From Government Department to Independent, Business-Focused, Not-for-Profit Corporation: The Experience of Leading through Transition in the Creation of the British Columbia Safety Authority

by

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M.A., University of British Columbia, 2003
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of the Requirements for the Degree of
Doctor of Education

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Abstract

On April 1, 2004, British Columbia’s several Safety Engineering Services were combined into a single non-governmental regulatory authority. This research articulates the process as experienced by the organizational elite and examines that experience with the aid of Giddens’ Structuration Theory.

Thirteen members of the organizational elite who led this transformative change process participated in one-on-one interviews. Analysis of this narrative data revealed challenges and considerations from which others contemplating similar transition processes can benefit.

Many of the experiences are common to any major organizational change. Those that emerged as particular to transitions out of government relate to planning, reculturing, and stakeholder relations.

Planning for change unencumbered by political ideology and taking enough time to include stakeholders was critical to success. Recognizing that government and private sector cultures are different and developing a strategy to support employees to make the change were also important, as was identifying the key stakeholders and establishing and maintaining effective relationships with them. While the transition removed government’s control over day-to-day operations, it remained a very important stakeholder.

Keywords: Leadership; New Public Management; organizational change; privatization; Structuration Theory
Dedication

To my parents, June and Allan Luck,

who taught me by example the value of lifelong learning

and encouraged my curiosity and love of reading.

And to Millie Kirkpatrick, who always knew I’d be a doctor one day.
Acknowledgements

I want to thank, first and foremost, the participants who shared their precious time and compelling stories with me. I am deeply indebted to them for their generosity, and for the breadth and depth of the wisdom that they shared—this document is their story.

I also thank Phil Gothe for his support, Harry Diemer for his endorsement, and Catherine Room for her continued support of this research. It truly would not have been possible without them.

To Dr. Geoff Madoc-Jones, my senior supervisor, I extend my deep appreciation for helping me find my voice. And to Dr. Bruce Beairsto, my co-supervisor, I extend my heartfelt thanks for your thoughtful and thought-provoking feedback and constant support.

My heartfelt thanks also go to my friends and transcriptionists, Elizabeth Edward and Frieda Rabinovich. Without you, I might still be transcribing interviews. And to Joanie Wolfe, editor extraordinaire, my sincere thanks for your incredible support and eagle eye.

Last, but certainly not least, my unending love and gratitude to my husband, Thomas Kirkpatrick, and my muses. Your steadfast, unwavering support has been my compass throughout this journey.
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List of Acronyms

APEC  Asia-Pacific Economic Corporation
ASME  American Society of Mechanical Engineers
BCSA  British Columbia Safety Authority
CARO  Crown Agencies Resource Office
CEO   Chief executive officer
NPM   New Public Management
P3    public-private partnership
RAP   Risk Assessment Program
SECI  Socialization–Externalization–Internalization–Combination model
SES   Safety Engineering Services
SOA   Special Operating Agency
SUCH  School districts, universities, colleges, and health organizations
Chapter 1.

Introduction

When I first read the 2008 advertisement for the position of Leader, Education and Awareness Program Development at the British Columbia Safety Authority (BCSA), I was struck by the similarity of the description of this organization to the government department my father had worked in more than 20 years prior. How interesting, I thought, that a non-governmental organization would provide leadership in a public policy service delivery area that government handled. As I read more about the organization to prepare my application, I realized that the BCSA was, in fact, an independent organization that provides the technical regulation and safety services that had previously been the responsibility of government departments.

This leadership study explores the lived experience of the organizational elite who led the transition process of the branches of Safety Engineering Services out of the government reporting entity to become the British Columbia Safety Authority. I gathered their stories through personal interviews, and developed a thematic exploration of their accounts. The result of this study is a rich description of this lived experience, understood against the backdrop of government, regulatory and leadership studies, and examined through the analytical lenses of Organizational Change and Structuration Theory.

History

Technical regulation has a long history in British Columbia. Steam boilers have the longest regulatory history, dating back to 1896; as new boiler and pressure vessel technologies were developed, they were regulated under the same code and regulations used in the railway industry (BCSA, 2007). In 1911, the American Society of Mechanical
Engineers (ASME) formed a committee to study and develop specific regulations for the construction of boilers and pressure vessels and in 1950, the British Columbia Boiler and Pressure Vessel Program adopted the code developed by ASME, while the Railways Program continued to use the British Columbia code (BCSA, 2007). Regulation evolved in other technical areas: the 1910 *Electrical Energy Inspection Act* (as cited in BCSA, 2006a) was used by British Columbia’s Electrical Program, and the 1938 *CSA B44: Safety Code for Elevators* was employed to ensure the safety of elevating devices across the province (BCSA, 2006b). Regulations for gas and passenger ropeways technologies were adopted in the 1950s (BCSA, 2006c), and regulation of amusement devices, adopted in the 1980s, is the most recent addition to British Columbia’s technical regulatory system (BCSA, 2006d). These regulations and regulatory structures were adopted over time and were monitored and enforced as part of the provincial government’s organizational structure; each technical area reported to the Minister responsible for municipal affairs through Safety Engineering Services (SES), forming the provincial technical safety system.

The provincial technical safety system represents all participants, processes and regulations that affect the design, manufacture, operation and maintenance of buildings, structures, equipment, devices, materials and components used in residential, industrial, commercial and institutional construction (Government of British Columbia, 1997). The disciplines, or areas of technical expertise, represented within the Ministry included electrical; plumbing and gas; boilers and pressure vessels; elevating devices; fire prevention, investigation and suppression; aerial tramways; amusement rides; railways; and inter-provincial pipelines. In addition to providing technical expertise in these disciplines, SES also managed safety-related support systems such as education and training; product, contractor and operator certification; bonding, insurance and warranty of products and services; and compliance and enforcement mechanisms.

Governments periodically restructure and rename departments, and the British Columbia provincial government is no different. While the overarching leadership structure remained consistent, with levels responsible for governance, executive, and senior leadership, the organization of reporting units shifted several times between 1997 and 2004. The Ministry’s name also changed several times during this period from the Ministry of Municipal Affairs and Housing (1997-2000) to the Ministry of Municipal Affairs
followed by the Ministry of Community, Aboriginal & Women’s Services (2002-2004). Within the Ministry, the Deputy Minister and Assistant Deputy Minister were responsible for governance-level leadership, the Executive Director was responsible for senior leadership of the branches, and Directors were responsible for branch management. The titles changed through the transition period, but the responsibilities were remarkably consistent. The leadership levels and titles are summarized in Table 1.

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Governance</td>
<td>Deputy minister</td>
<td>Deputy minister</td>
<td>Board of directors</td>
</tr>
<tr>
<td></td>
<td>Assistant deputy minister</td>
<td>Assistant deputy minister</td>
<td>(11 positions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transitional board (3 positions)</td>
<td></td>
</tr>
<tr>
<td>Executive director / CEO</td>
<td>Executive director</td>
<td>Executive director / interim CEO</td>
<td>President &amp; CEO</td>
</tr>
<tr>
<td>Director / vice president</td>
<td>Engineering &amp; Inspection Branch</td>
<td>Boiler, Gas and Railway Safety Branch</td>
<td>Corporate secretariat &amp; general counsel</td>
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<td></td>
<td>Electrical Safety Branch</td>
<td>Certification, Education &amp; Quality Management Branch</td>
<td>Corporate services</td>
</tr>
<tr>
<td></td>
<td>Gas Safety Branch</td>
<td>Electrical Safety Branch in 1998</td>
<td>Engineering &amp; standards</td>
</tr>
<tr>
<td></td>
<td>Management Services Branch</td>
<td>Electrical and Elevating Devices Safety Branch from 1999-2004</td>
<td>Customer services / education, communication &amp; outreach</td>
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<td></td>
<td></td>
<td>Engineering &amp; Inspection Branch</td>
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<td>Gas Safety Branch</td>
<td>Human resources</td>
</tr>
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<td></td>
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<td>Management Services Branch</td>
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<td>SES Modernization Project</td>
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This leadership group undertook to lead the creation of two new Acts, amendment of one existing Act and repeal of four existing Acts, and to lead 220 employees through this privatization exercise. The timeframe was generous, and there were a number of milestones along the way. These milestones are summarized in Table 2, and discussed in greater detail following.
Table 2. **BCSA Transition Timeline**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>Pre-1990</td>
<td>Discussion began about issues with BC’s technical safety system</td>
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<tr>
<td>1990</td>
<td>Acting Executive Director sent to Vancouver to assess state of branch offices</td>
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<tr>
<td>1991-92</td>
<td>Internal reorganization of service delivery units</td>
</tr>
<tr>
<td></td>
<td>Cost recovery mandate and fee freeze imposed</td>
</tr>
<tr>
<td></td>
<td>National recruitment process for Executive Director conducted and concluded</td>
</tr>
<tr>
<td>1993</td>
<td>Discussions of administrative flexibility began</td>
</tr>
<tr>
<td>1995</td>
<td>Review of services undertaken by Ministry, Safety Engineering Services and Treasury Board</td>
</tr>
<tr>
<td>1997</td>
<td>The Next Horizon report delivered</td>
</tr>
<tr>
<td>1997-2001</td>
<td>Minor reorganizations and changes to legislation</td>
</tr>
<tr>
<td></td>
<td>Proposal for Special Operating Agency status developed</td>
</tr>
<tr>
<td></td>
<td>Combined legislation for four branches of Safety Engineering Services</td>
</tr>
<tr>
<td>2001</td>
<td>BC Liberal Party won provincial election</td>
</tr>
<tr>
<td>2002-04</td>
<td>BC Liberal government introduced core review process (New Era platform)</td>
</tr>
<tr>
<td>2002</td>
<td>Executive Director seconded to develop vision and build structure for BCSA</td>
</tr>
<tr>
<td>2004</td>
<td>April 1, 2004, BCSA created</td>
</tr>
<tr>
<td></td>
<td>Safety Standards Act (2003) Chapter 39, Section 102 (d) became effective April 1, 2004</td>
</tr>
</tbody>
</table>

As British Columbia’s technical safety system evolved, a review of the branches of SES was launched in 1995. Three parallel reviews were conducted; one by consultants retained by Safety Engineering Services, a second by Ministry staff, and a third by Treasury Board. As part of the review, other regulatory models were reviewed, including the Technical Standards and Safety Authority (TSSA) in Ontario, Alberta’s regulatory structure, and examples in the United Kingdom. The review was initiated to address fragmentation of the safety system that had evolved over several decades for a variety of reasons, including the “proliferation of new safety-related materials, technologies and services, the growth in discipline-specific changes, and the absence of a single body with a comprehensive safety mandate” (Government of British Columbia,
Leaders responsible for delivery of technical safety recognized that the system had become inefficient and ineffective, and that it was increasingly unlikely that appropriate levels of public safety could be delivered in the future without making significant changes to the organization of the services.

The Next Horizon: A New Vision for Delivering Safety in British Columbia report was delivered in May 1997 (Government of British Columbia, 1997), and contained 31 recommendations and identified four "Horizons of Change," each of which represented options for different levels of management direction and system participation that could be implemented to institute the improvements indicated by the system review. The report explored a range of options for the service delivery model, ranging from Special Operating Agency (SOA) status to a full private-sector service audit model. Reviews and options for restructuring of this type were nothing new, and privatization of government services was a model that had already been demonstrated on the international stage. Indeed, privatization of delivery of public services became popular in Britain in the 1980s under the Conservative government led by Margaret Thatcher. The British government ideology was that a small central government would oversee agencies that would, in turn, undertake the delivery of services (Peters & Savoie, 1994). In Thatcher's Britain, some of the organizations that delivered services were known as "quangos," or quasi-autonomous non-governmental organizations, defined as private organizations delivering public policy for government (Langford, 1983). Defining characteristics of quangos include that the work involved does not require Ministerial oversight of day-to-day operations and is more effectively managed by a single-purpose organization rather than a government department. Quango status allowed people outside of government to be involved in the direction of the organization, and placed the operation of a specific function outside of the arena of party politics (Pliatzky, 1992). Quangos were created through government action, although not necessarily by government, and had no direct electoral accountability (Sperling, 1998). They became responsible for such actions as commissioning, purchasing or delivering public services, adjudicating decisions made by public bodies, and advising public policy makers on appropriate actions (Payne & Skelcher, 1997). During the time of this transition, quangos were a well-known approach to New Public Management that may well have
provided an example to government and the organizational elite of Safety Engineering Services, although neither directly indicated an intention to emulate them.

*The Next Horizon* report made no comment on the relative value of privatization of government services, and was not intended to be a blueprint for a linear process to transition the technical safety system out of the government reporting entity and privatize it. Rather, the report was intended to present options for structuring leadership and management of the technical safety system. The four horizons offer a framework for evolutionary, not revolutionary, change along the continuum from government to private sector; movement from one horizon to another was intended to be incremental as members of the safety system were prepared for and desired greater independence while retaining safety outcomes. As the report was being developed, the form that the delivery of technical safety would ultimately take was not a foregone conclusion.

Summarized from *The Next Horizon* report (Government of British Columbia, 1997), Table 3 outlines the characteristics and qualities of each of the horizons of change. In order to create the BCSA, the new *Safety Standards Act* (2003) was passed into legislation, the four Acts that governed the branches of SES (*Electrical Safety Act*, 1996; *Elevating Devices Safety Act*, 1996; *Gas Safety Act*, 1996; and the *Power Engineers and Boiler and Pressure Vessels Safety Act*, 1996) were repealed, and a fifth Act (the *Railway Safety Act*, 2004) was amended. The new *Safety Standards Act* (2003) and accompanying regulations form the legislative authority under which the BCSA operates, while the *Safety Authority Act* (2003) establishes the BCSA as an independent not-for-profit corporation with specific powers and responsibilities. The BCSA is empowered to deliver services as specified under the *Safety Authority Act* (2003) and regulations, while the provincial government retains responsibility for policy development and overall effectiveness of the technical safety system.
### Table 3. The Four Horizons of Change for the BCSA

<table>
<thead>
<tr>
<th>Horizon</th>
<th>Changes</th>
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| **Horizon 1** | • Continue operation in government ministry  
• Increased autonomy from restrictions of broad government policies  
• Implement without substantive legislative change  
• Limited disruption to municipal governments responsible for administration of safety services |
| **Horizon 2** | • Establish a new organization through legislation  
• Deliver technical policy development and compliance/enforcement services  
• Represent provincial perspective in technical program development |
| **Horizon 3** | • Expand scope to include responsibility for building and plumbing services  
• Add full range of policy development and service delivery  
• Local governments given option to deliver services themselves or delegate to the new authority  
• Provincial government retains general leadership and overarching policy development role  
• Private sector organizations accredited to fill specific gaps in safety service delivery; Authority provides an audit-based quality control approach to managing the provincial safety system |
| **Horizon 4** | • Provincial safety system uses fully private sector accreditation process to certify participants  
• System managed through full audit-based approach in monitoring and enforcement strategies |

Forms and structures of public sector organizations have evolved over time, spanning a continuum from government entities such as ministries and crown agencies to non-government entities like independent authorities, self-regulating bodies, and local governments. An organization’s location on this continuum is predicated on its reporting responsibility through the government entity and determined by the level of government control of financial and accounting responsibilities (Government of British Columbia, 2009). The BCSA was created as an independent authority in 2004 through passage of the **Safety Authority Act** (2003); this created the BCSA as “a not for profit corporation without share capital and consisting of a board of directors” (section 3(1)). It became responsible “to carry on activities throughout British Columbia that foster safety in the design, manufacture, disposal, construction, installation, operation, maintenance and use of technical products, equipment, systems and railways” (section 5(a)). Funding for these activities is derived solely through the revenues it receives from clients for the services it provides; apart from some transitional funding provided in 2004, the BCSA receives no funds from the provincial government.
The BCSA was not created as an agent of government (section 3(4)) yet it bears responsibility, delegated by the provincial government through a *Safety Standards Administrative Agreement* (2004), for managing the province’s technical safety system. While the BCSA functions independently of government in both financial and operational realms, it is obligated under the terms of the agreement to work collaboratively with the Province on issues related to:

... current and proposed legislation, government policy, or other safety related issues which may directly impact the BCSA’s administration of the provisions of the [Safety Standards] Act specified in the Delegation Regulation.  

(6.01 and 6.04(3))

The BCSA meets its obligations to administer technical safety through regular meetings between the Minister and the organization’s senior leaders.

In keeping with concerns over efficient and effective delivery of public services, the government looks to the BCSA to manage technical safety systems and structures with an emphasis on businesslike and service-oriented operations. Unlike a public-private partnership (P3) arrangement, the independent authority is not an independent private-sector organization that partners with government on limited-term projects from which it will ultimately realize a return on its investment. Other than transitional funding received in 2003-2004, the BCSA receives no funding from government; it must operate in a businesslike manner and meet its financial responsibilities out of the fees it receives for services provided to industry. To meet the expectation of service-oriented operations, changes to the fee tables are made after a self-imposed consultation process is undertaken with industry.

This constellation of organizational and regulatory obligations makes the BCSA one of a select few organizations. It is neither a fully independent, private sector, profit-oriented corporation with no responsibility to government other than that of any other responsible corporate organization, nor a government organization in operation solely to serve the public good. It is a hybrid; existing at the pleasure of the government, required by legislation to operate in a business-like manner and required by government to
manage the public policy issues it was created to address. It is an independent authority, in business to serve the public good.

The complexity of the BCSA’s organizational and practical systems created significant challenges, both during and following the transition process. Throughout this change, the board and senior administrative team had to attend to the concerns of a broad stakeholder base, including government, the interim board of directors, industry, and the union representing the employees. Government’s concerns focused on the new organization’s ability to meet the demands of the service mandate, while the interim board of directors were concerned about the new organization’s ability to deliver services through an appropriate business model. Industry stakeholders were concerned about continuity, consistency, and fairness in delivery of the services they receive, and the union was concerned about employees’ security and conditions of employment. Each set of issues and concerns had to be addressed in order to produce as seamless a transition as possible for clients, stakeholder organizations, and staff alike. This study will explore the leaders’ experience of leading this transition and addressing these issues.

**Significance of the Study**

This study is an exploration of the lived experience of the leaders of this privatization exercise, and the challenges they confronted and lessons they learned through this process. It will explore the impact of conflicting mandates of increased accountability and reduced control they experienced while within the government reporting entity, the challenges associated with researching, planning and implementing the privatization activity, and the lessons learned through the process and during the first few years of independent operation.

Elements of this case are not unique: the act of privatizing government services, the *authority* organizational model, governance of regulatory agencies, change leadership, and change agency are neither new activities nor new fields of study. A body of literature exists in each of these fields and provides advice on how to approach the specific process most effectively. This research seeks to enrich this literature by
exploring and relating the lived experience of one group of highly experienced organizational elite who led a regulatory government department through a transformative change process that resulted in creation of an entirely new entity.

**Purpose**

The primary purpose of this research is to articulate and examine the lived experience of the leaders of the BC government’s SES branches during the transition from government departments to an independent, business-focused, not-for-profit corporation. To focus on the experience, a central research question was posed: “What were the organizational leaders’ experiences of the change process involved in the transition of SES to the BCSA between 1997 and 2008?” To probe the experience through a semi-structured interview process, participants were asked to describe their involvement in the organization, and to reflect on

- experiences of influencing, or being influenced by, others during the transition,
- leadership challenges they experienced during the transition,
- unexpected or unanticipated experiences,
- challenges they see confronting the BCSA moving forward, and
- whether there were things they would do differently, with the benefit of hindsight, to influence the process or outcome of the transition.

A robust conceptual framework helps to plumb the depths of the lived leadership experience and understand the complexities of the relationship between the agents involved in the transition and the resultant organization structure, and there are many potentially useful candidates in the literature on organizations and change. Giddens’ (1984) Structuration Theory and Kotter’s (1996) change model were selected as appropriate for this purpose on the basis of their wide acceptance, relevance to the case, and complementary strengths.
Chapter 2.

Review of Relevant Literature

Regulation, and compliance with it, is an area of concern in most industry sectors, and the literature has divided it into two categories: economic regulation, and social regulation (Campbell, 1985; Sparrow, 2000). Economic regulations concern themselves with the healthy functioning of economic markets, and “typically regulate a specific industry (such as utilities, financial services, transportation, or communications) and seek to guarantee adequate competition, efficient markets, fair trade practices, and consumer protections” (Sparrow, 2000, p. 7). Social regulation, on the other hand, exists to protect the public interest in areas of health, safety, welfare, working conditions, the environment and social cohesion (Sparrow, 2000) and “tend to cover specific risks or threats but do so across many or all industrial sectors” (p. 7). Social regulation in the field of technical safety applies to the case of the SES-BCSA transition.

In the journal Regulation and Governance, May (2007) discusses the legal, bureaucratic, professional and political aspects of regulatory accountability, and notes that “relatively little scholarship specifically addresses accountability in regulatory contexts” (p. 11). Accountability speaks to the obligation an individual or organization has to accept responsibility for their actions, which implies acceptance of responsibility for regulatory, organizational and leadership actions in the context of leadership of a technical regulatory system. To survey issues in each of these areas, the literature of three distinct fields is reviewed: government, regulatory, and leadership studies. This literature will be used to provide context and inform the analysis of the presentation of the lived experience of the leaders of the transition from SES to BCSA.
Government Studies

Public sector organizations are unique; unlike private sector organizations, public sector organizations must be attentive to the political context, their funding arrangements, increasing pressure to adopt private-sector leadership strategies, and the general ethos of public service (Charlesworth, Cook, & Crozier, 2003). Government ostensibly exists to give the people what they have requested and are willing to pay for (Baker, 1980), and to provide services that support the social good. The political process, with its creation and discussion of political platforms as the foundation of the electoral process, is how government determines what people want and are prepared to pay for. To provide the services demanded of them once elected, governments structure their key activities and boundaries in concrete ways such as those defined in organizational and reporting structures (Davis, Weller, Craswell, & Eggins, 1999).

Scholars have identified a variety of approaches that governments may take in conducting their regulatory activities; these include decentralized, catalytic, results-oriented, and anticipatory systems (Sparrow, 2000). In a decentralized system, government assumes a participatory and teamwork approach in preference to a hierarchical one, while the government steers policy direction rather than rowing to produce results in a catalytic structure. In a results-oriented structure, government measures the outcomes of governance activities rather than outputs, and in an anticipatory structure, government focuses on prevention (education, outreach and technical assistance) over enforcement (Sparrow, 2000). The way that government chooses to fulfil its regulatory mission has implications for the manner in which it approaches its activities, including governance of systems for the social good.

When government adopts a decentralized approach to governance of regulation, it devolves responsibility for regulation and enforcement to the lowest reasonable level in its hierarchy in order to ensure that regulation and enforcement can be responsive to local needs and demands. In combination with a catalytic approach, regulation and enforcement are managed as close to the local level as possible, and support is sought from related nongovernmental entities (Sparrow, 2000). In the catalytic approach, government leaders adopt the perspective that government should focus its attention on extending its policy and administrative capacity, in the belief that government should
lead, not manage policy. The underlying assumption of this approach is that not-for-profit organizations can serve well as the manager and second social safety net, but that they lack the clarity of vision that long-term organizations of government and business hold (Tupper, 2001). This perspective is founded in a belief that governments should steer public policy and leave the rowing to other organizations (Tupper, 2001), opening the system to the rise of the alternative service delivery movement (Tupper, 2001) in accordance with the principles of New Public Management (NPM). “The 1990s were a period of experimentation in the delivery of government services around the world, particularly among developed countries and perhaps most particularly in Commonwealth countries” (Government of Canada, 2005, p. 11); in Canada, the 1996 Speech from the Throne gave the first indication of the federal government’s intention to employ an alternative service delivery model in the areas of national revenue collection and food inspection strategies (Government of Canada, 2005).

An alternative model for delivery of public services creates distinct roles: government, which sets the strategy for service delivery; not-for-profit organizations, which deliver the required services; and the public that receives the services provided. Government is bound by law to deliver public services across broad geographical regions, while not-for-profit organizations target specific service delivery to particular client groups according to community social conditions (Hall & Reed, 1998). Advocates of the principles of NPM and the alternative service delivery model believe that by developing public policy and contracting with local service delivery agencies to provide the required service to the end user, government supports a system of service provision that is more efficient and effective than having government agencies deliver the services (Tupper, 2001). This model for delivery of public services is not immune to challenges, including the potential for conflict of interest, inconsistency in quality of services provided, regulatory capture by regulates, and a potential increase in government costs to monitor rather than deliver the identified services (Harrison & Stanbury, 1990; van der Heijden, 2010).

In deciding on an organizational structure to best support effective and efficient service delivery, governments can choose from a number of structural options that span a continuum of public sector organization types that have different reporting relationships with government. To facilitate management of the structural options in British Columbia,
the government created the Crown Agencies Resource Office (CARO) as a resource with:

... lead responsibility for overseeing and maintaining the Crown Agency Accountability System, the governance framework for British Columbia’s Crown corporations. CARO provides ongoing expertise, advice, information, and support to ministries and Crown corporations to promote good governance, accountability and continuous improvement for Crown corporations. (Government of British Columbia, n.d., para. 1)

One of the resources this office maintains is the Shareholder’s Expectations for British Columbia Crown Agencies manual (Government of British Columbia, 2009), which provides an overview of the variety of options for organizational structures and the associated reporting expectations. This publication describes a continuum from direct government control to no government control of organizational operations. Within this continuum, there are three main organizational types: Ministries, Crown Agencies, and organizations that fall outside the government reporting entity.

Ministries operate fully within the span of government control in respect of all aspects of their day-to-day operations. They report directly to a Minister, and develop annual budgets and service plans. Within the ministry structure, the option exists to create Special Operating Agencies (SOAs), which are units within parent government departments that act with relative autonomy from government control (Government of Canada, 1994). Creation of SOAs occurs through the development of a framework agreement with the parent department (Government of Canada, 1994); a primary criterion to be considered for such an agreement is that organizational service delivery units must have the potential to be self-financing. While each SOA contract provides an accountability framework for the unit’s operations, employees of the SOA remain employees of the government, and the SOA remains part of the government department (Government of Canada, 1994). The chief operating officer of the SOA is accountable to a chief executive officer (CEO), who is generally the deputy minister of the parent department (Government of Canada, 1994). In this structure, the SOA gains some relief from government strictures, but it remains within the government reporting entity.

Crown agencies exist within the government reporting entity in several forms, each classification of which depends on "its level of operational independence and
decision-making authority and in the planning, performance reporting and oversight requirements” (Government of British Columbia, 2009, p. 2) established by the government. Three of the crown agency classifications are Commercial Crown Corporations, Service Delivery Crown Corporations, and Service Delivery SUCH sector (School districts, Universities, Colleges, and Health organizations) organizations. Each of these types of crown agencies are separate legal entities from government, yet commercial and service delivery crown agencies are subject to all accountabilities described in the manual, *Shareholder’s Expectations for British Columbia Crown Agencies* (Government of British Columbia, 2009); while SUCH organizations are subject to accountability frameworks developed by the appropriate ministries. Two additional forms of crown agency are advisory boards and tribunals, neither of which are separate legal entities from government but which exist to provide specialized advisory or adjudicative services.

Public sector organizations that exist outside of the government reporting entity include Independent authorities, Self-Regulating Bodies, and local governments. These types of organizations provide public service, but do not fall within the scope of the government reporting entity, and are therefore not subject to government constraints and reporting requirements.

On this variety of organizational structures rests an interesting and profound question for governments at all levels: what is the most effective structure for government? For years, governments in Canada have sought to answer this question. In the early 1960s, the Glassco Commission was struck to review and make recommendations to reform the federal public service in response to concerns about the growth of government bureaucracy and spending. Given a mandate to recommend changes that would “promote efficiency, economy and improved service in the dispatch of public business” (Government of Canada, 1994), the commission reported in 1962 that there were too many bureaucratic restrictions on public servants’ ability to make decisions and famously recommended that government should “let the managers manage.” Pressures on all levels of government to be efficient and effective have not abated in the nearly 50 years since the Glassco Commission report; fiscal constraints and perspectives on how best to structure government activities have contributed to ongoing discussions at all levels of government about appropriate forms of organization.
and structure. This discussion has included reflections on structural principles like NPM and organizational actions such as privatization.

The principles of NPM mirror those of traditional private sector management. It supports hands-on professional management in the public sector to identify explicit standards and measures of performance and reporting, placing emphasis on monitoring of output controls (Hood, 1991). Enacting the principles of NPM in organizations supports a system model in which government is the chief policy-maker and contract manager that sets broad directions for service provision, while the service provider organization enacts the policies established (Winfield, Kaufman, & Whorely, 2000). The intention of NPM is to shift the burden of responsibility for service delivery to the lowest possible level of the system hierarchy, changing government involvement from direct service delivery and financial control to different forms of oversight such as establishing and delivering certification mechanisms (Harrison & Stanbury, 1990).

Moving service delivery out of government and into the private sector stresses the application of private-sector styles of management practice, including discipline and parsimony in resource use (Hood, 1991). By adopting this model of service provision, the government becomes the overseer who provides for and monitors service delivery, while the non-governmental organization that wins the government contract produces and delivers the service.

A shift from traditional bureaucratic management systems to an NPM system reflects social changes. The modern world is marked by rapid change, economic restructuring, globalization, and a seemingly unstoppable shift in the way information is managed and accessed (Tupper, 2001); these changes have affected the way private sector businesses function, and it is inevitable that government would also feel their effects. Traditional bureaucratic management systems are assumed to be unsuitable for the new reality (Tupper, 2001), supporting the argument that government services must be delivered in more flexible, adaptable ways. The interdependence of the business, not-for-profit and government sectors in the functioning of society and the economy require that these sectors cease operating in isolation of one another (Tupper, 2001).
Adopting the principles of NPM requires that governments change the traditional way they operate. They develop policy rather than directly delivering the services it requires; manage for results rather than through planning processes; measure results according to established performance indicators; treat citizens as customers rather than obligations; and devolve increasing levels of decision-making authority to individuals in the organizations who are closest to those receiving the service (Tupper, 2001).

The devolution of decision-making authority has implications for employees, who increasingly find themselves expected to become “entrepreneurial agents of management reform” (Tupper, 2001, p. 147). Governments that choose to embrace and enact the principles of NPM tend to create a pro-privatization environment in the government workplace, encouraging their employees to behave in an entrepreneurial manner in the performance of their duties. The change in expectations for employee performance has implications for front-line workers’ motivation and performance; changes to quantitative performance measures is likely to create changes in employees’ sense of autonomy and professionalism (Pires, 2011).

Protection of public safety is traditionally seen as a central responsibility of government (Winfield, Whorley, & Kaufman, 2002), and privatizing delivery of these services is not without issues. It has been argued that the transfer of authority for such responsibilities out of the government reporting entity effectively removes the exercise of government power from democratic control (Winfield et al., 2002). Concerns about democratic accountability arising from government ceding control of service delivery have raised questions about the legal status of non-governmental employees delivering public services, applicability of FOI/POP legislation, and the extent of government audit of non-governmental entities delivering public services (Tupper, 2001). Combining these issues with concerns over institutional amnesia or public service memory loss that results from the loss of organizational knowledge and policy expertise and the inevitable loss of stored data that occurs with every transfer of information to and between electronic formats (Tupper, 2001) creates a series of issues related to privatization that are worthy of careful consideration.

Some view this new form of public management as a “smokescreen, a justifying ideology for the radical cutback of the welfare state” (Tupper, 2001, p. 151), while others
view it as “a complex balancing of social and economic forces” whose “application allows for the retention of important public services but under new, more business-like operating principles” (Tupper, 2001, p. 151). Perspective and interpretation aside, application of the principles of NPM has resulted in a transformation of government. A privatized, alternative service delivery (Tupper, 2001) model puts government at arm’s length from sensitive or volatile activities associated with delivering public services, allows cooperation between interested stakeholders, is compatible with geographic decentralization of service delivery, and is presumed to provide more efficient and flexible methods of service delivery than bureaucracies can manage (Brown-John, 1976; Langford, 1983; van der Heijden, 2010). Ensuring that a location remains for the public to influence policy outcomes related to protection of public goods is one issue that must be addressed in the creation of agency framework documents (Winfield et al., 2002).

Among the lessons that have been documented in the Canadian experience with NPM are the theoretical and practical difficulties associated with separating administrative and policy functions (Winfield et al., 2002) and the issues that can arise when delivery of services are privatized, particularly when other government processes depend on the results of the privatized service delivery (Tupper, 2001). Governmental policy and administrative capacity, for example, are constrained by reliance on not-for-profit organizations delivering services, as increased distance reduces government’s awareness of emerging issues and places government policy-makers in a position of reliance on third-party service providers’ briefings to shape policy decisions (Tupper, 2001). This reliance on third-party service providers as a data source for policy-making becomes a necessity due to the limited policy capacity that remains within government as a direct result of the separation of technical expertise from the government entity (Winfield et al., 2002). The lack of technical expertise within the government structure may result in inadequate policy direction from government (Winfield et al., 2002), which may in turn result in the new organization taking a direction that does not ultimately meet the best interests of the public.

Government’s reliance on the technical expertise of privatized organizations has the potential to create accountability issues. With an organizational structure that includes a board of directors comprised of industry leaders and government representatives, members of boards of directors of privatized organizations face the
possibility of an appearance of conflict of interest between their board responsibilities and their industry interests (Winfield et al., 2002). Whether conflicts of interest are real or perceived, the potential for them to arise highlights the loss of formal accountability structures within conventional government entities (Winfield et al., 2002), and the functional division between policy and operational matters that highlights the dividing line of responsibility between ministers’ responsibility for policy and agency heads’ responsibility for operations (Greer, 1992). All these constraints and concerns affect the efficacy of NPM practice for social service delivery, and beg the question of why governments would choose to employ this form of organization.

Determining why a government chooses one form of organization over another is “one of the most exasperating analytical problems” for public administration (Langford, 1983, p. 566). Decisions to privatize delivery of some public services continue to be influenced by “a number of cultural, ideological, political and administrative factors” (p. 566) such as a belief that “major initiatives must be undertaken early in the term to ensure implementation is complete before possible priority reassessment or resource reallocation by a new government” (Rose & Cray, 2010, p. 458). Decisions about “…which strategies to pursue and which stakeholders to accommodate or disappoint is a constant factor in making such decisions” (p. 459).

The process of making such decisions in the political context is distinctive. While most private-sector organizations seek a rational process characterized by problem identification, alternative generation and solution choice, the process governments employ seems less structured and more serendipitous (Kingdon, 2003). When the issue is political and as significant as removing a department from the government reporting entity, understanding how governments prioritize issues and make decisions is useful.

Decision-making in government is complex, and involves or affects many participants, including administrators, civil servants, interest groups, academics, researchers, consultants, media, election-related participants, and public opinion. Ideas that may spawn change may come from any of these sources; however, there is no direct correlation between the source of ideas and the likelihood that they will be enacted (Kingdon, 2003):
Ideas come from anywhere, ... and the critical factor that explains the prominence of an idea on the agenda is not its source, but instead the climate in government or the receptivity to ideas of a given type, regardless of its source. (Kingdon, 2003, p. 72)

Thus, “...a complex combination of factors is generally responsible for the movement of a given item into agenda prominence” (p. 76).

John Kingdon introduced the “garbage can model” (which was developed by Cohen, March, and Olsen in 1972) to the study of political science as a means to explain the agenda-setting process (as cited in Mucciaroni, 1992). In its original constellation, the model describes a process:

... in which problems, solutions, and participants move from one choice opportunity to another in such a way that the nature of the choice, the time it takes, and the problems it solves all depend on a relatively complicated intermeshing of elements. (Cohen et al., 1972, p. 16)

Kingdon (2003) has amended Cohen et al.’s original model to reflect three types of processes at play in agenda setting in the political context: problems, policies and politics. In this amended model, the process of agenda setting moves roughly along the following process:

1. a problem is recognized and brought to the attention of people in and around government,
2. policy proposals are formed and refined by the community of policy specialists, and are then reviewed and accepted or discarded before,
3. political cost is assessed, and a determination of whether or not to proceed is made.

(Kingdon, 2003)

These aspects of setting the agenda are influenced by the constant changes at play in the political environment, which facilitate or block issues from getting on the political agenda (Mucciaroni, 1992). Accordingly, “What gets on the agenda at given points in time is the result of a fortuitous conjunction—whatever the combination of salient problems, available solutions, and political circumstances that exist” (p. 461). In other words, political agenda-setting might be described as:
...a garbage can into which various kinds of problems and solutions are dumped by participants as they are generated. The mix of garbage in a single can depends on the mix of cans available, on the labels attached to the alternative cans, on what garbage is currently being produced, and on the speed with which garbage is collected and removed from the scene. (Kingdon, 2003, p. 85)

Beyond the agenda-setting and decision-making processes, governments are also concerned with creating effective management structures for information, monitoring and service quality concerns (Warner & Hebdon, 2001) and may face cultural challenges when implementing them.

Public-sector managers have to face barriers in the form of widespread cynicism and the consequent lack of motivation towards strategic change. This cynicism towards new initiatives may be coupled with a type of idealism in which civil servants view themselves as custodians of certain ideals that politicians ignore. (Rose & Cray, 2010, p. 460)

To manage this array of issues, governments may opt to “hedge their bets by using a mix of strategies and by being ready to bring previously contracted work back in house” (Rose & Cray, 2010, p. 332). Leaders of organizational change must be alert to the factors and sensitivities at play on the path they travel to and through transition, particularly when the transition removes government departments from the government reporting entity. Potential pathways are varied and influenced by both the individual organization’s history and the industry’s development trajectory (Erakovic & Powell, 2006). The most effective pathway to and through transition is a function of the organization’s previous business orientation, the degree to which the new organization is linked to the industry sector’s institutions and environment, and the strategic intention of the new organization’s leadership (Erakovic & Powell, 2006). The leadership challenge is to understand both the starting point of the organization’s transition and its intended pathway.

**Summary: Literature of Government Studies**

The literature of government studies highlights the complexity of government decision-making processes; it considers alternative service delivery models, the continuum of government reporting models, principles of New Public Management,
devolution of decision-making authority and challenges for governments related to ongoing control of privatized organizations, all of which exist in the context of a unique agenda-setting and decision-making processes. Decision-makers may explore this literature and the complexities it reveals, or they may look to the experiences of other jurisdictions in Canada and internationally where alternative service delivery methods such as quangos have been employed or where the principles of New Public Management have been applied, before making commitments in their own jurisdiction.

**Regulatory Studies**

Social regulation, and its attention to issues of public concern, exists in the sphere of public policy. Public policy has an extensive history that is traceable to the earliest establishment of social standards, such as those codified in the Torah and Bible and regulated through social norms and structures. As Posner (cited in Rosenau, 2007) articulates the origins of social order:

> In a world with no law and rudimentary government, order of some sort would exist ... The order would appear as routine compliance with social norms and the collective infliction of sanctions on those who violate them.  
>(p. 93)

As complex social and economic forces such as globalization, liberalization and technological change (Sauerwein, 2011) act on organizations, the tendency has emerged for “private actors ... to underproduce social goods (or overproduce social bads), thus creating a need for the regulator to intervene” (Coglianese, 2003, p. 693).

Debate about the “‘optimal combination’ of regulatory and governance arrangements” (Wright & Head, 2009, p. 193) began in the 1980s with the discussion of prescriptive regulation vs. deregulation, and evolved through the 1990s as issues of effectiveness, innovation, decentralized management, market competition and consumer choice (Wright & Head, 2009). Wright and Head identify three perspectives in contemporary regulatory theory: Responsive Regulation (a normative perspective), Smart Regulation (a descriptive, analytical perspective), and Nodal Governance (an interpretive model). Responsive Regulation argues that a tripartite system, composed of
regulator, regulated entities, and third-party interest groups “works most effectively (to engender effective compliance with public-interest requirements) where there is a reasonable balance of power between government, industry, and public interest groups” (p. 211). In this perspective, the role of regulator may be created or re-created in the form of self- or co-regulation as “alternatives to pure state/governmental regulation, marked by involvement of nongovernmental actors in regulatory processes” (Sauerwein, 2011, p. 2). Smart Regulation focuses attention on the organizational, economic and cultural content of regulatory challenges (Wright & Head, 2009), but does not provide a normative basis for all system participants to align their activities, while Nodal Governance attends to the network required to mobilize knowledge and resources related to regulatory domains. The nodal perspective describes the dynamics and structures of networks that include non-regulatory actors, but does not establish a normative basis for the regulatory system (Wright & Head, 2009).

Each of the “recent major perspectives provide useful insights, but ... no single perspective (with its associated models of governance) is sufficient” (Wright & Head, 2009, p. 193) to manage every regulatory responsibility. Thus, in determining the most appropriate form of regulation for a specific situation, decision-makers must make choices about the nature of and responsibility for service delivery and the relationship between government and regulator (van der Heijden, 2011). When hybrid co-regulatory regimes are created, such as those established through Responsive Regulation, the decision is generally based on the assumption that a combined public/private system is better than a pure public or pure private regime (van der Heijden, 2011).

Governance of regulatory regimes is a complex and dynamic undertaking (Martimort, 1999) that may or may not involve government institutions and non-governmental organizations or mechanisms (Rosenau, 2007) in legal and formally prescribed relationships. Governance “emphasizes the institutional dimension of social coordination” (Sauerwein, 2011, p. 2); the institutional dimension is the formal structure and assignment of responsibilities for carrying out regulatory actions (May, 2007) and “enforcement arrangements that steer individual behaviour in a particular direction” (p. 2). From a Responsive Regulation perspective, the governance system includes a public bureaucracy with oversight responsibility, organizational separation between the
regulator and regulated entity, and a mandate for the regulator (Hood, James, & Scott, 2000).

Three key participants hold accountability in a Responsive Regulatory system: elected officials, the regulator, and the regulated entities (May, 2007). Regulated entities may be individuals, organizations, or associations whose activities fall under the ambit of the regulation. Each group is responsible for their part in the technical regulatory system, and must enact their authority within their sphere in order for the system to function effectively. Elected officials are responsible for creating and enforcing policies that are in the best interests of the public, while the regulator, where this is not a government role, is responsible for enforcing regulation through whatever system and practice is consistent with its mandate (May, 2007). Individuals engaged in regulated activity are responsible for understanding and behaving in accordance with regulatory requirements and industry, in addition to its corporate citizenship, is responsible for providing the public with the best technical product or service they can and for supporting the safety system by acting in accordance with established codes and regulations. Each of these participant groups must enact their responsibilities fully for the technical safety system to function appropriately (May, 2007).

Unlike traditional service provision organizations, regulatory agencies’ practice involves imposition of duties and delivery of obligations rather than provision of goods and services (Sparrow, 2000). In regulation of technical systems, articulating the duties and obligations to be imposed involves creation of codes and regulations, documents “adopted by an authority that provides binding technical requirements, either directly or by referencing or incorporating the content of a standard, technical specification or code of practice” (Asia-Pacific Economic Corporation [APEC], 2000, p. 6). Such technical specification or code “may specify the type of product that is not allowable, the type of product that is allowable or the outcome that is required” (APEC, 2000, p. 6). The responsibility of the regulator is to then monitor the actions and behaviour of industry in comparison with the established specification or code, and take enforcement actions as appropriate. Research on regulatory compliance indicates that “by allowing firms to make their own decisions, managers and employees are more likely to view their own organization’s rules as reasonable, and as a result there may be greater compliance than with government-imposed rules” (Coglianese, 2003, p. 695). A series of principles
were developed to guide regulatory undertakings as a result of the UK experience of regulatory reform; these principles include (Radaelli, 1999):

- have clear justification and objectives for the regulation,
- maintain simplicity,
- promote consistency,
- legislate only after extensive consultation,
- produce impact assessment,
- check on fraud risks, and
- think through the main financial implications.

Regardless of the regulatory perspective adopted and the form regulation takes, there is no guarantee that organizations will be motivated to produce social good; it is assumed that presence of a regulator will continue to be required (Coglianese, 2003). Indeed, issues have developed over time in the field of regulatory practice that indicate the continuing need for regulation. These issues include how tight the controls should be (May, 2003; Schultz, 1982; Sparrow, 2000), how to balance consistency and performance against flexibility and innovation (May, 2003; Sparrow, 2000), the volume and complexity of regulations, cost/benefit of regulation, distribution of regulatory attention, and how best to update outdated regulation (Sparrow, 2000). These issues are long-standing, and disenchantment with direct regulation may be due to concern about regulatory capture, potential for bureaucratic symbiosis, and the impact of technological change (Reschenthaler, 1976). These issues and tensions have led to debates about what constitutes the best form and good management (Coglianese, 2003) in regulatory practice.

The question of the best form of governance surfaces in considering the nature of the rules and standards and the ways in which adherence to them is gauged (May, 2007). In all regulatory practice, government plays a role in establishing standards in the form of codes and regulations, and then enforcing or ensuring enforcement of those standards. The best form of delivery of regulatory services emerges from overlapping of the spheres of authority (Rosenau, 2007) of government, regulator, and regulated entities, and seeks to find the appropriate level and form of regulation for the types of
firms involved, the complexity of the tasks they perform, and the potential for their actions to cause harm (May, 2007).

Regulatory activities control or constrain the behaviour of individuals or groups that fall under the ambit of that authority (APEC, 2000). Each of the various forms of regulation seek to increase the production of social goods, but approach the goal through varying levels of involvement by the regulated organizations. The regulatory system’s preferred point of intervention “will be driven by the relative transaction costs the regulator confronts in achieving public goals at each of the stages” (Coglianese, 2003, p. 725) of regulatory action, output and planning.

The debate about the best form of regulation began in the 1970s and 1980s, when new forms of consumer and civil rights, and health, safety and environmental regulations led to increased interest in regulation (Braithwaite, Coglianese, & Levi-Faur, 2007). Variously described as the tension between deterrence and compliance, enforced compliance and negotiated compliance, or enforcement and voluntary compliance (Sparrow, 2000), the foundational issue is the regulated community’s compliance with the duties and obligations being imposed. Compliance with regulation is the desired end-state for the regulator, so the debate is how best to encourage the regulated community to conform and perform to the required standards.

“Regulations are aimed at preventing harms or providing benefits for segments of society” (May, 2003, p. 382), and the likelihood that a regulated organization will comply is rooted in a number of factors such as external influences and organizational norms. Compliance may be “intentional or unintentional, conscious or subconscious, immediate or halting as a result of a host of interactive and reinforcing dynamics” (Rosenau, 2007, p. 90), “profoundly relational” (p. 90) and influenced by the relationships between the leaders of the overlapping spheres of authority and the regulated entities from whom compliance is required (Rosenau, 2007). At the level of the regulated community, regulatory issues like compliance become part of:

... a complex adaptive system. Such a system is distinguished by a set of interrelated parts, each one of which is potentially capable of being an autonomous agent that, through acting autonomously, can have an influence on the others, and all of which either engage in patterned behaviour as they sustain day-to-day routines or break with the routines
when new challenges require new responses and new patterns. The interrelationships of the agents are what make them a system. The capacity of the agents to break with routines and thus initiate unfamiliar feedback processes is what makes the system complex. (Rosenau, 2007, p. 95)

Forms by which regulation may be managed range from prescriptive regulation to system- or performance-based regulation: a prescriptive approach to regulation is traditional, while system- and performance-based regulation are more recently introduced concepts. Each approach considers regulation and risk management in a slightly different manner, but all maintain a focus on the desired regulatory outcome.

In a prescriptive regulatory system, the actions and standards expected of regulated entities are clearly and particularly specified in code and regulation, and the expectation is that the regulated entities will comply with the standards and create the requisite social good (Coglianese, 2003; May 2007). When regulated entities are non-compliant, regulation is enacted through delivery of a strong enforcement program by the regulator (Rosenau, 2007). In a system- or management-based regulatory system, however, the foundational assumption is that individual entities’ production or operating systems are too complex for prescriptive “regulatory fixes” (May, 2007, p. 10) to be effective. The system-based regulatory approach instead proposes that the regulator can more effectively achieve compliance by compelling participants to improve their internal management to improve achievement of public goals (Coglianese, 2003), and implementing effective systems for monitoring the regulated organization’s production or operating processes (May, 2007). Such a monitoring or audit program requires the regulated organization to develop a plan that identifies hazards and risk mitigation actions, describes procedures to monitor and correct problems, establishes policies for employee training, and proposes evaluation and feedback measures for the organization’s leadership (May, 2007). The regulator’s role is to assess the acceptability of the plan against the desired regulatory outcome; compliance is then measured against whether the regulated organization has an acceptable plan, not on their specific performance against their plan (May, 2007).

Performance-based regulation differs slightly from system-based regulation in terms of where the regulator puts its focus. Where system-based regulation looks to the
regulator to monitor the regulated organization’s operating processes, performance-based regulation requires the regulator to establish the desired results and monitor the regulated organization’s performance against those standards, without focusing on the specific processes the regulated organization employs to achieve the results (Coglianese, 2003; May, 2007). The regulator focuses on whether or not the regulated organization has achieved the desired performance levels (May, 2007), not on how they did so.

Supporting compliance activity, enforcement practice in system- and performance-based regulatory systems is significantly different from practice in a prescriptive regulatory system. In a prescriptive regulatory system, regulation is enacted through a program of strong enforcement delivered by the regulator. This enforcement approach is appropriate to the context, given the expectations of compliance established in the prescriptive regulatory system (May, 2007). In system- and performance-based regulatory structures, however, a greater level of responsibility for adherence to regulatory standards is placed on the regulated organization through emphasis on creating effective systems that support achievement of desired outcomes and reliance on the regulated organization’s professional accountability (May, 2007). In these results-oriented cooperative regulatory systems, the increasingly decentralized governance of regulation is adopted willingly by industry, and more closely resembles exhibition of normative behaviour than compliance enforcement (Rosenau, 2007).

Over time, private sector management methods and pressures to reinvent government have acted on regulatory practice to cause perspectives on what constitutes the best form of regulatory accountability to swing on a pendulum between belief in enforcement as the most effective compliance strategy, and belief that voluntary compliance will bring about the greatest compliance results (Sparrow, 2000). This swing between a prescriptive, punitive accountability system and one based on regulating for results (May, 2007) creates complexity for regulators as they work to deliver regulatory obligations through processes that resonate for the regulated community, requiring that the regulator be alert to changes in the regulatory appetite, and adjust their service delivery model accordingly (Sparrow, 2000). Adjustments to the service delivery model may include allowing for private-sector involvement, where the skills are available, cooperating with professional associations in establishing the enforcement regime, and
ensuring that different levels of government support private-sector involvement (van der Heijden, 2010). Complexity of regulatory systems and variability in the needs of the regulated entities within them means that it is not possible to have a universal model for regulatory systems; the most appropriate regulatory regime meets the needs of the regulatory context.

Assigning responsibilities in the regulatory regime clarifies the system’s leadership and management roles. This clarity helps to focus expectations and create shared understandings of appropriate behaviour for all members of the technical regulatory system. In a regulatory regime that strives to regulate for results, combining the influences of private sector management methods and reimagining or reinventing governance may produce regulatory behaviour that “pushes the development of cooperative relationships between regulators and the regulated and emphasizes improvement of voluntary compliance through facilitation and improved customer services” (Sparrow, 2000, p. 34). Where the goal is to regulate for results, this combination of influences may lead a “movement from enforcement to voluntary compliance” (p. 34).

Movement between enforcement and voluntary compliance is an integral part of regulatory history and moves depending on the social and regulatory context (Sparrow, 2000). Sparrow describes the stages of the regulatory cycle this way:

- the need for a regulatory regime is identified;
- rules are developed and implemented, including processes for enforcement action;
- the regulatory system is established and compliance increases;
- the public or industry concern about the identified risk abates;
- regulators seek to stay on top of changes (i.e., emergent technology), so the complexity of regulations and enforcement increases;
- the rules-based system becomes economically unsustainable; arguments for self-regulation or co-regulation increase in intensity
- sympathy grows for the regulated parties;
- regulators lose respect or alliance with the regulated and/or broader communities; and
- pressure to reform the system grows.
The nature of the reform depends on the social and governmental context, and is informed by the government’s perspective on how to structure delivery of public policy services most effectively (Sparrow, 2000). Some governments choose to increase levels of innovation within the public service by adopting procedural reforms such as supporting greater cooperation between parties in the regulatory regime, engaging in process re-engineering, applying information technology solutions, creating alternative service delivery mechanisms, and empowering staff and/or citizens to deliver public policy (Borins, 2001). Others choose to adopt the principles of NPM and employ a privatized, alternative service delivery model (Tupper, 2001). Wherever the government leadership opts to locate their activities on the regulatory reform spectrum, the choice will have implications for the leaders of the regulatory regime.

As the regulatory regime grows and develops, and the leaders find themselves and their organizations moving through the regulatory cycle, they must be alert to the challenges and pitfalls that lurk in the process. They must also remain attentive to the challenges and demands on leadership through change.

**Summary: Literature of Regulatory Studies**

The literature of regulatory studies explores perspectives on contemporary regulatory theory, from prescriptive regulation to deregulation, and considers factors such as decisions about service delivery and the relationship between government and regulated parties that affect governance of regulatory regimes. It also considers the key participants, including government, service providers and the regulated parties, who hold accountability in the regulatory system. The literature also identifies different forms of regulation and discusses what constitutes the best form and good management in regulatory practice. Each of these considerations is likely to influence government decisions related to the delivery of regulatory services.

**Leadership Studies**

Leadership is a field of study with many facets: understanding the distinction between leadership and management, understanding how culture informs and is informed by leadership, and the importance of having a plan for leading change are all
significant aspects of leadership that influenced the leaders of the BCSA transition out of government. What follows is an overview of the literature in each of these areas of leadership.

**Leadership and Management**

In his framework for leading change, John Kotter (1996) differentiates between management and leadership, and emphasizes the importance of having both capacities present in a successful organization. Management, as he defines it, is the constellation of processes that keep the organization running smoothly; processes such as budget planning and control, functional planning and organizing, staffing, controlling, and problem solving that are essential to keep the organization’s day-to-day operations functioning effectively and efficiently. Leadership, by contrast, is comprised of the processes that set an organization up, or adapt it to changing circumstances. Leadership activities help define what the organization’s future should look like, help members align themselves to the vision, and provide a focus to inspire the organization’s participants when working to overcome obstacles. Leadership identifies where the organization is going, and management ensures that it gets there in good form.

Other definitions of leadership have been proposed by other writers: Lemay (2009) and Cohn (2008) discuss the differences between transactional leaders and transformational leaders. In their model, leaders seek to influence the political, organizational, and technical aspects of the organization, but they approach their leadership in different ways; transformational leaders hold an institutional focus, while transactional leaders focus on the decision-making and policy structures, management structures, and technical application structures. As Cohn (2008) frames the distinction between forms of leadership, transformational leaders seek to engage and inspire their members toward achieving goals, while transactional leaders focus on compliance and analysis as the route to meet their goals.

Dargie (1998) argues that chief executives need to support citizenship and government, and act as the organization’s informational, interpersonal and decisional leader as the situation requires. In the informational role, the chief executive is the key monitor, disseminator, and spokesperson; while in the interpersonal role, s/he is the
figurehead and key liaison. In the decisional role, the chief executive is the key disturbance-handler, negotiator, entrepreneur, and resource allocator. In leading their organization through transition, they must confront reality and get the organization ahead of it, be decisive in putting strategy forward, build and protect the organization’s culture, and keep faith and focus on the future (Carey, Patsalos-Fox, & Useem, 2009). Ensuring that these roles are routinized in organizational life requires delegation of these functions, but the chief executive must be prepared to step up and enact the role demanded within the context of any given situation. Leaders must behave as “boundary spanners” (Noble & Jones, 2006), making visible the connections between intra-organizational and inter-organizational life. The best style through which to address the range of needs is the one that aligns the specific actions undertaken with the type of opposition to change that is encountered (Lemay, 2009).

As demonstrated above, within the leadership literature, the terms manager and leader, or management and leadership, are often used interchangeably which creates confusion about precisely what is being discussed. To create as much clarity as possible for this study, I embrace Kotter’s (1996) nomenclature and Cohn’s (2008) definition of the leadership roles: managers are transactional, and leaders are transformational. Managers attend to the management activities of implementation and operationalization of plans and strategies, while leaders develop and articulate the organization’s vision and focus, establish the environment in which all members can see and understand the future, and align themselves to the organization’s strategy and values (Cohn, 2008; Kakabadse, Korac-Kakabadse, & Kouzmin, 2003). Managerial and leadership roles often overlap in practice, but managers are primarily responsible to develop and nurture the organization’s operations and functionality, while leaders are primarily responsible to develop and nurture the organization’s culture (Cohn, 2008; Leonard & Leonard, 1999).

**Leading Change**

Like any previously untraveled path, the one that leads an organization to and through change varies depending on the decisions that are made. The literature offers three options for pathways to transition: incremental, radical and reductive (Erakovic & Powell, 2006).
The option to make incremental changes moves an organization through gradual modifications, allowing its members to consolidate existing activities with the new strategic orientation (Erakovic & Powell, 2006). This evolutionary approach to organizational transition allows employees time to become accustomed to new expectations, buy in to them, and adjust their behaviour to perpetuate the new organizational reality.

A second option is to make radical changes. On this path, changes to the organization and its structures are quantum leaps that revitalize the business orientation by “re-creating their past values and redesigning their strategy and structure” (Erakovic & Powell, 2006, p. 37). The transition process becomes a reorientation exercise for members, who must unlearn familiar behaviours, and adopt new, untried behaviours.

A reductive approach to transition takes an organization down a path of preparing for significant change by following past practice, without consideration for the strategic and contextual changes that are to follow. On this path, the leaders’ failure to re-create or re-form existing forms, systems and values brings deeply embedded practices and norms into conflict with pressure to change exerted by external stakeholders; the result is that organization members are unprepared to adopt new structures and expectations that are, essentially, forced on them. This pathway to transition is generally unsuccessful (Erakovic & Powell, 2006).

Those who lead organizations determine, by their actions or inactions, the approach that will be taken to change. The most effective path is dependent on a range of contextual factors, including operational demands and cultural considerations. Change has been defined as “the difference(s) between two (or more) successive conditions, states, or moments of time” (Ford & Ford, 1995, p. 543), and the process of moving between the successive moments of time involves a process of continually reviewing the organization’s direction, structure, and capability to meet its clients’ needs (Moran & Brightman, 2000). In society at present, “...change is an ever-present element that affects all organizations” (By, 2005, p. 378).

Literature on change management is extensive, covering topics ranging from ethics, culture and behaviour to structure and process. This brief discussion of this body
of literature will touch lightly on the debate over the value of process models for leading change, by way of offering context to the use of Kotter’s (1996) model as a lens to examine this specific lived experience.

In their discussion of approaches to change, Graetz and Smith (2010) argue in their philosophies of change approach that there are:

...a number of critical flaws in the purely rational perspective. First, it begs the question as to whether organizations are ‘as amenable to control as a block of ice’ (Grey, 2003). Secondly, it ignores the not-so rational wild card—the human factor—treating individuals as automatons rather than active agents (Giddens, 1981: 224) in the change process. An inherent assumption in rational models is that organizational actors will respond enthusiastically and uniformly to their leader’s call to arms. (pp. 136-137)

In contrast, however, By (2005) argues that:

...the literature is dominated by planned and emergent change ... Even though there is not one widely accepted, clear and practical approach to organisational change management that explains what changes organisations need to make and how to implement them ... the planned approach to organisational change attempts to explain the process that bring about change. (p. 373)

He goes on to argue that many of the suggestions for change management “tend to be rather abstract in nature and difficult to apply” but that “There are some authors who offer more practical guidance to organisations and managers” (p. 375). Three of the works he examines are Kanter et al.’s 10 commandments for executing change, Kotter’s 8-step change process, and Luecke’s seven steps. His comparison of these three rational models highlights that while they vary in the number of steps and terminologies they identify for leading change, the models cover remarkably similar content (By, 2005).

By argues for a “new and pragmatic framework for change management” (By, 2005, p. 378), while Graetz and Smith (2010) argue that “Flexibility might be essential in a turbulent environment in order to find new paths to innovation, but order is also necessary to ensure that innovation is focused and relevant” (p. 151). This tension between pragmatism and philosophy, as between structure and flexibility, is indicative of the complexities of change. It has been argued that change initiatives often backfire
because leaders apply a one-size-fits-all approach to change (Kotter & Schlesinger, 2008), but there is value in exploring a framework for change leadership. John P. Kotter’s (1996) seminal and widely accepted work on the subject, *Leading Change*, and the 8-step change process he proposes is a well-known place to start this exploration.

Kotter’s (1996) framework for leadership of significant organizational change describes an 8-step process which, he argues, most organizations that have been unsuccessful in their change initiatives have failed to follow. His model for leading organizational change emerged from his review and analysis of numerous organizational change initiatives. He argues that the eight steps must be taken in order, as skipping steps only creates an illusion of speed and rarely produces the desired results (Kotter, 1995). Taking change one step at a time ensures that the change is built on a solid foundation and that all organization members have an opportunity to incorporate the new vision into their day-to-day operational life.

The first step Kotter (1996) proposes is to establish within the organization a sense of urgency or impetus to change. Complacency, he argues, is the enemy of change, and must be addressed directly in order to gain cooperation from members and establish momentum for the change. It may arise from lack of a highly visible crisis or threat, which serves to focus members’ attention and galvanize them into action. Alternatively, complacency may arise when an organization displays too many visible resources; the trappings of success such as elegantly appointed offices and generous hospitality send the message that all is well, which in turn depresses any felt need to effect change. Organizational measurement issues also contribute to a sense of complacency, such as establishing performance standards and expectations that are easy to achieve, or focusing on narrow functional goals rather than overall organizational performance. Establishing inappropriate key performance indicators leads members to focus on activities that will not improve organizational performance relative to external competition, thus reinforcing the sense that there is no pressing need for change. Three cultural factors also increase complacency: a belief among leaders and managers that approaching challenges with candour and confrontation will not be supported, ignoring or denying bad news, and focusing communications to employees on good-news stories will all reduce the impetus for organization members to embrace change. Focusing member attention on appropriate key performance indicators, and establishing an
organizational culture that supports change are the foundation to successful change initiatives (Kotter, 1996).

The second step in the change process is to create a guiding coalition. This coalition is important to ensure that the CEO does not become the sole voice for change; the coalition extends and promotes change initiatives throughout the organization and keeps the decisions and activities that support change on track. To facilitate this, the coalition must have membership that has positional power to effect the required changes, expertise in the areas that will be affected by the change, credibility among the organizational members who will be expected to enact the changes, and leadership skills to drive the change process effectively. Coalitions should avoid involving potential participants who are driven by ego or self-serving interests, and should focus instead on bringing together a team that will focus on the common goal and operate with trust in one another.

Once the guiding coalition is in place, the third step in the change process is to develop a vision and strategy for the change. A vision is a picture of the future; one which has some implicit or explicit commentary on why an organization’s members should work toward it, and inspires members because it is imaginable, desirable, feasible, focused, flexible and communicable. The strategic feasibility of the vision comes from its grounding in a solid understanding of the organization while it shines a light on how reaching or stretching toward it will lead the organization forward, and supports the members’ understanding of how their role fits into the overarching organizational goals.

Once the vision is created, the fourth step is to communicate the change vision in a manner that engages genuine communication. Communication activities must be simple, focused, and free of industrial jargon, and those responsible for communication may choose to use metaphors, analogies, or examples to draw the vision clearly, use a number of forums to communicate the message, and be prepared to repeat themselves many times. Leading by example, explicitly addressing any seeming inconsistencies in the vision, and listening while being listened to are key to this step of the process.
The fifth step is to empower employees for broad-based action. This involves removing any structural barriers to making the changes, and providing any identified training needed to provide the skills needed to enact the change. At this point in the process, leaders must ensure that systems are aligned to the vision, and issues related to any managers or supervisors who don’t understand the need for change or the change itself are addressed.

The sixth step is to generate short-term wins. When the change initiative has a long horizon, it is important to establish visible “wins” in the short term that will help members maintain their focus and momentum, see the “rightness” of the decision, have an opportunity to celebrate success, provide benchmarks for movement in the appropriate organizational direction, and create opportunities to win over the cynics. Demonstrating success adds pressure to the change initiative, and shows that the results are planned for, not prayed for.

Kotter's (1996) seventh and penultimate step is to consolidate the gains and produce more change. A key challenge to making change in organizations is the problem of interdependence; change impacts every aspect of an organization’s structure, so changing an entire organization will necessitate interlinking all required changes and eliminating any unnecessary interdependencies. This is a long road to follow, and leaders need to bear in mind that there will be some within the organization who will resist change, and who will find it a challenge to embrace the new structures and systems.

The eighth and final step in the change process is “anchoring new approaches in the organizational culture” (Kotter, 1996, p. 145). Behavioural norms and shared values are foundational to the social structure of any organization, so results of change initiatives must be demonstrated before they will be accepted, as individuals are “often reluctant to admit the validity of new practices” (p. 157). He argues that implementing change may involve organizational turnover, and that operational and promotional processes must be aligned to be compatible with the vision to ensure that the old culture does not re-assert itself.
**Organizational Culture**

The eighth and final step in Kotter’s (1996) change management model, anchoring change in the organization’s culture, deserves some elaboration. Cultural change is a complex process which can be stimulated but is very difficult to manage.

On a collective level, reculturing is a process of co-creating new meanings to situations of ambiguity and uncertainty on the basis of dialoguing both with oneself and with others … [and] takes place in a field of tension between the enforced boundary experience on the one hand and trust on the other hand.

(Geijsel, Meijers, & Wardekker, 2007, p. 138)

With the change leadership goal of anchoring change in the organization’s culture, it is important that leaders recognize that “Organizations are mini-societies that have their own distinctive patterns of culture and sub-culture” (Morgan, 1997, p. 129). Culture, whether that of a portion of an organization, an entire organization, or an entire society, is:

… defined as (a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with its problems of external adaptation and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is to be taught to new members as the (f) correct way to perceive, think, and feel in relation to those problems.  

(Schein, 1990, p. 111)

In the same vein as Polanyi’s (1962) observation that “there are things that we know but cannot tell” (p. 601), culture is displayed on multiple levels. At its most accessible, culture is displayed through visible artifacts and creations; the uninitiated can observe its manifestations by considering technologies employed, art displayed, or visible and audible behaviour patterns. At the next level of accessibility, culture is surfaced by examining the values that govern behaviour. At its least accessible, culture is determined and defined by the underlying, and often unconscious, assumptions about how the members of the culture “perceive, think and feel” (Schein, 1984, p. 3) about considerations like their environment, the nature of reality, time and space, beliefs about human nature, activity and relationships.
These basic assumptions inform the thought patterns of the organization’s acculturated members, and are demonstrated in the ways those individuals interact with one another (Schein, 1984); “the longer we live in a given culture, and the older the culture is, the more it will influence our perceptions, thoughts, and feelings” (p. 12). These assumptions are less easily identified than espoused values, as they tend to be patterned into cultural paradigms or sets of “interrelated assumptions that form a coherent pattern” (Schein, 1984, p. 4). The pattern of assumptions that an organization develops about itself is the foundation of its distinct identity and self-understanding. This self-understanding is “located in the behaviour of individuals, and especially in their perceptions of themselves and each other” (Selznick, 1957, “Introduction,” para. 9), and forms the basis of organizational culture. “The characteristics of the culture being observed will gradually become evident as one becomes aware of the patterns of interactions between individuals, the language that is used, and the various rituals of daily routine” (Morgan, 1997, pp. 129-130). The actions of constituent members thus telegraph the organization’s culture, and provide the basis of a shared understanding of the organization’s cultural paradigm.

Cultural paradigms create order and consistency in social functions, and provide ontological security for the members of the culture (Trice & Bayer, 1991). Ontological security is foundational to an organization’s culture, as it is the reasonable expectation that members hold that the organization’s structure is stable, and that all members of the organization and larger society understand what they are expected to do and how they are expected to behave (Giddens, 1984). It is the individual’s “confidence or trust that the natural and social worlds are as they appear to be, including the basic existential parameters of self and social identity” (p. 375); understanding this is fundamental in developing an organization that can adapt to changes in its environment, which in turn is key to an organization’s ultimate survival. Cultures are inherently conservative, but organizations periodically wish or need to make changes. Understanding both the concept of culture and the assumptions that underpin the specific culture are key to successful leadership of change initiatives because “without such a concept, we cannot really understand change or resistance to change” (Schein, 1990, p. 117). Culture is understood to be “a system of ‘socially transmitted behaviour patterns that serve to relate human communities to their ecological settings’” (Denison & Mishra, 1995, p.
“Such patterns of belief or shared meaning, fragmented or integrated, and supported by various operating norms and rituals can exert a decisive influence on the overall ability of the organization to deal with the challenges that it faces” (Morgan, 1997, p. 129). In addition to interpersonal elements, organizational processes also influence the evolution of organizational culture. Indeed, “...organizational processes profoundly influence the kinds of policy that can be made, and policy in turn shapes the machinery of organization in ways that cannot be accounted for on the premises of efficient functioning” (Selznick, 1957, “A Psychological Analogy,” para. 14).

In addition to transmitting behaviour patterns through social interaction, creating or modifying an organization’s culture through teaching new members the correct way to perceive, think and feel about challenges (Schein, 1990) can be accomplished through knowledge transfer. Learned solutions can be incorporated into the organization’s knowledge creation process (Nonaka, Toyama, & Konno, 2000) and evolve the culture through knowledge creation.

The model of the knowledge creation spiral, introduced by Nonaka et al. (2000) as the Socialization-Externalization-Internalization-Combination (SECI) model, offers a framework to understand how organizations develop and manage their own knowledge creation. The model proposes a process in which organizational members make tacit knowledge explicit through externalization and combination processes, and then embed the new knowledge in the culture so that what has become explicit becomes tacit at the next ontological level through processes of internalization and socialization. Each rotation of tacit-explicit-tacit cycle embeds newly developed knowledge more deeply in the cultural framework as it “synthesize(s) the tacit knowledge of front line employees, top management and outside constituents such as customers and suppliers, to make it explicit and incorporate it into new concepts, technologies, products or systems” (Nonaka et al., 2000, p. 29). While the validity of the SECI process as a ubiquitous model for knowledge creation has been debated (Gourlay, 2003; Li & Gao, 2003), its principles allow for “better and more effective knowledge management across organizational boundaries” (Rice & Rice, 2005, p. 679). Knowledge management is an issue for organizations, as “knowledge is becoming a traded asset” (Hartley, 2007, p. 195) and “knowledge sharing’ is a key driver of alliance formation” (Rice & Rice, 2005, p. 678). Articulating and understanding a framework for “making personal knowledge
available to others" (Hartley, 2007, p. 197) within bureaucratic and hierarchical structures assists organizations to “guide and justify the sustained investment of resources, time and people required to provide a contemporary and core strategic capability” (Hume & Hume, 2008, p. 138). While knowledge creation is not synonymous with knowledge management or knowledge transfer (Li & Gao, 2003), the processes are inextricably linked both to one another and to the formation and reformation of organizational culture.

An organization’s culture is influenced by its leadership, history and traditions, and the interests and concerns of its stakeholders (Brown, 1998). Leadership infuses the values in the organization by establishing and modeling desired perspectives and attitudes, assigning priority to activities, distributing authority, and leading relationships with other related organizations (Selznick, 1957). The organization’s history and traditions are communicated both through actions and in the ecological setting, which includes the artifacts of culture displayed in the environment; elements such as the physical layout of workspaces, dress code, forms of address, and acceptable emotional intensity in interchange (Schein, 1990) comprise the ecological setting.

In addressing the interests and concerns of stakeholders, it is important to recognize that “cultures do not exist in a vacuum; they are grounded in structures of time and space. These structures shape relationships” (Hargreaves, 1995, p. 17). These relationships form interconnected boundaries between organizations, and become a facet of the organization’s feedback mechanism. Tapping into the content of this feedback loop creates an increased organizational self-awareness and, “[w]hen an enterprise begins to be more profoundly aware of its dependence on outside forces, its very conception of itself may change, with consequences for recruitment, policy, and administrative organization at many levels” (Selznick, 1957, “Organizations and Institutions,” para. 5).

Changes in an organization’s self-concept may require, that “leaders change their culture by first understanding it and then realigning the organization’s culture with a new vision and a revision of its shared assumptions, values and norms” (Bass & Avolio, 1993, p. 112). However, it is important to bear in mind that leadership is not always defined by the incumbent’s organizational role:
The leader's position of power may lend him or her a special advantage in
developing corporate value systems and codes of behaviour because
formal leaders often have important sources of power through which they
can encourage, reward, or punish those who follow their lead.
(Morgan, 1997, p. 137)

Leadership is an activity of agents, and “...others are also able to influence the process
by acting as informal opinion leaders or simply by acting as the people they are”
(p. 137). An organizational figurehead is not always required to lead change; in some
instances, a process champion (Campbell, 2008) may be more effective to rally the
organization's membership and incite them to make the required changes.

**Effecting Change**

When changes have been approved, leaders' next responsibility is to make the
required changes. To accomplish this, they must attend to issues that include regular
communication between all parties involved in the transition, establishing and
maintaining trust of all affected parties, and alertness to the power dynamics at play in
the transition process (Campbell, 2008).

Change occurs in the context of human interaction, and is both communication-
based and communication-driven (April, 1999); that is, change both constitutes and is
constituted by communication (April, 1999) which, by extension, plays an important role
in inspiring and instantiating change in an organization. Communication is critical to
operationalizing change, in part because people resist when they don't understand what
is being asked of them, or don't trust the person who is asking them to make the change
(Kotter & Schlesinger, 2008). “The change is produced with intent, and the change
agent is at cause in the matter of making change” (Ford & Ford, 1995, p. 543). Leaders
do well to consider the importance of the change agent in the change process, as
“Employees will not make sacrifices, even if they are unhappy with the status quo,
unless they believe that useful change is possible” (Kotter, 1995, p. 63). Individuals’
levers for change reside in their beliefs, values, behaviours and skills (Moran &
Brightman, 2000), and these are the levers that are available to leaders to draw on to
engage the communication. At the same time that they are engaging the levers, leaders
should bear in mind that change must be nurtured at a rate appropriate to the individual
affected, as resistance to change is often found to be rooted in the individual's fear of not being able to do new things (Moran & Brightman, 2000).

Communicating ideas and plans forms the basis for a shared understanding of the need for change, and is foundational to helping the people affected understand the need to change (Kotter & Schlesinger, 2008). The process of communicating to support change begins with a succinct and comprehensible description of the need to change, and an explanation of why it must happen (Bridges & Mitchell, 2000). With the message prepared, leaders need to determine the form(s) the communication will take and, ideally, create opportunities for active participation (Kotter & Schlesinger, 2008) by those affected in discussion and feedback about the change itself. The engaging communication process involves four steps that assist participants in understanding, acknowledging and internalizing the need for change: (a) create a space for dialogue and communication, (b) generate awareness of the need for dialogue, employing all available communication tools, (c) create feedback opportunities and processes, and (d) encourage participant self-reflection, which may include personal scenario development (April, 1999) designed to allow the participant to explore and come to terms with the ways that the change may affect them personally.

The give and take involved in dialogue and communication involves providing and obtaining information, creating understanding, and building ownership of involvement in and responsibility for the change (Ford & Ford, 1995). The interactive nature of the providing and obtaining of information highlights the importance of good two-way communication (Saunders & Thornhill, 2003), as “communication works best if both sides are prepared to be flexible and willing to modify thinking and plans” (Denton, 1996, p. 8). Flexibility is made easier when a caring attitude is demonstrated (Saunders & Thornhill, 2003) by leaders who understand that “communication comes in both words and deeds” (Kotter, 1995).

The top three skills required of leaders are (a) communication skills, (b) ability to engage employees with the vision, and (c) creating an enabling culture (Charlesworth et al., 2003). The ability to actively engage employees with the vision requires leaders to be a process champion and boundary-spanner, incorporating communication about the vision for change at all appropriate times and not just when the details of the change are
under discussion (Kotter, 1995). This may involve the leader penning an article about the change for the company newsletter, or using a leadership meeting as an opportunity to workshop the change vision (Kotter, 1995). No matter what communication vehicles are employed, leaders should bear in mind that “Talk is not cheap: What is said matters, and rigor and consciousness in the communications of change are what differentiates successful change from one that is derailed by resistance and uncertainty” (Ford & Ford, 1995, p. 560).

“People can be forced to change, but change will not change them unless they accept the change as good” (Denton, 1996, p. 7). Bringing organization members from a place of comfort, through resistance and fear, and to a place of active engagement requires trust in management. Trust is earned when participants perceive their interactions with leaders to be two-way, and it is damaged when the communication seemed to be one-way (Saunders & Thornhill, 2003). Direct consultation with supervisors and higher-level managers also increases reported levels of trust in management (Morgan & Zeffane, 2003). This may be related to a perception that the relative openness of two-way communication between change managers and those impacted by the changes signals leaders who possess qualities of honesty, trust and integrity (Morgan & Zeffane, 2003).

“Structural reorganization is particularly corrosive of trust in management” (Morgan & Zeffane, 2003, p. 55), and negative change experiences are positively correlated to increased employee mistrust and cynicism (Morgan & Zeffane, 2003). Numerous constraints may increase levels of cynicism and impact the organization’s members’ full engagement in change and transition processes, particularly in the context of change in service delivery in the public sector. These constraints include “overt and direct political input into the public sector” (Dopson & Stewart, 1990, p. 39) such as poorly defined policy directives, the relative openness of decision-making processes, influence of interest groups on decision-makers, artificial time constraints, and professional structures within the organization that conflict with the accountability structures (Dopson & Stewart, 1990).

Awareness of the organizational constraints that may impact engagement in transition processes highlights the challenges that leaders face in inspiring change.
Contextual complexity (Van Wart, 2003) is a significant leadership challenge and is reflected through the collection of key indicators and artifacts that frame and describe what the membership understand the organization to stand for; mission, organizational culture, environmental culture, structure, opportunities, levels of discretion in action, types of problems, and so forth are examples of these indicators and artifacts. External challenges, such as the need to gain or regain the confidence of political leadership through establishment and action on accountability measures (Borins, 2002) influence the contextual complexity and internal challenges, such as the need to inspire staff to change through implementation of open and transparent organizational re-engineering processes (Borins, 2002).

For an organization to successfully complete a transition, the culture must support innovation, which requires support from the top (Borins, 2002; Denton, 1996). At the top level of a transition process are the leaders, who pay attention to both political and bureaucratic issues, as these represent the interests and concerns of those who are higher (political) and lower (bureaucratic or operational) on the organizational totem pole (Borins, 2002). Leaders must also be alert to and prepared to address the factors that appear to influence managers’ reactions to change. As management is defined as keeping the organization running smoothly, management perspectives and concerns tend to relate to functions that keep the organization’s day-to-day operations functioning effectively and efficiently. This perspective on transition and change tends to be influenced by pragmatic concerns, such as the length of time since previous changes were introduced; the degree to which the organization is exposed to political debate and media exposure; the power of consumers or customers to influence priorities; the degree of challenge experienced in attracting and retaining staff; and the relative strength of the public service culture and resultant ability to contract out work (Dopson & Stewart, 1990).

The management perspective on transition is also influenced by managers’ own personal characteristics, personal ambitions, and skills. A broad generalization on individual adaptability indicates that the individual’s age profile will influence their interest in change; older organization members are typically less enthusiastic about change than younger members (Dopson & Stewart, 1990). This is not to say that employees who are close to traditional retirement age are more likely to be unwilling to change than
employees who are newer to the workforce, but rather that the employee’s level of
cynicism or fatigue is likely to influence the enthusiasm with which they embrace and
proliferate changes that are indicated (Rose & Cray, 2010). Likewise, the management
perspective is likely to be influenced by the organization’s proportion of professional
employees and their relative power to influence policy (Dopson & Stewart, 1990). At the
level of skill, it is important to bear in mind that “Most leaders come from backgrounds
where technical, financial or operational skills were paramount, and these skills provide
little help when it comes to leading people through transition” (Bridges & Mitchell, 2000,
p. 32). All of these considerations in leading transition occur in specific political and
operational contexts: for the case at hand, British Columbia is the setting for the
transition.

**Summary: Literature of Leadership**

An overview of the literature of leadership and management, models for leading
change and anchoring it in the organization’s culture, and issues in effecting change
confirms that leadership and change are complex undertakings. Change is held to be
ever-present, and requires the skills of both leaders are transformational in creating the
vision for change, and managers who ensure that the vision is fully implemented. The
literature also explores a debate about the relative value of process models for leading
change; some authors argue that process models ignore the wild card that is the human
factor in organizations, while others argue that an element of process is needed to
ensure that the change is relevant and effective.

When an organization undergoes a change, its culture is impacted by planned or
emergent strategies that move the organization and its members from one state of being
to another. Implementing change initiatives draws on a broad range of leadership skills,
from effective communication to the ability to build trust. These are significant issues in
change leadership.

**The British Columbia Context**

In general, disruptions to the status quo must occur in order for innovation to take
place in political systems; new leadership, crises, internal problems, and new
opportunities are examples of such specific disruptions (Borins, 2001). In British
Columbia, the disruption that triggered the creation of the BCSA was a significant
change in political leadership; a provincial Liberal government was voted into power in
the 2001 election replacing the New Democratic Party (NDP), which had governed since
1991. These two political parties hold divergent perspectives on public policy issues,
and the Campbell government signaled its position when it released its Capital Asset
Management Framework in 2002. In the pursuit of “objective-based government” (Cohn,
2008, p. 85):

The government of British Columbia has made strong commitments to
sound fiscal management, public accountability and, above all, value for
taxpayers’ dollars. That means delivering effective public services that
meet people’s needs at a cost we can afford.

(Government of British Columbia, 2002b, p. 1)

The Framework document articulates two key objectives and supporting principles
associated with management of public sector capital assets, as described in Table 4
below:

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<th>Table 4. Management of public sector capital assets: Objectives and principles</th>
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The principle of sound fiscal and risk management articulates, in part that “Risks will be
allocated to those parties best able to manage them at the least cost while serving the
public interest. Those parties may be in the public, private or non-profit sector—or a
combination of the three” (Government of British Columbia, 2002b, p. 3). The framework for the emphasis on service delivery:

... requires public sector agencies to challenge service delivery assumptions and explore a full range of options for effectively and efficiently meeting public needs. To support this kind of creative thinking, the framework provides a range of tools for identifying, assessing and implementing alternative service delivery and public-private partnership opportunities. (Government of British Columbia, 2002b, p. 4)

The principle of value for money articulates the requirement for rigour in the analysis of service delivery options and business case. Factors considered in this analysis include the cost of service levels, and the protection of critical public interests (p. 5)

The details and examples articulated in the Capital Asset Management Framework documents specifically address the funding and management of capital assets, but they are also revelatory of the provincial government approach to the delivery of public services like regulation. While promoting creativity in the structure of service delivery to the public, they affirm standards for accountability and effective management of risk and confirm that “the Province retains ultimate authority and responsibility for providing public services” (Government of British Columbia, 2002a, p. 34).

The guidelines developed in support of the Capital Asset Management Framework also reveal a number of foundational perspectives on public service delivery, as they counsel agencies “to be innovative and to challenge traditional service delivery approaches and assumptions” (Government of British Columbia, 2002a, p. 31). This perspective is explicated; “greater integration between the private and public sectors has the potential to improve services, increase efficiency and deliver value for money” (p. 32). This opens the door for government Ministries and departments to explore non-traditional approaches to service delivery, offering a range of strategies including Alternative Service Delivery (p. 33).

The Alternative Service Delivery Secretariat was created in British Columbia “to provide cost-effective and efficient delivery of services through innovative partnering with the private sector” (Auditor General of British Columbia, 2010, p. 23). One of the
Secretariat’s six objectives reflects an interest in “transferring operational risk to service providers” (p. 23). In keeping with this mandate, existing service delivery agencies were informed that they must meet their “inherent responsibilities to serve the public and deliver necessary services” (Cohn, 2008, p. 88).

Delivering public services through privatized service providers is not a new concept in British Columbia; since 1996, public services such as hydro-electricity (BC Hydro); property assessment (BC Assessment Authority); transportation in Greater Vancouver (Translink); business practices and consumer protection; industry training; and specific safety services (BCSA) have moved their operations out of government and into agencies or authorities. The transition of Safety Engineering Services into the BCSA was another such privatization exercise. The reasons for privatizing specific public services are unique to each organization, but the principles and philosophy are well documented in the NPM literature. The NPM model, in which the government steers policy directions while private or not-for-profit organizations row to provide needed services, is consistent with the British Columbia Liberal Party government’s public policy orientation.

Summary

Leading an organization through transition is a highly contextualized activity, and those who undertake such a leadership role in the public service context must be attentive to a host of complexities. Government agenda-setting processes, trends in public administration such as alternative service delivery and New Public Management, and government interests related to devolution or privatization of government services are examples of the contextual factors to which leaders in the public service must respond. In British Columbia in the early 2000’s, circumstances conspired to create a political climate in which privatization of technical safety services was possible.

Determining the most appropriate means to deliver regulation of technical safety systems was a primary concern for the organizational elite who led the transition of Safety Engineering Services into the BCSA. This question, coupled with the challenges
of leading and anchoring change in the culture of the new organization, form lenses through which the lived experience of these organizational elite will be viewed.

When an organizational transition involves multiple groups with interests as diverse as governance, regulation and the economic health of all participants in a networked system, as the transition of SES to the BCSA does, the challenges are considerable. Leaders need to understand the political context, have a clear vision of their role and understand the organization’s new direction. It is also helpful to have a conceptual framework through which to view the experience in an attempt to gain a deep understanding of the process of change.
Organizational leaders faced with the prospect of leading significant organizational change have a wealth of perspectives and frameworks available on which to model their own plans and behaviours. These frameworks may challenge them to consider leading change as a process, as a cultural or organizational knowledge development activity, or as an interaction between actions and institutions that occur over varying periods of time. Choosing among the plethora of options may be a daunting task, as making and instantiating change is a complex and very human challenge.

Kotter’s (1996) model for leading organization change, described previously, provides an 8-step process that he argues must be followed in sequence in order to successfully implement and embed change in an organization. His model addresses, in a rational manner, issues related to an organization’s structure, systems, modalities and interactions, and has been well received and practiced in many workplaces. The first seven steps are actions that build on one another, making and demonstrating the value of the changes to the organization, while the eighth and final step of the model directs leaders to anchor that change in the organization’s culture.

Two limitations of Kotter’s (1996) model are that he fails to consider that leaders need to be doing several things at the same time (Moran & Brightman, 2000) in order to implement change effectively, and fails to explore in any detail how leaders are expected to go about achieving the final reculturation step in the process. Moving leadership beyond the structural aspects of change into the realm of organizational culture is neither a single action, nor a straightforward, single step.
Organizational culture, knowledge creation, management and transfer are critical aspects of organizational growth, development and change. In the same way that Kotter’s (1996) model is limited by insufficient consideration of culture, the SECI model of knowledge creation described earlier is limited by its lack of consideration of issues related to organizational structure. Its sole focus on the process of knowledge creation disregards the implications of changes in knowledge for behaviour or organizational structure. Neither of these models are complete, integrated reflections of the complexities of full organizational change. Giddens’ (1984) Structuration Theory, however, offers a model to consider organizational structure and participant agency as interrelated components of a unified whole.

**Structuration Theory**

In pursuit of a theory that would capture and reflect the interrelated elements of an organized society, Anthony Giddens (1984) examined and critiqued classical and modern theorists in the fields of sociology, philosophy, and anthropology. His work highlights the divergence in focus between two schools of sociological theory; one argues that the individual and their action define and constitute society, while the other argues that social structures constrain and limit an individual’s action and behaviour (Kaspersen, 2000). The interaction between these two distinctly divergent schools of thought has been termed the dualism between structure and actor; it is this dualism that Giddens (1984) addresses in his Structuration Theory.

For Giddens (1984), the key to understanding organizations does not lie entirely in understanding the existence and operations of social groups, nor does it lie solely in understanding the individual’s experience. The key lies in understanding the actions of individuals within social entities over time and across space (Giddens, 1984). His study led him to develop and propose a theory of social organization that focuses on the social whole as well as its constituent parts and, in so doing, to highlight and weave together the duality that is implicit in the construction of social entities, whether an entire society or individual organization: structure and agency.
Structure

Structure is a profoundly cultural phenomenon, derives from the character and distribution of resources in the everyday world (Sewell, 1992), and is “constituted by mutually sustaining cultural schemas and sets of resources that empower and constrain social action and tend to be reproduced by that action” (p. 27). Giddens (1984) argues that the structure of an organization is the product of the integration of structures and systems, which function through modalities and interactions. The boundaries of the organization are limited only by the scope of the unit under consideration; family, organization, industry, community, nation, and even humanity may define the parameters of the organization to be examined.

Structures are the rules, resources, and mechanisms for operation and change that are understood and agreed within the organization while systems, which may be seen as similar to the organization’s culture, are the norms, values and beliefs that are maintained and communicated through the actions of the members or agents of the organization. The organization’s structure must contain both these structures and systems in order to function; without operating norms and standards, organizations become chaotic and ultimately ineffective (Giddens, 1984), and without mechanisms to change and improve systems, they stagnate and become irrelevant.

In day-to-day operations, the organization’s structures are the framework of how things are done that its agents understand and are expected to adhere to in the normal, predictable flow of daily life (rules) and the access to or control of the people and materials needed to accomplish specified objectives (resources). The organization’s modality defines the way its structures translate into actions, and its interactions are the activities its agents undertake to represent and achieve the organization’s objectives (Giddens, 1984).

Individual organizations are entities that function independently of, yet in relation to, other entities that exist in the same historical time and even in the same geographical location (Giddens, 1984). Thus, organizations function both as self-contained societies and as constituent members of a larger society; their constituent members produce and reproduce their structure, and they have no existence independent of their membership (Kaspersen, 2000).
As constituent members of a larger society, organizations instinctively “self-organize” (Fuchs, 2002); they “respond to an environment that consists of other organizations responding to their environment, which consists of organizations responding to an environment of organizations’ responses” (DiMaggio & Powell, 1983, p. 149). This responsive activity forms the larger social context in which organizations locate themselves, understand their value relative to comparator other organizations, and perpetuate their structure, agency, and productivity (DiMaggio & Powell, 1983). Structural fields develop when organizations interact with one another and develop the norms that, in turn, provide an established standard to which new entrants to the system normalize to through competition, regulation, or government. This process of organizational isomorphism may occur coercively, mimetically or normatively; regardless of which isomorphic process the industry experiences, its structuration will naturally evolve through mechanisms such as professional or trade associations, or association with government or funding agencies.

As self-contained social entities, organizations operate in various forms of *dureé*, which translates loosely as “time.” At the macro level of organizational operations and employing a conventional definition of “time,” organizations begin their existence at specific points in chronological time, fully anticipating that they will continue to exist for a *longue dureé* or extended chronological period. In order to survive over a *longue dureé*, organizations develop routines and cyclical processes, which they embed in their strategies and operating policies and practices. At a more granular operational level and forming the basis of these operating policies and processes is *dureé* in a different form; this *dureé* is not constituted by chronological time, but by the flow of daily rituals and routines that form the basis of institutional practice (Giddens, 1984). This *dureé* of routinized practice constitutes the organization’s foundation of practical knowledge, and forms the core of their identity and the basis of their members’ ontological security.

Organizations’ systems must be constructed in such a way that their agents have the capacity to remember and reflect on the past so that they can make conscious choices about whether or not they will repeat their histories. American author George Santayana has been credited with coining the phrase “those who cannot remember the past are condemned to repeat it” (Santayana, 1905), an aphorism that demonstrates the need for this design element in an organization’s structure. Giddens (1984) terms this
reflexive capacity *recursivity*, and argues that this ability to review and reflect on the past is essential for the production and re-production of the entity's structure. It is through this act of review and reconsideration that the organization's structure is perpetuated, or through which improvements, amendments or other changes can be made to ensure the continuous efficacy and sustainability of the structure.

**Agents and Agency**

Structuration theory argues that social entities, whether individual organizations or entire societies, are populated by knowledgeable and purposive agents that function within the framework of structure, modality and interactions. All members of an organization are agents, by virtue of their capacity to act and make things happen (Giddens, 1984) within an interdependent and socially situated context (Bandura, 2001).

Agents are knowledgeable about their social context and the parameters of appropriate or unremarkable behaviour within that context and, by virtue of their understanding of these parameters, are purposive in their behaviour (Giddens, 1984). They act according to established routines, following and fuelling normative behaviours, and perpetuating structures that they do not perceive to require change (Giddens, 1984). They are deliberate and intentional in the way they operate within the context of their organization to either perpetuate or disrupt it, and may choose to leverage formal and informal networks to build support for and momentum around changes they believe are important. Human society cannot exist without agents, and the qualities of its agents influence the shape and form of the social entities they are part of and, by extension, the larger social context (Giddens, 1984).

Agents' knowledgeability is founded in individuals' understanding of their reasons for taking the actions they take, and in their ability to articulate and explain their reasons for doing so (Giddens, 1984). In articulating their rationale for taking the actions they take, agents have the choice to disclose their reasons fully and truthfully, or to hide the truth from others. The fact that an agent's has the ability to obfuscate or lie about their reasons for his or her actions demonstrates their consciousness. Giddens (1984) describes consciousness as having three parts: *sensibility*, or agents' ability to respond to external stimuli; *reflexive monitoring*, or agents' ability to relate their own activity to
what is going on around them; and articulateness, or agents’ ability to think and speak about their actions. Lying is proof of capacity for reflexive monitoring, and demonstrates an agent’s knowledgability and purposive nature. As Fuchs (2002) observes, “Actors reflexively monitor their actions; that is, human behaviour has an intentional and purposive character” (p. 14). Accordingly, the reasons agents cite, whether truthful or not, give intentionality to the agent’s actions and render the agent purposive (Giddens, 1984).

These forces are brought to bear on agents’ consciousness, which Giddens (1984) separates into two types: discursive and practical. Discursive consciousness allows agents to articulate their perception, memory, and recollection of past experiences and apply these memories and associated lessons learned to their current context (Giddens, 1984). Discursive consciousness is a particularly important aspect of agency; it is through the action of applying previous experience to a current situation that meaningful decisions can be made which respect what has worked in the past, and form the analytical basis for changes to what has not previously been productive.

Practical consciousness refers to that which the agent understands about the social conditions in which they find themselves, but are unable to articulate or discuss (Giddens, 1984). Like Polanyi’s (1962) description of tacit knowledge, practical consciousness is what allows agents to be aware of and familiar with social conventions, without necessarily being able to articulate or discursively express how they know what they know (Giddens, 1984). In this sense, practical consciousness is agents’ awareness that rather than their awareness of; it does not provide agents with the theoretical scaffolding upon which to bring past experience to bear to current experience in a clear and articulate manner, but is the awareness of familiarity with the current context. In situations where working to create change is desired, practical consciousness provides a framework for discussions of “this is the way we have always done things,” rather than “we have always done things this way because.”

Getting things done is a product of exercise of an agent’s, or a group of agents’, power. Power is a productive resource that accompanies agency in action, and has the capacity to both enable and constrain action (Giddens, 1984). It has duality; it is both the capacity of individual agents to achieve their desired goals and objectives and a
property of society that supports or prevents the attainment of those goals. Power is “the means of getting things done” (p. 283) and is a function of the agency that moves the agenda of those things forward. Giddens argues that power may be enacted by individuals or groups in order to achieve specific desired outcomes, or exercised by those same individuals or groups to block the achievement of specific objectives simply prove to others that they have the capacity to enact their wishes. Whatever the motivation for exercising power, its exercise inevitably produces results.

The capacity to exercise power demonstrates relative authority within the organization (Giddens, 1984). The capacity to demonstrate and use power to achieve desired outcomes places an agent in the position of rule-maker, and the ability to exercise power is a signal to other members of the organization that the individual has instrumental and transformative agency, through control of allocative and authoritative resources. Control of these resources signals pragmatic forms of domination within the organization; allocative resources include material features such as raw materials and the means of production or reproduction of goods from those materials, while authoritative resources include the organization and relation of human beings in mutual association such as directing the work of employee groups (Giddens, 1984). Control of these resources provides the holder with the power to determine the organization’s economic future, and is a clear signal of the individual’s dominant capacity within the organization.

The exercise of power may be influenced by an individual agent’s identification of bounds of their knowledge, which may in turn affect the conditions of practice and outcomes (Hardcastle, Usher, & Holmes, 2005, p. 231) or create unintended consequences that may affect future actions (Fuchs, 2002). As agents gain life experience and are presented with opportunities to exercise their agency and power, they become aware of the potential for their actions to have unintended or unforeseen consequences (Giddens, 1984). Experience may teach us that things do not always turn out the way we mean them to, and this awareness may bound or prescribe the intentionality and knowledgeability of agents’ actions (Giddens, 1984). Giddens argues that in addition to an awareness of the potential for unintended consequences, agents’ intentionality may be limited by fears or uncertainties of which they are not conscious.
An individual's agency, then, may have varying degrees of intentionality, depending on his or her awareness of and alertness to potential limitations.

Consciousness of agentic capacity is critical to agents' ability to monitor their own and others' actions reflexively as part of the recursive nature of social existence (Giddens, 1984). Through awareness of, and alertness to, the social conditions that surround them, agents are able to adapt messages they wish to convey in order to present them in a form that is most likely to produce the results they seek. Developing adaptive capacity through reflexive review of both organizational structure and agents' reference to it can provide organizations with a framework to question traditional practices and develop a competitive edge in the business environment (Staber & Sydow, 2002). Thus, agency informs an organizational environment in which agents can behave reflexively and practice recursively, to the organization's potential benefit.

Applications of Structuration Theory

In their study Institutionalization and Structuration: Studying the Links between Action and Institution, Barley and Tolbert (1997) observe that a methodology “for investigating how actions and institutions are recursively related” (p. 94) is needed to facilitate the investigation of the functional connection between action and institution. They contend that “institutionalization (or structuration) is a continuous process whose operation can be observed only through time” (p. 100), and propose a conceptual framework for the investigation of the connection between structure and agency that “specifies the relations between interactional episodes and institutional principles” (p. 100). The model employs Giddens’ (1984) concept of time-space distanciation and its importance in the development of institutional norms over time; they argue that “social behaviours constitute institutions diachronically while institutions constrain action synchronically” (Barley & Tolbert, 1997, p. 100). They frame this constitution and constraint in interactional episodes that occur within the boundaries of the organization’s structure and agency, and across specified periods of chronological time. Full interactional episodes of the cyclical process of structuration or institutionalization of new norms are composed in four steps: Encoding, Enacting, Revising/Replicating, and Objectifying the change.
Encoding a change involves internalizing the rules or understandings of appropriate behaviours in the given context (Barley & Tolbert, 1997). This is the stage of the structuration process when a change has been implemented and is in process of being established and regularized as a new social norm by the organization’s agents.

Enacting the norm involves agents behaving routinely and in accordance with their understanding of the ways they are expected to behave, but not necessarily acting intentionally or purposively toward change. In this stage, which might be described as a “business as usual” state of affairs, agents may not be discursively aware of the ultimate import their actions. In seeking to understand why some change initiatives are successful while others fail, one key is to appreciate agents’ consciousness and intentionality, “since modification of an institution is more likely to require conscious choice than does its reproduction” (Barley & Tolbert, 1997, p. 102).

Revising or replicating normalized behaviours (Barley & Tolbert, 1997) involves ensuring that agents fully understand the import of their behaviour toward either changing or maintaining the socially constructed norm. This is critical to the success of the structuration process, as intentional agentic behaviour is more likely to result in change than is merely deviant behaviour. The ability of an agent or group of agents to instigate or foment change in others’ perspectives or behaviours is directly impacted by the willingness or unwillingness of those others to upset the status quo.

In objectifying, or externalizing, the new norms, the changed pattern is unlinked or disconnected from the agency of the instigators of the change, and is fully normalized and regularized as part of the social pattern and positioned to be encoded into social norms. At this point in the process, the change becomes the new normal way of doing things, and the old ways are fully set aside.

The diachronic process of developing new, or revising existing, structure within organizations cannot be expected to have a predictable or linear timeline. The success of the processes of Replication and Objectification of new norms are dependent on the knowledgeability of the organization’s agents, their discursive and practical consciousness of the import of the change, and the availability of resources needed to entrench the change. What can be predicted, however, is that the 4-step process
proposed by Barley and Tolbert (1997) must run its full cycle in order for the interactional episode to be completed, and for the import and implication of what is proposed to be fully explored by all members of the organization.

The four steps of Barley and Tolbert’s (1997) model of structuration are similar to Nonaka et al.’s (2000) SECI model of knowledge creation, with its spiral steps through the aspects of Socialization, Externalization, Combination, and Internalization. There are a few significant differences, however; Barley and Tolbert include the aspect of both structure and agency in their model, and create a flow of structuration activities, while Nonaka et al. focus solely on knowledge creation activities. Barley and Tolbert’s model reflects at a high level the relationship of the duality of context (structure) and human activity (agency), while Nonaka et al. reflect the relationship between tacit and explicit knowledge. Both of these models bring into consideration the duality of structure and agency or tacit and explicit knowledge, but do so in isolation of the complexity of real-world inter- and intra-organizational interactions.

This examination of process and knowledge- and culture-development models highlights the need for a dynamic theory to explain the relationship between theory and “the multiplicity of agents, agencies, institutions and processes” (Dillard, Rigsby, & Goodman, 2004, p. 506) that are integral parts of organizational practice (Bachmann, 2003). Structuration Theory has been employed by a variety of researchers as a framework to interpret organizational challenges in a variety of settings. The brief overview that follows demonstrates the ways in which aspects of the theory have been applied to reach conclusions about how change is effectively embedded in a number of different types of organizations across a variety of cultures.

Human society and its organizations cannot exist without human agents and, through their actions, agents either reproduce or transform the social structures that exist in practice. Kouroubali (2002) observed and documented the implementation of upgraded information systems in primary care clinics in the Greek health-care system, and employed notions of structure, agency, and conception-reality gaps to explain her field observations of relationships between human agents and complex institutional structures in the process of introducing and normalizing use of new technologies in the
organizational context. She concluded that these concepts were useful in coming to an understanding of the complexities of implementation of significant change initiatives.

The concept of agent knowledgeability is important for researchers seeking to understand the ways in which the enactment of agency influences social structures and knowledge development (Hardcastle et al., 2005). Giddens (1984) proposes that meaning is already constructed and understood in fields of study and specialization, and Colon et al. (2000) argue that researchers work with practitioners in the field to “reveal what agents already know and have to know” (cited in Hardcastle et al., 2005, p. 231). In their research in the field of nursing, Hardcastle et al. examined the social context of nursing practice and determined that practitioners reflect and act knowledgably on their practice and, through the reflexive process, increase their own discursive consciousness and raise the level of consciousness of other practitioners.

In an examination of business organizations that function in competitive environments, Staber and Sydow (2002) examine organizational adaptive capacity from a structuration perspective. They argue that “firms with adaptive capacity continuously develop and apply new knowledge and do so in ways that are sustainable and difficult to imitate by competitors” (pp. 408-409), and that organizations that adopt reactive, efficiency-creating strategies in response to change miss opportunities to leverage and benefit from changes in their competitive environment and consequently miss potential growth opportunities. They:

... propose that structuration theory, through its reference to the duality of structure, the stratification model of the agent, and institutional reflexivity, is a useful framework for explaining the difficulties of managing organizational adaptive capacity, including the rules and resources that must be reproduced or adjusted. (p. 412)

Organizational learning is an example of a potential outcome of disruption to ontological security and routinized organizational practice. Berends, Boersma, and Weggeman (2003) postulate that individual learning results in changes to practice by knowledgeable agents, which in turn is applied to the organizational context; the changes in organizational practices that result from the development and application of new knowledge are what Berends et al. define as organizational learning.
Consideration of the construct for subsequent recall of past actions has implications not only for production and reproduction of an organization’s structures, but also for policy development. Marshall (2006) explored notions of reflexivity and recursivity in the uptake and use of second languages in his examination of Spanish-speaking Latin Americans in Catalonia, and the impact of their use of the Catalan language in their immigration into Spain. His study concluded that both language policies and national self-understanding must be informed by the recursive relationship between the structure of existing language policies, social norms, and the agency of the immigrant populations.

In his 2003 study, Sandfort (2003) found that by engaging in social processes that are recursive and responsive to their unique context, front-line staff and managers generated effective structures for their daily work from the experiences of their daily work.

Structuration Theory is a valuable framework for exploring diffusion of new management knowledge within organizations (Bresnen, Goussevskaia, & Swan, 2004), and understanding how “agents are empowered by structures, both by the knowledge of cultural schemas that enable them to mobilize resources and by the access to resources that enables them to enact schemas” (Sewell, 1992, p. 27). It also assists in “specifying the primary structural components of the inter-related context within which agents act to bring about change, or reinforce the status quo” (Dillard et al., 2004, p. 534).

**Summary**

In Structuration Theory, Giddens (1984) argues that the relationship between an individual agent and the organization in which s/he operates are part of an interrelated functionality, each of which has an effect on the other. An organization’s structure has duality, in that it is *both* the ways that agents within the social structure understand they are expected to act *and* the result of the actions of the agents within the social structure (Giddens, 1984). Furthermore, he argues that there is duality of structure and agency in organizations; as individuals reflect upon and change their behaviours they, in turn and over time, change the expectations of what constitutes acceptable behaviour and
activity. The exercise of agency influences and amends formal social structures while, at the same time, the requirements of the society’s structures create a framework for the constitution of acceptable agentic action.

In considering how to instigate and entrench structural changes, it is helpful to consider the role that organizational culture and agency play in moving change initiatives forward. Organizations and their structures are invented and reinvented concurrently by and through the actions of their agents in the duality of production and reproduction (Giddens, 1984). Organizational culture forms the basis of the members’ ontological security and provides “some degree of order and continuity in social life” (Trice & Bayer, 1991, p. 150). These aspects of order and continuity in the organization’s cultural fabric establish the “system of socially transmitted behaviour patterns that serve to relate human communities to their ecological settings” (Denison & Mishra, 1995, p. 204), and are core both to the ontological security of the members and their adaptability when faced with challenges. “Without such a concept [culture] we cannot really understand change or resistance to change” (Schein, 1990, p. 117) because change is influenced by “domains, jurisdictions and bases of power” (Bresnen et al., 2004, p. 1552).

The role of agents and their agency in the process of social development demonstrates “that society is not a static, clumsy entity, but a process structure where we find permanent flux, emergence, and phase transitions from stability to instability and back to stability” (Fuchs, 2002, p. 30). In reproducing or perpetuating an organization’s structure, agents regularize and routinize desirable social practices, which in turn perpetuate enactment and re-enactment of the organization’s structure. Disruptions to ontological security unsettle the balance of the organization’s system and create opportunities for changes to be initiated (Giddens, 1984).

It is in periods of disruption in societal or organizational longue durée that transformation of the organization can occur; change can be enacted and new structures, systems, modalities or interactions can be established and routinized. Thus, disruptions to ontological security unsettle the status quo, which creates opportunities for growth, expansion, and significant change, which in turn results in the invention or reinvention of the organization through agentic action.
Agents and their agency may either constrain or support the enactment and sustainable uptake of organizational change initiatives. Agents are knowledgeable, purposive, and conscious in their actions, express their agency through enactment of their power and authority, and monitor and modify their environment through reflexive consideration and action. Thus, when agents perceive and embrace a need for change, they act in a socially abnormal way, knowledgeably and intentionally. In the normal course of events, agents perpetuate structure that they feel no impetus to change. However, when a need to make change is identified and understood, agents act to disrupt the flow of previously normative behaviours, work to establish a new norm and, when the new normative behaviour has been accepted, they act to entrench the new routines and perpetuate the organization’s new structure (Giddens, 1984). In the case of significant organizational change, this disruptive course of action implies the enactment of agentic power.

Power is a force with duality in its capacity to both enable and constrain action in human affairs (Giddens, 1984); these apparently conflicting forces exert influence in complementary rather than conflicting ways in the furtherance of human affairs. Agents with power have the ability to effect or require change, frequently because they control access to the financial and human resources to make the desired change happen. The exercise of power may be as structured as enabling or constraining action through the allocation of resources, or through the act of seeking to influence the opinions or actions of other agents (Giddens, 1984).

There is a longitudinal aspect to the embedding and incorporation of changes into the organizational longue durée. In their discussion of the complexity of duality of structure and agency, Barley and Tolbert (1997) argue that “a diachronic model of the structuration process as well as longitudinal data” (Barley & Tolbert, 1997, p. 99) is needed to fully understand this complexity. Their model creates a framework for understanding the duality of the relationship between the synchronic constraints that organizations place upon action and the diachronic constraints that social behaviours place upon organizations over time (Barley & Tolbert, 1997). These shorter and longer-term perspectives influence the way that change is adopted and human behaviour may be changed.
Disruption or change to existing structure is often met with resistance; the strength of the resistance is rooted both in the human desire for security, and in the degree to which the organization is established. The amount of time and space that an organization occupies relative to other like organizations—its time-space distanciation—informs and influences the level of resistance to change or manipulation that individual agents acting within that organization will experience; the greater the organization’s time-space distanciation, the greater its resistance to change or manipulation by an individual agent (Giddens, 1984). In this way, the chronological age of the organization may affect the relative ease with which change can be instigated by an agent or group of agents.

A conceptual framework is required in order to examine and develop an understanding of the data one gathers. Such a framework always exists, consciously or subconsciously. Here a conscious framework will be employed to examine the lived experience of the organizational elite who led the BCSA transition out of the government reporting entity; the lens of Structuration Theory, informed by the rational process of Kotter’s (1996) change leadership model and the serendipitous nature of Kingdon’s (2003) model of decision-making.
Chapter 4.

Methodology

The purpose of this study is to explore and articulate the lived experience of leading a public service organization through the transition from government department to independent, business-focused, not-for-profit corporation. A qualitative approach to the research is indicated, as qualitative research seeks "to understand social action at a greater richness and depth and, hence ... to record such action through more complex, nuanced, and subtle set of interpretive categories" (Feagin, Orum, & Sjoberg, 1991, p. 17). Conducting this particular research in the qualitative tradition is appropriate, as "qualitative research is more inductive and because it focuses primarily on understanding particulars rather than generalizing to universals" (Maxwell, 1992, p. 296).

Phenomenological inquiry is the most effective approach to inquiring into lived experience, and a case study method will be employed to explore and understand the nature of this specific phenomenon.

Phenomenological research "thematizes the phenomenon of consciousness and, in its most comprehensive sense, it refers to the totality of lived experiences that belong to a single person" (Giorgi, 1997, p. 2) and "describes the meaning of lived experiences for several individuals about a concept or the phenomenon" (Creswell, 2008, p. 51). Phenomenological research probes participants' perceptions of the phenomenon under scrutiny to explore both the sense they are able to make of the phenomenon and the values and beliefs they bring to their living experience.

"Phenomenologists explore the structures of consciousness in human experiences" (Creswell, 2008, p. 51). This emphasis on the structure of consciousness is significant to this study because "the relation between perception and its objects is not passive. Rather, human consciousness actively constitutes objects of experience"
This emphasis on understanding the participants’ consciousness, values and beliefs is critical, as:

... individuals approach the life world with a stock of knowledge composed of ordinary constructs and categories that are social in origin. These images, folk theories, beliefs, values, and attitudes are applied to aspects of experience, thus making them meaningful and giving them a semblance of everyday familiarity. (Denzin & Lincoln, 2000, p. 489)

It is through the exploration of participants’ perceptions of events that a “thick description” (Gall, Gall, & Borg, 2003, p. 439) of the phenomenon as experienced can be developed, and a deep understanding of the implications of the phenomenon reached. This case concerns the phenomenon of the experience of leading through transition in the creation of the BCSA and will contribute to a deeper understanding of the lived experience.

**Case Study Research**

Case study is “a way of making a serious investigation of some mystery about the social world” (Feagin et al., 1991, p. 2), as it intends “to develop an understanding of a complex phenomenon as experienced by its participants” (Gall et al., 2003, p. 438). This approach is particularly useful when seeking a deep understanding of an issue or situation (Noor, 2008) as it provides an opportunity to learn, in depth, about a complex instance through description and contextual analysis of a single, real-life case (Corcoran, Walker, & Wals, 2004; McGloin, 2008; Meyer, 2001; Noor, 2008; Ruddin, 2006; Tellis, 1997).

Case study, as a research method, is flexible and “can accommodate a variety of research designs, data collection techniques, epistemological orientations and disciplinary perspectives” (Corcoran et al., 2004, p. 10). The unique features of case study methodology which allow for this flexibility are that they may be particularistic, descriptive, and/or heuristic (Corcoran et al., 2004; Meyer, 2001). Particularistic case studies focus on a special event, situation, or program, while descriptive studies focus on the result of the study and include many variables and analysis of their interaction over time. Heuristic case studies seek to enhance the reader’s understanding of the
question under examination in such a way that extends the reader’s own experience (Corcoran et al., 2004; Meyer 2001). These features are not mutually exclusive (Corcoran et al., 2004), and represent the very flexibility that makes case study methodology appropriate for examining questions about the how or why (Corcoran et al., 2004; Meyer, 2001) of a phenomenon.

This particular research seeks to describe the historical experience of leadership through a significant transition process, and through analysis of the narrative to draw lessons learned, making a social history approach to the case study method appropriate.

Social histories that qualify as case studies are those conducted on the past experience of a group and that seek therein to elicit discoveries and insights that can illuminate the experience of other, similar groups. (Feagin et al., 1991, p. 50)

Lessons that may be drawn from such historical research studies include observations about social action and structures drawn over time and history from a number of sources, allowing the researcher insights into “the complex web of social interaction” (Feagin et al., 1991, p. 6). The value of this case study is that it contributes to an understanding of challenges in leadership, changes in government, and privatization, and becomes a component in the store of learning (Flyvbjerg, 2006) on these subjects. In addition to the value it offers to the understanding of the specific experience, it will contribute to the foundation of expertise in the area when considered in the context of related studies.

Developing the description of the leadership experience in the creation of the BCSA as a case study permits the capture and discussion of the emergent issues and immanent properties of the experience for the participants (Noor, 2008). Through interviews with the architects and leaders of the organization’s transition out of the government entity, participants’ descriptions of their leadership experience expose the ebb and flow of the organizational experience (Noor, 2008), and the description reveals the participants’ perspective of the process (Gall et al., 2003). These revelations shape the researcher’s interpretation and recounting of the context and experience and, ultimately, the reader’s understanding of the lived experience.
Research Process

Ethical Considerations

In conducting case study research, the researcher has a moral obligation to the participants who share their personal views and stories (Denzin & Lincoln, 2000). Among these obligations are to ensure that participants give their informed consent to participate in the study, understand that they are free to withdraw their participation at any time, and are assured of the confidentiality of their input will be protected. In establishing this study, I followed all the University’s protocols to ensure that the study and proposed treatment of the research participants met the established ethical standards.

Informed consent ensures that “individuals who participate in research should do so willingly and should be given sufficient information about factors that might influence their decision” (Palys, 1997, pp. 93-94), obligating the researcher to tell participants about the research objectives in advance of beginning data collection. As an element of the initial request for participation, all potential participants were provided with a consent form and overview of the project, which included details of the goal of the study and expectation of participation. These assurances were reiterated at the outset of each interview to confirm their agreement.

The project overview document and introduction to the research also included confirmation that while their participation was greatly appreciated it was also entirely voluntary, and that they had the right to withdraw their participation at any time. This assurance is essential to protect participants from being coerced into participating in research (Palys, 1997).

Assurance of confidentiality of data is also a key aspect of ethical treatment of research participants. Confidentiality of data is maintained both through the data collection and study finding processes, by coding transcripts to protect participant identities, and keeping the coded transcripts and key to participant identities in separate physical locations (Palys, 1997). I confirmed with each participant that their input would remain confidential through the following mechanisms:
• the tape and transcript of their interview would be identified only by a code that I would assign to it;
• the coded list of study participants would be stored securely in my locked home office;
• the tapes and transcripts were stored separately from the signed consent forms;
• I would analyze the tapes and transcripts for themes of common experience, and would group and report the data thematically in the final report, removing any details that might make it possible for a knowledgeable reader to easily identify individual participants; and
• all data would be securely destroyed 2 years after the final dissertation was published.

In addition to these assurances, participants were also provided with the contact information for the Director of the Office of Research at Simon Fraser University in the event that they had questions, concerns or complaints about the research.

**Researcher Role**

Phenomenological research is an inherently subjective exercise (Ahern, 1999; Tufford & Newman, 2010). Conducting research in this tradition places two key demands on the researcher; to be self-aware and able to identify and contain pre-understandings, assumptions and biases (Ahern, 1999; Finlay, 2008; Tufford & Newman, 2010), and bring the participants’ voices alive through faithful analysis and report of the research findings (Tufford & Newman, 2010). These criteria require the researcher to bracket their own assumptions and biases, which in turn requires that they adopt a “phenomenological attitude” (Finlay, 2008, p. 2). This attitude compels the researcher to bracket their own presuppositions in order to remain open and responsive to hearing and engaging with the attitudes and perceptions their subjects convey (Finlay, 2008). The leadership experience under examination is “experientially based, local and specific in nature … and dependent for … form and content on the individual persons or groups holding the constructions” (Guba & Lincoln, 1994, p. 110), and the historical and hierarchical nature of the study looks outside of my own experience in the organization. These factors combine to allow me to bracket my presuppositions and adopt a reflexive approach to data gathering and analysis as I held the question “why” in mind as I considered everything I heard.
My position as an employee within the organization that resulted from this transition process was a concern to me in initiating this research project. The potential existed for the study to produce unflattering or problematic results, which held the potential for embarrassment to the organizational elite when the results were released. This concern was raised with the CEO when permission to undertake the research was sought, and his response was that they would cross that bridge when and if they came to it. I have sought to mitigate concerns about researcher bias and the trustworthiness of the data by ensuring that the story of the transition is revealed through the participants’ own voices (McGloin, 2008).

The purpose of the study, which I explained to each participant in advance of the interview, was to understand the experience in its entirety and, in essence, to debrief on the entire experience. This left me, as the researcher, free to construct a rich narrative of the phenomenon through the authentic voices of its participants. In the interviews, I sought to learn from their experience and understand the values systems and interests that placed them in the roles they occupied in the transition. In reporting on the collective lived experience of the transition, I ensured that the narrative presents a balance of participant voices to ensure a balanced reflection of the experience.

**Participant Selection**

As the purpose of this study is to explore the aggregate experience of leading through transition from government department to independent, business-focused, not-for-profit corporation, exploration of the perspectives of the variety of leaders involved in the process leading up to, through and following the creation of the BCSA was required. To ensure that the research was focused as tightly as possible on the leadership experience, I ensured that my sample would include the most senior leadership agents available (Tansey, 2007). I drew the sample population from the top three levels of organizational leadership: the governance, executive director/CEO, and director/vice president levels. All potential participant roles, identified in Table 1, were directly involved in the transition, and therefore had first-hand experience to share (Tansey, 2007); as the ultimate sample group self-selected into the research (Tansey, 2007), I monitored the responses and ensured that the final group of interviewees was representative of the larger leadership population (Richards, 1996).
My first step in identifying the specific individuals who held these positions during the 1997-2008 period was to review the government’s ministry service plans, telephone listings for the period, and the BCSA annual reports. With a list of positions and individual names in hand, and knowing how important it is to make the right contacts in the right order (Ostrander, 1993), I approached my key contact, my direct supervisor, for advice on a strategy to gain access to the organizational elite. He spoke with his colleagues and direct supervisor, putting me in touch with the people I needed to work with (Ostrander, 1993).

To reach potential participants from the Interim board of directors and the first BCSA board of directors, the BCSA corporate secretary sent an e-mail to the board of directors on behalf of the president, introducing my research and inviting them to participate. There was general interest in my research question and a strong desire to relive and share the experience, so I received warm welcomes and generous responses when I followed up with specific interview requests.

Reaching the government governance-level leaders was a challenge, as introduction through formal channels was not feasible in the same way that introduction to board members was; I made contact with these participants by locating the individuals through online government directories and connecting with their support staff by telephone and e-mail. When I explained my research and the contacts I had made with non-government leaders, I received responses that were primarily positive.

Reaching other organizational elite, particularly among the former government directors, was much more challenging. Many of these individuals had retired from government service and were unreachable through formal channels; attempts to reach these individuals through professional associations and informal networks also proved largely fruitless. As a result, the perceptions of the on-the-ground service delivery leaders who were in place prior to the transition out of government are less well represented than those who led the service delivery following the transition period.

In total, I conducted interviews with 13 members of the organizational elite who led the transition of SES out of government and into the BCSA. It is important to note that in several cases, a single individual held positions successively throughout the
The entire transition process, for example: (a) the executive director/interim CEO/president and CEO positions were held by the same individual, as were the (b) director of Management Services Branch/director SES Modernization Project/vice president customer services/vice president and education, communications and outreach positions. Accordingly, while I conducted 13 interviews in total, these participants accounted for 18 of the positions represented in Table 1.

**Organizational Elite**

The pool of potential study participants is composed of the organizational elite who were actively involved in the transition that created the BCSA. Organizational elites are composed of individuals who hold senior positions within organizations or society (Delaney, 2007), and are therefore more likely than members of the general public to influence political outcomes (Richards, 1996). By virtue of their influential role, these individuals are uniquely positioned to understand the worldview of those who led the BCSA transition process (Delaney, 2007), and their interest in participating in this research created a unique opportunity to explore and create a rich description of this worldview.

The unique worldview to which these organizational elite provide access includes insights into how opinions and positions of members of the group formed, and how they were included in policy and process determinations (Delaney, 2007). The authentic voices of organizational elite may also reveal their own positions, perceptions, beliefs and ideologies (Richards, 1996) and, when encouraged, their interpretation of their leadership colleagues’ positions, perceptions, beliefs and ideologies.

This window on elite sensibilities assists the researcher in understanding the personalities and interpersonal dynamics of the leadership team (Richards, 1996), and may also assist in interpreting the intention behind specific documents or reports or provide details that are eliminated through editing of published documents (Richards, 1996). Where the goal of the research is to obtain information about well-defined or specific events or processes, elite interviewing can also assist in this process-tracing activity (Tansey, 2007).
Reviews and reconstructions of this nature provide an opportunity for reflexive consideration of experience, as “important political processes often lack an accompanying body of documentation, for a range of reasons” (Tansey, 2007, p. 767). Reflexive practice allows organizational leaders to consider and learn from decisions and actions that lay behind an event and elite interviews are a key tool to accessing participants’ perceptions of processes and causal links within and among events (Tansey, 2007). More specifically, elite interviews provide an opportunity to hear participants’ authentic voices corroborate information gleaned from documentation and other secondary sources, establish in rich detail the attitudes, values and beliefs held by the elite involved in the process, and form the basis from which inferences can be drawn about what a larger population’s characteristics and decisions would or might be (Tansey, 2007). This unique worldview enriches the understanding of a phenomenon, as it takes the reader to an extraordinary place.

Complexities such as reliability of recall and power relations arise in conducting historical research with organizational elite. Reliability of recall becomes an issue the greater the chronological distance between the interview subject and the events under examination (Richards, 1996). The chronological distance between events and recall was less than a decade in this case, and had remained relatively fresh in the minds of the participants. Any concerns about reliability of the data were also offset by the triangulation of data made possible by the number of participants; the individual accounts revealed consistency in participant recollection of events. Another key challenge in interviewing organizational elite is the power relationship (Richards, 1996): organizational elite are individuals who have strong leadership tendencies, and have a unique perspective to contribute to leadership studies. However, in the interview process, part of the challenge for the researcher is to establish rapport (Ostrander, 1993) and establish a way of expressing appreciation for the participant’s willingness to contribute to the study without being deferential (Ostrander, 1993). Establishing and maintaining control of the interview process, particularly if the interviewer is a status subordinate within the organizational structure (Delaney, 2007) requires that the researcher gently but firmly establish their leadership role in and control of the interview. This requires that the researcher affirm their perspective of genuine inquiry and curiosity about the subject (Delaney, 2007) and clarify the purpose of the study (Ostrander, 1993).
at the outset of the meeting. The researcher must prepare thoroughly for the interview and be realistic about constraints on the participant (Ostrander, 1993). They must also take the time needed to explore and allay any participant concerns about the research and provide feedback and response to any emergent concerns (Ostrander, 1993). Above all, it is imperative that the researcher maintains control of the direction of the interview, to avoid being drawn down rabbit-holes of the participant’s creation (Berry, 2002).

The very real potential existed that the narrative findings and conclusions of this study may not be entirely flattering to some or all of the elite that led this transition process, so risks attach to undertaking the documentation of this leadership process. In the event that the process and its participants appear in an unflattering light, the researcher runs some reputational risk. These risks are mitigated, however, by using the participants’ authentic voices to create and balance the narrative, and drawing unambiguous connections between the narrative and the conclusions.

Data Collection

Interview Process

All interview-based research comes with methodological complexity due to the nature of human beings as agents. When study participants agree to contribute to research, researchers may assume that they will be objective and tell the “truth” about the question under scrutiny. Complexity emerges if the researcher forgets that the “truth” subjects provide is their personal perspective (Berry, 2002) and therefore their “truth.” In constructing the truth they are telling, study participants may overstate their role in the area under review (Berry, 2002) or become self-conscious about their part in the research and begin to co-create the research findings instead of simply providing their piece of the puzzle (Delaney, 2007). Some participants may adopt the perspective of company spokesperson, consciously or unconsciously shaping their information in a way that conforms to the “company line” (Delaney, 2007) on the subject.

Data complexities may be compounded by researcher seduction or loss of objectivity if they become engaged in the subject’s story (Delaney, 2007). The
researcher can manage these complexities by comparing and contrasting the information they receive (Berry, 2002) to build the description of the shared reality, remaining focused on the inquiry, and saving interpretation for the process of writing up the data (Delaney, 2007). To ensure that this research is meaningful and fully explores the participants’ lived experience, semi-structured interviews were designed to provide an opportunity for participants to express their opinions, share their experiences, describe their reactions, and otherwise contribute to a description and deep understanding of their lived experience (Delaney, 2007).

As with all research techniques, there are cautionary notes about interviewing. “Interviewing skills are not simple motor skills like riding a bicycle: rather, they involve a high-order combination of observation, empathetic sensitivity, and intellectual judgment” (Denzin & Lincoln, 2000, pp. 650-651). The need for this combination of skills and abilities demonstrates the concern that the interviewer, “whose characteristics or questioning techniques can impede proper communication of the questions” (p. 650), becomes part of the process and can, consciously or unconsciously, influence the results. Successful delivery of a well-organized interview agenda requires that the interviewer be a good listener (Delaney, 2007) and have effective conversational skills (Berry, 2002). In addition to effective initial questions, two questions ought to inform the interviewer’s follow-up: how the participant thinks about the question at hand, and why they think that way (Delaney, 2007). Taking this perspective provides the researcher with a framework for inquiry that will help them lead the interview subject to a thoughtful critique of their own perspective (Berry, 2002), which contributes to richness in the resultant description.

As a researcher, I sought to mitigate these issues in this study by being clear about the intent of the study and my role as the researcher, posing open-ended questions, allowing the participants ample time to express their views and recollections fully, and following up when their responses left me with additional questions. The interview framework I used is provided in Appendix A; these questions were developed with assistance from my committee, and were piloted with several individuals unrelated to the participant group to ensure their efficacy. The questions take the study participants on a generally chronological description of their experience (Richards, 1996), and were designed to be open-ended and seek participant reflection on their lived
experience. The relative flexibility of the semi-structured interview allowed me to probe with follow-up questions to interesting or seemingly tangential points raised by the participants. With the interview questions acting as my agenda and guide, I posed the same set of questions to each participant, following up with additional probing questions until I was satisfied that I fully understood each participant’s perspective. Following the mantra of “fewer questions, better probes” (Delaney, 2007), I was able to explore the richness of their experience with each participant, and to ensure that we discussed the full range of their experience.

**Data Collection**

One challenge to the data collection process lay in the variety of locations for the interviews. As the interviews were conducted at the time and location most convenient to the participants, the locations were not always ideal for recording purposes; some were held outdoors and others in coffee shops. The risk associated with data collection in these environments was lack of clarity in the recording and resulting complexity for the transcriptionists. This risk was mitigated by the capacity of the digital equipment to filter out background noise to a significant extent, and the ability of the researcher to read the transcripts while listening to the recordings to be able to fill in the occasional word or phrase that the transcriptionist found difficult to hear.

To ensure that my recollection of all the details of the interview were accurate and complete, I asked each participant for their permission to tape and transcribe the interview. To ensure that I captured the participants’ precise words and vocal inflection and was able to recall it as I created and reported the thick description, I used a digital recording device during the interview. The equipment is no larger than an eyeglass case, and was unobtrusive when set on a surface close to the participant. I ensured that each participant was willing to have their voice recorded prior to beginning the interview; none expressed any discomfort with this process.

**Transcription**

With all 13 interviews conducted, I enlisted the support of friends who have transcription experience to assist me in producing verbatim transcripts. The creation of
“a faithful reproduction of the aural record” (Poland, 1995, p. 291) allowed me to examine a written record of the rich experience of the interaction.

Debate over the value and validity of transcription in qualitative research raises numerous concerns which the researcher must address in the techniques they employ in conducting the interviews and the direction they provide the transcriptionist to follow in creating the written record. In addition to concerns about the quality of the recording, researchers must be conscious of the decisions they make in using the records produced, including whether and how much of a recording to transcribe, how to represent qualities of the recorded talk such as intonation and amplitude, whether to represent non-verbal noises, how to represent and understand silences, and how to represent overlapping moments that are a natural part of conversation (Hammersley, 2010). Accuracy and validity of the transcript is influenced by the relative linguistic ability of the transcriptionist, reflected in their ability to make logical and grammatical sense of the aural record and their understanding and ability to accurately reflect corporate jargon in the written record (Hammersley, 2010; Poland, 1995).

In an effort to ensure the accuracy of the transcript of the interview, and to refresh my recollection of non-verbal cues I observed during the sessions, I read each transcript through while listening to the recording and added my marginalia to the transcript. Also, at the conclusion of each interview, I offered each study participant an opportunity to review a copy of their transcript prior to beginning my analysis, and to provide any clarifying notes or comments to ensure their confidence that I had all the data required for analysis. None of the participants expressed a desire for a transcript of their interview, but many expressed a desire to read the resultant report.

**Data Analysis**

Analyzing the data was an iterative process, which I approached thematically. I read each transcript in its entirety at least once before beginning any analysis of the data. When I was comfortable with the overarching narrative of each interview, I read each transcript again, seeking constructs, themes or patterns revealed by the narrative. I coded these sections of text on each document to facilitate their location when I was
prepared to conduct thematic analysis at the meta-level. I continued to review the transcripts to the point of thematic saturation, beyond which the transcripts revealed nothing further.

In the second stage, I compiled and segmented the data along thematic lines, ensuring that contributions from all applicable transcripts were included. Segmenting the data supported development of categories, from which I prepared a thematic analysis that formed the narrative of the leadership experience. With the meta-level analysis complete, I consulted the conceptual framework and my own bracketed preconceptions to identify any questions that the data left unanswered.

Finding no unanswered questions in the data, I drew on the participants’ narratives and my understanding of their experience to produce the following description and explanation of the experience and the factors that influenced it (Gall et al., 2003).

**Limitations of the Study**

The principal limitation of this study is intimately connected to its primary purpose; to explore the experience of leading through transition from government department to independent, business-focused, not-for-profit corporation in the creation of the BCSA. Phenomenological inquiries of this type do not seek to provide replicable, generalizable findings, but do intend to describe the lived experience of several participants in the phenomenon and produce a thick description for the reader. As a phenomenological inquiry, this study will not produce a roadmap or how-to guidebook for government departments seeking to move out of the government reporting entity, but it will identify and explore issues that arose in this specific case, from which others may benefit.

A second limitation to this study lies in the limitations of the perspectives explored. As the purpose of this study is to understand the leadership perspective of the transition process, it draws on a relative small number of knowledgeable participants, and does not seek to capture or reflect the perspectives of the organizational members who were involved in the transition at an operational level. The study captures and is captured by the leadership perspective; seeking to understand the non-leadership
perspective of the experience would require reframing the research question, and could form an entirely separate study and future research.
Chapter 5.

Overview

Every good phenomenological inquiry begins with the story, as recounted by the participants or witnesses to the events as they unfolded. Witnesses to the transition of SES out of government include government ministry personnel at all levels, employees at all levels of the departments that were affected by the transition, and members of all related stakeholder groups. However, only a sub-set of this larger group held formal organizational leadership positions and could be seen to be responsible for leading the transition process, so it is this sub-set of the larger group that were identified as being most likely to hold a leader’s perspective on the experience. This study combines and relates their stories; this chapter, Table 1 and Appendix B provide a chronology of key milestones in this transition process, while Chapters 6, 7, and 8 present the participants’ reflections on structure, culture and leadership.

Chronology

The discussions that culminated in the transition of SES out of the government reporting entity began long before the period covered by this research; “it was a discussion that had been percolating since about the late ‘80s” (100910). The government branch structure was a “classic regional office” (100531) located in Vancouver, with “literally no control left in the organization ... there was absolutely no cooperation between the four branches, for starters” (100531) and with limited contact with Victoria. “It was all poorly structured” (100531), “it was totally ‘siloed’, and there was this little rump group of administrative support people” (100531), and “there was no managerial representation out in the field ... there were supervisors ... senior inspectors supervising the junior inspectors, but there was no managerial supervision” (100531). The branch structure housed “a very operational unit—it didn’t have the organizational
infrastructure [or] the strategic planning that you would have expected in an organization of that size or generating that level of revenue” (100910). Further complicating matters:

... the organization was viewed as being very outdated. ... It wasn’t applying new management practices, wasn’t looking at innovative ways to deliver services, and there was no recognition that some of the lack of progress was directly related to the operating constraints. Nor was it a complete organization. (100910)

All this complexity and unsatisfactory performance existed under the observation of the industries governed by these government branches; “you gotta remember that we have these clients out there that were watching all of this and that were recipients of the service, or lack of service, during that period, who were pretty frustrated” (100531). “It was pretty clear that we needed to do something” (100531).

Determining the “something” that was needed called for further investigation. The Assistant Deputy Minister (ADM) who was responsible for “the Building Standards Branch, the Fire Commissioner and Engineering Inspection Branch, which did pipelines and railways, and ... Safety Engineering Services with the four key branches: gas, electrical, elevating and boilers ... was having some difficulty with having them cooperate with the government” (100531). To start the research into the “something” that was needed, the ADM sent the Acting Executive Director to Vancouver from Victoria in 1990 to conduct “an assessment ... that basically said no, you really can’t move this office to Victoria. All the clients are over here” (100531).

In the early 1990s,

... you have these four technical areas that were pretty central to any kind of infrastructural change in the province, that were being dragged behind by having really poor legislation. And the services provided based on the poor legislation were really bad because there weren’t enough staff and the staff that we had weren’t responsive enough or were incapable of delivering an adequate service. (100531)

The Acting Executive Director’s review led to a year during which the service delivery units were reorganized “from being four branches to combined technical branches and the Management Services Branch” (100531). There was also a need “to deal with the cynicism of the industry, so through ... the interim Board, we actually had a competition,
did country-wide recruitment, they interviewed and [the Acting Executive Director] was the successful candidate” (100910). This was felt to be important because then

... we were able to stand behind him and say, he’s the best candidate. Maybe you didn’t like SES, and maybe you didn’t like some things, but we had a competition, and it was a fair and open competition, and he won.  

This restructuring brought consistency of support to all branches by the creation of the Management Services Branch, but the organization faced a new fiscal challenge in the form of “a real stern directive from [the deputy Minister]” (100531) to:

... work toward cost-recovery. Of course, we could do that by having our fees go up as well as perhaps reducing our operating costs. ... but at some point, somebody complained about our elevator fees ... so the committee in government that approved the increases or changes to fees, called the FLAC committee, the Fees and Licences Approval Committee ... decided that they would freeze all of our fees. So here we are operating along under a directive to be cost-recovered while our fees are frozen.  

These counteracting forces resulted in a process of “trading people for money to operate” (100531), to the point that the workforce was reduced by approximately 18%, from 220 employees to 180.

Beginning in 1993, discussions were initiated “around increasing the administrative freedom for Safety Engineering Services” (100910). In these discussions, which “predated a discussion of a special operating agency status” (100910), “we agreed that it was time to do a review of all safety systems” (100531) and “… started to try to build a business case to provide the organization with more operating flexibility” (100910).

The research undertaken prior to beginning any of the significant discussions about the fate of SES was critical to the ultimate success of the initiative, and significant in its impact on the model. “We had all gone through these situations where, in fact, you moved something out [of government] and it ended up getting brought back in. So then we took a look at what happened with those organizations” (100821) and applied those lessons to the BCSA transition. In 1995, “[w]e started this combined review generated by staff and by stakeholders, not by the government itself. The government gave
permission, but didn’t initiate it” (100531), and “there were several different groups doing the analysis” (100910). The experience of all the analysis was that:

... what we were doing was not necessarily viewed as being trusted or best practice. So there was a lot of second-guessing that went on at the outset. So there were a lot of different interests who did their own analysis. And different people had a different interest, so SES had hired consultants to do analysis on its behalf. Its consultants were very focused on moving the organization out of government and increasing its level of autonomy. The ministry had done its own analysis; its analysis was highly focused on moving SES outside of government, removing it from the government reporting entity, so from the financial entity of government, and figuring out how to ensure that government still controlled the organization when it needed to. Treasury board staff did its own analysis, because they looked at this and thought, this is going to be a boondoggle. These guys are going to go outside of government, spend a ton of money, and we’re going to have to clean up after them. (100910)

The report, titled *The Next Horizon: A new vision of delivering safety in British Columbia*, was delivered in May 1997,

... suggested that we move a local body out of government and privatizing it. And whether it was true privatization ... it’s kind of close. But in any event, it was against the value system of the government of the day. (100531)

While the proposal to privatize SES was not accepted by the government, through discussions about the most appropriate form for the oversight of technical safety, “they bit on the legislative changes needed, so from ’97 until 2001, we really cranked out the change in, to some extent our organizational structure, changes to the legislation, and so on” (100531). During this period, a second proposal was developed “around special operating agency status” (100910), because “if we can’t become an authority, let’s see if we can’t become a Special Operating Agency” (100531). At that point:

... while we were working on the SOA stuff, the next flavour of the month was getting rid of regulatory red tape ... so we decided that hey, what we can do is we’ll take ... these four pieces of legislation and we’ll combine them into one. (100531)
Examination of the legislation led to some small but significant changes to the performance expectations for SES which

... allowed us to work with stakeholders to build a different approach to getting to the same end in this certain circumstance: safety ... it’s not a unique idea, but it’s an idea I got from somebody at the Treasury Board of Canada in Ottawa, who was saying that they were trying that with ... the federal Ministers, but they found it a little too risky at the federal level. But I kind of kept it in my back pocket because they were looking for new ways of regulating things. (100531)

Then:

... in 2001, the BC Liberals were elected, and they came in with a very clear core review process. And part of that process was to look at the things that were inside government today which government doesn’t have to deliver. And SES was a perfect example of that. (100910)

The new government’s perspective on decentralization of services and the core review process was precisely the political piece that had been missing during the previous proposal processes. The teams working on the proposal to create an independent authority to manage the business of SES recognized that:

... we needed to push them out far enough from government that they weren’t part of the financial statements. We needed to push them far enough out of government that if there were any liabilities that resulted from their actions, that government was not liable—that their insurance or their own financial resources would pay for it. (100910)

From the new government’s perspective, “the work that we were doing would likely not have been approved if ... we hadn’t been able to remove them from the government reporting entity” (100910) at the end of the process. Other stakeholder groups held other perspectives on the rationale for removing SES from government; “one of the reasons I think it continued is because even labour didn’t think that the current model was a good one” (100821). Bringing the various stakeholder groups’ perspectives into alignment with the vision of a new organizational structure for SES required a communication strategy, and time. “There was never any real solid opposition to the idea of setting up the BCSA ... and a lot of it had to do with that 5 [or] 6 years that went into it before it actually happened” (100821).
With agreement that SES would transition out of government,

... probably a year before the [BC] Safety Authority was created, [the Executive Director] went to work full time with the interim Board on establishing the Safety Authority. And that was really helpful ... because he was able to focus on the organization and making sure that the organization was in place to accept the responsibility ... it meant that we were not transitioning what we had into the Safety Authority; we took what we had and we repackaged it as the Safety Authority.  

(100910)

Repackaging SES and creating the BCSA demanded restructuring and refocusing, which in turn demanded leadership to develop and communicate the vision of the new organization.

Part of leadership is actually having a vision. A leader without a vision isn’t going to do much for anybody. It’s a lot better if that leader can help a group formulate a vision. Failing that ... that leader can have a vision and bring people to that vision.  

(100616)

In this case, the leader with the vision was the executive director; he “understood what this could look like, understood the reasons that he cited would be better off than the way we are now” (100616). The interim board of directors “… came to it with a concept … of what the organization would look like, what its values would be, what its ethics would be, how it would do its job” (100625) to support the government’s public policy objective.

The vision for the new organization developed, in part, from the experience of “a head-butting sort of match” (100531) between perspectives; one of “a mantra of doing more” and one of “do less, but better” (100531). The latter perspective grew from the experience that “we couldn’t do more because we couldn’t do it well to start with” (100531). In keeping with the purpose of supporting public policy, the “objective is always to make things work” (100531).

In the process of privatizing technical safety services in the province, new legislation had to be written before existing legislation could be repealed. A significant challenge and potential stumbling block in completing this enormous task was industry: “industry was probably our most difficult relationship … There were certain factions within the industry that didn’t like SES, and their preference was—leave us alone, we will do
our job” (100910). Some of the industry attitude was expressed in terms of “you don’t need to be involved, this is a cost that we shouldn’t have to pay, and you’re all incompetent anyway” (100910). In order to make things work, government leaders decided to take the lead in drafting the regulations without the active involvement of the SES staff who held the expertise

...because they [industry] had already put their stake in the sand around their lack of trust, lack of confidence in the leadership at SES, it was very difficult ... to involve the people who actually had the expertise in the discussion, in the conversations. (100910)

On May 29, 2003, the Safety Standards Act (2003) Chapter 39 and the Safety Authority Act (2003) Chapter 38 received assent in the legislature. Then on April 1, 2004, the following legislation was repealed by the Safety Standards Act:

• Electrical Safety Act (1996) Chapter 109,
• Elevating Devices Safety Act (1996) Chapter 110,
• Gas Safety Act (1996) Chapter 169,
• Power Engineers and Boiler and Pressure Vessel Safety Act (1996) Chapter 368, and
• the Railway Safety Act (2004) Chapter 8

was amended.

Gaining industry’s acceptance of the vision for safety was not without challenges; in discussions, “it’s not that I couldn’t get them to say yes, we believe that things should be safe—no problem there. There were totally different ideas of what ... would create a ‘safe’ industry” (100910). One hurdle in gaining acceptance may have been rooted in a sense that “there should be some sense of what the end goal is” because it “just seems like if you don’t know your destination, it’s pretty hard to pick your route” (100617). An alternative explanation is that industry needed to see “the picture [so] they can actually have opportunity for change in their life themselves” (100702). The vision for the new organization was “that you don’t want to become an organization that just delivers a government political agenda; you’re delivering a public policy agenda” (100821), and that public policy agenda was “safety first” (100625). In focusing on the mandate of the new organization, clarity of responsibility and purpose was critical.
Before, they just did stuff, and I don’t think they were necessarily focused on safety. There’s a responsibility now that if things go south it’s not the MLA or the government; it’s the directors and officers—so we have to make sure that it’s good. (100607)

To bring others to that vision, “we never blinked on we are doing it. That was not up for negotiation; that was not up for discussion. We had the higher goal of safety and ensuring people weren’t injured or harmed, and that’s our goal” (100607). With this clarity of purpose and responsibility, an ongoing challenge for the new organization is to “assist [government] in carrying out that public policy objective in a way that is still consistent with the public safety mandate that we have” (100821).

Summary

Organizational change is complex, and the participants’ combined narrative bears this out. The experiences they related reveal issues and concerns related to restructuring the organization, and establishing and enacting the new desired vision. Aspects of the chronology hint at the depth of the lived experience: entrusting leadership of the initial organizational analysis to the Acting Executive Director, a government insider who was an outsider to the SES branches, and the conflicting mantras of “do more” and “do less, but better” suggest the implications of culture for organizational change, while the active involvement of industry in drafting regulations to the exclusion of SES staff indicates the critical importance of stakeholder engagement. These and other themes will be explored in greater detail in subsequent narrative and analysis.
Chapter 6.

Reflections on Structure

Structure and Restructuring the Organization

A theme that emerged from the review of the participants’ narratives centres on the concrete actions that were required to move forward with founding the BCSA. Their narratives, related as far as possible in their own voices, will reveal the issues they considered, including understanding the starting point of the transition, establishing the new organizational structures, building the new board of directors, building the new leadership team, and managing the changes.

The Starting Point: Government Structures

Government bureaucracies have unique characteristics, as public sector organizations must be prepared to address many issues and concerns that do not generally arise in private sector organizations. One participant mused that, in their experience, “the piece that is never talked about in the literature ... is that change in the public sector is not the same as change in the private sector” (100910). This is due, in part to the reality that “the dynamics that you have to manage are far more complex than anything you would have to do in the corporate world” (100910); this complexity is attributable to the nature of government structures, the nature of government accountability systems, and complexities of changing legislation, much of which is revealed in the literature of public administration.
**Government Structures**

One participant spoke specifically to the different perspectives that governments may hold about the most appropriate structure for public service. Simply put, there are “two major philosophies about government structures. One is that you either have it aligned in a ministry or you get rid of it completely and privatize it,” but that “there can be various stages of structures to operate government services” (100821). The criteria for determining where along this continuum to locate an organizational entity are based in the need for control:

There are some things where government has to have almost day-to-day control of it for public policy reasons. On the other hand, there are some things that government probably has absolutely no business doing at all and shouldn’t even have any involvement, and they should privatize it. In between, there are varying models. (100821)

In determining more precisely how the relationship should be constructed:

... you really have to look at a number of those issues and those questions about the degree to which government needs to play a role, what that role is, and the degree to which they need to be involved in the activities and management of the organization on a day to day basis. And that can then spell out varying degrees along a scale of government structure. (100821)

It was in the work to determine how to reconstitute Safety Engineering Services (SES) that these issues were considered, and the discussions of whether the branches of SES should be given Special Operating Agency (SOA) status or an alternative formulation established were undertaken amongst all the groups conducting the research.

**Government Accountability Systems**

In the realm of government operating models discussed earlier, SOA status offers more of the flexibility that leaders of the SES structure felt they required to function effectively.

A Special Operating Agency was an organization, still within government, that had kind of walking papers that allowed it to do things that normally you couldn’t do if you were in government. If you could demonstrate that ... being allowed to do those things would
increase your productivity, or your service to the public, or to industry, or whatever. (100531)

Being granted this additional flexibility would have addressed the concern that “what the in-government organization didn’t have the benefit of was managing its input and output” (100616), the issue which had prompted the review of SES.

However, despite the work to “put together a proposal to become an SOA” (100531), this organizational model failed to find favour among the NDP government leaders because “it was against the value system of the government of the day” (100531): when the government changed and the BC Liberals took power, however, “we did create the Safety Standards Act” (100531). In creating this Act:

we managed to get the attention of a lot of senior people, so we had very good support. We had excellent support from the Attorney General as far as the lawyers assigned to the case, or to the project, and they not only wrote the BC Safety Authority Act, but they wrote the Safety Standards Act. (100910)

New legislation was critical to creating a foundation for the new organization, because the existing legislation “wasn’t strong enough ... was dated—it was fragmented all over the place” (100531). Since legislation was key to the new organization’s ability to function, support in writing the appropriate legislation was critical to the success of the transition of SES out of the government reporting entity.

Government is a large bureaucracy, and typically has a hierarchy through which decisions must be approved before they are enacted. In developing the legislation for this change, however, the experience was that:

... you don’t necessarily have the ultimate decision-maker sitting at the table, or access to the ultimate decision-makers over an extended period of time in a way that they’re actually dialled in to what you’re doing on a day to day basis. (100910)

As the writing of the new legislation was led by the experts inside the government structure, and the proposed legislation had to pass three readings in the Legislature, it is likely that this process was felt to be the check and balance required to “dial in” the ultimate decision-makers to the proposed changes. However, the apparent autonomy with which this process was completed is worthy of note.
When “the [Safety Standards] Act was passed by the Liberals in 2003 ... we had already gotten approval from the Liberal government to become the authority. So we had to develop a delegatory framework for the Act ” (100531). With that delegatory framework in place, the BCSA began operations as an independent Authority.

On April 1, 2004, “we took over the reins—kind of flipped the switch. All the employees kind of walked across the line into that scary area of the private sector” (100531). Yet while so much preparatory work had been completed prior to the transition, “when we came out of government, we had so many gaps ... a company that had no personnel department or human resources department, no finance department, no law ... no occupational safety, ... not a very good IT system” (100531). If the organizational challenges weren’t enough, “we didn’t have enough staff to do what we were supposed to do” (100531).

Compounding the organizational challenges, the operational and reputational concerns were significant:

... the bottom line was that we had all this stuff we had to do, and we still had to fill all these gaps while we still had to deliver the program. And we had to deliver the program better than when we were in government, because of the expectations of government, having given us the freedom to operate, and other stakeholders who joined with us to create, so to speak, and who were expecting better service.

(100531)

This aspect of the experience is perhaps best summarized in the comment, “I suppose the real challenge has been to try to retain some form of credibility while we’re filling those gaps, catching up on stuff we couldn’t do when we didn’t have enough people, and doing meaningful forward thinking” (100531).

**Legislation**

The reality of legislative process is that “legislation takes a lot longer than you think” (100702). In transitioning SES out of government:

... the legislative agenda was massive ... we had very few people, so just the time management, the ability to bring the right people to the table at the right time, get what we needed from them and then free them to do whatever else they were working on.

(100910)
The sheer amount of coordination effort required to develop and effect the legislative changes was coupled with the complexity of the nature of the changes sought.

We looked for a model that allowed us to give the [BC] Safety Authority maximum flexibility in their operation, but I think we called it objective-based public accountability, which was built into the legislation. So we did things inside of the legislation which did not go far enough so that government had control over the day to day operations, or that the Safety Authority would be seen to be part of government, but still provided a level of public accountability that might not otherwise have happened. (100910)

A challenge to finding the right model was that

...there were not a lot of special operating agencies—most of the ones that were created ... had a very strong stakeholder lobby. So there was a really compelling reason to move the organization outside of government and give the stakeholders a larger role in the management. SES never had that. There was never any lobby from industry to move them outside of government. This was strictly an internally driven initiative. And it was driven from the perspective that it gives us a better opportunity to match the industry demand for services. (100910)

Without a strong base of stakeholder support for the transition initiative, and in an environment that supported retaining control within government, the impetus to make the required legislative change was not strong.

Writing the legislation was one aspect of the challenges of legislative change; the other aspect lay in ensuring that the decision-makers fully understood the need to effect desired changes. Part of this challenge lies in the way that governments are constituted:

... when we make up our board, we get to choose the skills that come to the table ... if you’re forming a cabinet, you get the people that got elected, and you may have some really skilled people and you may have, maybe, very shallow. (100616)

Variability of experience and skill level can be addressed once the cabinet is sworn in and the Minister can be briefed on the issues associated with their new portfolios; established reporting structures and performance expectations for the department
leaders provide routines for briefing the Minister on all appropriate issues. In the case of the new BCSA, however:

... because we’re not a branch of government, we have two or three ministries that we talk to. But the Minister isn’t directly responsible for you, so he’s probably got other things that are higher on his list of priorities that present a greater risk to him than what we’re doing. Sometimes getting a Minister’s attention is a challenge. (100616)

This added challenge for an independent authority means that “getting on the legislative agenda is very difficult” (100821). The reality is that:

... the legislative agenda tends to be dominated by two priorities—what are the things that are politically attractive to do? The second thing is—what are the real problems ... that we’ve got to get some legislation through or else we’re in deep shit? (100821)

Making structural change and moving government departments out of the government reporting entities are unlikely to meet either of these criteria, unless the government takes a programmatic approach as the newly-elected Liberal party did following the 2001 election. Unless this convergence occurs:

... something like, as good as it is, moving this organization over to a non-profit organization and the legislation it takes, was probably on the legislative agenda two or three times years before that, but it never made it to the floor because something else was always more of a priority. (100821)

Organizational Structures

The primary structural concerns that the transitional leadership team faced were in the areas of organizational structure, operating model, strategic planning, and the impact of legislative change. The team that transitioned SES out of government had to determine what the most effective structure would be for the new organization, and identified flexibility as a key consideration. Reflection on the government operational structure had brought recognition that “we were captured by the kinds of things—processes—government put in place that are designed for billion-dollar government operations” (100821). For SES, it:

... isn’t because government does a lousy job of managing it; it’s because government structures don’t provide for the kind of flexibility
for organizations that have specific needs, specific interests, specific resources; all of those kinds of things to operate differently.  

Developing the new organizational structure required careful consideration of what the new model should look like, and getting to that model required “outside-the-box” thinking.

Because we didn’t tie ourselves down with a bunch of other expectations, we were able to explore different ways of introducing accountability, different ways of holding the board accountable, different ways of appointing a board of directors, which gave us maximum flexibility.

Indeed:

... with many different organizational changes, it’s best to start from principles or the outcome that you’d like to achieve and develop the product, as opposed to start with a fixed idea of the product. I think that was one of the things around the [BC] Safety Authority that worked well—that we knew that we wanted an independent agency, and that’s all we knew.

In working toward achieving the principles:

... I think we didn’t have a clear vision of what it should become, we just knew what it was not going to be—so most decisions were to enable freedom, to enable respect of the individual, to enable speed of decision making, to insert business principles.

The transition team discovered many considerations that demanded attention in finding the appropriate balance between flexibility and control.

There are all kinds of things around union contracts and financial management and all of these things, frankly, where the farther it is away from government, the better it is for everybody, including government. But yet it can’t be completely and totally privatized because ... there still is public policy issues involved at the BCSA, and that is ... the need for government to be setting the regulations and to have some ability to ensure that the organization to which the management of these regulations is mandated to operate within the public interest.

The result was that:
... the BCSA model is one that is further over to the external model because government has no financial obligation to it at all. It doesn’t really need to be involved day to day and, in fact, there are many reasons why government would prefer not to be involved on a day to day basis.

(100821)

Indeed:

... from an operational point of view, it is best for government that they be quite arms-length, particularly when the resources to pay for all of it ... are paid for by the stakeholders out there. ... you want to try to ensure that stakeholders feel some sense of ownership—but they can’t feel so much ownership that they can then affect how the organization manages this government-mandated operation.

(100821)

To build the framework for the new organization, the executive director “was seconded to the organization on a full-time basis to do it” (100821).

He actually went and built the framework for the organization to fall into ... I think that was a good separation because it meant that we were not transitioning what we had into the [BC] Safety Authority; we took what we had and we repackaged it as the Safety Authority.

(100910)

Consultation was critical during the repackaging process, and finding a balance that all stakeholders would be happy with was almost certainly an impossible task. With the assistance of a highly skilled, impartial negotiator, balance was ultimately achieved.

I’ve heard it said that if everyone is unhappy then you must have done the right thing. And I think we ended up, at the end of the day, where people were satisfied with the regulatory framework, and no-one got everything they wanted, but there was a grudging acknowledgement that the framework worked, and that it would result in safety, and that there were opportunities for increasing levels of flexibility based on your track record.

(100910)

**Operating Model**

Establishing a model that allowed the organization to manage risk effectively was a significant operational change. Recognition came at the board level that there was a need for a new operating model; “I think that the idea came out of one of our retreats
that we can’t do everything, so what are the alternatives? That’s how it started to evolve” (100714).

With the new organizational structure in place, “there was the opportunity ... to start to enter into a dialogue and a scheme that recognized risk in a more formal way” (100910). Resource constraints challenged the organization’s ability to inspect 100% of the installations and operations of technical equipment under their mandate across the province: “we didn’t have the capacity—the number of people who go out and do this are few and far between” (100714). This resource crunch “started us thinking that maybe we need to get out of ... you inspect everything, to this new model” (100714). The result of this thinking was “a risk model ... [that] took into consideration the quality of the contractor ... who constructed it, ... what situation it was in ... All these things were built into a risk model called a RAP program [Risk Assessment Program]” (100531). This model was “a fundamental shift in what we’re going to do ... you get into the concept of auditing” (100714).

Using risk assessment as the basis for prioritizing inspection work was not unheard of; a risk management strategy had been developed and utilized in a limited way in one of the technical areas while the branch was in government.

[W]e got the model done technically [but] it didn’t get continued ... because there was no effort made on the social side of it, from an employee point of view. ... [but] It wasn’t embraced by the employees and it slowly fell off the tables as management changed. (100531)

The value of the Risk Assessment Program (RAP) is that it “will continuously change the risk profile for the province, and will continuously lower that profile” (100531). However, in order to function efficiently, employing the RAP program meant “you have to adjust your management accordingly” (100714). Adjusting management required refocusing organizational effort to address the issue of “effective regulation ... the shift from prescriptive to risk-based” (100625); it meant:

... needing to shift the organization from a very rules-based, prescription-based organization into an organization that was very accountable and responsible but was much more comfortable analyzing and making decisions based on information versus based on a rule. So that had implications all the way through the organization.
from the leadership level right through to front line employees (100603).

While “there’s a whole bundle of things that mitigate what the risk actually is” (100617), the key to the organization making the shift was moving the front-line employees to the understanding that they needed to “stop carrying it [sense of responsibility for risk] personally and have the corporation carry it” (100610). Shifting this perspective and bringing all safety staff to a shared vision of risk management is a work in progress.

**Strategic Planning**

In addition to shifting the operating model from prescriptive to risk-based regulation, the executive and board faced the need to create a strategic plan that would maintain the momentum that began with completion of the organizational move out of government. “The strategic plan is preceded by the vision, the mission and the set of values and principles” (100625), and “a well-structured strategic plan within the bounds of realism goes a long way to helping an organization really do well and survive” (100625). The new board of directors and executive held reasonably consistent guiding values and principles, but developing the vision was an iterative process. Creating a boundary to the vision was:

... the fact that we are employees in a contract with the government. It doesn’t make us government employees, but we have a contract with a large employer to provide certain services. And we need to understand where that employer comes from in the sense of political perspective and so on: needs, opportunities and risks. (100531)

The strategic planning process raised numerous questions for the board and executive, including:

... how big do you want to be? ... Should we try to expand? ... Should we more or less encourage the cities who have their own inspection services for gas and electrical to get out of it? ... Can you market yourself, can you go outside the Province and provide services elsewhere? ... Who are the people who are going to recognize us, and how is that going to be done? (100714)

As a de facto start-up company, the BCSA needed to take a reasoned approach to how ambitious a strategic agenda they could reasonably expect to manage...
successfully while restructuring and reculturing the organization, and adapting to the new reality of no longer being part of government.

**The Impact of Legislative Change**

In transitioning SES to the BCSA, changes in legislation helped “to break through the ‘siloing’ of those four technical areas” (100531) which had evolved because “we had four pieces of legislation that each branch was attached to” (100531). “When BCSA was created, they brought together a bunch of different pieces of legislation for each one of the technologies” (100617) and developed “legislation that allowed a little bit of objective-based or outcome-based type of regulation, rather than the very prescriptive stuff that we had” (100531).

In addition to creating “much more contemporary legislation” (100531), changes were made that on their face may have seemed minor, but which had significant implications for the development of the BCSA’s operating model.

There were two pieces in that [Safety Standards] Act that were really important: the Equivalent Standards Agreement, and confirmation that a permit didn’t require inspection. It’s a very little piece, but what that did was allowed us to formally do risk approaches to our monitoring work. It didn’t require a hundred percent inspection or a hundred percent visiting every site. That was implied in the old legislation, but we couldn’t follow it. (100531)

This modernization of the Safety Standards Act (2003) allowed the new organization to develop a more responsive risk-based approach to delivering on their safety mandate.

**Building a Board**

The role of a Board of Directors is to advise an organization’s leadership. Advising an organization on how to transition effectively and advising that same organization on its ongoing operations require different skill sets, so the constitution of the interim Board and the constitution of the first full Board of Directors were two different processes.
Recruiting the interim Board was driven by the Minister’s office: the Associate Deputy Minister (ADM) at the time approached the individual who became the Chair of the interim Board, who was someone “most of the government people knew ... as one of the people who they could call on when they were looking at finding a different model” (100821). When they reached agreement on his involvement, “I was given the mandate to find two other directors, and so that took 10 minutes” (100821). His rationale for his choice of the two other directors was their skill sets: one had worked as an ADM in a different department, and the other had a strong background in government financial circles. With the Executive Director, this team “really drew heavily on the internal resources of SES, but then we brought in outside consultants” (100821) as required to support the financial modeling and legal planning.

Building an effective and highly functioning board of directors to guide a new organization of this type is critical to the successful evolution of the organization. In this area, the BCSA was able to attract “a very cohesive board ... [with] the right skills around the table” (100625).

**Establishment and Recruitment**

Establishing the board of directors was one of the first orders of business when the decision was made to transition SES out of government. Constituting this board required balancing many factors, to ensure that it was as representative as possible of the range of technical areas and full provincial reach that the BCSA’s mandate covers. The breadth of scope, both technically and geographically, made this task significant. “You don’t get good boards by electing them; you go out and carefully select the kind of skills you need and you put that group together” (100616).

“In recruitment for the board, we had to .... make sure we had people from a real cross-section of the province” (100714), but at the same time “we want to have it, but damn it, we’re not going to have regional representation if we don’t have the skill sets as well. So the first priority was the skill sets” (100821). The required skill sets were defined through an iterative process by the interim board. With that list completed:

... before you start a process of looking for new board members, you go through and say here’s the skill sets of the people who are staying
on, so where are the blanks? So your objective is to try and fill those blanks if you can. (100821)

The challenge in recruiting for the first full board of directors lay in “setting up a structure as to how we were going to be going out and recruiting the first round of directors, and doing that recruiting” (100821). Engaging in the recruiting involved the interim board and transition team “advertising for people they trusted being on the board—same as we do today” (100616), and having those who expressed interest complete an application process. “When applying to become a director of the authority, it asks you a number of questions about where you think you can add some value” (100625). The added value needed to be more than a reflection of political connection; “we would not look at putting somebody on because they had good contacts with government or good political contacts—that’s not criteria” (100821). “We put a lot of focus on selecting new directors ... we put a lot of focus on looking at skills” (100616).

The first full board recruitment process “brought in different levels of board experience” (100714) and different skill sets. One board member recalled a discussion he had with the executive director about the skills he would bring to the board; “I said, ‘I don’t know very much about safety,’ but he said, ‘You know something about government and stuff like that’” (100714). Another board member recalled the challenge of organizing the activity of the first board: “first of all, we had to elect a chair ... partly on the basis ... [of being] willing to do it, and partly ... [having] been through something similar” (100616). One participant, who had not led a transition of this type, mused that “I didn’t have a clue about all this stuff, but I’d ask questions” (100714).

The result of the recruitment effort was that:

... the group of people we got were ... a lot of bright people. And everybody was very honest. We didn’t have anybody who had an agenda. You know, basically, we had issues about how we did things, but everybody ... was there with honest intent. (100616)

The honest intent was bolstered when, as a group, the board “established fairly early that we were a team and we clearly had a strong team leader” (100616).
“The other thing you should think about is that the board members did not know each other” (100714). What united this disparate group was the shared focus on ensuring that the BCSA functioned effectively, and:

... respect ... that each board member had for the other board members as individuals. Part of that respect was based on the fact that everybody brought something of value to the discussion—based on their experience, whatever that experience was. (100714)

In addition to forming the new board, transitioning the leadership from the interim to the first full board was a concern for the interim board members. The interim board had determined that, in order to avoid “a continuation of the rest of the board relying upon the people that originally set ... [the authority] up” (100821), none would let their names stand for the nine director positions to be recruited, although they did allow their names to stand to be government appointees.

[The legislation said that none of the government appointees can be the chair, so that forced the board to appoint one of the new people as the chair of the organization. So that was part of our effort to try and have the full board, the new board, take leadership as opposed to relying upon the interim board to continue leadership. (100821)

Under the leadership of the new chair of the board, the governance of the BCSA moved forward.

Appointment Terms

“Term limits is a big issue” (100616), because “it’s a big job to get two or three new directors, to start educating them on what the whole organization is all about, and how we got to where we are” (100616). “During the first year of operation ... [several directors] had a 1-year appointment; we had to figure out a way to recruit for the board, so we had to advertise and develop a process for board replacement” (100714). Short appointment terms added complexity to the process of establishing the new board.

In both the transition from the interim board to the first full board, and again with the first round of term expirations, the question of continuity of leadership and sharing the history arose: “You want a balance of new ideas and those senior people training those new directors coming in” (100616). One of the board members offered:
... a recommendation for doing it again—I would never give anybody a 1-year term. You want to stagger expiration dates, which is a good idea. I would start with 2-, 3-, and 4-year terms, as opposed to 1-, 2-, and 3-year terms. (100616)

Committees

Training new board members and supporting the organization’s executive team tends to happen through the board committee structure, so establishing the nature and composition of the committees was a high priority for the first board. At an early meeting, the meeting chair “canvassed people around the table—we needed a committee structure ... [and] asked ... where we might want to sit, or fit, and would anybody be interested in being chair. So it was kind of a self-selection” (100714). As a result, the board “struck a governance committee, and a finance committee of some kind. And given the fact that we were a regulatory body—a regulatory committee of some kind” (100714).

Educating the board

“A challenge—it would be same for quite a few board members ... would be understanding the business of safety, because it was new to us” (100625). Educating the board about what the BCSA was responsible for was a significant task, and required a variety of strategies.

The first approach was to familiarize board members with the various areas of the BCSA: “at every board meeting they had a presentation from a practitioner about what their job was” (100625). These day-in-the-life presentations were intended to provide board members with a high-level look at the issues and strategies being employed to manage the organization and mitigate risk.

This approach helped raise the board’s level of knowledge about the challenges in operating the organization, and helped to raise the level of the board’s dialogue about how to support the executive and other organizational leaders. “The other thing we did each year was we had a retreat ... and we’d get a facilitator in to help move this thing along, and we’d have breakout groups ... each year the dialogue improved” (100714). The dialogue included opportunities for board members to ask questions and seek
clarification, so “the retreats ... were always useful ... you could see in the little working sessions and the ideas” (100714).

A question that remained for one board member was:

... is there enough education of the board ... with these hourly sessions, or these brief sessions at lunch? But you have to get back to your board meeting, so there wasn’t a lot of time for dialogue. Are there other ways that the board could be better informed on what the authority does—are we fully satisfied that they’re aware of it? I can’t answer that question because everybody’s busy—they’re there to make policy decisions; but you can’t make a policy decision if you don’t know what your policy is about. (100714)

His conclusion was that “you can never have too much” (100714) education of a board.

**Board Concerns**

Boards of directors vary in their form and purpose, from representative boards to governance boards; the transition team established the BCSA’s board as a governance board. On a representative board, “the board member comes on with the impression ... that they represent the stakeholder on the board, and their first priority is the stakeholder interest rather than the organization’s interest” (100603). At the BCSA, however, the board director’s duty:

... is to keep the interests of the organization at heart. They’re not there to push their agenda or the agenda of an association they might belong to or a profession they might belong to, or an industry group they might belong to ... their role is to look after the best interests of BCSA. (100617)

Clarity on this point is critical, as at the BCSA:

... there’s been the whole learning process of what the role of the board, and what the board’s authority and power is. And there was not an appreciation among all employees, from the top to the bottom, that legally all power in an organization vests in the board—and staff only have the power that’s delegated to them. (100617)

With the power structure in place, “directors have a legal obligation to the organization first and foremost” (100821). With the weight of the legal obligations upon them, the
board confronted several areas of concern, including conflict of interest, liability, and their performance evaluation structures.

“Conflict of interest is a big one” (100616) for leadership at all levels, but “if you’ve got some particular knowledge in a particular area, it can make you forget why you’re there” (100616) at the board table. “There are legal definitions for what’s a conflict” (100617), so the legal department worked with the board on “watching and identifying and making sure that the right processes are in place when those things come up” (100617). The first BCSA board of directors “looked at it [and] developed policy” (100714), but nonetheless “we had one board member that had to resign for a conflict because, despite all the discussion, he went public on a disagreement with one of our safety officers” (100616). At issue was that a board member “believed passionately in a particular process, he just didn’t use the right way. You can’t, as a director, go out and challenge the decision made by one of the employees” (100616).

As recounted by one of the board members:

... he said, “I’ll have to quit my job or quit the board.” In any event, we passed a motion which [the board member] voted for. And when it was done, he said “I’m resigning from the board as of this moment.” And so he did, and that left a sour taste in some people’s mouths. They felt that we hadn’t been fair to him. (100714)

That experience reminded the members of the board that:

... when those things arise, [board members] either have to be reminded by the chair what their role is, or there’s a process that they go through. If it’s something they can’t separate themselves from, they must leave the meeting where the issue’s being discussed, allow the meeting and the decision process to take place, and come back. (100617)

The challenges presented by a conflict of interest situation are significant, and so too is the question of liability. For a regulator of safety for a wide range of technical systems like the BCSA, “an incident ... can have serious repercussions” (100714). Recognizing the potential for serious ramifications for the board and its directors sparked the awareness that:

... this is not something you play around with. And you know, the gravity of it ... I mean, things like that [an incident] make you realize
that there is a major responsibility here, and you can’t be blasé about it. In the government—the government’s got deep pockets, so you deal with it. We’re an independent board—well, you need director’s insurance and things like that. (100714)

The specific incident the participant was reflecting on inspired the board to develop a policy “and make sure that people read it” (100714).

As the board learned from their experience, they also came to grips with the question of how they were ensuring that they remained effective as a board. Performance evaluation for the CEO is understood to be part of the role of the board, but not all boards evaluate their own performance.

I personally believe that it’s a really good policy for directors to evaluate each other ... if you do it right, the directors who aren’t really contributing get the message, and the ones that are contributing most are recognized. (100616)

The board determined to conduct “an annual assessment ... we assessed ourselves” (100714), which led to the next logical question; “should the staff be assessing us” (100714). The board “is trying to get on an annual cycle” (100617) of evaluation, and to establish a routine for self-evaluation and for input from the executive.

The board grappled with these questions, in addition to determining the appropriate time and process for undertaking an evaluation practice:

... it’s best to do it when you don’t have any real major issues. You don’t put a new rule in when you’re dealing with a problem ... It’s nice to put some of these processes in place when things are fairly stable and there aren’t any big issues, because that’s non-threatening. (100616)

The board also had to address more mundane issues associated with their own operations, including maintaining their focus and dealing with intra-group conflict. Maintaining focus as a board included coming to a shared understanding of the group’s principles and priorities: “one of the big challenges was trying to keep the board dealing with board business and setting policy and direction, and keeping them out of the day-to-day stuff” (100616). One of the most effective strategies cited for dealing with this inclination was a gentle word to the effect of “it would be a lot better if you didn’t get
involved in that. Here’s the price if you get involved in that; here’s the danger to you in getting involved” (100616). This type of gentle reminder helped focus “people ... that had their own ideas, and championed their own ideas a little bit too far” (100616). It was critical, particularly at the formative stage that the new directors focused on their role as advisors to the organization’s executive team, because “…the board’s job is to make sure the management team has the resources it needs to do the job” (100616). “[In those areas that affect governance, we give the right direction, the right kind of support” (100616), and “the most important job of the board of directors is to choose the CEO—second is to make sure that person has the resources they need to be able to do what they have to do” (100616). In maintaining focus on these key responsibilities, “there were board members who thought their job was to be challenging everything” (100616) while, at the same time, “we probably all have a different idea of what we need to do in order, or a different degree, of what you need to do in order to meet those responsibilities” (100616). The shared purpose, brought into focus through discussions around the board, was that “it’s safety, and safety first” (100625).

Bringing the members to the shared understanding of their roles, responsibilities and focus:

... got to be a challenge. If you really try to keep things solutions-based, if you start trying to look at what rather than who ... let’s deal with the issue—let’s not deal with the personal issues—what is the problem? Is there a problem, or is it how somebody is seeing the problem—or are we all seeing the problem the wrong way, as opposed to somebody did this and somebody else did that. (100616)

Engaging the discussions that brought the board to its shared focus was “part of the overall cultural shift because you had to shift the culture of some of the board members as well and get them understanding the business of safety and what it meant” (100625).

**Building a Leadership Team**

Building a new leadership team on the foundation of an existing leadership team has comes with significant challenges, all of which are critical to the organization’s ultimate success.
Transition from Government

Within the government structure, branch directors were “people responsible for technical disciplines, and we recruited them because they were technical experts” (100910). This strategy “wasn’t doing us any favours” (100910), simply because technical expertise and leadership skills do not necessarily go hand in hand. In fact, at the outset of the evaluation of SES, “the leadership started ... [with a] staffing action on one of the directors who was a sour apple in the whole organization” (100531). This first termination by the new leader of SES signalled the significance of the organizational change and the importance of fit between the individual’s values and the organization’s.

In making the transition from the government model into a privatized one, the executive director and board gave careful consideration to which of the government branch directors would be invited to join the new organization. These decisions were contemplated with the goal of effecting the desired culture change. The fundamental consideration and rationale for these decisions was that:

You have to know that that person isn’t twisting their personality or their internal beliefs, values, mores ... norms, to fit the job. And all you’re going to get is somebody that’s a time bomb waiting to fail or to explode because of the dissonance that’s built up inside the individual. You don’t want to do that. You want to put people into jobs that match their personality. (100531)

To realize the vision of the new, non-governmental organizational culture, “there were some staffing changes that were absolutely essential ... at the higher level” (100531) because the branch directors that were not invited to join the new organization “were not good fits for the organization in the direction we were going” (100531). They “were not the right people ... the right attitude” (100531), and their exclusion from the transition was a signal to the rest of the staff of the changes ahead.

The issue of fit resonated strongly for the interim board; “the interim board had said to [the executive director] ... you need to have a look at your executive and if you’re going to make a change, make it before you leave, not after you leave” (100702). This was generally held to be good advice, as:

I suspect this is unique to the public sector—there tends to be an inertia that strikes people when it comes to termination. And I think
that organizational change allows you a bit of freedom to make a
decision that’s the right decision, but you didn’t want to make it. And it allows you to make it under the blanket of something else. (100910)

In the case of the branch directors who were not brought into the new organization, “it was the right decision to make. It would have been the right decision inside the government, but it wasn’t as easy to take inside the government because you’d really have to own that” (100910). The sensitivities in this issue were heightened because the individuals had been promoted inside the government organization, not sidelined in their careers. However, the issue of fit was critical to establishing the foundation of the new organization’s culture:

... you want to make sure that the person is the right fit. So often ... a company gets a hotshot ... but doesn’t fit. And they gotta go, or the company gets kicked around until they do go. Or you end up with a social problem, somebody who is completely wiped out psychologically—burnt out. (100531)

The challenges associated with the new organizational structure created opportunities for the new executive team to learn to be the leaders the new organization needed. “If you came out of government and you brought primarily your leadership team intact, it would have been different, but you never would have been able to make the magnitude of change that we’ve been able to make” (100603). Leadership of the new executive team was also key to the organization’s success:

I’m still not sure how much credit the board should get versus the senior management team. This organization has gone really well. There is no doubt in my mind that the main reason ... is that [the executive director] is such a competent leader. (100616)

Addressing ineffective leadership at the executive level was the first tangible action, and was one that signalled the beginning of change to the rest of the employees. These changes were essential, because the organizational structure within government had effectively vested responsibility “to be the brains for the whole organization in terms of strategy, leadership, direction ... in one person” (100910). The risk of this leadership model was that “you don’t get the benefit of different points of view, different perspectives—you’re only informed by what you know or what you’ve seen” (100910). Signalling the changes through action acknowledged that within the organization, there
were “some people who were quite competent, but not at what they were doing” (100616), so alternative arrangements had to be made for the ultimate health of the organization.

Making changes at the leadership level, particularly during the period immediately prior to the transition:

... was very difficult from a management perspective because ... an organizational transition like that is very fragile, and to lose the management team at such a critical juncture, I think, was quite difficult for the people inside the organization. (100910)

Part of the difficulty for those inside the organization lay in the executive team’s consequent ability to lead: their actions turned to “very much more doing as opposed to strategy and leadership” (100607). It “probably took a couple of years to pull the whole organization up to where the leaders were leading their departments, and the executive is setting strategy and policy, and the CEO is looking out 10 years” (100607). One participant mused, “it’s actually surprising how much [the executive team] changed afterwards. I don’t think any of us saw things changing quite as much as that” (100616).

Helping those new executive members who had worked within government for an extended period learn how to operate effectively outside of government was a considerable, if predictable, challenge. In the privatized organization, members of the board “expected ... to find a lot of, or fair number, of really competent people who weren’t nearly as effective as they could have been because of the environment they were in” (100616). For at least one member of the new executive, the experience was that: “I was a government employee. And now you’re telling a government employee you want to be a service industry. It’s like ‘Oh my God, what is that gonna look like’” (100702). In an environment where the organizational vision was being developed, the executive members’ level of leadership experience and/or training was inconsistent. The experience of becoming a leader, for at least one new executive member, was of:

... some leadership courses, but most ... has been from learning trial by fire, jumping from the pan into the fire, and people had confidence in me and were willing to take a risk. And I was willing to take risk to do something more. (100702)
The experience:

... was scary in one way, because holy smokes, now I’m accountable. But in the other it was really empowering because you’re making the decision and you’re seeing it happen. And that in itself was fulfilling because you’re seeing the results of decisions that you’re making and you understand what the rationale is. (100702)

New executive members coming from outside the organization had a different experience of the development of leadership capacity in the new organization:

Every day, I would be completely shocked by the level, the quality of the leadership, which was nil. The inability to have conflict openly ... But every time I saw one of those, I went wow, that’s an opportunity. (100610)

and:

I’m far more accustomed to working in an environment where things are very dynamic and you know what—you make a decision. If that’s not the right decision, you shift it and keep moving forward, and you do it very quickly. That’s not this organization. (100603)

The manner in which these transitional issues were dealt with was as important as the fact that the issues were handled, as this was yet another signal of the new culture. The leader responsible for this particular challenge “did a really good job and was quite gentle in the way [they] dealt with those kinds of situations” (100616):

... if somebody just isn’t working out very well but has capabilities that we recognize, or that are recognized, before we take any kind of drastic action, we try to make it work for them. Either by developing them and changing them so that they are doing better in the job that they have—that’s a bit of a risk—or we move them into something that is more suitable for them. (100531)

The desire to give the employees an opportunity to find the fit had to be balanced with the best interest of the company, so “some ... decided to leave, and some ... somebody else decided” (100616) and sometimes, “sad to say, you just have to fire them ... [and] you want to do that sooner rather than later” (100625). Decisions about termination were made “because it was the best for the company and at the same time, by default, it was a good leadership decision” (100531).
The need to ensure the right fit between the company and the new employees spilled over into the question of whether the most senior position in the new organization should be a straightforward transition or scrutinized more closely. Given the distrust that industry had expressed toward SES, “we had to deal with the cynicism of the industry, so ... through the interim board, we actually had a competition, did country-wide recruitment” (100910). The discipline of this process solidified the leadership appointment and when detractors criticized the appointment, the answer was “maybe you didn’t like SES, and maybe you didn’t like some things, but we had a competition, and it was a fair and open competition” (100910).

With the questions resolved of who would transfer out of government and provide leadership to the new organization, the next Human Resource issue related to classification and pay levels:

The other changes we had to go through were the whole employee classification pay system .. we had to rate the executive and other people—not the union ... and then we also had to see where the executive would stand in respect to other agencies. (100714)

“Then we got into discussions; well, should we curb it to the private sector, to the public sector? Or somewhere in between? Where should we go?” (100714). Key challenges in this process were that “the [BC] Safety Authority is sort of a one-of-a-kind, so who do you compare it with?” (100714) and, “recognizing that it is highly specialized and you’ve got to pay people what the market is worth ... you try to define worth” (100714).

**Recruitment**

With the skeleton leadership team in place in the new BCSA, decisions had to be made about what roles each member of the new executive was going to occupy: an interview process led to the allocation of responsibilities for codes and standards, and the operation of client services. That division of responsibilities continued for a short period until the board determined that the corporate services area, which included financial reporting, required leadership from somebody with a professional designation; it was necessary “to make sure you had people on board who could do the job” (100714).
It was always the question that the board was conscious of: how do we make sure that we can find the staff to do what we want to do, or need to do. For some of these are highly skilled.  

The underlying principle of the recruitment strategy was “you’ve got to get the right person in, and if you can’t get them the first time around, then you just gotta keep going out there. You cannot do it just to fill a void” (100702). Finding the right person often meant looking outside the organization to identify the talent: “I could see when we were interviewing ones from outside and interviewing the ones from inside, I could see the difference. There was a big gap between them” (100702). One person described some of the new hires as tigers: “you really hired some tigers, didn’t you?’ Yeah, because I wanted to make that change. And I thought they had to be strong personalities” (100702).

“One of the things that was a huge cultural change for the organization ... [was the] decision to primarily hire externally to the organization the leadership team, and certainly the executive team” (100603). As a starting point to create change agency within the organization, this strategy was effective. However, other challenges presented themselves; “when you start bringing in new staff, you have to make sure that both [current and new] are seen as valuable members” (100702).

**Becoming the Leadership Team**

Bringing in new employees to take on executive roles created a need and an opportunity to educate the entire team and create a shared understanding of what the role required. “We had quite a few people on the management team that were just a little spooked—they didn’t understand that the shape was, what privatization meant” (100616). To address this gap:

... we had lots of discussions as an executive, we had speakers in, we did some learning, we all went off to courses, for us to better define in our own minds a standard against which we could be figuring out what our culture is, and how we’re going to interact with the board.  

(100617)

Interacting with the board was one aspect of the new group dynamic that required a strategy, as did the intra-group dynamic. “At the beginning, we weren’t much
of a team—it was more go off and do your things and get them going" (100607). “At first, the framework was just do stuff” (100607), and “you were madly off—everyone was going off—you didn’t know if it was counterproductive, ‘cause there wasn’t that dialogue” (100607). However, norms emerged and processes evolved as the leadership team began to gel: what began as “I would say things in the Exec that would shock people” (100610) evolved to “they said now just go ahead and fix it. There was very little that I actually brought to Exec—I explained what I was doing, but I didn’t ask for permission” (100610). The formation as a team extended to the financial management: “the allocation ... happened by consensus, through the team, in pretty reasonable fashion” (100607).

The leadership lessons learned through this evolutionary process were simple, yet profound:

... your staff also have to be diligent ... you want to pass that on to your staff. (100531)

... for me, one of the big things is you don’t have to have all the answers, and you gotta be honest that you don’t have all the answers. But you’ll get them when you can. (100702)

I think it’s important to ... be thinking about your leadership group early in the process—you know, not as an after, but as a before. (100702)

... the challenge is to become a good leader, and then act like a good leader. (100531)

Change Management

Building new structures, and establishing the governance and leadership teams that were required for the BCSA to establish itself were important functions, but the efforts would have been wasted if the changes had not been managed appropriately.

Actions and Attitudes

Aligning the actions and attitudes needed to move the privatized organization forward was an enormous undertaking: “wanting a change and then coming to grips with the changes you have to make in your own thinking are two very different things”
However, before actions and attitudes can be aligned, the principles to which they will be aligned must be established.

The first principle addressed the desired attitudes, and came in the form of developing the mission, vision, and values statements, which provided the organizational members with a framework to understand “what we want to be when we grow up” (100714). Given that the new organization was a monopoly in the field of technical safety services, the guiding principle for members’ actions came in a tangible form: “you should act as if you were in competition with someone, even if there isn’t—it’s the phantom competition” (100702). These principles formed the foundation for the rest of the change management activities that followed.

Addressing the need to change the focus and orientation of the organization was the next priority. The leadership needed “to start to shift the culture … to get people that have business focus into the organization, and … to make a drastic change” (100702). Making this drastic change meant that “a lot of leadership was required … to make people realize—I know it kinda looks like you’re doing the same job but no, we’re not in Kansas anymore” (100617). Some of that leadership took place at the board level, where they began thinking “about the sorts of projects and the sorts of strategies we could put in place that would cause the changes we were looking for” (100625).

One of the strategies revolved around aligning internal working relationships. Organizational renewal involves “new people coming in asking questions [which] sometimes forces you to look at the parameters” (100616). In the case of the internal working relationships, “I realized that the departments … didn’t speak to each other” (100610) with the result that “they had been working together for years and they didn’t know what each other did” (100610). The change this realization brought was a focus on “getting people working as a team early on and getting a fair amount of mutual trust” (100616) because “you have to get people … respecting each other” (100616). The expectation of collegial respect extended to respect for the clients: taking a customer-centric approach to service delivery “was a total shift for most of our employees, who had been used to enforcing, in a prescriptive manner, the codes and the regulations” (100625).
Aligning internal working relationships led to an alignment of the way clients were treated at the front lines. A tangible mark of respect for the clients came in the form of an independent appeal board that was created to hear disputes: “new processes and procedures were created, new formalities were created, the whole appeal process was created” (100617). This created “a huge learning curve … to figure out what all those provisions said, and how they impacted” (100617) Safety Officers and Safety Managers. The demand the new process placed on BCSA professional staff was that they:

... have to be able to stand up in front of an appeal board and justify every decision you made on this particular file, and be open to the prospect that you might lose and your decision might not be accepted. (100617)

A shift of this magnitude could have rocked the foundation of the workforce, but instead, “checking in externally ... gave the organization more courage to do more” (100607). It created an avenue for deeper engagement with client groups, and for recognition that “externally there was more latitude and understanding that there was going to be upheaval than internally” (100607). This perspective provided confidence that:

... what we were going to do was not up for debate, but then outlining why we needed to do it both with the leadership and the employees and ultimately the public, but how we were doing it, we then involved a lot of different layers within the organization, from Safety Officers to Safety Managers. (100607)

It also provided the basis for recognition that “we can do it—[we’ve] just gotta do it in the right way” (100607). The foundation of the right way of managing the changes lay in “basically just open, honest communication with them as to what we were doing” (100531).

We felt that the best possible thing was to be as transparent as we bloody well could be ... it was logistically complex, ... but the objective was always to answer their questions, and to always keep them up to date and to tell them like it is. We were very candid about absolutely everything—there was never a hidden agenda. (100531)

This strategy applied to communicating with industry as well as staff:
... you deal with them the same way I dealt with the employees when we left government. Be open about it. Consult. Listen. Tell them why you’re gonna do something and why you’re not gonna do something. And 90% of the people that were angry with you will at least appreciate that you dealt with them in the right and fair way. (100531)

This strategy recognized that “we had to gain trust from employees—they saw by action and by decisions that we were actually serious about this” (100531). Establishing processes that recognized the good work being done, and employing a strategy of building on the foundation of good work was a tangible signal that it was serious work. “We started to create these materials that the company could say wow, now we have confidence you’re managing this technical risk” (100610) led to “we just started producing really good work so we decided we’d create a risk registry” (100610). This formed the basis of understanding that “you have to actually show your work to get credit for it” (100610) and that “the politics of an organization is you actually have to present your work” (100610). This recognition and understanding motivated a change in attitude: “they seemed ashamed of what they were doing, but now there seems to be pride in what we’re doing” (100607). This pride of place was reinforced with a simple action:

... everybody was together, so we had the picture of the big group. All of a sudden, they were part of something. They’re not just this little group in government sitting in the Fort St. John office; they’re actually part of the BC Safety Authority. And they had takeaways that had “BC Safety Authority” on them. (100702)

This simple action intended to demonstrate respect for the employees.

The attitude that we want to impart into the organization with regard to how we treat our employees ... to really do what you need to do to make life here, working here, as pleasant as it can be, within reason. And that takes an element of leadership, because not necessarily all the leaders that you have believe in that. (100531)

Making the workplace pleasant does not imply that everybody will only have to do the work that they prefer to do, but it does imply respect in the manner in which challenges are addressed:
... we had to circle back and say, okay what are the roadblocks? What’s happening, what’s not working for you, how could we make this easier? Or, in some cases—it’s part of your job, sorry. You’re going to have to suck it up and do it. (100617)

The respect comes in the first part of this process; reality arrives in the latter. Underpinning this, however, is the reality check that “you really have to be clear on whether what you’re asking people to do is feasible, practical and will get you where you want to go” (100617). To open that dialogue, leaders needed to “invite that conversation to happen” (100603), but they needed to be aware that:

... you’re inviting someone to criticize something that you’ve done, and that’s not an intuitive thing ... but those are the things that have to happen so that employees start to understand that it’s okay to have that conversation—to say “I don’t think that decision is right.” (100603)

**Influences**

Factors that influence decisions and directions exist in many quarters related to the organization and its membership. In the case of the BCSA, the factors that influenced the change management processes came from the organization’s maturation and increased self-awareness, and the organization’s performance.

Maturation and an increased level of self-awareness were demonstrated through the experience of an executive member who brought a report to the board that acknowledged that the organization was unable to meet its workload obligations. This action was described as a “watershed moment” (100616) because it “caused us to go and take a complete re-look at how we did our business” (100616). In fact, that report was credited by many as being the pivotal incident that inspired the development of the organization’s operating model and recognition of risk as a critical factor in the organization’s evolution.

The organization’s overall performance also influenced the ability to effect change. The organization was fortunate to have transitioned out of government during prosperous economic times: “we came into being at a time when the economy in BC was going up” (100714).
If it had happened in a recessionary year, we may have had to borrow money in order to run the organization. .... That would have been a hurdle, but we didn’t have to face that.  

In fact, “my perspective is that now we had the money, people felt they could do stuff, or step back and start to look at a higher level” (100607). The ability to approach the change from the *higher level* also influenced the culture through the allocation of resources:

... a couple of years of that “well, we trust you because we can afford to” ... created a culture of people [who] made some good decisions, and the whole organization got the idea that it needed to be different publicly.  

**Managing Expectations**

The implications of the organizational changes were “subtle ... part of it has been new hires ... it's hard when you hire someone who you see as an expert, and they come with the halo effect, to then immediately hold them small” (100610). The need to manage the expectations, both what the organization felt the new hires could accomplish for the organization and what the new hires felt they could accomplish within the organization, had to be balanced against the value that the existing employees brought to the table: “you need that corporate knowledge and you need the new ideas, but it’s getting those two groups to work together” (100702). Drawing the two groups together required focusing their attention by making them accountable for the shared goal of getting the organization up and running efficiently and effectively, and providing excellent client service: “it works on both sides—they're responsible but they take huge pride in what they've been able to accomplish because they know the accountability resides here” (100603).

In tandem with creating a united workforce, developing organizational structures and processes to support the work was required, because:

You can’t move an organization in this direction, from having huge resources to being really independent, without recognizing what a huge shift that is, and really reinforcing that the employees need to share in that pride and involving them in that shift so that they have a really tangible feel that we built this together.  

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An example of that involvement in the shift related to overdue accounts:

... we’d go after them because we were dependent on that revenue—we couldn’t let it go. In government, it’s like a rounding error, whereas we need that ... We had to sort of develop a more business-like approach and get away from the bureaucratic mentality.  

(100714)

Recognition of that shift also came in the form of understanding the difference in the accountability structures:

Some people ... were used to sort of performing to people in ministers’ political offices and Ministers, where ... you needed instant answers—didn’t necessarily need to be right, but they needed to satisfy the media on that particular day—to a questioning by a board of directors that had a much more long-term approach.  

(100616)

Understanding the change in accountability structures accompanied the need for a shift in approach to change: “some people just like to know what the rules are, and they really get upset every time they change” (100616). In other instances:

... some people were really stressed out about it. And it’s not that they said they wouldn’t have a job—it was because it was something new and a lot of people had been there for a lot of years, and it was a big change ... they didn’t know what it was; it was because it was a question mark.  

(100702)

This question mark created a transitional environment where “there was probably fear and an overblown sensitivity to what could occur” (100607). In an attempt to ease that discomfort, the leadership found itself “advising all the time—you need to change this process, you need a procedure for that, you have to do things in this way” (100617).

Each time a process changes or a procedure was developed, advice was offered to “make sure that everything you put in place during the work day aligns back to [the organization’s values and principles” (100625), to build support and buy-in to the changes that were required. During the BCSA transition, there was a strong sense that “everybody has the absolute best of intentions, the interests of the organization at heart, they take their job so seriously and with such good faith” (100617), but nonetheless “the way they get to that result has definitely changed, and there’s been a lot of active resistance” (100617). This resistance has been experienced as “people ... will be told,
‘this is how you must do things.’ And they’re like ‘yeah, I know you’re saying that, but I’m not doing that’” (100617). In a regulatory organization, the expectations of performance must be carefully managed.

Some of the changes in procedures were instigated externally to the new authority:

... when they created the Safety Standards Act and all the new legislation, they actually created this independent board ... totally independent of us. They make all the decisions, and we appear in front of it just like another participant—just like the appellant does. (100617)

This change in structure, and the imposition of external oversight, meant that:

... because we’re such a law-based company ... it just impacts so much of what we do in ways other organizations don’t have to worry about. Every decision the Safety Officer makes, practically, is capable of being appealed to this independent tribunal, so that really puts a different light on everything we have. (100617)

These structural changes had implications for the day-to-day functional role of every front-line Safety Officer in the organization, so this employee group had to be engaged in this change management process.

The union’s expectations of the change in organizational structure also had to be managed, but this was done through the collective bargaining process and the resultant contract. Unionized organizations can fall victim to accusations of management failing to abide by the terms of the contract, but:

... I’m not aware of us ever trying to not live by the terms of the contract. We went and had a real good battle getting to the contract terms in the first place, but once you’re there, that’s a given. Integrity says that you live by what the terms are. (100616)

Indeed, for all staff, and the board, “there’s routes to go internally if you have a problem” (100616).

Establishing and instantiating the new practices and expectations demanded a new self-understanding within the organization. The magnitude of the change had
created heightened expectations that were difficult to meet. A sage piece of advice was offered to those leading staff through a change of this type: “it might just take time. This, too, will pass, just hold on... I think that was a challenge throughout the organization ... don’t give up” (100607).

A perspective for those leading industry through a change of this magnitude was also offered: “People are never going to love the regulator, but ... you’re doing things right. Keep doing—not be more forceful, but have a bit more courage ... because they think it’s pretty good” (100607).

**Economics and Finances**

Managing the changes associated with economics and the organization’s finances created a requirement for financial sustainability, taking a business-like approach to managing the new organization, and managing the cash reserve strategically.

Managing growth, and expectations around growth, is a challenge for any organization. When the organization had just been removed from the government reporting entity, ensuring financial sustainability was a significant consideration because “if you’re taking away the arm of financial sustainability, you’re taking away the goal of making sure this organization saves lives” (100607). Clarity about the requirement for financial stability and the expectation this placed on all the organization’s leaders and managers:

was another culture shift for the staff. They didn’t really think about the revenues before ... and that was one of the transitions, culture-wise. And [the CFO], that’s where he did a lot of work trying to educate people that, look you guys, you gotta care about this stuff—this is our existence.  

(100702)

Managing revenues was only one part of the new expectations: determining the most appropriate level of abstraction for reporting was also a consideration: “I think it took a while for Finance to stop looking at every little detail and look at more of the big picture instead of, is it the most appropriate control” (100607).
In addition to the issue of managing the cash flow is the considerable question of the cash reserve. A not-for-profit organization needs to attend to this issue because “government doesn’t really have to build up a cash reserve. But we needed some kind of rainy-day fund, to smooth out the ups and downs of the economy” (100714). While this makes excellent business sense for the organization, client groups who are paying fees may take a different view:

... one of the things we always had to be conscious of is if you get that reserve too big or too quick ... “we’re paying an awful lot of money for this”—so you’re under the microscope, in that sense. (100714)

Managing expectations about the appropriate level of reserve, in the context of financial sustainability, required careful attention.

“It’s amazing what the influx of money did” (100607). A sound financial platform allowed the organization to invest in quality service delivery and return on investment for the client groups who pay the fees.

I believe at the end of the day, everything revolves around money. We went out and got the money, and now there was probably the feeling that we can step back and get other people to do these kinds of things. (100607)

**Leadership Challenges**

The study participants’ narratives brought into focus a few key leadership challenges that bear examination. These challenges revolved around dealing with people, the politics of decision-making, and addressing the organization’s strategy.

The most significant challenges in dealing with people centred on the transition process: “we tried to establish a model where we brought over sufficient and the ones we thought had a chance to make the change, and those that we were more doubtful of we didn’t bring over” (100821). Phrased slightly differently, the challenge was “getting the right person in, and dealing with the wrong person when they’re already in, at the right time” (100531).
Making decisions, particularly in an uncertain environment, is challenging and when that environment is populated with strong-minded people, the challenge is compounded.

We make lots of decisions where it’s a lose decision, win-lose decision—not that that’s the intent, but it’s because there are different points of view at the higher level of societal and economic interaction. You just can’t avoid it.  

While the reality of decision-making is that there is always likely to be some level of discontent with the outcomes, “it’s a lot more appropriate for the board to deal with the politics than the management team” (100616). The determination of who should most appropriately present the decision should be informed by the level of politics associated with the decision. The appropriateness of the response is dictated by the particular circumstances: in some cases, “the fear of complaint is pretty high; I’m like ... go complain” (100607), while in others, “it’s your judgement and your training ... when you have to raise the issue” (100617). Where the situation is not critical, the circumstances can direct the response. However, “if you have a crisis, then you know exactly what you needed to do because there was a crisis” (100607).

The third realm of leadership challenges lies in issues related to strategy. “Strategic planning truly is 10 years out. Where are we going to be in 10 years, and how do we fit the pieces ... to get us to that 10-year time-frame” (100603). To get the organization to the point of readiness for that 10-year perspective:

... another leadership challenge is, are we the right executive to take the company forward? Do we have the competency to do that? ... we’ve had the competency to create momentum and energy and hire great people as a start-up, but what other training or what new blood do we need to take us to being a national organization or a global organization?  

Summary

Structuring an organization requires dealing with a host of questions, including what the organization has been and what it aspires to be, how it will operate, and how it will structure its leadership functions. From the organization’s roots in government,
those who led the privatization process and took SES into private industry lived the experience of creating a structure for alternative service delivery when the government changed and the new government brought with them the principles of New Public Management. The leaders’ new reality included both the challenge, described by Kingdon (2003) in his model, of getting issues on the legislative agenda when required, and the freedom and accountability to explore and decide on new ways for the organization to operate. They lived the experience of establishing a complex adaptive system, described in the literature of regulatory studies, and considered the needs of their stakeholders who had not been well served under the government structure. They explored options to find the most appropriate means to deliver regulatory services, and encountered significant leadership challenges as they did so. The interim board developed a change management processes without reference to a specific framework, while the Executive Director made difficult and significant personnel decisions that would signal significant change in the composition of the privatized organization. In the recounting of the lived experience of restructuring the organization, echoes of the literature of government, regulatory and leadership studies reverberate. These will be explored further in Chapter 9.
Chapter 7.

Reflections on Culture

A second theme that emerged from the review of the participants’ narratives centres on the impact of culture on the organizational change. Their narratives, related as far as possible in their own voices, reveal the issues they considered, including understanding the importance of organizational and individual values and beliefs, the nature and qualities of both the culture the organization originated in and the culture it aspired to become, skills and attitudes needed to support re-culturing the organization, and the variety of relationships that impact on the organization’s culture.

Culture and Re-Culturing the Organization

“When you’re talking leadership, it’s so important to appreciate the breadth of that leadership” (100617). The participants’ narrative on reculturing the organization address the breadth and scope of the leadership required in an undertaking of this magnitude must consider and address the underpinning elements of organizational culture; both the culture in which the organization originates, and the culture to which it aspires. These cultural elements include the underlying principles and perspectives, shaping influences, appreciation of different leadership styles, and the breadth and complexity of the relationships the organization must develop and nurture.

Principles and Perspectives

The participants spoke eloquently about their values and beliefs about what constitutes good leadership. Both the principles themselves and the way those principles are enacted were themes that ran through all the narratives.
“The leadership stuff is partly the way you think, what your ethics are, what your morals are, what your beliefs are, your mores, your norms, whatever you call them. But mostly action” (100531). The action required is not a call to arms, but a deeply held conviction, which is enacted consistently and persistently: “... you'll find that really clear leaders usually have very strongly held values and they practice those pretty religiously—not in a doctrine-type religious way—they live by their values and people can see that” (100616). The philosophy that underpins this belief is that “ultimately, real leadership comes from people who clearly show their values and who live by those values” (100616).

Living and acting in accordance with a set of values aligns action with intention and ensures internal consistency, for the individual and the organization.

The three values that we have—integrity, trust and respect ... are three things that are incredibly important to build a leadership group. And the only way you can actually have people follow that kind of a value system, or accept that kind of a value system, is by you demonstrating it as a leader. (100531)

“Some people probably don’t live by them [values] as much as they might, and when they see strong leadership living by their values, I think that encourages others to do the same” (100616). Demonstrating the alignment is important because “doing the right thing at the right time will be seen, and that will be either conveyed to other people or to the people that are watching, and it will affect the way they act” (100531). The beliefs that leaders hold form the foundation on which the act of leadership rests:

When you’re looking at an organization, you’re looking at how results come out: you get good results and bad results, but it’s not bad people that produce bad results, and it’s not good people that produce good results. They are not really connected. (100616)

Taking an action orientation to leadership implies that “you need to be visible and people need to see who’s leading the change” (100910). This visibility creates the environment and comes in many forms: encouraging teamwork, listening to employees, and ensuring that leadership behaviour is an exemplar for the behaviour expected of all other organizational members.
Good leaders are pretty good at creating the environment for people to succeed in anyway ... they look beyond just the narrow leading people to how do you look at this whole enterprise, this whole project; what are the essentials, how do you get there, how do you work behind the scenes or up front.

These kinds of leadership exemplars include attitudes such as “anything I have ever achieved in my career that was worth doing was done with a team” (100616) and “a supervisor does have an obligation to listen to every employee, listen to what they’re concerned with” (100616). The awareness that “what you are saying in the hall—what message are you giving off as a culture, as an executive, when people say ‘How are you doing’” (100610) is a powerful lesson about leading a culture change. The lesson of these leadership principles and perspectives may be summarized as “I’ve been extremely cautious about most of the things I do, knowing that people are watching” (100531).

Cultural Background

In addition to making the organizational and legislative changes that moved an entire regulatory service delivery section out of the government entity, the new executive needed to focus the employees of the newly-formed BCSA on any adjustments they might need to make to fit into the culture of the new organization. However, in order to focus employee attention, the executive and board first needed to be able to articulate the values of the new culture. To understand what the differences were, it is important to understand both the nature of government culture and the desired BCSA culture.

Government Culture

A stereotype of government employees is that they follow rules slavishly and resist change. This labelling of a group of individuals based on their employment situation hardly seems fair, yet the experience of the study participants who had worked inside the government structure was that “there wasn’t a lot of incentive to try and really find a better way of doing it .... [but] it doesn’t mean that there weren’t people looking for better ways—the incentive wasn’t there” (100616). Coupled with the lack of incentive for creativity was an experience of a lack of proactive leadership; “there was a lot of them
that was more ‘here’s the rules, follow the rules; I’m checking that you’ve followed the rules’, and that’s the end of it” (100702). Observations like these support a perception that “government employees have a certain mindset ... there are no rewards for entrepreneurship in government; there are no rewards for sticking your neck out” (100625), so “not everybody in every ministry is on side with the fact that privatization happened” (100616).

It is not difficult to understand how this attitude can develop:

There are many people within the bureaucracy that do not like external structures because ... they are losing some of what is their power. And others, there’s a philosophy that in fact, these things should be done in government if there’s any role—legislation, regulation, financing ... should be done within government.

(100821)

Individuals who hold this latter opinion are “career civil servants who believe that the public sector is the only way to do things, and that’s always best that way” (100616). Thus, the change agents who sought to transition SES out of the government reporting entity recognized that “these people aren’t going to be your champions when you’re trying to get a little bit more rope to do things better or differently” (100616). They also recognized that “people who dedicate their lives to the public service, who really believe in that concept, you’d think would have some questions about why can this group do it better than in government” (100616).

**BCSA Culture**

“Government is government ... but we weren’t government anymore; we were an independent regulatory body” (100714). But precisely what being an independent regulatory body meant, in real terms, had many aspects including principles of enforcement against non-compliant companies, establishing decision-making practices that support customer service delivery, engaging employees, establishing an internal culture of accountability, and learning how to make it all work for staff.

Some of the staff who transitioned to the Authority from government were seasoned government employees who understood the pitfalls of being part of a large bureaucracy, and were committed to making the new structure work effectively. “I think
you’re seeing a number of people in the organization ... understood what made it difficult to operate in government. Those people were already sold on it when they moved across” (100616). These individuals were primed and ready to move forward with making the changes that needed to be made.

“Coming out of government, enforcement ... just wasn’t done unless it was an extreme” (100625), because “government rarely enforced things ... there wasn’t much reward to enforcement ’cause all you did was get somebody mad at you who’d call the Minister’s office” (100625). The need to balance client desires against the mandate to deliver public safety obligations created a healthy tension for the new Authority: in terms of maintaining a customer service attitude, “as a regulator, you can’t go as far down that road sometimes, because you have a regulatory authority and you have to be a policeman every once in a while. But still, there is a customer service aspect” (100625). For the new organization, finding its equilibrium in the tension between service and enforcement meant finding its voice: “the culture of the organization at the time would have been still quite shy, as opposed to no, we need to do it” (100607).

To support the front-line employees’ ability to present a positive customer service face, the Authority’s leadership “had to affect that cultural shift” (100625) by establishing decision-making practices that respected and supported good customer service:

We are a not-for-profit organization that really has to be sustainable for the long term. You can’t make decisions and then change your mind quickly because it’s not a dynamic environment that we work in. We work in an environment I would say of innovative bureaucracy—we’re innovative, but we are a bureaucracy. We have stakeholders that depend on our decisions lasting the test of time. So we have to be respectful of that in all of the ways in which we manage our business. (100603)

This principle of respect for the needs of others applied to employees as well as stakeholders, and was demonstrated through the evolution of employee engagement strategies. For those inside the organization, “the culture was very much that people needed to feel like they had their fingers on the pie and that they built it, and they all contributed—and then it would move successfully forward” (100603). Appreciating that cultural bias, “when we talked about rolling out an initiative ... from the CEO down, they took action and held themselves accountable to the same principles” (100603).
Underpinning this principle of respect in action was the evolution of an attitude of respect for the contributions employees made to the organization:

... as a culture, the [BC] Safety Authority underestimated people. It didn’t hold them big ... you expect the best of them, and even if you don’t know what their issue is, you hold out that it’s probably positive and it’s coming from a genuine place. \(100610\)

One participant articulated the experience of enacting this respect for the contributions of employees as:

I learned a lot from the organization in terms of how to embed practices into an organization more deeply, more fully through taking time at the front end to have people feel that they do own it and truly, you get a better product at the end of the day because it does represent the organization. \(100603\)

Accountability was an issue that permeated leadership questions in various forms, including breadth of responsibilities and clarity of roles and communications. “One of the big cultural changes that needed to happen at the beginning was the shift from working in a very large bureaucracy ... to be accountable for much broader responsibilities” \(100603\). With that increased breadth of responsibilities came a lack of clarity: “the lack of clarity around who’s doing what ... [and] who is responsible for what is an issue” \(100617\) in part because “it’s part of the culture of this organization” \(100617\) and “that’s been the issue with the matrix organization” \(100617\).

Developing clarity around roles and communications was part of the leadership’s learning through the early days of the BCSA: “it’s only us that are making these decisions” \(100603\):

... in government, so many things had to get approval from so many other places that were so far removed from you, and you never understood the rationale for the decision ... sometimes it was so far down the line, you know, you’re already beyond it and you’re doing something else. Whereas ... in setting up the BC Safety Authority, it was like, crumb, we’re the ones making the decisions. \(100702\)

Developing clarity of vision and a shared approach around these fundamental operational questions was a significant part of the development of the distinct, non-government culture of the BCSA.
Influences on Culture

In making the transition out of government, a strategy of bringing in new executive members was employed to jump-start the desired culture change. The intent was to signal that the new BCSA “did not want to bring any of the practices that were inherent in government” (100603) into the new organization; rather, the intent was “to start the organization from the beginning through policy, through structure, that would be very business oriented” (100603).

The influences exerted by the new board and executive were not the only ones that carried weight in the culture change agenda: “most of the people ... here really want to do well, in the sense of their contribution to the organization, to safety ... that commitment, that dedication and so on, was quite an influence” (100531). “The staff influenced me a lot ... they believe in what they’re doing” (100531).

Influences on leadership culture came from many quarters; former government colleagues, new executive members, new board members, and external groups. Each brought the richness of their experience to the team and made an impact:

... Deputy Ministers in the system ... were influential in the sense of just watching them ... do the right thing, do the wrong thing. How they used the resources that they had to get something done, how they networked with other people, how they worked through people to get things done. (100531)

... the big influence, all that 6 years, has been the board and ... VP’s, none of whom are shrinking violets. So willing to provide counsel and advice ... you learn from them just by watching what they do: how they say things, how they perceive things, from what angles they perceive things, and so on. (100531)

...making sure you do the right things at the right time in the right way with the right motivation ... watching them be concerned about the company ... which gets translated into diligence, due diligence—making sure that the right things are being done. (100531)

It’s not successful if I know everything; it’s other people need to know those pieces ... somebody else needs to know that, but you need to know going forward what you need to have done. It’s things from other places; what are the influences from outside. (100702)

The lesson about influences on leadership culture can be summarized as “it’s how you behave,” and “it’s how people perceive you” (100610).
Challenges in Re-culturing

Leading a transition from one type of organization into another is fraught with challenges, many of which have more to do with the nature of change than they do with the nature of the originating or receiving organizations. In the case of the SES-BCSA transition, the move was not from one known organizational culture into another known culture; government was a well understood, and therefore comfortable, culture whereas the private sector structure was not understood and therefore uncomfortable. This lack of familiarity and comfort manifested itself in challenges for the leadership in dealing with change: conflict, communication, fear, and establishing and understanding new expectations. In dealing with these issues, “one of the important parts of leadership is setting the environment ... for this to happen” (100616), and then letting the change emerge.

The expectations that each new executive member brought of what the organization would or should be informed and helped shape the vision for the culture. Before the transition began, communication was undertaken with regional staff: the executive director and branch directors “told them what was coming and this was what we did know. So they started to have an element of some comfort” (100702). Yet, as the new organization began operations, the lack of a shared vision of the culture became an increasing issue for staff:

...there was a level of anxiety that was building that ... the executive ... were ill-equipped to handle, in that they had needs that, because were weren’t comfortable with our role either, because everything was changing, we weren’t as supportive as we could have been. And let me give you an example: the leadership group, they were feeling anxiety because they’ve got front line staff who are asking them questions and they felt they should have all the answers. And they didn’t have them. So they would come to the executive and they would want all the answers. Well, the executive didn’t have them either. But instead of the executive speaking in terms of “no, I’m not going to have all the answers,” there was anxiety on the executive level, “We’ve got to have all the answers.”  (100702)

The new executive learned a variety of lessons from the experience, including an emerging understanding that “as a monopoly, as a regulator, and as a medium-sized workforce, we need to have people ... not just feel, but have input” (100607). At the
same time, within the executive team, “each person was building their piece of the pie as fast as they could without interface with each other” (100603) which led to situations where “[I would] make these assumptions and I wouldn’t ask, and I wouldn’t enrol people” (100610): this was revelatory for the new executive. The experience of fragmentation led to an evolution of the vision of how the organization would function. “I rebuilt the team and then ... just started requiring them to produce exceptional briefing materials, to meet with clients” (100610), only to find that “people were just ready to kind of go to the next level, and that shift, that schism really kind of set people up to be ready to go to the next level” (100610).

Getting to that next level inevitably included some level of conflict. Conflict is never easy because “positions can become entrenched so easily ... and just because you’ve created a new entity to deal with it doesn’t mean that those positions shift [and] magically become happy relationships” (100910). The leadership challenge was to set the tone for dealing with conflict, since “when it gets to dealing with conflict, people feel uncomfortable” (100616). Whether the conflict is internal to the organization, or external in relationship with other organizations, the challenge was in how to approach it:

My own experience is with those things, an individual can’t handle them. You just gotta let the chemical reaction take place and burn itself out. But it’s an uncomfortable process and some people think, oh gee, you should have ... curtailed the reaction early on instead of putting us through this pain. (100616)

The challenge of dealing with conflict is also the challenge of establishing the communication expectations in the organizational culture:

... the other cultural thing is a communication thing, where people don’t necessarily communicate directly, particularly when they’ve got issues ... there’s a lot of fretting and a lack of appreciation for how to move things forward when you’ve got a problem ... I guess the way to remedy it is to have very defined processes for doing that, but a lot of it depends on the individual and their ability to problem-solve and to try to interact in interpersonal relationships with others. (100617)

Conflict and interpersonal communication challenges are in no way unique to transition processes, but they can be exacerbated by the stresses of moving from the known into the unknown. “Privatization was a scary thing to a lot of people” (100616)
and, in some cases, individuals became “oversensitive to the fear” (100607). When it was believed that changes might impact stakeholders, and the anticipation was that the stakeholders would be unhappy, this heightened sensitivity led to “a hyperbolized amount of expectation as to how important the reaction was going to be” (100607). While the anticipated conflict did not materialize to the level that was feared, the lesson was that leaders need to be alert to levels of fear, and all its forms of expression.

One strategy for dealing with the issues of conflict, communication, and fear was to address new or changed expectations.

One of the biggest [challenges] ... and the toughest one to deal with is the cultural shift from being government ... changing the thinking of the people that came with us from government ... into a more entrepreneurial, sustainable, sustainability-thinking type of an organization. (100531)

This was an enormous expectation for employees:

... if you’ve been doing a job a certain way for 30 years, and all of a sudden we come in and say we’re going to ask you to do your job in a different way, and you don’t see the benefit of it or don’t buy into the vision or what-have-you—it’s very difficult. (100625)

Yet addressing this new expectation was critical: “that’s always the largest hurdle, when you’re trying to change the culture of an organization. It’s the people who just can’t or won’t come onside with it” (100625).

Experience taught the executive and board that:

... an important part of the cultural shift ... is empowerment. Your employees have to know what to do ... there has to be a vision, so they know where they’re going, and there have to be some guidelines along the way. (100625)

They articulated their realization that creating a vision of “a shift ... [to] are we getting a return on our investments for the time we spent as opposed to you used to just do it because someone said you did it, so you just did it” (100607), and then rewarding those take initiative and produce the desired results was needed. They also recognized that with the drive for initiative came responsibility—“suddenly you had a board asking
questions” (100616)—so the forms of accountability had shifted for everyone. A key learning from this experience was that “a culture shift—it takes time” (100714).

**Influences of Multiple Interests**

While the people directly affected and involved were key influences in the way the transition moved forward, other interests also had an impact on the outcomes. Some of the interests were shared and others were specific, but all influenced the resultant organizational structure and culture.

In working to address multiple interests, “the big challenge ... was trying to build a level of trust and confidence that we were not captured by any specific interest group” (100910). It has been said that perception is reality, and in the politics of an organizational transition of this type, this aphorism certainly holds up. “There was a lot of mistrust when we started to develop the regulations ... because of all the interests” (100910), making it imperative that the architects of the transition “maintain a level of flexibility in the process” (100910) to ensure that concerns from all quarters could be addressed.

Tensions between the various stakeholder groups were evident during the discussions about legislation and regulation:

... you can bet that the industry people, the business people, are unhappy to sit at a table with trade unions talking about regulations, because the perspective from the union side was something fundamentally different than the perspective from the business side. (100910)

It was possible to focus on the intended outcomes despite the tensions and interest positions, because there was a shared goal: to effect the transition of SES out of the government entity. The ultimate success of the undertaking:

... may be one of the miracles of the process, but it wasn’t people coming together and working on something who had a long list of shared interests. I think everybody who came together shared the interest that we wanted to move this organization out of government for certain reasons, and once you got down into those reasons, everybody had different reasons, and they had different suspicions
about the other people at the table—which made the change management very complicated. (100910)

Adding to the complexity of the change management process was some interest around inclusion in the resulting leadership structure. By way of example, the labour movement “didn’t mind the model of moving it out of government. They just felt they should have direct representation on the board of directors” (100821). In the end, the board of directors was structured not as a representational board, but as a board that focused on the interests of the organization not the stakeholders so although a stakeholder group articulated a specific interest, the organization’s leadership had to manage the expectations effectively. As one participant framed the issue, “when you get higher up in positioning or you get into the more strategic area ... no matter which direction you go, there will always be somebody cheesed off” (100531).

**Leadership Style**

The question of leadership style highlighted some differences, but many similarities in perspectives as to what constitutes an effective leadership style. An entire literature exists on the subject of leadership styles, yet the most succinct summary of the leadership style at the newly-formed BCSA was “if you decide having clearly understood values and principles, and that your style is that you’re going to live by them—that’s the style” (100616). The BCSA values of integrity, trust, and respect are consistent with the description of the espoused BCSA leadership style.

“Consensus,” “value-based,” and “collegial” are the descriptions that were offered most frequently as the group described the leadership style that prevailed at the executive table. Comments offered on leadership style included:

I’m quite consensual-based and I will listen to other people’s thoughts on things and act on them—the ones that make sense. Two brains are much better than one. (100531)

... very good at making other people look good. And that’s a huge part of leadership, actually. (100616)

... it’s amazing what you can accomplish if you don’t have to take credit for it. (100616)
... did a very good job of planting the seeds and letting other people
water them and make them grow.  

... I’m absolutely convinced that the only kind of leadership is based
on values.

... we are inclined to be a very kind, consensus-based organization.

... powerful vision ... takes into consideration all aspects before
making a decision ... pushes out decision making to those that ... should be making the decision.

This commentary creates the impression that a consensus-based decision-making style
was second nature to members of the new executive team, yet a critical tone underlay
their discussions of this leadership style. Comments revealed subtle conflicts in values
around leadership style, such as “X values consensus more, and ... team trust more. I
value the right answer” (100610), and “I came in with a lot of assumptions ... that people
would have come from the same reference point” (100603). Differences in style were
not always so explicit: “I put a lot of thought into how I was going to do things ... I put a
lot of faith into just being a straight shooter and thinking as logically as I could” (100531),
but “it probably took ... leaving that [forming the leadership team] to happen through
dialogue and retreats that we came to be a team” (100607). The question of how to
exert influence most effectively to accomplish goals in the new culture also surfaced;
“you really had to shift your impact and influence because it was much more subtle than
I was accustomed to” (100603). This subtlety was expressed in many ways, as in the
observation of a leadership strategy of providing “… quiet advice on the side—don’t
make an issue of it. Doesn’t matter how you get what you need, just get what you need”
(100616).

However expressed, leadership learning emerged among the executive team,
grounded in an honest attempt to try to understand and work with the variety of styles
among the executive team and board of the new Authority.

**Relationships**

In addition to forming as a team, the nature of the relationships that were formed
and nurtured was critical in shaping the organization’s culture. The critical relationships...
were those between the BCSA and government, industry, and staff, as well as the relationship between the executive and the board.

**With Government**

In determining what the nature of the relationship between the government and the newly formed BCSA ought to be, a sage piece of advice was offered: "you should never forget who your key stakeholder is, and pay attention to what they are talking about" (100910). Fortunately for the foundation of the relationship between the BCSA and government, the interim board:

... had a fairly consistent view as to what we were looking for in terms of the basic principles; in terms of the arms-length relationship to government, the fact that you should never forget that, in fact, you do have a relationship with government. So the dynamic with government should be one of distant cooperation rather than confrontation. (100821)

Indeed, in creating the safety system structure and the organizational model:

... we all had that shared view that as much as it was going to be a non-profit or arms-length from government, don’t take it to an extreme, because you and government have some shared interests in this and you need to work in cooperation. (100821)

Recognizing that government is a key stakeholder for the regulatory authority was based in awareness of the reality that:

... you are independent, but you’re never completely independent of government ... they created you with a statute, and they can un-create you with a statute. You’re never going to win. You’ve got to keep the government on side. (100714)

The BCSA’s board and executive remain well aware that “the [BC] Safety Authority is a creature of the Province. It’s been established with a tremendous amount of autonomy and ability/flexibility to deliver on its business objectives, but the Province is still its key stakeholder” (100910).

The dynamic of the working relationship between the BCSA and government strove to be one of the distant cooperation described above.
Tension should not exist between the [BC] Safety Authority and government. Our primary interest is the same, but if government feels as though the Safety Authority is ignoring the interests of industry and ignoring the interests of government, it threatens the sustainability of the organization. (100910)

Ensuring that any relationship is well served requires open communication channels at all appropriate levels, and this working relationship is no different.

We do communicate with ministries. It’s very clear that’s the chair’s job, and the chair usually with the CEO. If you’re dealing at a bureaucratic level, at the deputy Minister level, ADM’s and stuff, then it’s very clear that’s the management team’s job. (100616)

Fortunately for the evolution of the BCSA:

We were all of the view that, in fact, if we were going to achieve a long-term objective with this organization, we had to continually maintain a close relationship, personal relationships between CEO and government people, the board, the Minister—so that if there was ever anything that the government was concerned about, we knew about it early on and we could do something to fix it. (100821)

Indeed, one early interaction with the Minister was described thus:

I said, “Well, Mr. [Minister], if you hear of any concerns or hear anything about the Authority, please feel free to raise it.” The minister said, “...believe me—if I hear of anything, you’ll be the first to know.” (100714)

This attention to the importance of openness in the communication with government arose from the interim board’s reflection on failures of other privatized organizations. They took time early on to consider:

... what were the failures that caused government to lose confidence in the ability to carry out a public policy objective through that kind of structure. And we did feel that in a lot of cases, it was because the organization itself tried to become too arms-length from government and, in some cases, confrontational with government. (100821)

Different perspectives between regulatory requirement and political concern have the potential to create conflict, but key to maintaining the relationship between the
parties is to have a balanced approach. “Balance occurs with opposing forces who are arriving somewhere in the middle” (100616), and finding this balance:

... doesn’t mean you want to fly in the face of the government of the day, but you are not there to do the government’s bidding. You’re there to make this kind of organization meet its objectives, [and] they’re very public objectives. (100616)

The first BCSA board and executive understood that “at some point the government may say ’we’ll bring you back in’” (100714). Furthermore, they recognized that:

... there can always come a time when you just can’t do what government wants you to do, and government’s going to have to make a decision at that stage of the game, but we think that possibility can be reduced significantly if you maintain a close relationship with government. (100821)

Maintaining the relationship means that “you’ve got to continually remind yourself and develop strategies and operations that try to make sure that you’ve got friends inside the system, not enemies” (100821) and “... always be aware of making sure that all politicians on both sides of the fence understand what you’re doing for them” (100616).

**With Industry**

There is also tension in the relationships with the industries the BCSA regulates: “tension will always exist, and in fact it should always exist—it’s a healthy tension” (100910). Healthy or not, the tension that exists in the relationship between the regulator and the regulated parties must be attended to carefully.

In discussions that preceded the transition of the BCSA out of the government reporting entity, government “had to manage the stakeholder expectations and their concerns” (100910). Managing the expectations was a consideration, from the way industry was consulted in crafting the legislation that formed the BCSA to the decision to hold an open competition for the CEO position. Government:

... needed to manage that relationship carefully so that we weren’t impacting other things that were happening in the ministry at the same time. And that really required us to bring them a lot closer in to what we were doing that I think we normally would have. (100910)
In developing the legislation that would allow the BCSA to assume responsibility for oversight of the province’s technical safety system, industry “had already put the stake in the sand around their lack of trust, lack of confidence in the leadership at SES” (100910). Industry’s lack of trust made it “very difficult ... to involve the people who actually had the expertise” (100910) in the discussions about the details of the legislation. Thus:

... after we had introduced the Safety Standards Act but before we had completed the regulations, we virtually had to give SES staff a back seat in the development of regulations so that we could give industry a perspective that they were leading the development of legislation, as opposed to being the recipient of regulations that were developed by the staff that they didn’t trust. (100910)

Creating this perception of industry leadership did not preclude SES staff involvement in development of regulations, but it changed the process of discussion:

... we had staff at the table at various times, we had a lot of staff interaction in the back rooms, to make sure that our regulations were appropriate, but it was a very uncomfortable balancing act to keep industry at the table and engaged and not doing—’cause there’s all manner of things that they could do to make it impossible to move forward. We couldn’t bring the Safety Standards Act into force without having the regulatory scheme under it, and at the same time, their interest was to keep the knowledgeable, technical staff that we had away from the table—so it was quite a dance. (100910)

Industry’s lack of trust in SES made the support received from the Attorney General’s office, and the appearance of arms-length leadership it provided, particularly important in this case.

In addition to the government’s act of engaging industry more fully in the process of developing the Safety Standards Act (2003) and regulations, the BCSA engaged with industry in multiple ways to build the relationship. “We had these public meetings where we would produce a report, and we had people from government come from the ministry that was responsible for us, and some people from industry” (100714). In the first days of the BCSA, the board would also “meet with some of the major stakeholder groups and sit down and have chats with them, telling them what we were doing, ... how we were doing it, what the implications were going to be for them” (100821). In the interest of transparency in the relationship, some of the dialogue between the BCSA and industry
related to the Authority’s desire to “establish ongoing dialogue, not just in terms of how the organization was operating, but in terms of providing input to government on recommended changes to regulations and legislation” (100821). A warning was also sounded when industry was advised, “the fact is, your costs are going up—absolutely no question about it” (100821). The warnings were contextualized as well, as in “the first year we said to them, ‘Look, this isn’t going to happen overnight, because our first priority is getting the operation up and running’” (100821). These early conversations laid the foundation for the ongoing relationship between the organization and industry.

When the organization was still a part of government, “industry was probably our most difficult relationship ... there were certain factions within the industry that didn’t like SES, and their preference was—leave us alone, we will do our job” (100910). This created a challenge in that “the portions of the industry that wanted to move to self-regulation were actually not interested in collaborating with us to create the [BC] Safety Authority” (100910).

The engagement issues raised during the planning of the transition also meant that when the BCSA came into being, creating a method for working together required a “cultural shift on the part of our stakeholders. They were used to seeing government inspectors come around. We’re no longer government inspectors—now we’re partners” (100625). This shift was a challenge for “the smaller single operator or smaller companies ... they just don’t see it” (100625).

In an attempt to close this gap, the BCSA had to recognize that “there’s a huge role for the stakeholder organizations in this cultural shift as well ... they’re not as far ahead as we are. So it’s our job to educate them” (100625). A key element of the education process was to make it clear that the BCSA would not “become the industry lobbyist—you’re an advisor to government, and industry has to know that” (100821).

To provide industry different forms of access to the regulatory system, the BCSA created “industry advisory committees ... where we could get the information from the people who were on the front lines” (100714). The other form of access was to the board:
the board decided ... it would have meetings outside the City of Vancouver ... Along with our meetings, we would have a little reception for our clients and a few of the people. We would have our badges on and go around and chat with everyone. (100714)

These opportunities for clients to connect in person with the Safety Managers, executive, and board members were all designed to engage with industry, to maintain a transparent relationship, and to encourage dialogue so that regulated parties could access the regulatory processes.

**With Employees**

The relationship between the new BCSA and its employees, many of whom transitioned into the new organization, carried several operational challenges, but “I think we underestimate what a psychologically healthy and what a warm working environment we have here” (100610). The psychological health in the working environment contributed to the way the operational challenges were addressed.

In developing the transition plan:

... one of the things I think was fundamental ... was our employees were in the GEU because they’d been a part of the Province. And they remained in the GEU, but we had to get them out. The employees thinking that, you’re now in a different body—you’re not part of the great mass of GEU that you originally had been part of—that required a shift. (100714)

The intent was not to *bust* the union, but rather to negotiate a new agreement that would meet the needs of the new organization.

Basically, we rewrote the contract between the union and the employer. You had to start to build the trust between the two units, but you also had to build a common goal, and that common goal was the direction we were going as an organization, recognizing what our limits were but what our possibilities were, working together. (100603)

To move this agenda forward:

... we entered into consultative negotiations so it was interest-based ... we would introduce a topic and say what we were trying to achieve with that topic. And then if we had agreement, we would suggest
language, but only after we had some form of agreement. (100603)

At the end of the process, “we negotiated pretty reasonable agreements from both points of view” (100531), and “I think we developed a better than expected relationship with our bargaining unit. I think we put an awful lot of focus into it” (100616). With the new agreement came the process of striving to build trust between the two groups: “quite often we got their opinion on how we might do something” (100531) and “if the decision worked out better than you thought it might—you need to acknowledge that” (100616).

Negotiating the collective agreement was an enormous task, as was the next step in creating clarity and trust in the employer-employee relationship, this time with the excluded staff. There was recognition that:

... what we needed to do as an organization was quite well defined in the business plan, but now we needed to do it, and what behaviours we wanted to see displayed was not well described. So one of the very first initiatives was around building a leadership competency model, and inculcating that into the performance management process. (100603)

The next step was to introduce “a performance review process that embedded the leadership competencies into the performance reviews, then we started to build a recruitment process that recruited based on those competencies” (100603). These two understandings, the collective agreement and the leadership competencies, formed the basis of the relationship between the employer and the different employee groups.

Concern for the employees’ experience of the transition period was identified by several of the participants:

We, as a management team, really wanted to do it well, because there was a lot going on for these poor employees. They’re worried about things like their pension, and all that kind of stuff ... on top of that, they’ve got brand new legislation they have to learn and implement, with new regulations they have to learn and implement. (100531)

This concern for the employees’ well-being was echoed by another, similar sentiment:

... the vast majority of our work force are technically trained people, and we're trying to overlay this very formal legal structure on them
and asking them to take on this whole added dimension and perspective to their job, when it’s not what they’re trained for. And it’s not what they signed up for, frankly, ... you really have to know the culture of your organization to figure out how best to address that. (100617)

In some cases, experiencing the culture of the organization was a challenging undertaking: “I can’t say that respect was something I always got ... when I got out in the field, some of the employees that didn’t like the idea made it very well known, but that goes with the territory” (100531).

In attempting to address the employee concerns, a challenge for the leadership team was:

... to re-engage the field. We have to recognize that they are the interface with our clients, and they have to be advocating everything that we’re doing, rather than “don’t know about that, and don’t ask me.” (100603)

To facilitate this, the leadership team was called on “to really take on a very strong change management mentality” (100603).

**Board - Executive**

The leadership relationship between the board and the executive shaped, and continues to inform, the direction of the BCSA. To shape a healthy, vibrant organization, “you need some conflict—some good, healthy dissention and a difference of opinion; different ideas. That’s how things get done” (100616).

Perspectives on how to get things done varied among members of the board and executive, and one of the first differences to come into focus related to the boundaries of the relationship between the board and the executive.

The board’s there to set policy, they’re not micro-managing. There’s a tendency on occasion for boards to get too far involved, particularly at the committee level. And there’s occasionally some sense that some of the board members—not all of them—might be going over a line. And so they [the executive] would have to push back. (100714)
From another perspective:

... there was quite a learning process on what the board’s role was and what their authority and power was, and of course we have a responsibility to advise the board and to push back if we think they’re making a mistake. So figuring out how that dance is done was the really big learning experience for everyone. (100617)

The dance of the relationship “started out ... with the board and management working as a team—there was a lot of mutual education” (100616). The teamwork, however, did not extend to joint strategic planning: “I was quite surprised that it wasn’t a given that the strategic retreat would be board and management team together” (100616). Regardless of what the formal relationship structures were, part of the relationship was based in personal interaction: “that’s how you get to know each other. It’s little things ... a couple of times we’d sit and shut down the place, three or four of us, and just talk” (100714).

A pivotal individual in the relationship between the board and the executive was the CEO: “the relationship is really led by the CEO” (100617), as that individual is “meant to be running interference between the executive and the board” (100617). The form that that interference took in the transition was collegial and consultative: “we get lots of feedback ... it’s really been quite an open relationship, where we’re exchanging information back and forth, always with a view to making things better and resolving any issues that we’ve had” (100617). Yet even with the relatively open relationship:

... there’s a very clear line between the two ... because even in those sessions, it’s mostly the board doing the talking. The executive has to always have an eye on the relationship ... so you try and be as constructive as possible while recognizing that you’ve got that power imbalance. (100617)

There was also acknowledgement that “there was probably a lot of stuff that never got to the board just because, the sort of sensitivity of somebody’s own personal situation just got handled in a nice, mature manner” (100616). The sensitivity of the approach to issues and concerns established and supported the nature of the working relationship between the two parties: “Given the issue, it varied. Sometimes it was a love-in. A lot of the time it was like a marriage that works fairly well, for a fair amount of differing opinion” (100616).
Summary

Leading the transition of the BCSA out of government and into a new privatized organization required dealing with a number of cultural changes. Establishing a set of principles—integrity, trust and respect—provided the leaders with the kind of vision statements Kotter (1996) recommends as the third step in change leadership. Like the decision not to transition some of the government leaders into the new organization, statements of principles and concomitant actions are powerful signals of cultural change. Other aspects of the lived experience, such as managing expectations, dealing with conflict, empowering staff, and recognizing and addressing the concerns of multiple interest groups, are reflected in the literature of culture as an aspect of the leadership required to effect change. The articulated experience of building and maintaining relationships with key stakeholders groups is also consistent with the literature on the need for effective communication as an aspect of effecting cultural change. These themes will be explored in greater depth in Chapter 9.
Chapter 8.

Reflections on Leadership of the Experience

In concluding each of the interviews, I asked participants to reflect on whether anything in the experience of leading through transition in the creation of the BCSA surprised them. Participants reflected elements of the experience that revealed something to them about themselves or their colleagues, including aspects of agency, power, bounds of knowledge, challenges in changing an organizational structure and culture, and organizational relationships in a transitional undertaking of this magnitude. Their narratives are reflected, as far as possible, in their own voices.

Of Agency

Participants’ reflections on agency spoke to the breadth of agentic action required for a transition of this complexity, and encompassed the agency of the government and the new board, the executive leadership, and the staff. In establishing the basis for the organizational transition, the agency of those who were involved in the initial analysis set the tone for the transition. “Many of the things which I’m most proud of, I had nothing to do with other than finding really smart people and giving them the guidance I could in letting them do what they did so well” (100910). This is not to imply that the process was without challenges: “there were tense moments; we had competing interests and we were able to come together, to have the fight, and to move the initiative forward” (100910).

Moving the initiative forward required the board’s active involvement, as:

... in the big picture, key management teams have a vision, and I think the board did a really good job of helping them get the resources they need to live that vision. And that’s probably the most important thing the board did and the board, I think, in general did a pretty good job of not getting in the way. (100616)
In their leadership role, this "board of directors cares ... they’re really involved ... the amount of community activism in there is somewhat surprising" (100607). The active engagement of the board created a need for a different form of agency: “the board sometimes needs legal advice about something they’re doing, what their exposure to liability might be—things like that” (100617).

The agency of the executive team affected a broad range of interests, from appropriate client and staff interaction, to reflections on the nature of effective leadership. Leadership agency with respect to stakeholders has been discussed in previous sections; it was generally held that stakeholders should be dealt with honestly and transparently, but in the early days of the BCSA, “I was actually quite surprised by the lack of outreach to our stakeholders” (100610). Yet, while the interactions may not have been as frequent as may have been desired, they intended to be meaningful. “You start to become ... I’m probably using the term wrong, but emotionally intelligent about the various groups that you deal with—that you can put yourself in their place and understand where they’re coming from” (100531).

Reflections on what it took to be an effective leader were quite revealing.

What I learned here is you don’t actually need the uber-leader. What you need is a team that’s really passionate, and you actually get way more energy from a group who, while it may not be at the level you need them, but the fact that they care and they want to do the stuff—it changes everything. (100610)

and:

Funny that ... to be a leader, you have to kinda get that stuff out there so they can use it. Don’t keep it all inside—it doesn’t make you special to have it in your head. And a lot of people, I think, when they’re a leader, they think they have to have the power of the knowledge. They’re never gonna get anywhere if it’s all just them that has it. (100702)

The reflections on this need to share knowledge and be collaborative with colleagues throughout the organization extended to the need to constantly be spanning boundaries and looking beyond the prescriptive limits of one’s own sphere of responsibility. “The challenge is to be looking out for the whole organization and challenging your colleagues or assisting them, or discussing, or taking a much broader
perspective ... realizing that you really are in charge of the organization” (100617).
Sometimes this broader perspective meant tackling “philosophical differences” (100821), such as differing perspectives on the appropriate balance between policy and action, or taking action swiftly when problems arose:

I probably would have a keener sense of looking for dissention arising, and try to deal with it a little faster—not that there’s a lot, but it doesn’t take much—even a little bit can cause a lot of anguish, (100616)

I would have acted on staffing actions faster ... before we left government as well as ... after. That in recognizing that someone didn’t fit a function ... you’ve really got to act very quickly to rectify it either by finding another function for that person, or having them move on. (100531)

Leadership agency needed to take into account the effects of action, or lack of action, throughout the organization. One lesson learned related to the act of engagement in the transition:

... there was ... a very important layer that I think looking back as leaders, we could have used more, and that is the first-line supervisor, because they were the first connection with the front-line staff, and they also were trusted. (100702)

Engaging the first-line supervisors as a standard practice might have increased the rate and ease of adoption of the new expectations throughout the organization. As a geographically diverse organization, gaining cooperation from all field staff to comply with changing requirements did not always happen.

I don’t know where that attitude comes from—if it’s the nature of the workers we have, because they will have been trades people and maybe they’re not used to dealing with office people or lawyers ... or if it’s a government thing. I have no idea, but that was quite a surprise for me ... that you can have such active, organized resistance to things that your advisors say you need to have. (100617)

Of Power

This active resistance to new requirements highlighted the different ways in which people deal with uncertainty. For some, the tendency is to drag their feet and wait for the value of the change to be proven. For others, the tendency is to engage in the
process and figure out the dynamics as they go along. In developing relationship between the board and the executive, “one thing that I have learned is don’t get into the detail with the board” (100702). “It’s a lot dicier for the executive to participate in those sessions and to be fully open ... you try and be as constructive as possible, while recognizing that you’ve got that power imbalance” (100617). The power balance was expressed in the form of “...the executive has to always have an eye on the relationship ... You have your area of expertise, and the board’s telling you something and you may not agree, but how far do you take it?” (100617). That power structure continues to exist, and the healthy tension also continues.

The power imbalance also continues to exist between the BCSA and the government, as the awareness that the government can un-create it as easily as it created it continues to resonate. With the observation that two Crown Corporations have been dissolved and drawn back into government since 2005, “and both were very strong organizations” (100910), the board and executive need to remain mindful of who their primary stakeholder remains.

At a more granular level of the organization lay the issue of:

... transition of leadership. [The CEO’s] term is going to be coming up at some point ... and how do you change that? ... Whenever there’s change of any kind, there’s a question of how you do it and how does it affect me? (100714)

**Of Boundaries of Knowledge**

In examining the participants’ reflections on their experience, a theme emerged related to the boundaries of knowledge. Some of the observations proffered related to the limitations of individual knowledge, the nature of awareness and experience that bound knowledge, and when and how to make changes that shift the boundaries of knowledge.

“No one person can think of all those angles. That’s probably the biggest thing that I’ve learned in this whole thing—that you have to have more opinions in order to have the bigger picture” (100702). Taking into account the bounds of knowledge when composing a working group establishes the foundation of the efficacy of that group:
... we had ... people on the interim board who fully understood all of the issues we had to be dealing with, had a pretty consistent philosophy about where we wanted to go with all of it, brought in different skill sets in terms of organizational skills, financial skills, HR skills, and government relation skills. (100821)

However, having the skills in a small group and not sharing the collective wisdom limits the utility and ultimate efficacy of the group: “if it’s only in your head, how can anybody make use of that information?” (100702). Witnessing the process, as well as the results, allows others to extend the bounds of their knowledge:

... that, for me, was invaluable. Sitting there listening to the kinds of questions that he would ask and comments he would make. That was a big learning, as it is with this board—the kinds of questions and how they’re looking at things, from different perspectives, is quite mind-boggling. (100702)

Expanding the boundaries of the executive team’s knowledge was supported by engaging them in discussions related to the organization’s foundation:

I think one of the powerful tools that we used to move us forward was defining the culture. Taking that step to actually articulate, this is the culture we want in the future—because it helps us to have something that we peg ourselves to. Are we externally focused? Are we service oriented? Are we disciplined in terms of how we manage our resources and allocate our time? (100603)

Engaging in discussions with a broad range of participants facilitates sharing of experience, which naturally supports growth of perspective and extension of the bounds of knowledge. However, support of growth does not necessarily imply that growth will naturally occur: “There’s things I learn over and over again about change—how attached people become to the organization that they’re in, and how they can’t see beyond that organization” (100910).

Knowing when and how to make changes that will shift the boundaries of knowledge is a result of the experience of a shift in bounds, or as one participant phrased it, “I’m beginning to realize when you’ve got things comfortable should be when you start to say what are the pieces that actually make this more robust, more strong” (100610). The bounds of any individual’s knowledge can limit development: “I failed to
see where some of the biggest levers were, and we’ve come to them in maybe a more gradual way” (100610).

**Of Changing an Organizational Structure**

The participants’ reflections on changing an organizational structure centred on the value of planning over a reasonable timeframe, and having the right team in place. They also reflected briefly on the achievements of the BCSA’s first 5 years of operations.

The change “hasn’t really happened in 6 years—it’s happened in a period of 10 years because there was 4 years of planning before we ever got out of government” (100616).

That’s probably why it was successful—because there was lots of time to do this stuff. It’s the immediate urgency of something that causes a decision to be made where you’ve got to get it up and running tomorrow where you’ve got to be lucky as well as good in order to achieve that. (100821)

The significant chance of failure of the independent authority model weighed heavily on the minds of the interim board and initial executive team, as they spent considerable energy and effort considering the experience of the organizations that had failed in their move out of government. They felt that part of the reason that organizations failed to become autonomous “starts by a failure of government, frankly, to define exactly what they want to accomplish, to do research before they get things set up” (100821).

Essentially, the practice had been “basically way too quick to set something out without good thinking and analysis and research going into the preparation of setting it up, of launching it” (100821). Coupled with the planning challenges associated with making the changes to the organizational structure, “I suppose the biggest challenge ... has been becoming a company while trying to deliver the service” (100531). In considering the challenges in changing an organizational structure:

... another one is taking assessment of our new model. Is it living up to what we thought it would? Does it need tweaking? Should that be done internally, externally, how? What’s a good time? Or is there ever a good time to do it? (100714)
In addition to evaluating the operating model, evaluating the leadership team is essential in restructuring the organization:

... one of the big and very important things is that you yourself are trying to develop leaders to take the corporation in the direction you want it to go. Whether that's the strategic direction that you develop with the board in the first year or so, or whether or not you just want to build a leadership capacity in the organization. (100531)

Reflecting on all the organizational changes made in the first 5 years of the BCSA's operations, “the ability of the organization to reconstitute itself and move forward with real purpose, I found quite amazing” (100910).

We should feel so proud of all the things we had to do—right down to establishing a legal department, establishing a finance department—when you look at the number of things we had to do just to get up and running that stakeholders wouldn’t even see or care about, the things we had to do to get ourselves positioned to create the Accident Prevention Model, or whatever it was we were going to do—was really quite mind-boggling. And with a very small team, relatively speaking, we really accomplished a lot in a very short time. (100617)

These accomplishments were achieved in the context of “it’s hard to launch a major project when you’re dealing with how the hell are we getting through today, tomorrow and this week” (100821). Phrased a little more colourfully, “a line I used to use a lot, ‘It’s hard to remember that the objective was to drain the swamp when you’re up to your ass in alligators’” (100821).

**Of Changing a Culture**

The reflections offered on the challenges of changing a culture were that it takes vision, reminders, and a commitment to the change, and an agreed process to establish priorities. There was also recognition that initiating change is easier when there is a motivating event, and that “that sort of lack of urgency, because things are actually pretty good, is going to be a challenge for the organization” (100607). It may seem perverse, but “one of the problems is that things are pretty damn safe. If there were hundreds of thousands of people dying, it would be easy to fix, but everything’s pretty safe” (100607). Without a motivating event, the impetus to change the system or the organizational culture is constrained.
Nonetheless, “when we made the transition, that’s the time—particularly at the senior levels—you have to come to grips with what do we want and need in this new corporate culture that we’re trying to instil” (100821). Understanding what you intend the culture to be is only half of the challenge; the other half of the challenge is understanding the current culture, because:

If you don’t understand what the culture is, then the steps that you’re taking to develop people, to develop programs, to get people to do what you want may be totally out to lunch, because they aren’t what people will respond to or what people need. (100617)

“For me, it’s the whole strategic planning; really having the vision and figuring out how to get to that vision” (100617). A significant element in getting to that vision is understanding both what the organization is and what you want it to be, so that you can map the process to bridge the gap.

Maintaining a focus on the need to change required “that constant reminder of the challenge” (100714), which took a variety of forms from the creation of a dashboard of issues to annual public assessments. Publishing the results of the change efforts was also a significant aspect of maintaining the focus: “when we do something good, we don’t trumpet it. We don’t let anybody know we’ve been good” (100531), a weakness in the communication strategy that needed focus.

The strategy for changing the organizational culture centred primarily on staffing options. The focus on staffing began early in the transition, with:

... making some of the really tough decisions in terms of personnel you brought over, particularly at senior levels, because we knew that there needed to be a major corporate culture change. (100821)

These tough decisions had to be made because

... what we discovered, and we couldn’t have done it differently, is that some of the senior people that we brought over just weren’t up to it. But you can’t replace the entire senior management and have only your CEO—you just can’t do it. (100821)

Beyond that, tensions existed in determining a strategy for filling new positions:
... making the kind of crucial decisions about building talent versus buying, and deciding those future roles, and how are we going to populate those future roles? What is the right balance there? ... the future, how are we going to size it up? 

(100610)

The discussion continued with the admonition to

... keep in mind that you might have people from inside that have the potential to become good leaders in the organization. Don’t discount them. Give the opportunity for them, whether it’s through training or mentoring, or seconding them off somewhere else that gives them exposure to another organization and be able to bring it back into the organization. But do something, don’t give up on them so early just because of the environment that they’ve been in. Because a lot of them ... become a result of the organization that they’ve been in.

(100702)

Maintaining the focus on staffing as a driver of organizational change was done in recognition that “that’s how culture change will happen—where there’s just a consistent reinforcing of why that talent is important to the organization” (100610).

A secondary strategy for effecting cultural change related to internal communications. In setting up the system and structure for the BCSA:

... we needed to talk about it more, and we needed to talk about it in a more integrated and aligned way. I think for the people in the field, they were not connected to the creation of the [BC] Safety Authority, to the organizational transformation, they weren’t connected to the systems transformation, they weren’t connected to the legislative transformation.

(100910)

Indeed, the reflection was “I don’t think that we did enough at the time to really prepare people to leave government” (100910) because “we didn’t communicate enough with staff ... we didn’t really talk to them about the change ... in an exchange” (100910).

A cultural aspect of an organization full of people who are passionate about what they do is that there is a high level of optimism and a desire to accomplish. While this can be an organizational strength, it can also be an organizational challenge:

... you’ve got so many big thinkers who want to do great things, you have all of those converging. Everybody still wants to do their thing, to make a big change, [but] you can’t do them all—so where’s the priority?

(100702)
The leadership challenge in this case is to “take a few big problems and fix them” (100603) without stifling the enthusiasm for the projects that do not make the top of the list of priorities.

“The change management around that culture [shift] is still going on” (100531). Shifting the organizational culture has “taken longer ... than I thought it would” (100607), possibly because “it’s about the implementation and actually making the model work” (100625). The organizational culture shift is part of the larger shift of the provincial technical safety system: “a decade from now, [when we] have shifted all our regulatory input to a risk-based system, the language is going to be far different. It’s not going to be a prescriptive code; it’s going to be an enabling code” (100625). But before the system can get to that place, the BCSA as the regulatory body must make that cultural shift, so it can lead the other participants in the safety system in that direction.

**Of Organizational Relationships**

Another theme that emerged through the review of the participants’ discussions was their reflections on the relationships with government and industry, because “we probably don’t think externally enough” (100607).

The importance of the relationship with stakeholders, defined broadly, was a recurring theme through interviews with all the participants. The understanding of who the stakeholders are and the importance of the relationship with them was underscored:

... again, you’ve got to make sure that the community is on-side with you—that’s your stakeholders. Who are the stakeholders? Is there sufficient on-going interaction with them? Because ... if you lose their confidence, then they talk to other people, and what is it we’ve done? (100714)

Maintaining the confidence of the stakeholders was certainly a consideration, as was the concern:

... to become of some value in the eyes of our stakeholders ... our biggest challenge then and going into the next few years is to convince stakeholders that our package is worth the money. (100531)
Convincing the stakeholders includes establishing the precisely where value lies within the safety system:

... we are not private sector, because if we were private sector, what the clients want is more inspection. But they don’t need more inspection to help safety, so we don’t give it to them. The tools we’re finding are actually going to increase our safety outcomes as opposed to just inspecting the pants off you. (100607)

Fortunately for this challenge, "a lot of the people within the system ... believed it was the right thing to do and were very supportive and cooperative" (100821).

The board and executive received “good cooperation from inside the ministry” (100821), and commented on “the willingness of industry and labour and government to work together to make something work. Given a good challenge, a fair challenge, they’ll all work together. They all have ... the best interests in mind for the society” (100531).

In managing the relationship with industry and staff alike, a reflection was offered on the way these groups were engaged during the transition process: while the communication style was open and transparent, the level of engagement in helping to shape the transition was not high.

We treated our transition as our transition, and it was quite closely held to some extent. I think we needed to communicate more. We needed to communicate more with industry, and in more ways. We needed to communicate more with staff, and in more ways. (100910)

So, while the style of communication was open, the process for the stakeholders to engage in the process was limited.

At the end of the day:

... it is all about relationship. It’s about understanding the interests of the person that you’re working with, the person that you’re working for, and figuring out where you’ve got the opportunity to collaborate, where your interests overlap, and where you can move an agenda forward. (100910)
Challenges Moving Forward

While the undertaking to transition SES out of government and into the newly created BCSA was enormous, the story does not end there. The challenges, some of which are re-cast and some of which are new, continue. Challenges exist in “defining exactly what you need to do” (100607) and identifying “what are the other things that are going to set us apart” (100610). These challenges align in themes of maintaining the organization’s autonomous status, strengthening the internal alignment to risk management, succession planning, and planning for the future.

“I think the biggest challenge for the [BC] Safety Authority is to maintain its independence and its autonomy in a smart way” (100910). “The other thing that we need to worry about is making sure we don’t run awry of the government, because they still hold the controls” (100531). These observations speak to “this whole question that you’d better maintain your relationships in Victoria in order to continue to survive in the independent manner you currently are” (100821). This awareness of the need to maintain an effective relationship with government speaks to the need for:

... evolution of this governance model. We’re created by statute, there are no shares but, in a way, moving risk out of the government is a political decision and it’s a decentralization decision for specific reasons. But that’s part of the executive’s work ... to make sure that continues. And to reinforce the accountability and to tell the people who really care about that why it’s working, and manage the tensions there. (100610)

The second challenge for the BCSA relates to shifting the internal focus away from inspection and aligning it to risk management. This cultural challenge has implications for both the BCSA staff who continue to function in the old paradigm of inspection, and for the stakeholders who lobby for more inspections. “The orientation to risk management as a principle ... there’s still a core segment, and there’s always going to be—I don’t think you’re going to eliminate it, but it still surprises me how often that’s raised” (100607). Internally to the BCSA, “we have pockets of resistance to risk-based inspection ... there’s a larger section of that still in the Safety Officer ranks than we want to acknowledge... at this point, we shouldn’t even be tolerating it” (100607). The internal aspect of this challenge could be addressed by taking the stance that “this isn’t the place
for you if you don’t get the program” (100607). That approach will not resolve the issue externally with “people who don’t see the need to change, don’t want to change, have no stake in the outcome of that change, and play lip-service to it and stand in the way of it” (100625). The true challenge in the alignment to a system of risk management is that “what we do saves lives and helps people [but] at best we’re not really strategic on explaining that, and who we’re going to explain it to, and why we’re going to explain it” (100607).

To maintain the vibrancy of the BCSA as an organization that is central to the provincial technical safety system, the challenge is:

... succession planning ... because you’ve got so many good leaders that have come from outside. ... I think it’s more of a challenge—you’ve got top-notch people in the organization—it’s keeping them interested because you haven’t got a big, hairy, audacious thing happening. (100702)

To compensate for the lack of a big, hairy, audacious goal to keep attention focused:

... another piece is to get the organization sized so that our leaders have career paths in the organization, or make a decision that at a certain point their career is rotation ... somewhere else. But be really deliberate, because we want all our folks to have a sense that they can grow, and what is the next step. (100610)

Looking to the future, the challenges align to “a question of how BCSA grows” (100821). “Provided that our governments remain good and solid, we’re consistent and we actually continue to give better value for input, I think it’s a pretty secure operation” (100616). Options for growth include developing new business lines, providing “you create the firewall that allows you to have a purely private consulting business in the same way that a company like DNV has an insurance business in shipping, yet has a risk consulting business” (100610), and to “start looking at where some of the other things the model can work for and help deliver other programs. Could be other sectors that are within the same safety area, it could be some new kinds of things” (100821).

There is little doubt that the future will bring growth to the BCSA, based on its growth trajectory in its formative years.
Building the back office was probably Phase 1 ... Phase 2 would have been the work that led up to the Accident Prevention Model and getting that defined and articulated and approved by the board ... Phase 3 ... was sitting in that and working with that, solidifying some of our basic programs and developing the Accident Prevention Model ... and now I think we’re moving into another phase. (100617)

Key to the organization’s long-term survival is its awareness to its context, and on that front, “we feel we’re leaving the organization in pretty good shape from all of these concerns about why organizations don’t survive” (100821). “It was a huge task, and it was with great results” (100910).

Summary

Contemplating their lived experience spurred the participants to reflect on what had been revealed to them about themselves and their colleagues. As purposive and conscious agents themselves, the participants expressed pride in what they had accomplished and willingness to be reflexive about their perspectives and actions. From recognizing that they could have done more to harness the power of agency through greater reliance on the supervisors at the front lines of the organization, to acknowledging the power imbalance in the relationship with government, many of the participants’ reflections resonate with the literature on leadership and government. None of the participants articulated having come to the process with a specific change management framework in mind, and yet their own experience and knowledgeability, had produced in each of them strong leadership instincts and capacity. These revelations will be explored in greater depth in Chapter 9.
Chapter 9.

Analysis

The four preceding chapters, related in the participants’ authentic voices, offer a narrative overview of the events and the participants’ reflections on the experience of leading Safety Engineering Services (SES) out of the government reporting entity. The empirical data, reflected in this manner, is intended to bring the reader as close as possible to the participants’ own articulation of the lived experience. This analysis will examine the narrative through the lenses of the literature of government, regulatory and leadership studies, and through the lens of Structuration Theory informed by the rational process of Kotter’s (1996) 8-step change model and the serendipitous nature of Kingdon’s (2003) model of government decision-making. The analysis will support a deeper understanding and will draw out the lessons from this experience.

Several aspects of the lived experience in the privatization of SES could as easily have emerged from any organizational transition as from this one. The ineffective organizational structure that spawned the initial inquiry into the SES branch structure is not atypical of large bureaucracies. The interconnectedness of structure and agency played out in the tension between transformational leaders’ recognition of a need to improve operational efficiency and the active resistance to change demonstrated by some staff. The lack of incentives to make changes to existing structures by instigating or supporting change initiatives, and the perception that exercising initiative would cause, not resolve problems, resulted in employees behaving consciously and with purposive agency in choosing to maintain the status quo when the organizational structure did not encourage them to innovate within government or make efficiency gains. This aspect of the BCSA experience demonstrates that agency is a powerful force in change management, is highly contextual, and can create great changes or produce great resistance. In privatizing the branches of SES, exercise of agency and individual power tended toward the latter, not the former, result.
The series of minor internal reorganizations, leadership search, and discussions of options for organizational renewal that took place in the early 1990’s were the first concrete actions undertaken to create the sense of urgency that Kotter (1996) identifies as the first step in leading change. The leaders’ consciousness of emerging issues such as the growing organizational gulf between the branch offices and Victoria, and willingness to exercise their agency by taking appropriate actions such as initiating the review of the organizational structure are demonstrations of their knowledgability and alertness to the complexity of the organizational culture. As discussions surrounding the need for increased administrative flexibility increased during the 1990s, the need for knowledgeable agents to participate in and lead the search for solutions became increasingly evident. Knowledgeable leadership was sought and found in recruitment of an Executive Director to address the complexity of proposals for different forms of flexibility and organizational structure, from tweaking legislation to proposing Special Operating Agency status. The dynamism with which the leadership moved from one option to another in the search for the answer to the question of how to resolve the issues with Safety Engineering Services demonstrates the serendipitous and seeming randomness of decision-making processes characterized in Kingdon’s (2003) model.

What began as a proposal to review the technical safety system and reorganize the existing service delivery units evolved into an evaluation of the potential to increase the administrative freedom of the SES branches. From discussion of Special Operating Agency status to what ultimately became the transition of SES out of the government reporting entity, potential structural scenarios were explored with reference to the organization’s norms, values and beliefs. Knowledgeable leaders’ reflections and actions shaped the organization’s direction, as they recognized the need to rebuild industry’s confidence in SES and its leadership and modernize the legislation to support service delivery using a risk assessment model. These same leaders handled the complexity of the decision-making process, considering multiple disparate elements in the complex environment of Safety Engineering Services. Transformational leadership was provided by the Executive Director throughout the evaluation and reorganization processes, and the interconnectedness and duality of the structure and agency were respected through the evolutionary approach to the transition.
Organizational transitions such as privatizing government services are not undertaken lightly, but are often researched and proposed under pressure. Investigating the feasibility of such a change in a hurried and harried context, particularly when those leading the activity are alert to the significant implications of their decisions for many acutely interested parties, holds the potential to bias the outcome; the details of the change may be negotiable, but the ultimate outcome may not be. It was within a culture and organizational history of such imposed transitions that the privatization of SES was proposed; this history may have contributed to a culture of cynicism within government circles that viewed this change as likely to produce a boondoggle.

A unique feature of the preliminary planning phase for the SES-BCSA transition, however, was that it was not time-bound, as it was not initiated under a government mandate for change. Indeed, unlike most government restructuring activities, the NDP government leaders did not support the original proposals to reorganize SES. This lack of a politically driven mandate for change allowed those searching for ways to improve the delivery of safety services to pursue their inquiries without constraint or compulsion, and to explore as many different options as occurred to them: multiple groups within government were able to consider the proposal in parallel. Ministry staff, Treasury Board, and independent consultants contracted by SES each researched the feasibility of moving the branches outside of the government reporting entity, and each group satisfied itself independently of one another that such a transition was necessary and feasible. While this created frustrations for those who wanted to implement significant structural changes quickly, it allowed exploration and feasibility studies to be conducted without a pre-determined outcome. Consequently, the recommendations for changes to the structure of SES were made in the best interests of the ultimate goal of safety, without consideration for meeting any pressing political agenda. The fact that this change was neither required nor desired by the NDP government allowed trust to grow through the research process and, when the confluence of research and government philosophical stance met, the change was accepted; the opportunity to explore change options without being fettered to a foregone conclusion increased trust in the resulting decision.

For the organizational elite who led this transition, having time to examine the options for privatization without political pressure to reach a decision was foundational to
the ultimate success of the changes. Having multiple and aligned feasibility studies complete and available in the metaphorical decision “garbage can” when the political climate was ready for change meant that it was possible to write and pass new legislation quickly when the new government introduced its core services review process. The research, informed by the agentic opportunities to examine all structural aspects of the change options, had demonstrated that privatization was desirable and feasible, the fact that it was already complete made the project timely, and the change in government leadership and resultant change in values made it possible.

The research process, unencumbered by political ideology, was also helpful in achieving buy-in from stakeholder groups. Early research had examined privatization exercises in other provinces and other countries, such as the use of quangos in the UK, and was revealed to having been explored in Canada’s federal government structure; although this may have allayed some level of concern among industry, privatization was still not generally viewed as best practice. Industry’s inclusion in the process through consultations may not have produced precisely the new organization that each stakeholder group wanted, but involvement in the process satisfied each group that the resulting organization could meet their needs: ultimately, the decision to proceed was supported by the affected stakeholder groups.

Even after the report, with its 31 recommendations, was submitted to government, the political appetite to implement the proposed changes was initially lacking. The NDP government at the time was prepared to approve minor changes to legislation and countenance minor reorganization, but was not prepared to make wholesale changes to the responsibility for regulation, in accordance with their political position that any issues related to public policy should be handled entirely within government. This particular perspective aligns to the regulatory literature that argues that organizations, left unregulated, are likely to under-produce social goods or overproduce social bads.

This situation persisted until the 2001 provincial election, the result of which saw the BC Liberal Party take power. The change in political leadership, the new government’s philosophical orientation toward New Public Management and alternative service delivery, and the core services review mandate they introduced provided the
impetus to make significant change to the government’s organizational structure. The BC Liberals’ New Public Management philosophy led them to support the devolution of service provision to the non-profit sector; as a result of this change in policy, a model of responsive regulation was adopted in British Columbia. The ability to exercise power, also understood to be the capacity of agents to achieve their desired goals and objectives, and effect change was only possible with the confluence of the vision for the privatized organization and the value system of the governing political party. The new government demonstrated their power through their support and willingness to exercise the relative authority and allocative power required to make the changes to privatize SES. The allocation of human and financial resources to the project made it possible for the organization’s leadership to make concrete plans and take their first purposive steps toward becoming an independent authority.

Throughout the review process, the Executive Director exercised his considerable knowledge and expertise in bringing to the table knowledgeable groups with shared interests in the goal of increasing safety. Whether it was drawing on the expertise of representatives from the Ministry and Treasury Band to analyze the structural options for the new organization, discussing potential changes with major stakeholders and receiving their feedback, or keeping the Minister’s office informed of progress, the Executive Director drew on the appropriate resources at the appropriate times to keep the impetus for change alive. The complexity of the leadership challenges were extended by the complexity of government agenda-setting processes, as experienced in the NDP government’s refusal to proceed with significant reorganization despite the multiple and aligned feasibility studies.

Complexity of leadership was also demonstrated in the leaders’ recognition of the importance of recruiting a competent and committed initial leadership team, creating clarity of vision, mission, and values, and the critical role that clear and proactive communication plays in easing the implementation and adoption of change: these rational process demands, as described in Kotter’s (1996) change management model, are as great in a move out of government as they are in any other organizational change. With government approval to move ahead to finalize and implement the transition, forming the leading coalition, developing the vision and strategy and
communicating the vision to encourage engagement, were the next logical steps in a rational change management process.

Recruiting the leadership team began with the interim Board. This team was hand-picked from among knowledgeable government insiders expressly to bring their insider knowledgeability and consciousness of the range of possible structural options and challenges of governance to the privatization planning process. The rational change management model emphasizes the importance of a knowledgeable guiding coalition to the ultimate success of an organization, and this action demonstrates the value of agency to the success of the overall transition activity.

In addition to forming the first guiding coalition, the interim Board and Executive Director set about developing a structure for the new organization. The structures, or rules, resources and mechanisms for operations and change, gained clarity of form as the organization moved closer to April 1, 2004, but the foundational systems needed to be established early in the transition process. The systems are the norms, values and beliefs the organization would align to, and the vision, mission and values statements are the traditional organizational representation of the systems. In the SES-BCSA transition, a key driver in establishing the vision and values statements was a clear sense of what the new organization should not be; the leadership team held a strong desire to not bring some practices that were inherent in government into the new organization. Their knowledge of what had been successful and unsuccessful in the past formed the analytical basis for the changes that would make the new system more productive. They were familiar with the divergent visions of what the organization needed to do, ranging from doing more to doing less but better, that had emerged from recognition of the lack of trust that industry stakeholders had in SES. Awareness that the previous service provision model did not enjoy industry support shaped the discussions of the new organizational structure, and supported the leadership team’s view of the transition as an opportunity to make a fresh start and establish values that would distinguish them from government. They settled on values of integrity, pride and trust as the guiding principles for the new organization.

Developing the new organization’s structure required time and sustained communication. The two-year timeframe available to design and develop the systems
and structures for the new organization was a constraint that could have negatively impacted the uptake of the change, but the reflexivity that had been demonstrated in the previous 10 years’ discussions and planning paid dividends. During the discussions and planning, the transition leaders followed a rational change process and recognized that they needed to develop a system that would motivate the changes that were needed, so they met with major stakeholders to establish dialogue and keep those stakeholders informed of the transition process. The personal interactions between the Executive Director, interim Board members and stakeholders established the nature of these key relationships moving forward. The organization’s leaders sustained their communication with these key stakeholders, and consciously and reflexively incorporated their understanding of the interests and concerns as they shaped the structures and systems of the new organization.

As in private sector organizations, employees and clients are key stakeholders; these are the groups that provide and receive the services the organization is in business to offer. Listening and responding to industry concerns, including educating them about new forms of service provision became a significant issue in the success of the transition. When organizational change privatizes government services, however, the new organization must also consider the needs of its other key stakeholder: government. In privatized organizations like the BCSA, the new organization will never be fully independent of government; it is created by statute, and can as easily be dissolved. It is a “creature of the Province,” and the provincial government is and remains its key stakeholder. This complexity arises from the nature of government and this particular government’s alignment with the principles of new public management; politics and power played a significant role in the creation and ongoing operations of the BCSA, as the government retains the ultimate control to enable or constrain privatized service provision. The operating relationship may place the government at arms-length from the new organization’s day-to-day operations, but knowledgeable organization leaders recognize that government retains the capacity and responsibility to manage and change legislation as needed. This relationship and shared interest in the delivery of safety services must be maintained and nurtured to ensure that the healthy tension between government and privatized service delivery remains viable.
Employees are also key stakeholders in any organization, and recognizing their agency and the need to address their issues, ensuring that there was clarity in the expectation that everyone in the new organization would align their actions and attitudes to the new vision, was very real. As the staffing plans for the new organization were being made, the Executive Director recognized that there were some alignment and organizational fit issues that needed to be addressed; the issue was to get the right person in, and deal with the wrong person when they were already in, but at the right time. The right time to signal change, align the agency within the organization to its structure, and address these issues of “fit” proved to be at the point of transition; some leaders were not invited to join the transition, and others decided to leave in the early days of the new organization.

Through the transition, employee relations were managed primarily through existing union mechanisms. For most employees, issues and concerns were addressed through interest-based negotiations that established the first contract, but the study participants reflected that more could have been done to recognize employees’ agency and engage the employees more fully in the transition. While the leadership team made the effort to travel to offices in all regions of the province, they recognized that they could have employed the regional leadership structure to continue the communications about the change in a more sustained way. Had the transition leadership team recognized that people attach themselves to organizations as they understand them, and increased the frequency and variety of forms of communication accordingly, they could have eased employee concerns about the transition further. The importance of communication is well documented in the change management literature, and this experience demonstrates the importance of recognizing the value and agency of all stakeholder groups in complex transition processes.

Many of the issues related to stakeholder relations and agency are not unique to this transition, but a particularly important lesson from this experience was that it is critical to understand who your key stakeholders are and to establish and maintain effective relationships with them. In a bid to increase stakeholders’ sense of agency and engagement with the process, government leaders actively involved industry representatives in the process of developing the new regulations while virtually excluding the knowledgeable SES staff from visible participation in the process. With the intent of
providing industry with the perception that they were leading the development of the regulations they would later be obligated to follow, the government leaders consulted with SES separately to ensure that regulatory safety obligations would be delivered appropriately with the new regulations. This act of creating engagement with industry wove together the complexities of creating and enforcing regulation and recognizing industry agency. Each of these factors were required elements in the government’s decision-making “garbage can”.

Another element in the decision-making process is BCSA-government relations; a key challenge in establishing and operating the privatized organization was, and is, to maintain independence and autonomy in a smart way, to ensure that the organization remains at a practicable distance from government. This distance should be distant enough that government is not involved in the organization’s day-to-day operations, but not so distant that government feels disconnected and unfamiliar with the key issues the organization is addressing; finding the appropriate balance is the “smart” aspect of this challenge. Whether the need is to clarify the nature and levels of services to be provided, or to report on the efficacy of service provision, developing and maintaining effective relationships with key stakeholders is critical.

When the new organization came into being on April 1, 2004, a significant amount of agentic and rational transitional work remained. For the new leadership team, figuring out how to be a team, creating and communicating to staff expectations of what it meant to be an independent authority when no blueprint for such an organization existed, and becoming and acting like a good leader were significant challenges. A new guiding coalition, in the form of the first full Board of Directors, had to be constituted, and establishing an environment in which employees could succeed had to be mapped out. All of these activities supported the evolution of the organizational culture.

Learning how to be a team in a new organization, when no team had been in place before, created agentic and organizational challenges for the first Executive group. They experienced a lot of tactical “doing” as opposed to strategy development in the early days, and those leaders who had transitioned out of government had to recognize and address the fact that they were now responsible for all aspects of the organization’s operations. Actions of the early executive team were marked by each member building
their part of the organization in isolation of the others; this culture of doing created both a great deal of productivity and some level of internal conflict. The short-term wins that resulted from this early leadership culture of doing translated to growth and development of the organizational structure, and increased clarity of expectations and standards.

Creating greater clarity in expectations and becoming and acting like a good leader meant, in part, that leaders needed to enrol staff in the changes, as involvement and engagement improved the likelihood that staff would embrace the new reality. At least one leader quickly learned that they didn’t have to be the uber-leader; they recognized that being effective required getting information out to staff so that it could be used and internalized, empowering and engaging the employees. Empowering employees for broad-based action on all fronts in the new organization involved getting information and tentative plans out to staff to use, critique and build on. Other actions, such as creating advisory committees to have regular industry input into regulatory decisions, were taken to demonstrate the Authority’s commitment to collaboration and helped to generate short-term wins to which employees could align their actions, as described in the change management literature.

As a newly-formed independent authority, the BCSA signaled changes in organizational culture, structures and systems in other concrete ways. Removal of government control of resources, and BCSA leaders’ acceptance of responsibility for control of allocative and authoritative resources were clear signals of the change in structure. Creation of an independent Appeal Board to hear and rule on client disputes over enforcement actions was another signal of change of structure, one which could be of immediate benefit to industry. Changes in systems were also evident; new norms demonstrated by new executive challenging the status quo with their colleagues by making “shocking” statements in leadership meetings, establishing new expectations of how to deal with conflict, and creating new processes to manage communications effectively were a few of these signals. Changing the norms to facilitate a move from a regulatory culture to a service industry culture became a significant consideration for the new executive team.

Knowledgeability of executive team members, and their ability to act as change agents was demonstrated early in the BCSA’s history. In one notable instance, an
An executive team member prepared a report for the Board that had a significant impact; the report revealed an operational issue that made it virtually impossible for the organization to meet its workload obligations, raising concerns about liability, risk, and the most effective way to manage the safety system. The report prompted an examination and redesign of the organizational operating model to include and formalize a process for understanding and managing technical safety risks, which was a complete upheaval in the way the organization would operate and the technical experts’ understanding of their roles in relation to enforcement of regulatory requirements. This increased awareness of the issue of risk also raised questions about accountability structures in the technical safety system and the interconnectedness of the agents responsible for the work and the structures within which they had to perform.

When SES was part of government, accountability was an aspect of Ministerial responsibility, and the impetus behind reporting was predominantly to have an answer that would satisfy immediate demands such as media inquiries. After the organization transitioned out of government, however, the prevalent form of accountability was to a sustained examination of issues by an invested Board of Directors. The change in accountability structures was mirrored by a change in responsibility for approvals; as part of government, approvals were often required from decision-makers removed from the situation, but when the organization was privatized, accountable individuals also had to grant the approvals. Knowledgeability of individual decision-makers became increasingly important to operational efficiency in the BCSA.

Development of these structures and systems does not fully represent the intense amount of energy and effort that was required to effect the desired cultural change. The dynamics of a transition of government departments are complex and significantly different from organizational restructuring in the private sector. Governments are established, long-standing institutions with traditions of public service, and hold responsibility to manage the public good granted through mandates provided in public elections. Private sector companies, by contrast, exist primarily to conduct their business to maximize returns on investment. Responsibility for provision of public goods is a key functional difference between the purpose of public and private sector organizations, and these differences inform the prevalent cultures and forms of decision-making.
Decisions with implications for public policy are, by their very nature, more complex to make and implement than private sector business decisions. Leadership in providing public goods like safety are complex and must consider public policy issues and related activities such as preparing and passing legislation in addition to all of the operational issues. Legislative and regulatory decisions can impact the day-to-day lives of every citizen, and must therefore be made with consideration for their ultimate impact. The scope of impact and potential for unintended consequences demands that leaders responsible for change related to government service be attentive to these implications.

The nature of government culture also has implications for change leadership; the degree to which organizational culture is entrenched is legendary. This cultural entrenchment is a powerful force that tends to resist change, and the experience of the SES-BCSA transition bears this out. Study participants observed and commented on a level of stubborn resistance to change within the organization. Active resistance to the changes proposed or instituted by the new organizational leaders was a powerful form of agency in action. In these situations, direction from leaders met with an attitude of “I know you’re saying that, but I’m not doing that”; while not articulated in those precise words, this kind of active resistance both created significant challenges in the implementation and adoption of new structures and systems and helped shape the ultimate decisions. The study participants noted that when a regulator makes changes, they must be deliberate and persistent with both their employees and regulated organizations to explain the change and provide opportunities for the discussion and practice over time that would embed the change in practice.

The leaders of the SES-BCSA transition understood that privatization was a frightening concept for staff members who would transition into the new organization. Government employees had embraced the government culture, which contained a congruent practice of structure and agency around an accepted set of values. Culture is a powerful organizational force, and years of recruitment practice at all levels of the organization, and the variety of agentic influences they imported, had a powerful effect on the systems of the government organizational structure. Government leaders had expended significant resources developing and refining mission, vision and values statements, and even more resources entrenching those systems over an extended period of time. Making changes to the organizational culture disrupted the employees'
ontological security, and coming to an understanding of what the systems, or norms, values and beliefs, of the new organization were to become was unnerving for them.

Contributing to this fear of the unknown was the leadership team’s conscious and purposive decision to use the transition exercise as an opportunity to signal change. The decision to not invite some long-standing government leaders to join the transition created uncertainty for employees that did transition, and recruiting or retaining employees whose internal values were not aligned with the organization’s or existing employees’ values created potential for conflict. Conversely, however, recruiting employees with different internal values can be used as a lever for cultural change, providing the vision and values of the realigned culture is clear and used as a benchmark for the espoused values of the new recruits. Recruitment of the leadership team was used as a strategy to signal change, and leaders who had not demonstrated within government an appropriate attitude or personal suitability for the vision of the new organization were left behind in the transition. The leaders’ exercised their reflexivity and consciousness of the importance of employee fit for the privatized organization, and the resulting focus on recruitment efforts created changes in the organizational culture. These decisions, which resulted in employee terminations, were made in the new company’s interests, but nonetheless had implications for the transitioning employees’ sense of security.

New executive team members brought different perspectives and different levels of discursive consciousness to the transition and reculturing process. While leaders who had transitioned out of government provided practical and discursive awareness of the government culture to the transitional proceedings, the new executive team members brought fresh perspectives and expectations of agency, informed by their own previous experience. Reorganizing work teams, changing expectations of productivity and effort, bringing a different approach to resolving conflict, and inspiring a more dynamic operating environment than was present in government are but a few examples of the impact that change in agency can have on an organization. Maintaining a balance of leadership fit was critical to the change process; new leaders had to respect the organizational history and prevalent culture while working to change it; existing leaders had to respect the value of new ideas and approaches. For some leaders, this shift was simply too much and they decided to leave. For others, whose ability to make the shift
was in doubt, the decision to leave was made for them. Involuntary decisions about departure were made in the best interest of the desired organizational structure, and the resultant operational gaps were filled through external recruitment processes. The requirement to make these changes may have been driven by recognition, as explored in the change management literature, that most managers are hired for their technical, not leadership, experience, and that sometimes the gap is simply too large to be bridged.

In the transition out of the government reporting entity, it is important to recognize that making changes to an organization’s structure and culture has significant implications for both those going through and those leading the transition process. Recognizing the issues and developing a strategy to support employees who commit to transitioning with the organization should be a significant consideration for leaders. Encouraging purposive agency and supporting organizational renewal that results from new hires who ask questions that challenge established parameters of behaviour or expectations, hiring people who will be the right fit for the organizational culture, addressing performance issues of existing staff, reorganizing working relationships to build teams, and structuring teams to build mutual trust and respect are all examples of the kind of knowledgeable and purposive action that leaders can take in recognition of the duality of structure and agency in re-alignment of organizational structures and systems.

Summary

Review, summary and analysis of the lived experience of the leaders of the SES-BCSA transition out of government reveals that much of this experience reinforces understandings of governance, regulatory, leadership and change as articulated in these bodies of literature. Three key findings from this experience highlight challenges and considerations that are particular to the leadership of transition from public to private sector environments: the importance and value of a period of research unencumbered by political ideology or mandate for change; the importance of understanding who the resultant organization’s key stakeholders are and maintaining a relationship with them in
a smart way; and the importance of recognizing and taking into account in planning for change that public and private sector organizations have different cultures.
Chapter 10.

Conclusions

You can never repeat what we went through—we were all new together.

While no other government department’s privatization transition will be precisely the same as the SES-BCSA experience, the perceptions and recollections of these members of the organizational elite may offer perspective for leaders just beginning a similar journey. The thirteen participants’ narratives combine to provide a rich description of the complexity of the process of privatizing a regulatory organization, the forces that influenced these leadership agents, and revelations of what was required, from these leaders’ perspectives, to lead such an organizational transition. Their statements and reflections concerning their experiences offer useful lessons to consider when approaching other instances of complex organizational change.

Purpose Revisited

The primary purpose of this research was to articulate and examine the lived experience of the leaders of the BC Government’s SES branches during the transition from government departments to an independent, business-focused, not-for-profit corporation. To focus on the experience, a central research question was posed: “What were the organizational leaders’ experiences of the change process involved in the transition of SES to the BCSA between 1997 and 2008?” To probe the experience through a semi-structured interview process, participants were asked to describe their involvement in the organization, and to explore and articulate

• experiences of influencing, or being influenced by, others during the transition,
• leadership challenges they experienced during the transition,
• unexpected or unanticipated experiences,
• challenges they see confronting the BCSA moving forward, and
• whether there were things they would do differently, with the benefit of hindsight, to influence the process or outcome of the transition.

The duality inherent in the relationship between agents who are highly aware of their own capacity and responsibility for action, and the depth to which they were embedded within the organizational structure required a sophisticated and elegant framework to assist in understanding the phenomenon of the SES-BCSA privatization. Kotter’s (1996) 8-step change model provided a way of looking at the stages in this process, and Giddens’ (1984) Structuration Theory was employed to plumb the depths of the lived leadership experience and understand the complexities of the relationship between the agents involved in the transition and the resultant organization structure.

Key Findings

The lived experience of the leaders of the SES-BCSA transition out of government has been examined through the lenses of lived experience, change management, and Structuration Theory. Through each of these lenses, the experiences reveal the multiple influences, challenges, and successes of this process. Discussions with the participants highlighted the elements of the organizational narrative that each was most familiar with, and the combination of the narratives produced overarching themes and reflections on the importance of structure, culture, and leadership lessons. A review of the narrative coupled with analysis reveals that much of this experience reinforces understandings of governance, regulatory, leadership and change leadership that are articulated in the literature in each of these disciplines. However, three key findings highlight challenges and considerations that are particular to the leadership of transition from public- to private-sector environments.

The first lesson from this transition experience relates to time. The importance of building in time for research, unencumbered by either political ideology or a mandate for change that unduly limits possible actions within the time frame required, has become evident. The literature reflects on a culture of cynicism that is associated with government organizations, as change in the government context is often proposed and
implemented in a harried and hurried manner with a pre-determined outcome. When proposed change significantly affects the work environment or processes, predetermination of the result or lack of consultation with those most affected by the change leads to a sense of cynicism or disengagement among the organization’s members. In the SES-BCSA transition, the government did not instigate or proactively support the research, a variety of analyst teams were able to probe and explore all possible options that could resolve the organizational chaos without pressure. When all the research pointed to the same conclusion, and a government whose ideology supported the recommendations came to power, the new organizational direction became feasible, timely and desirable. The lesson in this experience for other privatization planners is to take time, unencumbered by political ideology, to allow full consideration of all options before making a decision about the goal of the change initiative.

The second lesson relates to understanding not only who the new organization’s key stakeholders are going to be and maintaining a relationship with them in a smart way, but also keeping in touch with government stakeholders. Most of the literature in the area of organizational change in the private sector, reminds leaders to consider the needs of suppliers, customers and employees; the needs of these groups must also be considered in public sector transitions. The stakeholder that private sector organizations do not need to be concerned with, however, is government. When public sector services are privatized and delivered by the private sector, government continues to have a vested interest in the effective delivery of the services. Privatized organizations that forget or ignore government interests do so at their own peril; when an organization is created by government, it can as easily be un-created, so the challenge for the privatized organization is to maintain a relationship with their key stakeholder that retains constructive tension and allows them to manage the relationship in a smart way.

The third lesson from the SES-BCSA transition is the importance of recognizing that public- and private-sector organizations have different cultures, and taking the need for cultural change into account in the transition planning and implementation. In private sector transitions, moves are generally within a consistent cultural paradigm so the disruption to employees’ ontological security is more easily managed. When the transition takes employees from a comfortable and well-understood culture to a process
that changes the operational systems and structures, it behooves leaders to allow time and space in the transition process to support employees in making the cultural shift.

Analysis of the SES-BCSA transition experience revealed that the duality of the structural considerations and the agency required to develop and implement them is a considerable force to consider in leading transitions. Employees’ actions in response to the change demands can be supportive and move the change initiatives forward, or resistant in not making the required changes in their own actions. Without employee uptake, changes in practice and process will not be made of sustained, and the change effort will ultimately fail. As a framework for understanding the interconnectedness of agents and the world they live and work in, Giddens’ (1984) Structuration Theory has proven to be an elegant and robust framework to understand the complexities of the relationship between the agents involved in the transition and the resultant organization structure.

**Implications for Practice**

In practice, many of the lessons of change management that exist in the literature hold true in public-to-private sector organizational transitions. Leaders should

- identify or create an impetus for change,
- create a guiding coalition,
- develop a vision and strategy,
- communicate the changes using all available mechanisms,
- recognize the impact of agency on change processes and use distributed leadership to support it, and
- generate short-term wins as the basis for long-term success.

In addition to these traditional change management practices, leaders of public-to-private organizational transitions should

- allow enough time, unencumbered by political agenda, to research options for change,
- create processes to ensure a healthy relationship with government.
In addition to the process changes, this research demonstrates that leaders of organizational change need to reflect on changes to culture that the transition will bring, bring that change to employees’ consciousness by openly discussing the changes in norms, values and beliefs, and creating opportunities iteratively for employees to engage with and internalize the new cultural realities.

Implications for Further Research

This research was limited to the lived experience of the organization elite engaged in leading the transition. It did not seek to understand the perspectives and experience of all those who experienced the transition. An interesting complementary study would be to explore the perceptions of other members of the organization, and compare and contrast the lived experience of the two groups to uncover areas of shared and disparate perception.

A second opportunity for further research would combine the SES-BCSA experience of leadership through transition with other research of a similar nature and compare and contrast the lived experiences. Such a study could reveal even greater understanding of the implications of culture and structure for change leadership.
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Appendices
Appendix A.

Interview Questions

The leaders of BCSA’s transition out of government and into an independent, business-focused, not-for-profit corporation were asked a series of open-ended questions intended to elicit a recital of experiences related to their execution of change leadership in the creation of the BCSA. Key questions include:

• How did you become involved in the organization and its transition, and what was your role? What skills, experience, beliefs, and understandings did you bring to the process?

• Did you come to the organization and its transition with a framework, plan, or “blueprint” for leading the organization through its transition? If so, what framework did you consult, and why that one?

• Tell me about occasions during the process when your perceptions were influenced by others. Tell me about occasions when your perceptions influenced others.

• What leadership challenges did you experience in your role in the BCSA’s transition?

• Was anything unexpected in this experience for you? Has anything in the process or outcomes surprised you?

• What do you think are the most pressing challenges facing the BCSA as it moves forward in its role as a regulatory authority that operates as an independent, not-for-profit organization?

• In hindsight, are there things you would do differently to influence the process or outcome of the organizational transition out of government service?
Appendix B.

Transition Timeline

pre-1990 discussion begin about issues with the technical safety system
1990 Acting Executive Director sent to Vancouver to assess state of branch offices
1991-1992 internal reorganization of service delivery units; cost-recovery mandate and fee freeze imposed; national recruitment process for Executive Director conducted and concluded
1993 discussions of administrative flexibility begin
1995 review of services undertaken by Ministry, SES and Treasury Board
1997 *The Next Horizon* report (Government of British Columbia, 1997) delivered
1997-2001 reorganization and changes to legislation; proposal for Special Operating Agency status developed; combined legislation for four branches of SES, and made small but significant changes
2001 BC Liberal Party won provincial election; brought in core review process
2002 Executive Director seconded to develop vision and build structure for BCSA