and economic development. In fact there are numerous studies have illustrated why they happened and how they influenced a trajectory of the industry reform programme, for example, Dower and Markevich (2014) 'a history of resistance to privatization in Russia, or Mellish et. al., (2008) 'a trajectory from adversary to partnership bus reform in New South Wales'. However all of these issues instead of preventing the implementation of privatization as the industry reform programme, they helped to advance it by underpinning and directing the scholarships research agenda. The next section therefore emphasize on the existing studies on privatization in regarding to these debates and implications.

## 2.4 Extant studies on the privatization of railway industry

In dealing with implications brought in by the a neo-liberalism led reform programme, research efforts have centred on five areas of concern, including first of all an investigation on a *process of rail industry privatization* which allows researchers to understand how the privatized industry operate and why it operate in the way it does, whereas the second focus is on directing and steering the industry toward a more effective but still responsive to the public users, arguably as a *governance concern*. In addition to a focus on those internal issues – the industry level – scholarships have also sought to study how a change in ownership and a restructuring impacted the country socially and economically regarding to its role as policy for social and economic development. Yet as a consequence it contributes to an increasing idea on whether the privatized industry should be once again *returning to a nationalization* which at the mean time attracts a great deal of attentions from a *policy research study*. The figure 2.2 below shows five areas of concern - the existing studies – that forms a predominant view on a privatization’s study.



**Figure 2.2:** Predominant research into a privatization of the railway sector

**Source:** A compilation from literature review



So these five interrelated groups of a research investigation have formed a current state of knowledge in a privatization's study. The following discussions are drawn on these areas of research interests.

#### **2.4.1 Investigating a process of rail sector privatization**

As it has continuously been facing a stiff of headwind, academics and practitioners have embarked on an in-depth review of how the privatized railway industry has so far been run and organized. Focusing on a backfire of a franchised system as a result of unbundling rail infrastructure and rail operator, Crompton and Jupe (2003) found that rather than promoting competitions and incentivising efficiency, under the current system the railway industry was fraught with a lot of internal frictions. This seems to stem from a seemingly simultaneous introduction of privatization programme, regulatory design and structural reform at the same time, which does not allow a sufficient time for details planning and design. Pollitt and Smith (2002) also argued that a prior industry restructuring before a privatization could have put the industry in a better place. Thus, not to be hooked on moaning about the past pitfalls, an overhaul is necessarily required to improve the industry performance, particularly on the issue of deregulation.

In general like many other network industries (e.g. gas, electricity and telecom), the rail sector has to weight a competitive market force against accessibility dimension. But it has been rarely realised evidenced by a constant call for a greater liberalization in the EU transport directive (Finger, 2014). Asquer (2011) in his comparison and analysis of public utilities liberalisation and regulatory reform in Italy suggested that the extent to which the industry is liberalised or regulated depended largely on a relationship of regulator and regulated operators as well as their behaviours. And this requires a regular reviews from an dependent auditor. Similarly Alexandersson and Rigas (2013) found that a further rail industry reform should address how the coordination between different market actors can be improved, not just only open it up for the force of competition. These observations and recommendations are resonated with Arin (2006) study on how privatization work. This study noticed that although privatization could theoretically remove or make a reduction of legal restrictions and bureaucratic, it always comes in the cost of a febrile and uncontrolled market, particularly locking the public sector and the government into a position that inferior to the private sector. That could be seen in the case of East coast mainline where the private sector could walk away and left everything on the account

of taxpayers' money (Jupe, 2009 and see also Nuttall et. al., 2011 on Too big to fail – Lesson for today and the future from British industrial policy, 1960 – 1990).

In addition, a regulatory deficit is found as a hamper to a faster progress in a responsive rail industry reform. Link (2012) by investigating a privatization of German rail industry argued that one fundamental reason that contributed to a success of German railway was 'a price-cap regulation' in which a febrile market was kept under a control. Even in literatures that appear to be on a side of privatization such as; Huang and Wang (2011) in the ultimate privatization in service industry; Gong et. al., (2012) in the impact of privatization on efficiency and performance, also voiced their concern on a tendency of unregulated privatized market.

While those groups of academics have focused their attentions on how the industry should be run and organized through a lens of regulatory dimension, other scholars have tried to overhaul the privatized industry by identifying an obstacle. For instance, Jitsuzumi and Nakamura (2010) identified cause of inefficiency in a vertical separation model. Put another way the study analysed cause of inefficiency in railway operation. They found that a misplaced of intervention from the government and an unclear role's play between the industry actors were significant contributors. Similarly, Merkert and Nash (2013) found that at the interface between operation and infrastructure which involved with many organizational bodies, their perceptions and responsibilities often left unclear. As a result, it led the operation of rail industry to unnecessary chaos. In this respect, it could be argued that a holistic view that take into account not only a financial and economic must be adopted to move the industry forward in a right direction.

Having understood this matter of concern, Tsamenyi et. al., (2010) proposed that from now on the performance of rail sector should therefore be examined in five main perspectives – financial, customer, internal business process, learning and growth, and the community. Indeed to achieve all of these socio-economic balanced, a good governance structure must be put in place to steer and direct the privatized railway. And over the years, a particular concern of crafting up the industry governing structure and mechanisms have been well developed to rebalance the industry's social/financial goals and reduce the internal frictions caused by its fragmented structure.

### **2.4.2 Governance structure**

Due to an increase in criticisms and sceptical over the neo-liberal arguments, especially when taxpayers' money had been used for keeping the East coast mainline running, a question of how the privatized rail industry should be governed in the light of public interests has become a fundamental issues that need to be re-examined. Basically, privatization is always attacked by the opponents as “a strategic instrument of globalisation and capital that has led to the expansion and hegemony of the business and corporate sector...[...]...which left the public sector employees with little bargaining power to serve the powerful business and corporate sector, and resulting degradation of human being” (Farazmand, 2002). The view is shared by a former chief economist of the World Bank who possesses a Nobel Prize in economics. To address this problem a governing body is required to incorporate broader social objectives into its structure so that positive social outcomes could be achieved at the same time of accruing wealth for the business sector (Currie, 2005).

In so doing, researchers such as, Beria et. al., (2012) compared a rail liberalisation across four European countries – Italy, France, Germany and Spain – to see how their differences in resources allocation pattern, financing and regulated industry contributed to the industry performance. Through the exploratory case study they concluded that in order to improve the industry long-term performance, the government intervention was still required to prevent an exploitation of the industry resource and manipulative behaviours toward a profiteering of the private sector. Their research findings are relevant to part of the current study conducted by Finger (2014). By analysing a link between governance of competition and railway performance in five countries – Netherlands, France, Germany, Sweden and the UK – the idea such as, a regionalization where local authorities and communities could become more engaged in the industry was mentioned as a way forward as well as a strengthening of the regulatory function to create a fairer and more competitive industry. Additionally, a better coordination among regulatory institutions, greater customer involvement and improving market transparency are recommended as crucial elements in governing the network industries (Nepal et. al., 204). What these studies imply is that a balanced ownership structure (e.g. each sector and social/economic goals) and control mechanisms (incentives/constraints) must be put in place for a privatized industry to generate a positive externalities to a society as a whole.

For instance, Ollivier-Trigalo and Barone (2011) investigated the interactions between different institutional actors – regional, local government and the rail sector – in constructing

regional railway policies. They found that a configuration of three institutional actors and their tensions were strongly associated with a financing of transport investment and a nature of rail services in that region. Likewise Doms et. al., (2013) also found that in order to make an effective implementation of a large scale transport infrastructure project, a sound governance structure with an inclusive participatory dimension and control mechanism were necessarily required. In short, to address those concerns and critiques on a neo-liberal argument of a privatized railways, researchers so far have tried to reconfigure the industry structure in line of the good governance principle (See e.g. Chan and Cooper, 2010 p. 154). However as it is regarded as an instrument for social and economic development, therefore privatization could not be assessed only on the industry level. Yet its social and economic impact are also needed for scholarships to investigate so that a more completed picture of a privatization programme can be obtained.

### **2.4.3 Socio-economic impacts**

Apart from those industry level of analyses, another aspect that has long been debated among academic communities and industry circles is whether privatization of public services has advanced a socio-economic condition of the country. And recently, this concern has been gradually making its way into such an area of transport policy research (see e.g. Delbos, 2012; Sanchez-Mateos and Givoni, 2011 and Chen and Hall, 2011). In general, the neoliberal agenda such as a privatization is always seen and portrayed from the opponents as an unrelenting expansion of private sector entrepreneur ethos. And indeed it is argued as tearing apart a social fabric rather than advancing a social and economic condition. Shortly after the E.U. financial crisis took place across the continent, Morales et. al.,(2014) for example, investigated a state privatization policy in Greece as a prescription given by the IMF. Instead of curing the Greek financial predicament, the programme appears to destabilize many social-condition as balancing a book was the first priority. Moreover, worse than that a recent study by Crievli (2013), argued that an expected tax revenue generated by privatization seemed to be farfetched. Using panel data for 29 Eastern European countries, the study found that governmental revenues remained lacklustre after their SOEs were privatized. One explanation lines on a lagging financial discipline imposing on the private sectors which leads to a dubious account. Because of this, not only affecting on the government revenue but it is likely to generate a social tension as the private firms could justify an increase of their service charges.

This is proved right from the study on social and economic impacts of Swedish railway deregulation. Jensen and Stelling (2007) by conducting a longitudinal econometric approach, found that a vertical separation raised operational cost and as a result train travellers were financially and socially burden. In the UK, the same situation did happen when the operator of East coast mainline left its franchise which was subsequently financed by taxpayers' money. And more crucially it seems to be better performed under the hands of public sector (Jupe, 2009). However these negative externalities of a privatization are also challenged by scholars who have advocated it as an approach to transform social and economic conditions the countries.

According to neoclassical and endogenous growth theories, privatization has the positive effect of investment on productivity. That is an internal return to a new investor who obtains the new benefits of new investment whereas in an aggregate level there is also external effects such as growth and productivity gained that could spill over to others (Orea and Alvarez, 2006). Put another way, a growing involvement from the private sectors generates a twofold effect on productivity. On the one hand, it induces a positive effect derived from the increase in public investment (from selling asset and outsourcing some peripheral business activities) and only core services provided by the state. On the other hands, improvement in public services efficiency due to private sector managerial skills and resources are introduced by private firms that will reinforce the positive impacts on an aggregate productivity (Espigares and Segura, 2011). This theoretical argument found an empirical support from many studies, for instance, Boardman et. al., (2013). Their study analysed the privatization of Canadian national railway by using cost-benefit analysis to estimate the social welfare gain. Yet contrasting to their opponents, they argued that it has generated a positive operational effects such as, capital investment, market share, profits productivity, and also a broader social welfare gains of approximately 25 billion in 2011 Canadian dollars.

Regarding to these debates, the results are still mixed. Perhaps, as many scholars argue that it always lines on the institutional environments of each country as well as a historical background of them over the times (See e.g. Finger, 2014; Beria et. al., 2012; Nash 2010 and Nash, 2008). Thus, the socio-economic impacts of privatization has subsequently provoked further discussions on whether the SOEs, public services and railways sector in particular, should be returned to the hands of public sector or not.

#### **2.4.4 Re-nationalisation**

This area of concern has increasingly attracted attentions from both scholars, industry groups as well as the public in general. Amid a wave of liberalisation and more competitions among the rail operators in the European railways Britain included, there are some countries begin to cast a doubt on the next round of rail industry reform under the force of privatization programme. In Switzerland, for example, it is found that the Swiss passenger rail has delivered a high quality of services and the industry itself has generated a record of performance gains without a fierce competition. In explaining to this quite contradictory case against the orthodoxy of liberalisation, Desmaris (2014) shed light on the reform of passenger rail in Switzerland. The study highlights on the nature of public governance and its impacts on the behaviours of all stakeholders. Rather than submitting to the forces of competitions, the Swiss authorities chose to impose ‘performance and financial constraints’ on the industry where many railway companies are the former state-owned. So this seems to suggest that more performance could be achieved without competition and introduction of the private firms. Similarly, Nash et. al., (2014) also found that a fragmented industry structure initiated by the privatization programme, is often fraught with the misalignment of incentives which lead each private sector player seeks to optimise their own costs rather than the system as a whole. Put another way, the privatized rail sector so far has not performed well as it was initially envisaged. In fact comparing to some countries that are more inclined toward a public ownership, the privatized railway is seen as underperformed industry.

In the UK since a completed privatization programme of British railways in 1997, there are at least two occasions where a renationalisation was discussed, leave alone a resurfacing on this issue mentioned earlier in section 2.1.2. The first one occurred in a transitional period from the Conservative administration to the New Labour government. The Railtrack – a privatized infrastructure authority – collapsed into insolvency provided the Blair government with an opportunity to restructure the rail industry. To do this, the Third Way ideology introduced by Anthony Giddens was adopted as a central idea of reform. “The third way encompasses a new mixed economy .... Utilizing the dynamism of market but with the public interest in mind” (Giddens, 1998, p. 99). As a consequence, the Railtrack was replaced by Network Rail in 2002 – a public interest company limited by guarantee. In such case, Jupe (2009) argued that the new company relied heavily on both subsidy and government-back borrowing. Withehouse (2003), for example, pointed out that it was just an attempt to nationalise under the Third Way or more precisely he argued “de facto renationalisation of the railway infrastructure”.

The second attempt was found during 2008 and 2009 where the East Coast mainline franchise was in a fiasco. At that time the incompetent private operator walked away and yet to keep everything going the line was financed by public money. Indeed in five years of public ownership, it is regarded as the best run and most efficient operator, making a net surplus of £16m for the taxpayers. MacCartney and Stittle (2011) by conducting a case-study research into this situation concluded that the system might have to be redesigned to accept economic logic and the 'publicness' of what is of necessity a public monopoly industry. In addition to the industry level, a quest for returning to the state ownership has also increasingly manifested in the national level. For instance, Melgarejo et. al. (2013) illustrated how a move from privatization to nationalisation of Argentina government benefits the country economy as a whole. They pointed out that in the case of their country, a privatization programme imposed on the SOEs created many legal uncertainty and increased the risk premium. In contrast, a renationalisation helped to stabilize a versatile socio-economic condition and put an end to internal disputes. This is not a new finding, however. In the past, there were numerous studies demonstrated that under a state ownership, the SOEs could still delivered a high standard of services delivery. Heracleous (1999) put the case of Singapore Telecom to counter a global trend of privatization. His study downplayed a series of derived benefits brought in by privatization. He argued that the public ownership was not less efficient than the private counterpart, provided it ensured a clear corporate strategy, a long-term national policy and robust economic and regulatory environment.

So reflecting on this, there is still an ambivalent on whether to continue with a neo-liberal agenda or return to the good old days of public ownership. However as shown in the comparative studies on degree of liberalisation and governance structure in rail industry across Europe, one observation could be noticed. That is it depends largely on a historical context of the country as well as institutional environment surrounded the industry at the time. History will determine how much openness people have on a radical reform such as, a privatization of what they regard as a social service (Morgan, 1988), whereas institutional environment will help to understand a dynamic interaction among the interest groups as well as a political and economic landscape of the country at the time.

#### **2.4.5 A policy research study**

Unlike their research allies in those four existing areas of concern, researchers in a policy study have paid their particular attention on a development trajectory of a privatization programme. Theoretically, they tend to put a privatization study into a more contextual investigation so that how the programme has been developed or resisted by the interest groups could be taken as a lesson learnt. Belloc et. al., (2013) for example, investigated a political deterrent of liberalisation and privatization. The findings unveil that both of right-wing and left-wing governments implement the liberalisation and privatization programme. However with their ideological cleavages, the patterns and paces are quite different. Thus, it can be argued that different political ideologies, or more generally changes in a political landscape result in the implementation of a neo-liberal reform programme. The argument also found an empirical evidence from a case study on a tendency of returning to public sector in New Zealand and Tasmania railway. Laird (2013) reviewed an asset sale of railway industry from 1993 to 2003. Yet during a 10 year-period, the study found a repurchase and return to the public ownership, as changes on the governments occurred. However it would be so naïve to perceive that changes in a policy direction abruptly happen whenever the government administration change. In fact a political context has a capacity to influence the privatization and reform programme, but in a more subtle way (see e.g. Debrie et. al., 2013, Notteboom et. al., 2012 and Patti et. al., 2012). Thus, another difference that give a credibility to this research strand is their nature to conduct a longitudinal study that is able unfold changes in political and economic landscape surrounding the privatization such as, Chaney (2014) in using a mixed-methods analysis to capture a development of political parties manifesto on rail transport policy in the UK since 1945 – 2011. Yet his study found that there is a rise and fall in a privatization programme. At some points in time there was a rejection of neo-liberalism and stronger support for state control or non-for profit rail operators. But as the time moved on, particularly in some local areas things went another way around. So in order to advance the privatized industry, understanding the political and social context are imperative in guiding a direction of future policy so that it could become more sensible and responsive to the public as a whole. Yet this is contribution this research strand has sought to do.



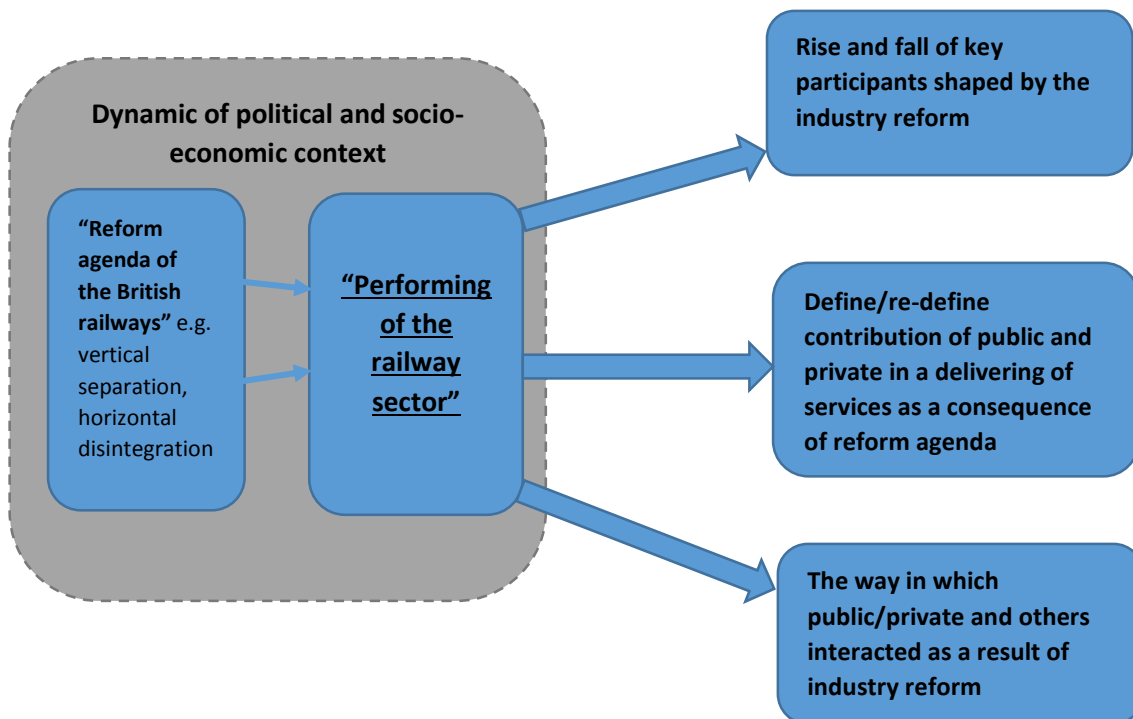
## 2.5 Reflection from literatures and theoretical debates

Underpinned by a shift in economic policy (from Keynesian toward Monetarism) together with a public choice and the agency theory, a privatization of British railways for over decades has been critically examined both in academic manner and from the industry perspective. Obviously, the central tenets of these theories, which undergirded a restructuring programme (e.g. change in incentives and control system and increasing search for efficiency), have significantly influenced a direction of a study on railway privatization. Indeed such a research that ranging from “investigating into a process of rail privatization” to “a governance structure” as well as “the idea of renationalization” reflect a predominant view held by research communities that have tirelessly worked to address a series of implications brought in by a vertical separation between railway infrastructure and rail operators (see section 2.3.2 Debates and implications on privatized railways industry). With no doubt their efforts have contributed to an advancement of a rail sector both in Britain and Europe, evident by a mark increase in transport’s market share, a positive financial account and rail punctuality, for example (Jupe and Funnell, 2015; Nash, 2010 and Nash, 2008).

However by framing a research around “performance improvement” as a predominant view it seems to be problematic in two ways. First, this apparently demonstrates that the extant studies view privatization as a rationale system designed only to improve a performance of the industry and yet likely undisturbed by a wider surrounding environment (e.g. change in a political and economic landscape). As a consequence, this objectivist ontological stance makes the current studies, in a macro level, unable to explain why and how some privatization programmes work effectively whilst others struggle and even fail. Moreover in a micro-view, by taking for granted a dynamic of socio-political context that could shape a performing of privatization programme, as a result they left other dimensions of a privatized rail sector underexplored such as, a collectively held ideas, value and belief that have been strongly embedded in a railway industry. These concerns would unlikely be addressed, if scholars and practitioners still only focus their attentions on a “performance improvement” research agenda.

Secondly, since treating a privatization of British railways in a rather acontextual manner, the extant studies seem to reduce the issues facing a privatization only to a mere operational and managerial concern of controlling the delivery outcomes (an influence of agency theory, table 2.1). This means they have tended to downplay a key principle of a privatization programme that is – *privatization is fundamentally initiated to reform public services and as a policy for*

*social and economic development*. And because of this policy’s foundation, a privatization of BR in itself is always run and organized in accordance with the industry “*reform agenda*”, which is designed by responding to a changing context of social, political and economic pressure (Taylor, 2008). For over the last thirty years the successive government has changed and developed their reform programme from time to time. However as illustrated in the literature review, the role’s play of industry reform has rarely been incorporated into a study on privatization. In this regard, this thesis is intended to fill a gap left in literature by taking into account a force of change and development of the industry reform agenda in reining a privatized railway sector. Figure 2.3 below shows a conceptual framework for a research investigation.



**Figure 2.3:** A conceptual framework for a research investigation

**Source:** Reflecting from literature review and theoretical debates

Instead of framing a privatization as a mean to an end for a better performance outcomes that has generated a very productive line of privatization study (see section 2.4 extant studies on the privatization of railway industry), as illustrated in a figure above this study sees

privatization as a result of successive industry reform produced by the government in Britain. By doing this it helps to expand a research's horizon to encompass an intervening context and condition, manifested in the reform agenda, which shape a performing of a privatized railway. In doing so, influenced by a social constructivist epistemology (Phillips and Malhotra, 2008, p. 702 and Phillips and Hardy, 2002, p.3) for this doctoral study privatization is therefore theoretically seen as a state of change in institutional arrangement, where different institutional actors (e.g. the government both in central and local, private sector, the unions, and railwaymen and public as users) who are involved in a rail business reconfigure their interaction to acquire a new institutional equilibrium. This change is indeed triggered by economic crisis, ideational change and the nature of policy change (Donnelly and Hogan, 2012 and Campbell, 2010). Yet these incidents are often investigated and further developed to become the key agenda of industry reform. Thus, rather than continuing with a predominant view that emphasizes on finding way to improve the industry performance outcome "performance improvement", this study is focused on investigating the industry reform that plays a significant role in conditioning and constraining a growing involvement of the private sector in British railways.

### **Concluding remarks**

Having conducted the extensive literature review on a privatization study, one critical point can be observed that is a taken for granted on institutional dynamic surrounding the industry. This resulted in an uncompleted picture on a privatization research, for instance, they were unable to account more fully on such an issue as why and how some privatization programmes appear to work effectively and advance the industry sector, whereas others go another way around. Yet it remains inconclusive whether a privatization programme is a right prescription for a social and economic development. However time and again, those scholarships and the industry practitioners have been preoccupied with a tradition mould of research agenda, a predominant view on a "performance improvement" which includes those key concerning areas – 1) investigating into a process of privatization, 2) governance structure, 3) socio-economic impact, 4) renationalization and 5) policy debates, rather than redefine their research focus to encompass a socio-political force that could potentially enhance and disrupt an operation of the industry as a whole.

To fill the gap left by a predominant research, this doctoral study seeks to investigate the industry reform agenda over the years as it plays a crucial role in influencing a direction and a

development of the railway industry. Moreover by researching into the government reform programme, it allows the study to observe and understand a social and political tension as well as a contestation of power among interest groups that define/re-define change and development of British railways. Thus, unlike the past studies that have been conducted only toward an enhancement of the sector performance managerial and operational outcomes, the central to this study is placed on a dynamic of institutional context that enable and constrain the way in which BR is run and organized. Whilst this chapter has identified a critical area for the study “knowledge gap” – the industry reform and institutional analysis - , the following chapter will examine “reform” in a greater detail, particularly on how they have been studied do far and subsequently show how they help to develop the research questions and a theoretical frame for this doctoral thesis.

## **CHAPTER 3**

# **The industry reform and a privatization of British railways (BR)**

*“The catchphrases of ‘modernization’, ‘value for money’, ‘reform’ and the rest conceal the extent and real nature of what is happening; moreover the complexity of our public services allow the reality of its transformation into a market to be buried under a thousand half-truth”*

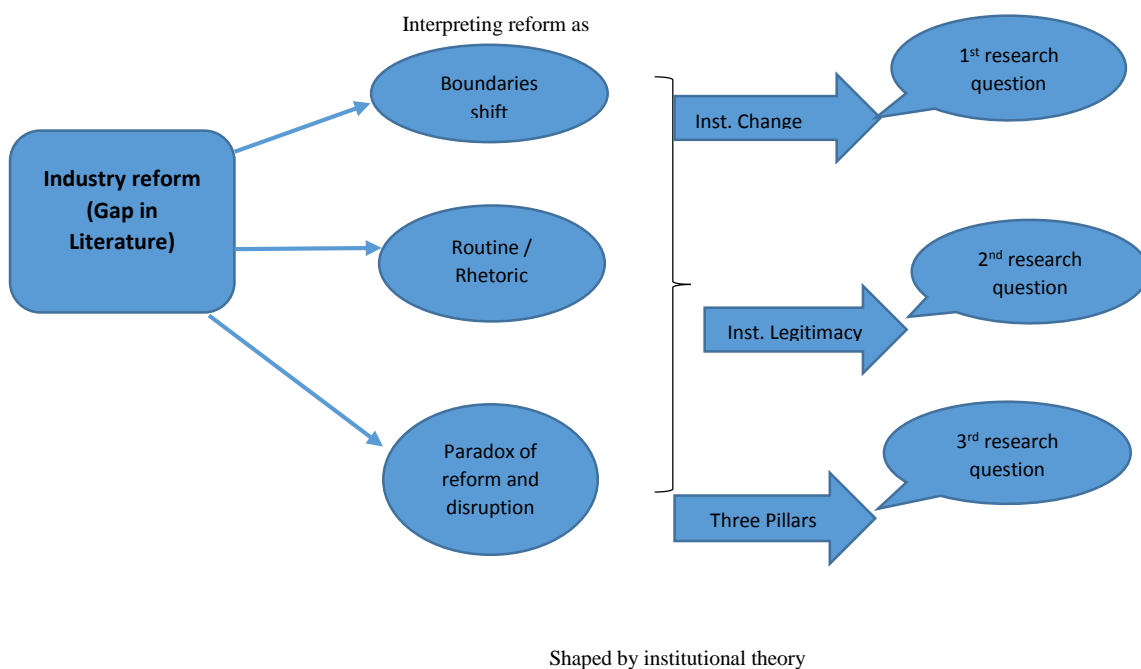
(Allyson M Pollock, 2005)

### **Introduction**

In the beginning of their compilation on - *Public Services A New Reform Agenda* - Griffin and Kippin (2013) contended that the ‘enduring question of Britain is about our public services’. How to make them responsive to those who use them and accountable to those who pay for them? How to maximize their performance? and How to deliver an acceptable level of services for all? for example, have always drawn attentions from the governments. In tandem with a changing in social and economic conditions, it makes the reform is inevitable. The railway industry, as it plays a crucial role in a social and economic development of Britain, is the epitome of public services that has undergone a successive rounds of reform over the last thirty years. Regarding on its socio-economic contribution as well as a strong tied between the

industry and politics, British railways (BR) therefore cannot be demarcated from changing context of economic, social and political pressure that have been embedded into the industry reform agenda.

This chapter is centred on the “industry reform” as it has been identified as a research gap in a privatization study. Having recognized that the industry has always been influenced by the reform programme (e.g. how it should be run and organized, how the resources should be allocated), the chapter examines reform in both of practical and theoretical way by consulting literature from various disciplines such as, public administration, public sector management, policy study and organization study. By doing this, it helps to define the critical areas that should be concerned when investigating into to the industry reform – 1) shifting boundaries; 2) routine and rhetoric of reform; and 3) paradox of reform – which is subsequently sharpened and developed to become the research questions of this doctoral research project. Figure 3.1 below illustrates how the research questions are developed from the literature on reform.



**Figure 3.1:** How the research questions are developed?

**Source:** A reflection from literature review in the industry reform

According to the figure above this chapter is structured around three dimensions – a practical interpretation on reform, a theoretical perspective and a discussion that reflects on how both of

which help developing the questions of this doctoral study. So in the first dimension, it is the section 3.1 which is about the industry reform and a delivery of public services. This section in addition to provide a narrative account of Britain's public service reform, it also makes an interpretation on reform in the three facets (see figure 3.1 above boundaries shift; routine/rhetoric; and a paradox of reform). Then the chapter turns attention to a growing of institutional perspective in a relation to the industry reform, which is a section 3.2. For the three following section – 3.3, 3.4, and 3.5 – this theoretical perspective is then reviewed in a greater details and relating them to those three facets – *the institutional change concept and the boundaries shift; the institutional legitimacy and routine/rhetoric of reform; and the institutional pillars and a paradox of reform*. The chapter concludes by discussing how the literatures in reform and the institutional theory help to develop the research questions and research objectives that aim to investigate a complexity of the successive industry reform that had shaped a trajectory of rail industry development in Britain.

### **3. 1 The industry reform and a delivery of public services**

#### ***Interpreting Reform***

Industry reforms embedded in various government policies have become a regular feature in Britain. And over the last thirty years this concern has occupied the mind of successive governments as it is inextricably linked to a continuing national economic, social and environmental development and prosperity (English et. al., 2010; Ghobadian et. al., 2009 and Kelly, 2007). For instance, in the railway sector, a study by Chen and Hall (2011) found that in reforming the industry toward an era of high speed train, a derived benefits of time-space effects would be able to strengthen local economic activities. In addition, it also contributes to an alleviation of social exclusion issues such as, unemployment, health inequalities and poor education attainments, by connecting and shortening a journey time between those disadvantaged areas to others that are more socially and economically well-off (Lucas, 2012). Thus, how to improve a delivery of public services (e.g. public transport, healthcare sector and education) in line with socio-economic changes is the enduring question cuts across governments and times.

According to Oxford English Dictionary (2012) 'reform' is defined as "making changes in (something, especially an institution or practice) in order to improve it. Likewise, in Cambridge

Advanced Dictionary (2011) suggests that ‘reform’ is related to “an improvement especially by changing a person’s behavior or the structure of something”. The emphasis on *change* and *improvement* in a structure and institution are manifested in the government’s attempts to reform public services by clearly stating that

*“Like every other western industrialized nations, we won’t sustainably live within our means with unreformed public services and outdated welfare system. We have to be completely focused on getting more for less in our public services. And this argument about modernization is not just a hard headed one about Britain’s place in the world or value for money – it is deeply progressive”* He then continued

*“We should be clear about where our public services have succeeded in making our country fairer and more equal over the years but we should just be frank about what they have failed”*

Prime Minister’s speech on Modern Public Services, Monday 17<sup>th</sup> January 2011

(The British National Archive website)

To this end, if reform is about anything, it is about recognizing a ‘*disappointing past*’, understanding a ‘*challenging present*’ and crucially delivering a ‘*promising future*’ (Green, 2011). In this regard, Brunsson and Sahlin-Andersson (2000) argued that a reform in public sector organization is dedicated to the attempts to a construct a ‘more complete’ organization by installing identity, hierarchy and rationality into a relatively incompetent public organization. As it operates in a wider surrounding environments, the endeavors to signify its own identity, co-ordinate all involved activities through a hierarchy and construct a rationality on how the organization should be managed, are theoretically interpreted as part of boundaries constructing process (Knapp et. al., 2013; Lofstrom, 2010 and Skelcher, 2007). Explaining to this, Shapely (2012) observes that the state as a public organization rebuilt its frontier in a redevelopment of urban Britain after the WWII, by clarifying their roles in legislating, financing and directing policies. Connecting to a current feature of public service reform, many sectors e.g. transport, national health services (NHS), and local government, have been asked to define and redefine their environments and their boundaries in policy document (Griffiths and Kippin, 2013). That said, under an intention to make a more complete organization, organization’s boundaries are constructed and maintained to demarcate between the organization and its environment (Brunsson and Sahlin-Andersson, 2000). Thus, in reforming public services, nation states as traditionally seen as a service provider and financier seem to be undergone a profound reconfiguration of the public sphere and public responsibility (Kaiser, 2011). Yet this observation suggests how important a concern of boundaries, which indicates



a role's play and responsibility between and among the interest groups, has been taken into consideration in a pursuit of reform.

### **3.1.1 Shifting boundaries of public and private**

A concern of boundaries between the public and private sector has always been enshrined in the government's reform policy since the advent of New Public Management (NPM) in 1980s, for example, the privatization pioneered by the Thatcher's government in 1980s, the Private Finance Initiative (PFI) introduced by the Major's administration in 1994 which was subsequently further developed as Public Private Partnerships (PPP) in P.M. Tony Blair's era before becoming a predominant approach in reforming public service during 2000s. Even a vision of creating a 'big society' by the current Conservative government is also another example of how much emphasis the issue of boundaries has been given. So reflecting on this, it could be argued that in the last three decades, the UK government has faced tough questions about how to design their public and private sector, including how to design their roles – which sector is to do what? in a delivery of public services (Rainey and Chun, 2007 and Sullivan and Skelcher, 2002). And therefore first and foremost, understanding differences and similarities between the two sectors that can make a complementary, are essential for initiating reform programmes (e.g. flexibility and innovative vs. bureaucracy and discipline; strong financial muscle vs. long term investment commitment). However instead of building up on a traditional concept of an autonomous private sector seeking to pursue its own business goals, notably profit maximization, and a public sector with its multiple objectives that are often associated with the public interests, both of scholars and the industry bodies have started to recognize that this orthodox view apparently no longer relevant to the dynamics and interdependencies of economics and social environment (Pongsiri, 2002).

As a result, collaboration across sectors has been developed considerably to reform the ways public services are delivered. Theoretically, Huxham and Vangen (2005) argued that a complementary of skills set and resources utilization between the two would trigger a 'collaborative advantage' – increasing efficiency and effectiveness of those services. Also in this case, Standford and Milward (2010) noted, the involvement of private-sector partners in delivering public services would offer access to more resources and the sharing of risks that would otherwise be borne by taxpayers. An empirical study by Barlow and Koberle-Gaiser (2008) also suggested that the partnership can be a vehicle for stimulating innovations in a healthcare sector. This means a reform under a partnership is something to do with reconciling

differences in value, norms and operational strategies between the two sectors. Put it another way, boundaries between them must be overcome to generate a more responsive and effective delivery of public services. Consequently, this has generated a considerable body of researches including studies on relationship and stakeholders management (see e.g. Smyth and Edkins, 2007; Clifton and Duffield, 2006 and EI-Gohary et al., 2006 ), financial structuring of partnerships (see e.g. Cohen and Kamga, 2012; Gross and Garvin, 2011; Macario, 2010 and Akintoye et al., 2003) and allocation of risks (see e.g. Jin and Doloi, 2008 and Abednego and Ogunlana, 2006).

However as there have been an increase in disenchanted and paradox results of reforms (see e.g. Hellowell and Pollock, 2010; Connolly et. al., 2008 and McMaster 2002), researchers have begun to question how far a pendulum has swung from 'public' to 'private' (Kaiser, 2011). Regarding to this point, Shaoul (2011) made an observation by arguing that in reforming a delivery of social and economic infrastructure under a provision of partnership, it risks the state to share a political authority as a cost of financial capacity, and could potentially lead to an encroaching of public service ethos. Others such as, Flinder (2005) used the phrase "Faustian bargain" – any deal for a short-term gain with great costs in the long run – to explain a partnership phenomenon in the UK. He pointed out that "the vaunted efficiency saving and risk transfer elements of this tool of governance have been forcefully disputed, while concerns regarding increased fragmentation, complexity and opaque accountability channels suggest that PPPs may involve substantial political and democratic costs. In simple term the Faustian bargain may be delivering very little". Perhaps, it is resonated with what Gregory (2000) found in his study in public service reform as 'getting better and feeling worse'.

Reflecting on this extant works either in the proponent side or skeptics, boundaries between the two sectors in their studies on reform are static and clearly-defined. However, scholars in such other disciplines as public administration, political science and organizational studies have raised doubt as to whether the demarcation between the public and private sectors can be so neatly divided (Rainey and Chun, 2007; Dargie, 2000;1998 and Doyle et. al., 2000). Mahoney et. al., (2009) pointed out that public and private sector labels represent a false dichotomy, and that the interests of the two sectors are often interdependent and entangle. Lofstrom (2009), in an investigation of inter-organizational collaboration projects, found that boundaries between parties might not as distinct as scholars perceive. Rather, there is a certain degree of messiness in performing the realities of such partnerships. In addition, Simon (1998,

1995) observed even within each ‘sector’ it is possible that diverse sets of management setting and practices could exist.

This observation on blurring of the lines that separates the public and private as well as a within-group heterogeneity, are of course not a new finding. Sullivan and Skelcher (2002), Pollock (2005) and Flyn (2009) have all highlighted this moot point. Others like Simon (1995; 1998) have also suggested the possibility of both sectors being more similar than different. Rainey and Chun (2007) also questioned if each sector is really that internally-coherent, and suggested that one could potentially find more heterogeneity within-group than homogeneity.

Surprisingly, there is often a take-for granted belief that public service reform is merely the attempts to (re-) configure stakeholders’ interaction from a clearly bounded group of public and private sector interests. It is this concern that is rendered problematic in this study. Rather than centering on a configuration of interest groups and transferring of techniques and resources across the public-private divide (see e.g. Caldwell et. al., 2009; Barlow and Koberle-Gaiser, 2008), here the focus is placed on the boundary itself and a web of complex relationships between key parties, which were dynamically shaped by social, economic and political forces embedded in the reform programme. Thus, the first area of concerns in this doctoral research is to observe a process of getting more private-sector involvement in British railways industry through a series of reform agenda pursued by successive governments. This provides a useful account to understand the influence of (institutional) conditions and contexts that define/re-define interactions among and boundaries between interest groups within the BR industry.

### **3.1.2 Routine and Rhetoric of Reform**

In addition to a concern of shifting boundaries, the industry reform is also observed as a routine often called at starting of every new government administration to pave their ways in implementing the policies (Brunsson, 1989). Moreover by its nature reform may sometimes solve problems, but they also trigger problems in other areas as well. As March (1981) argued “the successful implementation of one-sided reform may well solve a particular problem, while at the same time creating, reinforcing or drawing to other problems which it was not aimed to”(See also Ghobadian et. al., 2009). In other words reform seems to trigger a constant flow of problems and consequently the continuous of reform. As such reforming has become a routine whenever a rein is handled by different cohorts of administration. However as observed by Levitt and March (1988), reforms of public sector organizations are not only becoming

routine, but also have immense potential in changing routines as well. Thus, investigating the industry reform agenda in this sense provides a viable arena for exploring the dynamics of how railway sector ‘become’ more complete – *been reformed* - , and emerge from the interplay between change and stability.

Yet this particular attention on routine as a source of change invokes a concept of agency where social actors have ability to alter institutions, not only be incentivised and constrained by them (King, 2005). In this regard the role of actors and action in the creation, diffusion, and stabilization of institution is incredibly important in framing reform as routines. Theoretically put, it reorients a common understanding on routine, shifting the focus from creating stability to how it affects and changes the direction of railway reform (see more in Battilana and D’unno, 2009 p.31 and Battilana et. al., 2009). Recognising on this, scholars such as; Parmigiani and Howard-Grenville, 2011, and Dionysiou and Tsoukas, 2013, have turned their attention to how routines are performed. An ostensive (thinking) and performative (doing) aspect of routines are distinguished to make an observation on routines in principle and routine in practice. By doing this, it aids an understanding on a dynamics of routines in a more sensible way as flows of connected ideas, actions and outcomes. Ideas produce actions, actions produce outcomes and outcomes produce new ideas. Yet it is the relationship between these elements that generate change (Feldman, 2000).

As such in investigating public service reform, apart from a regulative dimension (e.g. rules, laws and any stipulation) that structures a reform programme, a normative and cognitive mindset of the actor involved must also be taken into account since they are rich areas for understanding both of ostensive (thinking) and performative (doing) aspect that triggers a continuous of reform.

In another facet, March and Olsen (1983) challenged a predominant view of reform as performance seeking that “...[...]...reform is not more than administrative rhetoric of official language of laws governing reorganization through many public statements, obligatory reports. Although for many years most analyses of government have indicated that reorganization (reform) cannot result in major change, the rituals of reorganization is required”. Reform as a rhetorical devise is emphasized by Green (2011). In his book, making sense of construction improvement, he noted that recommendations on partnering, collaborative working and integrated teams appeared to be rhetoric of performance improvement. In fact it seems to be rather about attempts in overcoming the loss of control associated with downing size and

outsourcing as well as returning to the glorious past of coordination. So this seems to suggest that is not purely pushed by a desire to achieve a better performance outcomes. Rather it is largely involved means of persuasion (Toye, 2013) to get reform done in which those institutional actors could negotiate and contest the power either to preserve their status quo or initiate change. To this end, Brown et. al., (2012) studied a role of rhetoric in creating institutional change in a healthcare sector. Drawing on Aristotle's three types of rhetorical justification logos (logic), pathos (emotion) and ethos (moralising), they found that instead of making a case directly on a rational basis, an inquiry report and a policy-making circle used a rhetorical manoeuvre pathos (emotional-evoking) to disrupt the existing institutional logics governing the healthcare sector. Subsequently an ethos rhetoric (moralizing) was deployed to mobilize a public support to further deinstitutionalize the current practice before introducing a new institution through a rationale of improvement.

Recently Tankha et. al., (2010) also recognised the important of understanding reform in this context. In order to get reforms done in inhospitable institutional environments, they argued that a strategic negotiation together with partial reform that gradually leads to a new institutional logics governing the industry, are immensely important in get things done. So it could be argued that to understand a full picture of the industry reform, a rhetoric dimensions 'argument and persuasion' that are able to influence public attitudes and mobilise the supports have to be properly examined. However despite the significant elaboration on what routines and rhetoric are mean to an understanding of industry reform, a study on privatization as a railway reform does not seem to pay sufficient attention on these areas. With this in mind, the second area of concerns in this doctoral study is to observe a trajectory of development in railway reform that had been influenced by changes in political landscape (routines dimension) and crafted by negotiations, social tensions and contestation of power (rhetoric dimension).

### **3.1.3 Disruption: a paradox of reform**

As it is conventionally believed and discussed earlier in "*interpreting reform*", the industry reform has largely been hitherto understood as a force of change for development and moving things forward. However recently Ghobadian et. al., (2009) began to observe if that was always the case why after thirty years of reform did the government's reform agenda continue to address around the same area of issues? Did it reflect that public service reforms are failing or not fit for purposes despite the effort already expended? In a relation to this call, researchers such as, Hodgson et. al., (2007); Walkker and Boyne (2006) and Tolbot (2001) with their

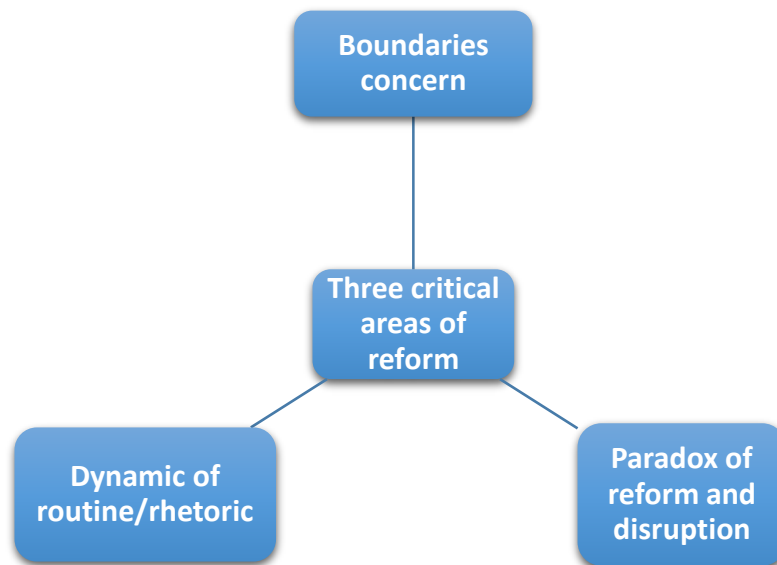
policy-oriented study, examined the way UK public service had evolved since a turn of 1980s. Their works provide a perspective on public service reform programmes that mostly attempted to deliver an excellent service to the public, for instance, a devolution of power, flexibility and incentive as well as enhanced competition and choices. Nonetheless in a verdict they shared a common by arguing that there had been a paradox of public services and management reform in the UK over the past 20 years. Their point was made by referring to a reoccurrence of resistance that later became tensions both inside the industry and outside to a society as whole. Bovaird and Down (2006) in a study on the local government reform in Britain found that a misalignment between organizational change proposed by reform and its political as well as social status quo appear to paradoxically hinder a force of change for the development. Simply put, public service reform is difficult to enact, and changes intended by those policy-makers often creates backfire and face substantial resistance due to the influence of institutional working practices (Lockett et. al., 2012).

This paradoxical result of the industry reform can also be observed in the railway reform literature. For example, an investigation by Merkert and Nash (2013) on transaction cost at the interface between rail operators and railway infrastructure authorities revealed that a consequence of railway reform ‘vertical separation’ seemed to disrupt the industry operational routines and associated with issues such as, a significance lock-in-risk where the private rail operator has become stronger and more influential in manipulating the rail business as well as an increase in transaction cost at a faster pace than theoretically expected. Recently Nash et. al., (2014) in an investigation into structural reform in the railways has revealed that despite achieving what it was initially expected from a vertical separation between rail infrastructure and operator went another way around. By using both of qualitative and quantitative method they found that this structural reform paradoxically raised the rail system operational cost as a whole since each player sought to optimise their own costs regardless what else would happen to a whole of railway industry – the misalignment incentive, they argued. Moreover, in an aggregate level of society, a study in the long term impacts of transport policy – the case of passenger rail privatization by Preston and Robins (2012) – based on an econometric model, they concluded that overall loss in welfare since the reforms were introduced far more exceed the net receipt from the sale of part of rail business to private sector. These issues are the illustrations of what Wettenhall (2013) criticised on ‘administrative reform industry’. He argued that though reform was important as an efficiency-enhancer, it should not threaten organizational stability. In wrestling with this issue, a particular focus has hitherto been placed

on how disruptiveness is developed and how it should be prevented or even mitigated. From organizational studies' perspective this counter-productive process during the industry reform can be arrested by developing organizational adaptability such as, a knowledge absorption and an operational flexibility (Busch et. al., 2011). Since reform is always involved “change in the coordination of activities and expectations” (Vollmer, 2013), disruptions in organizational norm and routines appear to be inseparable from the reform programme.

Nonetheless comparing to other research areas of reform such as, how best to restructure the industry, organizational change including the governance issues, the attention on a “paradox of reform” – the issue of disruption is relatively rare. Or arguably, academic scholars seem to take for granted an issue of disruption as a paradox result of reform that could affect a growing involvement from the private sector in a provision of rail service. With this regard, the third area of concerns in this doctoral study is reoriented toward an investigation into a paradox of reform and role that industry disruption plays on a development and change in the industry reform.

To conclude, by consulting the various bodies of literature e.g. public administration, policy study and organization study, this section 3.1 ‘the industry reform and a delivery of public service’ has highlighted three critical areas which is arguably essential in understanding a growing idea of British railways privatization. Figure 3.2 below illustrates the three critical areas of reform.



**Figure 3.2:** The three critical areas of reform

**Source:** Literature review on the industry reform

Simply put, firstly understanding a role of industry reform plays on the *boundaries' concern*; second of all investigating a *dynamic of routine and rhetoric* in influencing a growing-involvement from the private sector and; lastly *a paradox of reform as well as a role of disruption*, are the three areas of concern in this doctoral study. As they are more contextual and take into considerations a political and socio-economic conditions of the industry reform, in turn these research focuses could provide a more completed picture of the privatization's studies by explaining how the idea was institutionalized, legitimized and disrupted over the time. In other words, the three research focuses have moved away from a performance-based research agenda towards an investigation on complexities of privatization in reforming the British railways (BR) industry.

### 3.2 A growing of institutional perspective in the policy study and industry reform

The industry reforms are difficult to implement. The change envisaged by the policy-cycles is often elusive or protracted due primarily to the influence of institutionalised working practices. Explaining this in a more theoretical way, it roots to their different characteristics. By its nature reform is more associated with *change* in institutional arrangements governing the industry,



whereas the industry itself is more inclined towards *stability*. With this contradictory characteristic - maintaining a status quo and initiating change – it therefore makes the reform agenda to be enacted in a slow and piecemeal changes. However it is surprisingly able to pattern and shape behaviours of interest groups (institutional actors) over the times. This seems to be relevant with what Friedland and Alford (1991) mentioned about institution “institutions are resilient social structure, sometimes enshrined in law, that specify field rules, memberships and the appropriate behaviours of its constituents”. As such in order to investigate a change and development of the industry reform, particularly on a premise of growing involvement from the private sector in British railways (BR), institutional theory is powerful lens for examining this complex phenomenon both at a moment in time and over time (North, 1990). And this means one should take into account a dynamic interaction between the industry structure and its actor that contribute to the development of reform programme.

Institutions are resilient structures that consisted of three constitutive pillars - regulative (law, contracts which stipulate what *must* happen); normative (assumptions and expectations about what *should* happen) and cultural cognitive (taken for granted script and mental models about what *generally* happen) (Nepal et. al., 2014 developed from Scott, 2009 and 2008). By their intertwining, these three fibers create social forces that are able to constrain and incentivize actions of any institutional actors. Or as Brown et. al. (2012) simplify in their study "institutions are historical accretions of past practices and understanding that set conditions on actions". Drawing on its fundamental characteristics such as; "relatively enduring" and "persistence", it make institutional analysis to focus on continuity rather than change (Mahoney and Thelen, 2010). For example the concept of isomorphism and diffusion (Boxenbaum and Jonsson, 2008) and legitimacy (Deephouse and Suchman, 2008 and 1995).

The centrality of these institutional concepts have been theoretically applied as an analytical lens for many studies in transport and utilities policy that sought to understand a role play of institutional environment upon change in organizational structure. For example Yvrande-Billion and Mernard (2005) analyzed how institutional constrains determined organizational choices and investment decision in British railway reform. One of their analysis provides an insight into a various emphasis on reform problem. In the study they did, a regulatory function dealing with an arrangement between a government and firm through a transaction cost perspective was a chief of their concern. However they also noted on a link between regulations and the political structures in which the industry was embedded. In a more macro level, Pattit et. al. (2012) adopted the institutional theory to examine the influence of institution on

technology development trend in the U.S. since the mid-19 century. Two points are worth to observe. First, Technology development trends differ considerably depending on the institutional setting including informal norms that are able to shape managerial belief. Secondly, as socially constructed a development trend can also be changed during the game due to the interaction of actors playing in game. Put it in simple, both of the studies tend to argue for a dynamic of institutional conditions that lead to an isomorphic action in one hand for organizations to obtain legitimacy. On the other hands, they also recognize how much transformative capacity the actors have on influencing a development of institution.

For instance, Mu et. al. (2011) investigated the rise and fall of public private partnerships in China by using a path-dependence approach. The key point is that, a wider Chinese political, cultural and institutional context are understood as important factors in adoption of PPPs model rather than some economic optimum arguments. On the other hands, despite an influence of the institution, the opportunistic behaviors of people involved in the projects led to a fall of PPPs trend in China. Yet an interaction between a power of institutional constraints and a transformative capacity of agency have gradually been adopted by scholarships to understand a trajectory of industry reform and its implication. See for example, Notteboom et. al. (2012) on institutional plasticity and path dependence in seaports: interaction between institutions, port governance reforms and port authority routines; and Low and Astle (2009) Path dependence in urban transport: An institutional analysis of urban passenger transport in Melbourne, 1956 - 2006. What a commonality these studies have is that they did not test institutional per se, but rather to use it to further their understanding of either a shift or a unique trajectory development of governance structure as a result of industry reform programme. And more crucially these scholars, in addition to concerning with a power of structure, they seem to become aware of a result of the normative and cognitive mind-sets of actors involved in each country transport policy development path.

While one group of academic is concerned with a path-dependency in shaping a direction of industry reform, other groups of scholars have been increasingly questioning on how the existing institutions that govern the industry can be altered or even changed. For example Lockett et. al. (2012) investigated on a role of institutional entrepreneurs in reforming healthcare policy. Instead of asking question on such an issue as diffusion of working practice in healthcare sector, they went another way around. In fact the focus was on institutional change in a healthcare context. And to initiate change, language and rhetoric were used as mechanisms for constructing legitimacy to promote change. "The better the rhetoric resonates with its

audience's value the more quickly innovation will be adopted and diffused in an organizational field" They concluded. Others such as; Macfarlane et. al. (2013) and Ferguson et. al. (2014) also seemed to purchase an importance of this idea. However they went further one step forward by paying a more attention on a process of change in a trajectory development in water infrastructure systems in Australia. One remark they raised in their studies was that under a process of transitional change and institutional restructuring, resistance often surfaced from actors who occupied a central position including barriers such as; path-dependencies and institutional inertia.

The idea of disruptions and social tensions are also found in policy literature. Although it could be seen as opportunities for transport policy change, however this always come with a difficulty in society since the entrenched public and political attitudes (Marsden and Docherty, 2013). In a recent energy reform moving toward a shale gas and a hydraulic fracturing policy, researcher such as, Holahan and Arnold (2013) also commented on an influence of and barrier from conventional oil and gas technologies. And as reported from many print media, the hydraulic fracturing is apparently facing a public opposition. With this recognition, rather than solely crafting up a reform programme and initiating change, the issue of implementation and make it become more socially acceptable are not least important. Tankha et. al. (2010) for example, called for an attention on how to get reform done in inhospitable institutional environments. Strategic negotiations, partial reform and taking into account the different interests of the key stakeholders seemed to provide a foundation for his query.

Reflecting on these current studies, the institutional theory has increasingly been adopted as a theoretical framework to investigate a process of policy development and change over time, particularly how it was created, maintained and disrupted. In addition, by not only concerned with a broad perspective, but also taking into consideration a role of agency in stimulating and steering the policy's trajectory, the institutional perspective is relevant to our three areas of concerns that already discussed in a preceding section. For example, in the first area – reform and shifting boundaries – as it is centred around an influence of socio-political dynamic on defining / (re-) defining an interaction among and boundaries between interest groups, the branch of institutional theory 'institutional change concept' is adopted to, in one hand, sharpen the research question, and on the other hands, give a direction what to examine and how to examine it. These include a notion of exogenous shock and endogenous movement from institutional actors in destabilising the existing logics of the institution (e.g. the way in which the BR is run and organized) and institutionalising a new logic into the industry, for instance.

By recognising on salient points indicated by the theoretical frame, it suggests that boundaries and role's played by interest groups (e.g. public and private sector) could be contested and negotiated during the industry reform that triggers change. So, in an iterative process of data collection and analysis, these ideas (theoretical perceptions) helped to understand 'making sense out of data' in a more reflective way. The next three following sections will discuss a theoretical scaffolding that are used to investigate the three areas of concern in this doctoral study – 1) Institutional change and shifting boundaries; 2) Institutional legitimacy and routine/rhetoric of reform; and 3) lastly the Three Institutional pillars and paradox of reform.

### **3.3 Institutional change concept and Shifting boundaries**

When looking at the privatized railway industry either in Britain or in the European continent from an institutional perspective, the industry that the interest groups interact can be seen as being in an equilibrium. Institutional equilibrium refers to a socially constructed state where the institutional actors are not motivated to depart from the status quo such as, their positions and strategies (Mu et. al., 2011). This could be best explained by Scott's three pillars (2009 and 2008) in the sense that a whole industry is interwoven by those constitutive institutional fibres – regulative, normative and cultural cognitive – over times. And with this regard, it makes institutions sticky and resistant to change, or if change, it tends to take place in a gradual and path dependent ways. According to this notion, the railway industry is likely to be developed in path dependent way as a result of the normative and cognitive mind-set of the actors involved (Campbell, 2010). However this is not always the case, put another way, institutions are only be stable and developed in a piecemeal manner until disrupted suddenly by a shock, which triggers a major institutional adjustment and eventually a new equilibrium. Thus, this seems to suggest that in order to get a more completed picture of the railway reform, the exogenous view that emphasizes on a socio-political condition and the endogenous process conducted by the institutional actors must be critically examined.

For example, Falleti (2010) attempted to understand an evolution of healthcare reform in Brazil between 1964 and 1988, by utilizing both of an incremental view and a punctuate equilibrium. To explain why and how Brazil could achieve universalisation and municipalisation against a strong centralized policy of the federal government, the study found that a critical juncture (e.g. political break point and economic crisis) provided the solvent that unhinged the old system

and opened the door for something new. On the others, this opportunity was exploited by the actors on the periphery of the existing healthcare system through a process of “layering”. Likewise, Notteboom et. al., (2012) argued in their study of port governance reform that in addition to ‘external shocks’ that could disrupt the status quo of institution, the institutional actors also have ability to ‘de-lock’ and/or create new path of development. In this case a notion of institutional plasticity was invoked. It refers to a process in which institutions are reinterpreted or converted to new objectives of actors or transferred them to different contexts (Strambach, 2010). Throughout this process, the port governance was gradually reformed by new layers were added to existing arrangement without breaking out of existing path. These two literatures inform that whereas an environmental shift is essential directing/ (re-) directing change and development of the industry, the interaction among institutional actors and the tensions between them are also crucial in shaping a policy construct. As Ollivier-Trigalo and Barone (2011) observed in the interplay between actors from late 1990s through 2000s in the regionalisation of rail transport in France. The study found that configurations/ and (re-) configurations of actors (regional/state; regional/rail authorities and regional/local authorities) largely influenced the financing of transport investment, nature of rail service and regional governance. Looking from a perspective, one point could be noted from the literatures is that roles played by institutional actors and their relationships are not as static as generally perceived. In fact, they are likely to be influenced by those shifts in institutional environment.

However, this observation contrasts with the current thinking on reform as merely a configuration of stakeholders from a clearly-bounded group of public sector and private sector interests, taking for granted the boundaries between the two as static and clearly-defined. Thus, it would seem that the research and practice communities know for definite what constitute the public and private sectors. In the context of British railway reform – a privatization of BR – this particular concern is often overlooked by arguing for and against a more involvement from the private sector in a delivery of rail services. Obviously, again this longstanding debate and a preoccupation on whether or not private sector is a sensible answer in reforming the BR implies that the reform itself is only structuring a coordination and configuring the relationship between the two parties, often taking assumption that each of these sectors are homogenous entities. Nonetheless as previously mentioned in the section 3.1.1 about an increasing in doubts from other disciplines on a homogeneity and clearly bounded assumption, and together with a theoretical vantage on an interplay between exogenous shocks and endogenous process, this

doctoral study problematizes the role that industry reform plays as to whether it is only intended to structure a coordination and relationship between stakeholders.

In addition, as North (1990) theoretically argued that “We cannot understand today’s choice ... without tracing the incremental evolution of institution”. Or more precisely, *history matters in the process of institutional change* as the decision made in the past can shape expectations of actors for the future. To understand the role that industry reform (as the institutional change process) plays in a privatization of British railway, the study should therefore be oriented in a historical account. As such the period of 1960s where the seed of privatization of BR had been sown through a series of reforms (The Reshaping British Railway by Sir Richard Beeching in 1963 and The Joint Steering Group JSG inquiry 1967) against a backdrop of the post-war settlement is chosen to explore a dynamic of political and social conditions that shaped a trajectory of rail development over the time.

To this end, by blending an interpretation of reform as a concern of boundaries shift (section 3.1.1) with a theoretical scaffolding ‘institutional change concept’ it helps to develop the first research question in this doctoral study that seek to investigate a role industry reform play in a growing idea of privatization over a period of 1960s

**1<sup>st</sup> Research question**

**Against a backdrop of strong political and social fabric of nationalization “post-war settlement” what role did the industry reform play in a growing involvement of the private sector in a provision of railway service during the 1960s?**

Proceeding with this research question – one area of concerns in interpreting reform – it allows the study to investigate a process in which privatization idea was constructed in a more contextual manner by taking into account the interplay between changes in a socio-political context and change in the industry structure. And this, in turn, provides a historical account on a complex relationships between key parties (public, private and others such as, the railway unions) that had been shaped dynamically by social, economic and political forces over time.

### 3.4 Institutional legitimacy and routine/rhetoric of the industry reform

Drawing on an interpretive account of *'reform as routines and rhetoric'* in a section 3.1.2, which helps in defining an area of concern - *observe a trajectory of development in railway reform that had been influenced by changes in political landscape (routines dimension) and crafted by negotiations, social tensions and contestation of power (rhetoric dimension)* –, this section sharpens those interpretations by orienting them through the concept of institutional legitimacy. Basically, the institutional legitimacy is centred on investigating a process by which the legitimacy was gained, maintained and/or disrupted over time (Deephouse and Suchman, 2008). However, Scott (1995) argued that “Legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws”. Yet this means legitimacy could be gained and interpreted by different rationale – by virtue of being legally sanctioned, morally (e.g. professional) authorized or cultural supported. To this end, Suchman (1995) offered a lucid account of what do we mean by the term legitimacy “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate with some socially constructed system of norms, values, beliefs and definitions”. This inclusive definition together with a predominant research focus of the institutional legitimacy, which is to examine how it was gained, maintained and repaired (see e.g. Barros, 2014; Drori and Honig, 2013; Goodstein and Velamuri, 2009; Suddaby and Greenwood, 2005, and Suchman, 1995) including their strategies in achieving it, makes this theoretical concept powerful for examining a routine of reform and a role of rhetoric in legitimizing the idea of privatization as well as (de-) legitimizing the post-war nationalization idea.

In term of routines where every new government always calls for reform after assuming the office, a legitimacy of the existing reform agenda is often challenged by the new one as the newcomer has to pave the way for the policy implementation and ostensibly argue for a remedy of previous unsuccessful reforms (Christensen and Lægreid, 2006). This observation implies that the railway industry has always been fraught with multiple, contradictory and competing logics of reform introduced by successive governments. As Bejerot and Hasselbladh (2013) pointed out “public sector reforms are understood to be dependent on institutional logics that, as change unfolds, cross each government ... [...]...they become mixed and layers on one

another, thereby resulting in ambiguity, conflicts and new social practices". As such, first and foremost examining a routine of reform under a theoretical orientation of 'institutional legitimacy' could provide an insight into a journey of railway reform from adversary to acceptance that seems to go through an iterative process of legitimization and (de-) legitimization over time. And more crucially since the criterion of legitimacy is encoded within institutional logics (Suchman, 1995), and as these logics have always been either strengthened and reinforced or destabilized by those who sought to introduce a new one, therefore framing a research question on this ground means an opportunity to go beyond a conventional way of thinking that reforms are legitimized only by a performance rationale.

For example, Barros (2014) in attempts to understand how the Brazil's state-owned oil company had gained legitimacy in transforming its own business, by using a critical discourse analysis the author found that the company had been legitimized in a public sphere through the use of new social technologies. Put it more precisely, texts were used as weapons to challenge the other's dominant position. Similarly, Lockett et. al., (2012) in examining how the healthcare reform had been done, the authors argued that far from a general perception in a performance rationale, the language and rhetoric as mechanisms embedded in the inquiries and policy documents were essential in gaining legitimacy in reforming the healthcare sector. These literatures seem to suggest that throughout the routine of change in government administration and call for reform every four to five years in Britain, the industry reform can be legitimized in various strategies including 1) conforming to environment, 2) selecting among environment and 3) manipulating environmental structure (Suchman, 1995). Unfortunately, this recognition has for so long been overshadowed by the view of performance rationale as a key factor in achieving the legitimacy in British railway reform.

However while the study in our field of engineering project management and transport policy have devoted a great deal of attentions to get reform programme legitimized by perusing a performance rationale as an essence for reform agenda, scholars in other disciplines such as, public administration and organizational studies have shifted their attention toward a role of 'rhetoric' in a legitimizing the reform programme. For example, Suddaby and Greenwood (2005) described the role of rhetoric in legitimating a profound institutional change. They argued that rhetorical strategies were used to expose the old institutional logics governing the institution. This was done mainly by a set of institutional vocabularies designed to weaken the old logics that strongly and historically embedded in the institution. It was then followed by the actions of institutional actors, peripheral in particular, to contest a new set of logics against



the existing one. In *Academy of Management Review* (2004), Green argued that a linguistic consideration played a crucial role in a diffusion of managerial practices. For instance, what manager says and how they say it matter a great deal since those practices and norms do not emerge within a social vacuum. In fact they are rhetorically shaped and promoted by institutional actors. And recently Brown et. al., (2012) investigated a role of rhetoric played in reforming a social healthcare that eventually led to a separation between young disabled and frail elderly nursing home. The study was focused on an inquiry report produced in a policy-making context. The authors argued that a legitimacy of reform had been achieved and maintained through a rhetorical manoeuvres – a construct of arguments and persuasion – that intended to influence an audience toward some end. These include the three forms of rhetoric: logos (appeal by rational), pathos (emotional evoking) and ethos (moralizing) incorporated in the texts and inquiry report that construct a legitimacy of a social care reform. In some circumstances where multiple logics existed during the reform process, and each was supported by reasoned argument (logos), pathos and ethos would be a crucial element in legitimizing the idea proposed in reform programme.

Reflecting on reform as a routine that involves in a process of constructing, maintaining and disrupting the legitimacy of the industry over time, and together with an argument on a role of rhetoric in legitimization process, it informs that the second research question should be framed around a journey of privatization idea through the dynamics of political and social conditions. Put another way, how it had been nurtured through change in a socio-political land scape over times. In this regard, the period of 1970s is chosen since it had been surrounded by a series of strikes from the railway unions, many oppositions to a growing concern of efficiency and a private sector provision and a clash between the old economic framework ‘Keynesian’ and ‘free market economy’. Thus the second research question of this doctoral thesis is

**2nd research question**

**How was the growing idea of privatization of British Rail nurtured throughout the period of change in the social and political landscape in the 1970s?**

Proceeding with this research question – one area of concerns in interpreting industry reform – it allows the study to examine a process in which the seed of privatization had been sown in British railway industry in an inhospitality environment of 1970s. And essentially to understand the reform agenda in a more contextualized and more completed picture that often overshadowed by a common belief in performance improvement.

### 3.5 The three institutional pillars and the paradox of reform

In a fundamental understanding institutions are important in providing incentive structure for an economy as well as creating order and reducing uncertainty in economic exchange and social interaction (North, 1990). Explaining on these Scott (2008) argued that it was processed through the three pillars, known as institutionalisation process that intended to provide stability and certainty for society as a whole. The *regulative pillar* such as, laws and contracts work coercively by stipulating what must happen (top-down restriction) in this institution, whereas the *normative pillar* (e.g. social assumption and expectation) operates in a normative way by introducing what should happen according to norms and value of the institution. These two elastic fibres are mutually reinforcing to give a meaning to society by legally binding in one hand, and morally influencing on the other. They are further and even deeper embedded into a society through the *cultural cognitive pillar*, for example, common belief and shared logics of action that tend to work in a mimetic way, and often become a taken for granted scripts and mental model about what generally happen in the institution. When the pillars are aligned, the strength of their combined forces can be formidable (Scott, 2008). For example, the social practices can be enduringly persistent and are reinforced through a taken for granted by social actors, normatively endorsed and backed by authorized power.

British railway that has been socially and economically important for Britain's everyday lives, is without doubt interwoven by these institutional fibres. Of course, this institutionalization process provides a stability for the industry, for instance, on how it should be run and organized, or how the resources should be allocated as well as what the roles it plays and should play in a social and economic development of Britain. However as the world has increasingly become more competitive (e.g. competition between modes of transport – airline, rail, bus), some institutional actors therefore have sought to alter the extant institution that governs the industry to become more effective. Put it another way 'stability' is not enough and yet it does not mean 'efficiency'. This results in a series of reform agenda in public services including the rail sector over the last thirty years. To date a numerous of studies have suggested how the future reform should be implemented (see e.g. Asquer 2011; Santos et. al., 2010; Nash, 2010 and Nash, 2008) on the other hands there are also a volume of literatures reflected an increase in ironic results of the railway reforms (e.g. Merkert and Nash 2013; Santos et. al., 2010; Preston and Robins,

2012; Evans 2007). These existing researches usually concluded by arguing for a restructuring of the industry, crafting up a governance structure as well as rule setting and monitoring process, for example. As already argued in a previous paragraph on an interplay and reinforcing among the three pillars, these studies seem to overlook an influence of a historical turn that tends to lock a trajectory of the industry development into a certain path and resists change initiated by the industry reform. Indeed in reforming the railway sector, only a regulative pillar is more likely to attract a great deal of attentions from scholarships and practitioners, whereas the fact that each country transport policy is developed in path dependence ways as a result of the 'normative' and 'cognitive' mind-set of the actors involved is often downplayed (Campbell, 2010). This over emphasis on a regulative dimension and a coercive mechanism is found problematic as many rounds of regulatory reform have turned out to be a disruptive figure rather than a cohesive force in advancing the rail sector. So far despite a reoccurrence of the issue, the study on rail reform is still reluctant to explain this paradox phenomenon in details.

Associating with this concern, recently Trevio et. al., (2008) found that instead of only dealing with tax reform, trade reform and financial liberalisation which is a regulative pillar, reform through cognitive and normative dimension are better ways to induce and sustain the Foreign Direct Investment (FDI) activity in Latin America. Also Dower and Markevich (2014) in a historical account of resistance to privatization in Russia showed that social conflicts stemmed directly from public attitudes and a negative sentiment had played significant roles in disrupting the industry reform of Russia during the 1990s. From an institutional point of view, this study implied that despite a well-crafted regulatory design to introduce an efficiency and promote an economic activity, a long embedded belief and mind-set of the Russian people were locked in to a certain path on how the SOEs should have been morally and reasonably developed. Yet this issue is far too complex to be addressed by a regulatory reform. In other words, the reform programme is frequently developed without realistic consideration of the extant institutional circumstances that could act as barriers to a 'perfect' policy (Mawhood and Gross, 2014).

As such to get the industry reform done in less disruptive manner, the paradox of reform that has ironically resulted in social tensions and the industry disruption must be critically examined. Since the Scott's three pillars offers a useful account to understand how the industry's stability is developed, it could in turn provide an opportunity to get an insight into what the industry reform has done in leading 'the industry stability' toward 'the more efficiency' and of course how its paradox has occurred over the time. Framing on this theoretical concept, the third research question in this doctoral thesis is therefore

### 3<sup>rd</sup> research question

**Why the privatization of the railways as a “reform programme” was politically and socially disrupted during the policy formulation process of the 1970s and 1980s?**

Proceeding with this research question – one area of concerns in interpreting industry reform – it allows the study to understand the root causes of disruption and the role it played in reforming BR toward a privatized industry. The periods of 1970s and 1980s are chosen due to first of all they are plagued by a series of strikes and many reforms were introduced. In addition, from 1979 onward, it was regard by many scholarships as a formative period for privatization policy as many British SOEs had undergone a major restructuring and an assuming the office of Margret Thatcher (later Baroness) who pioneered this reform programme.

### 3.6 Discussions

So far the chapter has generated a set of inter-related research questions. They are underpinned by a review of literatures on public service and the industry reform, and subsequently shaped by the institutional theory. While the former helps highlighting the key issues worth observing in this doctoral study, the latter is important in providing a backcloth and rationale for the research being conducted – *a framework within which social phenomenon can be understood and the research finding can be interpreted* (Bryman, 2012). Or as Guest et. al., (2012) argued “theory implicitly gives direction to what we examine and how we examine it. If we had no idea at all about what the key issues for a participant might be, it would be difficult to find a starting point for questioning”. Based on the existing studies, the industry reform is far more complex socially and politically than it is generally understood. It is not rationally generated under a realm of performance improvement. In fact, as the literatures suggest reforms are also associated with *a dynamic of boundaries* and messy relationships between the interest groups that influenced by socio-political conditions. Moreover from public administration scholarships and policy research study’s point of view, as it has become a regular feature in Britain especially often called from a new cohorts of government administration, the industry reform can be interpreted as *a political routine* that fraught with *rhetorical manoeuvre* to gain and maintain the legitimacy. These three areas of concerns in the industry reform are expected to fill what has been identified in the chapter 2 as a gap in literatures on the privatization of

railway. That is a limited understanding on “an intervening context and conditions that shape a performing of the privatized railway industry” over times. Put another way, a taken-for-granted of change in political and economic landscapes over a privatized BR.

Having thought of reform agenda as the institutional template designed to shape an interaction between institutional actors and providing them with cognitive framework and interpretive grids, investigating the industry reform in those three inter-related facets directs a research to focus more on the complexity of human-sense making as the privatization idea emerged as a social phenomenon. That said, the emphasis is placed on the way in which the idea of privatization BR was constructed by examining, in particular the way it was generated and nurtured as a result of interactions between different interest groups. Unlike the previous studies that appear to focus on a performance improvement and a point in time of policy implementation and operational issues, this research project is therefore able to make a significant contribution to research communities by contextualising a dynamic of social and political changes that shape a performing of privatized railway into the study.

In developing research questions that could provide an insight into a complexity of privatization as a social phenomenon, the institutional perspective is adopted to understand theoretical issues that should be examined in the industry reform. These include first of all, the concept of institutional change to investigate a dynamic of boundaries between the interest groups that stems from political and social change. Secondly, the concept of institutional legitimacy to re-examine a legitimization of the privatization idea throughout decades. And lastly the three pillars of institution is applied to explain a paradox of reform, and role of industry disruption plays in reforming the British railways industry. Yet the institutional theory is wielded through the three areas of concerns and helped in refining them to become the research questions for this research project. The figure 3.1 in the introduction section provides a theoretical insight into an emergence of research questions, while the figure 3.3 below simplifies what this doctoral research is intended to study.



**Figure 3.3:** A simplification of research questions

**Source:** Reflection from a perspective

In a nutshell, building up on the research gap in the study on privatization (discussed in chapter 2), the research horizon is then expanded by critically reviewing the literatures on the industry reform in public administration, policy study and organization study, for example. By doing this, it gives a direction on what should be examined in the industry reform and that includes the three facets – boundaries; routines/rhetoric and paradox of reform. These three areas of concerns are subsequently developed in the light of institutional perspective to become the research questions of this doctoral study. Yet simply put as shown in a figure above, how the growing idea of privatization was “born”, had been “nurtured” and “disrupted” over time since the 1960s to 1980s are what the study intended to investigate.

Although it seems to be developed straight away in logical manner – empirically underpinned and theoretically informed, the real process in refining the questions is more complex, go back and forth and iterative. Moreover it was also involved a data collection and analysis as the study went on in order to sharpen and refine the focuses of research and see their connection. In fact the questions and data are mutually reinforcing in such a way that the questions guide what data and how data should be collected and interpreted, in turn these help sharpening the research questions.

To reiterate drawing on a gap in literatures and theoretically informed, this doctoral study *aims* to investigate a complexity of the successive industry reform that had shaped a trajectory of rail industry development in Britain between the 60s and 80s. The key research questions and objectives are:

**Brought from table 1.1: Research objectives and research questions**

Research objective	Research questions
<ul style="list-style-type: none"> <li>- To investigate a process in which a privatization idea was constructed in a more contextual manner</li> </ul>	1 <sup>st</sup> What role did the industry reform play in a growing involvement of the private sector in a provision of railway service during the 1960s?
<ul style="list-style-type: none"> <li>- To re-examine a process in which the seed of privatization had been sown during the turbulence period</li> </ul>	2 <sup>nd</sup> How was the growing idea of privatization of British Rail nurtured throughout the period of change in the social and political landscape in the 1970s?
<ul style="list-style-type: none"> <li>- To understand the root causes of paradox reform ‘disruption’, and the role it played in reforming the BR</li> </ul>	3 <sup>rd</sup> Why was the privatization of the railways as a “reform programme” politically and socially disrupted during the policy formulation process of the 1970s and 1980s?

Both of a development on research objectives and research questions are related to each other. For instance, as the first objective is to investigate the way in which the idea of privatized BR was constructed, the question is proceeded through the role that industry reform played in giving rise to the policy idea. This is also related to the second research objective and second research question. While the first ones are focused on the construct of the policy idea against a backdrop of post-war settlement, the second ones extend a research horizon to include how the momentum of policy idea had been maintained throughout changes in political and economic land scape. And essentially these are followed up by the third research question that intend to understand why many rounds of industry reform in the rail sector had become a disruptive force, and the role disruption played in reforming British railways.

**Concluding remarks**

In this chapter, the gap in literatures on a privatization of railway industry ( ‘*the industry reform*’ - identified in a preceding chapter), Britain in particular, has been further examined by consulting critiques and reviews from the manuscripts in other disciplines such as, public

administration, policy study and organization study. Reflecting on their thoughts, it could be argued that the industry reform is far more socially and politically complex than it is generally understood as a performance enhancing programme. In fact, reform is an arena and a process that intend to destabilize the old institutional logics and institutionalize the new ones in order to change the way industry is run and organized. It is an arena because it provides opportunities for the interest groups to negotiate and contest their power either to increase their stakes or preserve their status quo. Yet it is also a process since it is involved a lengthy of time to make reform legitimized. With this regard, as already discussed in *Interpreting Reform* in section 3.1, reform should therefore be studied in three areas – 1) boundaries shift between public and private; 2) routine/rhetoric and 3) its paradox. As these three facets are placed on an interplay between macro institutional structures and embedded human agency, they of course, shift a focus of the study on privatization towards a dynamic of institutional context and conditions that shape a performing of the privatized railway as well as a transformative capacity of agency in influencing a direction of the industry development.

In addition to an insight into the literatures on reform, a certain direction of the study such as, what should be investigated in those concerned areas and how to do it, is informed by a theoretical perspective of institutionalism – institutional change concept, institutional legitimacy and the three institutional pillars. This does not only provide a strong theoretical foundation to the study, but also as suggested by Harrington (2005) “theory without data is empty, but data without theory is blind”, offers a framework within which privatization as a social phenomenon can be understood and the research finding can be interpreted (Bryman, 2012). That said, the research questions are developed in the light of practical and theoretical concern that aim to understand a complexity of the successive industry reform that had shaped a trajectory of rail industry development in Britain. And by taking a position on tracing change and development of the industry reform over times, this study is inevitably involved a longitudinal research and mostly in fact embraces a logic of historical study – *the temporalities of social life* (William and Sewell, 2005) – that raises an awareness on the flow of social events that could be punctuated by “turning point” or “watershed” rather than existing randomly. So to answer the research questions, and justify how the research should be conducted, this position and the underlining logic must be taken into consideration for a research design. This also includes an assumption on the nature of reality (ontology) and an appropriate way in acquiring knowledge (epistemology). In the next chapter, a discussion will be placed on how



these theoretical and philosophical concerns inform the design of an archival research into such an issue of the industry reform.

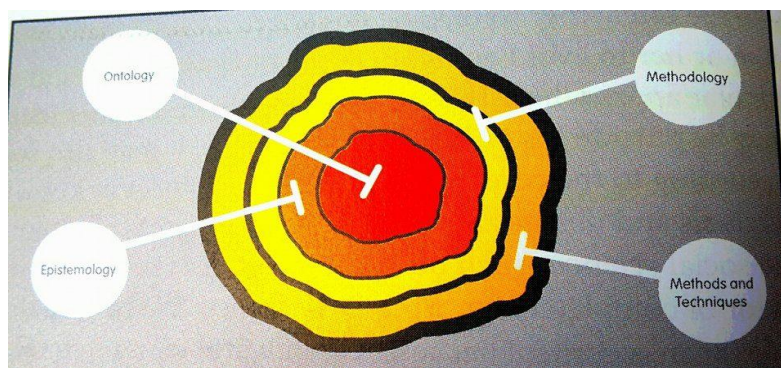
# CHAPTER 4

## Research design

*“I have not invented a ‘new style’, composite, modified or otherwise that is set within distinct form as apart from “this method” or that “method” said a master of Martial art Bruce Lee ...[...]... Qualitative research is analogous in many ways to martial arts. Approaches to qualitative data collection and analysis are numerous, representing a diverse range of epistemological, theoretical, and disciplinary perspectives” (Guest et. al., 2012)*

### Introduction

This chapter provides a route map for research investigation to be conducted according to research questions. Put another way it pays a particular attention on constructing a ‘bridge’ a solid and reliable one that can connect between ‘here’ (research questions) and ‘there’ (research findings). However it does not follow a conventional path of studying the industry reform and a privatization. Rather as the points mentioned above on ‘*representing ...[...]... epistemological, theoretical and disciplinary*’ a research design of this doctoral study is built upon the three foundational considerations – research philosophy, methodology and method. This could be best illustrated by a metaphor of a tree’s rings (Smith et. al., 2012).



**Figure 4.1:** An illustration of links between research, philosophy, methodology and method

**Source:** Smith et. al. (2012)

A trunk of a tree has four rings – the core and less visible from outside represent a central belief on a nature of the world (ontology) and an appropriate way to acquire knowledge (epistemology). Yet these intrinsic and behind the scene are very influential in guiding a choice of methodology (how research questions to be answered). The most obvious and visible element of research design is a method that contains both of data collection and analysis technique. So this chapter is structured from inside to outside, from a least visible but influential to the most visible but dependent. It begins with role of research philosophy in research design, a section 4.1 Research philosophy. It then turns to a discussion on research methodology ‘an archival approach’ which is influenced by a combined force between philosophy and theoretical informed as well as type of research question, yet this is section 4.2. Having had a clear direction on how a research to be conducted, the chapter then outlines what type of data is required, how to collect and analyse, this is a section 4.3. At the end, a section of concluding remarks is provided as a summary and assessment on quality of this research.

#### **4.1 Research philosophy (Philosophical Worldview)**

##### ***A role of research philosophy in research design***

In order to get from here “research questions” to there “research findings”, researchers are required to develop a particular plan or procedure for conducting a research in the most appropriate way. Fundamentally, the way in which questions will be answered and how data will be collected and analysed, are largely influenced by a research philosophy of the study (Creswell, 2009). The term ‘research philosophy’ is an over-arching term that relates to the development of knowledge (epistemology) and the nature of reality (ontology). Myers (2009) believed that every research project has an underlying philosophical stance guiding the research action, again he emphasized on “the nature of the world” and “how knowledge about the world can be obtained”. Generally, this information will help explain why the study is oriented towards qualitative research, not quantitative or mixed (Creswell, 2009). For example, if the study held a positivist stance, it would be inclined toward a testing of hypothesis. But if the researcher embraced an interpretivist worldview, then most likely his or her research design would much involve the exploration of a research topic, rather than testing it (Myers, 2009). Simply put, a research philosophy could be understood as “a basic set of beliefs that guides the investigation” (Guba, 1990, p. 17 quoted in Creswell, 2009). Yet those belief are the belief in “the nature of reality” (ontology) and the belief in “the way of inquiring into the nature of the world” (epistemology). And for the studies on reform, this philosophical dimension could have

a profound impact on both of research direction and research interpretation more than anyone have thought.

For example in the literatures on railway reform, this fundamental aspect of research design influences not only the way in which research is conducted but also the propositions derived from research findings. Comparing between these two studies in the railway reform the first one is from Nash (2010) which focuses on the future of European rail reform and the second one is from Merkert and Nash (2013) that investigate manager's perception of transaction costs at the train operation/infrastructure interface. Although their research philosophies were not made explicit nor were they identified, these could be observed through the key concerns of the study and their choice of the investigation. While the first one tended to emphasize on a future governance structure (e.g. a combination of more sensible risk sharing, longer franchises and a limited open access), the later one was more concerned with attitudes of rail managers in the issue of interface cost that locked the industry into a problem. Obviously, from this perspective the study on the future of rail reform appeared to take reform as an objective entity whereas the study on the interface between train operation/infrastructure took a different view by treating reform subjectively "socially constructed" – the interactions among managers could somehow shape a direction of reform and yet reform seemed to be constantly changing by them. Moreover, taking a different perspective on reform, they apparently adopted a choice to conduct their investigations. For Nash (2010) data was collected, compiled and analysed in statistical manner which contrasted to Merkert and Nash (2013) that sought to understand a complexity of reform via an in-depth interview that was more contextual and less statistical data. Thus, even though both studies sought to advance the railway industry by researching into the reform, however by carrying a different view on a nature of reality (reform – objective vs subjective) it took them to contribute to research communities in different ways.

In addition to a nature of reality – reform exists external to social actors or reform is something that people are in the process of fashioning (adapted from Bryman, 2012 in ontological issue) – a regard on what is acceptable knowledge in a particular field of study, more especially how to acquire that knowledge ? (epistemological issue) is another influential factor that underpins the research procedure. Smith et. al., (2012) noticed that scientist and social scientist generally draw from different ontological and epistemological assumptions when developing their research methodologies. For example most of the time medical researchers appear to follow the procedure of scientific research when developing new drugs, and as such they rarely need to reflect on the nature of the human soul. However whenever they begin to get involve with

human nature in developing a new treatment course, then a concern of ‘human life’ became very essential in their methodologies. This epistemological consideration over the last ten years has increasingly assumed its place in a plan-disciplinary study in healthcare reform (see e.g. Covaleski et. al., 2013; Macfarlane et. al., 2013; Lockett et. al., 2012 and Jagannathan et. al., 2010).

Influenced by the view that ‘reality is not objective and exterior, but socially constructed and given meaning by people’, thus a process in acquiring the knowledge should therefore be reoriented toward a complexity of human sense-making as the situation emerges (a social constructivist epistemology), Lockett et. al., (2014) had conducted a comparative case study analysis to investigate a healthcare reform. The methodology they had adopted allow the team to see the importance of language and rhetoric as a mechanism in shaping a direction as well as an implementation of reform. Indeed put it in a philosophical way, Lockett and his colleagues had explored and appreciated a process of reform through a social interaction of people who helped constructing a healthcare reform. In a similar vein, Macfarlane et. al., (2013) by taking a stance against an orthodox of positivism, utilized the strength of a neo-institutional theory to investigate how a profound institutional change was achieved and sustained in healthcare. A case study research that allows the study to see an interplay between context and human agency (institutional structure and embedded human agency) was chosen as a research methodology. This study obviously held a strong view on organizational culture of healthcare was not something the healthcare organization “had”, rather it was something the organization “was”. With this regard, it was too complex to investigate under a positivist paradigm.

The philosophical influence on a choice of research methodology has also led to academic debates in a study on transport policy and transport infrastructure development. Yet the centrality is placed on whether they should be investigated as something that must be measured and observed to their certain pattern (positivist view). Considering these two following studies on a “failure” or “unsuccessful” of transport policy in Japan and German conducted by Jitsuzumi and Nakamura (2010) and Scoller-Schwedes (2010), respectively. Though they share a common on providing an insight into such an issue, by having a different view on how the nature of the world should be inquired, it bring the studies in a different direction. As evident in their review of literatures where Jitsuzumi and Nakamura (2010) argued that there were exogenous and uncontrollable factors contributed to railway operation, this tended to suggest that the study was largely underpinned by their deterministic worldview which located the study on assessing the causes and degree of their influences on an underperforming of railway.

So the quantitative type of data and mathematical equations were developed as a research method. Contrasting with this orthodox view, Scoller-Schwedes (2010) instead of pre-determining the causes of failure, he had chosen to explore it as a social phenomenon through a historical account to understand it in a more contextual and a more dynamic way of social interaction. Without doubt, unlike the former one, this study in a German transport policy had adopted a historical case study as way to tackle the research problem. At this point, the question is of course, which study is more reliable and conducted in a more appropriate way. The answer perhaps as Johnson and Clark (2006) argued that it was placed on how well we can reflect upon our philosophical stance and essentially how well we can defend them in relation to the alternative we could have adopted. Reflecting on this, the study is obliged to make a research philosophy explicit in term of a belief in the nature of reality (ontology) and how the knowledge should be acquired (epistemology). This helps in clarifying a rationale for adopting a research methodology – an archival research – that provides a specific direction governing the overall study. The next two subsection will deal with these philosophical concerns.

#### **4.1.1 The ontology of reform**

As the chief aim of this study is to disentangle a complexity of successive reform agenda that had shaped a development of British railway over times, in one hand it seems to embrace a deterministic view (favour a role of structure) that reform is the institutional template designed to shape an interaction of the institutional actor and yet has a reality separate from them. However as it moves deeper into specific objectives and research questions (e.g. to investigate how the idea of privatization was dynamically legitimized and maintained) it suggests that the study is not only focused on a power of structure but also taking into consideration a transformative capacity of the agency in influencing a direction of railway reform as well. Thus the study pays a particular attention on an interplay between macro institutional structure and embedded human agency. Regarding on this stand, the industry reform is a social phenomenon in a constant process of revision and fashioned by the interest groups within the industry. Moreover, its meaning and contents are continuously being accomplished by those groups of social actors including the point that its conclusion is in an a state of revision (adapted from Philips and Malhotra, 2008, p. 712). Thus this doctoral research project takes **a subjectivist view on the ontological issue.**

By recognising on a position taken on the nature of reality, it suggests that the adopted methodological approach should, at least, consists of these three elements. First, it must be able

to get an insight into the process of social interaction that constituted the industry reform agenda. These include not only an understanding on front stage images presented in publications and press releases, but also a complex backstage process that motivate the actions of social actors in crafting the industry reform (Hill, 1993). Yet the interpretations on reform from different perspectives (e.g. the governmental departments, the railway unions, the passengers and the public in general) have to be captured in order to understand the reality of reform according to the views from different groups of social actors. The benefit of tracing this will enable the study to understand their actions during an implementation process which is likely affected by the interpretation they have on reform. According to a duality of structure and agency or more precisely a focus on institutional entrepreneur – *how actions affect institutions* (Lawrence et. al., 2009), here what are required from a chosen methodological approach are useful in a process of disentangling a complexity of industry reform by shedding the light into its emergence, development and struggle fashioned by the involved parties. In short, the methodology should first and foremost be able to provide the study an access into a social construction of the industry reform and its constant state of revisions as a result of the industry actors.

Second of all, as evident in the notion of '*constant process of revision*' and the emphasis on a development '*over time*', it implies that the methodology should also be able to unfold a flow of events that dynamically shaped a trajectory of reform over time. That said, whereas a prior concern on a methodological requirement is centred on an ability to capture a power of agency in a social construction of reform, however in order to get a more completed picture changes in a socio-political landscape that embedded in the reform agenda must also be taken into account. In this respect, Hill (1993) argued that every social phenomenon, organization, or movement unfolds over time, for researchers to get an understanding on these contemporary issues a temporal chronology or matrix of socio-historical events must be constructed. This means in addition to a focus on social interactions among the actors, an intervening context and conditions must also be woven into the research investigation according to the subjectivist ontology. As such a choice of methodology should reserve a privilege of historical investigation that could illustrate a trajectory of railway reform over time.

Finally as far as a context is concerned a complexity of the industry reform is likely to be put in an incomplete picture and even bias, if those historical accounts were unable to draw. And in order to do this, pieces of historical artefacts that contain cultural meanings and important social content, must be obtained (Berg and Lune, 2012). These include letters, diaries,

confidential memos, rough drafts, newspapers and unpublished manuscripts within and between the government departments as well as of the rail sector and unions. According to Phillips and Malhotra (2008) and Phillips and Hardy (2002) these evidences when piecing together and closely examined, they could help revealing the process of social construction that constitute social and organizational life. Yet the growing idea of privatization and its legitimacy in their views were produced, disseminated and embedded into the Britain's everyday life throughout an interrelated set of these texts. Thus, a methodological approach for this study should therefore be conducted via the use of this type of data – archival data. Many scholarships such as, Harris (2012) and Berg and Lune (2012) believed that by using the data that were first produced for some other reasons, it makes the research able to investigate a complex of social phenomenon in the ways other types of data could not offer.

So to conclude, as Smith et. al., (2012) pointed out there were at least three reasons why an understanding of philosophical issues very useful. One of them is related to what the section has discussed in a relation on the subjectivist ontology. These are characteristics of a methodology and what kind of data is required. Highlighting on a need to capture a process of social interaction and a notion of 'over time' as well as 'a constant process of revision', the methodological approach should have a potential to address these concerns. Recognising on these, it seems not only to be fallen in a realm of social science methodological approach but also invoke a logic of history for conducting the study. The recognition on a methodological suitability has become more obvious as the type of data is identified – the archive of British railway industry. According to these three concerns derived from the ontological issue, it could discern what a research methodology appears to be. However in order to defend the choice in a stronger account, a consideration of how knowledge should be acquired (epistemology) has to be clarified as whether it should be investigated in a measurable and statistical ways or in an appreciation of the meaning and human-sense making as a phenomenon emerges.

#### **4.1.2 Social constructivist epistemology**

Influenced by the subjectivist ontological stance in which the industry reform is considered as a social phenomenon continuously interpreted and fashioned by social actors, it makes the study to take a particular view that 'reality of reform' is not objective and exterior, but is socially constructed and given meaning by those interest groups (Smith et. al., 2012). Yet the successive reforms of British railways is far too complex to be studied by gathering facts and measuring how often certain patterns occur or be developed in a manner of theorising by



definite 'law'. And arguably, a proper investigation should not be conducted by identifying and assessing causes and effects of reform, as usually found in a positivist paradigm (Creswell, 2009). Rather, the study on industry reform should appreciate the different constructions and meanings that the interest groups had experienced about the reform programme over times. For example, the focus should be placed on what the railwaymen, unions and the British public were thinking, feeling as well as sharing their views on the issues of reform. Put another way, this doctoral research project believes that a complexity of railway reform must not be entirely reduced to a series of law-like generalization (Saunders et. al., 2009). Indeed, it is necessary for the study to centre around a social construction of reality (Berger and Luckmann, 1966) that enables a research investigation to get deeply into a process whereby the social world of reform is constructed and maintained through an interaction of social actors.

Because of this social constructionism, it requires a researcher to observe the actions of agents and the structures that they produce and reproduce in the course of their lives (Scott, 1990). This would benefit a qualitative research by allowing a researcher to see and understand context within which decisions and actions take place (Myers, 2009). However as this thesis is focused on British railways reform between 1960s – 1980s, a conventional direct observation is not the case. To deal with this problem Scott (1990) contended that

*“Mediate or indirect access by an observer exists where past behaviour must be inferred from its material traces, the visible signs of what happened or existed at some previous time. In this case the observer and the observed are not co-present and the observer may only obtain evidence indirectly from the building, books, texts and so forth produced by people in the past”*

In this regard, according to a nature of knowledge in reform and an appropriate way to acquire it, such a social artefact, traces and other materials or events will be examined as data. At this point Hill (1993) noted that these institutional fabric of societies that were produced as residual traces could help to capture institutional process such as, how decisions and actions on railways reform were taken. Such materials include, for example, letters, diaries, confidential memos and unpublished manuscripts. From a socio-historical research point of view, all of these are considered as texts and take a variety of form e.g. written texts, spoken words, pictures and symbols (Phillips and Malhotra, 2008; Fairclough, 2003; and Phillips and Hardy, 2002). And yet many meaningful social interaction can be interpreted and revealed through an examination on texts. As Kress (1995, p, 122) argued

*“Texts are the sites of the emergence of complex of social meaning, produced in the particular history of the situation of production, that record in partial ways the histories of participants in the production of text and of the institutions that are “invoked” or brought into play, indeed a partial history of the language and social system, a partiality due to the structuring of relations of power of the participants”*

Since texts are parts of social events generated through people’s interaction, Fairclough (2003) argued that “they potentially have casual and long-term effects – e.g. they bring about change. Most immediately, texts can bring about change in our knowledge, our belief, our attitudes, value and so forth”. And this focus on a power of language in playing a part on social and industry reform has increasingly gained a place in research communities (see e.g. Lockett et. al., 2012 and Brown et. al., 2009). In this doctoral research due to an investigation is placed on a reform of British railways between 1960s and 1980s, a variety of texts that can provide an opportunity for observing the ways people make sense of the industry reform during those days is therefore crucial for the study. However texts is not meaningful individually, it is only through their interconnection with other texts. Indeed, an interrelated set of texts and the associated practices of production, dissemination, and reception that bring an object into being (Phillips and Malhotra, 2008). This invoke a notion of discourse or more precisely discourse analysis to the study.

Basically discourse analysis, which embraces a strong social constructivist epistemology, focuses on the processes whereby the social world is constructed and maintained. For instance, at one point in history the concept of globalization did not yet exist or recognized, but as the time moved on it came about – an analysis of discourse is placed on through a long process why the concept of globalization came to be meaningful and accepted (Phillips and Hardy, 2002). Researchers might explore how globalization discourse draws from and influence other discourses such as, free trade discourse and liberalism discourse – and how it is constructed through diverse texts that range from official documents to unpublished documents or from BBC news to newspapers (Phillips and Malhotra, 2008). Simply put, this is theoretically a method of studying social construction – yet the way in which social reality is constructed through the production, transmission and reception of texts.

In spired by the concept of discourse analysis, an appropriate way of acquiring into a knowledge of British railways reform should be carried out through an examination of texts of various kinds that make up the discourse of railway reform and brought the idea of privatization

to the existence in late 1970s. In other words, it could be argued that social reality of reform is produced and made real through discourse. And social interactions cannot be fully understood without reference to the discourse that give them meaning. Thus the interrelations between ‘texts’, ‘discourse’ and ‘context’ must be located at the heart of the research methodology. At this point the first thing that can be clarified is that unlike a positivist epistemology that is inclined toward a deductive study (trying to prove hypothesis and revision of theory) and measuring causes/effects through objective method, this doctoral study with a strong social constructivist epistemological stance works to unfold a series of historical events in the railway sector through an investigation on successive industry reform, By doing this, it directs the study appreciate the different constructions and meaning that those interest groups experienced over the thirty years period of reform.

Secondly it helps refining a choice of research methodology in many ways. First, it suggests that the methodology should have a strength in inquiring into a complexity of the industry reform especially where people share their experiences and views on the reform. Second of all, adding to that, it should be concerned with a role of interrelated set of texts in directing a trajectory development of British railways. And lastly, as already suggested in a previous paragraph that the interrelations between ‘text’, ‘discourse of reform’ and ‘context’ must be located at the heart of the chosen methodology.

To conclude, based on these three methodological requirements derived from the epistemological issue, in tandem with the required characteristics observed from the ontology of reform (section 4.1.3 ), it makes the archival research becomes a research methodology for this doctoral study. However it is not only justified by a philosophical stance, the decision is also made according to the natures of research questions as well as the theoretical scaffolding of this study. These will be discussed in a following section a research methodology (subsection 4.2.2 rationale for an archival research).

## **4.2 Methodology : an archival research**

### **4.2.1 What is an archival research?**

An archival research is one of the most in-depth research that allows research questions which focus upon the past and change over time to be answered whether exploratory, explanatory or

descriptive (Saunders et. al., 2009). Having had an insight into such an importance of the in-depth historical-institutional analysis, Professor Lord Anthony Giddens, a leading sociologist, argued in his classic work – *Anthony Giddens Sociology 6<sup>th</sup> edition, 2009* – that in order to understand social problems and institutional patterns currently existed, a renewed focus on the historical aspect was required. This is because they are inextricably rooted in a development of the everyday life and social interactions over times. In this regard, *a time perspective* and *physical traces (archival sedimentations)* which is part of the institutional fabric of modern societies (Hills, 1993) have to be embraced into the heart of research investigations. For the first consideration on time or put in an academic tone – temporalities – Soderlund and Lenfle (2013) argued in a special issue on Project History *International Journal of Project Management* that it benefited research communities by raising awareness of current situations, of the trajectory that they were currently on. They borrowed a phrase coined by Gaddis (2002) “historical consciousness” to simplify their point of view. Furthermore, time travel in framing a research could help to escape from the current complications that might have limited the scholars’ perspective in conceptualising the social issues.

For the second concern – physical traces (archival sedimentations) – such as, letters, diaries, confidential memos, lecture notes, transcripts, rough draft, unpublished manuscripts and other public and private organizational records, are believed to be rich of story that could potentially unveil a complexity of social phenomenon as well as a development of institution we witness today. As Berg and Lune (2012) notes “What people do, how they behave and structure their daily lives, and even how humans are affected by certain ideological stances can all be observed in traces people either intentionally or inadvertently leave behind”. Put it another way, many types of archival data provide avenues for the study that might otherwise be very difficult or impossible to investigate. Indeed, for the archivists this methodology gives them evidence and insight into many social science issues in ways that more typical strategy of inquiries could not (Harris, 2012). Recognising on the power of these historical traces, Kozak-Holland and Procter (2014), for example, examined the archival sources of the Florence Duomo project (1420 – 1436) to construct a lesson learnt and distil a knowledge transfer from a complex project of the Renaissance era which seemed technically impossible at the time. The data included *Museo del Opera del Duomo* that contained the project designs (paper) and models, the engineers and architectures’ tools and workshop papers. At the end, the paper argued for a significance of learning from historical projects in order to gain an insight into contemporary practice.

Drawing on the underlying concepts of doing an archival research, *time perspective* and *physical traces*, it has led academic scholars to unravel the mystery of social issues that are normally misinterpreted by the public in general. For example, Ashworth (1980) drew on a diversity of archival documents (e.g. official history of the war, those written in hands in military divisions and record kept individually by soldiers) to understand what life was like for men in the First World War. By doing this, he was able to develop an account with a rich detailed description of life during those periods of time. For instance, he found that rather than sticking to the line of commands, soldiers appeared to form their own ideas about how to engage in combat with enemy and often ignored the commands of their officers (*Note: this example of the archival study is extracted from Giddens, 2009*). Similarly, by embracing a temporal dimension of 'over times', O'Reilly and Reed (2010) analysed policy statements produced by central and local government in the UK between 1997 and 2008. Yet by doing this it helped them to be aware of a current situation, of the trajectory of policy development. They indicated that policy development was fraught with changing rhetoric that had been intended to gain the public supports over the times.

Reflecting on the discussions that has been made in tandem with some examples of the archival studies, it could be argued that an archival research, as a methodology for investigating into a complexity of social phenomenon over the time, is undergirded by these two elements – first, it is a *temporal-oriented approach*, and secondly, it is drawn on *archival sedimentations*. However as it is treated as a methodology than a method, thus to illustrate what an archival research looks like, it requires a more elaboration on the philosophy of methodology that steers a direction of the research into a specific way (Howell, 2013). For a concern of *archival sedimentations* it is rather relevant to a method section (4.3.1), where both of techniques for data collection and analysis are discussed in a great details. Here there are three fundamental aspects that form a backbone of this historical oriented methodology – 1) Logics of history, 2) Temporalities of social life and, 3) Temporal heterogeneity.

### ***Logics of history***

The first element that distinguishes an archival research from other social science methodologies is its fundamental logics in approaching the issues. While other methodologies such as, a case study research and ethnography enable the research to understand a current phenomenon and tend to suggest what would happen in the future under some certain conditions, the archival strategy is inclined to move in a contradictory direction. Yet it either

looks for traces of the present in the past knowledge, or to try to find the foundations of the present in some distant times (Gaddis, 2002). In brief, by doing an archival research the investigation looks backward to interpret and to understand historical endeavours and situations through the contemporary thoughts and conceptual frames in social science (Soderlund and Lenfle, 2013). In addition, the interpretations are often drawn from a flow of events that had been shaped by “turning point” and “watershed” moments, rather than thinking about situations exist randomly (William and Sewell, 2005). Thus, the archivists appear to disentangle a complex social phenomenon by spending much of their energy to look at a flow of social actions as being punctuated by significant happening and could somehow change the course of history.

Yet these logics of history found a relevance to a *‘Historical institutionalism’* which is centred on the belief that history matters. As North (1990) argued “We cannot fully understand today’s choices without tracing the incremental evolution of institutions”. He then suggested that any institutional change often resulted from evolutionary process marked by (a series of) external shocks, which could produce substantial transformations. Looking from this angle, it might be potentially argued that the logics of history have been over the last twenty years embraced by institutionalists and scholarships who sought to understand changes in policy, political and economic institutions over the times (Donnelly and Hogan, 2012 and Campbell, 2010). This is because by taking this historical paradigm, it allows the research to contextualise a dynamic of institutional conditions such as, energy crisis, political tensions and public outcry, that disrupt the status quo and subsequently trigger fundamental institutional changes into the study. So, since this doctoral study is theoretically framed by the institutional perspective and seeks to disentangle a complexity of successive industry reform in the BR, as having undergirded by these logics of history then an archival research appears to be an appropriate methodology for this study.

### ***Temporalities of social life***

In addition to a notion of “*Logic of History*” – *looking backward and punctuated of significant happening* - , an archival research is also different from other strategies of inquiry by firmly adhering to the belief that “time is implicated in the organization and transformation of social relations” (William and Sewell, 2005). However ‘time’ in this sense is not only a linear clock-time, nor a quantitative form in which mobilised like any natural and physical resources (Chan, 2012). Rather ‘time’ – *a temporal perspective* - here is about a qualitative experiences of

individuals shaped by an ever increasing sense of history (Chan, 2012 built up on Bergson, 1913). The temporal perspectives of those social actors are essential to understand a sense-making on any particular issue in societies. As such in order to observe a reconfiguration of social relations, it has to be done in a temporal dimension of time. And because social temporality is extremely complex and in a process of social transformation one significant social event is often related to different temporalities (William and Sewell, 2005) hence, taking into considerations a social temporality provides an opportunity for the archival research to gain an insight into a long-run social trend through, for example, a different and volatile swings of public opinion or an oscillating economic and politic rhythms which are brought together in specific way, at specific places and times, in a particular sequence. This subsequently helps revealing a process of social construction and transformation that constitute social and organizational life over times (Phillips and Hardy, 2002).

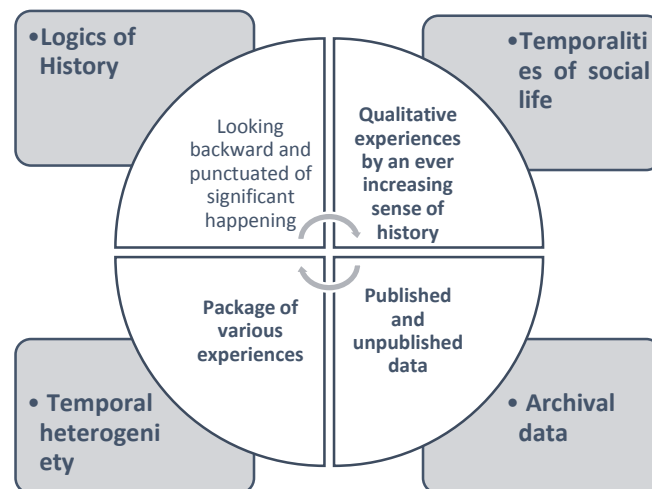
For example, in examining a role of nostalgia in shaping the organizational change and management of British railways during 1970 and 1980s, Strangleman (1999) argued that a contemporary history was selectively annexed and negatively exploited to win consent for change. What did his argument imply? Yet his argument implied that time is more complex than a linear measure would suggest. In fact time seems to have properties and yet consist of three-dimensions that are emotional capacity, imagination and intellectual capacity (Boniecki, 1980), which is the reason why he concluded in the study by saying that the history of was selectively ‘annexed’ and negatively ‘exploited’. With a strength in getting access to human consciousness and qualitative experiences that are able to shape a course of social development and change, it makes an archival research become a powerful methodology for investigating a complexity of social phenomenon. Moreover this is especially the case when considering that a trajectory development of railway reform has been largely influenced by the normative and cognitive mind-set of the actors involved. Thus, this fundamental aspect of the archival strategy is likely to be relevant with what this study has to deal with.

### ***Temporal heterogeneity***

While the first and the second constitutive element of an archival research are thought of enabling the investigation to construct ‘interpretive account of rich stories’ and explore ‘emotive element/consciousness of human life’ respectively, a temporal heterogeneity makes a complementary by offering ‘*a package of various experiences*’ of social actors on such a social issue. Put another way, this aspect of the archival approach has potential to unravel a

mystery of social change. This means an archival methodology could make the studies to get a deeper appreciation of pure duration, yet the heterogeneity of qualitative experiences of individuals shaped by an ever increasing sense of continuity and history (Chan and Jintamanaskoon, 2013 drawn on a concept of ‘multiplicity’ Henri Bergson *Time and Free Will* 1889). Bergson elaborated more on this point by making a comparison to the cinematograph (a film camera) where each frame, like each second of minute, is lined up successively in an immutable physical state, but quickly transforms into a moving scene when the unmovable images are projected on to the screen (Carr, 1911). Yet this example illustrates how individuals recollect about the growing past. Past is added on the individual’s intuitive knowledge – history matters and so are its many ways of qualitative interpretation embedded within human consciousness (Chan, 2012).

In case of this doctoral research project, a notion of ‘temporal heterogeneity’ embodied in an archival approach makes the study to be aware of an ever-growing past and emotions of ever-moving presence in reforming British railways. This in turn benefits the study by informing how the industry reform was conceptualized, talked about and practices within the industry sector and in the public as a whole. The figure 4.2 below provides a conceptual thinking on what an archival research look like according to the three constitutive elements.



**Figure 4.2:** The fundamental aspects of archival research

**Source:** Reflection from literatures

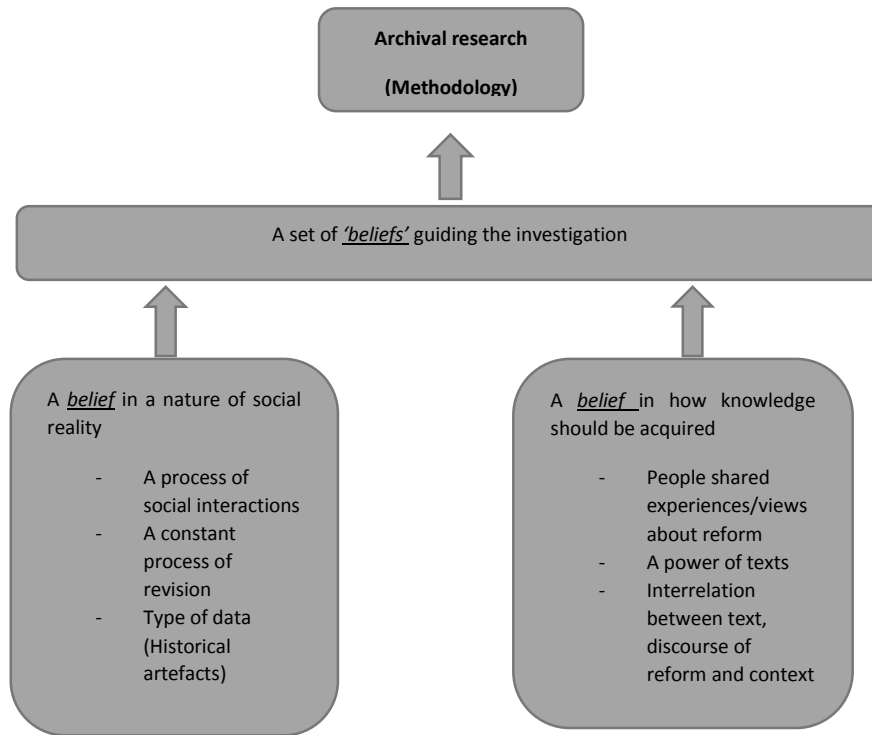


To conclude, in responding to what an archival research is, this subsection has argued that it is a methodology for investigating a complexity of social phenomenon and social issues, especially when tracing change and development over times are required. It is constructed on the four fundamental aspects – 1) Logics of history, 2) Temporalities of social life, 3) Temporal heterogeneity. Yet these three elements together make the archival research a powerful methodology in ‘time perspective’ since it can provide not only a chronological account (before, during and after), but also a temporal dimension (qualitative experiences of social actors over times - ever growing past and ever moving presence). Moreover, it is conducted via an archival data, which is believed as a result of social interactions and part of institutional fabric that contains a rich story of social issue. Regarding on these, an archival research appears to be appropriate to disentangle a complexity of successive industry reform in the British railways industry. The following section is going to move into a detail on a rationale for adopting this historical oriented approach.

#### **4.2.2 Rationale for an archival research**

##### ***Philosophical underpinning***

Many scholarships have emphasized the importance of research philosophy in influencing a specific direction (methodology) of research design (Bryman, 2012; Smith et. al., 2012; Myers, 2009; Saunder et. al., 2009 and Creswell, 2009). This is because as discussed in the previous section that a research philosophy fundamentally underpin the way in which researchers view a social reality (ontology) and how knowledge on this social reality should be acquired (epistemology). In this doctoral research project, both of ontological and epistemological issue help refining a choice of methodology as illustrated in a figure 4.3 below.



**Figure 4.3:** Underlying philosophical assumptions and a methodology

**Source:** Self-reflection

Whereas the belief in a nature of reality ‘the ontology of reform’ suggests a research methodology has to direct the study to explore a dynamic of social interactions among the interest groups whose perceptions and subsequent actions give meaning to the industry reform, the belief that a knowledge of industry reform should be acquired in a relation to ‘a socially constructed’ implies that the methodology must not only be focused on a dynamic ‘in time’ but also ‘over times’ as well. In tandem with a type of data required for the study, it is believed that an archival research is the appropriate strategy of inquiry for disentangling a complexity of successive industry reform.

### *Type of research questions*

In addition to an influence of research philosophy, a type of research question is another influential factor helps in defining a methodological approach of this study. For example, in attempting to understand how institutions had influenced technology development trend in the U.S. since mid-19<sup>th</sup> century, Pattit et. al., (2012) argued that changes to institutions could only be observed through historical longitudinal studies. And therefore they examined a well-

documented history where the facts were settled in order to offer an explanation for the shift they wanted to observe. Likewise, in order to explain a rise and fall of public private partnerships (PPPs) projects in China from early 1990s to 2009, Mu et. al., (2011) by using the institutional theory as a theoretical framework for the study, examined both published and unpublished documents from the governmental departments and the private firms to get into a backstage of this institutional transition. Yet unlike other researches that leaned toward an economic optimum, Mu and colleagues found that it was very much implicated with specifics of wider Chinese political, cultural and institutional context. These two studies rather than following the tradition of their training, they seem to be critical in type of research questions put in the studies. And this means for a longitudinal study, especially with the aims to explore institutional change, an archival research appears to be the most appropriate strategy of inquiry into such a phenomenon.

### ***Theoretical informed***

Looking from a theoretical point of view where the study seeks to - first of all understand a role of industry reform under the *institutional change perspective* (1<sup>st</sup> objective), secondly to investigate how the seed of privatization had been sown through *the lens of institutional legitimacy* (2<sup>nd</sup> objective), and finally to explain a paradox of the industry reform from *the three institutional pillars* (3<sup>rd</sup> objective) – this historical oriented methodology could enable the research investigation to meet those objectives by offering a narrative account that illustrates an interplay between a dynamic of institutional context and a transformative capacity of the agency over times. For instance, having guided by the institutional change concept, a role of the industry reform in shaping a direction of rail industry development needs to be examined from a historical point of view to unfold a series of social interactions (endogenous process) and capture a moment by moment of important situations (exogenous shocks) that had mutually contributed to change in the institutional logics governing the industry in 1960s. Yet this requirement is relevant to what considered as a strength of an archival research. Since it gives an access to the distant past via traces of individuals, organizations and social movements over times (Hill, 1993) that when they are pieced together and interpreted could provide an insight into such a role of industry reform – not only in a front stage image, but also a backstage process – in ways that more typical methodology cannot (Harris, 2012).

This is also the case when the research is focused on a momentum of privatization that had been maintained throughout the turbulence period 1970s (the 2<sup>nd</sup> objective). Framed by the

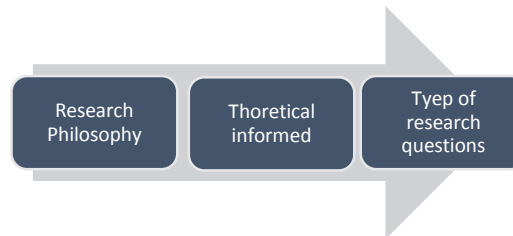
concept of institutional legitimacy that is centred on how the growing idea of privatization in the rail sector was dynamically legitimized and been maintained over the time, this archival methodology is essential in sifting through a complex web of political and social events that helped the government gaining legitimacy to reform British railways. The reason could be explained by this. As argued by Berger and Luckmann (1966, p.64) that “the edifice of legitimacy is built upon language”, together with Suchman (1995) ‘strategies for gaining legitimacy’ which placed an emphasis on a role of persuasive language in shifting the institutional logics, it implied that in a process of industry reform ,where the old logics were destabilized and meanwhile the new logics were on the course of institutionalizing into the industry as well as the society, the inquiry reports (e.g. the Beeching in 1963 and the Joint Steering Group Committee in 1967) appeared to play a crucial role by disrupting the industry status quo and making a case for legitimizing the new agenda through the power of language (see e.g. Brown et. al., 2012; Cheng, 2009 and Marston, 2002). In order to understand a legitimization process of the industry reform, this sort of documents that were produced and shaped by those complex web of social and political phenomenon must be critically examined as they were important mechanisms (containing language and rhetoric) for constructing legitimacy and maintaining it over times. Because of this theoretical and empirical concern, it makes an archival research becomes an appropriate methodology for this doctoral study.

This argument is often taken in to consideration by many well-known qualitative researchers who have long been engaged with a research design, for example, Silverman (2010) noted in his ‘Doing Qualitative Research’ book that research methodologies and questions are inevitably theoretically informed. He then quoted an invaluable reflection of Blumer (1969, p 24)

*“One can see the empirical world only through some scheme or image of it. The entire act of scientific study is oriented and shaped by the underlying picture of the empirical world that is used. This picture sets the selection and formation of problems, the determination of what are data, the kind of relations sought between data, and the forms in which propositions are cast”.*

So according to this reflection on roles of theory, shaping the research questions and informing the methodology, it suggests that a choice of methodology adopted here does not exist in a vacuum. In fact, it is carefully crafted to fit with a type of research questions, which is theoretically sharpen, and subsequently informed by a theoretical frame of this study. Yet

having built up on a philosophical, theoretical consideration and research questions, it is argued that this historical oriented methodology is therefore appropriate to disentangle a complexity of successive industry reform in the British railways. Figure 4.4 below encapsulates the points argued here.



**Figure 4.4:** A construct of research methodology

**Source:** Reflecting from literatures

The above figure illustrates that an archival methodology as a specific direction for conducting this study (Creswell, 2009), or more specifically “how to answer the research questions”, is influenced by the three mutually reinforcing elements. While the first element ‘research philosophy’ helps defining a position taken by the study (subjectivism) and providing a broad perception towards an acquisition of knowledge in a particular issue (social constructivism), the second element ‘theoretical informed’ suggests what the key concerns for the investigation (an *interplay* between the power of structure and the transformative capacity of agency *‘over time’*), in which a research methodology should be able to address. From a perspective, these two elements together help drawing a coherent picture the way research is heading. Yet, this direction is then steered by the research questions, type of research questions in particular, that implies what types of data are required and how they are useful for this study. In brief, the three elements – research philosophy, theoretical informed and type of research questions – are essential in forming a backbone of research methodology. The following subsection is paying a particular attention on the outer ring of a tree, yet most obvious and visible feature of a research project, which is influenced by ontology, epistemology and a choice of methodology. Indeed, it is a research method – techniques for data collection and analysis (Smith et. al., 2012). Let’s reiterating again this is informed by the philosophical standing (interpretivism) and a methodological development (historical-institutional investigation).

### 4.3 Research method

The previous section has explained what is an archival research as a methodology? a rationale behind an adoption as well as how powerful it is in disentangling a complexity of British railway (BR) reform. Simply put, it is centered on “how to answer the research questions properly” according to a philosophical stance and a theoretical informed that helps sharpening a set of research questions. Yet if the methodology section is seen as providing a specific direction for research to be conducted (historical-institutional investigation), this section ‘research method’ would be about a particular technique used to control and drive the research investigation to the end. And this is involved a form of data collection, interpretation and analysis (Creswell, 2009). Indeed all of these form a substantial part of this section.

#### 4.3.1 Validity and reliability of data

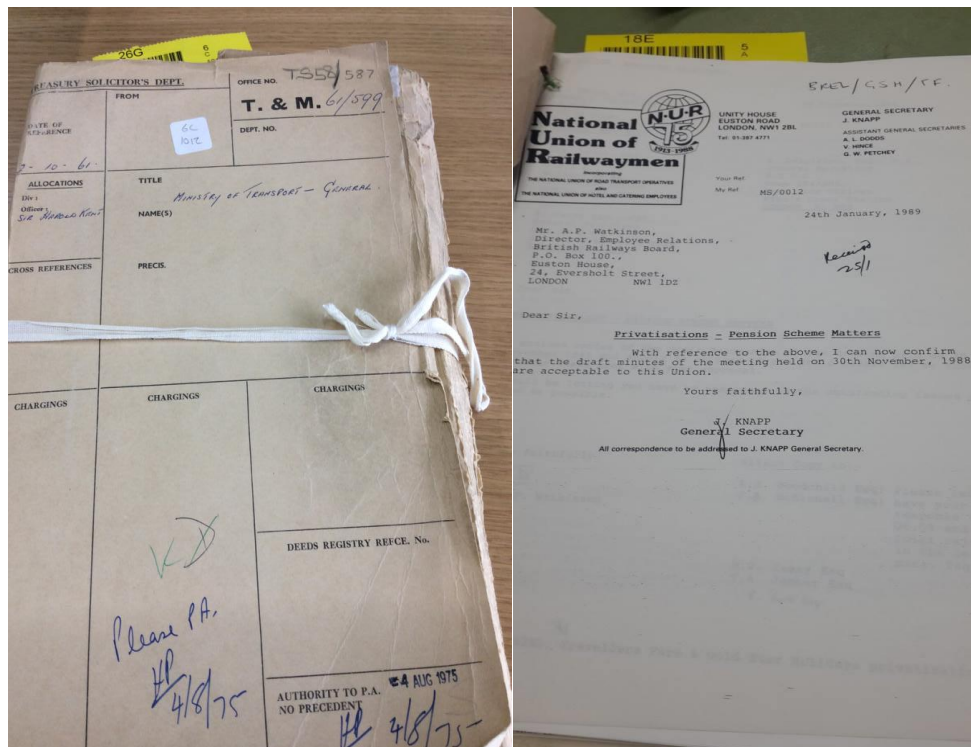
Before explaining a process in which data was gathered and analysed, as Silverman (2010) argued in his work ‘Evaluating Qualitative Research’ that *reliable data* was one of appraisal quality indicators in which any qualitative research had to acquire, thus first and foremost a set of criteria adopted for assessing quality of archival sources need to be discussed here in this subsection to ensure that this study is constructed on such a solid foundation as the quality of evidence. Throughout a process of data collection these following four criteria were taken into consideration – Authenticity, Credibility, Representativeness and Meaning (Scott, 1990). The figure 4. 17 below shows a construct of valid and reliable data for this doctoral study.



**Figure 4. 5:** A construct of valid and reliable data

**Source:** Scott (1990)

For the first criterion ‘*Authenticity*’ it is concerned with genuinity and originality of evidence. As Scott (1990) argued, in a documentary investigation such as, government papers, notes, diaries and so on, it is crucial to ask ‘Is the evidence genuine and of questionable origin?’ to avoid any error as well as distortions of what exactly happened in the issues focused in the research investigation. In this aspect, the archival data presented here came from reliable institutions – the national archives as well as York railway museum where their collections of evidence, categorizations of issues and presentations of British railway’s affair are handled by those experienced historians and archivists. So this could be seen as a preliminary and also essential step to ensure authenticity of the archival sources. Furthermore, during a process of data collection, title of letters, identity of organizations, name of representatives and remarks received a great deal of attentions as the study sought to understand ,for example, who were the change agents and a dynamic of social interactions. As such, it raised awareness in the issue of authenticity of those archival documentary. See for example figure 4.18 below illustrates about an authenticity of archival sources.



**Figure 4.6:** Illustration of the archival document's authenticity

On the left hand side, government papers, notes and letters about the railway affair are kept neatly in a particular folder with a tile suggesting that 'Ministry of Transport' as well as code of catalogue 'T/S 58/587' - Ministry of Transport: public inquiries on proposed closure railways lines or stations. And on the right hand side, a letter from National Union of Railwaymen (NUR), yet both of an organizational identity and a name of representative as well as date were taken into account while this piece of document was examined.

Second of all 'Credibility' of evidence, this is a matter of 'undistorted and sincerity'. Yet for the aspect of preventing a distorted picture in an understanding on British railway's reform, the study consulted a wide range of archival source, not reliant upon any particular one – the published, unpublished, the unions note and voices of public in general. This helped the study formed a much possible impartial view of this issue. And for an account of sincerity, perhaps this could be a strength of doing an archival research. This is because it is regarded as an unobtrusive (also known as non-reactive) investigation where data was not originally generated for the purpose of this study. Therefore it tends to speak out the truth on, for instance, how the interest groups behave in such a social issue, how their daily lives seemed to be, and even how they were affected by some ideological stances (Berg and Lune, 2012). Put another way, the archival data overcomes the issue faced by interviews and questionnaires, as Lee (2000) noted in his book on 'Unobtrusive method in social science' that "interviews and questionnaires



create attitudes in part because respondents commonly try to manage impressions of themselves in order to maintain their standing in the eyes of interviewer”. Indeed, the archival data appears to be least affected by this issue.

In addition to a concern of authenticity and credibility of archival source, ‘*representativeness*’ is another aspect taken into consideration to construct a valid and reliable data. This criterion is about for example, in investigating the government decision-making process the investigator would have to know whether the documents are complete or at least representative collection of all cabinet papers (Scott, 1990). By raising awareness on this issue, it helped the study overcoming what many scholarships in the history discipline named as ‘a cheery picking’ evidence. In this study data was collected in an on-going manner and yet in concurrent with a process of data analysis. As such, the data was continuously interpreted for making sense in relation to the research questions. This psychologically made the researcher sought to get deeper and more inclusive evidence as much as possible rather than solely reliant on such a narrow set of evidence that was unlikely to represent the truth and a completed picture of British railways reform. Furthermore, as a process of collecting data is carried out in accordance with a set of simple but interrogative questions (see the following subsection and table 4.1), thus this can ensure that the data presented here in this study has a high degree of representativeness which is able to reflect an impartial account of the BR reform.

Finally, ‘*Meaning*’ Is the evidence clear and comprehensible? Indeed this aspect of validity and reliability of data is not less important than other concerns that are already discussed above. Yet “What use can we make of it if we cannot read it?” said Scott (1990). This is especially the case when the study has to consult notes, diaries and remarks that were written by hands, let’s alone some documents that their ink are faded away. To deal with this problem, the author was suggested by the archivists in the British National Archive that such a tool as magnifying glass and digital camera were useful to facilitate a process of reading those archival sources. However if any of them was unable for the author to decipher its meaning and contents at all, then other relevant sources either a prior or later volume of the documents as well as print-media were consulted to interpret what seemed to happen. By doing this, it helps the study to avoid running a risk in misinterpreting and misunderstanding messages the documents want to convey.

In brief, assessing the quality of the archival sources is regarded as a crucial element for this study as once Hill (1993) implied “In archival work, what you find determines what you

analyse, and what you analyse structures what you look for in archival collections”. This is obviously circular – and points to the necessary and the essence of “authenticity”, “credibility”, “representativeness” and “meaning” of archival data used to answer the research questions. These four criteria are applied to every piece of archival document in order to ensure a validity and reliability of the data.

### **4.3.2 Data collection**

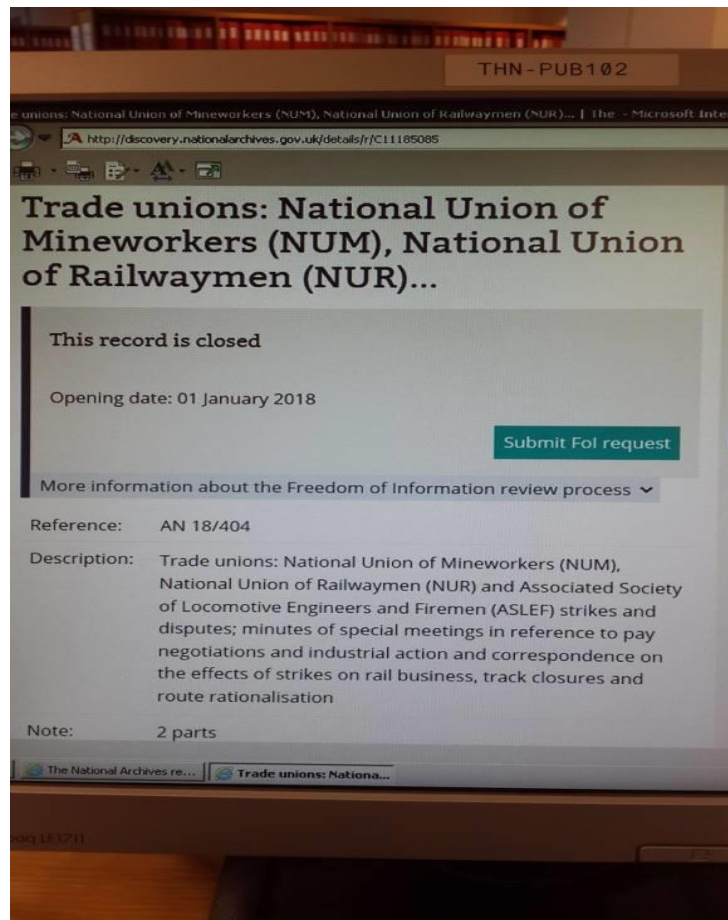
Influenced by an interpretivist philosophical assumption – “*subjectivism ontological stance: the nature of the industry reform*” and “*social constructivist epistemology: how knowledge about the industry reform should be obtained*” - in tandem with a historical-institutional oriented nature of an archival study, it helps to inform the key characteristic of data for this research project. Firstly, it must be able to provide an insight into a dynamic of institutional change over times. Secondly, this data has to offer a socio-political context and conditions during the times of reform. And finally, it should be able to reflect a concern of all interest groups as many as possible to create an impartial account on the issues of railway reform. In doing so, there were several visits to the British National Archive at Kew garden, York railway museum and the Scottish Archive in Edinburgh between late 2011 to late 2013.

These places keep a wide range of archival sources with relevant characteristic as aforementioned above. These sources include such a documentary as, government papers, diaries, newspapers both local and national and so on. With these type of historical-institutional sediments, it enables the study to reconstruct and reinterpret the reform of British railways between 1960s and 1980s that gave rise to a privatization in a more contextual manner. To help guiding the data collection process, the study utilized as a starting point the key political inquiry reports that shaped the changes to British railways in the 1960s. The most critical and possibly most-well known inquiry was found in the Beeching report in 1963. The Beeching report was so influential since it attempted to restructure a nationalized railway industry by closing down un-remunerative routes (1/3 of a whole railways) but socially needed. This move was very controversial as it appeared to challenge the norm and expectation British people had in public service since the end of WWII. At the same period of time, there were other inquiries that were relevant to this investigation such as the Joint Steering Group (JSG) report in 1967 that was concerned with dividing between a commercial and social railway. The table 4.1 below provides an overview of archival sources and for a completed list of archival material used as data, see an appendix A.

**Table 4.1:** Sources of archival data and their purposes

Description of data	Source of Archival data	What purpose do these sources serve?
<b>Official inquiry reports and policy papers (Published documents)</b>	Beeching report 1963; Joint Steering Group Committee 1967; The study of integrated transport in early 1970s; Ridley report 1977; and Serpell report 1984	Providing an account of the affair of the British railway Industry at the time, and enabling the research investigation to trace how the reform (s) of the sector took place and under what changing political, economic and social conditions
<b>Confidential meeting notes (Unpublished documents)</b>	Cabinet Office papers; Minutes of meeting in public office; Prime minister Office Correspondence (PREM); Memorandum by the Chancellor of the Exchequer; and Correspondence letters between the government departments and railway unions	Enabling the research team to piece together the political narrative so as to facilitate an interpretation of the forces at play that influenced and shaped the mid-set of policy-makers, and the roles play by key social actors in the British Railways Industry at the time
<b>Print-media and letters from industry practitioners and academics</b>	Local and National Newspapers such as, The Financial Times, The Times, The Economist, The Observers, The Daily Telegraph, Daily Mail and so on	Enabling the study to get a snapshot of social conditions at the time, especially the response to the reforms of the British Railways Industry

However as Saunder et. al., (2009) noted that doing an archival research could face a problem on access restrictions to data. Yet for a confidentiality reason it has to be put under wrap for thirty years before transferring to the National Archive. Indeed this limit access to the archival sources made the research investigation not able to go beyond the early period of 1980s. The figure below shows what happened when the author searched for some documents from the National Archive’s catalogue.



**Figure 4.7:** An embargo on the archival sources for a confidentiality reason

**Source:** Taken during a visit to the British National Archive

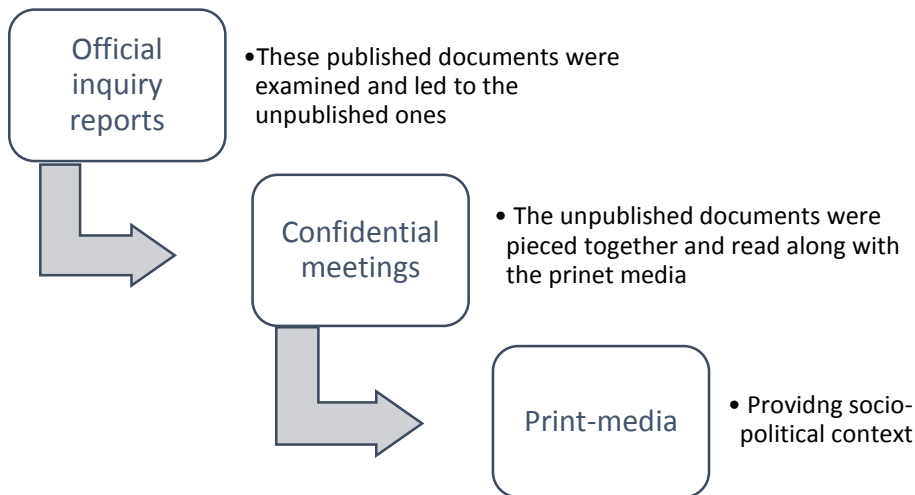
Generally speaking, to help piece together these wide range and fragmented sources that provides an insight into the institutional dynamic of railways reform and to explore the social responses as the reform was taken, the study initially amassed a range of data sources from those various archives including de-classified notes, articles from national, regional and local press, draft notes to inquiry reports and White papers etc. to examine the 5W (Who were involved, What went on, Where it all happened, Why it happened, and When events took place) and 1H (How did the reform take place) in the rail sector. As a consequence, it makes the study to understand the logics of reform, and how they implicated upon the changes in the British railways.

However a process of collecting data did not move straight forwardly and neatly. In fact it was complicated and circle back and forth between a collection itself and a process of analysis as Hill (1990) noted “In archival work, what you find determines what you can analyse, and what you analyse structure what you look for in further archival collections”. Thus the data collection

process began with an examination of those “**Official inquiry reports and policy paper**” – **the published documents** to understand the issues, the state and the proposed solutions for the British railway’s issues at the times. Indeed each inquiry report was charged with a set of simple but interrogative questions developed from 5W and 1H. This subsequently led to a further collection of data which were **unpublished “confidential meeting notes”**. The questions included, for example,

- Who were involved in the inquiry, and in what capacity were they involved? How did membership in the inquiry process change over time, and what were the reasons for such changes?
- What were the key events that took place before, during and after the inquiries? What initiatives or change interventions were directly and indirectly resultant of these inquiries?
- Where did these events and change interventions take place? Where in the country were the consequences felt? And in what ways? What were the responses (e.g. from the politicians and policy-makers at national, regional and local levels, from members of the public, from those interested parties within/associated with British railway etc.)?

This range of archival sources were interpreted along with “**print-media**” – **local and national newspapers** to understand a socio-political condition at the time of reform and more crucially to understand how the reform agenda was conceptualised and talked about in public domain (Asayama and Ishii, 2014). As Phillips and Hardy (2002) points out “social interactions cannot be fully understood without reference to the discourse that gives them meaning”. Yet since discourse is defined as *an interrelated set of texts*, and the practices of their production and dissemination and reception that brings an object into being, therefore to understand a complexity of industry reform under a social constructivist view the print-media as well as those published and unpublished documents have to be collected and examined. Figure 4.8 below illustrates a move of research investigation from a surface into a deeper (a backstage) level through the three types of data.



**Figure 4.8:** A process of data collection from the published documents to unpublished ones and relevant print-media

**Source:** Self-reflection

Furthermore as mentioned earlier about a need to reflect the concerns of all different interest groups as many as possible to avoid a bias view on the affair of BR reform. With this regard, in case of print-media, newspapers ranging from the left-wing to the right-wing as well as those situated around a centre of the British political spectrum were collected and examined. The figure 4.9 shows a range of national newspapers and their stance on a political spectrum on the issues of railway reform.



<p><i>“Is British rail facing <b>“second Beeching’s axe”</b>?”</i> (The Guardian, 19<sup>th</sup> September, 1972).</p>	<p><i>“We are in the midst of transport revolution...[...]it’s always to have the right size of transport but <b>should not in the expense of “social purpose”</b> and “public service”</i>” (The Financial Times, 4th</p>	<p><i><b>Denationalise and devolve</b></i>  <i>About half of Britain’s labour force works in what is really the public sector. There is a need to <b>introduce the</b></i></p>	<p><i>“He’s still breathing – what he really needs now is <b>someone to put new hearth into him”</b></i> (Daily Mail, 7<sup>th</sup> December 1967)</p>	<p><i>“Lesson for Britain in Holland’s <b>‘Social’ railway</b> system</i>” (The Times, 3<sup>rd</sup> February, 1976)</p>	N.A.

	July 1968, argued by Barbara Castle)	<i>possibility of competition against almost all of it.</i> (The Economist, 28 <sup>th</sup> April, 1973)		<i>Note:</i> Thought it is not timely relevant, but it has a common on the issue of ‘social railway’.	
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**Figure 4.9:** Where did the UK newspapers stand on a political spectrum?

**Source:** The politics of UK newspapers, BBC, Wednesday 30<sup>th</sup> September, 2009

In addition to these national print-media, the local newspapers were also collected as data to understand the local’s perception and responses on the issue of railway’s affair, for example, Yorkshire Evening Post, Newcastle Journal as well as some Scottish local newspapers such as, Aberdeen Evening Express and Dundee courier. By doing this, it aided the study to balance the view on this public service affair, neither was it influenced by the right nor appealed by the socialist view from the left. Instead, a much possible completed picture of railway reform could be provided as the agenda of reform was examined along with a dynamic of socio-political conditions.

So, as the process of data collection had moved on in concurrent with data analysis (see the next section 4.3.3 Data analysis), it allowed the study to cycle back and forth between thinking about the existing data and the new one, often more relevant and complementary (Miles et. al., 2014). This also provided opportunities for the author to think deductively from a theoretical perspective and inductively about what data said, which is crucial in an interpretive research as it seeks to offer a new insight and alternative paradigm in looking at problems.

This fragmented and quite extensive set of data was preliminarily grouped on a parliamentary basis during the period of thirty years (1960s and 1980s) in order to see change and development initiated/carried on by each administration. And yet one key reform agenda seemed to surface from one government and was then either carried on or amended by the coming one. The data was then pieced together on the timelines in the next following chapter – **Chapter 5 “Disentangling a complexity of the industry reform: Applying an archival approach to investigate the railway reform”**. With these historical sources as the strong evidences and a set of simple but interrogative questions, it brought an investigation into a deep

historical context and conditions that cultivated and had shaped a growing involvement of the private sector in a provision of rail services.

### 4.3.3 Data analysis

When analysing different data sources (e.g. published, unpublished document and print media) the study applied both of deductive and inductive thinking to interpret and structure the meaning of those archival materials. It did occur in three main stages but cycling back and forth to make sense out of data in a highly imaginative way (Guest et. al., 2012). First the inquiry reports such as, the Beeching report 1963, the JSG inquiry report 1967 and Integrated and Coordinated transport in early 1970s were carefully read to identify potentially interesting affairs of the British railway industry. Yet this was guided by research questions and conceptual categories of the study. This conceptual framework was centred around “**born**”; “**nurtured**” and “**disrupted**” of a growing idea of privatization between 1960s and 1980s by socio-political forces embedded in the reform agenda. In other words, the conceptual framework defined a focus for the investigation and reinforced a theoretical link between the research questions (the institutional change, the institutional legitimacy and the three institutional pillars). In addition to readings of archival sources to preliminarily derive what data tried to speak out, theoretical codes were developed to break down, examine, categorize and compare data and more crucially for the author to see what happen theoretically in British railway reform. This process was underpinned by a belief that “theories without data are empty; data without theories are blind” (Immanuel Kant’s quote extracted from Harrington, 2005).

For a conceptual framework that concerned with “**born**” (RQ1: What role the industry reform played in a growing involvement of the private sector in a provision of rail services during 1960s?) codes such as; historical matter, exogenous and endogenous were in the back of the author’s head when the data was being read through line-by-line. They represented “an influence of historical past practices”; “economic crisis, change in political landscape and a radical change in railways”; and “negotiation, re-negotiation, trick and gradual” respectively. Similarly for a conceptual framework on “**nurtured**” (RQ2: How the growing idea of privatization of the British railways was nurtured throughout the period of changes in social and political landscape in 1970s?) and “**disrupted**” (RQ3: Why the railways privatization as “a reform programme” was politically and socially disrupted during a policy formulation process in the 1970s and 1980s?) theoretical codes were also developed to disentangle a messiness of data and a complexity of reform. For example in case of the RQ2 there codes such



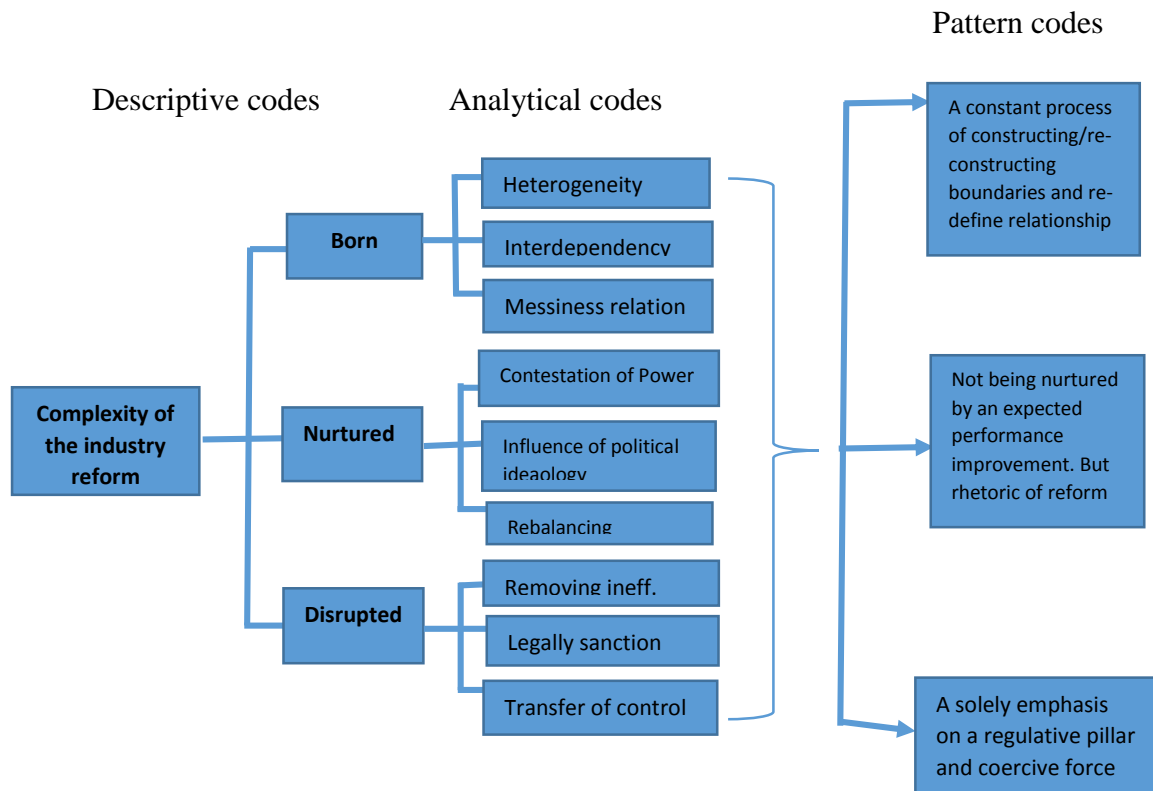
as, “Obligation/Enforcement”; “Social concern/Socially acceptable” and “Emotion/Tradition” that were derived from the three institutional pillars which offered different rationale for gaining legitimacy, by virtue of legally sanction, morally authorized and culturally supports, respectively (Scott, 2008). These code theoretically helped to start gaining an idea of legitimization process of a privatization in railway sector including how its momentum had been maintained. According to Miles and Huberman (1994) codes derived from a conceptual framework are “*Descriptive codes*”. And as a study went on these codes then were expanded through dictionary work and inductive reading of the data.

However to avoid criticisms on data-force fitting “researchers finds what it set out to find whereby preconceived categories are applied to data” (Strauss and Corbin, 1998), an analysis process shifted from relying on a theoretical frame (deductive thinking) to an inductive thinking. This was aimed to discover what data spoke out and what else emerged from data. For example, in case of the RQ1 through a read and re-read process to examine the archival sources, there were invaluable ideas emerged such as, a “heterogeneity” in a public sector and even word such as, “communities”, “social” and “commercial” that were mentioned in an inquiry report prompted the study started to conceptualize what seemed to be a role of industry reform in a growing involvement of the private sector in rail business. Or even in case of RQ 2 during a process of re-examine data line-by-line, there were also emergent codes and invaluable ideas continuously surfaced, for example, “contestation of power”, “negotiation” and “an influence of political ideology”. These codes made the author to realize that the idea of privatization was not nurtured, or put theoretically, by a performance rationale. In fact, it appeared to be more politically and socially complex in its way. The list of codes was progressively expanded through iterative reading of the data set. For this second stage, it was argued by Miles and Huberman (1994) as “*Analytical coding process*”.

Subsequently, in the third stage the study developed inductive pattern of this “historical-institutional analysis of the railway reform”. By this term the author means it sought to combine what considered as salient point of historical investigation “the study of the particular, the specific and the unique” with what generally seen as crucial in the institutional study as part of social science research “finding patterns, structure and regularities” (Armitage, 2014). Although it was able to unfold a historical events through a re-constructing and reinterpreting of the archival data, it should also be able to draw a pattern of a role played by the industry reform in RQ1, a legitimization process of railway privatization in RQ2 and explain a reoccurrence of disruption in reform (regularities) at the end. For instance, in the RQ 1 after

began to conceptualize the role of reform through those analytical codes and emerging ideas, the study linked codes and their derivatives such as, heterogeneity, interdependency, messiness relationship, interest of local communities, central government policy, local government concern and devolution of power to develop a story-line (pattern) of the role reform did play in growing involvement of private sector against a strong socio-political backdrop of nationalization.

To conclude this doctoral research followed a common practice in qualitative data analysis, yet it opened by theoretical coding (descriptive) to detect and understand what happen theoretically in British railway reform. Next, the study performed an analytical coding process to see what data spoke out in one hand, and discern relationships among theoretical and emerging codes on the others. And more crucially assembled them to illustrate a clearer picture regarding on the research questions. In addition, after themes and relationships among codes emerge clearer a storyline that was woven by codes was subsequently written for answering each research question (Gawer and Phillips, 2013). Figure 4.10 exemplifies the coding system developed for data analysis in this historical – institutional analysis and linking descriptive, analytical and pattern codes. For a full list of codes and more details on coding process for each research question, it will be provided in the next following chapter **“Chapter 5: Disentangling a complexity of the industry reform: Applying an archival approach to investigate the railway reform”**.



**Figure 4.10: Exemplifying coding architecture**

The figure above reflects the logical steps of the interpretive process ranging from descriptive to inferential level of analysis. Through iterative and systematic reading and keeping the emergent ideas and themes it led the study to interpret and inductively develop a pattern regarding on each research question. Yet this helped to construct a historical – case study on a reform of British railway that explained ,first of all, a role played by industry reform in a growing involvement of the private sector (**Born**), secondly how it was dynamically legitimized and maintained (**Nurtured**), and finally how the privatization was socially and politically “**disrupted**”. For each particular research question, it will be addressed separately in great details in the chapter 6 Roles of the industry reform in a growing idea of railway privatization in 1960s; chapter 7 Managing legitimacy: How the momentum was built up and maintained? (1960s – 1970s) and chapter 8 Paradox of reform and power of disruptions (1960s – 1980s).

## Concluding remarks

The chapter has illustrated how the research project was designed spanning from the research philosophy to detailed method of data collection and analysis. It serves as a bridge connecting between “here” (research questions) to “there” (research findings). This bridge is built around the three mutually reinforcing elements. First as a historical – institutional analysis of the railway reform in Britain between 1960s and 1980s, a philosophical standpoint “*Interpretivist*” (*section 4.1*) on the industry reform helps clarifying that reform is a social phenomenon continuously interpreted and fashioned by the social actors (ontology). And therefore it directs the study leaning toward the belief that such a knowledge as a complexity of reform should rather be acquired through an appreciation of how the reform agenda is socially constructed by different interest groups than be developed in a manner of theorising by definite ‘law’ in the same way as the natural science (epistemology). This means the way to answer those research questions or a specific direction for a research to be conducted (Creswell, 2009), *methodology* (*section 4.2*), must be able to provide opportunities for a research to focus on the ways people make sense of the industry reform especially through sharing their experiences ‘over times’. Yet this philosophical underpinning together with type of research questions (longitudinal) and theoretical informed (institutional perspective) justify the adoption of **archival research** as an appropriate methodology for this doctoral study. Having known a certain direction for the study to proceed, historical-institutional oriented, type of data that represents a process of social interactions in the past (e.g. memorandum, letters, correspondence and cabinet meeting notes) and the way it should be interpreted are subsequently crafted out as a research *method* (*section 4.3*). These three inter-related elements makes the study to be grounded on a strong foundation. And this means the findings are credible and correct, as always believed by scholars that mean justifies the end. This claim could be assessed in a greater detail, point by point, on ‘Criteria for assessing qualitative research’ developed by Silverman (2010). See the table 4.2 below.

**Table 4.2:** Criteria for assessing qualitative research

Appraisal Qualitative Indicators	Questions
Appropriate research design?	Convincing argument for different features of research design?

Reliable data?	Recording method? Field note or transcription?
Clear theoretical assumptions?	Theoretical issue?
How credible are findings?	Are the findings supported by data? Clarity of links between data, interpretations and conclusions
Can the finding be generalized?	Evidence for wider inference?

**Source:** Silverman (2010)

These five criteria are indeed addressed in a construct of this chapter. For the first aspect ‘appropriate research design’, this concern is discussed throughout the chapter and briefly explained above in this concluding section as well. Second ‘reliable of data’, this matter of concern is taken into a consideration as the author argued for a non-reactive type of data as well as a section on 4.3.1 ‘Validity and reliability of data’ - Authenticity, Credibility, Representativeness and Meaning (Scott, 1990). For a following criteria ‘clear theoretical assumptions’ and a link between data, theory and interpretation, all of these concerns are fully aware as the chapter take quite a lengthy discussion on *Theoretical informed* and *Data analysis* that uses a theoretical frame in developing a coding system. And finally ‘Can the finding be generalized?’ As already illustrated in the data analysis section on a logical step of qualitative data analysis from descriptive coding to the pattern coding, this final criteria for assessing a qualitative research appears to be properly addressed. Although this chapter provides a lucid account of a research procedure, it does not explain and go in to a detailed explanation about how the archival study helps to disentangle a complexity of the rail industry reform. The next chapter will deal with this matter.

## CHAPTER 5

### Disentangling a complexity of industry reform:

### Applying an archival research to investigate

### The British railways reform

*“An important starting point for sociohistorical research is to inventory the myriad institutional process in which persons, organizations, or social movements become institutionally ensnared – thus producing the residual traces found in archives” (Hill, 1990).*

*What people do, how they behave and structure their daily lives, and even how humans are affected by certain ideological stances can all be observed in traces people either intentionally or inadvertently leave behind (Burg and Lune, 2012).*

#### Introduction

In a research design chapter, the discussion is largely placed on why an archival research is appropriate for investigating the reform of British railway (a philosophical worldview, type of research questions and a theoretical informed). It also includes the methods for data collection (e.g. what records the study looked at, why these particular records, why they provided relevant data and how they were collected) and a conceptual framework for data analysis. However, because of the scope of the chapter, it does not sufficiently address how the chosen methodology is applied to the problems. Because of this, chapter 5 is centred on an application of archival research that drives a historical-institutional investigation.

It is structured as follows. Section 5.1 is responsible to the first research question – ‘Roles of the industry reform in growing idea of privatization in BR **“Born”**, whereas section 5.2 deals with the second research question – a legitimisation process of the railway privatisation **“Nurtured”**. The problem about **“Disruption”** as a paradoxical result of the industry reform is elaborated in section 5.3. Each section provides logical steps of the interpretive process,

ranging from a coding system to a construct of a timeline that helps to unfold a series of events pertaining to the institutional dynamic of reform. This leads to an interpretation of a reconstructed archival account. Nevertheless, with a confidentiality reason (see section 4.3.2, chapter 4) of accessing into the data, unlike the section 5.1 and 5.2, the section 5.3 with a limited access to the archival sources, it is discussed in a very comprehensive manner – coding and interpretation – and it concludes by suggesting another potential role of the industry disruption in shaping a development of British railways. Yet this requires other archival sources that so far have not been available due to a thirty years restriction rule.

### **5.1 Roles of the industry reform in growing idea of privatisation in BR “Born”**

This section deals particularly with the first research question of this doctoral study (see table 1.1: research objectives and research questions on page 18. Before the coding process, the data was grouped into three different temporal periods – a decade in the 60s, 70s and 80s – for the reason of observing a socio-political turn. This is a conventional time-scale used in a narrative history and by social and economic historians (Guldi and Armitage, 2014). In order to utilise the power of archival sources as a sedimentation of institutional process in British railway reform over decades (e.g. evidentiary traces, unobtrusive sources and speaking more eloquently since it was not first created for the purpose of this study) there were three main steps helping to disentangle a complexity of industry reform. Initially, a series of theoretical codes derived from the research question and the institutional change concept were applied to the data to detect, for example, what triggered a fundamental change in strongly institutionalised practices and what happened theoretically in British Railways during a cause of reform. This descriptive coding process was followed by analysis and pattern coding that systematically moved the analysis into a deeper and more critical level. Secondly, in effect, these analysed data were re-assembled to construct a timeline of reform in the 1960s with the aim to unfold a series of events in a chronological manner – what had happened (before), what did happen (during) and what subsequently happened (after) – in reforming BR. After all an interpretation of the role reform played in a growing involvement from the private sector in a provision of rail services was provided. Each step, as part of an application of research design, is discussed below.

### 5.1.1 Coding process

In addition to examining the official reports in the 1960s (Beeching, 1963 and JSG in 1967) by a series of simple but interrogative questions mentioned earlier in section 4.3.2, that helped to preliminarily structure the archival data in a systematic way then theoretical codes started to play their role in an analytical process. They were on the back of the author’s head when the data was being read through line-by-line. Table 5.1 shows theoretical codes in a descriptive level of analysis for the RQ1.

**Table 5.1:** Theoretical codes for RQ1

Code	Definition	Example	Derivatives
<b>Historical matter</b>	BR was developed in path dependent way as a result of the normative and cognitive mind-set of the actor involved	<i>"It does not matter whether the nationalized railways show a deficit, though of course every possible economy should be used in their administration. <u>What is important is that the public should have the best transport service ...[...]</u>"</i>	<b>Industry norm, cultural mind-set, and resistance to change</b>
<b>Exogenous</b>	External forces that disrupt the status quo and routine of BR	<i>"Sweeping changes will be needed"</i>	<b>Economic crisis, political change, financial condition, radical, and industrial actions</b>
<b>Endogenous</b>	A transformative capacity of agency in altering a trajectory of development in BR	<i>"The programme is even more important as an integral part of the reshaping of our railways. The present system is largely the result of unplanned, competitive private enterprise growth in Victorian times, and it needs drastic pruning and <u>replanning for the need of the second half of this century</u>"</i>	<b>Strategy, negotiation, contestation, trick, political plotting, and conciliation</b>

**Source:** Self-compilation

Initially, in the very first round of coding, the above codes “**Historical matter**”, “**Exogenous**” and “**Endogenous**” were applied to the data in order for the author to understand what happened in reforming British Railways against the strong political and social fabric of the post-war settlement “Nationalisation era”. As the data was coded (see an example column), it implied that the reform of BR was a difficult task as a result of a long-embedded attitude of the railwaymen and the British people toward the role of BR. So, apart from relying solely on opportunities to open up through socio-economic conditions, other internal moves such as,



political manoeuvres were mobilised to usher radical reform. Theoretically put, the institutional logic that undergirded and influenced historical past practices, e.g. a social service for all, nationalised industry and not-for-profit (historical matter), was significantly challenged by an interplay between a change in social and economic landscape (exogenous) and some disenfranchised interest groups (endogenous).

These theoretical codes were expanded, as a result of going back and forth between data and literature on institutional theory. For example, in the case of “**Historical matter**”, there were derivatives such as, industry norm, cultural mind-set and resistance to change, that signified a notion of path-dependency in the railway sector at that time. Similarly, the theoretical codes “**Exogenous**” and “**Endogenous**” were also developed further through an iterative process of deductive-inductive thinking through a re-reading of the data (see the column on derivatives in table 5.1 above). At this stage, these codes, in addition to helping segment and assign meaning to chunks of data, they also provided an account of the implication of Beeching’s report.

After Beeching’s reform was put in place and resulted in the closure of a third of the existing railway services, Robert Fisher wrote in the Times newspaper, 1964:

*“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations so that each container was to be kept in constant use – **in theory sound, but in practice unworkable** for the daily fluctuation in trade” (Letter by Robert Fisher, Managing Director of Robert Fisher – Packing and Shipping – Times 3<sup>rd</sup> November 1964).*

And Eric Merrill, public relations manager to the British railways Board, wrote:

*“I am particularly worried about containers. **The demand for them is greater than the supply** – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future [...] ...As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr. Fisher’s letter is a symptom of this. **This is not a PR problem.** (Letter from Eric Merrill, public relations manager to the British railway Board – 6<sup>th</sup> November, 1964)*

The highlights above suggest that, even within the public sector side, it was not as homogenous as it seemed, particularly in terms of the reform principle. In addition, when additional data ‘reform in late 1960s JSG report 1967’ and its related document was coded, such as,

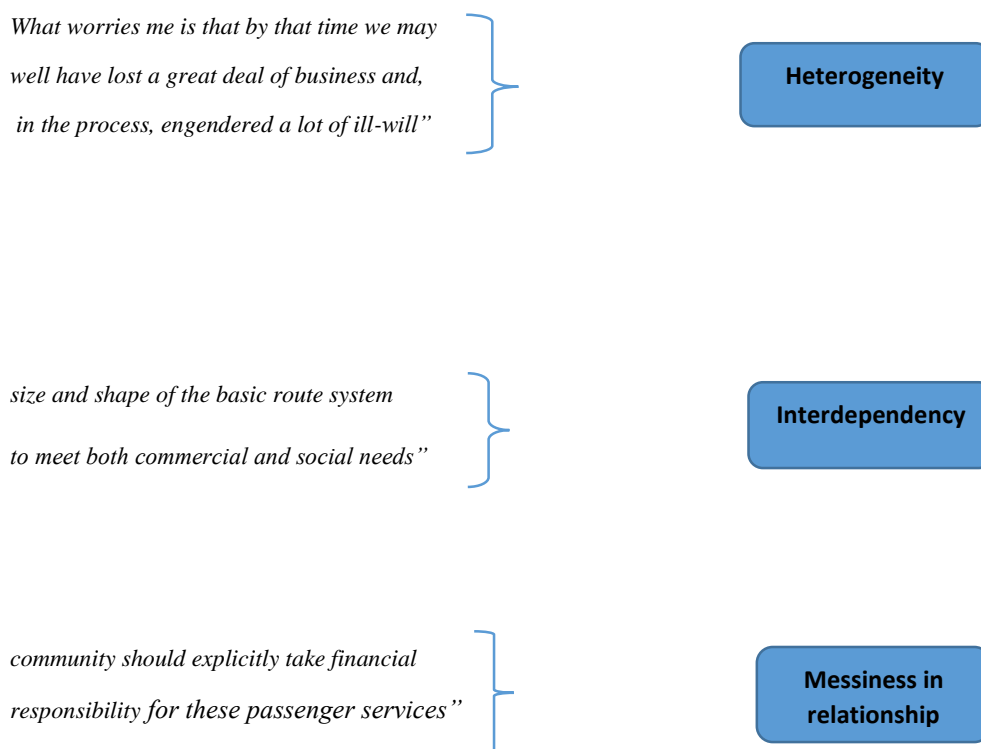
*“The government’s first problem, therefore, has been to determine the **size and shape of the basic route system to meet both commercial and social needs.** This was essential so that management could*

*concentrate on the improvement rather than contraction of the system and provide the first class service to the public" (JSG inquiry, 1967)*

And

*"If self-reliance is to be restored to the industry, it is essential that the **community should explicitly take financial responsibility** for these passenger services" (Railway Policy, Ministry of Transport, 1967)*

Words such as “communities”, “social”, and “commercial” prompted the study to conceptualise what underlying issues the reform agenda had to deal with. As already shown in figure 4.10, there were concerns on “**interdependency**” and “**messiness relationships**” among the interest groups the industry reform agenda needed to include, let alone a “**heterogeneity**” in managerial and operational principle within the public sector its own. Figure 5.1 below exemplifies a development from a descriptive to an analytical level of coding. They emerged from a grouping of separated/fragmented data that was initially processed under theoretical coding.



**Figure 5.1:** An example of a development from descriptive to analytical codes in a process of data analysis

**Source:** Self-reflection

Inductive thinking on data became more refined and solid when reflecting on the time horizon. For instance, as its centrality was considered by the public as a conciliation between the post war ideology of ‘cradle to the grave’ and ‘efficiency service’ initiative proposed by a controversial Beeching report in 1963, the JSG inquiry in 1967 did divide between commercial railway and social railway. The latter was unremunerative lines (previously proposed to be withdrawn) but socially needed for journey from and to local areas, while the former was expected to bring BR back to stand on its own feet financially. In this regard, boundaries between the social services and business running were drawn and even re-drawn as BR got further reform. See, for example, the following quote:

*“It is only within the framework of local planning for public transport that issue which arise on some of these local services can be resolved, in the **interest of local communities**. **Central government** is not well placed to judge what **local arrangements** would meet local needs in the most satisfactory way ... [...]... Whether such rail service provide the best way of meeting local needs should be settled within the local democratic process”*

(Transport White Paper, Memorandum by the Secretary of State for Transport, 13 June 1973)

The excerpt implicitly suggests an idea that is related to constructing and reconstructing the boundaries in the rail sector such as “interest of local communities”, “central government” and “local government”. Yet, detecting the fundamental thinking concealed in the successive reforms prompted the study to build up a picture that is associated with a research focus in this period – What role the industry reform played in a growing idea of privatisation during the 1960s. This is clearly illustrated when chunks of coded data were re-assembled on a timeline in a following subsection.

## 5.1.2 A chronology of British railway reform in the 1960s



Historical context (Nationalised Idst.)	Triggers (Political forces)	Main events	Intermediate reactions	Long-term consequences
<p>"During the week ended March 20, - 227,187 ton of iron and <b>steel</b> from the principal steelworks and 344,200 tons of iron were <b>conveyed</b>. Compared with 214,950 tons and 334,330 tons in the corresponding weeks last year, British Transport Commission announced" (Aberdeen Evening Express Tuesday 30th March 1954)</p> <p><b>Railways Help Farmer</b> "Because of the bad harvest, British railways have offered temporary reductions in freight rates for hay and straw for feeding. Until March 31, recued rates will apply where 50 tons or more pass between the same two stations throughout that period" (Dundee courier, Wednesday 10th November 1954)</p>	<p>"We must move our goods swiftly to markets, shops and homes, and to the ports for our overseas trade. It is Conservative policy to see that they do. The <b>spur of competition</b> which we have provided will certainly help ... railways require vigorous development to make up for <b>time lost in the years of war and of socialism</b>" (The Conservative manifesto, 1955)</p> <p>"The aim must be to exploit the great natural advantage of railways as <b>revolutionize</b> ... concentration on those functions which the railways can be made to <b>perform more effectively</b> than other forms of transport. (Modernization and Re-equipment of British Railway by BTC 1955)</p>	<p>"The heart of the problem is in the railways [...] They employ half a million people and represent an investment of nearly 1600m, which is growing by more than 100 million each year [...] <b>The railways are now in a grave financial plight.</b>" <b>"First the industry must be of a size and pattern suited to modern conditions and prospects.</b> (P.M. spoke in the House of Common, March, 1960)</p> <p>"...[...]...the railways should be used to <b>meet that part of the total transport requirement of the country for which they offer the best available means, and they should cease to do things for which they ill suited</b>"</p> <p><b>1/3 of routes was closed down, redundancy was looming !!!</b></p>	<p><b>"DISREGARD OF SOCIAL NEEDS AND CONSEQUENCE"</b> [...] <b>OPPOSE IT. SPEAKING AGAINST IT. VOTE AGAINST IT. PROTEST TO YOUR LOCAL AND NATIONAL NEWSPAPERS. URGE YOUR M.P. TO TAKE POSITIVE ACTION AGAINST IT....REMEMBER, THE WILL OF PEOPLE MUST PREVAIL !!!</b></p> <p>(The Mis-Shaping of British Railways 1963, National Union of Railwaymen)</p>	<p>Private firms in Manchester issued objections on this railway reform by stating that</p> <p><i>As a result of (a line closure) a certain number of the staff have <b>informed the management they may not be able to continue working at factory.</b> It will be <b>difficult</b> to obtain replacements for those skilled tradesmen. Firms and traders on the whole length of the line use the passenger services for the collection and delivery of goods. In the event of closure, the substitute service would not provide <b>the same facilities</b> for the transport of packages, parcels small machine parts and particularly goods ... (MT 100/121: the effect of closures in Northwest lines</i></p>

**Figure 5.2:** Timeline and socio-political context in the Beeching era

**Source:** Self-compilation

The excerpts above were taken from the coded data 'Reshaping of British railways 1963', authored by Dr. Richard Beeching, a former ICI director and its related archival sources. They were drawn from a diversity of documents (e.g. published and unpublished documents, the media coverage, leaflets from the involved parties such as businesses and unions) aimed to provide a snapshot of what happened socially and politically in the 1963 railway reform. Based

on both **deductive** (*theoretical frame – the institutional change concept*) and **inductive** (*emerging idea – what data says*) thinking to interpret and structure the meaning of archival data, there are three aspects worth observing theoretically and empirically.

First, in reforming British Railways during 1963, it took place against a strong political and social fabric of post-war settlement “Nationalisation era” (see highlights in columns ‘Historical context’ and ‘Triggers’) and the agenda was set against an orthodoxy of social service for all, as manifested in early 1960s that,

*"Although the industry has an obligation of national and non-commercial kind, it should not and ought not, to be regarded as social service absolved from economic and commercial justification".*

(The Government White Paper on British railways, 1961)

This inevitably faced resistance from some interest groups who preferred the status quo. As such, industry reform during this time must have, therefore, dealt with a complex web of relationships between those whose thoughts and actions had long been influenced by the institutional logics of ‘nationalised industry’ [**analytical code: a messiness relationship**]. This had been processed through an interweaving of the three pillars *what must happen* (*regulative*), *what should happen* (*normative*) as well as *what generally happened* (*cultural-cognitive*) (Nepal et al., 2014) for almost twenty years steered. This strongly directed the railway sector and the railwaymen.

Second, since the industry was set to lose a state of institutional equilibrium, as a result of such an external shock as the industry being put under a reform programme – *losing of a socially constructed state where the institutional actors are not motivated to depart from the status quo such as, their positions and strategies* (Mu et al., 2011) – the way in which the institutional actors interacted with each other as well as the roles they played in a provision of rail services tend to be reconfigured [**analytical code: interdependency**]. They appeared to be dynamically shaped by social, economic and political forces embedded in the reform programme. For example, it was clearly stated by the Ministry of Transport (1966; July, Cmd.3057) that

*"[...] key to solve Britain's transport problem [which] lies in planning designed to reconcile our many-sided needs, national and local and regional, economic and social".*

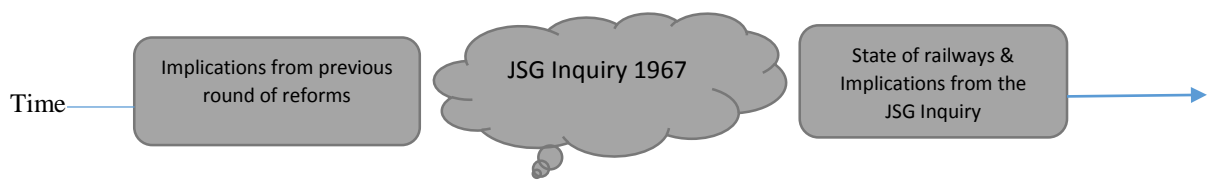
However, this government's intention implied that there would be increasing dynamics within the railway industry, either by means of the actors involved or the contributions they made to BR [**analytical code: heterogeneity**]. This links to a final observation that Beeching's reform, although fiercely criticised and widely opposed, induced those who had been passively

involved with the rail industry to become more active, the business sector in particular (see the extract in a 'Long term consequence' column) as well as a regional county council. As their concerns were expressed over the reorganisation of the railways **[analytical codes: interdependency and messiness relationship]**.

*"[...] unless major road schemes in this area are expected, the road situation will become chaotic and desperate, a situation which can only lead to more congestion and more accidents, and would seriously jeopardize Lancashire's industrial future by constructing goods and business traffic"*

(Response by Lancashire County Council in a letter to the British Railways Board, 6 August 1963)

In short, based on a comprehensive account, centring on the 1963's reform, the complexity of railway reform can be discerned. These include its links to a complex web of relationships between the interest groups, its influence on change in roles played and the dynamic interaction of those involved parties, as well as a power to induce some previously passive actors to become more actively involved in railway reform. From the institutional perspective, this round of reform significantly disrupted the industry status quo, which consequently led to the institutional adjustment (e.g. an interaction and reconfiguration between those actors) where their interests would be realigned. This subsequently proceeded through the 1967 railway reform where the social and commercial dimensions of the railway were taken into account. The following figure 5.3 encapsulates the socio-political dynamics and concerning aspects of 1967's reform.



What happened socially and politically as a result of the previous reform? (before)	Key aspects of the reform (during)	What happened socially and politically after the implementation? (after)
<p><i>“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations – in theory sound, but in practise unworkable for the daily fluctuation in trade”</i> (Letter by Robert Fisher, M.D. of Robert Fisher – Packing &amp; Shipping – Times 3<sup>rd</sup> November, 1964)</p> <p><i>“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future [...] what worries me is that we may well have lost a great deal of business ... This is not a PR problem”</i> (Letter from Eric Merrill, public relations manager to the British railways Board, 6<sup>th</sup> November, 1964)</p>	<p>“If self-reliance is to be restored to the industry, it is essential that the <b>community should explicitly take financial responsibility</b> for these passenger services” (Railway Policy, Ministry of Transport, 1967)</p> <p>“The government's first problem, therefore, has been to determine the <b>size and shape of the basic route system to meet both commercial and social needs.</b> This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public” (JSG inquiry, 1967)</p>	<p>“We are in the midst of transport <b>revolution</b> [...]. and it is always important to have the right size of transport but should <b>not in the expense of ‘social purpose’</b> and ‘public service’” (the Financial Times, Monday July 4th 1968 argued by Barbara Castle)</p> <p>*** Despite the pause of public resistance as their concern in social value was taken into account by the new round of reform, the hard-nose unions seemed unlikely to depart from their stand and continued opposing the pace of reform and the emerging of private sector involvement in the railway business. See the following quote</p> <p>“In the early days, worker's participation was not having a single representative on a board of 7 or 8 people, whether he was a rank or filer or a trade unionist, nor was it having some leading trade unionist figure on the board in a personal capacity [...] <u>we will fight for trade union policy on the board, and not be held to the policy of the board, if we would not have a stake</u>” (AN 156/15)</p>

**Figure 5.3:** Timeline and a socio-political context of the reform 1967

**Source:** Self-compilation

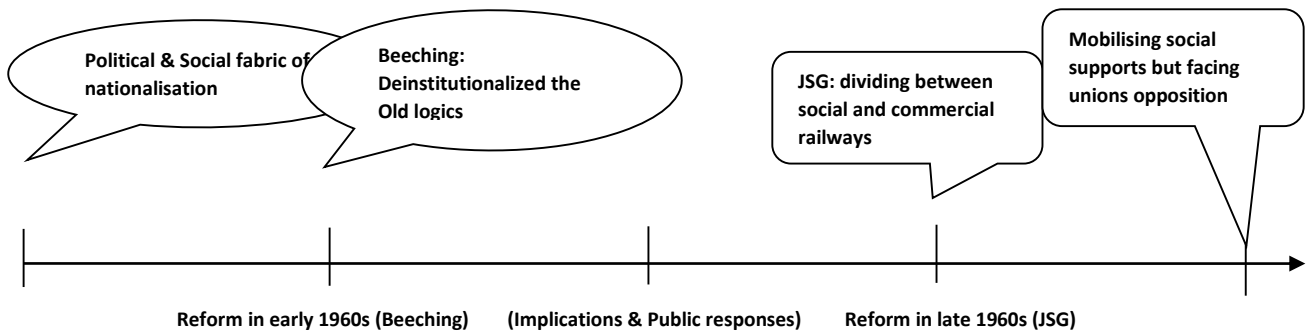
What have been observed as capacities of the reform in early 1960s – dealing with a complex web of relationships, intervening social interactions and encouraging some interest groups to

become more active in reform – are refined and have become more reflective in understanding the role industry reform played as the JSG inquiry is examined in detail. The highlights in the first column suggest that, even within the public sector side, it was not as homogenous as it seemed, particularly in term of the reform’s principle. Likewise, in the second column, words such as, “communities”, “social” and “commercial” mentioned in the reform agenda point to a heterogeneity and a dynamic of roles played within the rail sector, which seemed to be influenced by the reform initiative [analytical code: heterogeneity]. Together with what the railway unions tried to negotiate, emphasising “their stakes” and “representative on board’s memberships”, it prompted the study to be able to conceptualise what seemed to be the role industry reform play in a growing involvement of the private sector in British Railways. The industry reform in this decade was very much involved in a constant process of constructing and reconstructing boundaries between the involved parties in order to obtain a more completed organisation (see e.g. Brunsson and Sahlin-Andersson, 2000, section 3.1).

### **5.1.3 Interpretation**

The preceding subsections above presented an inductive process and identified relationships between coded data and their emerging ideas concealed in archival sources. What could be argued so far about the role the industry reform played during the 1960s is that it actively involved the issues of reconfiguration of interdependency and messy relationships among interest groups, particularly between the public and the private sector. In this regard, what is often seen today as demarcated boundaries between the two sectors had undergone a process of constructing and re-constructing in a response to a political and socio-economic condition (a detailed discussion is provided in chapter 6). The figure 5.4 below shows the centrality and implications of the two influential reforms in the 1960s.



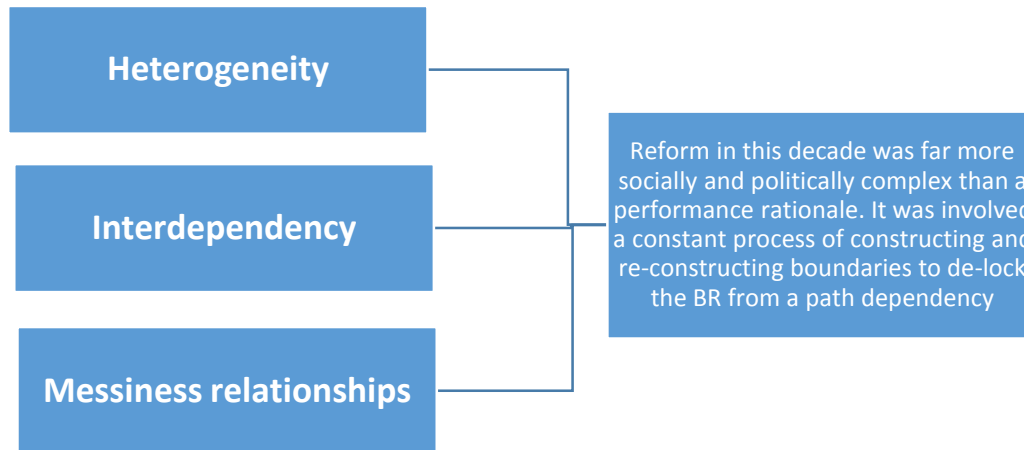


The Reshaping of British Railways (Beeching Report) 1963	The Joint Steering Group (JSG) Inquiry (1967)
<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>Determining characteristics which distinguish railways from other modes of transport</li> <li>Identifying which part of the total national pattern of transport requirements these characteristics can apply</li> <li>Closing down 1/3 of the existing routes which is not consistent with the above identifications of rail characteristics</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>Determining size and shape of the basic route system to meet both social and commercial needs</li> <li>Communities were encouraged to take part in responsibilities for un-remunerative but socially important</li> </ul>
<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>The remote areas that relied heavily on rail transport were severely affected such as Wales and Scotland</li> <li>The public perception toward the reforms as only for account reason but not for social aspect</li> <li>Debates about the direction of reforms across boundaries: politicians, unions, public in general, practitioners and academics</li> </ul>	<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>A separation between commercial and social railways</li> <li>For the commercial railways, it began to recognise the need to have a commercial attitude to run for profit as the private sectors</li> <li>It appeared to be the end of an era in internal reorganisation and ushered in a new idea to bring in a private sector managerial approach</li> </ul>

**Figure 5.4:** A summary of railways reforms in the 1960s

Through the iterative and systematic process of reading, organising and interpreting data and with the power of archival material, this led the author to inductively develop a historical account, which disentangled a complexity of reform from the institutional perspective. In a brief account, reform in this decade is far more politically and socially complex than a performance rationale. It was rather about a continuous process of constructing and re-constructing boundaries, as will be presented in the form of boundaries ‘built’, ‘bridged’ and

‘blurred’ throughout the decades, in order for BR to de-lock from a dominant development path (see chapter 5 which deals particularly with the RQ1). The following figure 5.5 shows a construct of research findings for this research question.



**Figure 5.5:** A construct of research findings for the RQ1

**Source:** Self-compilation

## 5.2 A legitimisation process of the railway privatisation “*Nurtured*”

While the previous section illustrates how the archival research, as a methodology for this doctoral study, could help in dealing with the question of the role the industry reform played in the growing involvement of the private sector against a backdrop of the nationalisation idea, this section is intended to provide a comprehensive account of an archival approach in accounting for a legitimising process – how the growing idea of privatised railways was dynamically legitimised and maintained throughout the turbulent periods of change in the social and political landscape during the 1970s. They are structured in a logical way. While the former is concerned with ‘a growing of idea’ *Born*, this latter one is more focused on the ‘legitimisation of the idea’ *Nurtured*. The investigation moves from institutional change to

institutional legitimacy. This section is structured in the same way as the previous section – 5.2.1 coding process, 5.2.2 a chronology of British railway reform in 1970s and 5.2.3 interpretation.

### 5.2.1 Coding process

Similar to the process of data analysis for RQ1, the way the archival data was analysed for the second research question began with utilising a theoretical thought on “the institutional legitimacy perspective”. Yet, to disentangle a complexity of industry reform in term of how the privatisation idea was dynamically legitimised and maintained throughout turbulent periods, theoretical codes were generated for the authors to understand what happened theoretically in the 1960s and 1970s reform. These included codes, for example, “**Regulating, Obligations, Enforcement**”; “**Social concerns, Socially acceptable, Usual way operating**” and “**Emotion, Attitude, Tradition**” that were derived from the three institutional pillars that offered a different rationale for gaining legitimacy, by virtue of legally sanctioned (regulative pillar), morally authorised (normative pillar) and culturally supports, respectively (Scott, 2008). Moreover, these codes were applied to data along with codes that were produced from literature on strategies for gaining legitimacy, especially from the view of language (e.g. Suchman, 1995; Watson, 1995; Suddaby and Greenwood, 2005; Brown, 2012). For instance, “**Financially sound, Efficiency, Better future**” (logos aspect of rhetoric), “**National interest, Responsibility, Devolution of Power**” (pathos aspect of rhetoric – emotion evoking) and “**Suffering/ Languishing/Rescuing**” (ethos aspect of rhetoric – moralising). The table 5.2 below provides a list of theoretical codes used to understand and conceptualise how legitimacy was gained and maintained in a preliminary state of data analysis.

**Table 5.2:** A list of theoretical codes for RQ2

Code and its derivatives	Definition	Example
<b><u>Regulating</u></b> – obligations and enforcement	Using a regulative power e.g. top-down restructuring and legal force	<i>“We see no point in introducing private capital, unless the government <b><u>introduce private sector discipline</u></b>”</i>
<b><u>Social concerns</u></b> – socially acceptable and usual way of operating	Altering expectation of what is right and reasonable	<i>“We need both <b><u>efficient publicly owned</u></b> industries and <b><u>vigorous alert</u></b> ... private sector...that <b><u>bring together the inters of all concerns</u></b>”</i>

<b><u>Emotion</u> – attitudes and traditions</b>	Destabilising a taken-for-granted belief	<i>“Public attitude to rail-passenger services, are perhaps <b><u>influenced by folk memories of the Victorian</u></b> !!! when all but local journey were, as a matter of course, undertaken by train. <b><u>Rural stopping service survive for political reason</u></b>”</i>
<b><u>Rationale</u> – financially sound, efficiency and better future</b>	Using a rational argument to justify what is socially desirable and acceptable	<i>“Railways will continue to play an important part in the country transport system. An integrated transport policy that <b><u>each mode must concentrate on those services for which it is most suited</u></b>”</i>
<b><u>Emotional evoking</u> – national interest, responsibility and devolution of power</b>	Using an emotional appeal to strengthen either a case for change or to preserve the status quo	<i>“Rail is not kept for the sake of the public but <b><u>for the sake of unions</u></b> and they in turn are just conscript of the Labour Party”</i>
<b><u>Moralising</u> – suffering, languishing, and rescuing</b>	Referring to a moral basis on what the BR should be run and organised	<i>“<b><u>More and more the nationalised industries are run for the benefits of those who work in them</u></b>...more jobs for boys, more money for each boy ... the need to satisfy customer is less and less”</i>

**Source:** Self-compilation

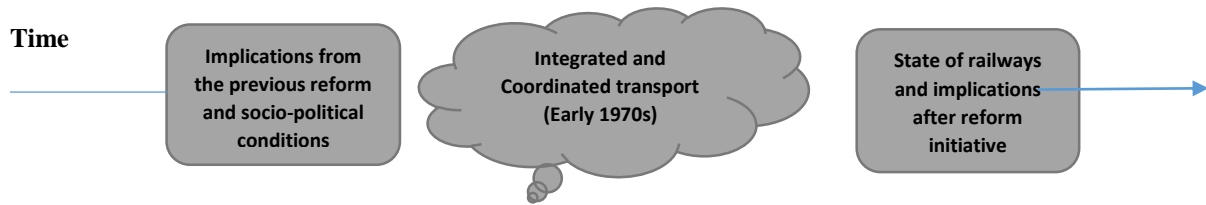
These theoretical codes were on the back of the author’s head when data was being read through in the early rounds of the coding process. What could be detected from the fragmented archive was that, in addition to the use of such a rationale as the railway’s performance and efficiency, the rhetoric was formed through an emotional evoking (pathos aspect of rhetoric), for instance, “devolution”, “locality” and “responsibility” to gain a social legitimacy in reforming BR. In addition, the power of language in influencing normative beliefs regarding what BR served for and the cognitive mid-set of the public and part of railway men could be observed.

For example, quotes and highlights such as, “*the government believes that the British railways will continue to play an important role*” or “*we need both efficiency public own [...] profitable private sector*”, as well as, “*bring together the interests of all concerns*”, engaged with the interest groups on an emotional level, to elicit the feeling of national interest, responsibility or even guilt. As such, this could be argued that the idea of privatisation, which has always thought of a performance rationale was not likely legitimised on the performance rationale itself. It seemed to be more politically and socially complex in its way.

In order to avoid the effect of forcing data into a theoretical frame and “cherry-picking”, inductive thinking was also applied to strengthen the analytical process. For example, during the process of reading through data line-by-line, there were emergent codes and invaluable ideas that continuously surfaced such as, “**contestation of power**” and “**negotiation**” as well as “**an influence of political ideology**”. This inductive interpretation on what data speaks out helped to develop further the point argued previously about what actually legitimised the idea of privatisation. Surprisingly, such an argument as reducing wasteful duplication, “a performance rationale” played a least significant role in the legitimising process compared to a socio-political force. Chunks of data that were labelled “**contestation of power**”, when mapping together, for example, gave some useful insight into the study. These include the government’s decision to blend a performance rationale with an attempt at “**re-balancing**” the transport industry to “**curb a spiralling**” of the unions’ power and “**an influence of political ideology**”, evident by the Ridley report 1977 to break up the power of monopoly and public sector unions, implied that it was not a performance rationale that drove the private sector’s involvement through the 1970s. It was rather a political ideology that pushed reform through.

In brief, with their interplay and cycling back and forth on data, at the end, a coding process that moved from a descriptive to an analytical level enabled the author to challenge the orthodox way of thinking about industry reform, which is believed by scholars and industry practitioners should be framed around ‘a performance issue’ in order to make the reform programme desirable and socially accepted. This will be clearly illustrated when chunks of coded data were re-assembled on a timeline in a following subsection.

## 5.2.2 A chronology of British railway reform in the 1970s



What happened socially and politically as a result of late 1960s reform? (before)	Key aspects of the reform (during)	What happened socially and politically after the implementation? (after)
<p><i>"Rail is not kept for the sake of the public but for the sake of unions and they in turn are just conscript of the Labour Party"</i> (Times newspaper London 28 Oct 1973)</p> <p><i>"How will we <b>denationalise</b>? there is now an overwhelming economic case for breaking up these nationalised monopolies" [...] British rail alone will have its cash flow topped up by 200 million GBP over three years by new subsidies announced in recent weeks. Some of this may be badly needed. Only last weekend Mr. Richard Marsh, British rail chairman, announced a <b>perspective loss of around 20 million GBP for this year</b> for his organization, followed by another, though smaller, loss next year"</i> (Economist magazine April 28, 1973)</p> <p><i>"Progress is at present <b>restricted by public resistance, local authority opposition, and the absence of local pressure for rationalisation of railway service or provision of more cost-effective transport. We ought therefore to devolve responsibility for grants and closure, so that the implication of closure, rationalisation and continuation are considered and set against one another at more local level"</b></i> (MT 124/1555 Policy review 1972 - 1973: Unremunerative rail passenger service)</p>	<p><i>"The government believe that the <b>railways will continue to play an important part in the country's transport system</b>; they will be encouraged to develop in whatever way make economic and social sense. An <b>integrated transport policy</b>, however, means that <b>each mode must concentrate on providing those services for which it is best suited</b>, taking full account of changes in customer demand and the wider social, environmental and economic implication involved".</i> (MT 124/1665: Correspondence with trade union and conservation society date 19 April 1973)</p> <p><i>"We need both <b>efficient publicly owned industries, and a vigorous, alert, responsible and profitable private sector working together with the government in a framework which bring together the interest of all concerns"</b></i> (The Regeneration of British Industry: Department of Industry 14 August 1974)</p>	<p><i>"BR is now in a strategic position to concentrate upon the natural strength which the railway possesses in competitions with road and air by exploiting their ability to handle thick regular flow of traffic"</i> (The Financial Times, Friday, September 26th 1975)</p> <p><i>*** The use of <b>alternative</b> to counter the severe disruption !!! (CAB/129/162/15)</i></p> <p><i>"Mr. Mulley like his predecessor, Mr John Peyton, has lost his grip on transport policy. <b>The sectorial lobbies in transport are formidable and backed in British Rail by trade unions political heavyweights. Mr. Wilson is in the rail unions' debt for calling off their go-slowly during the election. The bus is weak at the present time because it does not have comparable unions' backing"</b></i> (The Economist magazine, Saturday 22<sup>nd</sup> June 1974)</p>

**Figure 5.6:** Timeline and a socio-political context of reform in the early 1970s

Source: Self-compilation

Having begun to emerge from the shadow of the nationalisation doctrine in the 1960s, the idea of bringing in private business into BR was still strongly opposed by the hardnosed unions, including some public and local authorities during the beginning of the 1970s. Therefore, the question here is how the idea was dynamically legitimised and maintained through the decade. Referring to quotes in the first column, especially *the highlights in italic*, they appear to suggest that the public began to cast doubt over the role of the unions and, more essentially, started to think about the more involvement from the private sector – *denationalise and breaking up a monopoly*. However, this offered the new Conservative government (1970-1974) a confidence to resume their tough hands approach in reforming the industry. As noted in a memorandum made by the Chancellor of the Exchequer on 24 May 1971 about the issue of nationalised industry policy, he suggested that:

*"private capital will not be attracted unless the potential security and return on investment are comparable with private industry. We see no point in introducing private loan capital [...] unless the government introduce private sector discipline."* He then stressed on *"[...] creating conditions more favorable to the attraction of private capital...and transfer of control to the private sector"* (CAB/129/157/12). **[Analytical codes: an influence of political ideology/contestation of power]**

To do so, the rhetoric was formed through an emotional evoking (a pathos aspect of rhetoric) such as, “**devolution**”, “**locality**” and “**responsibility**”, to gain social legitimacy for reform. From a theoretical point of view, the three institutional pillars seemed to be unravelled during this time and not as reinforcing as they used to be. That said, the normative and cultural cognitive pillar had increasingly become more critical in deciding the future of the industry, or, put another way, they were, at that moment, prevail over the concern of regulation. This led the government to proceed with the reform by adhering to a rationale for gaining legitimacy – morally authorised (normative) and culturally support (cultural cognitive).

By examining the key document at that time, which had been embargoed from public access for around thirty years – The Regeneration of British Industry: Department of Industry 14 August 1974 – in tandem with some related archival sources such as, MT 124/1665: Correspondence with trade union and conservation society date 19 April 1973 (see the excerpts from the second column and *the highlights in italic*), the power of language in influencing normative belief regarding what BR served for and cognitive mid-set of the public and part of railway men could be observed. Quotes and highlights such as, “*the government believes that the British railways will continue to play an important role*” or “*we need both efficiency public own [...] profitable private sector*”, as well as “*bring together the interests of all concerns*”,

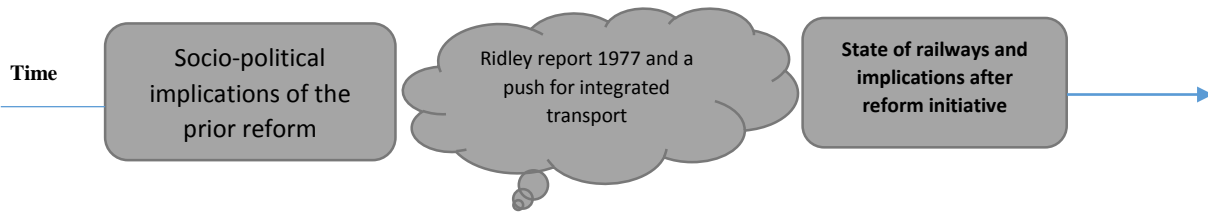
engaged with the interest groups on an emotional level, to elicit the feeling of national interest, responsibility or even guilt. As such, it could be argued that the idea of privatisation, which has always thought of a performance rationale, at least in the early 1970s was not likely legitimised on the performance rationale itself. In fact, it seemed to be more politically and socially complex.


However, even though the reform had moved in a less confrontational manner by avoiding the use of regulative power such as, the enforcement of laws and change in regulation in which they had a structural legitimacy to do so. The headwind was still persist as the unions threatened to go on strike. This was underpinned by, on a flip-side of reform, it meant losses for the unions as well as some civil servants who had never been prepared to embrace the managerial style of the private sector. Although the government offered to increase wages at the expense of staff redundancy and cutting some periphery businesses of rail, it was unlikely to placate the hardnosed unionist. As can be observed from the cabinet meeting – Effect of Industrial Action by Railway Unions (CAB/129/162/4).

*"If the railway unions, or any one of them, do not accept the best offer British Railways can make, industrial action will follow. This could be sporadic and local, and therefore, nor more than a nuisance; or much more serious, a concentration on key traffic (for example, coal and oil to power stations) or an all-out strike. The two last possibilities would do serious and immediate damage"* [**Analytical code: a contestation of power**]

As shown in the third column above as BR was at a critical milestone of reform “*BR is now in a strategic position [...]*”, it made the government think about alternatives to encountering the strikes and sought to rebalance the role of the railway in British transport. In this respect, what had been discussed earlier in the decade, ‘the integrated transport’ and the emergence of the Ridely report in 1977 had become a crucial part in helping legitimise and maintain the momentum of private sector oriented reform. See figure 5.7.





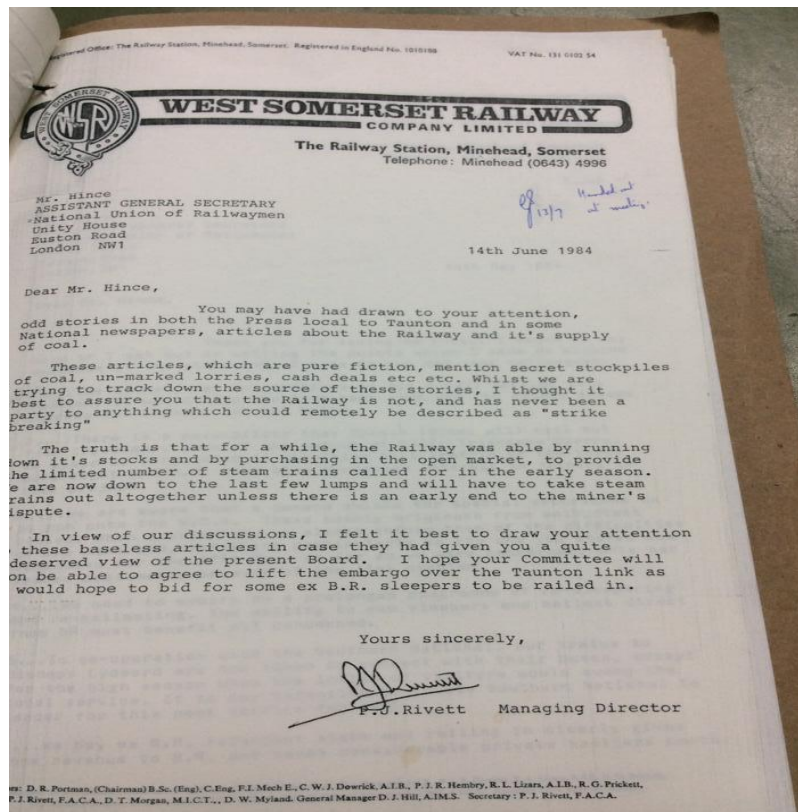
What had happened as a consequence of the previous attempts in reforming BR, including the socio-political conditions? (before)	Ridley report in 1977 and a push for integrated transport (during)	What happened socially and politically in BR? (after)
<p><i>"It appears to the secretary of the state and to us that the industrial actions will cause an interruption in the supply of goods and provision of services of such a nature and on such a scale as to be likely to be gravely injurious to the national economy [...] undoubtedly Britain will face fiercely disruption to the national life and they will not necessarily come singly"</i> (PREM 15/981: Industrial relations/strike and negotiation 1975/1976)</p> <p><i>"More and more the nationalized industries are run for the benefits of those who work in them. The pressure are for more jobs for the boys, and more money for each boy. The need to satisfy the customer is less and less appreciate mainly because they tend to be monopolistic concern"</i> (The role of British Rail in Public Transport, November 1975, Cmd.7038).</p> 	<p><i>"The process of returning nationalized industries to the private sector is more difficult than ever. Not only are the industries firmly institutionalized as part of our way of economic life, but there is very large unions and political lobby want to keep them so [...] it should not be a frontal attack but stealth [...] three steps...1) Destroy the statutory monopoly, 2) Break them up into small business, 3) Apply a whole services of different technique...[...]"</i> (Ridley report, 1977)</p> <p><i>"[...] the British railways Board and the National Bus Company – which, when viewed in isolation, lead neither to the best service to the users, and potential users, nor to the optimum financial result. There must be some regulation of vehicles offering transport to the public. In addition, we must seek always to avoid wasteful duplication or inadequate complementary provision of services. Against this backdrop, then [...] the public transport should be co-ordinated with the primary aims of reducing the level of public support for the railways and of providing an integrated national road/rail network within an assured future [...]"</i> (MT 124/1523: inquiries into British railways 1976/1977)</p> <p><i>"It is judged that elimination of wasteful competition should assign to each mode the function which it can best perform, and as a general rule this would place on rail the representation for inter-city movement, and on bus the representation for medium distance cross country and local movement"</i> (AN 170/521: Passengers studies Bus/Rail integration policy 1978)</p>	<p><i>"If I were Margaret Thatcher, I would close down the whole lot and turn them to roads"</i> (MT 124/1607: Non-railway investment policy project: proposed reduction of railway and conversion of rail into Buses)</p> <p><i>"public attitude to rail-passenger services, are perhaps, influenced by folk memories of the Victorian age when all but very local journey were, as a matter of course, undertaken by train. Rural stopping services survive for political reason only"</i></p> <p>*** A Solution for Our Transport Problem conducted by Angus Dalgleish 1979</p> <p><i>"The government should initiate discussion between the Railway Board and the private sector of industry with a view to strengthen the machinery available for the export of railways products"</i> (Cmd. 7038). (The Role of British Railway in Public Transport: Department of Transport, 1977)</p>

**Figure 5.7:** Timeline and a socio-political context of reform in late 1970s

**Source:** Self-compilation

In order to gain legitimacy in reforming BR, the government in the late 1970s sought to devise rhetorical strategies, particularly through the inquiry reports, that were congruent with the socio-political environments and resonated with the audiences' value. This included a shift in public attitudes toward BR's role and the railway unions, see, for instance, the excerpts in the first column especially in *the italic highlights*. The situation reflected how powerful the unions were as well as their burgeoning power.

For the reform to get legitimacy and kept momentum going through the turbulent period, the reform, in its coverage, was ostensibly presented to reduce a wasteful duplication between rail and bus as well as to improve rail services in a more holistic view. However, as witnessed in the Ridely report (1977), it seemed to be set to curb a spiralling of the unions' power and rebalancing a reliance on railway transport, but publicly presented as the government's intention to make an integrated/coordinated UK transport system. With this rhetorical manoeuvre, it opened an opportunity for the government to carry out its stealth plan under a persuasive argument of "private sector efficiency" and "private sector mind" in running state-owned businesses. From the late 1970s to the early 1980s, we can witness the pervasiveness of private sector engagement in the rail industry. See, for example, private railway companies: West Somerset Railway Company Ltd. date 01 July 1981 – 28 February 1989 – AN 183/197). In its letter, the company dispelled rumour of a secret stockpile of coal as a contingency for railway strikes as well as its less ambitious provision in expanding their operational territory. See the letter below from P. J. Rivett, Managing Director of West Somerset Railway



**Figure 5.8:** A letter from M.D. of West Somerset Railways to the NURs

**Source:** AN 183/197 Private railway companies: West Somerset Railway Company Ltd. date 01 July 1981 – 28 February 1989

Also his further clarification on the issue of expanding its operational area

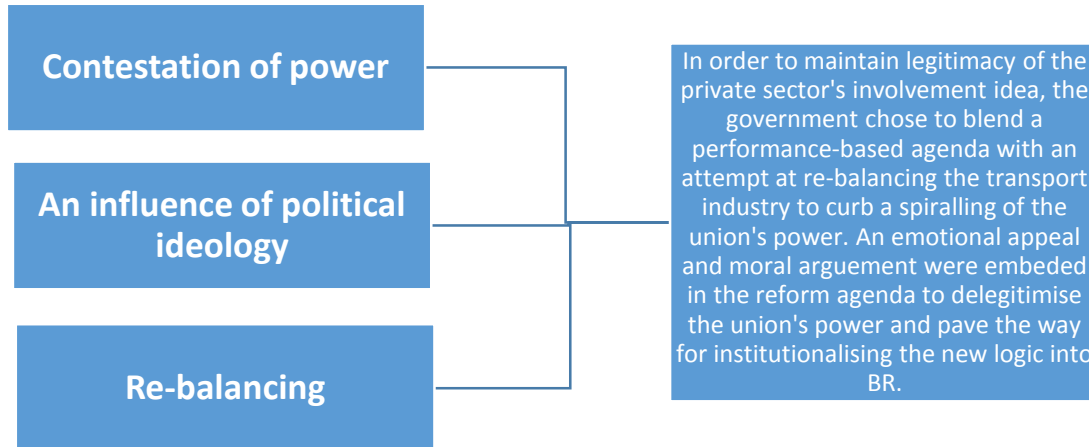
*"The company has no ambitions to run a rail service into Taunton. It would like the link kept open and to obtain thereto for reasons set below.[...] In co-operation with the Southern National, our trains to Bishops Lydeard are now timed to connect with their buses, except for the high season when the influx of visitors would swamp the local service. It is our intention to invite Southern National to tender for this peak service for 1985"* (AN 183/197). **[Analytical code: re-balancing the role of public sector and unions]**

However, the action of this private railway company resonated with what the Ridely report set out – breaking up the power of monopoly, public sector unions but in stealth manner. This was facilitated by the government's strong intention to reduce public sector involvement, especially after the coming into office of Margaret Thatcher in 1979.

### 5.2.3 Interpretation

This archival approach, together with a historical-institutional analysis, helps disentangling the complexity of BR reform during the 1970s in an ever-insightful view. The three analytical codes – **contestation of power, an influence of political ideology and a re-balancing role of**

**public sector** and its derivatives led the authors to inductively develop a historical account which disentangled the complexity of reform from the institutional legitimacy perspective for the RQ2. Figure 5.9 shows the research findings for this second research question.



**Figure 5.9:** Research findings for the RQ1

**Source:** Self-compilation

Conceptually, this comprehensive account suggests that the growing idea of privatisation was not because of an expected-performance improvement. Rather, it was dynamically legitimised by the government’s reform agenda that reflected the political and socio-economic conditions of BR at the time. In order to maintain legitimacy of the private sector’s involvement, the government chose to blend a performance-based agenda with an attempt to re-balance the transport industry to curb a spiralling of the unions’ power. An emotional appeal and moral argument were embedded in the government reform agenda to delegitimise the unions’ authority and pave the way for institutionalising the new logic into BR. However, this, once again, demonstrates the importance of understanding the dynamic of the institutional environment in legitimising and maintaining the momentum of industry reform.

### 5.3 Disruption as a paradox of the industry reform

As suggested by the literature and archival data introduced previously, in reforming BR, it had been fraught with tensions both within the industry and in a wider socio-political context. For example, Phillips (2006) interpreted, in his manuscript, that a series of strikes in the 1970s represented a ‘victory of violence’, whereas Turner (2008) depicted it as a root cause of social breakdown, e.g. the three-day week, power cuts and rampant pickets. Therefore, for academics and practitioners, or even the public in general, this acute industrial unrest that had, in effect, disrupted the process of public service reforms is always seen as a socio-economic loss for Britain. In this regard, the third research question, as part of disentangling the complexity of successive industry reforms, seeks to reveal, *“Why the railways’ privatisation as “a reform programme” was politically and socially disrupted?”* and to understand the role disruption played in shaping a trajectory development of BR. This paradoxical result of reform has increasingly gained its place in public administration literature as well as in policy studies. For example, Roger and Wettenhall (2013) noted that a daunting task for administrative reform is to ensure that reform does not threaten organisational stability but, at the same time, it has to secure an effective implementation of policy as well as service delivery. Their article tried to argue that, “administrative reform is important, but so is stability”. At this point his caution implies that there seems to be a tendency of paradox that continues to occur and most of them have developed to disrupt the industry as well as society as a whole. This section, therefore, seeks to address the issue of disruption as a paradox of reform.

#### 5.3.1 Coding & interpreting process

First, theoretical codes were generated from the three institutional pillars (regulative, normative and cultural-cognitive) to understand theoretically both the de-institutionalisation process of the old practices and the institutionalisation process of the new ones. These codes include **“Instrumentality”**, **“Appropriateness”** and **“Orthodoxy”** that reflect an underlying logic of each pillar that together provide a stability and meaning for the railway sector. Moreover, other codes such as, **“Legally action”**, **“Morally governed”** and **“Cultural supported/influenced”** were also derived from a theoretical framework and the focus of the research question to see what fundamental mechanisms were primarily adopted by the government to succeed in reforms.

Theoretically, the three pillars developed by Richard Scott contended that they provide stability and meaning to social life. He emphatically argued, “when the three pillars are aligned, the strength of their combined forces can be formidable” (Scott, 2008). The British railway industry at that time, in the 1970s and 1980s, appeared to be strongly governed by and publicly perceived from the ideology of post-war settlement. Yet this made the railway reform difficult since it had to deal with the strongly intertwined social fabric and any move that seemed not to develop in a path-dependent way, it was inevitable to face opposition from both industrial and aggregated levels of society. See, for example, The Times newspaper on Thursday, June 19<sup>th</sup>, 1975.



**Figure 5.10:** A report from print media about the industry facing disruptions.

**Source:** The Times Newspaper, Thursday, June 19<sup>th</sup>, 1975.

This social tension seemed to emerge as a result of the government’s intentions to restructure BR in the light of recommendations made by the JSG committee in 1967, which subsequently became a railway act in 1968. In a special meeting of 16<sup>th</sup> December 1970 – concerning restructuring BR – AN 169/409, ‘surplus capacity’ was one of the most concerning areas in the reform programme. The excerpt below shows a discussion during the meeting:

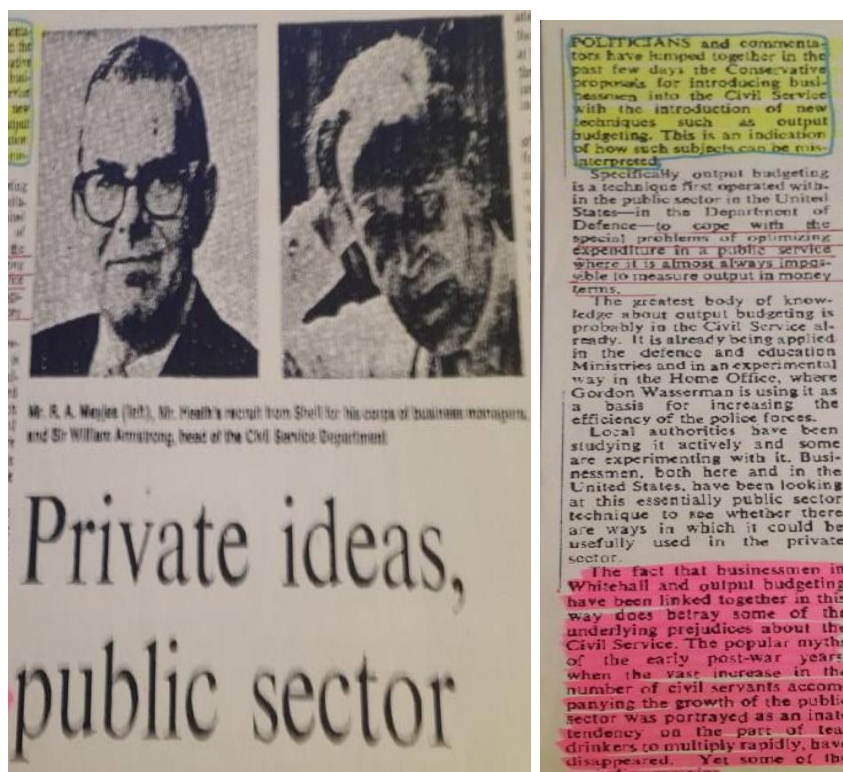


*“The **re-assessment** of capacity requirement, on the basis of the **system and operational plan** should be presented, in order to establish which routes would need to be removed from the **surplus capacity** programme and what substitution could be made. Although it was desirable, if possible, to identify surplus capacity for withdrawal in 1971 and 1972, when shortfall on the programme was likely to occur, care should be taken to ensure that routes which might be needed in the future were not classified as a surplus”*  
 (AN 169/409: Special meeting of 16<sup>th</sup> December 1970 restructuring railways)

Indeed this aspect of making BR became a more commercialised and profitable industry through a restructuring programme was in line with the Chancellor of the Exchequer on nationalised industry policy. As he argued early on that,

*“[...] our concern was to **promote the most efficient use of resources** for the benefit of consumers and taxpayers. We ought to make specific proposals for **reducing public participation**..., and creating conditions more favourable to **the attraction of private capital** when appropriate. Reducing public participation can be achieved through outright sale or the introduction of private risks capital, **preferably as a step towards transfer of control to the private sector**...”* (Memorandum by the Chancellor of the Exchequer, 24<sup>th</sup> May 1971, CAB/129/157/12)

For example, it began with an appointment of Mr. Meyjest from Shell petroleum and Sir William Armstrong to Whitehall during the Conservative government. As a main engine in directing the government’s machinery, what happened in Whitehall was seen as a foreshadowing of what would happen next in the government departments, including the ministry of transport.



**Figure 5.11:** A report from print media about an involvement from the private sector.

**Source:** The Times Tuesday, June 30<sup>th</sup>, 1970, p.27

In their comments made in a public sphere

*“The **sheer monumental inefficiency** of government is terrifying [...] We are here to **identify the obstacles** to efficiency and to find ways of **removing them**”* (The Times, Monday, August 3<sup>rd</sup>, 1970, p. 19)

Referring to the institutional perspective, what the government’s reform programmes tried to achieve was to alter a regulative pillar with a naïve expectation that it would result in a change in the overall industry structure. However, as the three elements are mutually reinforcing to provide the industry’s stability and organisational routine, those reform initiatives could also be seen as a reckless attempt to tear apart the intertwined social fabric without a sufficient consideration of the norm and cultural aspects of BR. This emphasis on regulation in the industry reform could also be observed in a letter between government ministers and BR’s board on an issue of technological development (Figure 5.12). On one hand they apparently adhered to what was recommended by those businessmen *“sheer monumental inefficiency”, “identify obstacle” and “removing them”*. And on the other, they were inclined to adopt a regulative-oriented view in proceeding with the industry reform. This could be found in many court cases initiated by the government (Figure 5.13 and 5.14)



Mr. W. J. Sharp,  
 20, Ave. of Brademan  
 USA 7000  
 MINISTER'S MEETING WITH MR R. W. MARSH 26/27 MARCH 1973.

1. A few comments on Mrs Bridgeman's note to you which I assume will form the basis of a brief for the Minister with his meeting with Mr Marsh on Monday.

Pensions

2. As I understand it, BRB's approach is to deal with pension improvements through formally constituted working parties which are likely to come up with improvements during the course of the late summer and autumn. I am not sure, however, that the BRB situation can in any way be compared with the Gas Board's rather peculiar offer during the period of statutory limitation of wages. I am sure that morally the actuarial surpluses which seem miraculously to have been found in the Gas Board's pension funds should strictly have been applied to increasing benefits and not to reducing current payments; I imagine that the Gas Board are just building up trouble for themselves in future. In any case, we do not have this happy situation with the Railways pension funds.

High Speed running.

3. I fear that the effect of letting the Unions know of the Board's ambitious plans for high speed running could be merely to increase ASLEF's pressure on the Board - it would merely reinforce their point that the skills and responsibilities imposed on drivers were likely to increase in future. I do not think that they would take much notice of a threat that if they were unco-operative now, this could jeopardise future decisions in favour of high speed running.

4. On the other hand, NUR's co-operative attitude at the moment must I think to some extent be accounted for by their fear that continued industrial difficulties on the railways could jeopardise the prospects for a 'bigger and better' railway in the future. It is a matter of fine judgement whether there is any advantage in letting either of the Unions know about the Board's proposals in any detail. But I do not think that the information is likely to affect the current pay negotiations one way or another - indications are that ASLEF in any case are likely to settle fairly soon. The questions which I think we must get clear answers from Mr Marsh on are:

- how great is the pressure from NUR, ASLEF and TSSA for information on the rail policy review.
- how little could the Board get away with in any information they gave.
- what guarantees could the Board give that giving the Unions the gist of the contents of MCP would not mean in effect a Government commitment to its contents.
- what arrangements can be made for the Minister to approve the contents of any documents given to the Unions - in particular, the Board's estimates of the cost of each option?

Dinah Nichols  
 DINAH NICHOLS  
 RAIL  
 26 March 1973.

AS Perhaps Mr Hopkin shld. see what 'Soes up' dz

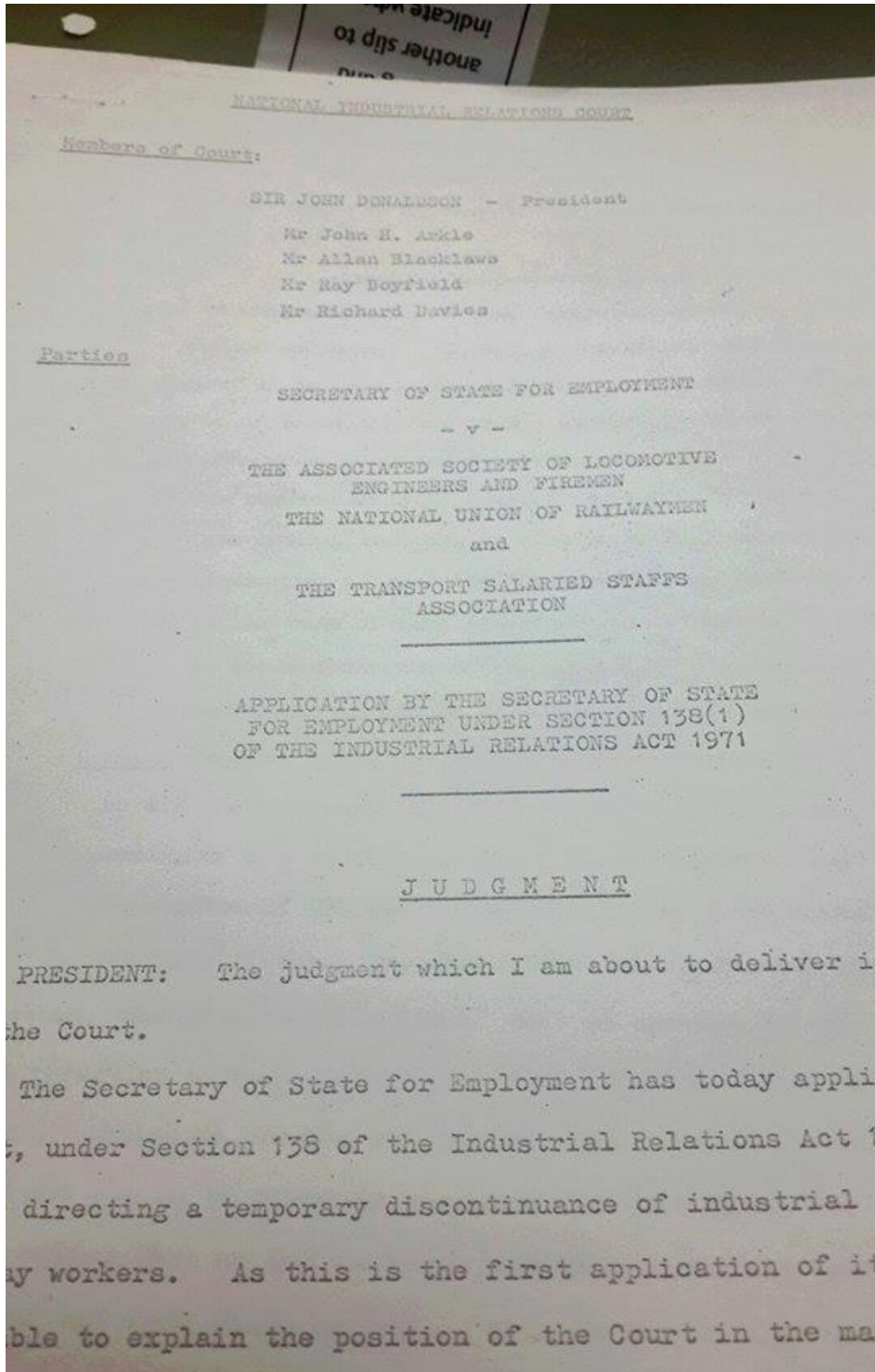
**Figure 5.12:** A letter between ministers and BR's board

**Source:** MT 124/1664: Rail Policy Review 1972 – 1973: study of 'viable' and 'necessary' railway models

*"[...] an interruption in the supply of goods and provision of services of such a nature and on a scale as to be likely be gravely injured to the national economy. The history of the dispute is set out in the Secretary of State's application and is indeed well known. We do not therefore propose to lighten this judgment by reciting the facts. **Let me now return to the statutory conditions and consider whether they are satisfied.** [...] **As when the application was opened to the Court,** we very much regret the absence of representative of the the 3 railways unions which is said to be in compliance with the policy of the T.U.C.*

**Figure 5.13:** The government's attitude to use a coercive force in handling the situation

**Source:** PREM 15/981 Industrial relations, strike and negotiations



**Figure 5.14:** The Secretary of State for Employment sought for the court ruling

**Source:** PREM 15/981 Industrial relations, strike and negotiations

What the archival data suggests is that both the industry reform agenda as well as the way in which the government departments handled the situations were apparently based on a regulative dimension of institution. However, they took for granted the industry norm and cultural cognitive mind-set of the railwaymen as well as the unions toward the role and value of BR in British society. In order to achieve institutional change, they went to a coercive mechanism by mindlessly altering a regulative pillar (top-down restructuring) whereas other alternative such as, normative (altering social expectations) and mimetic mechanism were overlooked. With rich data generated throughout a process of social interactions among social actors, it helps the study to form a preliminary understanding of the issue of paradox in the industry reform.

However, as the analysis began to move deeper on one hand and broadening the horizon on the other, inductive thinking through the data started to play a crucial role. What inductively emerged from an archival account was that disruption might not solely as negative and as counter-productive as it sounded. It linked to “*positive account of disruption, transformative dimension and process*”. These later became the inductive codes used to re-examine those chunks of data again. As the analysis progressed, these codes helped to detect a great deal of words contained in dialogues and discussions between the interest groups, including words such as, “**a cooling off period**”, “**conciliation**”, “**resuming the level of normal services**”, “**renegotiation**” and “**speeding up the privatisation**”. By mapping those separated chunks of data together, an alternative paradigm in looking at disruption was provided. It implied that social disruptions could be a positive force rather than generally perceived in a counter-productive manner. Furthermore, they might have been essential in reforming BR by significantly contributing to a growing involvement of the private sector in the way people never thought about.

### **Concluding remarks**

The chapter has illustrated the analytical process of this doctoral study. There is a combined force of the power of archive and institutional perspective as an analytical framework. This helps to disentangle a complexity of successive industry reforms in the railway sector of Britain. Each section reflects the logical steps of the interpretive process of a historical-

institutional investigation in the railway reform: coding system, a chronology of reform and interpretation. More crucially all of these sections, in a similar way, are responsible for explaining what comes out of the analysis, which will be discussed in a greater detail in chapters 6, 7 and 8.

## CHAPTER 6

# Roles of the industry reform in a growing idea of railway privatization (1960s)

*“[...] it is a time to think ‘beyond Beveridge’, honouring William Beveridge’s foundational 1942 report that formed the basis of the modern UK welfare state; but also recognising the need for his assumptions to be unpicked, and his method to be rethought for a new age [of reform]”*

Griffiths and Kippin (2013) in Public Services; A New Reform Agenda

### Introduction

The excerpt above signifies what is predominately considered as a contribution to research, “research is often about new ways of looking at things, challenging the accepted and providing alternative perspectives” (ESRC, Britain in 2015, p. 7). Regarding this and in tandem with a taken-for-granted view on the influence of the institutional context in shaping (lock-in/de-lock) a developmental trajectory of BR, this chapter has a skeptical tone. It questions the role industry reform played in the growing involvement of the private sector in the provision of railway services as to whether it was driven by a performance rationale, which is usually believed by a number of people from both sides, from academia and those in the industry. Particular attention is placed on a process of getting more private sector involvement in BR through a series of reform agendas pursued by successive governments.

The chapter proceeds as follows. In the next section it deals particularly with the issue of relevant archival sources for the RQ1. The section explains what records the author looked at, why these and why they provided data that was relevant to the research investigation. Then an analytical process: a historical-institutional analysis is put as a second section of this chapter.

It is intended to explain what is meant by the term “historical-institutional analysis”. This includes a coding process which is at the heart of qualitative study. After presenting a coding system and the data structure in a previous section, research findings on the role of industry reform during the 1960s was discussed according to those qualitative data analysis processes. It begins by applying the institutional perspective to illustrate how the strong political and social fabric of nationalisation had been interwoven into Britain’s everyday lives. Yet, this significantly influenced a development of BR in a certain way. This helps to set a scene for demonstrating further what the reform in early 1960s sought to do against a strong backdrop of nationalisation. Was it about a call for performance improvement? Or Was it about anything else? This concern is addressed through the observation of reform implications – a dynamic of social interactions (e.g. what happened socially and politically as a result of reform. This it helps the study begin to conceptualize what seems to be the role industry reform played in the growing idea of privatization.

In order to obtain a more complete picture, a historical account of railway reform in the late 1960s is provided in order to see both the reform agenda and its socio-political implications. Through a series of reforms in this decade and part of the early 1970s, it is argued that the role of reform is far more complex than a performance-based rationale. At that time, it was very much involved in a process of drawing and re-drawing boundaries and a complex web of relationships between the interest groups, which dynamically shaped social, economic and political forces. The chapter is then wrapped up by offering a concluding remark to illuminate the complexity of reforms.

### **6.1 Relevant archival sources for investigating the role of industry reform**

Although the data collection section 4.3.2 and table 4.1 have provided an explanation of why and how particular types of archival data was collected, in a comprehensive manner, it only intended to give the audiences an overview of what sort of data constituted a historical account of railway reform. However, this was found relatively limited as the research investigation was drawn from a variety of documents and focused on the three issues of BR’s privatisation – “born”, “maintained” and “disrupted”. Therefore, this section is devoted to elaborate more on what records the author looked at, why these and why they provided data that was relevant to the RQ1. Addressing these concerns are considered as a crucial part for conducting an archival research (Frisch et al., 2012), as Hill (1990) convincingly argued, “In archival work, what you

find determines what you can analyse, and what you analyse structures what you look for in archival collection”.

### **6.1.1 Official inquiry reports: The Beeching report (1963) and JSG inquiry 1967**

By asking the question “what role the industry reform played during 1960s in a growing idea of railway privatization?” it required the study to find documents that could provide an account of the affair of the railway industry at the time and since the post-war settlement still had an enormous influence on the role of public services during the 1960s, there were two official inquiry reports that were very informative, as it enabled the study to trace how the reform(s) of the sector took place against a strong backdrop of nationalisation. These inquiry reports are outlined in table 6.1.

**Table 6.1:** Official published document in the 1960s for the RQ1

#### **Official inquiry report**

1. The Reshaping of British railways (1963) known as the Beeching report under the Conservative government
2. The Joint Steering Group (JSG) inquiry in 1967 under the Labour government

While the former sought to inject a performance rationale such as, efficiency and financial discipline into BR by closing one-third of the rail network stations in which it was argued were unremunerated routes, the later went another way round by conciliating between a strongly embedded post-war ideology and a private enterprise spirit. This resulted in a proposal to identify what should be treated as unremunerative but socially needed routes and the commercial one. Although reading these reports are important, as mentioned above, they were only a preliminary state of the archival study. This is a point of concern raised by Hill (1990). He noted that, “front stage images resented in publications and official press releases are the visible points [...] however the complex backstage process that are documented and analysed so crucial as archival data”. Thus, other archival sources are also required to enable the study to get into the back stage and to get deeper into the affair of railway reform during this decade.

### **6.1.2 Unpublished documents and confidential meeting notes**

Since the study is framed by the institutional perspective, this type of archival source enabled the research investigation, not only to understand a regulative dimension often provided in the

official documents, but also to get deeper into the normative and cultural cognitive mind-set of policy makers as well as other interest groups. Moreover, they also helped to piece together and reconstruct the political narrative to facilitate an interpretation of the forces at play that influenced and shaped the mid-set of policy-makers and the roles play by key social actors in BR at the time. In order to select what records should be examined, it started by applying the 5W and 1H simple but interrogative questions (e.g. who were involved? What went on? Where it all happened, Why it happened? When events took place and How did the reform take place?) to those official documents. See figure 4.8 in chapter 4 on a move from published to unpublished documents. Table 6.2 provides a list of unpublished documents used for the RQ1.

**Table 6.2:** Unpublished documents for the RQ1

1. A letter from Lancashire County Council to British Railways board, 6<sup>th</sup> August, 1963
2. A letter from Eric Merrill, PR manager to the British Railway board, 6<sup>th</sup> November 1964
3. A letter from Robert Fisher, M.D. of Robert Fisher – Packing and Shipping to the BR.
4. AN 156/15: Meeting between Barbara Castle, Minister of Transport and Executive of the railway unions
5. Cabinet Office paper Cmnd 3057 The Modernization of British railways
6. Cabinet Office Paper Cmnd. 7038 The role of British Transport
7. Memorandum by the Minister of Transport, A.E. Marples 11<sup>th</sup> September 1962
8. Lord Woolton, memo on “Re-organization of Road and Rail Transport” March 20<sup>th</sup>, 1952
9. MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post publication of the Beeching Plan, Department for Transport: 2<sup>nd</sup> April 1963
10. MT 100/121: Beeching report; the reshaping of British railways: effect of proposal closures on roads in the North West
11. MT 124/1362: Minutes and agendas of the Joint Steering Group
12. MT 124/1665: Correspondence with trade union and conservation society 19<sup>th</sup> April 1973
13. Prime Minister’s speech at the House of Common 10<sup>th</sup> March, 1960



#### 14. Rail 1172/1608: Private Contractor Performing railway

These unpublished documents were very useful to provide an insight into the process of social interaction and a contestation of power among the railway stakeholders. For example, the JSG inquiry in 1967, a reform agenda was framed around a division between a commercial and social railway. This inquiry report, when it was read together with other published documents such as, Railway Policy by Ministry of Transport 1967, provided an account of the affair of BR at the time, for instance, the government's intention to make BR become more self-reliant but not at the expense of social services. This could be seen in the recommendations made by the JSG inquiry's members.

*"The government's first problem, therefore, has been to determine the **size and shape of the basic route system to meet both commercial and social needs**. This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public" (JSG inquiry, 1967)*

And it was subsequently enshrined in the Railway Policy 1967:

*"If self-reliance is to be restored to the industry, it is essential that the **community should explicitly take financial responsibility** for these passenger services" (Railway Policy, Ministry of Transport, 1967)*

According to its centrality, the JSG inquiry could be understood as a conciliation between the post-war ideology (social service for all) and an "efficient railway" proposed by its predecessor, the Beeching report in 1963. However, as the investigation began to move deeper, by applying such a question as, 'who were involved in an inquiry?' and 'What did they discuss?', things seemed to go differently from what the published documents reported. Look, for example, at the memberships of inquiry, the involvement of private sector actors was clearly present in public sector affairs; the committee was made up of such characters as J.P. Berkin (formerly Shell Petroleum Company Limited) and J.G. Cuckney (formerly Standard Industrial Group Ltd) (See Rail Policy Review, Joint Steering Group, July 1967). Compared to the Beeching report, which was largely drawn from Civil servants, the JSG was more inclined to cherish the virtue of private sector managerial skills.

As this seemingly contradictory view was emerging, it required the research investigation to consult other documents that could offer a backstage discussion and negotiation on this

round of reform. However, these were “**confidential meeting notes**” – **unpublished documents** that had been under wrap for thirty years for reasons of confidentiality. For instance, “Railway Policy Review, Joint Steering Group – Minutes of the Twenty-Second Meeting held at the Charing Cross Hotel at 3 p.m. on Friday, 15<sup>th</sup> December 1967, yet during a discussion, Mr. H.C. Johnson, one of the members commented that

*“In his view these (issues) must necessarily be regarded as of a long-term nature and short-term problems [...] In any case he was not sure that the whole of the report’s findings were completely relevant to the circumstance of the railways”* (MT 124/1362: Minutes and agendas of the Joint Steering Group)

Whereas other members such as, Mr. P.H. Shirley, the then Vice-Chairman of British Railway Board remarked that

*“The Reports were not written by people who did not have a close knowledge of the industry and its was therefore important that their Reports should not be accepted as dogma but as a basis for discussion [...] for example the Corporate Planning Department should act as co-ordinating and monitoring body (understood as for the commercial and social railway) ... rather than as a planning body itself. And thus the consultants had been appointed to the need as well as number of specialist in the field”* (MT 124/1362: Minutes and agendas of the Joint Steering Group)

What could be reflected on from the meeting was that reforming BR by separating between the commercial and social railway was unlikely to be an acceptable approach since the idea was generated and shaped by those who were less knowledgeable about the rail industry, especially when a number of consultants were appointed, as Mr. P.H. Shirley was particularly concerned. From this point of view, the reform of BR, guided by the JSG report, though under the Labour government 1964-1970, did not act as a conciliator between Beeching and the post-war settlement ideology. Rather, it appeared to be a catalyst in a growing involvement from the private sector in BR. If the investigation only relied on an official report, the interpretation would have been the other way round. Reflecting on these archives, it shows that boundaries between the public and private sector was blurring as the public sector started to forge deeper partnerships with the private sector in reshaping BR.

### **6.1.3 Print-media**

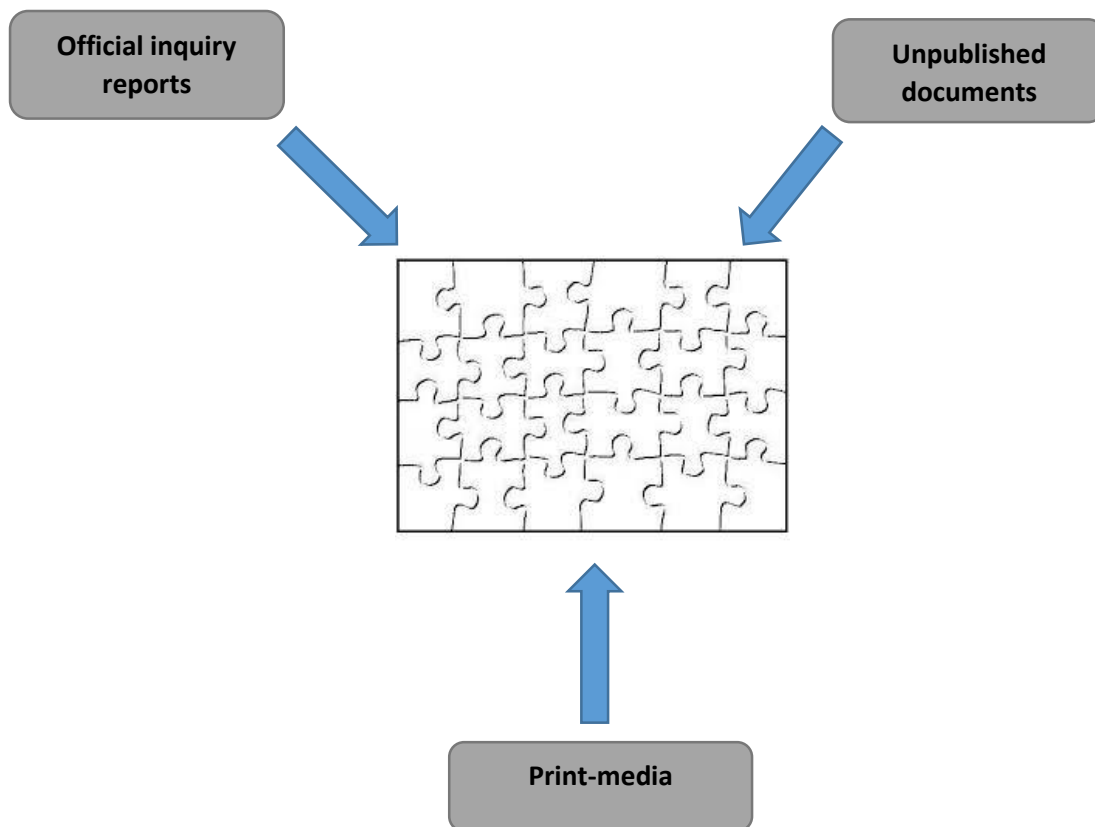
Both published and unpublished documents were interpreted along with print-media – national newspapers such as, the Guardian, the Financial Times, the Times, the Daily Telegraph and the Daily Mail, to understand the socio-political condition during the time of reform and, more crucially, for the study to understand how the reform agenda was

conceptualised and talked about in the public domain (Asayama and Ishii, 2014). In addition to the national print-media, the local newspapers were also collected as data to understand the locals' perception and responses on the issue of railway affairs, for example, Yorkshire Evening Post, Newcastle Journal, as well as some Scottish local newspapers such as, Aberdeen Evening Express and Dundee Courier. This aided the study to balance the view on this public service affair. It was neither influenced by the right nor appealed to the socialist view of the left. Rather, a more completed picture of railway reform could be provided as the agenda of reform was examined along with a dynamic of socio-political conditions. Table 6.3 below summarises the newspapers used as the element of archival sources for the RQ1

**Table 6.3:** Print media for the RQ1

1. Aberdeen Evening Express, Tuesday 30<sup>th</sup> March 1954
2. Daily Mail, 7<sup>th</sup> December 1967
3. Dundee Courier, Wednesday 10<sup>th</sup> November 1954
4. Hull Daily Mail, Saturday 13<sup>th</sup> May 1950
5. Sunday Express, 7<sup>th</sup> December 1947
6. The Economists, 19<sup>th</sup> March 1960
7. The Times, 3<sup>rd</sup> November 1964
8. The Times, Tuesday, June 1970

In short, the three types of archival sources were pieced together to construct a historical account of railway reform. However, in this chapter it sought to unfold what role the reform played in a growing involvement of the private sector in BR. Figure 6.1 below illustrates how the archives were woven together.



**Figure 6.1:** How the archives were woven together.

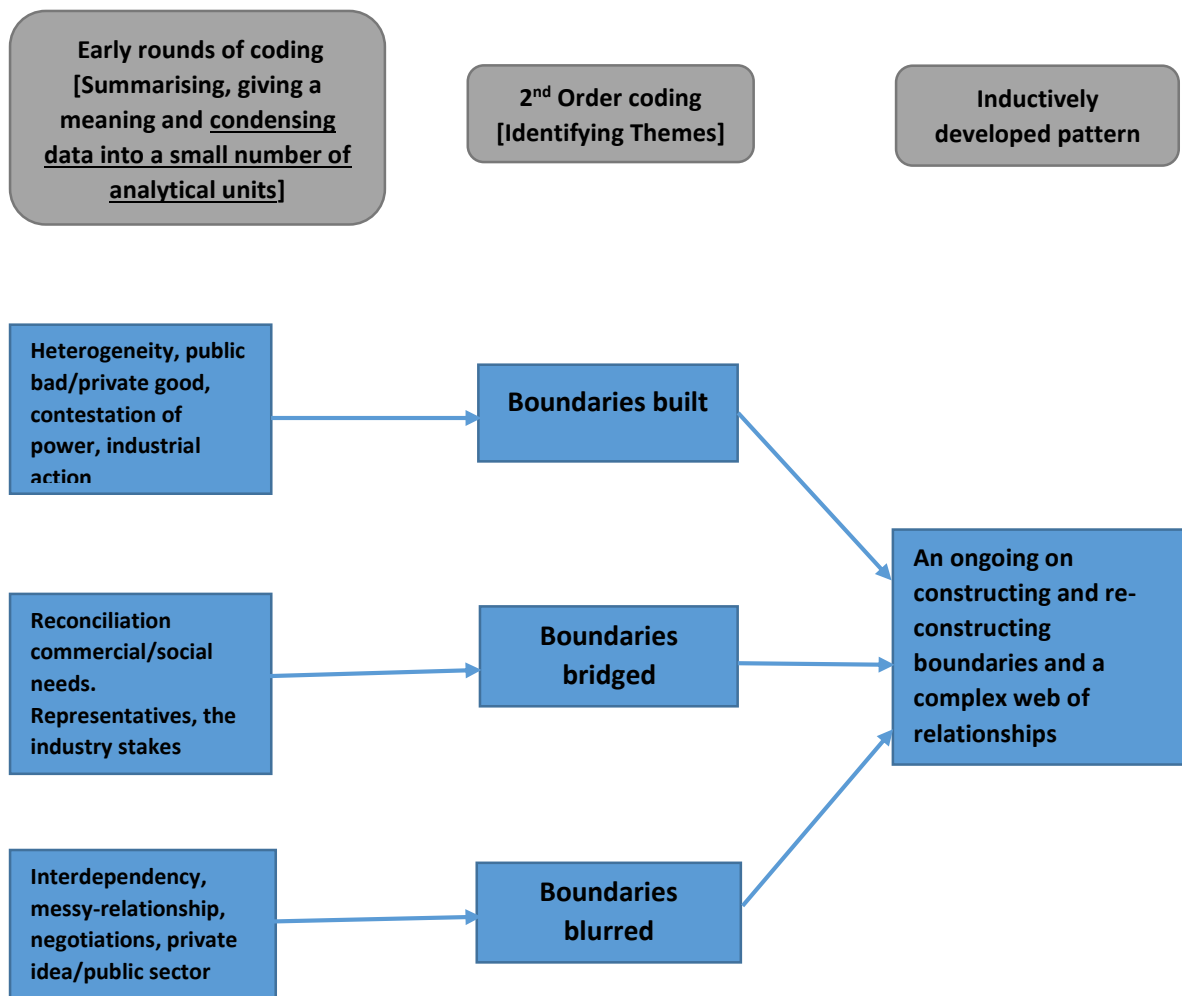
## 6.2 Analytical process: a historical-institutional analysis

Adhering to a common practice in qualitative data analysis, though it is historical research oriented, the study applied theoretical codes to identify relevant concepts in the archival data and grouped them into categories, seeking evidence of what constituted institutional change and what happened in the 1960s with BR's reform against a backdrop of the post-war settlement. The interpretive process started by identifying descriptive codes or its derivatives and language at the level of meaning of the archives. Examples of the codes the authors used include “**historical matter**”, “**exogenous**” and “**endogenous**” whereas its derivatives or significant words that subsequently emerged from a line-by-line reading were, for example, industry norm, cultural mind-set, economic crisis, political change, political plotting, trick and conciliation.

While the first order coding sought to summarise and give the meaning to archival data, as the analytical process moved on, the study then performed a deeper level of analysis, often known as the second order or analytical coding. It was intended to identify relationships between and among those descriptive codes, and to condense them into a small number of analytic units (Miles et al., 2014). As a result, those descriptive codes and its derivatives were grouped into three constructs, including **“heterogeneity”**, **“interdependency”**, **“messiness in relationship”** that in effect allowing the author to see “what data speak out” which lay at the heart of the interpretation process (Guest et al., 2012).

These small numbers of analytical units were further examined by referring back and forth to the literature on institutional change and reform. Under an iterative process between theoretically thinking and practically examining on archival data, it helped the author to build up a clearer picture of the role of BR’s reform in a growing idea of privatisation, often claimed by qualitative researchers as a higher-order of themes (Harding, 2013 and Bernard and Ryan, 2010). Moreover, as themes started to emerge, the literature on organisational reform (e.g. Brunsson and Sahlin-Andersson, 2000), public administration reform (e.g. Griffiths and Kippin, 2013), and policy study (e.g. Shapely 2012) were also drawn to assist an interpretation process – a cognitive map, an evolving and more integrated schema for understanding a historical account of railway reform (Miles et al., 2014 and Guest et al., 2012). A concern over the dynamic of boundaries was identified as a central role of the reform programme in the 1960s, yet it was observed through the themes **“boundaries built”**, **“boundaries bridged”**, and **“boundaries blurred”**.

The analysis process allowed categories, themes and relationships to emerge until the author was able to develop a clear sense of the relationships among them. As the process continued, it helped to develop patterns inductively that provided an insight into the role the industry reform played in the growing involvement of the private sector during the 1960s. In figure 6.2, the analytical process on the archives is presented, which illustrates a move from a descriptive to an inferential level of analysis. In brief, the analysis process utilised the power of archival sources as a sediment and trace of social interaction and the institutional change concept as an analytical lens that made this doctoral study a historical-institutional investigation.



**Figure 6.2:** Analytical process

### 6.3 Research findings

The first research question asked **“Against a backdrop of strong political and social fabric of nationalisation ‘post-war settlement’ what role did the industry reform play in a growing involvement of the private sector in a provision of railway service during the 1960s?”** Through a historical-institutional analysis of the archival sources marked by the two influential inquiry reports – The Beeching report in 1963 and the JSG inquiry in 1967 – in tandem with unpublished documents and print-media, the study found that a continuing process of drawing and re-drawing of boundaries and a complex web of relationships between the interest groups were central to the role of industry reform. This ongoing process sought to de-lock the BR development from a path-dependency, influenced by the post-war ideology. As

historical events unfolded it could be observed through “boundaries built”, “boundaries bridged” and boundaries blurred” yet a constructing and re-constructing driven by the reform.

In the early 1960s, under the Beeching’s reform, boundaries were ‘**built**’ through a rhetoric of a lacking public sector that provided a social service for all and a more competent private sector in term of managerial and operational expertise. As a result, new boundaries were constructed within the rail sector, where tasks and activities that were relevant to its characteristics would be maintained. Moreover, a new identity as a ‘more competent and commercial industry’ was gradually been created. During the mid-1960s, post-Beeching’s era, boundaries between the two sectors were ‘**bridged**’ in response to the unfolding drama of cutting the railway infrastructure as the Beeching recommendations were implemented. Yet their common that bridged two sides together was a doubt on the ethos of rationalisation, so often associated with the private sector seemed no longer impractical in this instance. Subsequently, to defuse a tension, the public sector by the government appointed a Joint Steering Group Committe (JSG) 1967 to review a reform programme; the committee was made up of many influential figure from the corporate sector such as, Shell Petroleum Company Limited and Standard Industrial Group. In this regard, boundaries between public and private sectors were ‘**blurred**’ as they started to forge deeper relationships in reshaping the future of BR.

This ongoing process of drawing and redrawing boundaries and a complex web of relationships is illustrated in greater detail in the following sections – 6.5 Boundaries “built” between the public and private sector: Beeching and the Reshaping British railways (1963); 6.6 Boundaries “bridged” between the public and private sector: Post-Beeching responses; and 6.7 Boundaries “blurring”: Joint Steering Group (JSG) report 1967 and reforms in early 1970. However, in order to provide a complete picture on the role of the 1960s radical reform, an institutional theory was applied in the next section to illustrate how the strong political and social fabric of nationalisation had been interwoven into Britain’s everyday lives, which significantly influenced the development of BR along a certain path.

#### **6.4 Social meaning and the industry norm of British railway: a strong political and social fabric of nationalized industry**

##### **6.4.1 Formative years of nationalization (post-war era – late 1950s)**

As a result of the post-war ‘cradle to grave’ ideology and economic recession, BR, as an integral part of society, was eventually brought back to state control in January 1948 (Parker,

2009). A neglect of investments from private capital, more complex objectives than making profits but also social goals, for example, were used as a rationale to nationalize the rail industry (Jackson, 2013). At that time, the decision received nationwide support from the railway unions as well as those who expected an improvement of services. Apparently, public attitudes toward the policy was generally optimistic and cooperative as it can be seen in the print media.



**Figure 6.3:** a caricature on a need for nationalized railway

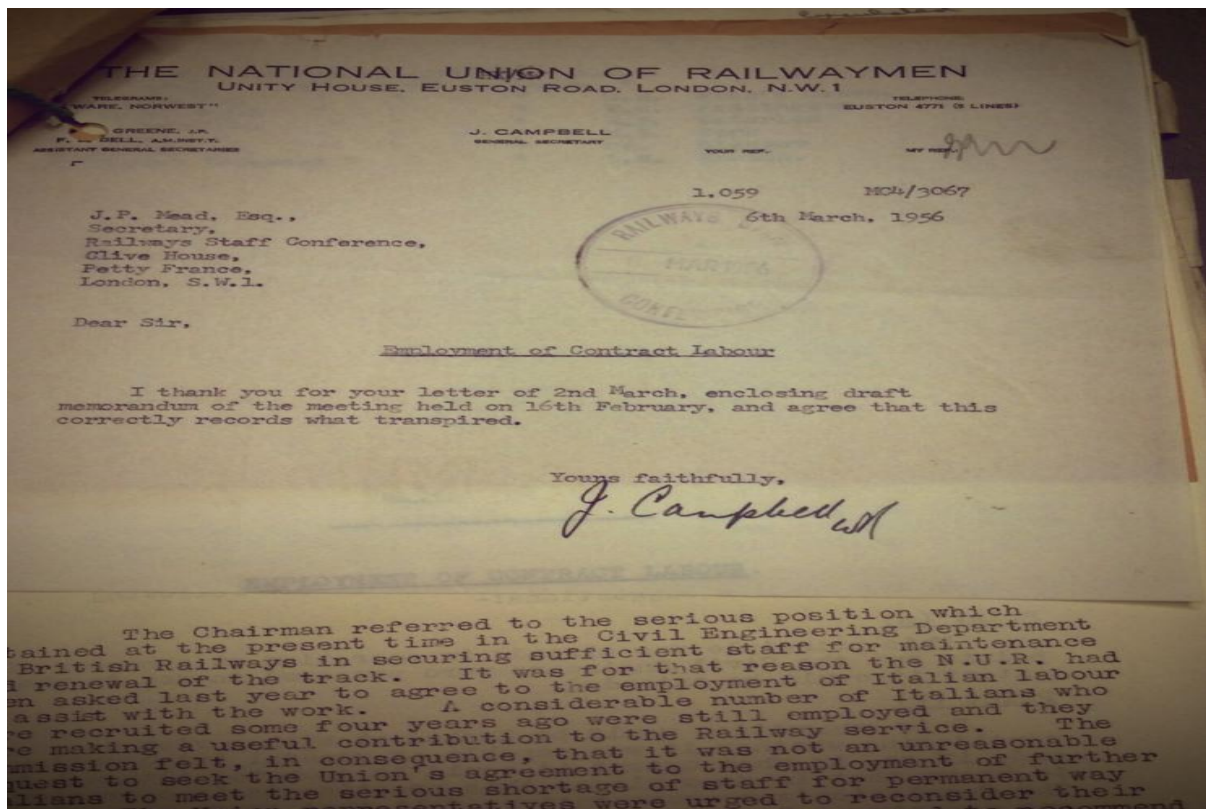
**Source:** Sunday Express, 7<sup>th</sup> December 1947

*“Good afternoon. We're from the Ministry of Rail Transport. I suppose you've heard that the country needs all the rolling-stock that is available”.* One thing that can be observed is a surfacing of a common belief and shared meaning among interest groups on the railway as a national pride and social service for all. These were also implanted within a sectorial level as reflected in a discussion between representatives of the British Transport Commission (BTC) and the National Union of Railwaymen (NUR) on 6 March 1956. As a national industry, it was not only a social service but the rail industry was also expected to provide jobs with a reasonable wage level for British workers. During the time, the BTC had been employing Italian workforces which the NUR argued that those average earning were substantially higher than British railwaymen. As noted in discussions at meeting, Mr. Campbell, one of NUR representatives, voiced his concern on BR that



*“a rather serious development is about taking work away from the permanent way and handling it to contractors which has led to a certain amount of bitterness, the reason being due to the comparisons that are made as between the average earning of men on contract work and men who are under negotiated conditions of services”.*

(Rail 1172/1608: Private Contractor Performing railway)



**Figure 6.4:** a letter from NUR representative on an issue of foreign workforces

**Source:** Rail 1172/1608 Private sector performing railway

Both the print media and a stance taken by the NUR evidently illustrated how much BR really meant for public lives during those times. In this regard, the railway had become a defining issue in shaping social welfare and improving the living standards of British society, as was clearly mentioned in the Conservative election manifesto 1955.

*“We must move our goods swiftly to markets, shops and homes, and to the ports for our overseas trade. In work and at leisure we took to our railways... to give us efficient service. It is Conservative policy to see that they do. The spur of competition which we have provided will certainly help... railways require vigorous development to make up for time lost in the years of war and of socialism”*

(Conservative Party, 1955)

In responding to a political wind, in the same year the British Transport Commission (BTC) published a document “Modernisation and Re-equipment of British Railway”. It was centred on

*“The aim must be to exploit the great natural advantage of railways as bulk transportations of passengers and goods and revolutionize the character of the services provided for both - not only the full utilization of a modern equipment but also by a purposeful concentration on those functions which the railways can be made to perform more effectively than other forms of transport, whether by road, air or water”*

If anything is explicit from this archival account, it is the formation of and gradually embedded nationalisation idea in British lives. Across Britain, the railway played a crucial part in the transportation of goods and services. For example, in the Aberdeen Evening Express Tuesday 30 March 1954, it reported how much BR used to carry coal and steel from this Northern part to the midlands, “During the week ended March 20, – 227,187 ton of iron and steel from the principal steelworks and 344,200 tons of iron were conveyed. Compared with 214,950 tons and 334,330 tons in the corresponding weeks last year, British Transport Commission announced”. The ever-increasing role of BR was not only limited to the industry boundary, but also extended to other social domains. Considering an excerpt below from Dundee courier, Wednesday 10<sup>th</sup> November 1954.

#### *Railways Help Farmer*

*“Because of the bad harvest, British railways have offered temporary reductions in freight rates for hay and straw for feeding. Until March 31, reduced rates will apply where 50 tons or more pass between the same two stations throughout that period”*

Theoretically, this binding expectation and a shared understanding on BR’s roles did not happen immediately at the time of nationalisation. Rather, they were dynamically legitimized through an institutionalisation process attempted to establish a condition within which what must happen (regulative), what should happen (normative) as well as what generally happens (cultural-cognitive) (see Nepal et al., 2014) in BR and public lives in general. With closer scrutiny, during these formative years of nationalized railway, the post-war ideology had been discursively interwoven as social fabric through three fundamental mechanisms – coercive, normative and mimetic (Thornton et al., 2012; Deephouse and Suchman, 2008).

#### 6.4.2 Interwoven political and social fabric of nationalized railways

Although they are analytically separable, from our archival data the three mechanisms tend to be intertwined and complement each other in legitimizing the nationalisation of BR. In terms of a coercive mechanism, it was not as fierce as it sounds. A regulatory concern that provides “what must happen” was socially and economically accepted. It was only used to inform British people what BR would mean and how it would operate after a takeover from governments. In the Transport Act 1953, section "Re-organisation of British Railway", a new governance structure was introduced to emphasize the importance of regional railways. In chapter 13 p. 25, “...authorise any such authority set up for an area to operate, as respects particular matters specified by or under the scheme, outside its own area either concurrently with, or to the exclusion of, any authority within the area of which the operations take place...” More crucially in the way it was financed “Establishment of Transport Fund” p. 20 “to pay for an outstanding credit of transport and related activities as suggested *“Any sums standing to the credit... payment shall be made as soon as the Fund becomes sufficient for such a purpose and priority should be given first to salaries, allowance and board and operational expenses...”*”. So by the mean of coercive mechanism through a legislation of Transport Act 1953, it once again emphasized what Churchill said in his policy

*“It does not matter whether the nationalised railways show a deficit, though of course every possible economy should be used in their administration. What is important is that the public should have the best transport service”*

(Lord Woolton, memo. on “Re-organisation of Road and Rail Transport”, 20 March 1952)

A cultivation of the seed of “nationalised industries” had significantly grown up in Britain. Perceptions, such as “social ownership”, “best transport” and “service for all” had been engraved into public minds. This subsequently became the norm and social expectation toward BR. In this instance, the NUR was a key actor in keeping the momentum to continue. Emotional as well as moral appeal had been strategically, if not explicitly employed. See excerpt below from the Hull Daily Mail - Saturday 13<sup>th</sup> May 1950 “Social Ownership People Need”

*“It may be true that they are not, and cannot be highly re-munerative. But with peace and healthy economic development in this industry. It can play a very important part in preventing a repetition of a dismal in thirties” Says the report of General Federal of Trade Unions. “The people of Britain should possess the ‘social ownership’ of mines and railways to help solving a stricken economy”*

(Hull Daily Mail, Saturday 13 May 1950)

Surrounded by a force of nationalisation that was concurrently taking place in other industries, such as coal, electricity and gas, conforming to a socio-political environment was pursued by the railwaymen. Interpretively, this could be understood as a mimetic mechanism playing part in a legitimacy gaining process by positioning the industry with a current general perception and assumption of what the industry means.

During these formative years the institutional logic of “cradle to grave” that fundamentally underpinned the idea of social service and nationalised railway, was strongly institutionalised into British society. It established an industry’s identity, operational and managerial norm and relationship with other interest groups – theoretically as Brown et al. (2012) pointed out “organisational principle” and “guidelines for practical actions”. They favour stability as well as reproduce overtime. From an institutional perspective, history matters, as North (1990) convincingly argued: “the decision made in the past shape expectations of actors for the future” and yet it locks institutional change into certain development paths. What is regarded as desirable practices and general understandings of BR seemed to be durable. And by referring to Scott (2008) the industry structure itself is made of the elastic fibers that guide behavioral actions and resist change. Thus, this strong social and political fabric tended to lock BR into a certain path of development.

### **6.5 Boundaries “built” between the public and private sector: Beeching and the Reshaping of British railway industry (1963)**

British railways was highly complex and involved a range of institutional actors (e.g. policy-makers in central government, local government, railway employee, commuters, communities and the unions). Given the multiple parties and their interests, there were often tensions and contestations of power (Marsden and Docherty, 2013; Oliver-Trigalo and Brone, 2011), though it was seemingly in a state of institutional equilibrium as a consequence of interwoven political-social fabric (a lock-in effect). These conflicts, however, can certainly be witnessed during the early 1960s when the seed of growing involvement from the private sector enterprise in BR had begun to be sown. The problem was staged in the Transport Policy of 1960, which had arisen from a speech made by Harold Macmillan, the Prime Minister at that time in the House of Common on 10 March 1960.

*“...First the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodelled to meet current needs, and the modernization plan must be adapted to this new shape”*

According to the Ministry of Transport (July, 1966; Cmnd. 3057), the modernisation, which continued for decades since, was the

*“...key to solve Britain’s transport problem [which] lies in planning designed to reconcile our many-sided needs, national and local and regional, economic and social”*

He then depicted a current state of railway by saying

*The heart of the problem is in railways. They are a great national enterprise and a vital basic industry. They employ half a million people and represent an investment of nearly £1,600m, which is growing by more than £100m each year... The railways are now in a grave financial plight. They are a long way short (by about £60m a year of covering even their running costs).*

(Ministry of Transport, 1960:3)

And subsequently he argued for reining in the growing costs of running the railway system. He asserted that]

*“Sweeping changes will be needed”*

During this time of the early 1960s, the rhetoric that was formed was that BR – a social service for all – provided by the public sector, was lacking and what needed to happen was an injection of private sector enterprise and expertise. This is clearly characterised by the well-known Beeching Report of 1963, a government blueprint to run and organize the industry using private sector principles and practices. This also resonated with what BR was publicly perceived as at that time. See, for instance, The Economists on 19th March, 1960 in a title “Agenda for the Railways” which rhetorically asked:

*So the railways are to be subjected to yet another “radical review” of their size, structure and finance. The long drawn-out strategic withdrawal of the railways in the face of competition from other, newer forms of transport has seen this kind of exercise many times before. Is the one now in prospect likely to do the job any better than its predecessor? Will it really produce the outline of a railway system with a ‘size and pattern suited to modern conditions and prospects’ – to which one and should add, **with***

*the kind of relations with governments and the public – that will hold out a genuine chance of its being able to act like any normal commercial, competitive organisation with a sensible hope of earning some money?*

What can be observed from the quote above is that there was an urgent need for the national railways to construct “a more complete organisation” (see Brunsson and Sahlin-Andersson, 2000) by breaking out of a historical development path and reorienting its operational and managerial style toward private sector enterprise.

The central theme, the reform agenda, produced by the Beeching Report is presented in an excerpt below.

*“...the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and they should cease to do things for which they are ill suited. To this end, it is proposed to build up on the traffic on the well-loaded routes, to foster those traffics which lend themselves to movement in well-loaded through trains, and to develop the new services necessary for that purpose. At the same time it is proposed to close down routes which are also lightly loaded as to have **no chance of paying their way, and to discontinue services which cannot be provided economically by rail**”*

Consequently, a third of the railway lines were closed. It is argued that Beeching’s influence, as will be seen later in his enrolment of senior figures from private enterprise, represented a pivotal moment in which the post-war logic of growing nationalised industries was undermined, thereby providing a foundation for successive waves of pervasive privatisation. Theoretically, this reform agenda could tell many things about what Beeching report intended to do. Firstly, this could be interpreted as the government’s intention to construct a new boundary in this sector, where only tasks and activities relevant to its characteristics would be maintained. Secondly, as the post-war conditions had begun to fade away together with a persistently ill-financial condition rocketing skyward, the ‘Reshaping British railways’ could also be seen as an identity tactic aimed to create a new identity as a more competent and commercial industry. Finally, at the time, and it is still the belief in some quarters, the problem lay with recalcitrant trade union members who were seen as a threat to the efficient and effective provision of this public service. Beeching, a former engineer from ICI, took the view that more private sector involvement could turn around what was perceived by those who led the inquiry as a wasteful and inefficient railways industry. Thus, the scene was set with the

public sector pitched against the private sector, the boundary between the two was clearly built to ensure the construction of the ‘public-bad-private-good’ political rhetoric.

In short, this round of reform implied that there would be increasing dynamics within the railway industry either by means of the actors involved or the contributions they made on BR. It is argued that the Beeching’s reform, although it was fiercely criticised and widely opposed, it also induced those who had been passively involved with the rail industry to become more active, the business sector in particular, as well as the regional county councils. As their concerns were expressed over the restructuring of the railways.

*“...unless major road schemes in this area are expected, the road situation will become chaotic and desperate, a situation which can only lead to more congestion and more accidents, and would seriously jeopardise Lancashire’s industrial future by constructing goods and business traffic”*

(Response by Lancashire County Council in a letter to the British Railways Board, 6 August 1963)

## **6.6 Boundaries “bridged” between the public and private sector: Post-Beeching responses**

Gaining for one side could mean losing for others; this is not exempt to BR. The other interest groups, such as public communities and crucially the unions, took a strong opposition to the reform programme. See, for example, the open letter from the Scottish Tourist Board concerning the proposal for the reshaping of BR.

*“...Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. In particular the Board would urge second thoughts on the cutting of the link between Grivan and Stranraer, and Stranraer and Dumfries. These closure would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Irland by the short Stranraer to Larne route”*

(MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post publication of the Beeching Plan, Department for Transport: 2 April 1963).

This public reaction implied that the view in which the public sector was lacking and that the private sector held the key to better performance was not always held, even among private sector actors. Business, for instance, could see how the reforms, instigated by Beeching, could lead to detrimental results for local, regional and even the national economy. Letters were sent in by members of the public and business to the local and national press to voice concerns over the privatization of railway provision. Anger and resentment appeared to characterize the mood of the mid-1960s. In one of the letters published in the Times newspaper in November 1964, the Managing Director of a logistics company wrote.

*“At the time of the railway reorganisation, the new highest Railway Executive issued instructions, limiting the number of containers in various railways stations so that each container was to be kept in constant use – in theory sound, but in practice unworkable for the daily fluctuation in trade”*

(Letter by Robert Fisher, Managing Director of Robert Fisher – Packing and Shipping – Times 3rd November 1964).

Thus, the ethos of rationalization, so often associated with the private sector was considered to be impractical in this instance. The letter by Robert Fisher subsequently led to an internal response by Eric Merrill, Public Relations Manager at British Rail, who wrote to his superior, underlining the gravity of the post-Beeching situation with an emphatic message ‘This is not a PR problem’. Merrill wrote:

*“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future... As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr. Fisher’s letter is a symptom of this. This is not a PR problem”*

(Letter from Eric Merrill, public relations manager to the British railway Board – 6 November, 1964).



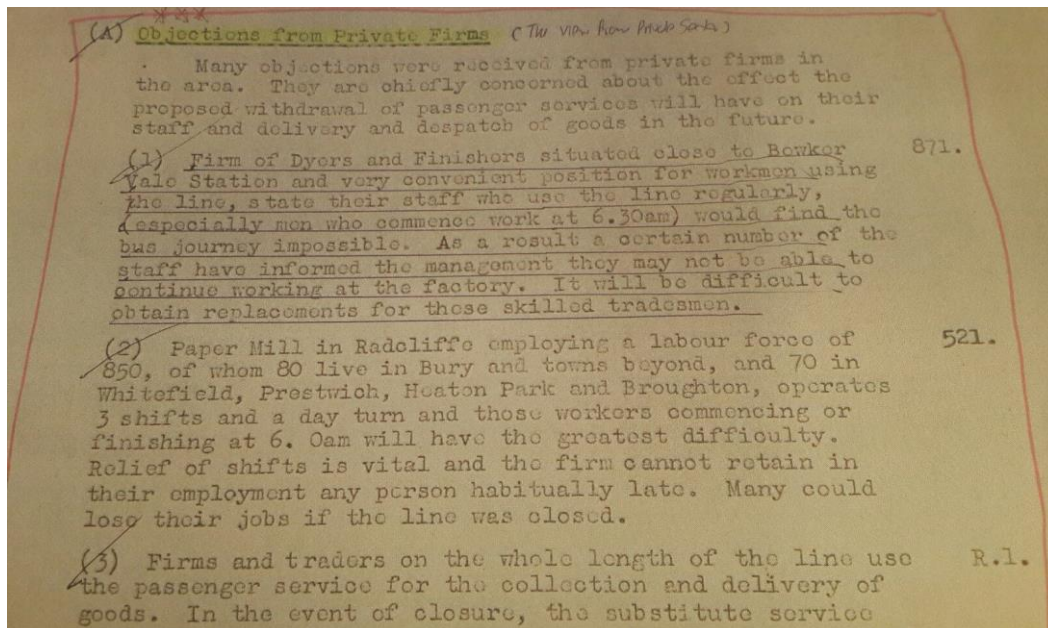
Moreover in some industrial regions, such as Manchester and Lancashire, both the public and private sector as well as communities forged together strongly to express their pain inflicted by this reform. This is evident by a signed letter below:

The Branch Secretary, Co-operative Retail Services Ltd., South East Lancs. Branch, Old Market Street, Blackley, Manchester, 9.	112
V. G. Smith, Esq., (Address not stated).	46
Councillor F. R. Butler, President, Crumpsall Ward Conservative Association, 6 Chudleigh Road, Crumpsall, Manchester, 8.	1,021
R. Whittle, Esq., Secretary, Manchester North Branch, Draughtsmen and Allied Technicians Association, 31 Hillside Drive, Middleton, Manchester.	16
J. T. Parry, Esq., Divisional Education Office, Lancashire Education Committee, Division 19, Education Offices, Pinfold Lane, Whitefield, Manchester.	104
A. R. Pilkington, Esq., Secretary, James Kenyon & Sons Ltd., P.O. Box 35, Derby Street Mills, Bury.	535
P. Hulme, Esq., 8 Blackburn Street, Heaton Park, Manchester.	15
K. Partridge, Esq., Works Manager, Remploy Ltd., Eton Hill Road, Radcliffe, Lancs.	54
S. R. Lewis, Esq., 3 Wood Grove, Whitefield, Manchester.	5
Mrs. H. Kaye, 12 Downham Gardens, Bowker Vale, Prestwich, Nr. Manchester.	186
T. Nuttall, Jr., Esq., Jargreaves & Crowther Ltd., Irwell Mills, Bacup, Lancs.	127
G. Bennett, Esq., (Address not stated).	29

**Figure 6.5:** Signed letter from the public sector and business enterprise against the Beeching reform

**Source:** Beeching report; the reshaping of British Railways: effect of proposed closures on roads in the North West (MT 100/121)

The business sector in particular, appeared to oppose this reorganisation underpinned by the principle of efficiency saving for railway, as their businesses were fiercely hit. See the figure 6.6 below.



**Figure 6.6:** Letter of objection from private firms in North West

**Source:** Beeching report; the reshaping of British Railways: effect of proposed closures on roads in the North West (MT 100/121)

What can be noticed is that boundaries between the public sector and private sector were bridged in response to the unfolding drama of cutting the railway infrastructure as the Beeching recommendations were implemented. Private sector business raised doubt over claims of financial benefits that were promised by Beeching's cut to services. Thus, it can be seen from these responses that what started out as a framing of difference between the ways of working in the public sector and private sector gradually turned to a growing consensus that the reduction of railway infrastructure was potentially bad for business too.

### 6.7 Boundaries "blurring": Joint Steering Group (JSG) report 1967 and reforms in early 1970s

In order to defuse the tension, the public sector by the government appointed a JSG to review the reform programme. A recommendation was framed around a division between a commercial and social railway. This inquiry report, when read together with other published documents, such as the Railway Policy by the Ministry of Transport 1967, provided an account of the affair of BR at the time, for example, the government's intention to make BR become

more self-reliant but not at an expense of social service. As could be seen in the recommendations made by those inquiry members.

*“The government’s first problem, therefore, has been to determine the **size and shape of the basic route system to meet both commercial and social needs**. This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public”.*

(JSG inquiry, 1967)

This was subsequently enshrined in the Railway Policy 1967:

*If self-reliance is to be restored to the industry, it is essential that the **community should explicitly take financial responsibility** for these passenger services.*

(Railway Policy, Ministry of Transport, 1967)

It proposed to conciliate the old ideology of “cradle to the grave” and “efficiency service” initiative proposed by a controversial Beeching report in 1963. It did so by dividing between commercial railway and social railway. The latter one was unremunerative lines (previously proposed to be withdrawn) but socially needed for journeys from and to local areas where roads were not yet well provided.

Since these socially needed rail activities occurred much in local and district areas rather than in central government, it would not be appropriate and less responsive to any problem, if the power for managing this social matter was largely still in Whitehall. Consider the following quote extracted from the Transport White Paper, Memorandum by the Secretary of State for Transport 13 June 1973

*“It is only within the framework of local planning for public transport that issues which arise on some of these local services can be resolved, **in the interest of local community**. Central government is not well placed to judge what **local arrangements** would meet local needs in the most satisfactory way... Whether such rail service provides the best way of meeting local needs should be settled within the local democratic process”*

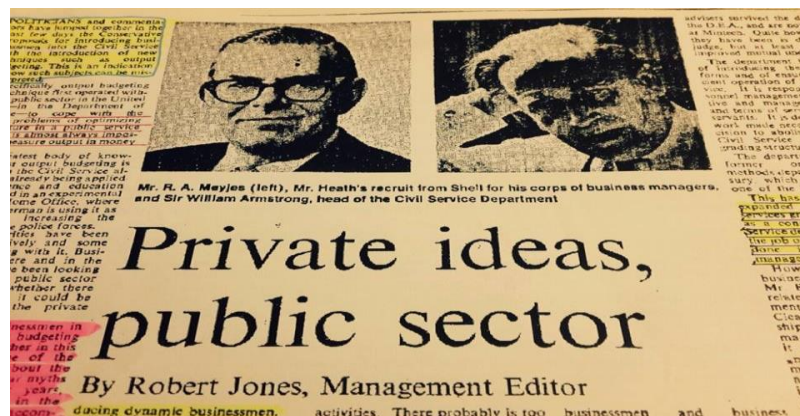
This move of central government is worthwhile for observation. First, it acts as a further attempt to continue to draw a boundary in managing BR, by creating a fair social condition where other interest groups had to be included. But at the same time, by looking very closely, the JSG committee consisted of people who were commercially oriented, such as J.P. Berkin,

a former managing director of Shell Petroleum Company Limited and J.G. Cuckney, a former managing director of Standard Industrial Group Ltd (Railway Policy Review, Joint Steering Group, July 1967). As a consequence, it appeared to make a rigid boundary of BR become more permeable and paving a way for the government to re-construct a boundary within this transport sector. Considering the media coverage at that time in reflecting the public perception towards the beginning of involvement from the private sector.

*“Chasing for Efficiency in the Public Sector: As the debate continues about efficiency in the nationalised industries, the government puts the case for close public scrutiny as a spur to their management”*

(The Time, London, England, Friday 28 August 1970)

And in the meantime there were appointments to Mr. A. Meyjest from Shell and Sir William Armstrong. Figure 6.7 below.



**Figure 6.7:** Blurring lines between public and private sector

(Source: The Time, Tuesday, June, 1970, Page 27)

A series of events induced by the JSG Inquiry into BR demonstrates that relationships between the two spheres are blended and boundaries between interest groups are blurring. As such it is unlikely to be able to identify what constitutes “public” and what “constitute” private, especially during a turbulent period of social and economic development.

As a conducive environment was created and public supports were mobilised, the government’s attempt to re-construct the boundaries had been once again proceeded through “co-ordination and integration of transport”. According to a spiralling power of trade unions was realised. See for example, an extracted from - The role of British Rail in Public Transport, November 1977 Cmd. 7038.

*“More and more the nationalised industries are run for the benefits of those who work in them. The pressure are for more jobs for the boys, and more money for each boy. The need to satisfy the customer is less and less appreciated mainly because they tend to be monopolistic concerns”*

One core message that arose from a cabinet office meeting was “The use of an alternative to counter this service disruption”. As a result “an integrated transport policy” between road/rail was proposed under a blanket of buzzwords, such as, reducing “overlapping function” and wasteful duplication. Considering the quote below from the archive MT 124/1665: Correspondence with trade union and conservation society date 19 April 1973.

*“The government believe that the railways will continue to play an important part in the country’s transport system; they will be encouraged to develop in whatever way makes economic and social sense. An integrated transport policy, however, means that each mode must concentrate on providing those services for which it is best suited, taking full account of changes in customer demand and the wider social, environmental and economic implication involved”*

As a result, boundaries within the BR industry were redrawn through a series of policy designs – reducing power and role played by the unions, allocating responsibilities to local government and the coming in of the private sector. This series of events implies that boundaries between social actors appear to be dynamic and yet subject to change and negotiation, in responding to a contest of power and external surrounding conditions. There is a rise and fall of the role they played as well as contribution they made.

## **6.8 The story of the embargoed inquiry**

While boundaries blurred between the public and private sectors, inconsistencies within the public sector were also noted. For example, the government’s framing of the trade unions as the enemy to rationalisation was also found not to be uniform across the public sector. It was discovered, for instance, that the BR board took a much more conciliatory position where trade unions were concerned. In ‘A New Talk with Unions (The Times, London, England, Thursday, Jan, 07, 1965), it was reported that “cooperation of the railway unions” was vital and that the Board was prepared to “[conduct] research into the human factors involved.” In another interesting exchange during the parliamentary proceedings on industrial disputes in the

railways, the Chancellor of the Exchequer asked, “*But can we be tougher than Beeching?*”, which led to the emphatic response, “*No: must let him play the hand: and to our political advantage to buy support for [Beeching’s] plan without bitterness of strike*” (recorded, 9 May 1963, 10am).

Although the legacy of Beeching (1963) remains well known in terms of how it reshaped the landscape of BR, this was not the only inquiry that took place at that time. There were several reviews commissioned, some of which remain unpublished. One report, by the Guillebaud Committee charged with reviewing pay for railway workers (appointed in 1958), is worth noting, as this showed fractures within the public sector. Claude Guillebaud was a Cambridge economist, who was previously appointed to chair a review of the cost of running the National Health Service (Ministry of Health, 1956). This earlier review took three years to complete from Guillebaud’s appointment in 1953. The review concluded, much to the frustration of the Government at the time, that cost-cutting was not an inevitable option since the projections suggest that the Health Service was managing its costs effectively. So, it was somewhat surprising to find Guillebaud re-appointed to chair a review on pay in BR in 1958.

On closer scrutiny, however, we discovered how Guillebaud was not appointed by the Government to undertake a review of pay in BR. Rather, it was the British Transport Commission together with the Trade Unions who provided the terms of reference for Guillebaud’s appointment.

*“The Guillebaud Committee were not appointed by the Government, but jointly by the [British Transport Commission] and the Unions at the end of 1958”*

(from a Memorandum by the Minister of Transport, A. E. Marples, 11 September 1962, p. 2 ).

It must be noted that the relationship between the British Transport Commission and central government was, at that time, somewhat fractured. The commission was resisting attempts made by the government to centralise control within the treasury. In the earlier review of the health service, Guillebaud's findings did not align well with the government’s intent, and so it was not surprising to see the firm statement by the Minister of Transport distancing themselves from the appointment of the Guillebaud Committee (the report was subsequently embargoed).

Interestingly, the Guillebaud report was well received by the trade unions, as shown in the somewhat favourable reception by the General Secretary of the National Union of Railwaymen:

*“Mr. S.Green, general secretary of the [National Union of Railwaymen], said after the meeting that his executive would be continuing their examination of the [Guillebaud] report, which seemed to provide the basis for a reasonably satisfactory wage structure and conditions of service”*

(The Times, 11 March 1960)

### Concluding remarks

As part of the research’s aim in disentangling a complexity of the industry reforms, this chapter questions the roles industry reforms played in a greater involvement of private sector in British railway industry during 1960s, as to whether it was solely about seeking to improve the industry performance outcomes (e.g. efficiency, financial return and competitiveness). Yet while the extant studies thought of reform as a performance driven agenda, based on an archival account this chapter argues that that reform is far more politically and socially complex than a performance rationale. In fact, it was rather about a continuous process of constructing and re-constructing boundaries, as demonstrated in boundaries ‘built’, ‘bridged’ and ‘blurred’ throughout decades in order for the BR to de-lock from a dominant development path. In early 1960s under the Beeching’s reform, boundaries were ‘**built**’ through a rhetoric of a lacking-public sector currently provided a social service for all and a more competent private sector in term of managerial and operational expertise. As a result, new boundaries were constructed within the rail sector, where tasks and activities that relevant to its characteristics would be maintained. And moreover a new identity as a ‘more competent and commercial industry’ was gradually been created.

During the mid-1960s, post-Beeching’s era, boundaries between the two sectors were ‘**bridged**’ in responses to the unfolding drama of cutting the railway infrastructure as the Beeching recommendations were implemented. Yet their common that bridged two sides together was a doubt on the ethos of rationalisation, so often associated with the private sector seemed no longer impractical in this instance. Subsequently, to defuse a tension, the public

sector by the government appointed a Joint Steering Group Committee (JSG) 1967 to review a reform programme; the committee was made up of many influential figures from the corporate sector such as Shell Petroleum Company Limited and Standard Industrial Group. In this regard, boundaries between public and private sector were **'blurred'** as they started to forge deeper relationships in reshaping the future of British railways. According to this continuously 'built', 'bridged' and 'blended' or 'blurred', it could be argued that the industry reform though it sought to construct a 'more complete organization' (Brunsson and Sahlin-Andersson, 2000). Its role play is rather associated with

- 1) Re-drawing a complex web of relationships between the interest groups
- 2) Influencing on change in role plays and dynamic interaction of those involved parties
- 3) Inducing some previously passive actors to become more actively involved in the railway's reform, than driving up the industry's performance outcomes.

Thus, instead of sticking to a blind-faith of performance agenda in a studying industry reform, a notion of **'an ongoing on constructing and re-constructing'** boundaries in order to reinforce identities within the rail sector must not be taken for granted since it could help drawing a more completed picture of reforms.

Last but not least, as a historical account suggested on a dynamic of boundaries - shaping by and responding to changes in a wider socio-economic condition at the time [embedded in the industry reform agenda], and more crucially permeable -, therefore it could also be argued that the roles played by those interest groups were often messy, and that the labels of what constituted 'public' and what constituted 'private' were not always clearly defined. Indeed, their relationships were often blended between the two spheres. As such, in reforming such a public service as railway industry, there should be a move beyond a narrow focus of finding more efficient and effective ways of configuring the industry structure and the interest group's relationship. Yet it should attend more crucially on institutional conditions and contexts that define/re-define interactions and boundaries within a given industry sector.



## CHAPTER 7

### **Managing legitimacy: How the growing idea of privatization of the BR was nurtured?**

*“Who governs Britain? – the government or the trade unions*

(Prime minister Edward Heath 1970-1974 called an election after a series of strikes in 1974)

*“We cannot go on like this !!! I will cut the deficit not the NHS [...] We’re all in this together”*

(Prime Minister David Cameron – the leader of the Conservative party at that time, running up to the 2010 general election)

#### **Introduction**

While the previous chapter investigated the role industry reform played in the growing involvement of the private sector in BR against the backdrop of the idea of nationalisation, this chapter will provide an historical-institutional analysis of its legitimising process. Its central focus will be on how the growing idea of a privatized railway was dynamically legitimised and maintained through a turbulent period of change in the social and political landscape. From this perspective, this process is structured in a logical manner. The former is concerned with the growth of the idea of nationalisation while the latter one is more focused on the legitimisation of the idea. This can be represented as the movement from institutional change to institutional legitimacy.

The chapter is organised as follows. Firstly, it provides a list of archival sources and the reasons to look at them – the official published document; confidential meeting notes (unpublished documents) and a print-media. Secondly, an analytical process of this historical-institutional analysis is presented to illustrate how the research findings emerged from this archival study.

In effect, the third section – research findings – is centred on answering the research question before giving a narrative account [an unfolding of historical events] in the following sections. This includes section four that provides the industry background, recapping the ways in which reform was framed. The fifth and sixth sections elaborate on the use of rhetorical strategies in deinstitutionalising the old logics in the period of the 1960s. In order to bridge the decade between the 1960s and 1970s, this chapter will illustrate the socio-political conditions of Britain in general and the railway sector in particular in this period, most notably, outlining the burgeoning power of the railway unions at this time. It will analyse the formation of the rhetoric of change and the political plotting underpinning the government’s attempts at reform, attempts that ultimately resulted in the significant, if not complete gain, of social legitimacy back from the unions.

Finally, it will discuss the contestation of the old logics recommended by the Ridley report of 1977. It was this manoeuvre that helped to gradually legitimise the idea of ‘privatised British railway’ in British society while at the same time delegitimising the old logic created since the post-war period. This chapter will conclude by arguing that the growing acceptance of the idea of privatisation was not because of the expectation of improved performance. Instead, it was dynamically legitimised by a government reform agenda that responded to the political and socio-economic conditions of British railways at the times. It will contend that, in order to maintain the legitimacy of the private sector’s involvement, the government chose to blend a performance-based agenda with an attempt to re-balance the transport policy to curb the spiralling power of the unions.

## **7.1 Relevant archival sources for investigating the legitimisation process of BR’s privatisation**

### **7.1.1 Official published documents**

The research investigation began by extensive work on government official reports in the 1960s and 1970s. This was a useful step before excavating deeper into a muddy archives since those official inquiry reports were often initially produced to inform the public about the issues and matters of concern in the railway sector. Thus, they played a crucial role for the study to preliminarily conceptualise the affair of BR at the time. Over two decades there were four different governments between the Tory and the Labour party in charge of the railway reform – The Conservative P.M. Harold Macmillan (1957-1963); The Labour P.M. Harold Wilson

(1964-1970); The Conservative P.M. Edward Heath (1970-1974) and The Labour P.M. Harold Wilson (1974-1976) before being succeeded by The P.M. James Callaghan (1976-1979). In these five parliaments, there were five key inquiry reports that were found to be influential in shaping the managerial and operational aspect of BR (Jackson, 2013; Parker, 2012; Gourvish, 2002 and 1986). These official published documents are as follows:

**Table 7.1:** Official published documents for the RQ2

<ol style="list-style-type: none"> <li>3. The Reshaping of British Railways (1963) known as the Beeching report under the Conservative government</li> <li>4. The Joint Steering Group inquiry in 1967 under the Labour government</li> <li>5. The Regeneration of British Industry (1974) by the Conservative government</li> <li>6. The Role of British Rail in Public Transport (1977) the Labour government</li> <li>7. Nationalised Industry Report (Ridley Report 1977). It was later enshrined in the Thatcher's public service reform programme</li> </ol>
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Each report illustrates what were considered as the issues of BR and a list of recommendations provided by the committees. And for the RQ2, which is centred on a legitimisation process – how the growing idea of privatisation was “*nurtured*”? – examining these official documents provides both perspective and detail of the reform agenda that sought to put a more involvement from the private sector in a provision of railway service through. Together with a series of simple but interrogative questions 5W and 1H that applied to these reports, it led the study to dig deeper into a muddier and messy world of archive, the unpublished documents and confidential meeting notes.

### **7.1.2 Unpublished documents and confidential meeting notes**

Unlike the first category of archival sources that presents front stage images, this group of documents provides an opportunity to get into the complexities backstage, where the agenda was formed and its related issues were discussed (Hill, 1990). These archival sources are considered by the historians and archivists (e.g. Berg et al., 2012; Harris et al., 2012) as the most powerful traces that could tell many untold stories about the institution, the actors, their roles and their social interaction that could potentially influence a trajectory development of BR. Table 7.2 below provides a list of unpublished documents used for the RQ2.

**Table 7.2:** Unpublished documents for the RQ2

<ol style="list-style-type: none"><li>1. AN 156/15: Meeting between Transport minister Barbara Castle and Executives of Railways Unions.</li><li>2. AN 170/521: Passenger studies: bus/rail integration policy</li><li>3. AN 183/197: private railway companies: West Somerset Railway Company Ltd</li><li>4. Cabinet Office Paper, Memorandum by The Minister of Transport, 9<sup>th</sup> March 1965</li><li>5. Cabinet Office Paper: Effect of Industrial Action by Railway Unions: 3<sup>rd</sup> March 1972 (CAB/129/162/4)</li><li>6. Cabinet Office Paper: Memorandum made by the Chancellor of the Exchequer about the issue of nationalised industry: 24<sup>th</sup> May 1971 (CAB/129/157/12)</li><li>7. Cabinet Office Paper: Implication of Industrial Action by the Railway unions: 29<sup>th</sup> March 1972 (CAB/129/162/15)</li><li>8. Minister's meeting with Mr. R W Marsh on 27<sup>th</sup> March, 1973</li><li>9. MT 97/688: Transport implication of the proposal for re-shaping of the railways. Post-publication of the Beeching plan.</li><li>10. MT 124/1523: Select Committee on Nationalised Industries: Inquiry into British Railways 1976/77; Correspondence and papers relating to the government's response to the Inquiry.</li><li>11. MT 124/1555: Policy review 1972 – 1973: Unremunerative rail passenger service.</li><li>12. MT 124/1607: Non-railway investment policy project; proposed reduction of railway and conversion of rail into Bus-ways.</li><li>13. MT 124/1665: Rail policy review: Correspondence with trade unions and conservation society.</li><li>14. PREM 15/981: Industrial relations/strike and negotiation 1975/1976</li></ol>
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By examining these unpublished archives, it enabled the study to grasp the public's attitude and emotion toward BR in the way that it would not have been able to do by only consulting the official documents. For example, unlike what is generally understood as the public always on the nationalisation and the unions' side, however, by reading through the excerpts below it suggests that a privatisation of BR was not as divisive as it sounded. Some British people seemed to understand why the rail sector needed a radical reform. Yet this social aspect and political force have rarely been taken into account in the legitimisation process of BR's privatisation.

*“More and more the nationalized industries are run for the benefits of those who work in them. The pressure are for more jobs for the boys, and more money for each boy. The need to satisfy the customers is less and less appreciate mainly because they tend to be monopolistic concern”*

(Cabinet Office Paper, Cmd 7038)

And

*“If I were Margaret Thatcher, I would close down the whole lot and turn them to roads”*

(MT 124/1607: Non-railway investment policy project; proposed reduction of railway and conversion of rail into Bus-ways)

With the same reason as the RQ1 – to understand a socio-political context – another group of archives was also consulted in order for the study to put things into context and get a more completed picture of how the reform agenda was legitimised.

### **7.1.3 Print-media**

This category of archives is not less important than other types of archival sources given that the study on institutional legitimacy is largely concerned with “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, belief and definitions” (Suchman, 1995). In this regard, it is imperative for the study to understand the public’s perception toward the reform and whether it was desirable or not, if so, how? All of these concerns can be found in this series of texts as it helped to construct and give meaning to the reform programme. Table 7.3 below presents a list of print-media used for the RQ2.

**Table 7.3:** Print-media for the RQ2

- |  |
|--|
| <ol style="list-style-type: none"><li>1. The Economist, Saturday 19<sup>th</sup> March 1960 “Agenda for the Railway”</li><li>2. The Economist, Saturday 24<sup>th</sup> December 1960</li><li>3. The Economist, 28<sup>th</sup> April 1973</li><li>4. The Economist, Saturday 22<sup>nd</sup> June 1974</li><li>5. The Financial Times, 29<sup>th</sup> November 1962</li><li>6. The Financial Times, Monday 4<sup>th</sup> July 1968</li><li>7. The Times, Tuesday 20<sup>th</sup> August 1963</li><li>8. The Times, Thursday 7<sup>th</sup> January 1965</li></ol> |
|--|

9. The Times, Thursday 9<sup>th</sup> March 1965
10. The Times, Friday 28<sup>th</sup> August 1970
11. The Times, 28<sup>th</sup> October 1973

In brief, the three types of archival sources were pieced together to construct a historical account of railway reform. Yet, in this chapter it sought to unfold how the growing idea of privatisation was dynamically legitimised and maintained (*nurtured*)? Figure 6.1 in the previous chapter illustrates how they were woven together.

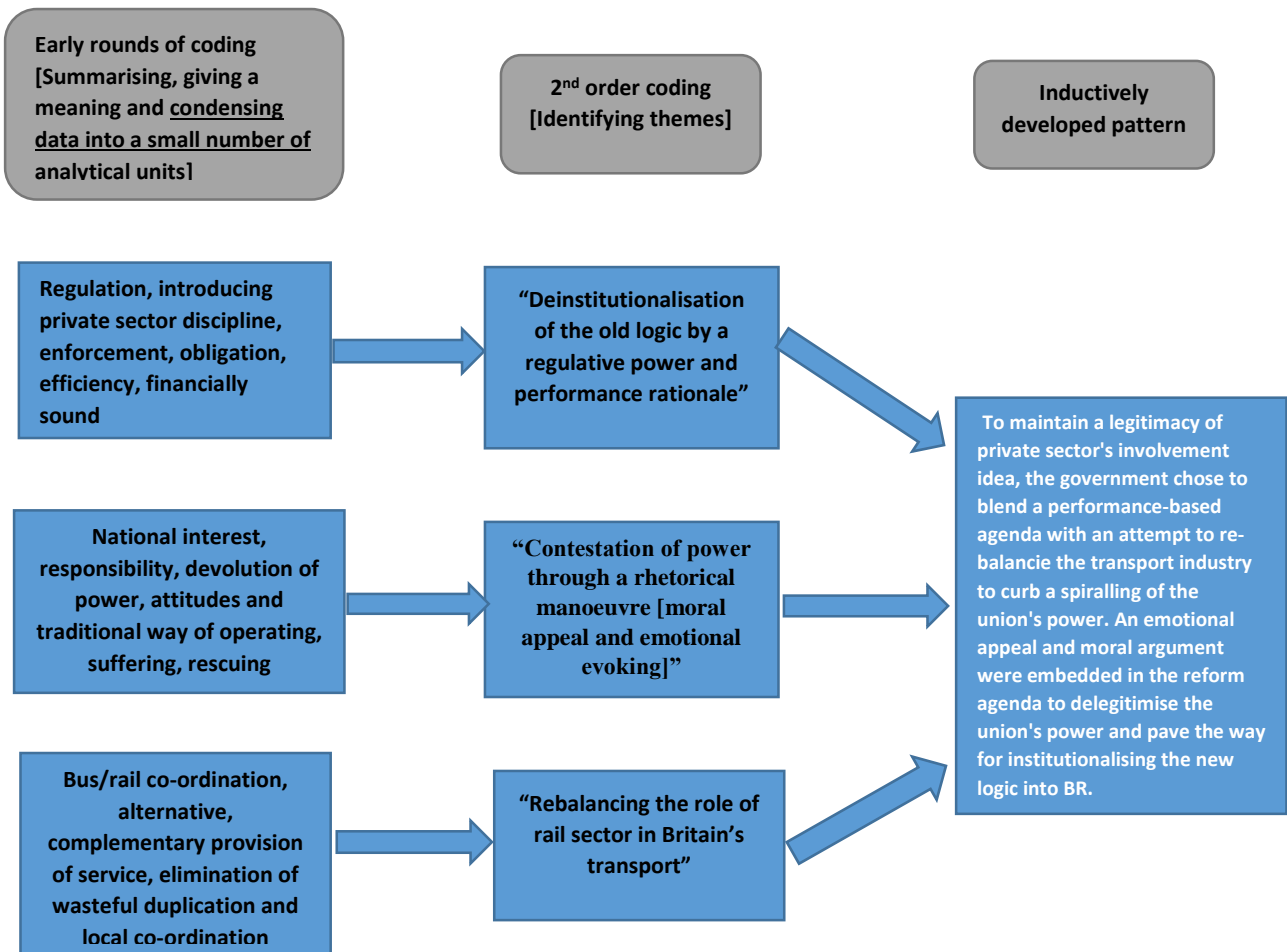
## 7.2 Analytical process: a historical-institutional analysis

Following common practice in qualitative data analysis, the study applied theoretical coding (also known as open coding) to understand and assign meaning to the archival data. By doing this, it helped the study to sift through the messiness of archives and identify relevant concepts in the data, including the ability to group them into categories, seeking evidence of how the old logic of nationalisation was delegitimised amid a growing idea of rail privatisation. And, more crucially, how the new logic of more involvement from the private sector became socially acceptable and was dynamically legitimised. Example of the codes used in early rounds of the analytical process include **“Regulating”**, **“Social concern”**, **“Emotion”**, **“Rationale”**, **“Emotional evoking”** and **“Moralising”** that were derived from the institutional theory and literature on strategies for gaining legitimacy (e.g. Suchman, 1995; Watson, 1995; Suddaby and Greenwood, 2005; Brown, 2012). As a result, this initial process of data analysis allowed the author to capture what theoretically happened in both the deinstitutionalisation and institutionalisation process.

While the first order coding sought to summarise and give meanings to archival data, as the analytical process moved on, the study then performed a deeper level of analysis, often known as the second order or analytical coding. It was intended to identify relationships between and among those descriptive codes and to condense them into a small number of analytic units (Miles et al., 2014). As a result, those descriptive codes and its derivatives were grouped into three constructs, including **“an influence of political ideology”**, **“negotiation”** and **“power of language”** that, in effect, allowed the author to see “what data speak out” which lay at a heart of the interpretation process (Guest et al., 2012).

These small numbers of analytical units were further examined by referring them back and forth to the literature on institutional legitimacy and reform. And, under an iterative process between theoretically thinking and practically examining on archival data, it helped the author to build up a clearer picture of how a growing idea of privatisation was dynamically legitimised and had been maintained. Put simply, how it was *“nurtured”* throughout a turbulent period of socio-political change. Moreover, as themes began to emerge, literature on the power of rhetoric (e.g. Gawer and Phillips, 2013; Brown, 2012; Keith and Lundberg, 2008) was also drawn on to assist the interpretation process. A cognitive map, an evolving and more integrated schema for understanding a historical account of railway reform (Miles et. al., 2014 and Guest et. al., 2012). A concern over the role of political force and the power of rhetoric were identified as key mechanisms in *“nurturing”* a growing idea of privatisation. This could be observed through the themes **“Deinstitutionalisation of the old logic by a regulative power and performance rationale”**, **“Contestation of power through a rhetorical manoeuvre [moral appeal and emotional evoking]”** and **“Rebalancing the role of rail sector in Britain’s transport”**.

The analysis process allowed categories, themes and relationships to emerge until the author was able to develop a clear sense of the relationships among them. As the process continued, it helped to inductively develop patterns that provided an insight into a legitimising process of BR privatisation, which is quite different from what is commonly thought of by the mainstream study in this field. In figure 7.1, the analytical process of the archives is presented. This illustrates a move from a descriptive to an inferential level of analysis. In brief, the analysis process utilised the power of archival sources as a sediment and trace of social interaction and the institutional legitimacy concept as an analytical lens that made this research a historical-institutional investigation.



**Figure 7.1:** Analytical process

### 7.3 Research findings

The second research question asked, **“How was the growing idea of privatization of British Rail nurtured throughout the period of change in the social and political landscape in the 1970s?”** Through a historical-institutional analysis on the archival sources of both officially published documents and unpublished ones, as well as the print-media, the study found that first and foremost, the advent of privatisation of BR was not because of an expected performance improvement. Rather, it was initially underpinned and legitimised by the government’s reform agenda that reflected the political and socio-economic conditions of the industry at the time. Over the 1960s for the government to legitimise the idea of more efficient



railway, the two inquiry reports were put in place. The Beeching report (1963) sought to directly attack the old logic via a regulative approach – proposed to cut 1/3 of the whole railway system. This was disruptive, though it seemed to be an effective way to reform. A subsequent inquiry – The JSG inquiry – went another way round by gradually generating a deinstitutionalisation process on the old institutional logic through a rhetorical strategy, for instance, such ideas as, “social railway”, “devolution of power” and “local responsibility” were enshrined in the reform programme. Reflecting on this, in reforming the railway sector, the government seemed to understand that solely offering “a better performance” was not the way to make “an involvement from the private sector” idea become socially desirable, let alone a proper and appropriate way in running the industry. As such, a rhetorical strategy and a manipulation of media coverage that internalised the surrounding social and economic conditions, were therefore used to obtain the legitimacy in a radical reform.

Likewise, in order to maintain the legitimacy of the private sector’s involvement idea during the 1970s, the government chose to blend a performance-based agenda with an attempt to re-balance the transport industry to curb a spiralling of the unions’ power. An emotional appeal and moral argument were embedded in the government reform agenda to delegitimise the unions’ authority and pave the way for institutionalising the new logic into BR. Yet, this once again demonstrates the importance of understanding the dynamics of the institutional environment in legitimising and maintaining a momentum of industry reform. Although driving the performance of public services is a crucial task in implementing the reform programme, however, achieving a better performance outcome alone does not necessarily mean it would be perceived as a desirable, proper or appropriate way among the public community as the users. The influence of socio-political forces that strongly influence the performance of the British railway industry must be properly investigated in order to make it become more a responsive and cohesive mechanism in a delivery of public service. The follow sections will provide an unfolding of historical events as a result of a historical-institutional analysis of the legitimisation process in BR’s privatisation.

## 7.4 The industry background and paving the way for reform

The reform of British railway industry had been a long-standing issue for the UK government to tackle since 1945. At that time, the rail industry was perceived as strategically important for military business. Yet immediately following the Second World War, it was derelict and perceived as being in a condition that required large investment in order to secure an adequate level of service. For these reasons, the creation of a heavily state-regulated industry at the time could be seen as inevitable. According to Parker (2012), the decision to nationalize was supported by a wide range of interest groups such as the railway trade unions and by those who expected the result to be improved services. Based on scholarly literature, the nationalization of British rail can be seen as being fundamentally informed by the post-war ideology "cradle to the grave" of the Beveridge report where the state took responsibility in running public services for the purposes of investment and full employment for the British people (Griffiths and Kippin, 2013). This idea publicly became a central logic in running any so-called any State Own Enterprise (SOEs) and strongly embedded in Britain society.

However, the tide of reform by nationalisation, particularly in the transport industry, had started to turn a corner when these services entered the 1960s. This was deeply connected to the persistent poor financial condition of the British railways from the mid-1950s on, as well as the emergence of the car as alternative mode of transport. The issue was recognized by the then Prime Minister Harold Macmillan who stated that there was an urgent need to reshape British railway:

*“The heart of the problem is in the railways. They are a great national enterprise and a vital basic industry. They employ half a million people and represent an investment of nearly £ 1,600 m, which is growing by more than £100m each year [...].The railways are now in a grave financial plight. They are a long way short of covering even running cost”* (Ministry of Transport, 1960)

He then apparently raised the concern of another round of reform by suggesting:

*“First the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodeled to meet current needs, and the modernization plan must be adapted to this new shape”* (The Prime minister, speaking to the House on 10<sup>th</sup> March 1960)

The scent of reform was in the air and began to draw attentions from the public and media. Consider the following quote extracted from the Economist, Saturday, March 19, 1960 "Agenda for the Railway"

*"So the railways are to be subjected to yet another "radical review" of their size, structure and finance. The long drawn-out strategic withdrawal of the railways in the face competition from other, newer forms of transport has seen this kind of exercise before"*

In addition, toward the end of the year where the railway was facing high demand the current state of British railway was once again spotted by the media.

*"At the beginning and the end of any holiday, the name British Railways is apt to become engraved on travelling public heart; but nobody wants to spend the rest of Christmas doing too much deep thinking about it....[...]...the proposal for the reconstruction of national transport that it has produced may have been based on a full thought re-thinking of the part- and primarily, of how big a part-that the railways should play in British transport during the last third of the twentieth century. The right shape and internal structure of any organization must deepen decisively on the size it is designed to be...[...] The "right size" of the railway system would then have indicated the right size for railway capital with some special treatment for any specially retained "social services" element in the railway operation". (Economist: Saturday, December 24, 1960)*

Yet the focus was on reining in the growing cost and reducing a seemingly oversized rail industry, something clearly stated by Prime Minister Macmillan (Ministry of Transport, 1960), who noted "Sweeping changes will be needed".

By a joining of forces between politics and social media, the reform of British railways was put forward. Starting with the reorganization of the "British Transport Commission", a body that was in charge of running various modes of transport including the railways, London transport, British transport docks, British road services, and the Scottish bus group. A large and diverse body, the BTC was broken down into particular modes of transport such as rail, bus, and London transport, for example, with each body being given their own authority in running business. This seemed to be underpinned by the growing belief in the ideology of privatization that saw many public bodies turned their gaze to the efficiency of the private sector, as the citation below indicates:

*"The activities of the British Transport Commission as at present constituted are so large and so diverse that it is virtually impossible to run them effectively as a single undertaking [...] There has also been [...] confusion in judging between what is economically right and what is socially desirable" (Ministry of Transport, 1960)*

## 7.5 Deinstitutionalization of the old logic: a regulative power and a rhetorical strategy

The reform of the British railways was given impetus by the report carried out by Sir Richard Beeching as a chairman of British railway Board (BRB). Beeching was a former ICI technical director, and his investigation was facilitated by a board filled with people from a wide range of backgrounds, such as Philip Shirley, who had experience in accountancy, and L.H. Williams, a former director of Shell International (Financial Times, 29 November 1962). This team was formed with the expectation of resuscitating the troubled rail industry. Indeed, as then-Transport Minister Ernest Marple noted, it was formed "...[...]...with the aim of creating a small cohesive body of businessmen who had been successful in other sectors and experiences in organization matter...[...]" (The Times, Tuesday 20th August, 1963). The Board's members published one of the most remarkable and controversial reports yet produced proposing the reform of a public service – 'The Beeching Report' (1963). The report stated that:

*...[...].the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and they should cease to do things for which they are ill-suited. To this end, it is proposed to build up on the traffic on the well-loaded routes, to foster those traffics which lend themselves to movement in well-loaded through trains, and to develop the new services necessary for that purpose. At the same time it is proposed to close down routes which are also lightly loaded as to have no chance of paying their way, and to discontinue services which cannot be provided economically by rail"*

(The Reshaping British railways, 1963 by Sir Richard Beeching)

### 7.5.1 The implications and public responses

The implanting of managerial and operational idea from the private sector, however, triggered tension, raising resistance against the reform in society and also within the public sector itself:

*"Some people, especially farmers, have suffered financial loss because of the closing of a branch line. Not surprisingly, they are very resentful. Other people bear a grudge against the railways because their branch lines, though still open at least for immediate present, are not so convenient"*

(Research Project Limited, 1963)

Also, the open letter from the Scottish Tourist Board concerning the proposal for the re-shaping of British railways noted:

*" ...[...]. Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. In particular the Board would urge second thought on the cutting of the link between Girvan and Stranraer, and Stranraer and Dumfries. These closure would have a disastrous effect not only on the fast growing holiday trade of the*

*south-western counties but on the tourist traffic to the north of Irland by the short Stranraer to Larne route"*

(MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post-publication of the Beeching Plan, Department for Transport 2rd April 1963)

This reading of the reaction to the reform suggests that there was an increasing tension between the existing social logic of the post-war consensus and a growing support for the ideology of privatisation. This can be seen in the attitudes to rail travel and the decision process conducted by Research Projects Limited (1963) below.

*"Why should we have to pay double the fare sometimes? It's ridiculous. Some people feel there is a conspiracy to withhold knowledge about benefits they are entitled to. They feel Railway officials sometimes mislead them, perhaps deliberately"*

The public appeared to oppose the sweeping changes introduced by the Beeching report. The government, however, continued to pursue their reform agenda in remodeling the British rail industry. As The Cabinet Office Paper, Memorandum by The Minister of Transport, 9th March 1965, noted:

*"The programme is even more important as an integral part of the reshaping of our railways. The present system is largely the result of unplanned, competitive private enterprise growth in Victorian times, and it needs drastic pruning and re-planning for the need of the second half of this century"*

At the same time the railway trade unions were threatening to go on strike as a response to a reform programme that meant the diminishment of their status and power: "The British Railways Board will begin a new attempt next week to secure the cooperation of the railway unions" (The Times, Thursday, Jan 07, 1965). By April 1968, relations between the government and the unions were strained. The Secretary for Employment and Productivity, Barbara Castle, wanted the unions to move away from the defense of sectional interest and toward corporate responsibility for national economic and social development (The National Archive website).

In this context, the report was disruptive, something that sought to deinstitutionalize the normal practices in the railway industry. It did so by creating an environment where the old logic could be challenged. First, in the appointment people from business and managerial background to carry it out, and second, as a consequence of the recommendations they produced on the grounds of their economic examination. Rather than a purely efficiency rhetoric, the reforms

of the Macmillan administration were driven by the political ideology of a Conservative party whose central ethos stood in stark contrast to the idea of an ever-burgeoning state.

### **7.5.2 A rhetorical strategy: social and commercial railway**

Surprisingly, instead of returning to a management of public services in line with their political ideology, the new Labour government of Prime minister Harold Wilson (1965-1970) chose to continue with the reform agenda. But it was carried on via a political manoeuvre which produced a new inquiry report to justify this. Set up in 1968, the Joint Steering Group (JSG) inquiry examined the issues facing the reformation of the British railways. However unlike the composition of the members of the Beeching report, the JSG at this time included four Civil Servants and three independent academics in the team. This balance between commercial ideas and public service, or between institutional and academic perspectives may have had an influence on the subsequent shape of the reform agenda.

To appeal for the logic of reforming, the logos type of rhetoric was incorporated into the inquiry by acknowledging and incorporating a social dimension within the programme. Consider the extracted quote below from JSG inquiry report (1968).

*“The government's first problem, therefore, has been to determine the size and shape of the basic route system to meet both commercial and social needs. This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public”*

And in the Financial Times, Monday July 4th 1968, Barbara Castle argued *“We are in the midst of transport revolution...[...]...and it is always important to have the right size of transport but should not in the expense of “social purpose” and “public service””*

### **7.5.3 Mobilizing social support for reforming**

The JSG inquiry report tried to garner the public support by arguing that as a source of national pride, the community should play a part in making a contribution to this iconic industry. However this could be regarded as a rhetorical maneuver, as our archival source found that

*“If self-reliance is to be restored to the industry, it is essential that the community should explicitly take financial responsibility for these passenger services”*

(Railway Policy, Ministry of Transport, 1967)

Despite the attempts to palliate public resistance to reform by appealing that their social value was being taken into account by the new round of reform, the unions seemed unlikely to depart from their opposition to the proposed reforms and the emergence of private sector involvement in the railway business. For example, during Mrs. Castle's meeting with executives of railway unions on 30th January, 1968 (AN 156/15), a representative from the National Union Railway (NUR) challenged that:

*“In the early days, worker's participation was not having a single representative on a board of 7 or 8 people, whether he was a rank or filer or a trade unionist, nor was it having some leading trade unionist figure on the board in a personal capacity...[...] we will fight for trade union policy on the board, and not be held to the policy of the board, if we wound not have a stake”*

The concern of the power of the unions in the rail industry once again occupied the minds of the government when Britain attempted to enter the European Economic Community (EEC), especially over the subject of High Speed running. As was noted in a government meeting:

*“I fear that the effect of letting the Unions know of the Board's ambitious plans for high speed running could be merely to increase the pressure on the Board - it would merely reinforce their point that the skills and responsibilities imposed on drivers were likely to increase in future. I do not think that they would take much notice of a threat that if they were unco-operative now, this could jeopardize future decision in favor of high speed running”*

(Minister's meeting with Mr. R W Marsh on 27 March, 1973)

#### **7.5.4 In retrospect**

The archival data seems to suggest that the government's attempt to reform the British railway system in the 1960s was underpinned by political ideology rather than an argument based on their efficiency, with the momentum of reform itself and the increasing involvement from the private sector being maintained by socio-political forces rather than the subject purely of their performance. This was implemented through a rhetorical strategy of the government which camouflaged the reforms agenda under the blanket of social concern. Nevertheless, these manoeuvres did not move the reforms ahead as far as was intended due to the powerful resistance of the trade unions. While the first proposition here has demonstrated that in reality the seed of reform was far more complex than the desire for performance improvement, the next proposition will go deeper and more critical in details of relation among the idea of public private partnership and dynamic of power.

## 7.6 Contestation of power through a rhetorical maneuver: moral appeal and emotional evoking

### 7.6.1 The burgeoning power of the railway unions in the 1970s

Even though it had begun to emerge from nationalisation in the 1960s, the idea of bringing private businesses into British railways (BR) was still strongly opposed by the unions and some public and local authorities at the beginning of the 1970s. This was a consequence of the long-embedded belief in “social service for all” and “cradle to the grave” that had been produced and reproduced in British society since the post-war period. Yet these relatively fixed “frameworks for reason and belief” (Brown et. al., 2012) continued to exert an influence on the development of the public services, including the railways - notably through the manipulative power of the unions who had become the direct beneficiaries of the post-war settlement. During this time whatever they did and stood for was generally seen as “desirable”, “proper” and “appropriate” (see Suchman, 1995) among British people. The social belief in the righteousness of their actions socially and politically legitimized the power of railway unions and their stakes in Britain’s transport. This was noted at a cabinet meeting on ‘Effect of Industrial Action by Railway Unions: 3<sup>rd</sup> March 1972’ (CAB/129/162/4) - *Coal and coke 104m tons, Iron ore and steel 33m tons, Oil 19m tons, Earth and Stones 14m tons, Chemical 4m tons and other 26ms* – on an average annual basis. And when it was compared to other mode of transport in transporting ‘Coal’ and ‘Oil’

**Table 7.4:** Rail’s contribution on transporting coal and oil

Mode of Transport	Coal	Oil
Rail	72%	27%
Road	15%	10%
Pipeline or sea tanker	-	63%

**Source:** Cabinet Office Paper (CAB/129/162/4)

With its significant role in industrial transportation and its importance to British business, the upshot was that if the railways went on to strike it would have a serious effect on the country. As the cabinet office paper ‘Implication of Industrial Action by the Railway unions: 29<sup>th</sup> March 1972 (CAB/129/162/15) implied, this worried the government. They were worried about the direct effect as strike might have on – 1) Coal and oil power stations, 2) Domestic coal, 3) Industrial coal, 4) Oil, 5) Chemical industry, ANNEX B in a paper. When the government and



the British railway board continued with their reform agenda, focusing on an ‘efficient railway’ and ‘involvement from a private sector’, industrial actions ensued by the railway unions. At that time, they felt that their actions had social legitimacy against the government’s sense of structural legitimacy. Although the government attempted to address the threat of strike action by tabling a financial package to compensate workers affected by the reform programme, industrial action still remained a possibility, as the excerpt below from a cabinet discussion indicates:

*If the railway unions, or any one of them, do not accept the best offer British Railways can make, industrial action will follow. This could be sporadic and local, and therefore, nor more than a nuisance; or much more serious, a concentration on key traffic (for example, coal and oil to power stations); or an all-out strike. The two last possibilities would do serious and immediate damage”*

(Effect of Industrial Action by Railway Unions: 3<sup>rd</sup> March, 1972, CAB/129/162/4)

However, while this was occurring, the public began to cast doubts on the role of unions and more essentially started to think about the involvement from the private sector – *denationalise and break up a monopoly*. This shift in perception could be observed in the national print-media in both the Left and Right wing politics as presented below:

*Rail is not kept for the sake of the public but **for the sake of unions** and they in turn are just conscript of the labour party”*

(Times newspaper London 28 Oct 1973)

As well as

*How will we denationalise? There is now on overwhelming economic case for breaking up these nationalised monopolies” ...[...]...British rail alone will have its cash flow topped up by 200 million GBP over three years by new subsidies announced in recent weeks. Some of this may be badly needed. Only last weekend Mr. Richard Marsh, British rail chairman announced a perspective loss of around 20 million GBP for this year for his organization, followed by another, though smaller, loss next year*

(The Economist April 28<sup>th</sup>, 1973)

This offered the new Conservative government (1970 – 1974) the confidence to resume their tough stance towards reforming the industry. As noted in a memorandum made by the Chancellor of the Exchequer on 24 May 1971 regarding the issue of nationalized industry policy:

*private capital will not be attracted unless the potential security and return on investment are comparable with private industry. We see no point introducing private loan capital ... [...]... unless the government introduce private sector discipline” He then stressed on “...[...]...creating conditions more favourable to the attraction of private capital ... transfer of control to the private sector” (CAB/129/157/12)*

To do so, instead of using the sense of its structural legitimacy – as seen in the attempts of the former Labour government in passing a bill ‘In place of Strife 1967’ – the rhetoric focused on the pathos of rhetoric in evoking ideas such as “devolution”, “locally” and “responsibility” in order to gain a sense of social legitimacy to the reforms. From a theoretical point of view, the three institutional pillars seemed to unravelling during this time and not enduring as they had. That said, the normative and cultural cognitive pillar had increasingly become more critical in deciding the future of the industry. To put it another way, they were at that moment prevailing over the concerns of the regulative dimension. This led the government to progress with its reform agenda by adhering to a rationale designed to gain legitimacy for their actions – these were to be morally authorized (normative) and culturally supported (cultural cognitive).

In addition, the media from both sides of the political divide appeared to contribute to the creation of knowledge in the art of reform by persuading audiences that it was time to do something with inefficient and irresponsible the state-owned industries. Consider the headline and excerpt from The Times (London, England, Friday August 28<sup>th</sup>, 1970):

*Chasing for Efficiency in the Public Sector: As the debate continues about efficiency in the nationalized industries, the government puts the case for close public scrutiny as a spur to their managements ... [...]...The truth is that the management of nationalized industries, and of those business which enjoy government protections and the threat of liquidation, have little or no inducement to embark on programme of change and manpower cost reduction”*

With this socio-economic condition came the opportunity for the government to carry out a reform programme underpinned by a persuasive argument and the rhetoric of introducing “private sector efficiency” and “private sector mind” in running state-own business.

### **7.6.2 Co-ordination and integration of transport**

Ostensibly the government appeared to surrender to the rail unions as it blended a reform programme of ‘efficient railways’ and ‘private sector mind’ with the status quo of the SOEs. This can be seen in the following quote from The Regeneration of British Industry: “*We need both efficient publicly owned industries and vigorous, alert, responsible and profitable private sector working together with the government in a framework which bring together the interest of all concerns [my emphasis]*”. This can be read in conjunction with correspondence from the trade union and conservation society (MT 124/1665) that states that: “the government believe that the railways will continue to play an important part in the country’s transport system; they will be encouraged to develop in whatever way make economic and social sense”

in order to ensure a stake and contribution of railway in Britain's social and economic development. However, what was publicly presented as the reform agenda (a performance rationale and reconciliation) concealed more political plotting, and a contestation of power far more complex than generally understood, suggesting that the industry reform was more concerned with building up 'the edifice of legitimacy' for the government in reformation of British Rail. These manoeuvres will be a central theme of the following section.

### 7.6.3 Seeking alternative and forming of rhetoric

Having had been engulfed by the industrial actions and recognizing the effect the unions could have on British Rail's development and reformation, and on national transport in general, the government began to consider "the use of alternative to counter this server disruption" (Discussing in CAB/129/162/15). In their assessment on the strike's magnitude from railwaymen, road transport was strategically, if not politically brought into a discussion as part of long-term plan: "Road transport is another industry which is vulnerable, but the diversity of firms and ownership and **the weak nature of the unions**, make it less likely that action could succeed here."

The following extract from *The Economist* magazine, Saturday 22<sup>nd</sup> June, 1974, argued:

*Mr. Mulley, like his predecessor, Mr. John Peyton, has lost his grip on transport policy. **The sectional lobbies in transport are formidable and backed in British Rail by trade unions political heavyweights.** Mr. Wilson is in the rail unions debt for calling off their go-slowly during the election. **The bus lobby is weak at the present time because it does not have comparable unions backing.***

(Mr. Mulley was the then Minister of Transport in the Labour government. He was seen from the public as a pro-road man).

Because of the recognition of the idea of a "less monopolistic transport industry", the word such as "co-ordinated/integrated national road/rail", "overlapping functions" and "wasteful duplications" had become buzzwords and were often used in policy making circles as well as public medias. Indeed they were used as competing logic to challenge the existing embedded-logics of the post-war nationalised industry. This can be seen in the following extract from Inquiry into British Railway 1976/1977: MT 124/1523:

*"[...]...the British railways Board and the National Bus Company – which, when viewed in isolation, lead neither to the best service to the users, and potential users, nor to the optimum financial result. There must be some regulation of vehicles offering transport to the public. In addition, **we must seek always to avoid wasteful duplication or inadequate complementary provision of services.** Against this backdrop, then [...]... **the public transport should be coordinated** with the primary aims of reducing the level of public support for the railways and of providing an integrated national road/rail network within an assured future...[...]"*

And in Passenger studies Bus/Rail integration policy: AN 170/521 1978. This study highlighted two main areas of competition between bus and rail (a) Inter-city and Express Coach service, (b) Cross-country/local rail and medium distance/local bus service. The point was made here.

*“It is judged that **elimination of wasteful competition should assign to each mode the function which it can best perform**, and as a general rule this would place on rail the representation for inter-city movement, and on bus the representation for medium distance across country and local movement”*

As it contradicted the previous orthodoxies, these views resulted in tension. However, from the view of institutional theorists such as Mahoney and Thelen (2010), Lawrence et. al., (2009) institutional logic of nationalized industry – from cradle to the grave – had been misaligned and weakened by these rational arguments. Moreover, as Brown et. al. (2012) argued that “they were further helped, if at the time they come into play, the moral basis of existing institutions is undermined, perhaps as a result of revelations of ongoing systematic problems, corruption or harmful consequence”. In case of British Rail, the point made by scholars was explicit, if not valid. For example, as was noted in The Times newspaper 28<sup>th</sup> October, 1973: “Rail is not kept for the sake of the public but for the sake of unions”. Also, the emotional response to tackling nationalised industries seemed to be different in different walks of life, as the headlines from *The Economist* cited earlier indicate. The shift of the public’s attitudes helped to pave the way for the government to rebalancing the role of rail transport as well as curb the union’s power.

Rail unions and the structural problems of British Rail itself, such as its financial predicament, opened up opportunities to alter the trajectory of development in Britain’s Rail infrastructure. More precisely, the existing environment allowed change agents to contest the extant ideas and the policies that had been based upon them. A crisis-induced consolidation of new idea – replacing an extant paradigm – leads to radical policy change (Donnelly and Hogan, 2012).

But what made this reform agenda materialise was not only an action of a sound convincing logic, but the result of an interplay between the strategic use of ethos (moralizing) and pathos (emotional evoking) rhetoric. This can be seen by reading the above archival document with other key documents that been produced earlier such as, The Regeneration of British Industry: Department of Industry 14<sup>th</sup> August 1974 (Embargoed) and MT 124/1665: Correspondence with trade union and conservation society date 19<sup>th</sup> April, 1973. The power of language in influencing normative belief regarding what the British railway served for and cognitive mind-

set of public and part of railwaymen could be observed. Indeed, quotes such as “*the government believes that the British railways will continue to play an important role*” or “*we need both efficiency public own ... [...]...profitable private sector*”, as well as “*bring together the interests of all concerns*”, engaged with the interest groups on an emotional level, to elicit the feeling of national interest, responsibility and even guilt. As such, it could be argued that the idea of privatization, which has always thought of as being underpinned by a performance rationale, was at least in this early 1970s not legitimized solely by this criteria. In fact, the evidence suggests that it seemed to be motivated by a more politically and socially complex set of circumstances and influences.

## 7.7 Rebalancing the power and role of the BR in Britain’s transport

### 7.7.1 Political plotting

In order for the government to deliver its ‘Co-ordination and integration of Transport’ programme to reduce overlapping functions and wasteful duplications some local routes needed to be pruned. The cabinet ministers argued that since those lines and a future co-ordinated transport system would function in local and district areas rather than via central government, it would not be appropriate if the power for managing this social matter was largely still in Whitehall. This is suggested in the following excerpt from a Transport White Paper, Memorandum by the Secretary of State for Transport 13 June 1973:

*“It is only within the framework of local planning for public transport that issues which arise on some of these local services can be resolved, in the interest of local community. Central government is not well placed to judge what local arrangements would meet local needs in the most satisfactory way...[...]...Whether such rail service provides the best way of meeting local needs should be settled within the local democratic process”*

The proposition of devolving power to local governments to run railway services appears to be sensible way of carrying on British rail reform given the backdrop of widespread opposition. However, it came with a high price, resulting in political infighting rather than a concerted drive to set the national agenda as the point raised in a meeting held on Wednesday 6 June 1973 about unremunerative passenger services indicates: "Presentationally, the new system would almost certainly be seen as a trick for central government to save money at the expense of local authorities". In the archival document MT 124/1555 Policy review 1972 - 1973:

Unremunerative rail passenger service the sentiment appears to suggest that devolution is much more a political gimmick than finding specific way to alleviate a problem.

*“Progress is at present restricted by public resistance, local authority opposition, and the absence of local pressure for rationalisation of railway service or provision of more cost-effective transport. **We ought therefore to devolve responsibility for grants and closure, so that the implication of closure, rationalisation and continuation are considered and set against one another at more local level**”.*

Yet camouflage terms like "devolution" and "local-coordinated" were exploited not only by both central but also local government during an upcoming election. This can be seen in a quote extracted from an attached letter detailing Transport policy to cabinet ministers in June 1977.

*“There may be hesitation about giving new statutory power (particularly those in relation to local railways) to shire counties, which are predominantly Tory even at the best time. **But the white paper proposals will compel Tory councils to face up to their responsibilities for public transport...[...].**They will also be required to establish local joint planning machinery, which will involve the operation and transport trade union in policy industry. **Labour will be able to claim the credit for creating these opportunity and to make a big issue locally of the extent to which Tory councils fall short in tackling problems**”.*

Reflecting on the above discussions, it could be argued that the reformation of British Rail towards “private sector efficiency” and “private sector mind” was not primarily driven on the ground of performance improvement itself. Rather, it was politically intended to curb a spiralling power of railway unions and it rhetorically moved to build up an ‘edifice of legitimacy’, a process that was crucial to the process of institutional change. Although a rational argument was used, it was only for the purpose of destabilising the existing institutional logics. What helped the new logic towards the running of British Rail become accepted was the interplay between an appeal to emotion and an appeal to morality about how the rail network should have been and would be run and organized for the British people rather than the sake of the unions.

However, the process of reform had started to move in a less confrontational manner by avoiding the use of regulative power even though the government had the structural legitimacy to do so. The resistance was still present, as the unions were still threatening to go on strike. On the flip side, this meant losses for the unions as well as some civil servants who were unprepared to embrace the managerial style of private sector. Although the government offered to increase wages in the event of staff redundancies that would follow cutting the periphery business of the rail network this concession was unlikely to placate a

dedicated unionist. This is because the act of fundamental reform would mean a lessening of the union's power and a lessening of the union's ability to influence the trajectory of development in the rail sector.

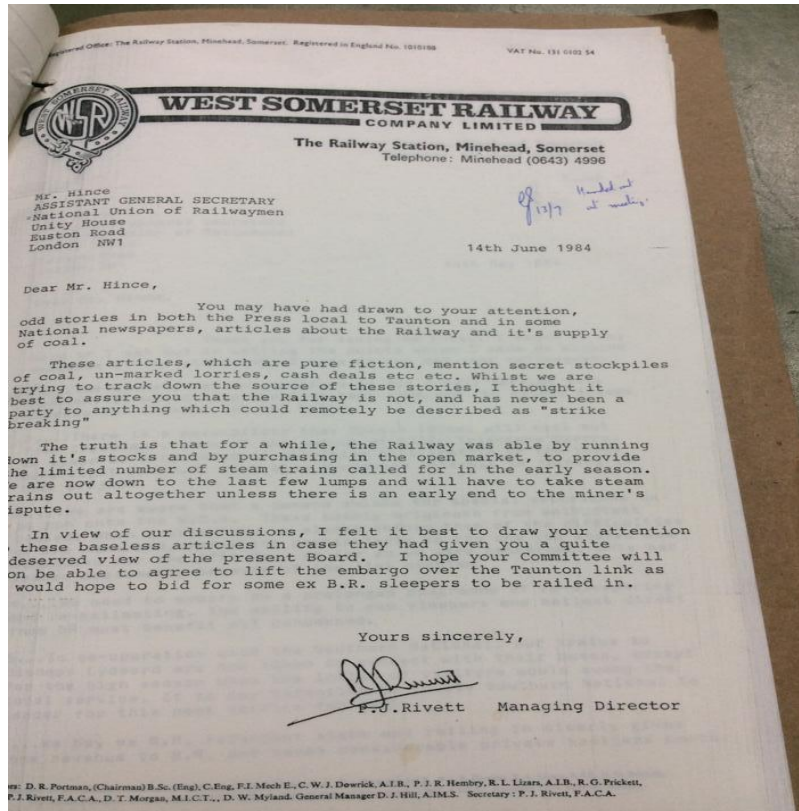
### **7.7.2 Challenging the old institutional logic by a stealth move**

Under the umbrella of a coordinated transport policy, a memorandum by the Secretary of State for Transport: 13<sup>th</sup> June 1977 clearly stated that a reallocation of resources would give higher priority to public transport by increasing over planned levels for 1980s – 1981 of 75 million GBP in subsidies to bus and a 20 million GBP reduction to British rail operation.

Thus it can be seen that while the reformation of British Rail seemed to be driven by an efficiency saving agenda, it was primarily a power play between political interests and the unions. In this respect, the idea of integrated transport which emerged in the early part of the decade and was codified by the Ridley report (1977) was crucial in helping legitimise and maintain the concept of a private sector orientated mode of reform. This can be seen in the following quotation taken from the Ridley report:

*The process of returning nationalized industries to the private sector is more difficult than ever. Not only are the industries firmly institutionalized as part of our way of economic life, but there is very large unions and political lobby want to keep them so....[...]it should not be a frontal attack but stealth...[...]three steps...1) Destroy the statutory monopoly, 2) Break them up into small business, 3) Apply a whole services of different technique...[...].*

In line with the recommendations made in the Ridley report and in order to gain legitimacy for its reformation of British Rail, in the late 1970s the government sought to devise rhetorical strategies, particularly through inquiry reports, that were congruent with the socio-economic environment but that also resonate with the audiences' value. This ultimately resulted in the private sector's engagement with the rail industry from late 1970s through into the early 1980s. This can be seen in the following correspondence from the West Somerset Railway Company Ltd. date 01 July 1981 - 28 February 1989 - AN 183/197). In this, the company dispelled the rumour that it had made a secret stockpile of coal as a contingency against any railway strikes alongside its less ambitious provision for expanding its operational territory.



**Figure 7.2:** A letter from P.J. Rivett, Managing Director of West Somerset Railway letter from M.D. of West Somerset Railways to the NURs

The letter also contains Mr. Rivett’s clarification regarding the expansion of the West Somerset Railway’s operational area:

*...The company has no ambitions to run a rail service into Taunton. It would like the link kept open and to obtain thereto for reasons set below....[...]...In co-operation with the Southern National, our trains to Bishops Lydeard are now timed to connect with their buses, except for the high season when the influx of visitors would swamp the local service. It is our intention to invite Southern National to tender for this peak service for 1985 (AN 183/197).*

What this letter describes mirrors what the Ridley report set out as a way to reform the railways: breaking up the monopolies that existed, but doing so in a stealthy way. It echoes the government's strong intention to reduce the public sector especially after Margaret Thatcher’s arrival in office in 1979. In this context, The Ministry of Transport moved further down this road by appointing Angus Dalgleish in 1979 to provide a solution for the country’s transport issues. His attitude toward British Rail was explicit, as the following quote from ‘A Solution to Our Transport Problems’ (October 1979) indicates:



Public attitude to rail-passenger service are, perhaps, influenced by folk-memories of the Victorian age when all but very local journeys were, as a matter of course, undertaken by train. Rural stopping service survive for political reasons only.

Yet the recommendations Dalglish made to the Prime Minister and cabinet was harsher when comparing Dr Richard Beeching's report. It was about converting much of journey to bus. The following media reports demonstrate the climate of the government business at that time:



The public's response was emotional when the plan announced: *"If I were Margaret Thatcher, I will close down the whole lot and turn them to roads"* (MT 124/1607: Non-railway investment policy project; proposed reduction of railway and conversion of rail into Busways). This shift in public attitude toward British railway, and the unions in particular, indicates the degree to which the old feelings that had been embedded in British society regarding the role of the railways was beginning to shift. By contrast, the idea of private sector involvement in the rail sector, with its embrace of private managerial and operational expertise, seemed to be gradually more and more accepted by the end of the decade. As this account reveals, this was

accomplished mostly by rhetorical strategies that aimed to build up the ‘edifice of legitimacy’ for a radical reform.

### **Concluding remarks**

In its historical investigation and institutional analysis, this chapter provides a new insight into a legitimisation process of privatisation in British Rail. While the existing studies from both sides of academic and practitioner have explored the ways in which reform sought to structure a better and more effective industry via managerial and operational changes (more details are provided in the literature review, chapter 2), there are still a number of issues arising. These include a deterioration on capacity and quality of public service; ironic results in performance delivery as well as public opposition. These issues imply that the extant research pursues reform as arising from a desire for performance improvement. Yet as this chapter indicates, this is not the whole story of privatization. In fact, the matter of how it is conceptualised, talked about and practiced are far more nuanced than has hitherto been suggested.

This chapter, then, reassesses how the growing idea of privatisation was legitimised and pursued through changes in the political and economic landscape. One remarkable feature of the archival evidence is that it indicates that the idea of privatising British Rail was not solely due to the idea of performance improvement. Instead, it was dynamically legitimised by a governmental reform agenda that reflected the political and socio-economic conditions of British railway at the times. In order to legitimise the idea of more efficient railway, in the 1960s two inquiry reports were put in place. The Beeching report (1963) sought to directly attack the old logic via its regulative approach and proposal to cut 1/3 of a whole railway system. While it was contentious, it was seen to be an effective way to reform. The subsequent Joint Steering Group Committee (JSG) report took another tack. This advocated a gradual deinstitutionalisation process via the rhetorical strategy of introducing the concepts of social railway, devolving of power, and local responsibility. At that moment in time, the government seemed to understand that "offering a better performance" was not the most effective way to make the “involvement from the private sector” idea more socially desirable let alone the most appropriate way in running the industry. As such, the rhetorical strategy and manipulation of the media coverage internalised the surrounding social and economic conditions in order to achieve the legitimacy needed to push the reforms through.

Similarly, in order to maintain the legitimacy of private sector's involvement idea during the 1970s, the government chose to blend the performance-based agenda with an attempt to re-balancing the transport industry to curb the power of the unions. The emotional appeal and moral arguments were mobilised in the attempt by the government's reform agenda to delegitimise the unions' authority and pave the way for institutionalising the new logic underpinning British Rail. Yet this once again demonstrates the importance of understanding the dynamic way the institutional environment legitimised and maintained the momentum of industry reform. To put it simply, although the performance of public service was a crucial task in implementing the reform programme, achieving a better performance outcome was not necessarily perceived as the prime motive for reform in its community of users. In fact, the socio-political forces that influence the performance of British Rail must be properly investigated in order to examine how it was made a more responsive and cohesive mechanism in a delivery of public service.

## CHAPTER 8

### Paradox of Reform and Power of Social disruption

*“Where the cognitive, normative and regulative are aligned, the strength of their combined forces can be formidable [...] In stable social system, we observe practices that persist and are reinforced (over times) because they are taken for granted, normatively endorsed, and backed by authorized power”*

(Scott, 2008)

*“In times of stability it is difficult to imagine wild and uncontrolled social behaviour, and there is a comfortable feeling that such thing will never happen. Yet they do occur [...] and when they do, attention is fully occupied with the case at hand; when that manifestation is over, the relief that order is restored often leads to a turning away from such upsetting events – until next time [...] a period of disequilibrium”*

(Coleman quoted in Vollmer, 2013)

#### Introduction

The previous chapters noted that the reform of BR in 1960s and 1970s was fraught with social tensions and the industry’s disruption of the process, something which impacted everything from the everyday routines of individuals working in and with the British railway sector to the broader socio-economic community. This reoccurring theme implies that instead of advancing the development of the industry, as was intended, the reforms themselves were actually disruptive. This chapter focuses on this paradox, noting that while reforms are to improve, they also cause industrial and social disruptions. The chapter is structured as follows. The first and second parts are concerned with relevant archival sources for investigating into the issue of a paradox of reform and analytical process: a historical-institutional analysis, respectively. Yet they identify what records the study looked at and why they provided data that was relevant to the study, as well as how the data were coded from a descriptive to an inferential level of analysis.

For the third section, it deals with the question of why industry reform became so disruptive when its intent was to improve BR. It will address the three pillars adopted as foci of reform at this time to investigate this paradox. In doing so, it facilitates this thesis's study of the interaction between the forces of change introduced by reform and those of stability provided by the three institutional pillars – all of which can fundamentally be linked to tensions within and outside the rail industry. The fourth and fifth section will question the role of disruption, asking whether the disruption and social tensions brought in by an industrial reform programme acted as a deterrent to achieving the policy's outcomes. By not predetermine addressing this from an adversial viewpoint, this study will suggest that disruption carries a generative force and its transformative power was essential in shaping the direction of BR towards their privatisation programme in the 1990s. The chapter will conclude by discussing the paradox of reform as an agent of change and disruption in the sixth section.

## **8.1 Relevant archival sources for investigating the issue of a paradox of reform and the industry disruption**

### **8.1.1 Official published documents**

Like the previous two chapters, this chapter started the research investigation by examining those published official inquiry reports. These documents were very useful in providing an account of the affair of BR at the time and enabling the investigation to trace how the reform (s) of the sector took place and under what changing political, economic and social condition. Moreover, their contents and details of each government's reform programme were also offered in this type of archival material. This allowed the author to see a commonality and difference of the reform programmes that constituted change in the railway sector. These documents include the following:

**Table 8.1:** Official published documents for the RQ3

8. The Reshaping of British railways (1963) known as the Beeching report under the Conservative government
9. The Joint Steering Group (JSG) inquiry in 1967 under the Labour government
10. The Regeneration of British Industry (1974) by the Conservative government
11. The Role of British Rail in Public Transport (1977) by the Labour government

- 12. Nationalised Industry Report (Ridley Report 1977). It was later enshrined in Thatcher's public service reform programme
- 13. A Solution to Transport Problem (October, 1979 by Angus Dalgleish)
- 14. The Serpell report 1984

However, these published documents have a limit as they were only able to provide a front stage image, but they cannot provide a backstage complexity where the reform agendas were discussed among involved parties and how they were designed and influenced by a socio-political force. The basic but interrogative questions of 5W and 1H were applied to the reports. It led the investigation process to dig deeper into the muddy world of archives. However, the unpublished documents such as, letters and correspondence between the government departments and the Prime Minister's notes were collected as historical-institutional sediments created by a process of social interaction over time.

### 8.1.2 Unpublished documents and confidential meeting notes

The list of unpublished documents in the table 8.2 below was collected with the purpose for the study to explore a political force and a process of social interaction behind the scenes. On one hand, a process of collecting and examining this type of archives were guided by the above questions, but on the other hand, by centring on the issue of a paradox of reform and the industry disruption, it helped to direct the author to look at such a record as, AN 200/281: Railway policy review – wider economic and social effects and MT 18/71: Private sector investment in BR: Privatization and complement policy, that include a wide range of discussion topics, the issues related to an opposition of railway reform and how they were negotiated among the interest groups and pushed through at the end.

**Table 8.2:** Unpublished documents for the RQ3

1. AN 28/23: Attitudes to rail travel and the decision process, July 1963.
2. MT 124/1665: Correspondence with trade union and conservation society, 19<sup>th</sup> April, 1973.
3. AN 128/2260: Correspondence and reports relating to the Select Committee on Transport Inquiry into the Serpell Report.
4. AN 156/15: Meeting between Transport minister on 30<sup>th</sup> July, 1968.
5. AN 169/409: Special meeting concerning with restructuring of railways.

6. AN 171/642: Privatization: Travellers Fare, Trade Unions meeting and correspondences.
7. AN 183/160: Private owned wagons registered for running on BR lines 1967.
8. AN 200/281: Railway policy review – wider economic and social effects.
9. Cabinet Office Paper, Memorandum by The Minister of Transport, 9<sup>th</sup> March 1965
10. Cabinet Office Paper, Memorandum by the Chancellor of the Exchequer, 24<sup>th</sup> May 1971.
11. MT 18/71: Private sector investment in BR: Privatization and complement policy.
12. MT 100/121: Beeching report; the reshaping of British railways; the effect of closure in Northwest lines.
13. MT 124/1607: Non-railway investment policy project; proposed reduction of railway and conversion of rail into Bus-ways.
14. MT 124/1523: Select Committee on Nationalized Industries: Inquiry into British railways 1976/1977.
15. MT 124/1664: Rail Policy Review 1972 – 1973: study of ‘viable’ and ‘necessary’ railway models.
16. PREM 15/981: Prime Minister’s office – Correspondence and Papers 1970-1974 on industrial relations.
17. Transport White Paper, Memorandum by the Secretary of the State for Transport, 13<sup>th</sup> June 1973.

By examining these unpublished documents, it enabled the author to piece together the political narrative so as to facilitate an interpretation of the force at play that influenced and shaped the mind-set of policy makers, and the roles played by key social actors in the British railways industry at the time. More crucially, as a series of historical events unfolded via a piecing of jigsaw puzzles (see figure 6.1), it provided new insight into the issue disruption ‘a generative force and a transformative power of disruption’ which will be discussed in section 8.5.2 and 8.6 respectively.

### **8.1.3 Print-media**

While the published documents provided contents and details of the governments’ reform programme and the unpublished ones offered an insight into a backstage decision-making and a process of social interaction, these historical events need to be understood in a contextual

manner in order for the study to get the most completed picture of BR reform, for example, those social conditions at the time, as well as the public response to the reforms of British railways industry. For the RQ3, this type of archival source was strongly required as part of a re-construction process of a historical narrative. This is due primarily to a focal point of the research question on industry disruption as a paradox of reform. Table 8.3 below presents a list of print-media used for the RQ3.

**Table 8.3:** Print-media for the RQ3

1. Daily Mail, Is this fair play for railwaymen?, 4<sup>th</sup> May, 1972.
2. The Economist, Agenda for Railway, Saturday 19<sup>th</sup> March, 1960.
3. The Financial Times, Monday 14<sup>th</sup> July, 1968.
4. The Financial Times, Railway should be converted into road, 24<sup>th</sup> March, 1982.
5. The Financial Times, the Queen's speech, 3<sup>rd</sup> November, 1984.
6. The Financial Times, BR to step up privatization programme, Tuesday 20<sup>th</sup> December, 1984.
7. The Mis-Shaping of British Railways 1963, a leaflet by National Union of Railwaymen.
8. The Spectator, 22<sup>nd</sup> January, 1983.
9. The Times, Member of Transport Board Named, 7<sup>th</sup> April, 1960.
10. The Times, How it affects the customers, Monday 10<sup>th</sup> July, 1967.
11. The Times, More speed can bring more rail passengers, Wednesday 17<sup>th</sup> July, 1968.
12. The Times, British Rail's train of 70s, Wednesday 16<sup>th</sup> July, 1969.
13. The Times, Industry facing disruption within days if the strike by railwaymen goes ahead, Thursday 19<sup>th</sup> June, 1975.
14. The Times, Whitehall brief: Secret unit whose judgements are vital during a winter of discontent, Tuesday 13<sup>th</sup> November, 1979.

These three types of archival sources were pieced together to construct a historical account of railway reform that helped to address the issue of industry disruption and a paradox of reform. Figure 6.1 in chapter 6 illustrates how they were woven together.



## 8.2 Analytical process: a historical-institutional analysis

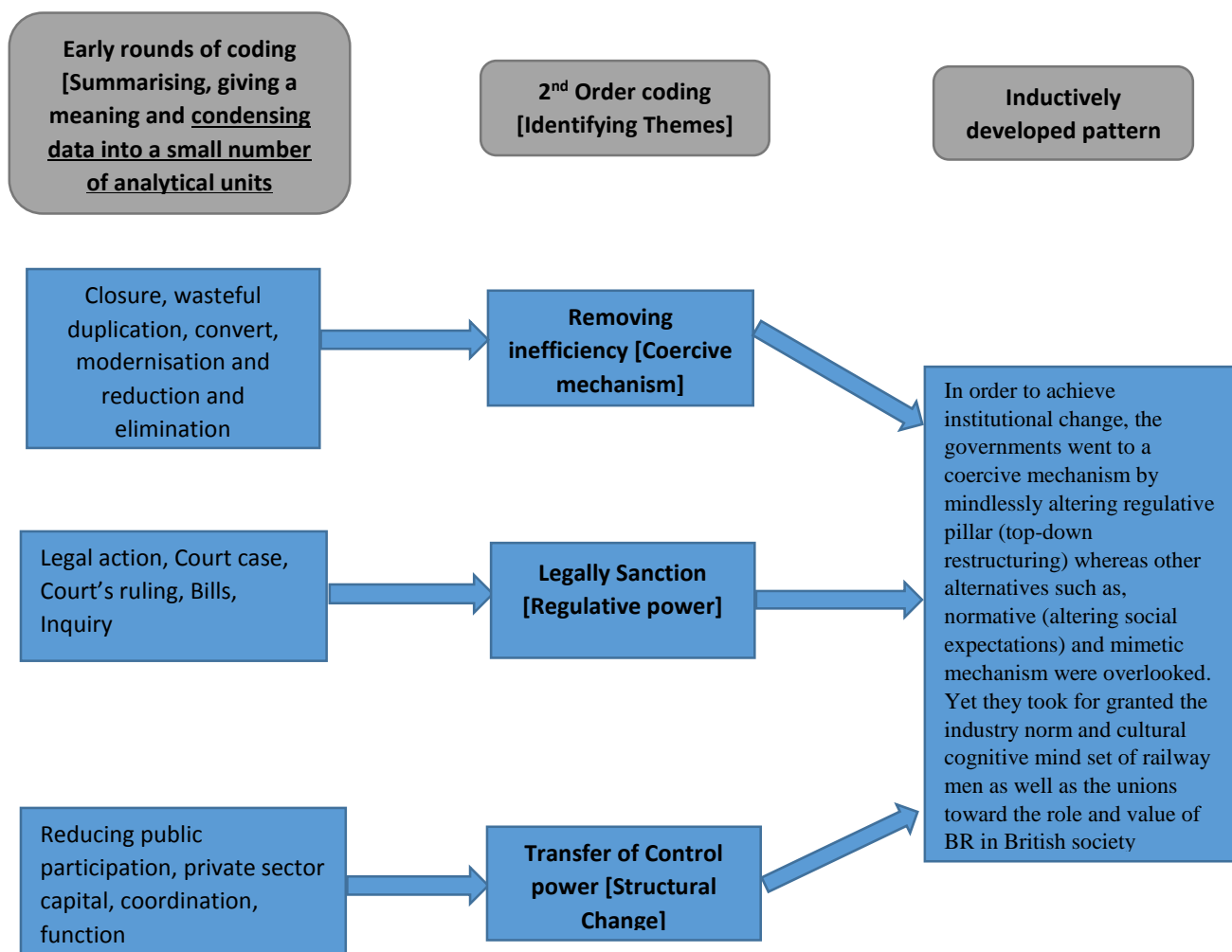
When analysing different sources of archival data, the study relied on both deductive and inductive thinking to interpret and structure the meaning of archives. It began with a conceptual framework defined by research question and institutional theory: the three institutional pillars – regulative, normative and cultural cognitive mind-set developed by Scott (2008). The framework presumed that these three pillars provided stability and meaning to BR, as Scott contended, “when the three pillars are aligned, the strength of their combined forces can be formidable”. However, this characteristic in preserving the industry status quo appeared to contrast with an underlying principle of reform that sought for a structural change in the railway industry. Because of this, it was not unusual to witness social tensions and the industry disruption happened while governments were implementing their reform programmes. However, for many scholars such as, Phillips (2006) and Turner (2008), a series of strikes, rampant pickets and other industrial actions implicated by industry reform were regarded as social economic losses for Britain. By recognising the difference between ‘the force of change’ and ‘the status quo’, Wettenhall (2013) noted that a daunting task for administrative reform is to ensure that, on the one hand, reform does not threaten organisational stability, but on the other hand, it has to secure an effective implementation of policy and service delivery as well.

Drawing on this conceptual framework, the study generated theoretical codes (also known as descriptive codes, open codes and first order codes) and defined keywords associated with each code to help to understand what happened theoretically as a result of the opposite nature of ‘reform’ and ‘the industry status quo’. These codes were applied to those archival sources during a line-by-line reading so that the author could give meanings to data and grouped them into more structured and relevant categories (Harding, 2013; Bernard and Ryan, 2010). Examples of the first order codes the study used include “**Instrumentality**”, “**Appropriateness**” and “**Orthodoxy**” that reflect an underlying logic of each pillar that together provide a stability and meaning for the institution. Furthermore, other codes such as, “**Legally action**”, “**Morally governed**” and “**Culturally supported/influenced**” were also derived from fundamental mechanisms used by the government to put the reform through.

The study then moved to axial coding (also known as second order coding and analytical coding) to identify relationships between and among those chunks of coded data. More crucially, during this deeper interpretative process of data analysis, the author examined ‘commonality’ and ‘differences’ (Harding, 2013) of the government reform agenda and related

them to social tensions and the industry disruptions that reoccurred for decades. However, after examining and re-examining the coded data to see ‘commonality’, ‘difference’ and ‘relationships’, as suggested by Harding (2013), it was observed that, most of the time, social tensions and the industry disruption occurred when the government’s reform programmes were put through by only emphasising the regulative power of the institution and took for granted other institutional pillars. This was a result of the three reoccurring themes found in a coding process **“Removing inefficiency”**, **“Legally sanction”** and **“Transfer of Control”** that allowed the author to understand the issue of the paradox of reform and disruption.

These second order themes were subsequently sharpened by connecting them to literature on institutional work, institutional logic and the industry reform (e.g. Nepal et al., 2014; Olliver-Trigalo and Barone, 2011). As the process cycled back and forth, it helped the author to inductively develop a clear sense of the relationships between them and provided a new insight into the issue of a paradox of reform and disruption. It can be inferred that, despite a strongly intertwined regulation (backed by authorized power), social belief/expectation (normatively endorsed) and railwaymen’s cognitive mind-set, the government’s reform agenda only sought to deliver a structural change in BR through a regulatory reform, whereas the power of another two institutional fabrics had been overlooked. In effect, by taking for granted the social and psychological dimension of the industry, it was inevitable for them to face a stiff of headwind that disrupted both the industry’s development and social order. Figure 8.1 below presents an analytical process on the archives. In brief, the analysis process utilised the power of archival sources as a sediment and trace of social interactions and the three institutional pillars as an analytical lens that made this research a historical-institutional investigation.



**Figure 8.1:** Analytical process

In addition, as the analysis began to move deeper on one hand and broadening its horizon on the other, inductive thinking, through the data, started becoming more crucial in getting a new insight into the issue of industry disruption. What inductively emerged from an archival account was that disruption might not solely be as negative and as counter-productive as it sounded. In fact, it linked to a positive account of disruption, transformative dimension and process. These later became the inductive codes used to re-examine those chunk of data again. As the analysis progressed, these codes helped to detect a great deal of words contained in dialogues and discussions between the interest groups, including words such as, “a cooling off period”, “conciliation”, “resuming the level of normal services”, “renegotiation” and “speeding up the privatization”. By mapping those separated chunks of data together, an alternative

paradigm in looking at disruption was provided. It implied that social disruptions could be a positive force rather than generally perceived in a counter-productive manner. Furthermore, they might have been essential in reforming BR by significantly contributing to a growing involvement of the private sector in the way people never thought about.

Based on this historical-institutional analysis on the RQ 3 **“Why was the privatization of the railways as a “reform programme” politically and socially disrupted during the policy formulation process of the 1970s and 1980s?”** and a matter of concern on the role played by the industry disruption in the development of BR, the following sections will unfold a series of events of BR reform from 1960s-1980s that address all of these concerns.

### **8.3 Coercive mechanism (Beeching 1963) vs Normative mechanism (JSG 1967)**

#### **8.3.1 A regulative reform and social tensions**

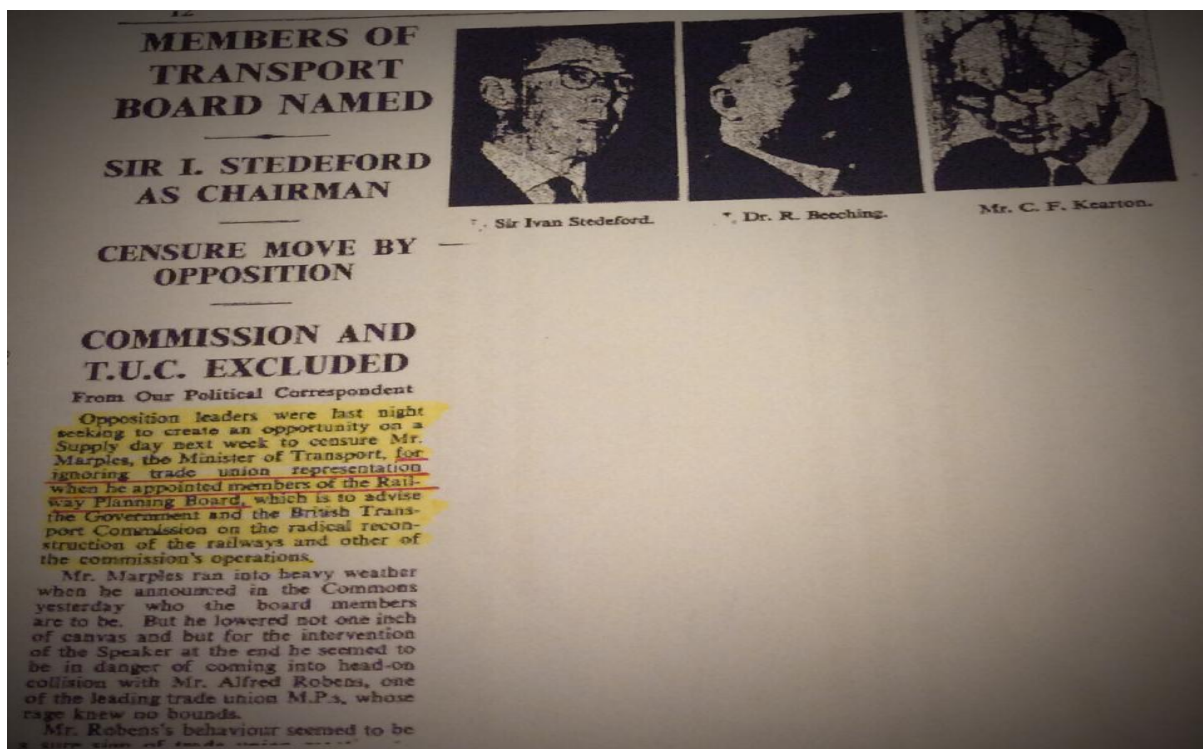
The previous chapter illustrated how strong the post-war belief in the nationalized railway was in Britain’s everyday lives. This section charts the comparative institutional analysis of railway reform in 1960s. The reform agenda seemed to trigger both industrial and social tension up and down the country, largely because they challenged the orthodox thinking regarding British Rail’s role. This was stressed in the 1961 White Paper, a change in tides was stressed *“although the industry has an obligation of national and non-commercial kind, it should not and ought not, to be regarded as social service absolved from economic and commercial justification”*. The point made clearly contradicts what was generally believed about BR at that time. Yet it was at this time that the “historical of past practices and understandings that set conditions on actions” (Barley and Tolbert, 1997, p. 99) started to exert their influence. This can be seen in an extract from the article ‘Agenda for the Railway’ in *The Economist* (Saturday March 19th, 1960) that offered a distinct view on the idea of the reorganization of British Rail in 1960:

*“If reorganization is to earn money, it will mean a ruthless cutting down of services that cannot pay and the removal of all unreasonable impediments to commercial freedom ... [...]... and the railwaymen must accept the sacrifices of convenience and wage”*

The left-leaning stance of the magazine meant that it opposed whatever challenged the idea of a nationalized railway and the ethos of social service for all. This came to a head when Prime Minister Harold Macmillan decided to remodel British Rail to address its persistent financial problems, a point stressed by the Ministry of Transport’s 1960 policy paper:

*"The heart of the problem is in the railways...[...].They employ half a million people and represent an investment of nearly 1600m, which is growing by more than 100 million each year ... [...].The railways are now in a grave financial plight. They are a long way short of covering even running cost"*

Macmillan also made the point that "the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodeled to meet current needs, and the modernization plan must be adapted to this new shape" (The Prime minister, speaking to the House of Common, on 10th March 1960). Yet the Railway Transport Planning Board was vital in order to pursue the reform programme, leading to the appointment of Dr. Richard Beeching, a former ICI director, without the sanction of the Trade Union Congress. The reaction to this can be seen in the news report below:



**Figure 8.2:** Media report

(The Times, April 07, 1960, p.12)

Beeching's appointment signaled the government's intention to deliver the radical reforms indicated by the Prime Minister's statement: "Sweeping changes will be needed" (Ministry of

Transport, 1960). It also instigated a rift between the core interest groups of the National Rail Union, the Trade Union Congress, and the railwaymen, who as Parker noted meant the system was "plagued by strikes" and the government. Despite their opposition, they could not prevent the government beginning to restructure British transport. Their opposition was hamstrung by their lack of efficiency:

*The activities of British Transport Commission as at present constituted so large and so diverse that it is virtually impossible to run them effectively as a single undertaking [...]. There has also been [...]. confusion in judging between what is economically right and what is socially desirable (Ministry of Transport, 1960).*

As a result the BTC was broken up into specific units, such as rail, bus and London Transport each with their own authority in running business.

In spite of the embedded nature of the idea of "social service for all" and "nationalized railway", Beeching's findings acted to deinstitutionalize the logic of this post-war ideology by centering on a regulatory dimension. The Reshaping British Railway (1963) strongly informed the reform of the railway industry. The report centred on the consolidation of railway routes and the efficiencies that could be gained by rationalizing the industry. As Beeching noted:

*"...[...].the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and they should cease to do things for which they ill suited. To this end, it is proposed to build up on the traffic on the well-loaded routes, to foster those traffics which lend themselves to movement in well-loaded through trains, and to develop the new services necessary for that purpose. At the same time it is proposed to close down routes which are also lightly loaded as to have no chance of paying their ways, and to discontinue services which cannot be provided economically by rail".*

The agenda that this laid out deepened the rift between the government and other interest groups as 1/3 of services were subsequently closed down and staff cuts made. In response, the NUR countered Beeching's arguments by publishing its own internal assessment and publishing a leaflet 'The Misshaping of British Railways' (1963):

*Much of the Report (referring to Beeching report) is based on assumptions which it has been freely admitted may prove to be wrong by experience. For example, the total estimated saving is about 140 million annually, but of this sum only 40 million or less is from direct saving. The other 100 million is mere guesswork...[...].The whole concept of the plan is open to question. It*

*blames the railways working account deficit on to unremunerative branch lines, stopping trains, short-haul parcel traffic, etc., but the facts do not bear this out.*

Yet the NUR framed their counter argument on a social dimension of BR. One section was devoted to this: "*DISREGARD OF SOCIAL NEEDS AND CONSEQUENCE*" ... [...]... *OPPOSE IT. SPEAKING AGAINST IT. VOTE AGAINST IT. PROTEST TO YOUR LOCAL AND NATIONAL NEWSPAPERS. URGE YOUR M.P. TO TAKE POSITIVE ACTION AGAINST IT...REMEMBER, THE WILL OF PEOPLE MUST PREVAIL.*" This point was subsequently vindicated by many academic in transport study area. For example, Professor E.R. Hondelink, former Director General of The European Central Inland Transport Organization, observed:

*The management has been imbued with the doctrine that branch lines and intermediate stations are uneconomic in operation by nature. This is untrue as a general tenet. Most of them act as feeders, welcome and cheap at that if properly handled with minimum staff, to the main arteries. Other lands show many example of lines and stations re-opened, even line rebuilt after closure when under this outdated doctrine they had been prematurely abandoned. This was especially true, particularly in a case of many industrial centers. Private firms in Manchester issued objections on this railway reform by stating that (1) ... As a result of (a line closure) a certain number of the staff have informed the management they may not be able to continue working at factory. It will be difficult to obtain replacements for those skilled tradesmen...(3) Firms and traders on the whole length of the line use the passenger services for the collection and delivery of goods. In the event of closure, the substitute service would not provide the same facilities for the transport of packages, parcels small machine parts and particularly goods of a perishable nature.*

(MT 100/121: Beeching report; the reshaping of British railways; the effect of closures in Northwest lines).

In addition to the economic implications, there were, then, also social consequences for those who lived in a proposed closure area:

*Some people, especially farmers, have suffered financial loss because of the closing of a branch line. Not surprisingly, they are very resentful. Other bear a grudge against the railways because their branch lines, though still open at least for immediate present, are not so convenient"*

(AN 82/23: Attitudes to rail travel and the decision process, July 1963)

This implies that industry reform was difficult to enact. The changes proposed in committee are elusive to identify yet the role the railways had to play were clearly strongly influenced by the existing institutional logics governing the industry. In the initial round of reform, while the agenda of reform was economically justified in term of the financial implications and the efficiency gains it met resistance founded on the social norms of British everyday life. As I have already shown via the archival resources, the nationalization debate was played out in the print media and via the social and political interactions between the interest groups involved. Rather than addressing the deeply embedded social implications, Beeching's report simply sought to directly restructure the rail industry without reference to this. His attempt clearly advocated breaking the social and historical links between rail, individuals, and communities by an abrupt approach. In this, the regulative pillar of institution and coercive mechanisms were employed to gain legitimacy for this approach. As such, it was unlikely to deliver a meaningful reform that kept every party involved happy. By contrast with the Conservative's reform agenda, the Labour government was more cautious about this matter when it appointed the Joint Steering Group (JSG) in 1967.

### **8.3.2 A normative mechanism: addressing social assumption and expectation**

The Labour government continued with the reform programme, as noted in a Cabinet Office paper, Memorandum by The Minister of Transport:

*“The programme is even more important as an integral part of the reshaping of our railways. The present system is largely the result of unplanned, competitive private enterprise growth in Victorian times, and it needs drastic pruning and replanning for the second half of this century”*

However, they were less pugnacious in their approach. Indeed, as a consequence of either their socialist views or their understanding of the role played by history in embedding the concept of the railways in British social life, their reform agenda was framed around the participation of a variety of interest groups focused around the question of "what is right and reasonable" on British Rail. In this context, instead of breaking out of the existing path, the 1967 reform agenda by the JSG appears to "recombine and convert or reinterpret institutions for new objectives or transfer institutions to different context" (Strambach, 2010, p. 412). Addressing social opposition, the government pursued reform by disguising their preference for change by following a social expectation but at the same time gradually introducing new rules into existing institutional environments. Consider an excerpt from the *Financial Times* (Monday



July 14th 1968), argued by Barbara Castle, the then-Transport Minister, who stated “*we are in the midst of transport revolution...[...]...and its is always important to have the right size of transport but should not in the expense of "social purpose" and "public services"*”

In an official report produced by the JSG inquiry (1967) we can see an attempt to address the normal perception of British Rail. A recommendation was made:

*The government's first problem, therefore, has been to determine the size and shape of the basic route system to meet both commercial and social needs. This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public.*

This was augmented by aligning the inquiry recommendations with the social perception of British Rail as a source of national pride in which the community should play their part in maintaining. Presenting in Railway Policy 1967, Ministry of Transport, "if self-reliance is to be restored to the industry, it is essential that the community should explicitly take financial responsibility for these passenger services". By doing this, the government attempted to pacify the people nervous at the thought of losing their social services. Crucially, it added a new layer into institutional environment of railway industry which subsequently led a wave of privatization in later years (1970s). This included opening up a privately-owned wagon runs on British railways. Appearing in a document entitled ‘Regulations governing acceptance of privately owned wagon for running on BR (AN 183/600): Private owned wagons registered for running on British Rail lines’ (1967), the government also addressed the quality of services to ensure British people that it could be even better than a present nationalized rail:

*The owner shall be responsible for ensuring that his wagons are maintained in good working condition and that they are properly examined and lubricated and repaired in accordance with the Board's regulations for the time being in force...[...]...All wagons must be thoroughly overhauled at least 7 years to ensure that the break, draw and running gear comply with the minimum and maximum dimensions specified in the Board's regulations for time to time force...[...]*

Consequently, public began to be distanced from its perception of the railways and the ideology of the welfare state. –Instead, they began to envisage different railway in future. This can be witnessed through a media report at that time. For example, How it affects the customers by *The Times*, Monday, July 10, 1967; More speed can bring more rail passengers by *The Times*, Wednesday, July 17, 1968 and British Rail's train of 70s by *The Times*, Wednesday, July 16,

1969. These sort of articles illustrate how much momentum had swung from public opposition to the welcome of reform. However, despite a release of pressure from public resistance, the unions seemed unlikely to harmonize with the government reform programme. In fact, they continued to oppose the division between social and commercial rail seeing it as an encroachment from the private sector into their business. In a meeting with Mrs. Castle, Transport minister on 30th of July 1968 (AN 156/15: Meeting between Transport minister Barbara Castle and Executives of Railways Unions), the NUR representatives argued:

*“In the early days, worker's participation was not having a single representative on a board of 7 or 8 people, whether he was a rank or file or a trade unionist, nor was it having some leading trade unionist figure on the board in a personal capacity...[...]...we will fight for trade union policy on the board, and not be held to the policy of the board, if we would not have a stake”*

At that time, relations between the Labour government and the unions were strained. Mrs Castle wanted unions to move away from the defense of sectional interests and towards corporate responsibility for national economic and social development. She developed a watershed bill, ‘In Place of Strife’ to enforce settlements in inter-union disputes and unofficial disputes (The National Archive Website, section The Cabinet Papers, subsection Industrial unrest). From this perspective, the reform action was a return to a coercive mechanism in order to carry out the government’s programme. But it was a frontal attack sought to remove all barriers. Thus the social tension between who had "structural legitimacy" – the government – and another one who carried "normative legitimacy" – the unions – resurfaced again.

### **8.3.3 An institutional comparative of British railway reform in 1960s**

In retrospect, throughout the 1960s two rounds of major reform by two different governments were carried out on British Rail. Although each shared a common belief in the need for reform, or more specifically the injection of private sector entrepreneurial spirit, each adopted a different mechanism as well as focusing on a different dimension of the industry. While the Conservatives chose to reform the existing institution by restructuring it, consolidating the railway network as well as its operational style, Labour sought to address the socially embedded idea of British Rail. To put this distinction differently, the Conservative party reform agenda in 1963 focused on a regulative pillar of institution whereas Labour’s 1967 reforms attempted to deal with the industry norm. Given institutions are relatively enduring and

persistent, it can be seen that change and the prospect of change introduced by reforms inevitably triggers social tension. As noted by Mahoney and Thelen (2010) that:

“Institutions (change) are fraught with tensions because they inevitably raise resource considerations and invariably distributional consequences. Any given set of rules or expectations - formal or informal - that pattern actions will have unequal implications for resources allocation”

Reforming British Rail in the 1960's exempted neither, especially where the inseparable institutional fibers appeared to be addressed separately.

## **8.4 British railway reform and the industry disruption in 1970s**

### **8.4.1 Industry reform as instrument for disruption**

British Rail had developed in accordance with the ideology of social services for all. Whatever it did, the railway sector was expected to put national interests first. These included, for example, providing an excellent service with an affordable fare, creating jobs and social security for British people as well as helping to transport goods and commodity between rural and urban areas. This post-war belief informed the institutional logic governing the railway industry and its interweaving of regulations, social and industry norms, and cultural reproduction over the years. Thus, for any change to take place in the railway sector, it should have been accomplished by aligning with the existing social shared norm, deeply held assumptions and values that had been strongly institutionalized in British society and the industry for decades.

However, this was not the case for the railway reforms of the 1970s as stability had to give way to efficiency after the opportunity opened up by Beeching in the early 1960s. Throughout the 1970s, reform vs. anti-reform was fraught with social tensions as the industry militated against the reform agenda. See for example, reports from a print-media illustrated how the country and the industry were severely affected by the industry unrests triggered by a proposed structural change in BR – the headline in *The Times* newspaper (June 19<sup>th</sup> 1975, p. 17) in the article: “Industry facing disruption within days if the strike by railwaymen goes ahead”

*Nationalised industries and many big companies face severe disruption within days if the railwaymen goes ahead with their threatened strikes from midnight on Sunday. Supplies of many essential raw materials and fuel carried under long-term contracts could not easily be switched to road transport ...[...]...In private sector, British rail has a number of important contracts with major industrial companies, while also affected are the car companies, such as Ford or Chrysler (which moves parts and vehicles on a continuous shuttle between Scotland and the Midlands*

The tensions also continued to recur throughout the decade as reported in the national newspapers as is seen in the title of the following article: **‘Whitehall brief: Secret unit whose judgment are vital during a winter of discontent – Keeping important services going despite strikes’** (The Times, Tuesday, November 13<sup>th</sup> 1979). From an institutional perspective, the series of disruptions continued to surface as a consequence of the government’s ambition to disrupt the *status quo* of the British railways. The whole idea of reform was designed to maintain a momentum of re-shaping British railways triggered in the Beeching’s era. As the Chancellor of the Exchequer emphasized in his nationalised industry policy:

*...[...]... our concern was to promote the most efficient use of resource for the benefit of consumers and taxpayers. We ought to make some specific proposals for reducing public participation..., and creating conditions more favourable to the attraction of private capital when appropriate. Reducing public participation can be achieved either through outright sale or the introduction of private risks capital, preferably as a step towards transfer of control to the private sector...”*

(Memorandum by the Chancellor of the Exchequer, 24<sup>th</sup> May 1971, CAB/129/157/12)

As a result, this overarching policy subsequently galvanized two reform agendas for British Rail during the 1970s. The agendas included a division being placed between social and commercial railways in tandem with coordinated transport between bus and rail being offered in the early 1970s alongside the stealth attack intended to denationalize the state monopoly proposed by Rideley report in 1977. As archival accounts show, these industry reforms did not only trigger social and industrial disruption in form of strikes and unrests, but they also resulted in disruption on other levels – from the everyday routines of working individuals to the transformation of a provision in rail services.

- **Disrupting the BR operational and managerial routine**

For instance, gone were the days in which railway affairs were handled in a top-down fashion by the national government in consultation with British Rail's board. As the government carried on its division of social and commercial rail structures, it altered the way in which British Rail was managed and organized at a local level, labelling this as the 'Restructuring the Railway Field Organization'. This was a two-tier concept of organization between the territorial and functional split of railway management. This was presented by the government as a sensible approach to deal with BR by allowing those who knew the problems well to participate more in the railway's affair, as was observed in a memorandum by the Secretary of State for Transport:

*It is only within the framework of local planning for public transport that issues which arise on some of these local services can be resolved, in the interest of local community. Central government is not well placed to judge what local arrangements would meet local needs in the most satisfactory way...[...]. Whether such rail service provides the best way of meeting local needs should be settled within the local democratic process.*

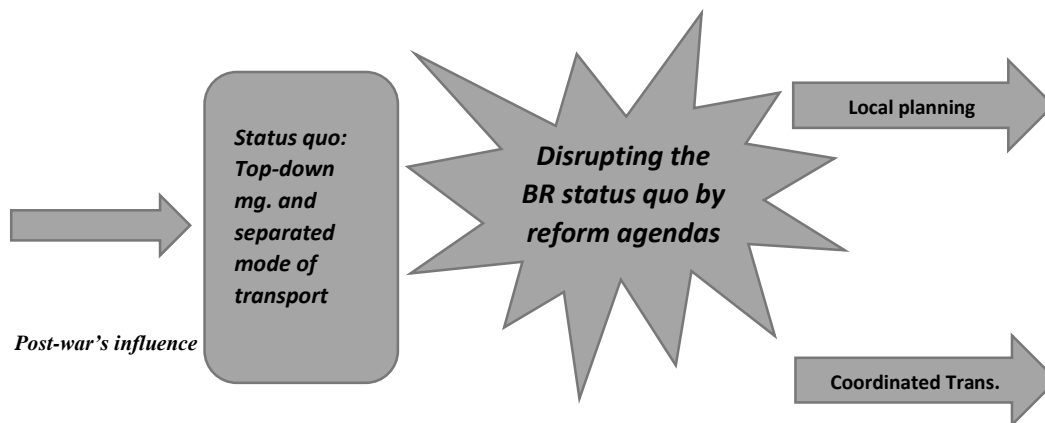
(Transport White Paper, Memorandum by the Secretary of State for Transport 13 June 1973)

In addition to disrupting the centrally managed approach, the reform agenda of the early 1970s also altered the paradigm of national transport. Instead of developing in a path dependency it considered each mode of Britain's transport as a separated function or even in a competition. Reform was designed to make coordination particularly between bus and rail services. The excerpt below from the then-Minister for Transport to the Trade Unions supports this reading:

*"The government believe that the railways will continue to play an important part in the country's transport system; they will be encouraged to develop in whatever way make economic and social sense. **An integrated transport policy, however, means that each mode must concentrate on providing those services for which it is best suited, taking full account of changes in customer demand and the wider social, environmental and economic implication involved**"*

(MT 124/1665: Correspondence with trade union and conservation society date 19 April 1973)

The figure 8.4 below provides an overview of the disruptiveness of the policy direction of the industry reforms of the early 1970s. Such actions were bound to disrupt the status quo of top-down management routine by devolving a power to the local councils in a provision of rail and changing a paradigm of separated mode of transport to a coordinated one.



**Figure 8.3:** Reform and a disruption on the industry status quo

Because of these changes, BR and its stakeholders were dramatically affected by the government's reform programmes. Its *status quo* had been threatened by the government's reform agenda and commitment to the idea of radical change. What was usually thought of as normal in BR was thus re-examined via the processes of railway reform. An example of this is the issue, of surplus capacity.

- **Disrupting the industry norm and cultural mindset of railwaymen**

For example, in prior decades (after the war and 1950s) British railways routes and capacity were designed to accommodate its travellers and cope with an increase in demand of rail services as a privilege. This norm and cultural mind-set was turned around under a separation between social and commercial railways. See a discussion in a special meeting concerned with a restructuring of British railway.

*“Surplus capacity ... [...]...the re-assessment of capacity requirement, on this basis of the system and operational plan should be pressed forward in order to establish which routes would need to be removed from the surplus capacity programme and what substitutes could be made. Although it was desirable, if possible, to identify surplus capacity for withdrawal [...]...when a shortfall on the programme was likely to occur,*

*care should be taken to ensure that routes which might be needed in the future were not classified as a surplus”*

(AN 169/409: Special meeting concerning with restructuring of railways)

The discussion was put forward later on in ‘A Case for Railways’ January 1973 (AN 124/1665):

*“It is important to identify where the major losses are being made, **since the government is obviously regarding the railways as a sick patient under observations in hospital.** If **drastic surgery** is to be carried out on the lines of prematurely reviewed, it seems probable that some of the healthy part of the system would be amputated while leaving the actual disease untreated and therefore **continuously to dilapidate the rest of the system**”*

To avoid the dilapidation of the whole railway system, the government was obliged to make British railways (BR) recover from its status as a ‘sick patient’. As such, a fundamental change in routes and capacity of services was put forward to reorient BR’s operation and management away from the post-war thinking. Traditionally, for example, both BR’s board and the National Bus Company had separate financial objectives yet overlapping functions. The government’s proposed reform programme resulted in the elimination of duplicated service provisions by bus and rail through the transport integration. As noted in MT 124/1523: Select Committee on Nationalised Industries: Inquiry into British Railways 1976/77; correspondence and papers relating to the government's response to the Inquiry

*“At present, despite increasing subsidies, standards of service of some public transport are progressively worsening; people in the poorest sections of the community are being deprived of the opportunities for travel, and the morale of the operations is low. With this complexities of background, the problem of providing essential services to those who must have them, with minimum cost to the community as a whole, whilst maintaining the right of local democracy for determining policies, is almost insoluble...[...]...This is a subject which has been ventilated at length over the years, to virtually no avail ... [...]...Yet there must be some regulation of vehicles offering transport to the public that avoid wasteful duplication or inadequate complementary provision....and that a provision of bus and rail transport integration”.*

This made BR’s rationalisation of its scale and scope of service delivery inevitable as it was coordinated with the National Bus service. The rail network as well as its operation were then identified into four categories: Inter-city, cross-country, commuter and local. This division which helped the BR board and the bodies responsible in government such as the Ministry of

Transport coordinate the two modes of transport. Without doubt, this rationalisation led to further changes in the industry structure.

In the past, BR's finance had been subsidised by the government to cover all investment, operational and maintenance costs in those four categories yet had never returned a profit. However, under the integration of transport, the Commuter and Local categories were subject to a replacement of coach services, meaning that railway's finances would be rearranged in the light of an integrated transport plan. This aspect was discussed in the following excerpt:

*“Because the coach services in these categories are an essential part of the main national rail trunk network, the planning, marketing and **financing** of them must be totally linked to railway management function. **Hence they must receive their finance from the same source as the rest of the rail passenger business**”*

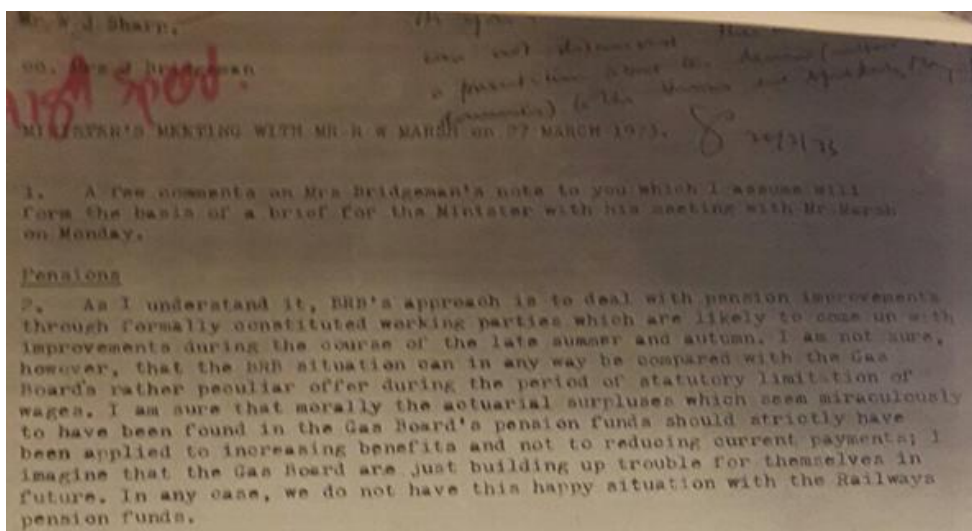
(MT 124/1523: Select Committee on Nationalised Industries: Inquiry into British Railways 1976/77)

In addition, BR's management routine was also disrupted. Under a reform programme, BR was forced to change its status as a service provider to enter a new relationship with the NBC. As it was clearly mentioned in a document MT 124/1523 that

*Management of ‘Rail-Link’ services **eligible for grant** and forming an integral part of BR's trunk network **would require a new relationship between BR and NBC**. At its simplest this could consist of **BR ‘buying’ bus services from NBC entirely to its own specification on a contract basis**, with all receipts remaining with BR – in much the same as BR ‘BUY’ NCL services for the collection and delivery of parcels and NBC services to cover emergencies when rail services are disrupted.*

Since British railways (BR) was seen as an integral part of the welfare state in Britain in its creation of jobs and social security for British workforces, any changes in its financial arrangements and managerial style would inevitably lead to industrial and social tensions. See, for example, the pension scheme of the railwaymen that was offered after the reform agenda was put in place:





**Figure 8.4:** A private discussion letter between the BR board and ministers  
**Source:** MT 124/1664 Rail Policy Review 1972-1973: study of 'viable' and 'necessary' railway models

In this correspondence, a note of meeting between Chairman of the British Railway board Mr. Richard March and government ministers, it can be observed that there was a reluctance as to whether or not an improvement in a pension scheme should be in line with a structural adjustment which had been made in the Gas industry. However, ministers argued they were afraid that if the orthodoxy continued it would create future issues given a revenue prospect of the BR looked so grim. The financial state of BR was highlighted by a *Financial Times* report (Saturday April 13<sup>th</sup> 1972) which noted:

*“British Rail’s finances – future trouble down the line ... Yet revenue prospect in the meantime is not highly encouraging. Competitive pressure from road limit the frequency and size of fare and freight charge increases (the growth rate of inter-cities passengers’ services has already perhaps significantly been slowing). And with half BR’ freight business consisting of coal and steel are declining, it created a huge financial gap in cash flow”*

*Note: The inter-cities became one of core business’s areas of BR as other services were withdrawn in an integration of transport*

The reforms of British railways during the 1970s did not taken place in line with post-war ideology or in a path-dependency manner. In fact, the historical trajectory of the railway’s development was disrupted by an industry reform programme that sought to sustain the momentum of Beeching’s call for an efficient service. The institutional pillars – regulative, normative and cultural cognitive – that sustained the social fabric and conditioned the industry began to unravel as a result of such an exogenous shock as a radical reform. And with the

accretion of past historical practices and understandings that had been reproduced and embedded in British society over time, it is not surprising to see social tension and disruption when reform was attempted.

#### **8.4.2 A paradoxically generative force of disruption**

- **Loss of coordinated equilibrium**

According to Scott, the strength and toughness of institutions are associated with their social fabric. He argued “in stable social systems, we observe practices that persist and are reinforced because they are taken for granted, normatively endorsed, and backed by authorized powers. When the pillars are aligned, the strength of their combined can be formidable”, Scott provides a theoretical insight into the issue of disruption in the process of industry reform. In Britain’s railway sector, the institutional fibres had been delicately interwoven together since 1947 as a scaffolding to fabricate (institutional) logic of nationalized railways. Over the years, not only within the industry, but also in an aggregate level of society, the logic of service for all had been gradually embedded into everyday lives of Britain. As a result, with the mutually reinforcing interaction of the three – a historical-influenced regulatory function, the industry norm in putting the social interest first, and a cultural cognitive mind-set of the railwaymen in managing the industry – BR had been locked into a certain path of development. It was, therefore, resistant to change, especially the sort of change that was not recognized as an ally of the post-war conditions. Any development that deviated from an idea of ‘conformity’, ‘stability’ and ‘system reproduction’ or simply put “*breaking out*” of the dominant development path would often cause a riot in the industry as well as in society as a whole since those legislative beneficiaries were normally unwilling to change the *status quo*, let alone a socio-economic start-up cost of institutions (Campbell, 2010).

It is not, therefore, unimaginable that an intense struggle would break out between advocates of reform and vested interests. What had been regarded as equilibrium had become disequilibrium Nor was it predicated solely on the life of individual but on the state of a collective of participants, yet the coordination of activities and expectations in British railways were facing disruptiveness (Vollmer, 2013). An example of this is the arrailway unions, who had been a longstanding beneficiaries of the post-war nationalized railway and who moved against radical reform. These industry disruptions resulted in the disruption of organizational routines that had long been shaped by norm and culture of British railway industry since the

end of World War Two. The excerpt below from the Daily Mail (4<sup>th</sup> May, 1972) showed a related-pension matter ‘pay dispute’ as it was triggered by the industry reform agenda.



**Figure 8.5:** The union’s stance on the issue of ‘pay dispute’

**Source:** Daily Mail, 4<sup>th</sup> May, 1972

With BR’s significant stake in a national transport system and socio-political entrenched, reform triggered a contestation of power between the key institutional actors – the government and the railway unions including BR’s board as the government’s consultant on the rail’s affair. The union’s position was locked into the historical pathway of railway development – providing jobs and social security to their workforces. This could be noticed in a Radio 4 today interview with Mr. Ray Buckton a representative of the railway unions on 10<sup>th</sup> May 1972. As the interviewer asked a question for example,

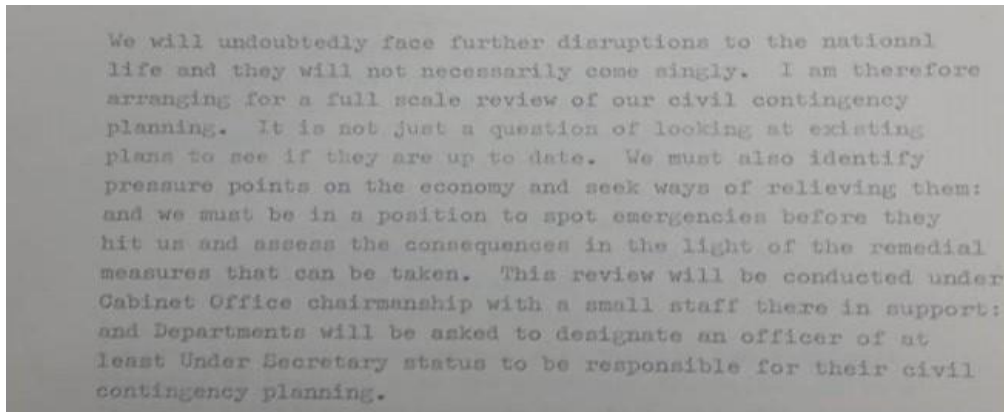
*BBC’s interviewer: “If London Transport, who have agreed to date any increase for their underground workers from 1<sup>st</sup> of May, you feel it would be discriminately for them to get it and not you?”*

*Ray Buckton: “ Well, this has influenced the memberships of the railway unions, there is no doubt whatever, because there are members of London Transport. London Trnaspport has agreed to pay it ... [...]...whatever is paid on the British Railway Board, and therefore it is so obvious that it is going to influence memberships of organizations.*

(AN 200/281: Railway policy review – wider economic and social effects)

Mr. Buckton’s answer implied that the logic of providing social security for the railwaymen was strongly embedded in BR. They were determined to do whatever they could to protect their benefits and prevent any development that appeared to break them out of their historical path. Having understood that they offered a formidable force against reform, the government was

prepared to meet the threat head on, as was discussed in a Prime Minister correspondence with the responsive bodies.

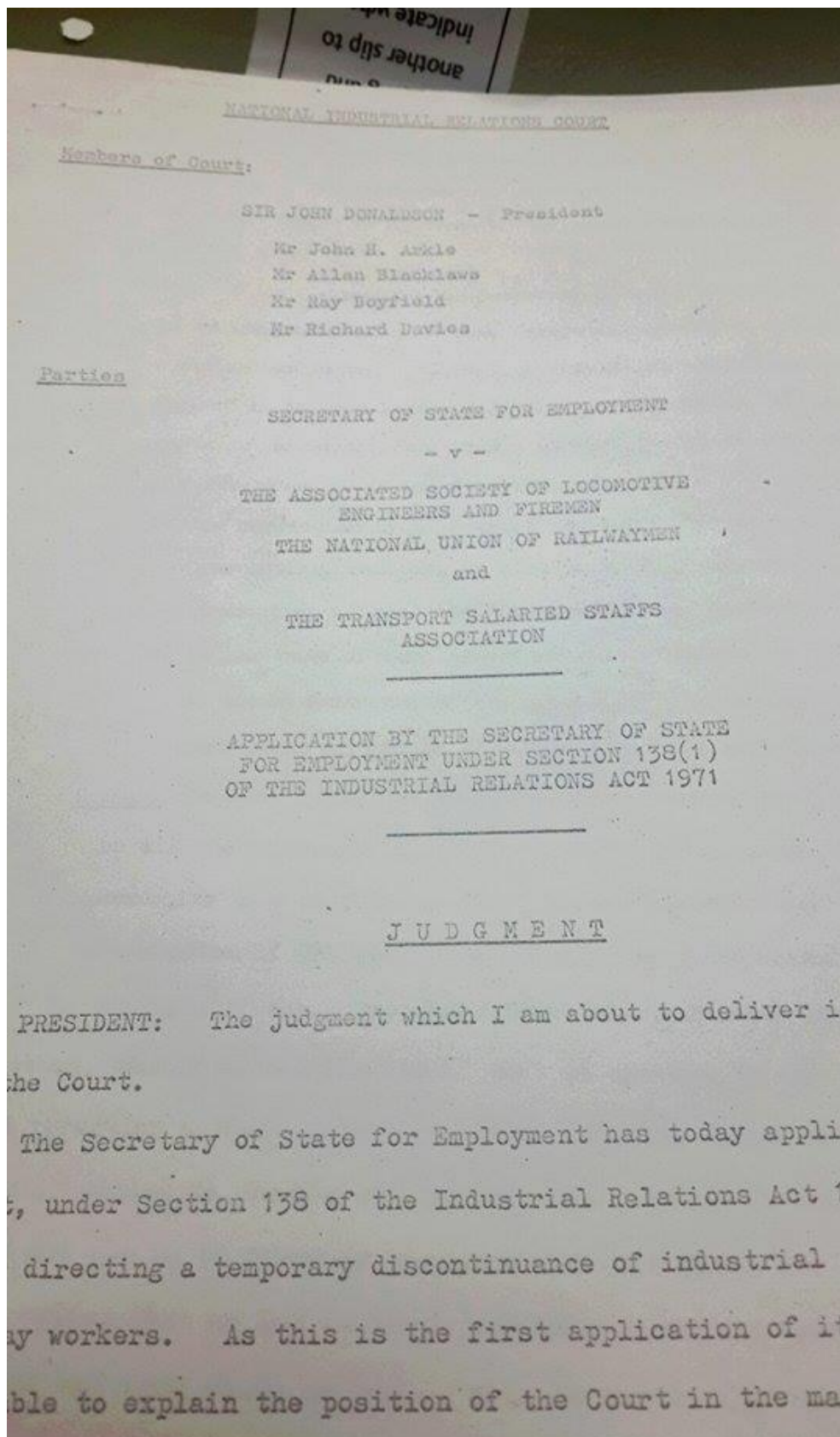


We will undoubtedly face further disruptions to the national life and they will not necessarily come singly. I am therefore arranging for a full scale review of our civil contingency planning. It is not just a question of looking at existing plans to see if they are up to date. We must also identify pressure points on the economy and seek ways of relieving them: and we must be in a position to spot emergencies before they hit us and assess the consequences in the light of the remedial measures that can be taken. This review will be conducted under Cabinet Office chairmanship with a small staff there in support: and Departments will be asked to designate an officer of at least Under Secretary status to be responsible for their civil contingency planning.

**Figure 8.6:** A note from the Prime minister to the cabinets about a looming of industry unrests

**Source:** (PREM 15/981: Prime minister's office – Correspondence and Papers 1970 -1974 on industrial relations)

In response to this, minister of transport noted in a memorandum that *“It appears to the Secretary of State and to us that the industrial action will cause an interruption in the supply of goods and provision of services of such a nature and on such a scale as to be likely to be gravely injurious to national economy”* (PREM 15/981). *“So much for the strategic aspects. When we are faced with a tactical situation we must be able to act quickly and flexibly”* said one Cabinet Minister, leading the government to the Industrial Relations Court as a mechanism to push through the reform programme. The figure and excerpt below demonstrate how strong the government's intention to use a regulative power - *its structural legitimacy* - in achieving a profound institutional change in British railway:



**Figure 8.7:** Court's ruling – a regulative power of institution

**Source:** (PREM 15/981: Prime minister's office – Correspondence and Papers 1970 -1974 on industrial relations)

After a serious consideration, the judgment was made to order a “cooling off period” for the rail services to be temporarily resumed and a “conciliation” between all involved parties ordered for them to negotiate on the issues and implications of railway reform. From an institutional point of view, this can be seen as an additional ‘*structural institutional mechanism*’ that followed the government’s industry reform programme – one that relied heavily on such coercive mechanisms. However, as already discussed, institution is not simply a matter of forcing or stipulating *what must happen* alone. Rather, it is also about fostering a shared belief in social norms and expectations *what should happen* into both of industry and society level. This position and the railway industry’s stance resulted in a deeper rift between both as Mr. Buckton voiced in his interview:

*BBC’s interviewer: Now if both sides are standing firm, if both sides are intransigent, it seems likely – as speculation goes – that **the Government would apply to Industrial Relation Court** ...[...]... What would your reaction be on that?*

*Ray Buckton: Again, of course, the Government have powers to do certain things and no doubt will do certain things, **but as I am one of these people who believe in Industrial relations in the real sense**, and I think we want to get down to some hard talking and some hard negotiating, **and stop this business now of putting Court Orders** and think, if they do it is only going – in my opinion – to delay things again. **And I have no doubt because of the telephone calls, enormous letters that we get, from the rank and file people**, especially of recent time, that will only delay things and there is no doubt they will support us very very strongly as executive committees*

(AN 200/281: Railway policy review – wider economic and social effects)

In one hand, this seemed to be a disastrous situation for BR as it was an integral part of the national transport system. However, on the other hand this state of disequilibrium, whereby the coordination of activities and expectations were disrupted, signified “opportunities” *changes* in the coordination itself and that expectations could rather be generative in constituting new routines, rules and cultural norms of the BR. For example, the rules that formally coordinated and controlled an interaction between the BR’s interest groups were gradually transformed to cope with a volatile climate of social and industry turmoil. This included more emphasis on rearrangement of railway’s stakeholders in general, and more involvement of the private sector

in a provision of railway service in particular, as was clearly stated in ‘The Role of British rail in Public Transport in 1977’:

*“We need both efficient publicly owned industries, and a vigorous, alert, responsible and profitable private sector working together with the government in a framework which bring together the interest of all concerns”*

▪ **Doing different task and doing task differently**

In this respect, instead of carrying on a series of negotiations with the same groups of railway’s actors, the private sector was welcome and seen as a long-term plan for the future railway. The agenda was resonated with a push of Ridley report 1977, that later paving the ways for a significant step of railway privatization. But by understanding social and political constraints, he proposed that

*“The process of returning nationalized industries to the private sector is more difficult than ever. Not only are the industries firmly institutionalized as part of our way of economic life, but there is very large unions and political lobby want to keep them so...[...]...it should not be a frontal attack but stealth ... [...]... three steps ...1) Destroy the statutory monopoly, 2) Break them up into small business, 3) Apply a whole services of different technique”*

(Ridley report, 1977)

By pursuing this stakeholder rearrangement and foregrounding the growing involvement of the business sector, BR was directed towards the right-wing political ideology of “market-oriented and efficiency” than ever before. Moreover, norms and social perceptions toward the British railway began to shift from sympathy to doubt over its role in Britain’s social and economic development. The extract below illustrates the government stance on the issue of industry unrest.

*“More and more the nationalised industries are run for the benefits of those who work in them. The pressure are for more jobs for the boys, and more money for each boy. The need to satisfy the customer is less and less appreciate mainly because they tend to be monopolistic concern”* (Extracted from The Role of British Rail in Public Transport, November 1977, Cmd. 7038)

Yet this perception was also reflected in a print-media to imply how far in cultural mind-set of British people on the BR had changed.

*“If I were Margaret Thatcher, I would close down the whole lot and turn them to roads”*

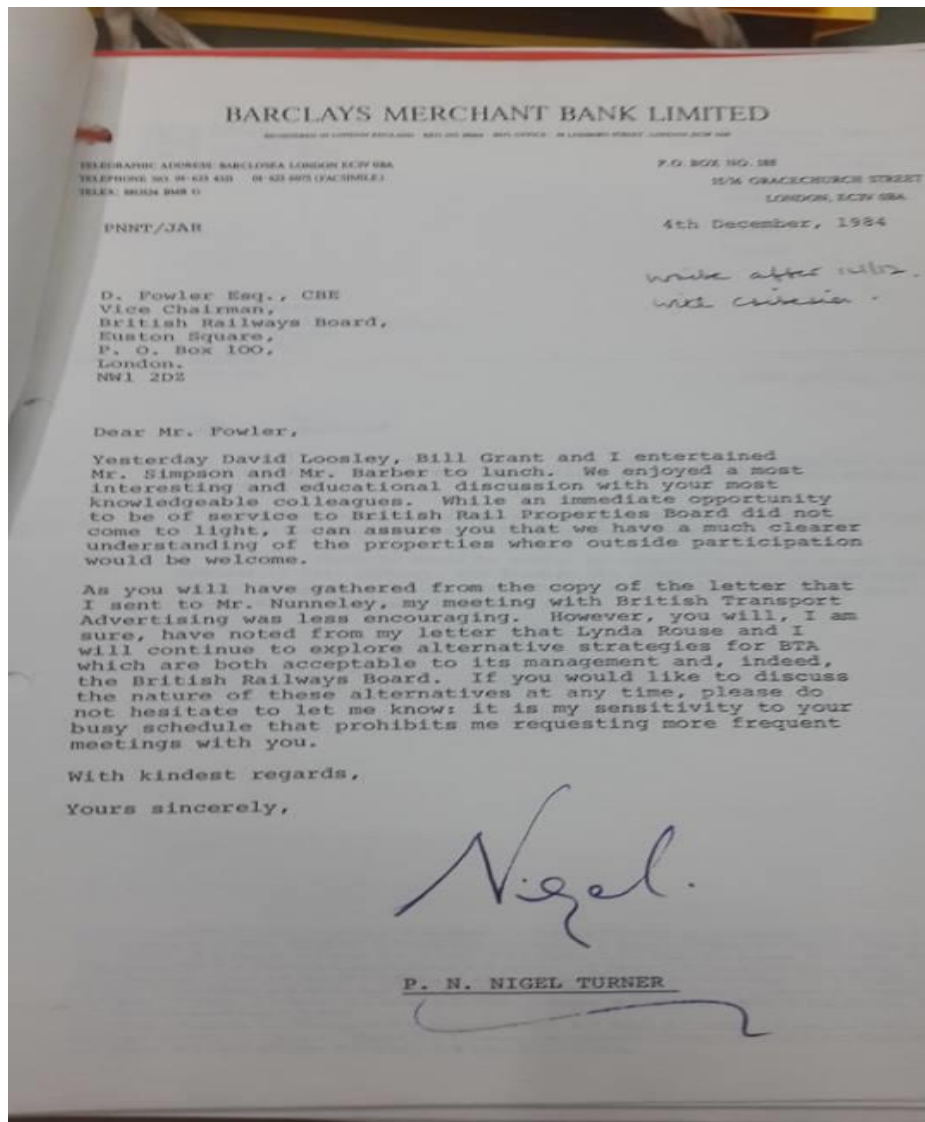
*And “Rail is not kept for the sake of the public but for the sake of the unions and they in turn are just conscripts of the Labour Party.*

(MT 124/1607: Non-railway investment policy project; proposed reduction of railway and conversion of rail into Bus-ways)

Reflecting on the government’s attempts to increase a stake of the private sector in a provision of rail services and a shift in people’s perceptions on the BR, it could be argued that far from what is generally understood as a counter-productive process, disruptions both in the railway industry and society helped to generate a new paradigm for managing BR and altering social norms as well as the cultural mind-set of British people. This in fact represents a process of institutional adjustment to make BR feel settled in a new equilibrium after its post-war ‘nationalized railways’ status had continuously disrupted by a series of reforms. Thus although social tensions and the industry unrest continued to exist in the 1980s as a result of further reforms, the power of disruptions initiated by reforms appeared to play a crucial role in adjusting institutional arrangement to reach a new punctuated equilibrium, often claimed as more efficient one, privatized railways.

However, this was not a smooth adjustment from one equilibrium to another new, punctuated equilibrium as institutional changes went on. Similarly to the 1970s period, British railway’s reform in 1980s also faced internal friction within the industry as well as an external opposition largely instigated by the unions. But with benefits of the hindsight and more opened opportunities as the three institutional pillars unravelled, a series of disruptions had been used by the government as a generative force to force the process of institutional change through. This could be noticed especially when the union of railwaymen demanded a talk for securing their benefits after the government announced its plan to sell off some BR’s periphery businesses. But the opportunity was capitalised on by the government as it opened the discussion to the business sector as the letter below from Mr. Turner of Barclays Bank, indicates. In the letter the two representatives from the unions were accompanied to a lunch, and fruitful discussion ensued:





**Figure 8.8:** A letter from the financial institution on a possibility of getting involved within the rail sector

**Source:** MT 18/71 Private sector investment in BR: Privatization and complement policy

This indicates that many positive implications were generated during the railway's reforms in the 1980s. For instance, a change in the normal manner of discussions, in their participants, and in the representation of interest groups all seemed to indicate a less-entrenched mind-set on the part of the railwaymen. Each point will be discussed in a greater detailed in a reform of BR in the 1980s, the following section.

## 8.5 British Railway reform and the industry disruption in 1980s

### 8.5.1 Further reform as instrument for continuing disruption

The government's intention to continue reforming British railways (BR) by breaking its historical development path can be observed in the Prime Minister's underlying thought on the performance of the industry (Mrs. Margaret Thatcher, later became Baroness was then Prime Minister) When BR's board invited her for lunch, she told her hosts that

*"I cannot understand what you are all doing here – if you were any good, you would be in the private sector"* (The Spectator, 22<sup>nd</sup> January, 1983)

Her stance in creating a more efficient railway industry was echoed by Mr. Alfred Sherman, P.M.'s economic advisor when he told the Institute of Transport that all railwaymen were '*parasites*' (The Spectator, 22<sup>nd</sup> January, 1983). Such remarks appeared to inform the reform agendas in the 80s. With the political and social legitimacy provided by a landslide election victory in 1979 and responsive ministers, Thatcher embarked a series of railway reforms by appointing Angus Dalglish to provide a solution for the country's transport issues. His attitude toward British Rail was explicit: "Public attitude to rail-passenger service are, perhaps, influenced by folk-memories of the Victorian age when all but very local journeys were, as a matter of course, undertaken by train. Rural stopping service survive for political reasons only" (A Solution to Our Transport Problems, October 1979)

The recommendations Dalglish subsequently made to the Prime Minister and the Cabinet were harsher than Beeching's. It advocated changing much of the journeys to bus providers. Although this was shelved, it created resentment in railwaymen whose bargaining power had been gradually weakened under successive industry reforms in 1970s. For instance, *The Times* reported in 'New study on turning rail to road (24<sup>th</sup> March, 1982) that after Dalglish's study had been sent to Mrs Thatcher, the Associated Society of Engineering and Firemen went on strike against this proposal. Not only a whole idea that was so controversial at that time, but its market economy logic deepened a rift in the railway sector. In the *Financial Times* article '**Railways should be converted into road**' (24<sup>th</sup> March, 1982), there was an emphasis on more involvement from the private sector in this reform's idea:

*"A proposal that **private capital** be used to convert railways into roads is made in report published yesterday by the right-wing Centre for Policy studies"* The newspaper did also quoted

part of the report that “*Essential to bring in private capital, if conversion is to be carried out quickly and economically*”

(Financial Times, 24<sup>th</sup> March, 1982)

During this decade anything labelled ‘private sector’ often irritated those who as Mr. Dalgleish called ‘influenced by folk-memories of the Victorian age railways. However, this could not deter the government from its ambition to reform BR into a more efficient model. This was manifest in the government’s policy direction after the recommendations made by Serpell report commissioned in 1982.

As has been highlighted in sub-section ‘7.3.1’, British railway’s managerial norms and the cultural mind-set of some railway people had been significantly reshaped by the reform programmes in the 1970s - “*regulatory and structural reform*”. Theoretically, this indicates that the three institutional pillars that once neatly aligned to service the industry had slipped. Equilibrium had become disequilibrium via the opened opportunity for institutional actors to get more involved in a process of institutional adjustment than usual. While the railway unions and those folk-memories-influenced communities flexed their muscle in an attempt to redirect BR’s development back to its previous historical path as much as they could, the government used its structural legitimacy to further disrupt a remaining BR’s status quo by asking Sir David Serpell to study a current state of railway’s finances and its associated activities so that alternative policies could be posited to provide better railways. Yet the recommendations were, to some extent, a rerun of Beeching’s report in 1963. This can be seen in the case made for reform by the Director of Policy Unit, British Railways, in March 1983:

*“The volume of user of the railway now, even in the depth of the depression, surely demonstrates that it is still one of the essential planks of the fabric of our society. In this case society have a right to expect that it be run as **a modernised efficient enterprise**. This can only be achieved by clear, stable objective with the required financial backing”.*

(AN 18/2260: Correspondence and reports relating to the Select Committee on Transport Inquiry into the Serpell Report 1<sup>st</sup> June 1982 – 31 October 1983)

This echoes Sir Peter Parker’s position as Chairman of BR. He argued:

*This is a decisive step towards a new Railways Act which will, we believe, **seek to bring railways objectives and finance more closely in line** and provide a sound long term based on which to restore pride in **a modern rail system as an efficient and competitive public service**.*

(AN 18/2260: Correspondence and reports relating to the Select Committee on Transport Inquiry into the Serpell Report 1<sup>st</sup> June 1982 – 31 October 1983)

Together with a groups recruited from the private sector background Mr. Serpell's report recommended "a reduction in administration cost" and "selling of some railways services" and "closure of secondary routes". In practice this meant stripping Scotland of railways north of Glasgow, with Edinburgh merely linked by a branch of the west coast line and ending services at Exeter, Cardiff and Swansea. Indeed, the government's embracing of these recommendations was directed toward its rationalisation of the industry structure and BR's business activities. Moreover what had been pursued in the previous decade were carried on even further by this Conservative government's free-market policy as it can be observed in media-report on the Queen's speech in the *Financial Times* (3<sup>rd</sup> November 1984).

*Queen's speech to emphasize on more competitions ... and further big steps towards greater competition and privatization will be central theme of the queen's speech to parliament on Tuesday...[...]...Mrs. Thatcher is expected to concentrate in her opening to the queen's speech on the continuing privatization programme on the government's response to raising unemployment...[...]..."*

In responding to the government's institutional structural mechanism - a regulative pillar of institution – British Railways (BR) was really on course to be privatised. As the *Financial Times* noted:



**Figure 8.9:** BR steps up privatization programme

**Source:** Financial Times, dated Tuesday, 20<sup>th</sup> December, 1984

With these manoeuvres, the further disruption of BR’s remaining *status quo* resulted again in disruptions to the railway industry itself as well as tensions on a wider social scale. For the former, as recommended by the Serpell report’s suggestion to sell “off some railway services”, the coordination of activities that had formed part of the railway’s business such as catering on board and at stations was disrupted by this aspect of reform, whereas the “closure of secondary routes” severely affected local everyday lives and the routines of those businesses that relied heavily on train transport. In addition, the BR’s managerial and operational routines were also significantly altered by Serpell’s recommendation of the need for a “reduction on administration cost” which the government carried out by letting the private sector take part in some administrative activities. Table 8.4 below provides a snapshot of social and industrial implication triggered by the reforms:

**Table 8.4: Reform as an instrument for disruptions and social implications**

<p align="center"><b>Reform agenda (Structural institutional mechanism: regulative pillar of institution)</b></p>	<p align="center"><b>Social implications of reform: Disruptions across multiple-level level of Britain’s society</b></p>
<p>Selling-off railways services</p>	<p>The government’s decision to try to improve the standard of refreshment services coincide with the publication next week of highly critical report of its handling British rails’ business activities ... [...]...Private sector will be invited to set up facilities on BR’s property in some line in rural and sub urban areas (Sunday Telegraph, 25<sup>th</sup>, March, 1984)</p>
<p>Closure of secondary routes</p>	<p>Company formed to fight Settle line closure!!! Local railway service to Manchester could be reduced to a skeleton level by government cutbacks ...[...]...Services between Manchester and Bury, Rochdale, and Altrincham could all go (The Times, Friday, August 10<sup>th</sup>, 1984)</p>
	<p>The cost of redundancy payment for railway staff who do not transfer to the</p>

Reduction on administration cost	<p>private sector operator and cannot be absorbed elsewhere in the government.</p> <p>Industrial relations difficulties with our own trade unions. We need to recognize the legitimate interest of the railway staff affected and seek to safeguard their position as far as possible, but even then there is likelihood of trade unions opposition.(Potential advantage/disadvantage of private sector organization in a folder AN 18/71 Private sector involvement in BR privatization and competitions policy)</p>
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**Source:** Compilation of print-media and the governmental documents

The above example on the disruptions caused by reform across multiple-level of Britain’s society, as Donnelly and Hogan (2012) theoretically argued, show that in addition to disrupting BR’s status quo, they created opportunities where change agent such as the government and BR’s board were able to contest the extant institutional logics governing the rail sector and cold replaced with their market economy policy. Yet the government’s intention to get institutional change to occur in the railways was delivered under the mechanism of layering (see Mahoney and Thelen, 2010). This means while some existing rules and regulatory functions of the nationalized BR still remained, they were amended, revised along the line with an introduction of new ideas on ‘efficient railways’ and ‘private sector involvement’ in a tumultuous environment. Put another way, the social tensions and the industry disruptions caused by the reforms were opportunities for interest groups to get involved and express their concerns on policy issues. This was essential in shaping the direction of BR’s development as far as a new institutional equilibrium was concerned.

**8.5.2 A paradoxically generative force of disruption and paving ways for a privatization of the BR**

Although both the rail industry and public were facing a state of disorder as their coordinated activities and routines had been disrupted by the government’s reform programme – “selling off some railway businesses”, “closure of secondary routes” and “reduction on administration cost”, - the flipside of this adversarial view was that disruptiveness helped galvanize what MacGregor (2013) termed “doing different tasks and doing tasks differently”. Theoretically, it was generated as a result of interactions between different institutional actors who carried

different normative and cognitive mind-sets about BR's socio-economic role as the twenty-first century dawned. For the change agents the nationalised railway was in an urgent need of a radical business and management restructuring via more involvement from the private sector, whereas the anti-reform body (e.g. unions and railwaymen) strongly opposed this proposal on the grounds that the railways offered social and public services rather than a profit centre. It was the interactions of all three that drove the reform programme, affecting the railway's development and significantly transforming BR's business. Indeed it ultimately facilitated the full scale privatisation in the subsequent decade. The transformative power of these disruptions can be observed in these interrelated issues – a selling of Fare Travellers and pension scheme – which were primary concerns in formative years of railway's privatisation.

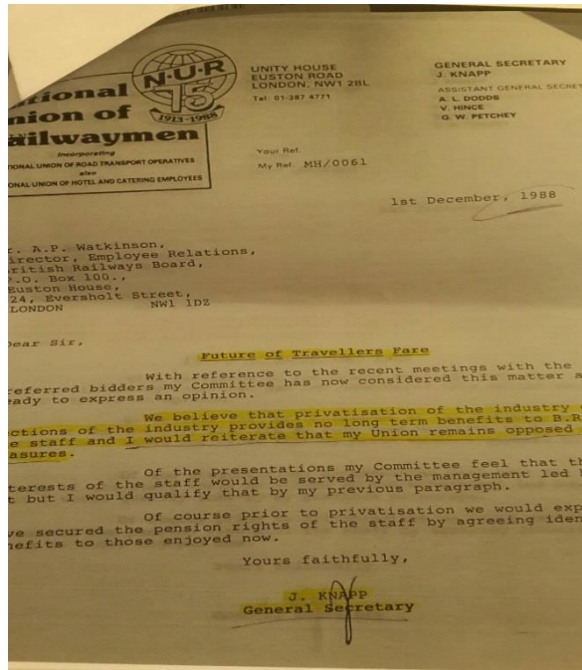
The 'Sale of Travellers Fare Limited: providing food and drink at 365 stations' was recommended by the Serpell report. This service had formerly been provided by the inhouse staffs under BR for around 30 years since the end of World War II creating jobs and social security for BR's workforces. However, the government's intention to divest this business activity from the railway's portfolio triggered a feeling of doubt and uncertainty in the worker's minds and wrecked the industry into havoc. This could be witnessed in a set of questions asked by the representatives of the National Union of Railwaymen, the Confederation of Shipbuilding & Eng. Unions and the Transport Salaried Staff's Association in a meeting dated Wednesday 30<sup>th</sup> November, 1988 with British railway board:

*“So the trade unions are entitled to ask the new employers how a surplus is to be used, and how he intends to deal with one group as opposed to the other”*

*“What advice can we give to individuals to help them with decision on whether to preserve benefits or take a transfer plan in their career?”*

(AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences)

The Board's answer often began with and emphasized the idea that “we can ensure that ..., we can suggest that ...”. The tone of language reflected their cultural belief that in their view this activity should remain as part of the railway business and to cast doubt on the fairness of reform. This reflected in a letter from J. Knapp, General Secretary of the NUR, to Mr. A.P. Watkinson, Director, of Employee Relations, British railways Board. 1<sup>st</sup> December, 1988 shortly after the meeting:



**Figure 8.10:** A letter from NUR to the BR board about the issue of Traveller Fare Limited

**Source:** AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences

Although the meeting ended up with a deadlock and further industrial unrest – “unions may step up rail strike after British railway turned down a plea from NUR for direct negotiations over and conditions” - The Times, Monday, June 26<sup>th</sup> 1989) – it also paradoxically helped to generate the grounds for the government and the BR to connect with the unions more precisely, as Mr. Knapp signalled at the end of his letter that “Of course prior to privatization we would expect we have secured the pension rights of the staff by agreeing identify benefits to those enjoyed now”.

As a result of this, Mr. Watkinson convened a meeting between those involved parties again to discuss the issue of the pension scheme, a matter that related to privatisation. Particular attention was paid to an assurance that employees transferred to a new company would obtain the benefits, on a pro-rata basis from any surplus which had accrued. With the benefits of the hindsight, the BR board argued that

*“The Board ensures to the best of its ability that the accumulated transfer values cannot be used for any other purpose than to pay the pensions of those people who transfer. Subsequently much*



*depends on how well or badly the new scheme fares in relation to the Board's scheme and that cannot be predicted"*

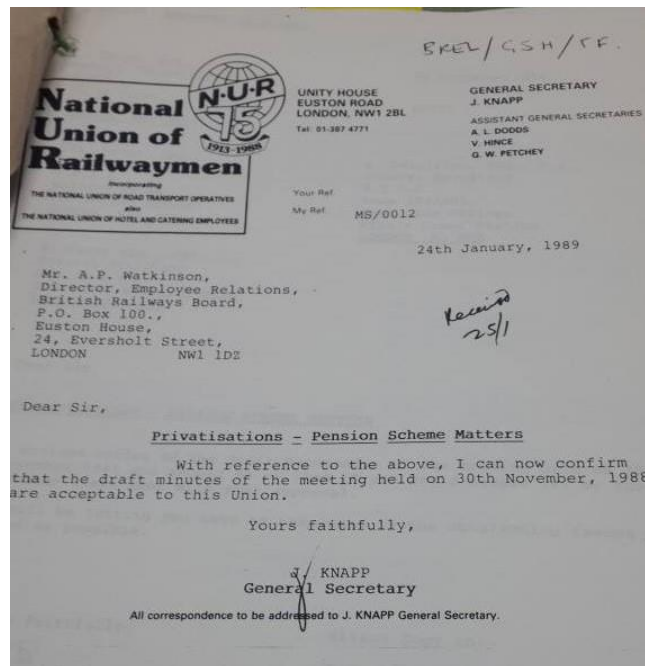
(AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences)

This eased the tension between them. It allowed the BR board to include the private sector bidders into the process of discussion in order for prospective employers and employees to meet and find a solution to their differences. This is shown in the quotation below from Alun Jones, negotiations officer of the British Transport Officer's Guild, to Mr. Watkinson

*"We are strongly of the view that the interests of Travellers Fare Management Staff would be best served by a sale to the Management Buy-out Group as there is a greater understanding and acceptance of the representation of Management grade staff both through Trade Unions and a Joint Committee"*

(AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences)

Their interactions indicated that the result was all parties "doing different tasks and doing task differently". The government and the the BR board started to focus on other institutional pillars and mechanisms (the cognitive mindset) in order to get the reform done rather than focusing solely on the regulative dimension. The unions, although still following their traditional way of bargaining tried to secure their benefits and *status quo* by blending a more emollient approach into the processes of discussions. By becoming more open on both sides, the stakes between stakeholders were transformed, changing the landscape of BR's business and paving the way for the full-scale privatisation in the coming decade. This included, for example, the development of the Heathrow and Paddington rail-link project that proposed using private capital investment and a consortium between the BR, Private Sector Company and financial institution in 1987 in the project. The letter below from Mr. Knapp to suggest that some primary concerns on the issues of privatization had been addressed in line with the unions negotiations, dated 24<sup>th</sup> January, 1989.



**Figure 8.11:** A letter of acceptance in an issue of pension scheme

**Source:** (AN 171/642: Privatization: Travellers Fare, Trade unions meetings and correspondences)

What this letter implied was that a state of institutional disequilibrium triggered by the series of industry reform appeared to settle with new punctuated equilibrium where each interest group benefited from the new constitutional conditions – the government could get more involvement from a private sector in a provision of rail services, the private sector that relied on rail transport could get more engagement with the future development of rail industry, and the unions could secure their concerns (e.g. jobs, benefits and contributions) and maintained some degree of influence on the future of railway. Equally, essentially, British society and the economy appeared to benefit most from this settlement and the privatizations of the coming decade.

**8.6 Reflection: a positive account and transformative dimension of disruptions**

The section 8.4 and 8.5 investigated the complexity surrounding the industry disruption and social tensions of the reforms of British Railway's in the 1970s and 1980s. It centred on the question of whether disruption was deterrent for achieving a perfect policy's outcomes or whether it helped their progress. The historical account indicates that the disruptions to the

industry were not as bad as they have hitherto been portrayed. In fact, they contributed to the growing involvement of the private sector in British railway in the following decades. To put it another way, they fundamentally legitimised the pro-market idea of reform by shifting the public attitude and weakening the position of the unions themselves. The industry disruption was thus more positive in shaping a direction of railway development to where we see it now. This aspect is often taken-for granted in the transport policy study and reforms.

So, what are the arguments derived from this historical investigation. Firstly, in order to understand disruptions more completely, research is required to treat disruptions as gradual development and processes rather than sudden turns of events that erupt at a particular point in time. Their temporal aspects must be discussed. Lastly, disruptions should not be prejudged. They should be assessed neutrally. Rather than automatically assuming that reform and disruptions are negative, they must be seen also as agents for positive change. This study argues that in the period of 1970s and 1980s where the British railway was plagued by a series of strikes and social tension in a parallel there were opportunities for the interest groups to engage with and express their views on the issues. This helped in making the reform agenda more connected with other segments, not just the initial stakeholders. Essentially, these situations created an environment ‘doing different tasks’ and ‘doing task differently’ that signalled changes in the role public and private sectors played in the rail sector. For instance, the public sector paid more attention to core businesses while the private sector was tasked with some responsibilities formerly carried out by the public counterpart. Likewise, the way in which the industry was run and organized began to operate in a more business-oriented style to improve the overall performance of railway. So rather than being a counterproductive process against reform, my findings suggested that the industry disruption was rather a transformative process with a positive impact brought to the industry in a long run. It would therefore be better for future research to study disruption as a force of change.

### **Concluding remarks**

Part of this research’s aim was to disentangle the complexity of industrial reform that shaped the development of British railways (BR) in general and the growing of idea of its privatisation in particular. This chapter investigated a paradox presented by the idea of reform: why the reforms became a disruptive force in the industry and what role the disruption played in the

subsequent development of railway sector. My analysis is based on the interplay between deductive and inductive thinking and the analysis of archival resources from the 1960s – 1980s. For a deductive view, the three institutional pillars theory developed by Richard Scott (2008) was used to aid understandings of the trajectory of reform over the three decades. The events over this time indicate that most of the reform agenda was drawn on from the power of regulatory and coercive mechanisms. The use of the courts to force through reform is an example of this. Yet the recommendations made by these inquiry reports into the railway's affair were placed on such a belief that 'changing regulations then other things would change as a consequence'. However, as suggested by Scott's institutional perspective, institution consists of the three strongly interwoven fibres – regulative (bill, policy and law that stipulate what must happen), normative (assumption and social expectation about what should happen) and cultural cognitive (cognitive mental script and a taken for granted idea) – that together incentivise, constrain and provide meaning for institutional actors. As such, reform agendas appear to downplay the role of other constitutive elements in governing the reform of BR. As Campbell (2010) notes, in "each country transportation system developed in path dependent ways as a result of the normative and cognitive mid-set of the actor involved".

British railway, had been developed in accordance with the post-war settlement 'social service for all', and it existed for around 20 years before radical reforms took place in 1963. BR's role and status in Britain's socio-economic development had been both taken for granted (embedded into a sub-consciousness of people), normatively endorsed and backed by authorized power (e.g. the unions and previous government's policy), and reinforced by the passage of time. Faced by a reform agenda primarily originating by the power of regulation it was inevitable that disruption would occur as the three interwoven fibres were torn apart. It could be argued that in a process of crafting up a reform agenda, as they are inextricably linked to each other, the three elements should equally be taken into account to avoid a serious social and industrial implication as witnessed in a historical case study in this thesis.

In addition, inductive thinking was also applied to process the data analysed. This helped to build up a more complete picture of the disruptions caused by the industry's reform agendas. Traditionally, industry disruptions as well as those social tensions in 1970s and 1980s have been interpreted in a negative manner (e.g. socio-economic loss for Britain) and as counter-productive to the industry's development. However, according to the historical account of the British railway's reform in 1970s and 1980s, disruptions appeared to play a crucial role in modernizing the industry. The disruption of BR's status quo did disrupt the equilibrium of the

organization, but this also coordinated to provide opportunities for change that was generative in constituting new routines, rules and cultural norms of the BR. For example, the interaction between the BR's interest groups was gradually transformed from a volatile climate of social and industry turmoil to a more emollient dialogue. This included more emphasis on the rearrangement of railway's stakeholders in general, and on more involvement by the private sector in the provision of railway services in particular. In this regard, it could be argued that social tensions and industry disruptions are essential in shaping the direction of reform to be more responsive and for it to be a cohesive force of the industry. It generates opportunities for interest groups to engage with and expressed their concerns on the policy issues. It also helped to transform a landscape of BR's businesses to get ready for their full scale privatisation in the 1990s.

# CHAPTER 9

## Discussions

The longer you can look back the further you can look forward

(Winston Churchill cited in Guldi and Armitage 2014)

It is essential to understanding the multiple pasts which gave rise to our conflicted present

(Guldi and Armitage, 2014)

### Introduction

This chapter is written as a comprehensive reflection on what has been done during this doctoral study. It is centered around a theoretical, practical and methodological contribution to research. It also provides the limitations the author faced as the study was progressing. By putting them together, the chapter will explain to the reader what this thesis is about and its possible implications for future studies. It is structured as follows. Section 9.1. illustrates how the research findings, research questions and the extant studies are related. It then explains how the findings “theoretical contribution” could have an impact on policy circles and a practice level, which is a section 9.2. The following section, 9.3. re-emphasizes what seems to be the implications for future research: a methodological concern and a micro aspect of privatized railway that seems under-researched. The thesis limitations are outlined in section 9.4. before reflecting on them: “If I were doing this study all over again, what would I do differently?” which is section 9.5. The end of the chapter is concluded with a reiteration of the research contributions and implications of the research.

## **9.1 Not only “performance” but also “performing”: The relation between research findings, research questions and extant studies**

This thesis is conducted with a chief aim to disentangle a complexity of successive industry reforms that have shaped the development of BR between the 1960s and 1980s, more especially, a growing idea of privatization during these decades. It is particularly skeptical and yet questioning of ‘performance improvement’ – a focus of the existing studies – as to whether this is the whole story of industry reform. In doing so, the three research questions are developed from a gap found in the literature on railway privatization (a taking for granted on the dynamic of institutional environment) and subsequently sharpened by the institutional perspective (change, legitimacy and the three pillars) in order to provide a more complete picture of the railway’s reform. Throughout a historical-institutional investigation on reforming BR, it is argued that either roles the industry reform played or a legitimizing process are far more socially and politically complex than is generally understood as the government’s attempts to make an efficient rail sector. Moreover, those social tensions along with industry disruption brought in by reforms are found as being a generative power in altering the industry managerial/operational routine and essential in shaping the industry norms that together helped pave the way for privatization of BR in the following decade, mid 1990s. The table below provides links between the existing studies, research questions and research findings.

**Table 9.1:** An overview on extant studies, research questions and findings

Existing studies and “gap” found in literature	Research question	Research objective	Research finding (in a nutshell)
<p>Focusing on a change in ownership and governance structure that enhanced or could enhance the rail sector’s performance outcomes.</p> <p>Taking for granted the government reform agenda that reflected political and socio-economic conditions of BR.</p> <p>Downplaying the dynamic of the institutional environment that shaped the performance of the privatized railways.</p>	<p><b>RQ1:</b> What role did the industry reform play in a growing involvement of the private sector in a provision of railway service during the 1960s?</p>	<p>To investigate the process in which the idea of privatization was constructed in a more contextual manner</p>	<p>While the extant studies thought of reform as a performance driven, this thesis argues that it was rather about <u>a continuous process of constructing and re-constructing boundaries</u>, as demonstrated in boundaries ‘<b>built</b>’, ‘<b>bridged</b>’ and ‘<b>blurred</b>’ throughout decades in order for BR to <u>de-lock from a historical development path</u></p>
	<p><b>RQ2:</b> How the growing idea of privatization of the British railways was nurtured throughout the period of changes in social and political landscape in 1970s?</p>	<p>To re-examine a process in which the seed of privatization had been sown during the turbulent period</p>	<p>The growing idea of privatization was not because of an expected performance improvement. Rather, <u>it was dynamically legitimized by the government’s reform agenda that reflected political and socio-economic conditions of BR at the time</u>. In order to maintain legitimacy of private sector involvement, <b>an emotional appeal and moral argument (form of rhetoric)</b> were embedded in the government’s reform to</p>



			<u>delegitimize the unions' authority</u> and paving the way for <u>institutionalizing the new logics</u> into BR.
	<p><b>RQ3:</b> Why the railways privatization as “a reform programme” was politically and socially disrupted during a policy formulation process in the 1970s and 1980s?</p>	<p>To understand the root causes of the paradox of reform – disruptions – and the role it played in reforming BR.</p>	<p>Successive reform agendas were <u>narrowly placed on a regulative pillar with its coercive mechanism to get reform done</u> and mostly taking for granted other institutional pillars – norm and cultural mind-set of the railway industry.</p> <p>Social tensions and industry disruptions were essential in paving way for the privatization of BR in the following decade by <b>opening up opportunities</b> for interest groups to be reconfigured and to express their concerns on policy issues. <b>More crucially, disruptions helped generate new norms, rules and routines.</b></p>

**Source:** Reflecting from the thesis chapters

These findings from an archival research suggest that in reforming British railways toward a growing involvement of the private sector in the rail business, performance improvement was not the whole story, perhaps not even a central aspect of reform in some periods of time (e.g. 1970s). Through the unfolding historical events in three decades between the 1960s and 1980s, industry reforms had rather been crafted and driven by the political and socio-economic

conditions of the time. For instance, a separation between commercial and social railways in 1967 through a rhetoric of “power devolution” to placate social opposition and a “re-balancing” of the transport industry to curb a spiraling of the union’s power. With these strong socio-political influences, it made the industry reform far more complex to understand or to investigate from a performance-rationale perspective, as it has been revealed by **RQ1** the role the industry reform played against a backdrop of nationalisation; **RQ2** the legitimising process and **RQ3** paradox of reform and power of social disruptions.

Britain’s privatized railway industry is run and organized in accordance with the industry reform programme, which was designed by responding to the changing context of social, economic and political pressure. It therefore cannot be demarcated from this wider surrounding environment. However, what the extant studies have mostly carried out so far indicate that they appear to downplay a matter of socio-political and economic influences of the reform, and thus reduce problems of privatisation to mere operational and managerial concerns of controlling a delivery outcome. These ‘acontextual’ investigations though have a significant role in the advancement of BR. They share a common fallacy that research contribution is best developed in the realm of ‘performance improvement’. As this thesis has discovered through a disentangle of the reform’s complexity, understanding the dynamic of institutional context in legitimizing and maintaining the momentum of the privatization idea, for example, is also equally or even more important since it reminds our research communities that achieving a better performance outcome does not necessarily mean it would be perceived as a desirable, proper or appropriate by the public as the users. Rather, it is careful consideration of a socio-political force and a strategy for gaining legitimacy (e.g. a use of rhetoric) which are crucial in making privatization becomes more of a responsive and cohesive mechanism in the delivery of public services.

In addition to the common fallacy, by taking for granted the government’s reform agenda the extant studies are also likely to be limited by a deterministic view, which predominantly seeks to design a governance and ownership structure to constrain and incentivise institutional actors in line with performance targets. However, from the three institutional pillars, in tandem with a highlight on their intimately connected shown in an archival account, the way in which existing studies have been conducting their research investigation apparently neglects the industry norm and cultural identity of railwaymen. And as Campbell (2010) argued on the power of the normative and cultural cognitive mind-set of the actors involved in shaping a development path of the country transport system, this relatively under-researched seems to hold back a current state of knowledge on ‘railway privatisation’ from what they should have

really achieved as a means for socio-economic development.

In short, the research questions and their findings in this doctoral thesis add to the body of knowledge by calling for greater attention from academic communities to examine a dynamic of institutional context – the government reform agenda – that shaped the “performing of a privatized railway industry’ especially on a normative and cultural-cognitive aspect that have been hitherto underexplored compared to their intimate element, a ‘regulative’ dimension. This is strongly supported by a historical account and institutional analysis of BR reform between the 1960s and 1980s. Far from generally understood as centering around a performance improvement, which often underpins research into structural change and ownership structure, the industry reform was more socially and politically complex to deal with the old institutional logics ‘post-war settlement’ that had been strongly embedded in British society at that time. With this regard, rather than solely focusing on a regulative aspect that links to performance improvement, research agenda, scholars are encouraged by this archival study to take into account the other two – norm and cultural mind set – in studying privatization.

## **9.2 Implications for policy and practice**

In addition to adding to the body of knowledge, this doctoral thesis is also set to have implications for policy and practice in three ways. First, as shown in chapter 8, that the attempts to reform railway industry by emphasizing a regulative aspect, such as a use of structural institutional mechanism (e.g. government bills and court-ruling) was generally seen by the public as the government’s attempts to tear apart the social fabric without considering other social implications. This is especially the case when looking at a comparison between the 1963 Beeching reform (coercive mechanism and social tension) and the 1967 JSG committee (normative mechanism and stretching of institution). While the former chose to reform the existing institution by restructuring it, manifesting in a consolidation of railway networks as well as its operational style, the later sought to address a matter of a socially embedded idea of BR, e.g. a social value and a national pride of the industry. Their different emphases and

mechanisms had different results. The Beeching report with a strong emphasis on the regulative pillar and its coercive mechanism apparently triggered social tensions and industry disruption, whereas the recommendations made by the JSG that was more inclined to address a normative aspect seemed to be less disruptive and gained more support from British people. This could be a lesson learnt for policy circles. Of course, they have legal power and be authorized to trigger and deliver a reform, however, their structural legitimacy should be balanced between the use of regulative power and a consideration of the industry norm as well as culture. Otherwise, it risks creating tensions and confrontations among all involved parties as already illustrated in the section 8.3.3 ‘An institutional comparative of British railway reform in 1960s’.

Second, since the reform is not only legitimized by a performance-rationale, but is rather a combination between understanding the political and socio-economic conditions at the time and the power of language ‘rhetorical strategy for gaining legitimacy’. For example, in the early 1970s where the government was besieged a series of industrial actions, instead of making a confrontational structural reform of BR, the government and the BR board chose to develop a rhetorical maneuver to re-balance the national transport by proposing “co-ordination between bus/rail”, “devolution of power” to win more support from the local authorities as well as to set the issue on a more local level. Therefore, in practice, when the government and responsive bodies are intent on getting the reform done, it is clear from an archival investigation that an argument on performance rationale is not sufficient. The reform agenda should be a blending between both of performance and the use of emotional evoking as well as moral appeal to get their agenda legitimized. This can be achieved by a series of inquiries, public hearings and government publications about the industry’s affairs, for example, to create a conducive environment and refine their reform programme to become responsive as well as to conciliate with the opponents during times of reform (see section 7.6 Contestation of power through a rhetorical maneuver: moral appeal and emotional evoking).

Finally, from the industry practitioner’s point of view, both social tensions and industry disruptions are counter-productive and often regarded as a socio-economic loss for Britain. However, as demonstrated in this archival research which takes into account a wider socio-political and economic context, this antagonistic perception need to be rethought. What could be observed during the tumultuous period of the 1970s and 1980s were social tensions and the

industry disruption paradoxically essential in shaping a direction of reform to become more responsive and be a cohesive force of the industry. They opened up opportunities for interest groups to be reconfigured and express their concerns on policy issues. And more crucially, the industry disruptions served as a generative force that transformed BR in term of operational and managerial routine as well as the industry norm and mind-set of railwaymen in how the industry should be run and organized. Therefore, industry practitioners are urged not to treat disruptions as an obstacle that needs to be removed. Rather, they should be more positive to utilize the generative force and transformative capacity of disruption to reform their industry sectors as already pointed out in a previous chapter, section '8.6 Reflection: a positive account and transformative dimension of disruptions'.

### **9.3 Implications for future research**

In addition to a call for greater attention on the dynamic of institutional context that shapes the performance of a privatized railway industry, this doctoral thesis has implications for future research in three key ways. Firstly, the research methodology adopted in this study “an archival research” adds a longitudinal dimension to studying institutional change, successive industry reforms in the three decades. That is, rather than focusing on ‘a particular point in time’ with this methodological approach it makes the study observe and trace change and development of the industry reform agenda ‘over time’. As a result, a broader and more completed picture of the industry reform and a rich story of BR’s privatisation are provided. Furthermore, as discussed in chapter 4, this strategy of inquiry into a complexity of reform contains other useful characteristics in addition to the dimension of time. These include:

- A logic of history: looks backward to interpret and to understand historical endeavors and situations through the contemporary thoughts and conceptual frames in social science.
- Temporalities of social life: qualitative experience by an ever increasing sense of history
- Temporal heterogeneity: a package of various experiences of social actors on such a social issue.

Having built up on this foundation, it makes the archival research a powerful methodology on the perspective of time, since it can provide not only a chronological account (before, during and after), but also a temporal dimension (qualitative experiences of social actors over time – ever growing past and ever moving present). Moreover, it is conducted via archival data, which

is a result of social interactions and part of the institutional fabric that contains a rich story of social issues. Future research that seeks to understand a development of infrastructure projects and change in a policy direction might adopt this archival methodology to understand how ideas and practices evolve over a long period of time. This could enable them to reinterpret decisions taken as they were then situated. Thus, instead of assessing whether this project is successful or not, an archival account presents a narrative of the complexities of actors, actions and activities as they evolved through time.

Secondly, during a process of data collection and analysis there were three matters of concern arising from discussions between the government by the Ministry of Transport, railway unions, private sector bidders and BR boards. These were: pension schemes, a transfer of labour forces and the social security of the railwaymen after a coming in from the (profiteering) private sector. From the author's perspective all of these issues are not less important than a constant debate on a vertical separation between infrastructure and operator or a returning to the glorious past of nationalisation, which again falls into an area of "performance improvement" and a regulative dimension of institution. With a call for more attention in understanding the dynamic of institutional context that shapes a "performing of privatised" BR together with the current state of knowledge that only narrowly focuses on the issue of structural change and ownership structure, these micro-foundations of privatized railway – a pension scheme, a transfer of labour forces as well as their social security – are rich areas for our research communities to examine so that they can enrich our understanding of institutional change in a normative and cultural cognitive aspect occurring during the process of industry reform.

And finally, since it was revealed by the archival account that in reforming British railways there were often fraught with a contestation of powers among interest groups and negotiations both in the government and the industry level, this observation found in this doctoral research can be further developed to see how each different interest group interact and influence a direction of railway reform. For example, recently Jupe and Funnell (2015) applied a Latour's sociology of translation and Purification (Actor-Network Theory) to investigate how consultants were able to influence on the BR policy formulation in the 1992 White Paper that subsequently formed the basis for 1992 privatization. Their findings placed attention on 'a network of supports' that on one hand undermined oppositions and on the other hands gained acceptance of the proposed change by knowledge claimed as the expertise in the industry sector. Looking from a theoretical perspective this Actor-Network Theory and the institutional

theory can be used as a complementary for each other for advancing future research to understand both micro and macro level of analysis.

#### **9.4 Thesis limitations**

Reflecting on what the author has done in this doctoral study and comparing it to the literature on railway reform, such as Fingure (2014) ‘Governance of competition and performance in European railways: An analysis of five cases’ – Netherland, France, Germany, Sweden and UK, and Beria et. al, (2012) in a comparison on a rail liberalisation across four European countries – Italy, France, Germany and Spain – to see how their differences in resources allocation pattern, financing and regulated industry contributed to the industry performance. It reminds the author to think through a comment made by Professor Geert Dewulf, Dean of the Faculty of Engineering Technology and Professor of Planning and Development at the University of Twente, the Netherlands. After the Engineering Project Organizations Conference (EPOC 2014) held by the University of Colorado, Boulder, USA, he wrote: “Why UK? If you want to study the impact of institutional contexts, why not looking at different contexts?” By thinking through this it is argued that there are two different perspectives to study the influence of institutional contexts that condition and constrain the performance of the railway industry. The first is largely concerned with a different geographical context. The country’s setting with different regulative, normative and cultural cognitive, as studied by Fingure (2014) and Beria et al. (2012) as well as a comment made by Prof. Dewulf. However, although this strand of institutional analysis could provide an opportunity to appreciate a dynamic different institutional setting, it appears to focus the study only on ‘a particular point in time’. As a result, it put a limitation on understanding the change and development of an institution ‘over time’, which is a focus of my doctoral thesis. Likewise, with a focus on change over time, it limits this study, which is unable to compare and contrast the impact of institutional contexts as those scholars argued. At this point, the author argues that both the research focus either ‘time perspective’ or ‘geographical condition’ have different strength and limitations. In the case of this doctoral research, it focuses on change and development of the industry reforms since the 1960s that influenced the growing idea of privatization. With this theoretically informed research focus, it opted for a choice of ‘over time’. But as already mentioned, it has a limit on a geographical perspective as well.

Furthermore since this study is a historical-institutional analysis, which is centered on understanding multiple pasts that gave rise to the issues and conflicted presents in the railway industry of Britain. Therefore rather than seeking to find a ‘bold pattern’ and ‘looking for regularities’ as always done in a qualitative research (Bernard and Ryan, 2010), it is inclined toward studying ‘the particular’, ‘the specific’ and the ‘unique’ of what did happen, how it happened and why it happened in BR, not only on the front page media but also backstage where decision making was taking place (Guldi and Armitage, 2014). Indeed this is relevant to what Guldi and Armitage (2014) observed in a historical study “No historian would not seek laws in the records of the past... historian’s expertise in long-term change gives them powers of contextualizing events and processes that strike others”. With these features, this thesis is also relatively limited in able to provide a certain prescription on what the next reform should embrace and how a privatized railway industry can be improved, let alone a direct application to other railway industries in the European continent. However, with a novelty in calling for a greater intention on understating the dynamic of institutional contexts that reflected the reform agenda as well as finding that ‘performance improvement’ is not the whole story of reform, it is able to raise awareness on what else is missing in the study of privatization and railway reform.

Although the thesis findings seem to be limited by its historical perspective and its emphasis on ‘over time’, a restriction to some archival sources is also another aspect that put a limitation on this study. As the author has already discussed, data collection, for confidentiality reasons, some sources have to be put under wraps for thirty years before transferring to the National Archive. This limited access to the archival sources made the research investigation unable to go beyond the early period of the 1980s. Even some sources that seem to be accessible according to the time frame are further restricted in getting access, “Well, I am afraid you cannot order this document for this moment. Why don’t you look at others that might be related to or looking at a cabinet office CAB paper”. This is a reply from staff in the British National Archive, Kew garden. However, to deal with this difficulty, the author therefore visited other archives and museums that could provide some peripheral documents containing different angles on a particular issue.



### **9.5 If I was doing this study all over again, is there anything I would do differently?**

With the benefit of hindsight, instead of spanning a scope of the study covering up three decades, I would have only focused on just one, the 1960s. However, by conducting the investigation over a period of thirty years, it provided opportunities to trace change and development over time, including a change in the political tide, the economic malaise in the 1970s as well as social tensions between late 1970s and 1980s. However, by doing this, it influenced the study to focus on a macro perspective and decreased the attention on a micro level. In addition, as aforementioned above in the period of 1970s and 1980s, some of documents in these years are still restricted from the public access. So, if this study had focused on the reform in 1960s – Beeching 1963 and JSG 167 – which is often seen as a formative decade and a watershed moment from nationalised to a surge of privatised, it would have carried different contributions from research communities, surely in more micro one.

Each decade was initially assigned to investigate one particular research question which the author clearly justified in chapter 2. However, the more data collected and the further it was analyzed, what the author recognized was that each research question should not have been focused on one particular decade. For example, in **RQ 1** about the role of reform against a backdrop of nationalization, which focused on the 1960s. If the author were to start again, the role of industry reform would have been studied throughout a period of thirty years. This is a reason of why, when the author addressed the second and third research questions in chapter 6 and chapter 7 respectively, each went beyond a specific period assigned early on. Instead they tended to cover up the 1970s and 1980s to get the benefit of choosing the three decades instead of one, as much as possible.

### **Conclusions**

This chapter, as a final chapter on this thesis, has encapsulated what has been done in this doctoral research project. It did so by first of all explaining a relation between the research questions, findings and the extant studies. This helps to crystallize not only on a theoretical contribution but also on implications for policy and practice as well. However, for the former it is a calling for greater attention to the influence of institutional dynamics ‘over time’ (e.g. successive industry reforms agenda that reflected a political and socio-economic condition of

railway industry) on the performance of privatized railway industry. This stems from the thesis findings, which argued that industry reform is far more politically and socially complex than a performance issue. Performance improvement is not the whole story of reform. Therefore, instead of continuing with blind-faith performance improvements, future research should be studying the impact of institutional contexts that shape the performance of a privatized railway industry. This theoretical contribution leads to further implications on a policy and practice level. For example, the thesis purposes that in initiating and carrying out the future reforms, the government departments and policy circle should be shifting away from a use of structural institutional mechanisms toward a normative mechanism that blends together a performance rationale with other social dimensions. Regarding this, a use of rhetorical strategy, such as moralizing and emotional evoking, to gain legitimacy on reform is also recommended as an integral part for getting reform done.

Although the study adds to both the body of knowledge and the body of practice, it is limited by a focus on institutional dynamics ‘over time’ and a historical perspective. The former one limited the study to make a comparison and contrasting the institutional context among the different countries that supposedly have different institutional settings. However, this in turn suggests that there is not only one way to investigate the dynamic of institutional context. In fact it depends on a focus of the study. It could be done either by looking at a dynamic over time or a dynamic in a different country’s context. And for a later one, a limitation of a historical perspective, on the one hand this seems to dilute a strength of findings since the study is very much concerned with ‘the particular’, ‘the specific’ and the ‘unique’ rather than generalization and pattern. On the other hand, this could become a challenge for future research to overcome this limitation by starting to think about how to combine ‘particularizing’ with ‘generalizing’ tendencies in a study on institutional dynamics.

To conclude, with this new insight and alternative paradigm in looking at the industry reforms the author hopes that this thesis could provoke further discussion in academic communities as to whether we should continue with a performance improvement research agenda in railway reform or shift to more investigations on institutional dynamics that shape a performing of the railway industry. Even though a shift might be set on course in the near future, there are many questions that still remain, such as a justification of ‘over time’ or ‘different geographical conditions’, how “performance” and “performing” research focus can complement each other as well as how to overcome the above limitations. However from the author’s point of view,

all of these could subsequently create a contribution to our research communities, which is a chief aim of doing research.

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## **Appendix A: A list of archival sources for the study**

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AN 156/15: Meeting between Transport minister Barbara Castle and Executives of Railways Unions.

AN 169/409: Special meeting on restructuring railway.

AN 170/386: Heathrow Rail Link: proposals for joint venture between British Railways Board and the private sector.

AN 170/521: Passenger studies: bus/rail integration policy.

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1. **A conference paper from CIB WBC 2013: Reform as remembering: exploring the continuities of the industry reform in the case of British Railways.**

*Reforming as remembering: exploring the continuities of industry reform in the case of British Rail*

*Paul W Chan, Santi Jintamanaskoon*

**Abstract**

Industry reforms, embodied in various governmental inquiries into the affairs of the construction industry, have become a regular feature in Britain. Underpinning these reforms is a common agenda of performance improvement, where the industry is continuously urged to deliver a better built environment more quickly and in line with technological change. Each reform appears to be motivated by a desire to disrupt the status quo as the industry moves forward into an often-positive future triggered by episodes of change. However, treating each reform as episodic change implies that change is an event that is ‘out there’ to be made sense of over time, rather than experienced ‘in here’ as the industry metamorphoses and changes in time. Inspired by Henri Bergson’s ideas of duration and the multiplicity of time, an alternative interpretation of industry reforms is one of continuous changing rather than discontinuous change. This article draws upon archival research into the reforms of the British railway industry, as we scrutinise the minutiae behind the many inquiry reports since the 1960s. The findings reveal that, far from looking ahead into a better future, there is more of a continuity of remembering the past when undertaking industry reforms. This ever-extending past is situated in the intensification of current debates into public-private-partnerships, where the rhetoric of collaboration is more about returning to the glorious past of coordination rather than blind faith in the profits of privatisation.

**Keywords:** archival research, changing, industry reform.

**1. Introduction**

Given that the construction industry plays a pivotal role as an underpinning sector in any national economy (see e.g. UK Contractors Group, 2009), it is unsurprising to find a great

deal of government interest into the affairs of the sector. In the UK, the construction industry has, over the past two decades, engaged in a series of government-led initiatives aimed at improving the performance of the industry starting with the often-cited Latham (1994) and Egan (1998) reports (see e.g. Adamson and Pollington, 2006; Smyth, 2010, and; Green, 2011). These inquiries tend to tell of a similar tale; that is, the industry is underperforming, especially when compared with manufacturing, and that reforms are necessary to bring about better performance (see e.g. Green, 2011). Typically, recommendations are made for the industry to adopt new working practices such as integrated team-working and better collaboration to drive improvements. Supporters of such reforms have often been inspired by popular ideas in the 1990s of business process reengineering and lean production techniques (see e.g. Womack et al., 1990, and; Hammer and Champy, 1993). Consequently, efforts have tended to centre on advancing performance measurement frameworks for the industry (see e.g. Cooke-Davies, 2002; Beatham et al., 2004, and; Chan et al., 2004).

Critics have, however, observed that the continuous improvement agenda is far from being a contemporary feature in the UK construction industry. Murray and Langford (2003), for instance, traced the various inquiries about UK construction since the post-War period and discovered a number of themes that keep recurring over time. Ostensibly, calls for better communication and coordination between design and construction and a move away from the ‘adversarial culture’ of the industry in order to drive efficiency gains have all been longstanding, well-trodden aspects of industry reform. Thus, it can be seen that little has changed of reforms in the UK construction industry. Industry reforms have certainly been argued to have limited impact in the construction industry. Bresnen and Marshall (2001) noted the difficulties of changing working practices because the diffusion of new ideas, especially those imported from other industries like manufacturing, often fails to account for the contextual specificities of construction. Furthermore, Green (2011) found the efficiency agenda somewhat tiresome; he argued that the exhortations of continuous improvement and industry reforms seem meaningless, and that the only thing that appears to have changed is the circumstance within which construction operates.

Indeed, as Green (2011) asserted, reforms of the construction industry have often focussed myopically on rational processes of managing performance as if the industry existed in a vacuum devoid of its institutional context (see also Winch, 2003, and; Adamson and Pollington, 2006). By downplaying the institutional context of industry reforms, there is often a sense that continuous improvement is simply a managerial process where firms in the industry

have control over their own destinies. So, reforms tend to be conceptualised as discrete change programmes where rhetorical moves are made in the present to dismiss the ills of the past and promise a brighter future. It is our contention, in this article, that such interpretations of industry reforms are inadequate on two counts. Firstly, working practices in the industry are shaped by, and constantly shaping, broader institutions that govern the sector (e.g. the state, markets etc.). Therefore, the analysis of industry reforms cannot simply be reduced to managerial ideas of change and continuous improvement. Rather, there is a need for closer scrutiny of the complementary and contesting institutional agendas that transcend the boundaries of construction companies. Secondly, the tendency to view industry reform as change moving forward towards a perfect future (e.g. Pitsis et al., 2003) raises questions about the assumptions of time. As Chan (2012) suggested, drawing on Henri Bergson's (1913) ideas about social change, time is often misconstrued as merely a linear entity embodied in clock-time. Consequently, the focus has largely been on time moving forward into the future, rather than a deeper appreciation of the ever-extending past and the pace of present life. Thus, in examining industry reform as a change process, there is a need to draw on memories of the past to supplement current emphasis on the future.

In this article, we turn our attention to the analysis of public-private-partnerships as the centrepiece of reform of the UK construction industry over the last twenty years. Much has been written about the prospects of how more effective ways of collaboration between the public and private sectors can yield better performance in the construction industry. Yet, we draw on an ongoing archival analysis of the British railway industry to demonstrate how the seeds of public-private-partnerships had been sown during the 1960s, and how reform tends to have less of a performative rationale and more of an ideological, often-emotional imperative that is mostly ignored in the analysis of collaborations in construction. This article is organised as follows. In the next section, we draw upon Henri Bergson's ideas about time and social change to offer a critique of the way change is perceived in the study of industry reforms in the construction industry. The central argument is that one needs to move beyond the duality of change over time – change as a thing or change as a process – towards understanding the situated experiences of industry reform in time. The archival research method of analysing the case of the British railway industry in the 1960s is then outlined before a discussion of preliminary findings is presented. The findings point critically to the limits of viewing industry reform as change moving positively forward into the future, and suggest a need to conceptualise change as an integral process of remembering the past in the ever-moving present.

## **2. Time and continuous improvement: moving beyond the duality of change**

Scholars analysing industry reforms can be broadly split into two main camps. On the one hand, proponents of reforms emphasise change as a prescriptive, managerial process where the measurement and improvement of performance is a key object to be attained. On the other hand, critics of the reform agenda in the construction industry often highlight the challenges that prevent the transference of acontextual prescriptions of interventions that promises a better future. Yet, both proponents and critics of industry reform in construction share a common vantage point. That is, both camps tend to view change and their effects as a linear, episodic phenomenon that is “out there” waiting to be analysed, rather than experienced “in here” (Pettigrew et al., 2001). Even in Green’s (2011) very rich institutional analysis of industrial change in the UK construction industry, the various episodes tend to be carved up in to episodes of decades moving forward. Therefore, reforms are often analysed as discrete phases of change that starts with a (bad) past, (challenging) present, and (promising) future, with proponents focussing rationally on the cause and effects of positive change and critics emphasising the problems of the change process.

However, there has been, at least in wider organisational and management studies, growing dissatisfaction with the ontological and epistemological standpoints taken in the production of knowledge about organisational change (Van de Ven and Poole, 2005). Pettigrew et al. (2001) claimed that much research on organisational change have, in the main, accounted for static states and urged for more fine-grained analyses of the experiences of change as a discontinuous process to be undertaken. Weick and Quinn (1999) argued that the focus should be diverted to ongoing change, or changing, in organisations. Chia (2002), inspired by Henri Bergson’s thinking about time, argued against the way knowledge about change has become a “commodified ‘product’; a thing that can be ‘assembled’, ‘rearranged’, ‘packaged’, ‘transferred’ and ‘consumed’ (p. 865).” Thus, change can not only be understood through its visible effects over time, but also by the everyday lived experiences of all those concerned. According to Barley (2008), organisational theorists have largely ignored “the throws of everyday life (p. 510).”

To transcend episodic moments of change and account more fully for the experiences of ongoing change, there is a need to see beyond the duality of prescription and process and embrace broader understandings of time. As Chan (2012) drawing on Henri Bergson’s (1913) ideas about social change stressed that scholars in the field of construction management have

mainly limited the understanding of time to chronological, linear notion of clock-time where time is usually separated in to discrete episodic moments moving forward. According to Bergson (1913), time is much more multiplex than clock-time suggests; there is oftentimes a heterogeneous array of temporal perspectives in (organisational) life, and that time is not only moving forward, but extending backwards to the past and embracing the ever-moving (and emotional responses to the) present. Arguably, in studying industry reforms in the construction industry, the extensive past as each reform is introduced and the emotional responses to the present day are aspects that often get downplayed in the analysis of change. It is with this in mind that this ongoing study seeks to account for through an archival analysis of reform in the British railway industry.

### **3. Research method**

As argued above, the analysis of reforms in the construction industry has hitherto ignored the role of the ever-growing past and emotions of ever-moving presence of ongoing change. Thus, a conscious effort was made to ensure that the study focuses less on the rhetoric of continuous improvement and performance management that has indoctrinated current understanding of industry reforms. Rather, an attempt is made to return back to history to reexamine the institutional dynamics of the reform agendas of the past. The choice of studying the case of British Rail is two-fold. Firstly, there is contemporary interest in railway infrastructure in the UK, given debates surrounding the viability of High-Speed Rail. Yet, as the story unfolds, the railway sector in the UK sets a useful scene for unveiling the chequered past of a public service that has been through a series of reforms dating back to the 1960s that saw the encouragement of private sector involvement. Secondly, as discussed earlier, there is a need for more fine-grained analyses of institutional dynamics of industrial change that goes beyond the boundaries of the construction sector. Thus, the choice of British Rail as an archival case study is considered appropriate because rail transport projects are often fraught with the complexities of socio-economic and political interactions (see e.g. Galilea and Medda, 2010, and; Chi and Javernick-Will, 2011).

Archival research is rarely used as a method to analyse the intricacies of industry reform, even though it offers the possibilities for researchers to detect the minutiae of what went on in the reform process. At the same time, the archival research method can be extremely time-consuming and unwieldy, resulting in the researcher feeling lost in the masses of



potentially relevant data. To help develop the narrative for the archival study, we identified the Beeching (1963) report into the reorganisation of British Rail as the starting point for the data collection and analysis. The Beeching (1963) report represented a key moment in the history of British Rail, and one of the early examples of reform of public services that resulted in the closure of one-third of the railway infrastructure in the UK. To help piece together the institutional dynamics of this reform, and to explore the emotional responses as the reform was undertaken, the team amassed a range of data sources from various archives (including the British Library, the Railway Museum and Kew Gardens), including declassified notes, articles from national, regional and local press, draft notes to inquiry reports and White papers etc. to examine the 5Ws (Who were involved, What went on, Where it all happened, Why it happened, and When events took place) and 1H (How did the reform take place) of this momentous milestone in the history of the British Rail. The purpose of the archival data collection analysis was to help provide a snapshot of the socio-political and economic context of the time (see Hill, 1993). The findings will be discussed in the next section.

#### **4. Some early findings**

In this section, the analysis of the triggers for, and consequences of, the Beeching (1963) report will be presented with a view to trace the dynamics and emotional responses to change. Triggers for reform of British Rail in the 1960s: At first glance, reform of the British Rail appears to follow the convention of rational calls for performance improvement. Consider the following quote extracted from the introduction to the White Paper by the Ministry of Transport (1960), which sets the scene for the reorganisation of the railway infrastructure and the inquiry led by Beeching (1963).

“The heart of the problem is in the railways. They are a great national enterprise and a vital basic industry. They employ half a million people and represent an investment of nearly £1,600m, which is growing by more than £100m each year [...] The railways are now in a grave financial plight. They are a long way short (by about £60m a year) of covering even their running costs (Ministry of Transport, 1960: 3).”

Thus, the reader is drawn to the ‘fact’ that the railways is the central problem. Despite the inherent contradiction found in this quote, where compliments were paid to the economic significance of the railway infrastructure, the focus is nevertheless placed firmly on reining in the growing costs of running the railway system. A rather strong message is then asserted in the report, stressing that:

“Sweeping changes will be needed (Ministry of transport, 1960: 3).”

The tone of this statement gives some sense of the rhythm and pace of change at that time. Reform was not only inevitable but also urgent. Of course, the concern underlying this urgency was not simply about improving the efficiency of this nationalised undertaking. The efficiency claim was arguably a rhetorical device aimed at justifying the means to the reform, masking a growing political ideology that was in favour of reducing government expenditure and increasing private enterprise. Indeed, the following quote illustrates just how, in these early days of seeking private-sector efficiencies, tensions existed between the desire to seek alternative, non-public-sector ways of organising public services and the recognition of the role British Railway plays in terms of a social good:

“The activities of the British Transport Commission as at present constituted are so large and so diverse that it is virtually impossible to run them effectively as a single undertaking [...] There has also been [...] confusion in judging between what is economically right and what is socially desirable (Ministry of Transport, 1960: 4).”

As the reorganisation moves forward, the Beeching (1963) report recommended for a rational carving up of the railway infrastructure. It became clear that official review of British Rail followed a typical process of managerial change, where a troubled past is framed as the point of origin and the promises of a better, bolder, more competitive future logically laid out.

“The thought underlying the whole Report is that the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and that they should cease to do things for which they are ill suited [...] The proposals for reshaping the railways are all directed towards giving them a route system, a pattern of traffics, and a mode of operation such as to make the field which they cover one in which their merits predominate and in which they can be competitive (The Beeching Report, March 1963; p. 57-58).”

Reactions to the Beeching (1963) report and emotions in that time: Whereas the reorganisation of the British Rail was meant to reap economic benefits of cost savings and increased ‘profitability’, the responses from the travelling public and local businesses relying on the railway infrastructure spoke of a different story. So, whilst the Beeching (1963) considered the economic effects of reshaping the railway infrastructure for British Rail, the reorganisation did not anticipate the unintended effects on the contraction of local businesses.

Consider the two quotes extracted from a research report into the perceptions of members of the public in Norwich to the Beeching (1963) report.

“Some people, especially farmers, have suffered financial loss because of the closing of a branch line. Not surprisingly, they are very resentful. Other people bear a grudge against the Railways because their branch lines, though still open at least for the immediate present, are so inconvenient (Research Projects Limited, 1963: 10).”

“People deduce what British Railways think of the passengers by the way the employees are dressed, the way they do their job, the way the trains are cared for, the sort of amenities provided on the train. It all adds up to the fact that the Railways don’t care much about the passengers – certainly not as much as they used to years ago (Research Projects Limited, 1963: 3).”

Reactions were also rife in the national press with caricatures of the privatisation of the railway industry commonplace in broadsheet newspapers (see Figure 1 below). Letters were also sent in by members of the public to voice concerns over the shrinkage of the railway provision. Anger and resentment appear to characterise the mood of the times. Consider this letter from the Managing Director of a logistics company published in the Times newspaper in November 1964:

“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations so that each container was to be kept in constant use – in theory sound, but in practice unworkable for the daily fluctuation in trade.” Letter by Robert Fisher, Managing Director of Robert Fisher (Packing and Shipping) Times: 3 November 1964

This subsequently led to an internal response by Eric Merrill, Public Relations Manager at British Rail. Note especially the gravity of the situation demonstrated by the message ‘This is not a PR problem’ underscored by Eric as depicted in Figure 1 below.

“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future [...] As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr.

Fisher's letter is a symptom of this. This is not a PR problem" Letter from Eric Merrill, public relations manager to the British Railways Board – 6 November 1964.

Yet, it would be naive to think that such problems were not anticipated during the review process. Indeed, we uncovered numerous letters sent in by various business representatives warning against the proposed recommendations contained in the draft Beeching (1963) report, including the two quotes below on how closure of railway lines could lead to detrimental effects on a growing tourist market:

"The seaside resorts such as Bridlington and Scarborough will close down. Anyone who wants to go from Hull to Scarborough will have to go via Selby" Yorkshire Post – 16th March 1963

"Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. [...] In particular the Board would urge second thought on the cutting of the links between Girvan and Stranraer, and Stranraer and Dumfries. These closures would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Ireland by the short Stranraer to Larne route." Response by the Scottish Tourist Board to the draft Beeching Report.

Yet, it would seem from the following quote that the government of the day had already committed a decision on de-nationalising the railways whether there was a business case to be made outside the confines of British Rail to account more fully the consequences on the wider economy. Thus, reforms are not always about upholding the values of economic efficiency and continuous improvement, but rather driven by ideological concerns.

"The Holding Company had been going into this to see how far they could replace the services [...] Sir Philip Warter added that it was vital not to allow local authorities to run subsidised bus services in substitution for the closed railway lines. If there was done they would do it where they thought fit and it would ruin the chance of the Holding Company and their associates providing comprehensive coverage." Extract from the note of the Minister's meeting with Sir Philip Warter and Sir Reginald Wilson (Chairman and Managing Director of the Transport Holding Company) on Wednesday, 13th March, 1963.

Opposition also came from within government, as shown in the following quote taken from a response by a regional county council expressing concerns over the reorganisation of railway infrastructure and spillover effects on other modes of transportation.

“[...] unless major road scheme in this area are expedited, the road situation will become chaotic and desperate, a situation which can only lead to more congestion and more accidents, and would seriously jeopardise Lancashire’s industrial future by constricting goods and business traffic.” Response by Lancashire County Council in a letter to the British Railways Board, 6 August 1963.

The consequences of Beeching (1963) and the precursor to the next reform: As can be seen from the variety of responses to change ignited by the Beeching (1963) report, the emotional journeys in the time of the Beeching reform certainly seemed tumultuous. There was a great deal of resistance before and during the reshaping of the railway infrastructure in the early

1960s. Yet, it would appear that resistance was downplayed in the policy-makers’ pursuit of the rhetoric of economic efficiencies for British Rail... although not for long! Still, the immensely negative reception to the Beeching reform meant that the pace of change intended by the Ministry of Transport (1960) had to be somewhat arrested. Notice, for example, the change of tone in the following White Paper published in 1967. Here again, the importance of commercial needs is still underlined. However, note that social needs start playing a more prominent position in the revised government intent. Such conciliatory tone provides evidence that reform is not simply a stand-alone episodic moment of change as times move towards a better future. Rather, there is often an emotive element of remembering the pitfalls of the immediate past. Thus, it is equally about avoidance of the troubled past as it is about rationally trekking into the future.

“The Government believes that, if our transport system is to meet the social as well as the economic needs of the country, we shall need a substantial railway system for some time to come [...] The Government’s first problem, therefore, was to determine the size and shape of the basic route system to meet both commercial and social needs. This was essential so that management could concentrate on the improvement rather than the contraction of the system, and provide a first class service to the public, as well as an assured and worthwhile future for railwaymen [...] It reflects the necessary running of lines which no longer meet modern traffic needs but calls a halt to the drastic reductions which would have been necessary under the terms of the 1962 Transport Act. (Ministry of Transport, 1967: 1-2; emphasis added).”

Further evidence of how social issues become more significant is demonstrated in the extracts below, taken from HM Treasury’s (1967) review of the state of nationalisation:

“4. In the six years since 1961 much has happened [...] Despite contractions in one or two industries, the overall capacity of the nationalised sector has been growing fast to meet increased demand [...] In consequence, calls upon scarce resources of manpower and capital are now very heavy [...] the need to measure these calls, to assess priorities, and to allocate resources upon an economically and socially rational basis has become even more important (HM Treasury, 1967).”

“7. Investment projects must normally show a satisfactory return in commercial terms unless they are justifiable on wider criteria involving an assessment of the social costs and benefits involved, or are provided to meet a statutory obligation (HM Treasury, 1967).”

## **5. Implications and conclusions**

In this article, we have attempted to reconceptualise industry reforms through the archival case study of the British Railway Industry. We argued that reforms are often less about rational processes of change moving forward. Rather, reforms are often entangled by ideological concerns hidden away by rhetorical projection of a seemingly better future. We considered how, in the case of the Beeching reforms of the British Railway Industry, that reforms are much more continuous than episodic. Thus, given how one reform often leads on to another reform, change can sometimes be more about remembering the everextending past than it is about moving positively into the future. Although the process of change – carved up in episodic moments of a chequered past, moving present, and an optimistic future – was detected in this archival narrative, we also saw how time embodied in temporally lived experiences of those involved (and affected) can serve to accelerate or arrest the pace of change. These different interpretations enrich our accounts of how institutional change happens (see e.g. Löwstedt and Räisänen, 2012). Our conclusions here suggest that reforms are not only (and often less about) rational economic performance bounded narrowly by a particular interest group within a sector. Rather, reforms are emotional as demonstrated by the responses of anger and resentment directed at the changing railway infrastructure in the 1960s, and that resistance matters a great deal.

So, what relevance does this historical case of the British Railway Industry have for our understanding of construction reforms? Clearly, the seeds of privatisation and the dismantling of public-sector provision of infrastructure were sown at the turn of the 1960s. It is interesting to note that Green (2011) appeared not to have placed much emphasis on the 1960s in his

account of industry reforms. Indeed, he suggested a relatively calm decade for British construction, as he described,

“Expectations in the 1960s were indeed very different from those of today and it is perhaps in the area of employment stability where the greatest contrast lies. (Green, 2011: 12).”

The analysis of the reforms of the British Railway Industry presented in this article suggests an earlier account of institutional change that took place in Harold Macmillan’s administration in the late 1950s/early 1960s. The reality was certainly not one of stability. And so, the understanding of the relationship between the public and private as applied in the construction industry cannot really be understood fully without tracing the broader past that led us to the moving present. It is contended that the study of reforms from the standpoint of a particular industry or sector at a moment in time is not entirely adequate. Instead, there needs to be much wider consideration of the institutional context within which a particular industry operates. This necessitates an appreciation of the socio-economic and political changes surrounding the reforms, both in time (temporally) and over time (episodically).

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2. A conference paper from EGOS 2013: Bridging over the troubled times: Re-assessing the routine reforming of the British railway industry.

*Bridging over troubled times: re-assessing the routine reforming of the British Railway Industry.*

*Abstract*

In this article, we focus on public sector reforms as a context for exploring the dynamics of routines. Reforms in the public sector are increasingly becoming routine, whilst at the same time providing a great source for altering routines in the organisation of public services. In the study of routines and path dependence, the notion of time is not often problematized. Inspired by Henri Bergson's ideas of time and social change, we were keen to explore how the past, present and future were connected through varying temporal realities. We adhered to a Bergsonian view of time, emphasising the emotions and experiences of social actors as they undergo change. We combine these thoughts through an archival study of the reforms of the British Railway Industry in the 1960s. Our preliminary findings show the power of resistance in effecting change, and note how the perception and treatment of resisters was differentiated along lines of thinking (ostensive) and doing (performative) the reform. The study raises further questions on the role of power relations on the ecologies of routines, as well as methodological concerns over how one combines tracing change forwards and backwards.

**Keywords:** archival research, Henri Bergson, power relations, public sector reforms, resistance.

**Introduction**

Public sector reforms have, over the last three decades, become a regular feature in the organisation of political life (see e.g. March and Olson, 1983; Brunsson, 1989; Ashburner et al., 1996; Brunsson and Sahlin-Andersson, 2000). Conventionally, reforms have largely been conceptualised as change events often triggered by external crises (see e.g. Christensen and Lægreid, 2007, and; Kuipers, 2009); these external pressures provide the impetus for governments to restructure the functions and functioning of the public sector (see e.g. Ashburner et al., 1996, and; Brunsson, 1989). The fallout from the recent global financial crisis and subsequent calls to reform institutions charged with regulating financial services is one

such example in contemporary times. Under the guise of New Public Management (NPM), there is a tendency to view reforms as deliberate changes to the structures and processes of public sector organisations with better performance outcomes of efficiency and effectiveness in mind (see e.g. Pollitt and Bouchaert, 2011). Indeed, the public sector has, since the 1980s, seen a growth in managerialism where, as Brunsson and Sahlin-Andersson (2000) observed, reforms are less about the products of the public services than they are about “changing the modes of managing, controlling and accounting for the actual production of such services (p. 722).” Thus, reforms are often perceived as a rational episodic moment of change where the intent of government is to respond to exogenous shocks in making the planned (often top-down) transition towards the realisation of a ‘future perfect’ strategy (see Pitsis et al., 2003).

Public sector reforms also offer a useful context for exploring the dynamics of routines and path dependence. On the one hand, reforms have become a routine feature in the organisation of public life (Brunsson, 1989). On the other, reforms are also intended to stimulate reflection on and revision to (established) routines in public sector organisations (see e.g. Levitt and March, 1988). Ironically, whilst reforms are often framed, in rhetorical terms, to bring about change, very little change seems to happen (see e.g. March and Olson, 1983), signifying some extent of path dependence. Thus, in this article, we reflect through an ongoing archival study of the British Railway Industry in the 1960s to explore the dynamics of routines and path dependence, by critiquing the dualism of stability (or persistence) and change. To accomplish this, we re-assess the seemingly routine, episodic process of public sector reform – exogenous shocks leading to a period of change in public sector organisations in order to regain stability – by considering much broader perspectives of time and the importance of organisational becoming. Inspired by Henri Bergson’s philosophies of time and social change, we reconceptualise public sector reforms not simply as linear episodes of change that results in moments of stability, but also as continuities of an ever-moving present where the dynamics of change and persistence are simultaneously emergent and deeply entwined in the actions and consciousness of those involved in the moment. Put another way, public sector reforms are not merely stand-alone, discrete change events intended to bring about better performance; rather, reforms are arenas for socially constructing more ‘complete’ organisation (see Brunsson and Sahlin-Andersson, 2000), where the logics of the organisation is contingent upon remembering an ever-extending past, living through an ever-moving (and emotive) present, and imagining an indeterminate future.

To aid our conceptual endeavour, we draw upon empirical matter from an ongoing archival study into the reforms of the British Railway Industry in the 1960s. The choice of the 1960s as the temporal context for our investigation was deliberate; this was the decade in which the organisation of the British Railway Industry went through a major overhaul that led eventually to the modus operandi of public-private-partnerships that we see today. The effects from this reorganisation are still felt today, and its legacy is still relevant in contemporary discussions on the future of rail travel in Britain (e.g. investment in the infrastructural development of High-Speed 2). Therefore, the rich empirical matter amassed in our study helps provide illustrations of the minutiae (addressing questions of who, what, how and why) that went on during this decade of apparent change. Through our archival analysis of the process of reforming the British Railway Industry, we explored the simultaneous unfolding of change and persistence, in order to elicit how the path towards the logic of increasing privatisation was created, adapted and maintained. We questioned the idea that all paths led to the necessary road to privatisation, by identifying and critiquing the self-reinforcing mechanisms and lock-ins (see Schreyögg and Sydow's, 2011) that seemed to perpetuate the ideology of privatisation. At the same time, we sought to emphasise the agency of (see e.g. Feldman and Orlikowski, 2011) – the experiences of and actions performed by – actors involved in the process of reforming the British Railway Industry to highlight the (often productive) role played by resistance in bringing about change (see e.g. Courpasson et al., 2012).

In this article, we seek to make a number of contributions to extend our understanding of routines and path dependence. First, we mobilise Henri Bergson's ideas of time and social change, and especially the notion of multiplicity of time as opposed to linear homogeneous nature of 'clock-time', to open up an analysis of rich, temporal perspectives of the reforms of the British Railway Industry in the 1960s. In so doing, we bridge the understanding of change and persistence; change and persistence are not necessarily oppositional objects 'out there' to be studied, but to be lived through simultaneously 'in here', embodied in the experiences and consciousness of individuals going through the reforms (see e.g. Pettigrew et al., 2001). A second contribution of this article is history. As Sydow et al. (2009) stressed, history always matters. By employing archival research methods, we were able to trace the dramas of the past. Hence, this allowed us to fuse this historical context of the British Railway Industry (the past) with what we know about the 'future' of British Rail situated in the ever-moving present of our ongoing analysis to explore the dynamics of change and persistence. We consider reforms not as stand-alone, discrete change events but, as Bergson would argue, a continuity that relies on

an ever-extensive (collective) memory, an ever-moving present that shapes an indeterminate future. Third, and following on from Bergson's ideas of heterogeneity, we were not only interested in the dynamics of self-reinforcement, but also the varieties of responses by a range of stakeholders to illustrate the power of resistance as well in bridging persistence and change. The article proceeds as follows. We first explain the theoretical frame that informs this study, before outlining the research design and findings.

### **Theoretical frame**

Over the past three decades, reforms are a regular occurrence in the organisation of the public sector (see March and Olson, 1983), with performance measurement becoming a routine feature (see e.g. Modell, 2004). Yet, despite the promises of change made by numerous reforms in terms of securing more efficient and effective ways of providing public services, there is longstanding recognition that reforms are rarely successful in achieving the aspirations initially intended (see e.g. Brunsson, 1989, and; Modell, 2004). March and Olson (1983) observed that reforms are always rhetorical, and often called for at the start of a new administration simply as an aid to facilitate the process of sensemaking (Weick, 1995) after inheriting from the previous administration. Drawing on Berger and Luckmann's (1967) social construction of reality, Brunsson and Sahlin-Andersson (2000) conceptualised public services as an 'incomplete' organisation; they made the case of public sector reforms as constitutive of a routine for governments to construct more 'real' and 'complete' organisation of public services. Of course, reforms are not only becoming routine, but also have immense potential in changing the routines of public sector organisations (see Levitt and March, 1988). Thus, framing reform as a routine (Brunsson, 1989) provides a useful conceptual lens and a viable arena for exploring the dynamics of how public sector organisations 'become' (Tsoukas and Chia, 2002) more complete, and emerge from the interplay between change and stability. The study of routines has, for a long time, taken centre stage in the field of organisational studies; routines, conceptualised as repetitive patterns of interdependent organisational actions, have been identified as the foundational concept that underpins the coordination and accomplishment of organisational activities (see e.g. Stene, 1940; Simon, 1947; March and Simon, 1958; Cyert and March, 1963; Nelson and Winter, 1982; Pentland, 1994; Cohen et al., 1996, and; Feldman and Pentland, 2003). Early scholarship tended to view routines as fixed entities that serve to guide organisational actions, e.g. through standard operating procedures and organisational

rules (if 'A', then 'B') (see Beck, 2004). Routines have also been conceptualised as the building blocks that help organisations create capabilities (Dosi et al., 2000). Taking a dynamic capabilities perspective (Teece et al., 1997), organisational routines provide a unit of analysis for detecting change (see also Eisenhardt and Martin, 2000). Becker et al. (2005) noted, for instance, how organisational routines constitute a useful unit of analysis for investigating how change is brought about (e.g. in routines for developing new products), for analysing endogenous change, and identifying pathways and mechanisms by which organisations respond to exogenous shocks. Zollo and Winter (2002) asserted that simply adapting to crises creatively does not signify the presence of dynamic capabilities; rather, the persistence of dynamic capabilities has to invoke deliberate and systematic learning that in turn helps the organisation attain stability inscribed in its operating routines.

Routines have also been thought to act like biological genes, as hereditary and selectable resources that can be called upon by decision-makers to respond to the environment as organisations evolve (Nelson and Winter, 1982; cf. Parmigiani and Howard-Grenville, 2011). Often, routines can be a powerful resource in times of uncertainty (see Becker, 2004), where following established paths can provide a degree of assurance in times of change and volatility. As Cohen (2007; 2012) maintained, routines can be a matter of habit; organisational actors, individually and collectively, develop cognitive capacities and skills to help them cope with unfolding organisational situations by mobilising routine actions – familiar tools, techniques and procedures – scripted in their memories. In this respect, path dependency in which options for action progressively narrows over time (Schreyögg and Sydow, 2011) is a feature found in organisational routines.

As Parmigiani and Howard-Grenville (2011) observed, there is a wealth of research that have sought to build intelligence on what routines do and why certain routines contribute to the creation of capabilities that lead to the achievement of successful organisational performance outcomes. For example, Adler et al. (1999), through a case study of an automotive manufacturer, investigated the routine of changeover tasks to identify mechanisms for simultaneously achieve efficiency and flexibility. Dutta et al. (2003) studied the pricing process of a large manufacturing firm to identify what resources and routines firms need to invest in to help them set the right price. Within what Parmigiani and Howard-Grenville (2011) labelled the 'capabilities' perspective, studies on routines have typically treated routines as fixed entities, a 'black box', that offered some sense of how logics of an organisation are

reproducible. Routines, within the capabilities frame, are considered tools that organisational actors can mindlessly deploy.

Over the last twenty years, the study of routines has taken a ‘practice’ turn. Recent writings have begun to look beyond routines as fixed entities to attend to the effortful accomplishments of reproducing even relatively stable routines (Pentland and Rueter, 1994). Instead of treating routines as the ‘black box’ for establishing pathways to capabilities and performance, scholars adopting the practice lens delves inside the ‘black box’ to describe the micro-level processes of how routines are performed (Parmigiani and Howard-Grenville, 2011, and; Dionysiou and Tsoukas, 2013). By distinguishing between routines in principle and routines in practice, the practice-based scholarship opened up possibilities of reconceptualising routines as a source of flexibility and change (see e.g. Feldman, 2000, and; Feldman and Pentland, 2003). Feldman and Pentland (2003) argued that the conceptual idea (ostensive aspect) of routines is recursively related to the practical enactment (performative aspect) of routines. Put another way, the thinking and doing aspects of routines are mutually necessary in the creation and recreation, adaptation and maintenance of organisational routines and that agency – both human and non-humans - matters a great deal (see e.g. D’Adderio, 2008; 2011; Battilana et al., 2009, and; Feldman and Orlikowski, 2011).

The reconceptualization of organisational routine, in terms of its principle (ostensive) and practice (performative) aspects, has stimulated a significant body of work that examines the internal dynamics of routines to produce and reproduce stability and change. Feldman (2000), for instance, observed how in the day-to-day organising of housing for undergraduates at a large state university, routines were far from mundane. She noted how organisational actors did not simply follow routines mindlessly and in a path dependent manner, but the enactment of routines enabled the improvisation and development of the (ostensive part of) routines observed (see Feldman and Orlikowski, 2011). Thus, routines are not stable entities, but adaptive performances that can be conflictual, simultaneously embodying stability and change (Zbaracki and Bergen, 2010). Furthermore, routines can transcend path dependence. According to Schreyögg and Sydow (2011), path dependence can be depicted broadly in a three-phase process framework, including a pre-formation phase where there is a broad scope of action, a formation phase where a new regime takes shape as a result of self-reinforcing processes, and a lock-in phase where the organisation stabilises the scope of action down to a few routine actions. However, adopting routines as a generative system, Pentland et al. (2011) studied



invoice processing in four organisations to find that routines do not generate fewer patterns of action that become stable over time.

There is, thus, considerable body of knowledge that explicates not only what routines are and what they do to achieve organisational performance, but also how routines are recursively constituted through the interactional cycles that consist of ostensive and performative parts. Despite the significant elaboration on what we know about the internal dynamics of routine creation and recreation, there is surprisingly less emphasis placed on the role of time and temporal perspectives in understanding routines. This is not to suggest that time has been omitted from accounts of organisational routines.

Indeed, there is often the acknowledgement of routines changing over time, whether one takes a capabilities or practice perspective. For instance, Adler's et al. (1999) case study of changeover routines in NUMMI explained how workers actively shaped the bureaucracy in the plant over time, and how the model change in 1993 started, in earnest, in 1989. Dutta et al. (2003), in exploring the routines for building pricing capabilities in a manufacturing firm, noted several references of time; for example, they recounted how one salesperson would compare price sheets of two consecutive years to determine what level of discount was feasible, and how some managers complained about the lack of historical pricing data. Feldman (2000) followed the actors in her ethnographic study to observe how significant changes occurred in the routines she was observing over a four-year period. In reviewing the processual characteristics of routines, Becker (2004) also made several references to time, centred on such aspects as speed of change, reaction times, frequency of repetition and time lags and delays.

In these reflections of time, however, scholars have tended to consider only the notion of 'clock-time', as they chronologically traced changes in routines by either moving forward or backward in time. It is here that we make a timely interjection to introduce Henri Bergson's philosophy of time and social change, with a view to broaden our perspectives of time. Henri Bergson held a Chair in Modern Philosophy at the College de France at the turn of the 20th century, and was well-known for his trilogy, including *Time and Free Will* (1889), *Matter and Memory* (1896), and *Creative Evolution* (1907). According to Carr (1911), Bergson's writings served to provide countervailing yet complementary arguments to the growing dominance of the Scientific Method, which placed primacy on cognitive logic and material realities of the physical world. Bergson argued that the worldview of physical science that privileges cognitive perspectives ignores the critical importance of intuition. Rather than emphasising cognition as

the basis of knowledge about the world, Bergson suggests delving deep into the consciousness of human life. Bergson rendered cognitive explanations of time causality as a problematic concept since things are never that immutable; consciousness, as in life, is constantly changing, on the move and evolving. For Bergson, understanding social change required a deeper appreciation of pure duration. It is important that one distinguishes between time (clock-time) and pure duration, for the former relies on one's cognitive abilities to count homogeneous states in linear succession (e.g. 60 seconds in a minute, 60 minutes in an hour, etc.) whereas the latter is based wholly on the heterogeneity of qualitative experiences of individuals shaped by an ever increasing sense of continuity and history (a concept Bergson refers to as 'multiplicity'). Bergson also argued that time in its quantified form does not change; instead, it is the qualitative forms of time embodied in pure duration that changes. Perhaps his most illustrative example is expressed in the description of the cinematograph (a film camera) where each frame, like each second in a minute, is lined up successively in an immobile physical state, but quickly transforms into a moving scene when the unmovable images are projected on to the screen such that the individuals in the audience can imagine their movable possibilities (Carr, 1911).

The symbolic example of the cinematograph denotes how individuals recollect about the growing past. As the film reel moves forward and changes into the future, the past (frames already shown) becomes ever more extensive. Thus, it is the potentiality of the past that adds to an individual's intuitive knowledge that unleashes the possibility of its creative evolution. Put another way, history matters and so are its many ways of qualitative interpretation embedded within human consciousness, which cannot simply be explained through intellectually-codified conceptualisations of causality. The multiplex notion of time in general, and Bergson's philosophy of change in particular, have captured the attention of scholars in organisational studies (see e.g. Chia, 2002; Hatch, 2002; Linstead, 2002, and; Czarniawska, 2004). This growing literature has, at its core, the central belief that the constitution of organisation is not through the "calculative and formalistic (Linstead, 2002)", but rather a sense of organisational becoming (Tsoukas and Chia, 2002) where organisational change requires its actors to move around and metamorphose within time and space (Hatch, 2002) and at different paces and rhythms (Sabelis, 2001), as opposed to simply tracing change of physical states over time. Organisations cannot thus be treated as stable and coherent through the range of intellectual properties codified in the commodities of managerial tools (Chia, 2002). Instead, organisation (or rather organising) is forever moving, and contingent upon intuitive knowledge that can never be logo-centrally codified (Styhre, 2004).

So, time is not simply the regular, successive sequence of chronological ‘clock-time’, but embraces the metaphysical, qualitative experiences of time or temporality. Consequently, a Bergsonian view of time recognises the limits of a cognitive, rational interpretation of time and raises the possibility of exploring the lived experiences of temporality and the consciousness of social life. In this view, the ostensive and performative are not easily separable but embodied in the experiences of the social agents of change. As Chia (2002) stressed, such a notion of time implies that the process of change is not necessarily one that leads to episodic moments of stability, but that change should be viewed as a movement of “ceaselessly becoming (p. 866)”. Thus, change should not be treated as a phenomenon ‘out there’ waiting for the researcher to study, but viewed in the terms of our social agents living through change that is ‘in here’ (see Pettigrew et al., 2001). As Weick and Quinn (1999) suggested, it is much more appropriate to talk about ongoing changing rather than change.

A Bergsonian view of time would, therefore, have significant implications for the ways we explore the dynamics of routines and path dependence. For example, when Czarniawska (2004) attempted to trace the beginning of organisational change, she was struck by how her research participants each had different views of when the organisational change began. Czarniawska (2004) realised that her informants all experienced different temporal realities in the enactment of change. She contrasted between *chronos* (as in chronological ‘clock-time’) and *kairos* (as in cosmological notion of ‘in time’, or timeliness) to suggest the need to follow the research subjects as they travel in time. In a similar vein, Parmigiani and Howard-Grenville (2011) also noted how routines can appear differently each time one observes the routine, indicating the limits of studying routines at a moment in time. More recently, Dionysiou and Tsoukas (2013) urged for the practice-based scholars of organisational routines to pay attention to routines as collective accomplishments, as they called for more reflection on ‘roletaking’ and social interactionism when accounting for routine dynamics.

Some observations can, therefore, be made when reflecting on the methodological approaches taken by scholars in exploring the dynamics of routines and path dependence. From a capabilities perspective, it is often the case that scholars have attempted to trace backwards – that is, retrospectively – the paths taken that resulted in the change they have identified at the time of the study. Thus, in the case of Adler et al. (1999), the model change in 1993 was the notional end point of the study and a thorough attempt was made to sketch out the details of the events and routine actions that led to this finality. Similarly, Dutta et al. (2003) got the respondents to trace backwards to retell their stories of how they enacted pricing routines in

order to construct such strategic capabilities for their organisation. From a practice perspective, scholars have often employed ethnographic means by following their actors as they are taken forwards, or prospectively, through the enactment of routines. This allowed practice-based scholars to detect the recursive interactions between ostensive and performative parts of routines. Yet, it is likely that both approaches are hampered by how one defines the starting and end points of the observable phenomenon in the present (and of course, who decides?). To complicate matters, a Bergsonian view of time implies an ever extending past, a somewhat elusive and ever-moving present, and an indeterminate future etched inside the consciousness of social life, both of the researcher and the researched. In the next section, we will explain how these theoretical developments and methodological concerns influence the design of our archival research approach to analyse the reforms of the British Railway Industry as a routine.

## **Research design**

The ongoing archival study presented in this article is informed by the theoretical developments discussed in the preceding section in a number of ways. First, the choice of archival research methods is, we believe, a very useful approach to bridge the retrospective analysis of the paths taken that led to the change and stability as we know them today and the prospective analysis of piecing back together what happened during the time of apparent change. Thus, this allowed us to re-assess the public sector reform routine (Brunsson, 1989), in this case the reform of the British Railway Industry in the 1960s, to explore the interplay between change and stability, moving forwards and backwards assuming the experiences of the variety of actors as the dramas unfolded.

Second, inspired by Bergson, we were especially keen to trace the lived experiences of the actors involved in the changing (see e.g. Weick and Quinn, 1999; Pettigrew et al., 2001, and; Chia, 2002) of the British Railway Industry as events unfolded in the 1960s. In so doing, we elaborate on the process of making the British Railway Industry a ‘more complete’ organisation (e.g. Brunsson and Sahlin-Andersson, 2000), where the logic of increasing privatisation gradually becomes more apparent (though not always legitimated).

Third, we took heed of Bergson’s ideas on multiplicity – heterogeneity and continuity of experiences of changing – and sought to consider the diverse range of responses to the reforming of the British Railway Industry. More specifically, we connect with the literature on path dependence by considering not only self-reinforcing mechanisms and lock-ins (e.g.

Schreyögg And Sydow, 2011), but also the power of resistance (e.g. Courpasson et al., 2012) in generating, confronting and maintaining the changing logic of privatisation in the workings of the British Railway Industry. Here, we were concerned especially with alternative paths, and especially paths not taken, to explore how and why these were the case (see e.g. Crouch and Farrell 2004; Schneiberg, 2007; Kuipers, 2009, and; Brown 2010).

Archival research can be extremely time-consuming and unwieldy, resulting in the researcher feeling lost in the masses of potentially relevant data. To help develop the narrative for the archival study, we identified the Beeching (1963) report into the reorganisation of British Rail as the starting point for the data collection and analysis. The Beeching (1963) report represented a key moment in the history of the British Railway Industry, and one of the early examples of reform of public services that resulted in the closure of one-third of the railway infrastructure in the UK. To help piece together the institutional dynamics of this reform, and to explore the emotional responses as the reform was undertaken, the team amassed a range of data sources from various archives (including the British Library, the Railway Museum and Kew Gardens), including de-classified notes, articles from national, regional and local press, draft notes to inquiry reports and White papers etc. to examine the 5Ws (Who were involved, What went on, Where it all happened, Why it happened, and When events took place) and 1H (How did the reform take place) of this momentous milestone in the history of the British Rail. The purpose of the archival data collection analysis was to help provide a snapshot of the sociopolitical and economic context of the time (see Hill, 1993).

### **Preliminary findings [NB: We are still developing our thoughts here.]**

The British Railway Industry has had a long history of reforming its practices in attempting to raise its productive effort. Of all the reforms, perhaps the most well-known is the reform that came out of the Beeching (1963) report, which led to the closure of around a third of the railway network (approximately 5,000 route miles) and halving of the number of stations and reduction of services (see e.g. Ferner, 1985, and; Loft, 2001). At its heart, the Beeching (1963) report responded to a crisis of Government funding that grew out of post-war efforts to modernise the railway system in the 1950s (see Loft, 2001; 2006). In many respects, the start of the reform period that motivated the setting up of the Beeching (1963) inquiry was embodied in the White Paper of 1960; the rationale of, what in contemporary times might be called,

‘performance improvement,’ is contained in the following quote extracted from the introduction (Ministry of Transport, 1960):

“The heart of the problem is in the railways. They are a great national enterprise and a vital basic industry. They employ half a million people and represent an investment of nearly £1,600m, which is growing by more than £100m each year [...] The railways are now in a grave financial plight. They are a long way short (by about £60m a year) of covering even their running costs (p. 3).”

Later on in this introduction, the reader is then told, “Sweeping changes will be needed (Ministry of Transport, 1960: *ibid.*)” A crisis has been found, which sets the scene for the Beeching (1963) inquiry. Dr. Richard Beeching worked as a physicist and engineer at Imperial Chemicals Industries (ICI), and so he was well placed to undertake this inquiry. Earlier reviews undertaken on railway investment were considered by Government officials to lack scientific rigour, especially in estimating the patterns of future rail travel (see e.g. Loft, 2001). Therefore, appointing Dr. Beeching as chair of the 1963 inquiry seemed sensible. The idea that ‘sweeping changes’ were inevitable also invoked a sense of urgency, and that change was to be radical. The guiding principle was financial efficiency (see Patmore, 1965), although more recent analysis would indicate that the resultant efficiency gains post-Beeching remained somewhat modest (see Loft, 2001; 2006). With the benefit of hindsight – i.e. knowing what we now know as we trace backwards the paths eventually taken – the ‘efficiency’ argument simply masked a growing (conservative) political ideology that was in favour of reducing government expenditure and increasing private enterprise. In tracking our archival material, we also noted a desire, at that time, to alter the organisational routines of the British Transport Commission (precursor to British Rail), and move away from centralised control to decentralised autonomy:

“The activities of the British Transport Commission as at present constituted are so large and so diverse that it is virtually impossible to run them effectively as a single undertaking [...] There has also been [...] confusion in judging between what is economically right and what is socially desirable (Ministry of Transport, 1960: 4).”

As this reorganisation moved forward, the Beeching (1963) report recommended for a rational carving up of the railway infrastructure. A familiar routine of managerial change is now manifest, where a troubled past is framed as the point of origin and the promises of a better, bolder, more competitive future logically laid out.

“The thought underlying the whole Report is that the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and that they should cease to do things for which they are ill suited [...] The proposals for reshaping the railways are all directed towards giving them a route system, a pattern of traffics, and a mode of operation such as to make the field which they cover one in which their merits predominate and in which they can be competitive (The Beeching Report, March 1963; p. 57-58).”

A routine reform or path dependence?

“In particular, the railway system, must be remodelled to meet current needs, and the modernisation plan must be adapted to this shape. Those working in the industry must accept this. [...] the Commission must accept a radical alteration of its structure so as to secure a more effective distribution of functions and a better use of all its assets. (Statement to be made by the Minister of Transport to representatives of the British Transport Commission and the Trade Unions, annexed to the Prime Minister’s Memorandum to the Cabinet, dated 16 March, 1960; original emphasis).”

We entered this archival study almost serendipitously. Our initial interest lay in understanding performance issues of public-private-partnerships. We began with trying to answer the puzzle of why there is such a wealth of published contemporary studies searching for ‘recipes’ (or capabilities) to make public-private-partnerships perform more efficiently and effectively, many of which appear to be void of any political context. This led us to question the origins of reforms. Thus, when re-assessing the reform that came from the Beeching (1963) inquiry, we were keen to explore the twists and turns that took place at that time. In so doing,

we wanted to examine what led to certain decisions, and what happened to the dissenting voices. The emphasis in the Prime Minister's Memorandum to the Cabinet on 16 March 1960, where he emphatically called for "those working in the industry" to accept the 'sweeping changes' led us to question what lay on the path of change (Schneiberg, 2007). Was this policy change in railway transport infrastructure really path dependent, where the seeds of change have been sown such that change was irreversible? To a degree, the irreversibility of change appeared to be the case. Indeed, the next extract obtained from *The Times* in March 1960 suggested that the reduction of the size of the railways was a done deal; what needed to be established was the scale of such reduction:

"In Government circles there is no doubt what the word "remodelled" meant. Mr. Macmillan was conveying the fact that the railways must be reduced in size (*The Times*, 11 March 1960)."

Patmore (1965), in his analysis of the British Railway Industry post-Beeching made this interesting reflection, in which he indicated some evidence of lock-in:

"It is highly likely that its major provisions will be implemented with little change from the published proposals, despite the opposition of the Labour party and the recommendations of the Hall Committee [Ministry of Transport, 1963]. Any change of government would now almost certainly be too late to halt the drastic pruning of the network (Patmore, 1965: 72)."

Yet, was it really a done deal? What were the self-reinforcing mechanisms, and were there no options laid on the table as Schreyögg and Sydow (2011) suggested? Although the legacy of Beeching (1963) remains well-known in terms of how it reshaped the landscape of the British Railway Industry, we soon discovered that this was not the only inquiry that took place at that time. Indeed, there were several reviews that were commissioned, some of which remained unpublished. Two examples are worth noting, including the Guillebaud Committee that was charged with reviewing pay for railway workers (appointed in 1958), and the Stedeford Special Advisory Group on the future of railway investment (appointed in 1950). Let us start with Guillebaud. Claude Guillebaud was a Cambridge economist, who was previously



appointed to chair a review of the cost of running the National Health Service (Ministry of Health, 1956). This earlier review took three years to complete from Guillebaud's appointment in 1953. The review concluded, much to the frustration of the Government at the time, that cost-cutting was not an inevitable option since the projections suggest that the Health Service was managing its costs effectively (Hennessy, 2007). So, it is somewhat surprising to find that Guillebaud was re-appointed to chair a review on pay in the British Railway Industry in 1958. Thus, this appeared to be a case where historical paths mattered; Guillebaud was chosen because of his recent involvement in a Government inquiry, etched in the memories of those who appointed him.

On closer scrutiny, however, we also uncovered how Guillebaud was not appointed by the Government to undertake a review of pay in the British Railway Industry. Rather, it was the British Transport Commission together with the Trade Unions who provided the terms of reference for Guillebaud's appointment.

“4. The Guillebaud Committee were not appointed by the Government, but jointly by the [British Transport Commission] and the Unions at the end of 1958. (p. 2 from a Memorandum by the Minister of Transport, A. E. Marples, dated 11 September 1962).”

Indeed, at the time of writing this article, we were unable to track Guillebaud's final report, but noted several responses including the following somewhat favourable reception by the General Secretary of the National Union of Railwaymen:

“Mr. S. Greene, general secretary of the [National Union of Railwaymen], said after the meeting that his executive would be continuing their examination of the [Guillebaud] report, which seemed to provide the basis for a reasonably satisfactory wage structure and conditions of service (The Times, 11 March 1960).”

Recall that one of the outcomes of the Beeching (1963) report was to propose ways in which the British Railway Industry could become more decentralised. Therefore, the Guillebaud report embodies this tension between the Government of that time and the

centralised control found in British Transport Commission. Indeed, this not only reshaped the routines of the British Railway Industry performatively as we have come to know, but also ostensibly by redesigning the relationship between Government and the provision of the public service. Indeed, Loft (2006) argued that what lay behind the Beeching (1963) inquiry and the shrinkage of the rail network was a rise in power of the Treasury in firming up control over its investment of resources. And this was certainly the case in the embargo placed on the review of the future of British Railways undertaken by the so-called Stedeford's Special Advisory Group:

“The Government intended to resist any suggestion that the reports of Sir Ivan Stedeford's Special Advisory Group should be published. It would be easier to carry out this intention if it were emphasised that responsibility for policy in respect of nationalised transport lay with the Government, and not with any other body (page 5, Conclusions of a meeting of the Cabinet held on Thursday, 1 December 1960).”

It is also interesting to note that it was the Stedeford's Special Advisory Group, which saw the initiation of Dr. Richard Beeching into reviewing the affairs of the British Railway Industry in the first place. Disagreements have been well-documented between Sir Ivan Stedeford and Dr. Richard Beeching on the methodology and scale of organisational reform; Sir Stedeford was cautious about relinquishing control over to the recklessness of the shareholders of private firms and Dr. Beeching who took a more scientific method of management (see Loft, 2001). Still, it would seem that the Guillebaud was almost tolerated by the Government of the time. The following extract from Prime Minister, Harold Macmillan, suggested that a truce could be reached by accepting the recommendations of the Guillebaud Report if one could expect the Trade Unions to co-operate:

“The Cabinet will remember that on Tuesday, 15th March, we considered three possible courses of action in relation to the Guillebaud Report. (a) A statement by the Government promising the implementation of the Guillebaud Report, on the expectation that the Unions will co-operate, as from the date of the Report. (b) A statement in similar terms but making no specific reference to a date. (c) Letting the next round of negotiations proceed in the first

instance between the British Transport Commission (acting of course under Ministerial direction) and the Railway Unions (Memorandum to the Cabinet on affairs of the British Transport Commission, by the Prime Minister, Harold Macmillan, 16 March 1960).”

This active framing of Trade Unions as the main source of resistance, the chief enemy, in blocking the path to modernisation was certainly a recurrent theme. In fact, during parliamentary proceedings on industrial disputes in the railways, an exchange took place with the Chancellor of the Exchequer asking, “But can we be tougher than Beeching?”, which led to the emphatic response, “No: must let him play the hand: and to our political advantage to buy support for [Beeching] plan without bitterness of strike (recorded, 9 May 1963, 10am).” It would seem that the mind of the politicians was already made up and that only paths that reinforced what they had intentionally and ideologically set out to achieve were subscribed to. In fact, as we discovered the mood of the early 1960s, there is a sense that the reform rarely fit in with the rational *modus operandi* of exogenous shocks leading to the need to finding the ‘best’ option to change for a better future. It would appear that change was often self-reinforced, with the terms of reference clearly laid out, and that this was more about ideology than necessarily about performance improvement. The next extract from a news report published in *The Times* in April 1960 is somewhat telling, with the Minister of Transport claiming he had the power to draw whatever conclusions the Planning Board wanted, and that decentralisation was the order of the day:

“Opposition leaders were last night seeking to create an opportunity on a Supply day next week to censure Mr. Marples, the Minister of Transport, for ignoring trade union representation when he appointed members of the Railway Planning Board [...] In the words of Mr. Marples, the board’s terms of reference “are wide enough for them to make any recommendation they like.” Their job will be to report how management may be decentralized, particularly in the regions of British Railways, and how each individual [British Transport Commission] undertaking may be fully self-accounting and responsible for its own affairs(*The Times*, 7 April 1960).”

Emotional responses to Beeching: painful signs of altering routines

Whereas the reorganisation of the British Rail was meant to reap economic benefits of cost savings and increased ‘profitability’, the responses from the travelling public and local businesses relying on the railway infrastructure spoke of a different story. So, whilst the Beeching (1963) considered the economic effects of reshaping the railway infrastructure for British Rail, the reorganisation did not anticipate the unintended effects on the contraction of local businesses. Consider the two quotes extracted from a research report into the perceptions of members of the public in Norwich to the Beeching (1963) report.

“Some people, especially farmers, have suffered financial loss because of the closing of a branch line. Not surprisingly, they are very resentful. Other people bear a grudge against the Railways because their branch lines, though still open at least for the immediate present, are so inconvenient (Research Projects Limited, 1963: 10).” “People deduce what British Railways think of the passengers by the way the employees are dressed, the way they do their job, the way the trains are cared for, the sort of amenities provided on the train. It all adds up to the fact that the Railways don’t care much about the passengers – certainly not as much as they used to years ago (Research Projects Limited, 1963: 3).”

Reactions were also rife in the national press with caricatures of the privatisation of the railway industry commonplace in broadsheet newspapers (see Figure 1 below). Letters were also sent in by members of the public to voice concerns over the shrinkage of the railway provision. Anger and resentment appear to characterise the mood of the times. Consider this letter from the Managing Director of a logistics company published in the Times newspaper in November 1964:

“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations so that each container was to be kept in constant use – in theory sound, but in practice unworkable for the daily fluctuation in trade. (Letter by Robert Fisher, Managing Director of Robert Fisher (Packing and Shipping) Times: 3 November 1964).”

This subsequently led to an internal response by Eric Merrill, Public Relations Manager at British Rail. Note especially the gravity of the situation demonstrated by the message

‘This is not a PR problem’ underscored by Eric.

“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future [...] As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr. Fisher’s letter is a symptom of this. This is not a PR problem (Letter from Eric Merrill, public relations manager to the British Railways Board – 6 November 1964).”

Yet, it would be naive to think that such problems were not anticipated during the review process. Indeed, we uncovered numerous letters sent in by various business representatives warning against the proposed recommendations contained in the draft Beeching (1963) report, including the two quotes below on how closure of railway lines could lead to detrimental effects on a growing tourist market:

“The seaside resorts such as Bridlington and Scarborough will close down. Anyone who wants to go from Hull to Scarborough will have to go via Selby” Yorkshire Post – 16th March 1963

“Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. [...] In particular the Board would urge second thought on the cutting of the links between Girvan and Stranraer, and Stranraer and Dumfries. These closures would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Ireland by the short Stranraer to Larne route.” Response by the Scottish Tourist Board to the draft Beeching Report.

So, why were such resistance not picked up? Why were the voices of these resisters downplayed during the course of preparing the Beeching (1963) report? As mentioned earlier,

it would seem that the government of the day had already committed a decision on de-nationalising and de-centralising the railways whether there was a business case to be made outside the confines of the British Transport Commission or not. It is also important to note that Beeching (1963) undertook a review of the railway system in the context of other transportation modes. This is a significant point because modernisation of transportation in the 1950s and 1960s meant that policy thinking was still ambiguous in terms of the future of transport modes. Loft (2001) noted how the British Railway Industry in the 1950s was characterised by the failure of modernisation, embodied in the example of electrification of railway away from the steam engine. At the same time, the use of the motorcar and road haulage was on the rise – and indeed, an intended consequence of the Beeching (1963) review was to examine modal substitution, except what was not expected was the scale of the emergent problem of congestion (Loft, 2001).

Arguably, when preparing for the Beeching (1963) review, attention was centred on the chief enemy, the Trade Unions, and to get their co-operation. Put another way, as the Government was thinking through ostensibly the pathways to change, they had not fully anticipated what such changes meant for the everyday routines performed not only by the British Railway Industry, but also the people and businesses that depend on it. This can be seen in the extract above, by Robert Fisher, who complained about the restrictions placed on containers (this was also during a time when the routines of rail freight was experiencing a technological disruption in the change from wagons to containerisation as a result of Beeching's recommendations). As a result, even opposition from within Government, such as that depicted in the following extract, were not fully appreciated during the ostensive part of thinking through and planning the implementation of Beeching's (1963) recommendations:

“[...] unless major road scheme in this area are expedited, the road situation will become chaotic and desperate, a situation which can only lead to more congestion and more accidents, and would seriously jeopardise Lancashire's industrial future by constricting goods and business traffic. (Response by Lancashire County Council in a letter to the British Railways Board, 6 August 1963)”

The consequences of Beeching (1963) and the precursor to the next reform:

As can be seen from the variety of responses to change ignited by the Beeching (1963) report, the emotional journeys in the time of the Beeching reform certainly seemed tumultuous. There was a great deal of resistance before and during the reshaping of the railway infrastructure in the early 1960s. Yet, it would appear that resistance was downplayed in the policy-makers' pursuit of the rhetoric of economic efficiencies for British Rail... although not for long! Still, the immensely negative reception to the Beeching reform meant that the pace of change intended by the Ministry of Transport (1960) had to be somewhat arrested. Notice, for example, the change of tone in the following White Paper published in 1967. Here again, the importance of commercial needs is still underlined. However, note that social needs start playing a more prominent position in the revised government intent. Such conciliatory tone provides evidence that reform is not simply a stand-alone episodic moment of change as times move towards a better future. Rather, there is often an emotive element of remembering the pitfalls of the immediate past. Thus, it is equally about avoidance of the troubled past as it is about rationally trekking into the future.

“The Government believes that, if our transport system is to meet the social as well as the economic needs of the country, we shall need a substantial railway system for some time to come [...] The Government's first problem, therefore, was to determine the size and shape of the basic route system to meet both commercial and social needs. This was essential so that management could concentrate on the improvement rather than the contraction of the system, and provide a first class service to the public, as well as an assured and worthwhile future for railwaymen [...] It reflects the necessary running of lines which no longer meet modern traffic needs but calls a halt to the drastic reductions which would have been necessary under the terms of the 1962 Transport Act. (Ministry of Transport, 1967: 1-2; emphasis added).”

Further evidence of how social issues become more significant is demonstrated in the extracts below, taken from HM Treasury's (1967) review of the state of nationalisation:

“4. In the six years since 1961 much has happened [...] Despite contractions in one or two industries, the overall capacity of the nationalised sector has been growing fast to meet increased demand [...] In consequence, calls upon scarce resources of manpower and capital

are now very heavy [...] the need to measure these calls, to assess priorities, and to allocate resources upon an economically and socially rational basis has become even more important (HM Treasury, 1967).”

“7. Investment projects must normally show a satisfactory return in commercial terms unless they are justifiable on wider criteria involving an assessment of the social costs and benefits involved, or are provided to meet a statutory obligation (HM Treasury, 1967).”

Our preliminary analysis of the archival data amassed to date reveals a number of key findings. First, public sector reforms are not always driven by the doctrine of generating better, more rational economic performance. Rather, the impetus for reforming public services can sometimes be driven more by (political) ideologies than it is necessarily about moving forward towards a better future. Second, we detected many instances of resistance to the reforms in the archival case study. We have also identified an emerging pattern where the acknowledgement and treatment of resistance appears to differ as the routines of reform picked up in pace, changing from review (ostensive) to enactment (performative). So, we note the tendency for reformers to seek consensus and downplay the scale of resistance when thinking through the reform process, whereas there is a greater sense of urgency in recognising and addressing resistance during the performative stages of the reform process. Thus, it is in the enactment of reforms that comprehension of the scale of resistance is brought to the fore. Third, the acknowledgement of resistance can be a productive force in altering the pathways of reform. Reforms are, therefore, not stand-alone discrete change events devoid of a historical context. Rather, one reform leads on to another and thence becomes, as Brunsson and Sahlin-Andersson (2000) put it, a ‘more complete’ organisation. Therefore, reforms are not necessarily about rationally moving forward into a ‘future perfect’ (Pitsis et al., 2003), but more about remembering an ever-growing past and avoiding the visible (and often emotive) mistakes of the immediate present.

### **Implications and conclusions [NB: This needs more work.]**

From the preliminary analysis of our archival work, a number of implications can be drawn in relation to the study of reforms as routines. Firstly, we observed several instances of



path dependence, where less satisfactory or optimal options were selected (Crouch and Farrell, 2004). For example, we saw the case of how the Government endorsed (or persisted with) the choice of Claude Guillebaud as the appointed chair for reviewing pay in the British Transport Commission because this meant that the chief enemy, the Trade Unions, were kept at bay for more radical reforms to come.

We also saw how the verdict of reducing the scale of the railway network was already imprinted before the Beeching (1963) report was conceived. Beeching simply provided the proverbial icing on the cake, and we saw how reports that did not reinforce what the political elite wanted were simply embargoed and discredited. In this sense, we did see the narrowing down of options (Schreyögg and Sydow, 2011), except that the phases from pre-formation to lock-in appeared somewhat compressed. Reforms bring about change, but also embody change. We also saw the underlying dynamics of changing political power, where decentralisation of the organisation of British Railway Industry was coupled with the centralisation of political power of the treasury in making investment decisions. Thus, in exploring the dynamics of routines and path dependence, it is crucial that power and political influence are attended to. In effect, one needs to observe the changing dynamics of who decides, and why? And how the changing decision-maker influences not only the routine dynamics, but how one views these routines.

With power, resistance follows. Our analysis throws up some interesting observations here. So, we saw how resistance to the established path was rife. Often, resistance can throw up a lot of (antagonistic) emotions, as one can detect from the written text and scribbles on letters. Yet, what is worth noting is the framing of resistance. So, during the ostensive parts of thinking through reforms, the chief enemy was the Trade Unions. Thus, all paths led to, at least initially, to the seeking of co-operation with the Trade Unions. That was not to say that other forms of resistance were not present in the run up to Beeching (1963). Rather, these were not fully appreciated until the axe performed its task. Changes in (technological) routines also bring about the need for reforms. Here, we saw an array of technological routines colliding with one another through the railway infrastructure. So, we saw the point about modal substitution from railway transportation to the motorcar and road haulage. We also saw the changing routines from wagon loading to containerisation, and how the reduction of the railway network led to disruption and further resistance. Yet, it is only in the performative parts of the reform that these disruptions became more real, more complete for the policy-makers, such that the rhetoric for future reforms were altered to ensure the public was appeased. This does lead us to think

of the emerging question of how routine dynamics play out given different paces of change, set in ostensive and performative contexts.

In most studies of organisational routines, routines are traced typically one at a time. Here, we presented a study that does not follow the conventions of studying organisational routines. Instead, we were able to list several routines happening as we attempted to sketch out in the narratives provided here. Just as Czarniawska (2004) discovered different starting points in her informant accounts, the starting and end points of the variety of routines listed – e.g. review of pay, Cabinet discussions, everyday routines of businesses such as tourism, freight transportation etc. – were differentiated. Every routine has their own rhythm and pace too, which would be interesting to examine. Moreover, some routines can serve to disrupt, and even destroy other routines. So, for instance, the routine review of the future of railway infrastructure led to the disruption of routines of organisations served by the infrastructure. Thus, this alludes to the presence of ecologies of routines, which would open up interesting lines of inquiry.

Practice-based scholars of organisational routines tend to use qualitative methods to produce thick descriptions of the performance of routines (Parmigiani and HowardGrenville, 2011). From this vantage point, the work presented here is perhaps severely limited because we were unable to reconstruct, from our archival analysis, the minutiae of everyday life as the practices took place. Indeed, our preliminary analysis can only list possible routines rather than examine them in depth. Yet, from a time perspective, archival research provides us an opportunity, if developed further, to combine the capabilities and practice perspectives of routines and path dependencies. Archival research allows the researcher to tracking backwards retrospectively whilst permitting us to assume the lives of the actors (and actants) concerned in retracing the steps forward as the multiple, often conflicting, dramas unfold. This is equally time-consuming and messy, but if done well, could enable us to develop a better understanding of the collective accomplishments (Dionysiou and Tsoukas, 2013) across different organisations and levels of analysis.

The main contributions of our article lie in a number of areas. First, we adopted Bergsonian view of time to inform the design of our archival approach. So, whereas time is conventionally perceived as linear, chronological clock-time (and this guided us in building up a narrative of the process of reforming the British Railway Industry), we also sought to consider the multiplicity (i.e. continuities and heterogeneities) of temporal perspectives experienced by the actors involved in the ongoing changing of the British Railway Industry. Second, we

focussed not only on the conditions of consensus-building (self-reinforcing and lock-ins) in the re-assessment of the changing logics of the British Railway Industry, but also articulated the various instances of resistance that occurred as the reforms took place. Here, we considered the ostensive and performative aspects of the reform experiences and noted how the treatment of resistance was somewhat differentiated between the two. Yet, it is argued that resistance played a crucial part in shaping future reforms. Thus, it is important to consider the power (rather than the problem) of resistance when analysing the interplay between change and stability in organisations, calling into question the need for a dialogic perspective of organisations (see e.g. MacIntosh et al., 2012).

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1. A conference paper from ARCOM 2014: Boundaries making pf public private partnerships: A historical account of British railways industry.

## **BOUNDARY MAKING IN PUBLIC-PRIVATE-PARTNERSHIPS (PPP): A HISTORICAL ACCOUNT OF THE BRITISH RAILWAY INDUSTRY**

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Since its emergence in 1980s, public private partnerships (PPP) have become a predominant approach for delivering social and economic infrastructure in the UK. This has inspired many scholarships into how such arrangements can bring about better performance for all. In much of the extant work, the focus has been on finding more effective ways of configuring the relationships between the public and private parties, often taking assumption that each of these sectors are homogenous entities. In this paper, we raise the question as to whether boundaries between the public sector and private sector are ever so clear cut. We do so by drawing upon an on-going archival study in to British railway industry in the 1960s. We found that the roles played by stakeholders were often messy, and that the labels of what constituted "public" and what constituted "private" were not always clearly defined. Indeed, relationships were often blended between the two spheres. Rather than to focus on finding better ways of bringing the public and private together in delivering PPPs, it is argued that these arrangements between public and private sectors are better studied as fertile context for boundary making and identity formation.

Keywords: Archival research, boundary-making, public-private-partnership, railways.

### **INTRODUCTION**

Since the 1980s, the idea of collaboration across sectors has developed considerably to tackle the need to deliver a more responsive social and economic infrastructure such as roads, railways, ports and airports. The constraints of ever-tightening fiscal budgets meant that more private-sector involvement in the provision of public services and infrastructure was

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gradually gaining more purchase. As Sandford and Milward (2010) argued, the involvement of private-sector partners in delivering public services would offer access to more resources and the sharing of risks that would otherwise be borne by taxpayers. Much work on public-private-partnerships (PPP) have centred on finding ways to increasing efficiency and improve effectiveness, and in what Huxham and Vangen (2005) termed as the collaborative advantage. So, it seemed that the 'traditional' approach where the public sector provides for the public interests is slowly becoming replaced by an ethos of the public sector enabling private sector involvement, with promises of greater investment potential and added value (Pongsiri, 2002). A great deal of research effort has unsurprisingly followed this trend to articulate the effective governance of public-private-partnerships, with particular emphases on how collaborations can overcome differences in values, norms and operational strategies between the public and private sectors (see e.g. Ng et al., 2012; Gross and Garvin, 2011; Hellowell and Pollock, 2010; Hodge and Greve 2010; Sobhiya et al., 2009; Robinson and Scott, 2009; Joyner 2007 and Jamali 2004).

Reflecting the extant work on PPPs, the point of departure in this article is to question the essential boundaries between the public and private sectors. While much work on PPPs in the engineering project management and construction management research domains centre on the development and transference of techniques and resources across the public-private divide (see e.g. Caldwell et al., 2009; Barlow and Koberle-Gaiser, 2008), scholars in such other disciplines as public administration, political science and organizational studies have raised doubts as to whether the demarcation between the public and private sectors can be so neatly divided (Rainey and Chun, 2007; Dargie, 2000; 1998 and Doyle et al., 2000). In this article, it is argued that neither the public sector nor private sector is homogeneous. Research into PPPs should not take for granted the notion that collaboration happens between these two internally-coherent but culturally-distinctive entities. Rather, as Simon (1998, 1995) observed even within each 'sector' it is possible that diverse sets of management settings and practices could exist.

It is this within-group heterogeneity that is rendered problematic in this article. By drawing on an on-going archival study of the developments of the British railway industry in the 1960s, an attempt is made to show that the role played by each sector was not as clearly delineated as perceived in the general literature. Rather, the emergence of a public-private-partnership was observed to be a result of a web of complex relationships between key parties found in a wide spectrum between the public and private sectors, which were shaped dynamically by social, economic and political forces at that time. Furthermore, there was no coherent entity known as the public or private sector; rather, the process of getting more private-sector involvement in the British railway industry signified a constant process of constructing and reconstructing boundaries in order to reinforce identities within the railway sector. Thus, the main contribution of this article is that research into PPPs should move beyond the narrow focus of finding more efficient and effective ways of configuring collaborations to attend more crucially to the (institutional) conditions and contexts that define/re-define interactions and boundaries within the partnership.

The article is organised as follows. Firstly, a brief overview of research on PPPs is traced with a view to problematise the essential categories of the public and private sectors in the production and performance of such collaborations. Secondly, the methodological basis of this ongoing archival research is described. Finally, some preliminary findings are discussed.

## **RESEARCH ON PPP: QUESTIONING HOMOGENEITY OR HETEROGENEITY IN PARTNERSHIPS**

Public-private-partnerships (PPPs) have been subject to considerable academic debate, discussion and investigation. Proponents of PPPs tend to make the case for adopting such collaboration on the basis of delivering more efficient practices in the provision of public services and infrastructure. Tsamboulas et al. (2013), for example, argued that private sector involvement would create flexibility and enhance the value of transport infrastructure provision and operations. Barlow and Koberle-Gaiser (2008) studied hospital projects to conclude that PPPs can be a vehicle for stimulating innovation. Indeed, the dominant discourse in research on PPPs tended to be framed along the lines of the lack in public sector expertise, which can be resolved by bringing in the entrepreneurial spirit and efficient practices from the private sector.

Of course, there are also dissenting voices. Hellowell and Pollock (2010), for instance, questioned whether PPPs could really satisfy the public interest. Shaoul (2011), building upon extensive reviews of policy development, argued that the partnerships were likely to shift political authority and decision-making power from the hands of accountable public officials to the hands of businesses in the increasingly financialised world we live in today. Indeed, there is a chasm between scholars who view private-sector involvement in the provision of public services as a good thing and those who remain doubtful.

Nevertheless, there is considerable research that focuses much attention on how partnerships between the public and private sectors could be governed more effectively. These manifest in studies on relationship and stakeholders management (see e.g. Smyth and Edkins, 2007; Clifton and Duffield, 2006 and EI-Gohary et al., 2006 ), financial structuring of partnerships (see e.g. Cohen and Kamga, 2012; Gross and Garvin, 2011; Macario, 2010 and Akintoye et al., 2003) and allocation of risks (see e.g. Jin and Doloï, 2008 and Abednego and Ogunlana, 2006). These studies tend to implicitly assume that the public and private sectors must carry different roles, values and practices in what each sector does (Jones and Noble, 2008). Put another way, in much of the research on PPPs, scholars have tended to be concerned with the configurations of structure and relationships between the public and private sectors, taking for granted the boundaries between the two as static and clearly-defined. Thus, it would seem that we, the research and practice communities, know for definite what constitutes the public and private sectors.

Boundaries are certainly of interest to those who research PPPs. Studies on boundary spanning, for example, has quite some following. Stadler and Probst (2012) studied how organisations can broker more effective relationships in public-private-partnership projects (see also Jones and Noble, 2008). Yet, there is a growing body of literature that have begun to cast doubts on the distinction in the labels of the 'public' and 'private' sectors. Mahoney et al. (2009) pointed out that public and private sector labels represent a false dichotomy, and that the interests of the two sectors are often interdependent and entangled. Lofstrom (2009), in an investigation of inter-organizational collaboration projects, found that boundaries between parties might not as distinct as scholars perceive. Rather, there is a certain degree of messiness in performing the realities of such partnerships.

The blurring of the lines that separate the public and private sectors is, of course, not a new finding. Sullivan and Skelcher (2002), Pollock (2005) and Flynn (2009) have all highlighted this moot point. Others like Simon (1995; 1998) have also suggested the possibility of both sectors being more similar than different. Rainey and Chun (2007) also questioned if each sector is really that internally-coherent, and suggested that one could potentially find more heterogeneity within-group than homogeneity.

Surprisingly, what constitutes 'public' and 'private' is rarely reflected on in the research on PPPs found in the construction management research domains. There is often a taken-for-granted belief that PPPs are merely a configuration of stakeholders from a clearly-bounded group of public-sector and private-sector interests. In this article, the boundaries between what constitutes 'public' and 'private' are left open. It is argued that while the focus on finding more efficient and effective configurations of bringing the public and private sectors in such partnerships has generated productive lines of inquiry, there is a need for deeper understanding of just what these boundaries between the public and private mean. Furthermore, it is argued that these boundaries are not states left undisturbed for the researcher to discover; there is ongoing constructing, reconstructing (and even destroying of) boundaries between the public and private sector that could yield so much research potential. One particular area that is relatively under-explored in research on PPPs is the role of 'identity work' (see Brown and Phua, 2011). It is, thus, this identity work in continuously forming and reforming boundaries (Sundramurthy and Kreiner, 2008 and Habbershon et al., 2003) that is of concern in this article.

## **RESEARCH METHOD**

The study reported here is based on an archival case study research (see Ventresca and Mohr, 2005) of the British Railway Industry in the 1960s. The motive of this study was to explore the institutional conditions and contexts that defined and re-defined interactions and boundaries between the public and private sectors, paying particular attention to the historical events that happened, which were shaped by the social, economic and political dynamics of the time. A collection of archival data (see Table 1 below) was amassed to piece together a narrative of the actors (i.e. who were involved?), events (i.e. what took place and how did it happen?), and emerging rationale (i.e. why did it happen in the way it did?) entailed in the growing privatisation of the British Railway Industry. As far as possible, the data collection was sufficiently open to allow the research team to track individuals, organizations, and institutions involved as they left a trace (in both intentions and actions) in the archives (Frisch et al., 2012 and Berg and Lune, 2012). The study focused on the British railway industry in the 1960s as this was the period where some of the earliest reforms to increase private-sector involvement in the provision of public transportation infrastructure could be traced (arguably with a lasting legacy that can be felt even today with debates on High-Speed 2).

Table 1: Sources of archival data and their purpose

Sources of archival data	What purpose did these sources serve?
1. Inquiry reports (e.g. the Beeching report 1963; Joint Steering Group Committee 1967; Serpell report 1974 and Ridley report 1977)	Provided an account of the affairs of the British Railway Industry at the time, and enabled the research team to trace how the reform(s) of the sector took place and under what changing political, economic and social conditions
2. Cabinet Office papers/minutes of meetings in public office and Prime Minister Office Correspondence (PREM)	Enabled the research team to piece together the political narrative so as to facilitate an interpretation of the forces at play that influenced and shaped the mind-set of policy-makers, and the roles played by key social actors in the British Railway Industry at the time
3. Print-media such as local and national news papers, and broadsheets such as the Financial Times, The Economist etc.	Enabled the research team to get a snapshot of social conditions at the time, especially the response to the reforms of the British Railway Industry

For the purpose of this article, the archival data was analysed with a view to see if the 'boundary' - that is, the periphery between, or the shared spaces where the concepts of 'here' and 'there' are confounded in action (see Star, 2010) - between the public and private sectors could be clearly detected. We looked specifically for instances where boundaries between the public and private sectors were built, bridged and blurred.

### **BOUNDARIES BUILT BETWEEN THE PUBLIC AND PRIVATE SECTORS: BEECHING AND THE RESHAPING THE BRITISH RAILWAY INDUSTRY**

Transport infrastructure such as the railway system is highly complex, often involving a range of institutional actors (e.g. policy-makers in central government, local government, railway employees, commuters, communities, and the unions). Given the multiple parties and their interests, there are often tensions and contestations of power (Marsden and Docherty, 2013 and Oliver-Trigalo and Brone, 2011). These conflicts can certainly be witnessed during the early 1960s when the seed of forming partnerships with the private sector in the delivery of what was ostensibly a public service had begun to be sown. The problem was staged in the Transport Policy of 1960, which had arisen from a speech made by Harold Macmillan, the Prime Minister at that time in the House of Commons on 10th March 1960

*"[...] First the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodeled to meet current needs, and the modernization plan must be adapted to this new shape"*

According to the Ministry of Transport (1966; July, Cmnd. 3057), the modernisation, which continued for decades since, was

*"[...] key to solve Britain's transport problem [which] lies in planning designed to reconcile our many-sided needs, national and local and regional, economic and social"*

The rhetoric that was formed was that British Railway, a service and infrastructure provided by the public sector, was lacking, and what needed to happen was an injection of private-sector enterprise and expertise. This is clearly characterised by the well-known Beeching Report of 1963, entitled 'Reshaping British Railway', a government blueprint to run and organize the industry using private-sector principles and practices. Consequently, a third of

the railway lines were closed. It is argued that Beeching's influence, as will be seen later in his enrolment of senior figures from private enterprise, represented a pivotal political moment in which the post-war logic of growing national industries was undermined, thereby providing a foundation for successive waves of pervasive privatisation.

At the time, and it is still the belief in some quarters, the problem lay with recalcitrant trade union members who were seen as a threat to the efficient and effective provision of this public service. Beeching, a former engineer from ICI, took the view that more private-sector involvement could turn around what was perceived by those who led the inquiry as a wasteful and inefficient railway industry. Thus, the scene was set with the public-sector pitched against the private-sector, the boundary between the two was clearly built to ensure the construction of the 'public-bad-private-good' political rhetoric.

### **BOUNDARIES BRIDGED BETWEEN THE PUBLIC AND PRIVATE SECTORS: POST-BEECHING RESPONSES**

The view that the public sector was always lacking and that the private sector held the key to better performance was not always held even among private-sector actors. Businesses, for instance, could see how the reforms instigated by Beeching could lead to detrimental results for local, regional and even the national economy. Letters were sent in by members of the public and businesses to the local and national press to voice concerns over the privatisation of railway provision. Anger and resentment appeared to characterise the mood of mid-1960s. In one of the letters published in the Times newspaper in November 1964, the Managing Director of a logistics company wrote:

*“At the time of the railway reorganization, the new highest Railway Executive issued instructions, limiting the number of containers in various railway stations so that each container was to be kept in constant use – in theory sound, but in practice unworkable for the daily fluctuation in trade. (Letter by Robert Fisher, Managing Director of Robert Fisher (Packing and Shipping) Times: 3 November 1964).”*

Thus, the ethos of rationalisation, so often associated with the private sector was considered to be impractical in this instance. The letter by Robert Fisher subsequently led to an internal response by Eric Merrill, Public Relations Manager at British Rail, who wrote to his superiors, underlining the gravity of the post-Beeching situation with an emphatic message ‘This is not a PR problem’. Merrill wrote:

*“I am particularly worried about containers. The demand for them is greater than the supply – and we have surely contributed knowingly to this demand by what we have said and published and are still saying and publishing about railway services to-day and in the future [...] As the Board’s policy is not to build any more conventional containers the shortage will presumably continue until Liner Trains relieve the pressure. What worries me is that by that time we may well have lost a great deal of business and, in the process, engendered a lot of ill-will. Mr. Fisher’s letter is a symptom of this. This is not a PR problem (Letter from Eric Merrill, public relations manager to the British Railways Board – 6 November 1964).”*

Here, we see the boundaries between the public-sector and private-sector bridged in response to the unfolding drama of cutting the railway infrastructure as the Beeching recommendations were implemented. Private-sector businesses raised doubts over claims of financial benefits that were promised by the Beeching cuts to services.

*"[...] Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. [...] These closures would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Ireland by the short Stranraer to Larne route" (MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post-publication of the Beeching Plan, Department for Transport: 2 April 1963)*

Thus, it can be seen from these responses that what started out as a framing of difference between the ways of working in the public sector and private sector gradually turned to a growing consensus that the reduction of railway infrastructure was potentially bad for business too.

### **BOUNDARIES BLURRING: THE STORY OF THE EMBARGOED INQUIRY**

Bridging between the public and private sectors was evident in the membership of the various committees which led the inquiries that instituted reforms of the British Railway Industry. It was already stated that Beeching was formerly an engineer in ICI. In the Joint Steering Group Committee of the late 1960s, the involvement of private-sector actors was clearly present in public-sector affairs; the committee was made up of such characters as J.P. Berkin (formerly Shell Petroleum Company Limited) and J.G. Cuckney (formerly Standard Industrial Group Ltd) (see Railway Policy Review, Joint Steering Group, July, 1967). Thus, we see boundaries between the public and private sectors blurring as the public sector starts to forge deeper partnerships with the private sector in reshaping the British Railway.

While boundaries blurred between the public and private sectors, inconsistencies within the public sector were also noted. For example, the government's framing of the trade unions as the enemy to rationalisation was also found not to be uniform across the public sector. It was discovered, for instance, that the British Railway Board took a much more conciliatory position where trade unions were concerned. In 'A New Talk with Unions (The Times, London, England, Thursday, Jan, 07, 1965), it was reported that "cooperation of the railway unions" was vital and that the Board was prepared to "[conduct] research into the human factors involved." In another interesting exchange during the parliamentary proceedings on industrial disputes in the railways, the Chancellor of the Exchequer asked, "But can we be tougher than Beeching?", which led to the emphatic response, "No: must let him play the hand: and to our political advantage to buy support for [Beeching] plan without bitterness of strike (recorded, 9 May 1963, 10am)."

Although the legacy of Beeching (1963) remains well-known in terms of how it reshaped the landscape of the British Railway Industry, we soon discovered that this was not the only inquiry that took place at that time. Indeed, there were several reviews commissioned, some of which remained unpublished. One report, by the Guillebaud Committee charged with reviewing pay for railway workers (appointed in 1958), is worth noting for this showed fractures within the public sector. Claude Guillebaud was a Cambridge economist, who was previously appointed to chair a review of the cost of running the National Health Service (Ministry of Health, 1956). This earlier review took three years to complete from Guillebaud's appointment in 1953. The review concluded, much to the frustration of the Government at the time, that cost-cutting was not an inevitable option since the projections



suggest that the Health Service was managing its costs effectively. So, it was somewhat surprising to find Guillebaud re-appointed to chair a review on pay in the British Railway Industry in 1958.

On closer scrutiny, however, we discovered how Guillebaud was not appointed by the Government to undertake a review of pay in the British Railway Industry. Rather, it was the British Transport Commission together with the Trade Unions who provided the terms of reference for Guillebaud's appointment.

*“4. The Guillebaud Committee were not appointed by the Government, but jointly by the [British Transport Commission] and the Unions at the end of 1958. (p. 2 from a Memorandum by the Minister of Transport, A. E. Marples, dated 11 September 1962).”*

It must be noted that the relationship between the British Transport Commission and central government was, at that time, somewhat fractured. The commission was resisting attempts made by government to centralise control within the treasury. In the earlier review of the health service, Guillebaud's findings did not align well with the government's intent, and so it was not surprising to see the firm statement by the Minister of Transport distancing themselves from the appointment of the Guillebaud Committee (the report was subsequently embargoed).

Interestingly, the Guillebaud report was well received by the trade unions, as shown in the somewhat favourable reception by the General Secretary of the National Union of Railwaymen:

*“Mr. S. Greene, general secretary of the [National Union of Railwaymen], said after the meeting that his executive would be continuing their examination of the [Guillebaud] report, which seemed to provide the basis for a reasonably satisfactory wage structure and conditions of service (The Times, 11 March 1960).”*

## **CONCLUSIONS AND IMPLICATIONS**

In this article, an attempt was made to problematise the notion of 'boundary' between the public and private sectors, using an archival case study of the British Railway Industry in the 1960s. This was a pivotal moment in the context of post-war developments of infrastructure in Britain, signalling the start of greater private-sector involvement in the provision of public services. Through excerpts from the often-messy archival data, it has been argued that public-private-partnerships are not simply about bringing the public and private sectors together. Rather, there is quite a lot of heterogeneity found within each of these 'sectors' and that boundaries are continuously built, bridged and blended or blurred.

What implications are there for construction management researchers who study such partnerships? While much research is predominately framed to view partnerships as a configuration of the two homogenous and homologous entities, where the public-sector is often lacking the private-sector's ability to be enterprising and efficient, the call is made to question the nature of 'boundaries' more deeply. Thus, rather than to focus solely on finding new or better ways of configuring and structuring relationships, we should also ask the question as to what it is we are trying to bring together. As our archival research demonstrates, the demarcations between what is 'public' and 'private' are not often clear-cut. Indeed, an awful lot of work goes on in constructing these 'boundaries', as powerful actors

make their manoeuvres to build, bridge and blur boundaries for political (and at times, economic) advantage. Our brief historical sketch shows how the public and private sectors continuously engage in building consensus and struggling through contestations to preserve or increase their political and economic stake in the railway.

The contribution of this article is two-fold. Firstly, the assumption that PPPs bring about complementarities of different values, norms and practices between the public and private sectors is questioned. The archival analysis illustrates how the two sectors can be similar and not always different from each other. This invites the question as to what 'public' and what 'private' we are trying to form in partnership. Secondly, the dynamics of boundary-making - of building, bridging and blurring - are described. This, it is argued, adds a crucial dimension for reflecting in developing deeper understandings of the intervening contexts and conditions that shape the performing (and not just the performance) of partnerships between the public and private sectors.

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**2. A conference paper from EPOC 2014: Public private partnership, as a consequence, not a condition of reform: Unfolding historical events of British railways**

**PUBLIC-PRIVATE-PARTNERSHIPS AS A CONSEQUENCE, NOT A  
CONDITION OF REFORM: UNFOLDING HISTORICAL EVENTS IN THE  
BRITISH RAILWAY INDUSTRY**

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**ABSTRACT**

It is argued here that the conventional way of framing Public-Private-Partnerships (PPPs) as a means to an end for performance improvement is problematic. Rather, an alternative conceptualization of PPPs as an outcome of successive industry reforms conditioned and constrained by wider political processes is put forward. Empirical evidence for such re-conceptualization is provided through an archival reassessment of how the idea of partnership between the public and private sectors became legitimated in the British railway industry in the 1960s and 1970s. Through the unfolding historical events that characterized these tumultuous decades of the British railway industry, it was observed that the idea of partnership between the public and private sectors was not one that was borne out simply as a means to deliver better performance, but as an institutionally orchestrated act of (re-)balancing power relations and to topple the dominance of the railway unions. Thus, through this archival study, we see the deinstitutionalization of the 'old', post-war logic of nation-building (embodied in efforts of nationalizing industry), replaced by the 'new' logic of privatization. What followed this change in logics is not necessarily better efficiency, but certainly reduction in railway capacity. This historical analysis demonstrates how the performance improvement rhetoric that prevails in the literature on PPPs should not be taken as self-evidence, but that it is crucial that any analysis of PPPs should be grounded in the dynamics of institutional change.

**KEYWORDS:** archival research, British railway industry, Public-Private-Partnerships (PPPs), reform.

**INTRODUCTION**

The reliance on public private partnerships (PPPs) for delivering social and economic infrastructure has grown rapidly over the last two decades. Tsamboulas et. al. (2013), Hodge et. al. (2010) and Skelcher (2007) suggest that this is due primarily to a series of advantages that would not have been achieved through conventional ways of delivering such projects given the complexities of risk sharing, desire to seek more innovative solutions in design, construction and operations, and the impetus to gain off-balance-sheet financing. Without a doubt, there is a wealth of scholarship aimed at finding ways to enhance the use of PPP, often with the central focus on delivering better performance outcomes and value for money (VFM). Of particular interest in the scholarship on PPP is the desire to find more effective and efficient ways of structuring a collaborative relationship between the public and private sectors (see Jones and Noble, 2008; Rainey and Chun, 2007 and Alford, 1993). Critical aspects include operational and managerial issues such as risk management, financing, relationship model, project success factor/mechanism and concessionaire period (Tang et. al., 2010 and Li et. al., 2005).

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Despite the wealth of research into various configurations of PPP, problems with sub-optimal performance with such partnerships continue to be reported. For instance; Hellowell and Pollock (2010) examined whether PPPs in social infrastructure enhance the public interest. They suggested that the involvement of private enterprise could potentially deteriorate the capacity and capability of public authorities in running public service, with potential detriment to the viability of long-term finance. Similarly, Barlow and Koberle-Gaiser (2008), in their six case studies of PFI/PPP projects in the UK hospital programme, also found that the use of partnership resulted in less innovative outcomes and designed facilities might not be able to cope with future changes in demand. Thus, on the focus of research efforts to improve performance of such partnerships has ironically not delivered the promises of better efficiency and effectiveness. In this article, it is argued that the prevailing assumption in much research on PPPs simply treat the partnership as a relatively autonomous organizational unit, where the emphasis has been to take a 'black-box' approach to examine organizational performance. This dominant approach, it is surmised, tends to downplay wider institutional contexts, which is the central argument of this article.

Recent empirical research, nevertheless, supports the need to view PPPs within an institutional framework. Chi and Javernick-Will (2011), for instance, explored institutional effects on the ways infrastructure project arrangements are enacted. Galilea and Medda (2010) highlighted the influence of political contexts on the success of PPP, with a particular focus on transportation projects. In both these examples, the authors have argued that the institutional context embodied in the regulatory and industrial structures serve to condition and constrain the possibilities of what goes on in projects. It is this line of thinking that the present article adheres to.

So, to find better, more effective ways of delivering PPPs, one should not focus narrowly on performance indicators and measurements, and value for money (VFM). Rather the institutional contexts that dynamically legitimize such performance intents, which in turn influences outcomes of PPPs should also be problematised. Furthermore, the institutional settings not only legitimizes what goes on in delivering PPPs, but also influences the organizational options available to decision makers (Lofstrom 2010 and Williamson 1998). This means the formation of public private partnership is not simply desirable from an efficiency viewpoint (as it is so often, rhetorically claimed), but that PPPs themselves symbolize and are a result of the tensions found in the political and socio-economic development at a given point in time.

Therefore, an historical perspective is offered in this article to re-assess how the idea of public private partnerships (PPPs) came into being. Through an archival study of the British railway industry in the 1960s and 1970s, an attempt is made to sketch out the institutional context at that time. The purpose was to identify not only how public-private-partnerships became legitimized, but also to trace the turbulent contestations that took place over that period to illustrate how the dynamic political and socio-economic developments of the 1960s and 1970s led to the formation of such partnerships with consequences that are still felt today. In doing so, it is argued that PPPs should be re-conceptualized not as a vehicle for effective delivery of public services and infrastructure, but as a consequence of successive political and socio-economic reforms initiated by the government. This re-conceptualization, it is hoped, will persuade researchers to reflect and problematise the performance questions surrounding PPPs more deeply..

The paper is organized as follows. Firstly, research studies on public private partnerships will be reviewed, with a view to argue that the dominant focus on performance improvements is somewhat misplaced (see also, Green, 2011). Through this review, a justification is made to refocus the attention on the institutional contexts and to consider the legacies of such partnerships from an historical vantage point. So, following the review of the literature, the archival research approach adopted in this present study, using an institutional theoretical lens, is described and explained. Finally, some

preliminary findings are discussed, which illustrate just how PPPs are more complex than currently conceived in the engineering project management literature.

## **REVIEW OF LITERATURE ON PUBLIC-PRIVATE-PARTNERSHIPS (PPPS)**

Since the late 1980s public private partnerships (PPPs) have grown in popularity as a vehicle for delivering social and economic infrastructure across the world. The rhetoric goes that involvement of the private sector in delivering public services brings the promises of enhancing investment potential and added value whilst providing a means safeguard the public interest (see e.g. Hodge et. al., 2010; Joyner, 2007; Jamali, 2004 and Pongsiri, 2002). More recently, Tsamboulas *et. al.* (2013) also provided an argument for why governments should employ PPPs in infrastructure provision; quite apart from the financial benefits espoused by such partnerships, PPPs also offer other non-readily quantifiable benefits, such as better end-user satisfaction through higher degrees of participation among stakeholders. Thus, PPP is often seen as an effective way of investing in public infrastructure and services (Hodge et. al., 2010 and Skelcher, 2007).

However, the belief in the efficacy of PPPs is not universal. For example, Navarro-Espigares and Martin-Segura (2011) argue that "although private sector participation in PPP frequently contributes to a higher level of efficiency, its participation does not guarantee improvement in service delivery and efficiency. Such improvement depends crucially on, for example, transfer of risks, partnership structure and stakeholder management". Theoretically this appears to stem from public-private sector's differences in "strategy", "business" and "value driven" (Jones and Noble, 2005). As doubted by Rainy and Chun (2007) whether public sector could apply business technique and managerial practice to its particular organization. Other scholars (see e.g. Becker, 2008, and Thornton and Ocasio, 2008) are concerned with the temporary nature such partnerships are characterized, and cast doubts on whether there is sufficient time for developing effective routines and practices to achieve a collectively desirable goals.

Indeed, both of the benefits derived from and the obstacles of implementing public private partnerships have over the last twenty years led to a numerous studies in PPPs. For example with a recognition on implementation constraints (see Nisar, 2012 and Yvrande-Billion and Mernard, 2005), Zhang and Durango-Cohen (2012) develops a strategic model of PPP in accordance with effect of taxes and cost structure on investment viability. Also Gross and Garvin (2011) attempts to structure the most appropriate toll-road contract. In other continents, scholars such as; Wilson *et. al.* (2010) review the governance structures of PPPs in Australia as well as Chen et. al. (2012) conducts a comparative analysis of road transportation projects in Taiwan and China. Both of them share a common on the influence of institutional effects upon a weak interaction between parties that accounts for the failure of such partnership. As such to direct PPPs towards a collective goal, it is required to formulate cohesive and responsive partnership.

For instance, Abdul-Aziz (2012) identified a number of managerial control mechanisms in effective implementation of PPPs, including the need to choose a suitable partner, crafting the agreement and mutually agreeing to a set of coordinating activities during the execution phase. Gross and Garvin (2011) investigated how PPP contracts could be structured with the meeting of public objectives in mind. Carmona (2010) argued that a regulatory function that coordinates public private partnership is required to balance a multiplicity of objectives arising from a variety of expectations from different parties involved. From the point of view, this line of research inquiries is motivated by the issues of coordination between the public and private as often claimed that the goals between them are

incompatible; self-interests of the private sector partner, community goals and public service ethos pursued by public sector counterpart (Entwistle, 2010).

In addition to the impetus to overcome those obstacles, scholars who appreciate the benefits of public private partnerships, have also devoted their energy to advance this cross-economic sector partnership model. For example Barlow and Koberle-Gaiser (2008) investigate how design innovation emerges from PFI/PPP project in the hospital programme. In a similar vein, Leiringer (2007) re-assess how partnerships could stimulate collaborative working and long-term commitment to the project. Yet the critical factors are on the issue of risk and value management. As a consequence, these concerns have become research areas where scholars in the field of PPP strongly emphasize. For example, Jin and Doloi (2010), conduct an empirical study to explain why some risks should be attained, while others are allocated to the private sectors. They suggest that an allocation strategy should primarily be based on the partner risk management routine, mechanism, and cooperation history. Chang (2013) by adopting transaction cost economy (TCE) perspective also argues that the balance of allocating risk must be considered as it means a premium cost that could decrease vfm as well as a different governance structure of partnership. Other scholars, instead of crafting a risk allocation to enhance the project's value for money (vfm), they move directly to address this issue. For instance; Sobhiya et. al. (2009) conduct a case study approach to explore how value for money can be increased in PPP power station. One of their findings that could add to a sensible risk allocation is a strong performance monitoring (see also Robinson and Scott, 2009). This is subsequently studied by Henjeweile et. al. (2011) by understanding that the first thing we need to do in order to achieve a good value for money is to understand uncertainties surrounding vfm of PPP.

This literature review shows that so far the research in public private partnership (PPP) seem to be central on a limited area - risk management, financing, relationship model, project success factors and concessionaire period (Tang et. al., 2010). This research stream is obviously concerned with finding the way to enable the partnership to meet the promise in a better value for money (vfm) and performance improvement. Looking from this perspective, however the existing studies apparently take the view that PPP is a rational system designed to only achieve a better outcome and clearly demarcated from a wider surrounding environment. Put another way, many studies on PPPs appear to be acontextual, investigating public private partnerships as though such partnerships were coherent organizational units that exist in a vacuum void of its institutional context. These studies tend to reduce problems to mere operational and managerial concerns of controlling the delivery outcomes of these inter-organisational collaborations. It is argued that this neglects of the role played by the institutional context in conditioning and constraining what can be achieved by these partnerships.

### Analyzing the Institutional Dynamics of PPPs

Contemporarily, researchers studying public private partnerships (PPPs) have become more concerned with an influence of institutional context that shape outcomes of such partnership. This is due primarily to the fact that both of public and private sector are key institutional actor that play a crucial role in a delivery of infrastructure services, as a result they have to conform and adhere to dynamic of institutional conditions such as; regulations/rules and norm within a particular industry. A recent study by Monios and Lambert (2013) has emphasized a transformative power of institution in reconciling between top-down planning approach and market-driven strategy in the development of heartland intermodal corridor: PPP in the Ohio state, USA. Their finding suggests that institutional settings have a potential to either facilitate or slowdown a development of partnership project. Others such as; Mu et. al. (2011) examined the rise and fall of public private partnership in China. Chi and



Javernick-Will (2011) investigated the institutional effects on PPP project arrangement (see also Galilea and Medda (2010)). This importance of institutional force upon the development of infrastructure project are also found in other sectors (see e.g. Notteboom et. al., 2012 institutional plasticity and seaport governance; and Holahan and Arnold, 2013 institution and hydraulic fracturing policy). Indeed all of this research inquiries demonstrate how institutional context could influence the governance structure and practice within a particular industry.

However, the point of departure in our work is that most of these studies tended to concentrate their analysis on a given moment in time, and so missed the opportunity of examining institutional change over time. Arguably, there is a need to understand institutional effects observed through historical and longitudinal studies (Pattit et. al., 2012; Campbell, 2012; Mahoney and Thelen, 2010). So in our case *history matters* in observing the process of institutional change as it does not change rapidly (North, 1990 and see also Low and Astle, 2009 in a longitudinal analysis of urban transport passenger). Moreover, while institutional contexts can alter the dynamics of partnerships, one should also remain mindful that the partnerships themselves could, in turn, shape and re-shape the institutional field. As noted by Phillips et. al. (2000), the institutions that govern collaboration and the collaboration itself are interdependent; institutional fields provide the rules and resources that legitimize the construction of the collaboration, while the collaboration also provides a context for the ongoing process of structuration that maintain and modify the institution fields of participation (see e.g. Ollivier-Trigalo and Barone, 2011).

In order to fill the gap left by the extant studies as well as observe trajectory of change and development of institutional context upon public and private sector interaction, this article takes a position that the partnership is an outcome of successive industry reform initiated by the government. And yet having reconceptualised as a result of successive industry reforms, our proposed research paradigm in PPP is undoubtedly associated with changes in political and economic landscape over the times. This consequently underpins many useful research questions that could potentially account for a condition and a specific context that shape a performing of PPP, in here, the team re-assess how the momentum of the partnership has been maintained throughout the turbulent period of the UK social and economic development? By its nature, this research is largely involved in a development and change over the time of the government industry policies including the implications they have brought in. With this recognition institutional theory is a particularly powerful lens in investigating a unique development trajectory of the industry reform in a relation to the ebb and flow of public private partnership (more discussion is provided in data analysis section).

## **RESEARCH METHODS**

### **Rationale for Archival Research**

In order to explore a historical trajectory of public private partnerships (PPPs) particularly on how the idea was legitimized and been maintained, an archival research was adopted with the aim to trace and examine institutional sediments (e.g. confidential memos, unpublished manuscripts, policy papers and personal records) that bring the idea into being in British railway. And as they were produced as a result of change in political and economic landscape as well as social tensions during the time of industry reform, these historical artifacts could provide us with evidence and insights into many issues of the rail industry in the ways that other typical methods cannot (Harris, 2012). Put it in simple, this method is useful since it allows researchers to trace timelines, including change, process and action of actors in social setting (Saunders et. al., 2009 and Ventresca and Mohr, 2005). With this methodological advantage, it has increasingly become a sensible approach in conducting research in

management of project that seeks to acquire knowledge transfer from previous historical projects and experiences (see e.g. Kozak-Holland and Procter, 2014; Soderland and Lenfle, 2013).

Furthermore with the process of re-constructing and reinterpreting historical evidence, a series of socio-political events could be unfolded and yet provide an insight into the moment-by-moment dynamics of institutional change over and in time (Hill, 1993). Consequently, it allows the authors to re-assess the research questions through a series of reform agenda initiated by the UK governments.

The study focuses on the British railway industry for a number of reasons. Firstly, the British railway industry was one of the earliest sectors that have seen greater levels of private-sector involvement since WWII. The Beeching Report of 1963 led to the rationalization of one-third of the rail network and saw the rise of private sector involvement in delivering what was then a nationalized public service. Secondly, contemporary policy and public interest in the British railway industry is growing again, in light of the times of economic austerity and the political interest in developing infrastructure for economic growth. The debates the High Speed Rail 2 (HS2) programme illustrates just how an historical analysis of institutional change in the British railway industry could remain relevant today.

### Data Collection

In this study, we investigated the key political inquiry reports during the 1960s and 1970s for building up a big picture of what happened politically and economically in British railway. Although it is not a main task in conducting an archival study, however it helped to form a backbone of our investigation. This includes the most critical and possibly most well-known inquiry – the Beeching Report 1963 – that was so influential because of its attempts in restructuring a nationalized railway industry by closing down un-remunerative route (1/3 of a whole system). The move was very controversial as it appeared to challenge the norm and expectation British people had in public service since the end of war time. There were also a series of reports produced in the line of rationalizing the industry - the Joint Steering Group (JSG) report in 1967 (central on dividing between commercial railway and social railway); the Serpell report in 1974 (attempting to re-run Beeching style of efficiency mind) and the Ridley Report in 1977 (a stealth move to break up a monopoly and applying business technique into British railway).

In order to guide a further data collection process and to understand the logics of reform, especially how this implicated upon the changes in British railway, the reports were charged with a number of key questions which provided a framework for interrogating the archival material. The questions included:

- Who were involved in the inquiry, and in what capacity were they involved? How did membership in the inquiry process change over time, and what were the reasons for such changes?
- What were the key events that took place before, during and after the inquiries? What initiatives or change interventions were directly and indirectly resultant of these inquiries?
- Where did these events and change interventions take place? Where in the country were the consequences felt? And in what ways? What were the responses (e.g. from the

politicians and policy-makers at national, regional and local levels, from members of the public, from those interested parties within/associated with British railway etc.)?

This preliminary step led the authors to examine other relevant data that might have never been properly investigated in the context of public private partnerships (PPPs). The first category includes Cabinet Office Paper/Minute of Meeting/Policy Paper/ and Prime-minister office correspondent (PREM), whilst the second category is collected to observe the emotion and feeling of public as a whole evoked by reform agenda - local newspaper/Financial Times and Economist magazine published during those days. As the study framed by institutional perspective, these groups of data are obviously related to the three constitutive elements of institution - regulative, normative and cultural cognitive - that together constraint and incentivize the act of institutional actors (See Scott, 2010 and 2008). Therefore by piecing together theme on the timeline, they could potentially reveal an interplay between dynamic of institutional context and an interaction of public/private sector. Table 1 below provides an overview of archival sources used for our investigation.

**Table 1.** Overview of archival sources.

Description of archival data	Sources	Rationale for collecting
Unpublished documents and confidential meeting (embargoed from accessing for 30 years)	<ul style="list-style-type: none"> <li>- Conclusion of cabinet meeting</li> <li>- Prime minister office correspondence (PREM)</li> <li>- Memorandum by the Chancellor of the Exchequer to the cabinet, and the involved departments</li> </ul> <p><b>Continues</b></p>	<ul style="list-style-type: none"> <li>- To uncover an underlying reason that led to a series of reform.</li> <li>- To understand normative and cultural cognitive mindset of policy-makers in dealing the issue and crafting up the reform programme.</li> </ul>
Media coverage	<ul style="list-style-type: none"> <li>- Local newspapers</li> <li>- The Financial times and Economist</li> <li>- The Guardian/Observers (Left-wing)</li> <li>- The Times (Right-wing)</li> </ul>	<ul style="list-style-type: none"> <li>- To understand the political and socio-economic of Britain at the times.</li> <li>- To understand how the reform agenda was communicated and embedded in British society.</li> </ul>
Academic and industry's view point on the reform agenda	<ul style="list-style-type: none"> <li>- Letters from academic and practitioners</li> </ul>	<ul style="list-style-type: none"> <li>- To balance the view and neutralize how the reform meant to British people as the users.</li> </ul>

This fragmented and quite extensive set of data is grouped on parliamentary basis during the period of twenty years (1960s and 1970s) in order to see change and development initiated/carried on by each administration. And yet one key reform agenda seem to surface from one government and was either carried on or amended by the coming one. The primary sites for engaging with this wide range of data are the British National Archive at Kew Garden, British Library and the Railway museum in York. With these historical evidence and a set of basic, but interrogative questions, it brought an

investigation into a deep historical context and conditions that cultivated and had shaped a performing of PPPs.

### Data Analysis

As being framed as a socially constructed phenomenon, and yet its meaning is continuously accomplished by social actors (Phillips and Malhotra, 2008), a premise of analysis must therefore explain an influence of industry reform upon a unique trajectory of partnership idea in British railway. And together with a longitudinal nature of the research questions, institutional theory, institutional change concept and institutional legitimacy are powerful lens for examining PPPs as a social phenomenon at a moment in time and over time (North, 1990 and see also Patti et. al., 2012 and Low and Astle, 2009). Basically, institution is referred to historical accretions of past practices and understanding that set conditions on action (Barley and Tolbert, 1997). It is able to constrain and facilitate organizational behaviours (Strambach 2010 and North, 1990). Scott (2008) suggests that such institution composed of cultural cognitive, normative and regulative element that provide the elastic fiber in guiding behaviours and resisting change. In a brief account institutional theory is largely concerned with how form, outcome and dynamism of economic organizations are influenced and shaped by social institution and with what consequences (Campbell, 2010).

From institutional change concept perspective, since after the WWII British railway's role had been strongly institutionalized in everyday lives as social service rather than commercial function (Jackson, 2013). So in order for the partnership idea or more precisely a more involvement from the private sector to take place, the old institutional logic of nationalized industry that strongly embedded in the rail industry must be destabilized and replaced with the new idea proposed by the reform agenda. Furthermore even if change did happen, the question still remains on how the momentum of change could be maintained, which is a central concern of institutional legitimacy.

Drawing on both complimentary concepts of institutional theory, analytical codes are designed to analyze an archival data. "Endogenous development" - *an act of institutional actors that is subtle and gradual process to make evolutionary change to happen* - including the following mechanism - Displacement (removal of existing rules); Layering (introducing new rules on the top / alongside existing one); Drift (changing implication of rules as a result of shift in external conditions) and Conversion (Reinterpreting rules and enacting in new ways) (Mahoney and Thelen, 2010). "Rhetorical maneuver" (or rhetorical strategies of legitimacy - *the use of institutional vocabularies to expose the existing institutional logic and accompanied by a set of persuasive language aiming to shift the existing logic and paving a way for new legitimacy* (Suddaby and Greenwood, 2005; Suchman, 1995). These two analytical codes and together with the concept of "Routine" - *reform is often called at starting point of every new government to pave their way in implementing their policies* (Brusson, 1990) that are constitutive elements of change and legitimacy were iteratively applied to the data to create a storyline of railway reform. In other words, they act as a thread that unite and integrate our investigation. Through iterative and systematic coding process, it provides an insight into a relation between institutional context and a formation of PPPs which underpins the emergence of research findings.

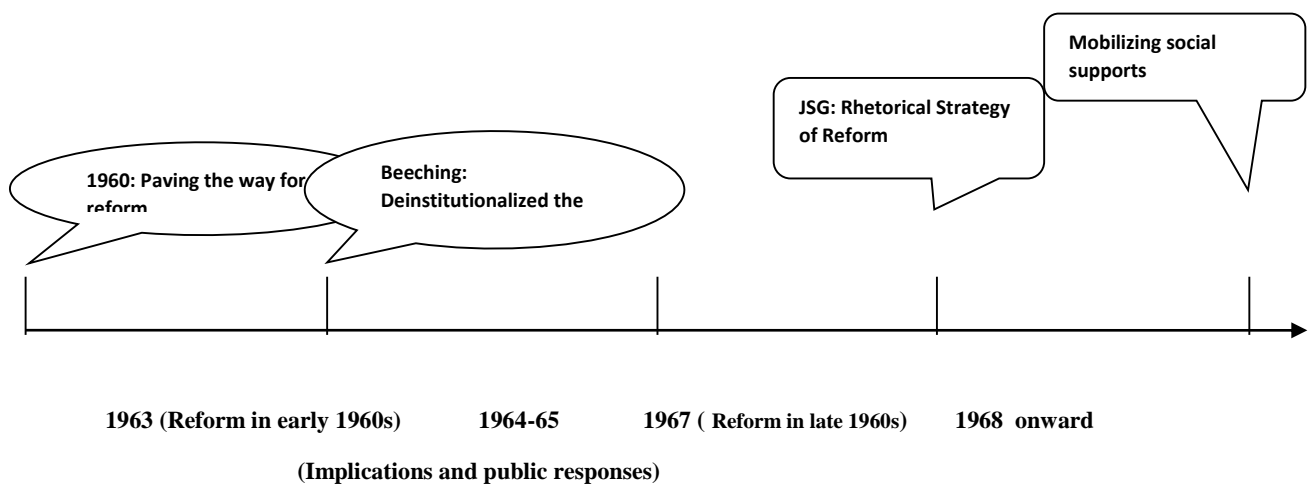
### **RESEARCH FINDINGS: UNFOLDING HISTORICAL EVENTS IN THE RAILWAY INDUSTRY REFORM**

This section depicts a historical trajectory of public private partnerships (PPPs) as a consequence of tension found in political and economic development at a given point in time. Indeed our re-assessment on how the partnership gained and maintained legitimacy in British railway implies that

the PPPs itself did not exist in a vacuum devoid of institutional context. Rather it has always been shaped by and entangled with socio-economic conditions of the industry that is far more complex institutionally than simply understood as a performance-driven agenda. Our archival account below, is presented in the line of this observation.

**I.) As it had long been guided by the post-war institutional logic of nationalized industry - social service for all - as well as strongly dominated by a seemingly only one powerful institutional actor "railway unions", reforming British railway to match with the current conditions, was far more politically and socially complex than improving its operational outcome. At the moment in time, a coming in of private sector to the rail industry was dynamically legitimized by an interaction between a series of disruptive reform agenda (political crafted) attempted to deinstitutionalize the "old logic of nationalization" and a manipulation in social environment by media coverage (social crafted e.g. irresponsible industry) intended to pave the way for a new legitimacy. And over the time, a contemporary idea of partnership had been maintained through a rhetorical strategy of successive government seeking to mobilize a social support through moral and emotional appeal rather than an efficiency rationale.**

The figure 1 below shows a chronology of reform in British railways during 60s that constitutes our research findings above, and structures an archival account.



The Reshaping of British Railway (Beeching Report) 1963	The Joint Steering Group (JSG) Inquiry (1967)
<b>Recommendations:</b> - Determining characteristics which distinguish railways from other modes of transport	<b>Recommendations:</b> - Determining size and shape of basic route system to meet both of social and commercial needs

<ul style="list-style-type: none"> <li>- Identifying which part of the total national pattern of transport requirement these characteristic can apply</li>   <li>- Closing down 1/3 of the existing route which is not consistent with the above identifications of rail characteristics</li> </ul>	<ul style="list-style-type: none"> <li>- Communities were encouraged to take part in responsibilities for un-remunerative but socially important</li> </ul>
<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>- The remote areas that relied heavily on rail transport were severely affected such as; Welsh and Scotland</li>   <li>- The public perception toward the reform as only for account reason but not for social aspect</li>   <li>- Debates about the direction of reform across boundaries: politician, unions, public in general, practitioners and academics</li> </ul>	<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>- A separation between commercial and social railways</li>   <li>- For the commercial railways, it began to recognize the need to have a commercial attitude to run for profit as the private sectors</li>   <li>- It appeared to be the end of era in internal reorganization and usher a new idea to bringing in private sector managerial approach</li> </ul>

**Figure 1:** A chronology of reform in 1960s

### *The industry background*

The reform of British railway industry has been a long standing issue for the UK government to tackle since 1945. During those days rail industry was perceived as strategically important for military business. And yet after the war time, it was derelict and seen in a poor shape that required a large investment to secure an adequate level of service. For this reason a heavily state-regulated at the time was inevitable. According to Parker (2012) the decision to nationalize was supported by a wide range of interest groups such as; the railway trade unions and by those who expected the result to be improved services. Based on scholarly literature, this nationalization of British rail was fundamentally underpinned by the post-war ideology "cradle to the grave" of Beveridge report where the state took responsibility in running public services for the purpose of investment and full employment for British people (Griffiths and Kippin, 2013). Ever since then this idea publicly became a central logic in running a so-called any State Own Enterprise (SOEs) and strongly embedded in Britain society.

### *Paving the way to reform*

However the tide of reform by nationalization, particularly in the transport industry had started to turn a corner when they were entering into the 1960s. This was deeply rooted to a persistent ill-financial condition of British railway since the mid-1950s as well as the emergent of and turning to car as alternative mode of transport. The issue was recognized by the then Prime minister Harold Macmillan that there is an urgent need to reshape British railway.

*"The heart of the problem is in the railways. They are a great national enterprise and a vital basic industry. They employ half a million people and represent an investment of nearly £ 1,600 m, which is growing by more than £100m each year [...].The railways are now in a grave financial plight. They are a long way short of covering even running cost"*

(Ministry of Transport, 1960)

He then apparently raised the concern of another round of reform by suggesting that

*"First the industry must be of a size and pattern suited to modern conditions and prospects. In particular, the railway system must be remodeled to meet current needs, and the modernization plan must be adapted to this new shape"*

(The Prime minister, speaking to the House on 10th March 1960)

The smell of upcoming reform was in the air and began to draw attentions from the public and media. Consider the following quote extracted from the Economist, Saturday, March 19, 1960 "Agenda for the Railway"

*"So the railways are to be subjected to yet another "radical review" of their size, structure and finance. The long drawn-out strategic withdrawal of the railways in the face competition from other, newer forms of transport has seen this kind of exercise before"*

In addition, toward the end of the year where the railway was in the high demand of services, the current state of British railway was once again spotted by the media.

*"At the beginning and the end of any holiday, the name British Railways is apt to become engraved on travelling public heart; but nobody wants to spend the rest of Christmas doing too much deep thinking about it...[...]...the proposal for the reconstruction of national transport that it has produced may have been based on a full thought re-thinking of the part-and primarily, of how big a part-that the railways should play in British transport during the last third of the twentieth century. The right shape and internal structure of any organization must deepen decisively on the size it is designed to be...[...] The "right size" of the railway system would then have indicated the right size for railway capital with some special treatment for any specially retained "social services" element in the railway operation.*

(Economist: Saturday, December 24, 1960)

Yet, the very focus is placed on reining in the growing cost and culling a seemingly oversize of the railway, clearly stated by the Prime minister Macmillan (Ministry of Transport, 1960)

*"Sweeping changes will be needed"*

By a joining force between politics and social media, the reform of British railways was put forward. Starting with a reorganization of "British Transport Commission" - a nationalized undertaking- that was in charge of running various modes of transport (e.g. railways, London, transport, British transport docks, British road services and Scottish bus group). As a result the large and diverse body of BTC was reorganized by broken down into such a particular of transport mode as Rail, bus and London transport for example, with their own authority in running business. This seemed to be underpinned a growing ideology of privatization where many public bodies had turned their eyes to private-sector efficiencies. See the quote below.

*"The activities of the British Transport Commission as at present constituted are so large and so diverse that it is virtually impossible to run them effectively as a single undertaking [...] There has also been [...] confusion in judging between what is economically right and what is socially desirable" (Ministry of Transport, 1960)*

### ***Reform in early 1960s: Beeching report 1963 and deinstitutionalization of the old logic***

The further move to reform British railway was subsequently carried out by an appointed Sir Richard Beeching as a chairman of British railway Board (BRB). He was a former ICI technical director. In addition, the board was filled up with people from a wide range of back grounds, for example, Philip Shirley with experiences in accountancy, and L.H. Williams who was a former director of Shell International (Financial Times, 29 November 1962). From this composition, there was a high expectation of resuscitating the ill industry, as once remarked by Ernest Marple, the then Transport minister "...[...]...with the aim of creating a small cohesive body of businessmen who had been successful in other sectors and experiences in organization matter...[...]" (The Times, Tuesday 20th August, 1963). By this composition and a dynamic in board's members, there is one remarkable and controversial report produced by the team as a sensible way in reforming this public service - The Beeching Report (1963)". The reform agenda was centered on

*"...[...]..the railways should be used to meet that part of the total transport requirement of the country for which they offer the best available means, and they should cease to do things for which they are ill suited. To this end, it is proposed to build up on the traffic on the well-loaded routes, to foster those traffics which lend themselves to movement in well-loaded through trains, and to develop the new services necessary for that purpose. At the same time it is proposed to close down routes which are also lightly loaded as to have no chance of paying their way, and to discontinue services which cannot be provided economically by rail"*

(The Reshaping British railways, 1963 by Sir Richard Beeching)

### ***The implications and public responses***

Such an implanting of managerial and operational idea from private sector, however triggered a tension and raised a resistance against the reform in society and even within the public sector itself.

*"Some people, especially farmers, have suffered financial loss because of the closing of a branch line. Not surprisingly, they are very resentful. Other people bear a grudge against the*



*railways because their branch lines, though still open at least for immediate present, are not so convenient" (Research Project Limited, 1963)*

Also The open letter from the Scottish Tourist Board concerning the proposal for the re-shaping of British railways.

*"...[...] Against what has been called the realities of railway finance, it must place, with such force as it can convey, other realities which are equally important to the national interest. In particular the Board would urge second thought on the cutting of the link between Grivan and Stranraer, and Stranraer and Dumfries. These closure would have a disastrous effect not only on the fast growing holiday trade of the south-western counties but on the tourist traffic to the north of Ireland by the short Stranraer to Larne route" ( MT 97/688 Transport implication of the proposal for re-shaping of the railways. Post-publication of the Beeching Plan, Department for Transport:2 April 1963)*

This narration of the reform's story suggests that there was an increasing tension between an existing institutional logic of the post-war consensus and a growing ideology of privatization. Consider the Attitudes to rail travel and the decision process conducted by Research Projects Limited (1963) below.

*"Why should we have to pay double the fare sometimes? It's ridiculous. Some people feel there is a conspiracy to withhold knowledge about benefits they are entitled to. They feel Railway officials sometimes mislead them, perhaps deliberately".*

Yet the public appeared to resist the sweeping changes introduced by the Beeching report. The government ,on the other hands, had continued to pursue their reform agenda in remodeling British rail industry. As revealed in The Cabinet Office Paper, Memorandum by The Minister of Transport, 9th March 1965 that

*"The programme is even more important as an integral part of the reshaping of our railways. The present system is largely the result of unplanned, competitive private enterprise growth in Victorian times, and it needs drastic pruning and replanning for the need of the second half of this century"*

In another facet, the railway trade unions was ,at the same time, threatening to go for a massive strike, as the reform programme meant the lost of their status and power. "The British Railways Board will begin a new attempt next week to secure the cooperation of the railway unions" (The Times, Thursday, Jan 07, 1965). By April 1968, relations between the government and the unions were strained. The Secretary for Employment and Productivity, Barbara Castle, wanted the unions to move away from the defence of sectional interest and toward corporate responsibility for national economic and social development (The National Archive website)

To this end, the report was a "disruptive" figure or even a change agent that sought to deinstitutionalize the norm and practice in the railway industry. It did so by creating an environment where the old logic could be challenged through - an appointment people from business and managerial background, and as a consequence produced a recommendation on the ground of economic examination. Rather than purely driven by an efficiency argument, the reform of Macmillan

administration was pushed by political ideology of the conservative party where its belief was a stark contrast to a burgeoning state.

### ***Reform in late 1960s: Joint Steering Group (JSG) report and a rhetorical maneuver of reform***

Surprisingly instead of returning to their tenets in managing public service, the new Labour government of Prime minister Harold Wilson (1965-1970) chose to continue with the reform agenda. But it was carried on with a rhetorical maneuver in which a new inquiry report was produced to justify their moves. The Joint Steering Group (JSG) Inquiry was set up in 1968 to examine the issues and the way to further reform British Railways. However unlike the composition of the group's member in Beeching report, the JSG at this time included four Civil Servants and three independent academic in the team. Perhaps this balance between commercial ideas and public service mind had subsequently influence the shape of reform agenda.

To appeal for a logic in reforming, the logos type of rhetoric was incorporated into the inquiry by conciliating to a social dimension of the programme. Consider the extracted quote below from JSG inquiry report (1968).

*"The government's first problem, therefore, has been to determine the size and shape of the basic route system to meet both commercial and social needs. This was essential so that management could concentrate on the improvement rather than contraction of the system and provide the first class service to the public"*

And in the Financial Times, Monday July 4th 1968 argued by Barbara Castle that

*"We are in the midst of transport revolution...[...].and it is always important to have the right size of transport but should not in the expense of "social purpose" and "public service"*  
"

### ***Mobilizing social support for reforming***

In addition, this inquiry report tried to garner the public support for pushing a reform by arguing that as a national pride, the community should play a part in making a contribution to this iconic industry. However this could be regarded as a rhetorical maneuver, as our archival source found that

*"If self-reliance is to be restored to the industry, it is essential that the community should explicitly take financial responsibility for these passenger services" (Railway Policy, Ministry of Transport, 1967)*

Despite the pause of public resistance as their concern in social value was taken into account by the new round of reform, the hard-nose unions seemed unlikely to depart even a millimeter from their stand and continued opposing the pace of reform and the emerging of private sector involvement in the railway business. For example one of archival source - Mrs. Castle's meeting with executives of railway unions on 30th January, 1968 (AN 156/15), a representative from the National Union Railway (NUR) challenged that

*"In the early days, worker's participation was not having a single representative on a board of 7 or 8 people, whether he was a rank or filer or a trade unionist, nor was it having some leading trade unionist figure on the board in a personal capacity...[...] we will fight for trade union policy on the board, and not be held to the policy of the board, if we wound not have a stake"*

The concern of trade unions power in the rail industry once gain occupied the minds of government when Britain attempted to entry into European Economic Community (EEC), especially when the High Speed running was concerned. See the point was made in the government meeting.

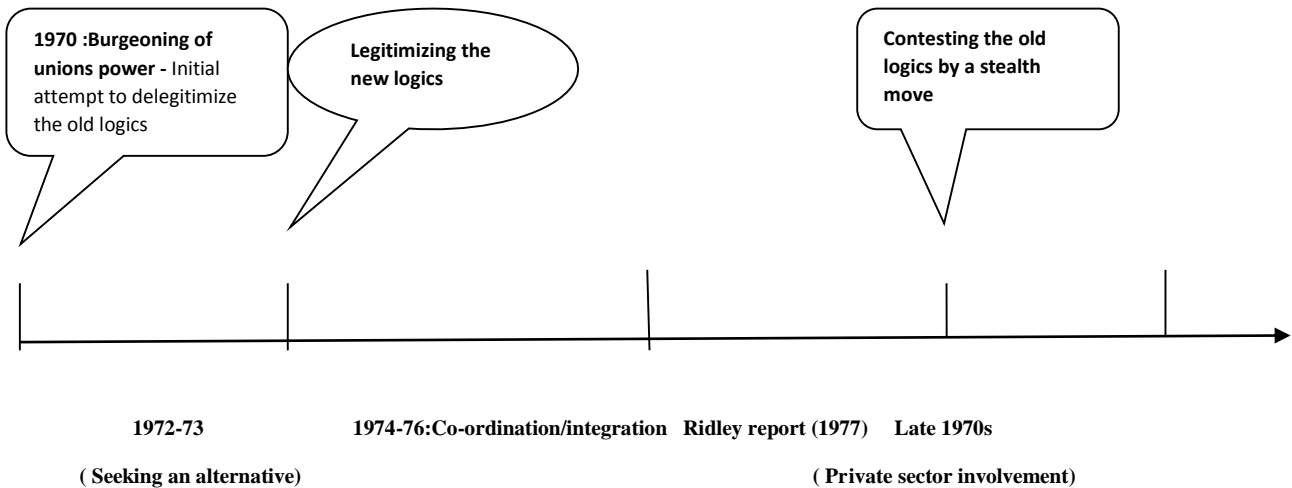
*"I fear that the effect of letting the Unions know of the Board's ambitious plans for high speed running could be merely to increase the pressure on the Board - it would merely reinforce their point that the skills and responsibilities imposed on drivers were likely to increase in future. I do not think that they would take much notice of a threat that if they were unco-operative now, this could jeopardize future decision in favor of high speed running"(Minister's meeting with Mr. R W Marsh on 27 March, 1973)*

### ***In retrospect***

In brief, the archival data seems to suggest that the governments attention to reform British railways in the period of 1960s were rather underpinned by political ideology than an argument of efficiency, whereas the momentum of reform itself and an increasing involvement from the private sector had been maintained by the social forces instead of a pure performance driven. This was implemented through a rhetorical strategy of the government by camouflaging the reforms agenda under the blanket of social concern. Nevertheless this was not sufficient to move further as it should have been due to the resistance of the powerful trade unions. While the first proposition here has demonstrated that in reality the seed of reform was far more complex than the performance improvement, the next proposition will go deeper and more critical in details of relation among the idea of public private partnership and dynamic of power.

**II. ) An increasing involvement from the private sector in British railway's reform programme was politically designed to "re-balance" a whole transport industry where at that time relied heavily on trains. It had been developed through an incremental change process (endogenous development) aiming to delegitimize an orthodox view of social railway and trade unions' credit, and at the same time legitimize the virtue of private sector involvement in running a modern railway. Rather than directly convincing the public with a rationale of performance outcome, emotional appeal and moral argument had stealthily been as the crucial elements in keeping the momentum of industry reform.**

The figure 2 below, shows a chronology of reform in British railway during 1970s that constitutes our research findings, and structures an archival account.



<b>Serpell report (1974)</b>	<b>Nationalized Industry Report (Ridley Report 1977)</b>
<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>- Closure of secondary routes (socially needs) in part of London but more in Glasgow and Edinburgh</li> <li>- Efficiency used of resources for the benefits of consumers and taxpayers</li> <li>-Private capital was encouraged to alleviate the railway's financial conditions</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>- Denationalization should not be attempted by fatal attacks, but by a policy of preparing for return to private sector by stealth.</li> <li>- "We should fragment the industry as far as possible, and set up the Units as separate profit centre"</li> </ul>
<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>- Setting the tone for the next few years, with British railways could cut more cost, further reduced un-remunerative lines.</li> </ul>	<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li>- Shifting in paradigm of British railway toward a broad context of public transport rather than isolated or separated industry</li> <li>- Experimenting on certain lines of replacing railway services with bus services</li> <li>- Cooperation investment between road and rail</li> </ul>

	- Raising roles and stake of private sector in this industry
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**Figure 2:** A chronology of reform in 1970s

***Burgeoning of railway unions power in 1970s***

*"More and more the nationalized industries are run for the benefits of those who work in them. The pressure are for more jobs for the boys, and more money for each boy. The need to satisfy the customer is less and less appreciate mainly because they tend to be monopolistic concern*

*(Extracted from the Role of British Rail in Public Transport, November 1977, Cmd. 7038)*

The realization of the trade unions power could be demonstrated by the fact presenting to cabinet minister on Effect of Industrial Action by Railway Unions: 3rd March 1972 (CAB/129/162/4). Their concerns were central on a wider implication on other business as shown below.

*"If the railway unions, or any one of them, do not accept the best offer British Railways can make, industrial action will follow. This could be sporadic and local, and therefore, no more than a nuisance; or much more serious, a concentration on key traffic (for example, coal and oil to power stations); or an all-out strike. The two last possibilities would do serious and immediate damage".*

So what the rail did carry and how important it seemed to be in British society during those days? The following data from cabinet meeting could potentially emphasize its, perhaps greatest contribution to society.

Coal and coke 104m tons, Iron ore and Steel 33m tons, Oil 19m tons, Earth and stones 14m tons, Chemical 4m tons and others 26m tons. And when comparing to other mode of transport.

	Coal	Oil
Rail	72%	27%
Road	15%	10%
Pipeline or sea tanker		- 63%

So based on this breakdown it is obviously that rail industry and the unions in particular, played a crucial role in Britain during 1970s. And if its people went on to strikes, this would definitely create a huge ramification to the country. In a cabinet office paper - Implication of Industrial Action by the Railway Unions: 29 March 1972 (CAB/129/162/15), what in the back of their heads were about direct effect on industry of rail strike. As presented in ANNEX B secret to cabinets, which includes, 1) Coal and Oil power stations, 2) Domestic coal, 3) Industrial coal, 4) Oil, 5) Chemical and 6) Construction industry. And one of the message arose from all of them was about *"The use of alternative to counter this severe disruption"*. Yet in their assessment of the strike 'magnitude from railway man, road

transport as well as curbing the power of unions were strategically, if not politically brought into a discussion as a part of long term plan.

### ***Seeking an alternative***

*"Road transport is another industry which is vulnerable, but the diversity of firms and ownership and the weak nature of the unions, make it less likely that action could succeed here".*

Consider the following extracted from Economist magazine, Saturday 22 June 1974

*"Mr. Mulley, like his predecessor, Mr. John Peyton, has lost his grip on transport policy. The sectional lobbies in transport are formidable and backed in British Rail by trade unions political heavyweights. Mr. Wilson is in the rail unions debt for calling off their go-slowly during the election. The bus lobby is weak at the present time because it does not have comparable unions backing".*

(Mr. Fred Mulley was the then Minister of Transport in the Labour government. He was seen from a public as a pro-road man)

Yet despite the fact of having a pro-road man in charge for putting in place transport agenda, but still a difficult task for pursuing a less dependable rail policy. However this does not mean leaving a traditional way of British journey or converse it to road. But it is rather about rebalancing the role of rail transport with other alternatives as it will be subsequently discussed in other section. This quote from a closed stack MT 124/1665: Correspondence with trade union and conservation society date 19 April 1973, could strongly emphasize the point if government concern.

*"The government believe that the railways will continue to play an important part in the country's transport system; they will be encouraged to develop in whatever way make economic and social sense. An integrated transport policy, however, means that each mode must concentrate on providing those services for which it is best suited, taking full account of changes in customer demand and the wider social, environmental and economic implication involved".*

### ***Coordination and Integration***

By referring to the importance of having less monopolistic transport industry the words such as "co-ordinated/integrated national road/rail", "overlapping functions" and "wasteful duplication" had become buzzwords and often used in policy making circle as well as public medias.

According to the view of institutional theorists such as; Mahoney and Thelen (2010), Lawrence et al (2009) institutional logic of nationalized industry - from cradle to the grave - had been misaligned and weakened. Yet, as Brown et al (2012) argued that " they are further helped if, at the same time they come into play, the moral basis of existing institutions is undermined, perhaps as a result of revelations of ongoing systematic problems, corruption or harmful consequences". In case of British rail industry, the point made by institutional scholars was so explicit, if not valid. For example the following quote taken from Times newspaper London 28 Oct 1973.

*"Rail is not kept for the sake of the public but for the sake of unions and they in turn are just conscript of the Labour Party"*

Also an emotional response to tackle a chronic disease of nationalized industries seemed to be prevalent in all different walk of life. Noticing from headlines of Economist magazine April 28, 1973

*"How will we denationalise? there is now an overwhelming economic case for breaking up these nationalised monopolies". And New thoughts on transport: Business brief, Economist, December 4, 1971 "British rail alone will have its cash flow topped up by 200 million GBP over three years by new subsidies announced in recent weeks. Some of this may be badly needed. Only last weekend Mr. Richard Marsh, British rail chairman, announced a perspective loss of around 20 million GBP for this year for his organization, followed by another, though smaller, loss next year".*

### ***Contesting the old institutional logic with stealth move***

Looking from institutional theory point of view, both of issue about unscrupulous trade unions and internal problems seem to open up opportunity for change agents to alter the trajectory of development in British railway. Or more precisely this crisis could create the environment where change agents contest extant ideas and the policies based upon them. A crisis induced consolidation of new idea - replacing an extant paradigm - leads to radical policy change (Donnelly and Hogan, 2012)

To this end, far from a general perception towards an economic efficiency for reforming, the reform itself was actually riddled with a power play in dealing with or even debilitating hardnosed trade unions. As mentioned in Ridley report 1977.

*"The process of returning nationalized industries to the private sector is more difficult than ever. Not only are the industries firmly institutionalized as part of our way of economic life, but there is very large unions and political lobby want to keep them so....[...]...it should not be a frontal attack but stealth...[...]...three steps...1) Destroy the statutory monopoly, 2) Break them up into small business, 3) Apply a whole services of different technique...[...]"*

### ***Private sector involvement***

As a consequence the period of 1970s was seen as a time when private sector had become more involved in the government business as clearly presented to Parliament by the Secretary of State for Industry on 14 August 1974 (Taken from The Regeneration of British Industry: Department of Industry)

*"We need both efficient publicly owned industries, and a vigorous, alert, responsible and profitable private sector working together with the government in a framework which bring together the interest of all concerns"*

As previously suggested that the process of debilitating a powerful nationalized industries and trade unions should be put in place strategically, not frontally attack. Yet comparing to other point in time, the early to mid 70s could be an opportune moment for proceeding. The medias that strongly contribute to the creation of knowledge played a part in persuading audiences that it was a time to do something with inefficient and irresponsible the state-owned industries. Consider the headline and excerpt from The Time (London, England Friday August 28, 1970)

*"Chasing for Efficiency in the Public Sector: As the debate continues about inefficiency in the nationalized industries, the government puts the case for close public scrutiny as a spur to their managements...[...]...The truth is that the managements of nationalized industries, and of those businesses which enjoy government protections and the threat of liquidation, have little or no inducement to embark on programmes of change and manpower cost reduction"*

With this socio-economic condition, it opened opportunity for the government to carry out its stealth plan under a persuasive argument of "private sector efficiency" and "private sector mind" in running state-owned business.

## **DISCUSSION AND CONCLUSIONS**

A historical investigation and institutional analysis on a contemporary idea of public private partnerships (PPPs) in British railway industry (1960s - 70s) offer a new insight into a legitimization process of PPPs. While the existing studies from both sides of academic and practitioner have continuously explored better way to structure a more effective partnership in the light of operational outcome and best value for money (vfm), there are still a number of issues arising such as; a deterioration on capacity and quality of public service; ironic results in performance delivery as well as public opposition. These issues imply that the research endeavor to pursue vfm and performance improvement, is not a whole story of public private partnership. In fact the matter of how it is conceptualized, talked about and practiced are far more crucial in crafting up a more responsive and effective partnership.

In so doing, this paper re-assess how the partnership idea was legitimized and been maintained throughout the change of political and economic landscape. One remarkable observation arising from an archival account is the advent of PPPs idea in British railway was not because of an expected-performance improvement. Instead, it was dynamically legitimized by the government's reform agenda that reflected political and socio-economic conditions of British railway at the times. And yet over the period of 1960s, in order to legitimize the partnership initiative, the two inquiry reports were put in place. The Beeching report (1963) sought to directly attack the old logic via a regulative approach - proposed to cut 1/3 of a whole railway system. Yet it was so disruptive, though seem to be effective way to reform. A subsequent inquiry the Joint Steering Group Committee (JSG) report went another way around. It generated a gradual deinstitutionalization process through a rhetorical strategy of, for instance; "social railway"; "devolving of power" and "local responsibility". In a reflection, at the moment in time and over the time of reforming British railway under the realm of partnership, the government seemed to understand that "offering a better performance" was not the way to make partnership idea become socially desirable, let alone a proper and appropriate way in running the industry. As such a rhetorical strategy and a manipulation in media coverage that internalized a surrounding social and economic condition, were therefore used to achieve legitimacy.



Likewise, in order to maintain a legitimacy of private sector's involvement idea during the 1970s, the government chose to blend a performance-based agenda with an attempt to re-balancing the transport industry to curb a spiraling of the unions 'power. An emotional appeal and moral argument were embedded in the government reform agenda to delegitimize the unions authority and pave the way for institutionalizing the new logic into British railway. Yet this once again demonstrates an importance of understanding the dynamic of institutional environment in legitimizing and maintaining a momentum of industry reform. Put it in simple, although driving performance of public service is a crucial task in public private partnerships (PPPs), however achieving a better performance outcome does not necessarily mean it would be perceived as a desirable, proper or appropriate way among public community as the users. In fact the influence of socio-political forces that strongly influence a performing of PPPs must be properly investigated in order to make it become more a responsive and cohesive mechanism in a delivery of public service.

With this regard, the future research should pay more attention on a historical context of PPPs either in other sectors (e.g. healthcare, education or wastewater project) or other dimension of institutional perspective (e.g. path-dependence) to gain a deep understanding in micro-foundation that constitute a performing of PPPs.

**\*\*\* This paper is still in a work-progress to be developed as a full journal article. The conclusions and discussions are therefore be refined\*\*\***

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