

# CULTURE SHOCK

## CREATING A CHANGEMAKING CULTURE IN LOCAL GOVERNMENT

Adam Lent and Jessica Studdert





# CONTENTS

EXECUTIVE SUMMARY	4
FOREWORD	7
WHY CULTURE CHANGE	9
THE COMPETING VALUES FRAMEWORK	17
APPLYING THE COMPETING VALUES FRAMEWORK TO THE CULTURE OF COUNCILS	22
CHANGING THE CULTURE OF LOCAL GOVERNMENT	26
CASE STUDIES	30
CONCLUSION	35
REFERENCES	36

# EXECUTIVE SUMMARY

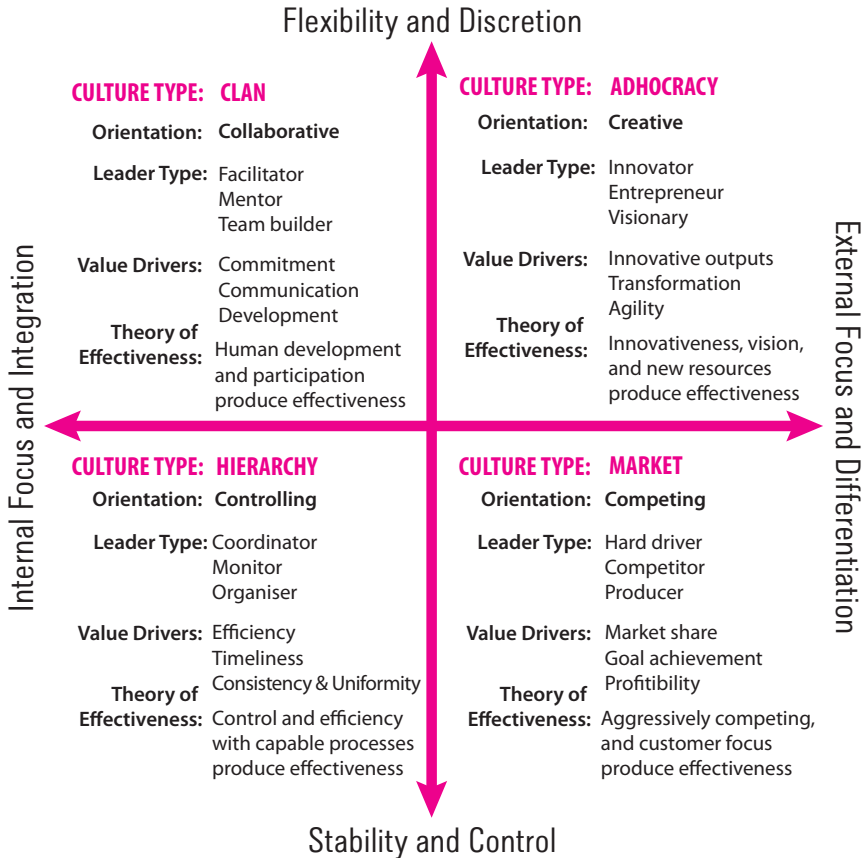
## INTRODUCTION: THE IMPORTANCE OF CULTURE CHANGE

In government and the wider public sector there is an abiding interest in structural change. However, in this essay we argue that transforming the culture of an organisation is much more likely to secure improvements in performance than shifts in governance regimes and institutional forms. This is the case for three main reasons:

- There is a strong evidence base from academic research which shows that organisational culture is an extremely important factor in success;
- The increasing complexity and speed of the world within which councils operate requires effective rules of thumb (or heuristics) rather than rigid regulations and processes by which a workforce operates. The behavioural norms provided by a well-adapted organisational culture effectively amounts to these rules of thumb;
- Organisations with positive, dynamic and supportive cultures are more likely to have healthier, happier staff with lower rates of turnover and more commitment to their work.

## ASSESSING THE CULTURE OF LOCAL GOVERNMENT

Drawing on the competing values framework developed by Kim Cameron and Robert Quinn (see figure below), which identifies four ideal culture types, an initial assessment of the dominant culture of local government can be made. This is that a 'hierarchical' culture tends to dominate in councils with some elements of a 'market' culture. Both of these cultures tend to promote stability and control. By contrast, the two other types identified by Cameron and Quinn of 'clan' and 'adhocracy' cultures, and which tend to promote flexibility and discretion, are far less prevalent.



In the current context within which councils operate – rising demand, shrinking resources, rapidly shifting public expectations and growing complexity – it is important that councils develop a culture more attuned to these times. This means shifting towards ‘clan’ and ‘adhocratic’ types which enable a changemaking culture that embraces creativity, collaboration and self-determination even if ‘hierarchy’ and ‘market’ cultures should not be abandoned altogether.

## CHANGING COUNCILS' CULTURE

Two key strategic decisions confront councils seeking to transform organisational culture to adopt greater flexibility and discretion.

- Direct or indirect approach? The direct approach involves the leadership of an organisation acknowledging openly and publicly that culture needs to change, assessing the current culture, identifying what the new culture should look like and then planning a strategy to achieve the change.

The indirect approach avoids mentioning culture change as part of a transformation plan. Instead, it introduces new imperatives and working practices which, in effect, shift cultural norms such as creating a 'no rules, no barriers' approach to solving priority challenges or introducing new project management and planning processes such as 'agile working'.

- Big Bang or incremental change? The Big Bang approach involves a council's leadership team playing a key role in driving through culture change for the whole organisation with no member of staff, department or function escaping the winds of change. This contrasts with the incremental approach which attempts to shift culture one department, function or organisational aspect at a time.

Each of these strategic decisions will have various pros and cons involving level of risk, pace of change and resource intensity. It seems likely that different approaches will suit different councils and have different levels of efficacy depending on their circumstances.

# FOREWORD

This essay is the next phase of NLGN's developing model of changemaking. Our initial thought-piece<sup>1</sup> set out a future vision for local government, in which we argued that councils should adopt a 'changemaking' approach to generate and sustain impact in a world of growing complexity. The changemaking approach we outlined had three key aspects:

- **CULTURE, NOT JUST STRUCTURES:** A focus on creating a positive, dynamic culture within the council workforce, amongst elected members and within the wider community as opposed to simply expecting shifts in structures to produce change.
- **EMBEDDING CLEAR VALUES:** The encouragement of a clear set of three behavioural norms – creativity, collaboration and self-determination – to better enable adaptation to competing priorities.
- **DRIVING SOCIAL IMPACT:** The introduction of a fierce clarity of mission for local government geared towards generating social impact as well as delivering services.

We argued that such an approach reflected not just the best of what was happening in local government itself but also would emulate the most impactful organisations operating in the private and social sector.

In this essay, we aim to develop the argument further. In particular, we seek to explain why culture change is so important for organisations seeking impact in the modern world, suggest an initial understanding of the current culture of councils and map out the beginnings of a route-map towards a more changemaking culture within local government and the communities with which they work.

Our focus is on what local government itself can achieve. This is not to downplay the significant pressures that exist on the sector – financial,

---

<sup>1</sup> Lent A. & Studdert J. (2017) *A Changemaking Vision for Local Government*, NLGN <http://www.nlgn.org.uk/public/2018/a-changemaking-vision-for-local-government/>

demand and legislative. It is rather to argue strongly, that in the absence of any coherent vision for the future of local government from central government, it is for local government to chart its own course. By establishing a new model for organisational impact fit for purpose for the future, the sector can pioneer change from which other parts of the public sector, and indeed Whitehall itself, can learn.

The case we set out here is presented very much as a series of initial hypotheses ahead of more rigorous and comprehensive research currently being undertaken by NLGN.

We intend it to be part of an ongoing conversation we have launched in the local government and wider public sector about new models of delivery and culture change. Please do share your thoughts or comments on this essay with us.

**Adam Lent** and **Jessica Studdert**

February 2018



# WHY CULTURE CHANGE

**There is a growing awareness in local government about the importance of a council's culture to its efficacy. Senior figures within councils often seek to change their organisation's or department's culture in more or less methodical ways as part of a vision of transformation. The idea is gaining increasing traction as the most forward-looking chief executives and leaders seek to reinvent their councils for an era of heavily constrained funding and rapidly rising demand.**

However, today and in the past, it is fair to say that structural reform has played a far bigger role than culture change in national debate about local government's future and in local visions of transformation. A brief look at the discussions currently shaping local government policy easily confirms this. What type of governance and delivery frameworks are best placed to enable devolution of powers? What should be the structural future of two tier areas? What type of organisational form and governance is best placed to resolve the crises in adult social care and in children's services?

Maybe this focus should not be that surprising. The structures of English local government are enormously complex, and are the result of waves of reform and reorganisation since the founding municipalism of the mid-19<sup>th</sup> century. There is near unanimity in local government that if we were to design a system from scratch, it would not resemble what we have in place today. As a result, debates about local government tend to be dominated by form over function. There is a strong tendency to believe that inventing or abolishing a new tier of governance, or rationalising existing messiness, will inevitably result in a better system.

In addition, England is a very centralised country by international standards, with significant capacity, policy initiative and resource concentrated in Whitehall. Related to this, there is a systematic infantilising of local government characterised by a vicious cycle that begins with a lack of trust in local government's ability to deliver. This leads to regular initiatives that remove direct responsibility from local government by creating new structures to receive new funding and responsibility, such as local enterprise partnerships (LEPs) or academy chains. This creates layers of complexity

and competing aims in localities, but it is usually local government that is blamed if these restructures fail to deliver the expected change – such as increased business engagement or improved educational performance. This perpetuates the lack of trust in local government’s ability to deliver leading to yet more structural reform.

Of course, structural change is also appealing to an organisation’s leaders – particularly those who rely on election to stay in post – because it appears dynamic and delivery-focused. Setting up or rearranging an institution with a new budget, staff and executive gives an impression – often misleading – of real change. Structural reform is easy to grasp - culture change is less tangible and harder to measure or see.

By contrast, we argue here for a much stronger emphasis on the role of culture and the need to shift it to be aligned with organisational mission in order to generate and sustain impact.<sup>2</sup>

## 1. THE EVIDENCE FROM ORGANISATIONAL CHANGE IN PRACTICE

The academic evidence for the importance of culture to organisational success in the private sector is well developed and exceptionally strong.<sup>3</sup> There are three key findings which emerge from this.

Firstly, lack of focus on culture accounts for the extraordinarily high failure rate of organisational change programmes. One influential study concluded that three-quarters of attempts to transform organisational performance in the private sector fail entirely and sometimes cause such serious problems that they actually imperil an organisation’s existence.<sup>4</sup> Many studies that have tried to explain this phenomenon cite neglect of shifting organisational

---

<sup>2</sup> We define culture as the norms and values that determine the behaviour of those who work within an organisation. These norms result from complex processes of emulation and reinforcement, sometimes unconscious, by each employee of their colleagues’ behaviour. The norms are often but not always reflected in the explicit formal processes of an organisation but can often also act in contradiction to those formal processes.

<sup>3</sup> Cited in Cameron K. & Quinn R. (2011) *Diagnosing and Changing Organizational Culture*, Jossey Bass. See also Laloux F. (2014) *Reinventing Organisations*, Nelson Parker; and Schein E.H. (2016) *Organisational Culture and Leadership*, Wiley 5th revised edition.

<sup>4</sup> Cameron K. (1997) “Techniques for making organization effective” in Druckman D. et al, *Enhancing Organizational Performance*, National Academies Press.

culture as the primary reason for the high failure rate.<sup>5</sup>

This evidence highlights that trying, for example, to create a more innovative organisation by establishing new departments, deleting others and redirecting budgets will inevitably have little impact if the underlying behavioural norms of the organisation are to be closed-minded to new ideas and cynical about change. This may seem obvious when stated so bluntly but it is clear from the evidence that this has rarely occurred to senior leaders or, if it has, has been ignored.

Secondly, there is a growing list of organisations which have generated success for themselves in recent years through a focus on organisational culture. In many cases, these are companies that have achieved high performance in the face of adverse market conditions and/or recent crisis.

Kim Cameron and Robert Quinn,<sup>6</sup> two of the leading academic specialists on organisational culture, have studied those companies which have flourished in the last two to three decades seeing off very well-established market incumbents - all of which cite their company culture as the key to their success. They include: Southwest Airlines, Walmart, Kansas City Southern, Walgreen, Comcast, Kroger, Apple and Pixar.

As Cameron and Quinn state:

*"The sustained success of these firms has had less to do with market forces than with company values, less to do with competitive positioning than with personal beliefs, and less to do with resource advantages than with vision."*

Finally, there are a series of rigorous empirical studies which have concluded that the right culture leads to organisational success and impact.<sup>7</sup> In one of these, seventy-five financial analysts were asked to

---

<sup>5</sup> See Caldwell B. (1994) "Missteps, Miscues", *Information Week*; Gross T. et al. (1993) "The Reinvention Rollercoaster", *Harvard Business Review*; Kotter J. & Heskett J. (1992) *Corporate Culture and Performance*, Free Press.

<sup>6</sup> Cameron K. & Quinn R. (2011) *Diagnosing and Changing Organizational Culture*, Jossey Bass.

<sup>7</sup> Cameron K. & Ettington D. (1988) "The Conceptual Foundations of Organizational Culture" in Smart J. *Higher Education: Handbook of Theory and Research*, Kluwer; Denison D. (1990) *Corporate Culture and Organizational Effectiveness*, Wiley; Kotter J. & Heskett J. (1992) *Corporate Culture and Performance*, Free Press; Trice H. & Beyer J. (1993) *The Cultures of Work Organizations*, Prentice Hall.

explain the performance of successful and failing firms.<sup>8</sup> Financial analysts were specifically chosen for their well-known commitment to unsentimental and data-driven conclusions. Every one of the analysts concluded that culture was a critical factor in the firms' varying performance.

The impact of culture on organisational success in the private sector is summarised by Cameron and Quinn thus:

*"Highly successful firms have capitalised on the power that resides... in the ability of a strong, unique culture to reduce collective uncertainties (that is, facilitate a common interpretation system for members), create social order (make clear to members what is expected), create continuity (perpetuate key values and norms across generations of members), create a collective identity and commitment (bind members together) and elucidate a vision for the future (energise forward movement)."*<sup>9</sup>

## 2. THE IMPACT OF CULTURE FOR LOCAL GOVERNMENT

This evidence from the frontier of the private sector begs the question of why culture should be so important to organisational success for local government.

Part of the answer is obvious. Workforces with norms which prevent behaviours that are critical to the successful delivery of an organisation's goals are unlikely to succeed. Those with norms which encourage mission critical behaviours are more likely to flourish.

Many councils, for example, are now seeking to become far more commercially-minded to generate extra revenues to ensure future financial self-sufficiency. Those councils that successfully create an entrepreneurial culture where staff actively seek out new ideas for income generation and where colleagues celebrate and support such behaviours are clearly much more likely to succeed in their endeavour than those where such norms are not practiced or are denigrated. This is an analysis one could apply to any number of organisational goals and their associated employee behaviours.

---

<sup>8</sup> Kotter and Heskett (1992).

<sup>9</sup> Cameron and Quinn (2011).

Yet there is another way in which culture is particularly important and potentially growing in importance for local government. This is as a response to the complexity of the social, cultural and economic context within which councils as organisations operate.

## THE COMPLEX OPERATING ENVIRONMENT

Organisations of any decent size and ambition have probably always found the world in which they operate challenging and unpredictable. It seems likely that the bishops, burghers and lords of the Middle Ages felt just as unsure of the future as today's public sector leaders, business executives and politicians. But there is powerful evidence that the complexity of the world is greater now than it has ever been.

On a wide variety of measures, we can sense that greater complexity both intuitively and based on academic analysis. There are far, far more products and services available now than there has ever been and that explosion has occurred very recently in historical terms.<sup>10</sup> There are many more organisations operating at local, national, continental and global levels with a wider range of contradictory and overlapping responsibilities than was the case half a century ago. This is the case both in the business world but also in the not-for-profit sector.<sup>11</sup> There is much greater mobility over much greater distances both in terms of travel for business and pleasure but also in terms of economic migration.<sup>12</sup> And, maybe most importantly, today's citizens are more likely to seek out opportunities for personal expression free of the control of established institutions and social norms creating a wider range of lifestyle choices, tastes and demands.<sup>13</sup>

These shifts explain why 'VUCA', an acronym for volatility, uncertainty, complexity and ambiguity – first developed by the US army to describe the post-Cold War era – has become increasingly used in business management to refer to the challenging context in which companies

---

<sup>10</sup> See Beinbocker E. (2006), *The Origin of Wealth*, Random House; Lent A. (2016) *Small is Powerful*, Unbound.

<sup>11</sup> Makoba J. (2002) "Non-governmental Organizations and Third World Development", *Journal of Third World Studies*.

<sup>12</sup> World Bank (2009) *World Development Report*.

<sup>13</sup> Welzel C. (2013) *Freedom Rising*, Cambridge University Press.

operate.<sup>14</sup> These trends are occurring in modern society generally, with or without the specific challenges for local government and the wider public sector of constrained public finances and demographic changes creating rising demand for services.<sup>15</sup>

Under conditions of great complexity where the sheer weight of information cannot be processed, it is a well-observed phenomenon that animals and humans tend to use simple rules of thumb to achieve optimal outcomes. These rules are often referred to as 'heuristics'.

## THE ROLE OF HEURISTICS

A celebrated example of the role of heuristics comes from a paper by the economists Andrew Haldane and Vasileios Madouros.<sup>16</sup> The authors use the analogy of a dog catching a frisbee to explain how heuristics allow an animal with no capacity to calculate the very complex mathematics and physics of aerodynamics to still catch the frisbee without fail nearly every time it is thrown. The heuristic in this case is to keep the angle of the gaze towards the frisbee as constant as possible to the point it is caught. (It works for humans as well).

Haldane and Madouros use this analogy to make a point about how a few simple rules prove more effective for central banks and regulators trying to control the highly complex world of financial markets than endless lists of rules which attempt to capture every imaginable eventuality (although the latter remains the most common approach despite its proven inefficacy). But the insight is equally applicable to any organisation trying to operate in an increasingly complex context.

The behavioural norms that make up an organisational culture are effectively heuristics that guide employees in their response to unpredictable and unexpected eventualities. When these norms are well-aligned with an

---

<sup>14</sup> Bennett N. & Lemoine J. (2014) "What VUCA Really Means for You" *Harvard Business Review*.

<sup>15</sup> See for example Studdert, J. and Stopforth S. for the Place Based Health Commission (2016) *Get Well Soon: Reimagining Place-based Health*, NLGN and Collaborate.

<sup>16</sup> Haldane A. & Madouros V. (2012) *The Dog and the Frisbee* <https://www.bis.org/review/r120905a.pdf>.

organisation's critical goals and its context they can deliver outcomes that are more likely to be successful.

## HOW DIFFERENT HEURISTICS MIGHT ENABLE OR HINDER AN EFFECTIVE RESPONSE TO CHALLENGES

To take a relatively simple example, we can easily imagine a situation in which a council has decided to move as many public enquiries online as possible. The plan is developed in such a way to allow for the expectation that elderly residents would find this shift to online enquiries a challenge and, as such, protocols have been put in place to address this concern. However, when the programme is launched, large numbers of younger people unexpectedly complain about the shift. The complaints rapidly find their way onto social media and within a matter of days the credibility of the whole plan is threatened.

The response of frontline staff and junior management who are bearing the brunt of this situation is crucial. They will inevitably be asking themselves how they should respond to this unexpected and fast-moving situation. Heuristics are vital in this. A council in which the norm is to place the concerns of service users above all else and to solve problems rapidly and creatively is far more likely to secure a satisfactory and speedy outcome. They are likely to discover quickly that young people are finding it difficult to access the online enquiry system because it has not been formatted adequately for a smartphone which has enjoyed a recent spike in sales amongst those under twenty-five years of age. They are also likely to try to develop a rapid solution to the problem.

Compare this with the council where the heuristic for an unexpected problem is to write a lengthy situational report on any problem, pass the issue up the chain of command, and await orders. The response is likely to be far slower, less well-informed and, in all likelihood, will require numerous iterations as any adaptations to the chosen solution are constantly referred upwards and re-analysed.

Equally, we can imagine a council where the behavioural norm is to stick to agreed plans relentlessly and defer dealing with service user complaints for

as long as possible. Here, the situation is likely to run rapidly out of control and imperil the whole change programme.

In a world where challenges such as this – both bigger and smaller – occur with striking regularity for any body of reasonable size operating in the context of complexity and unpredictability, it becomes clear why an organisation requires the heuristics of established behavioural norms to be aligned well to organisational mission to secure success and ward off failure.

### 3. THE HUMAN FACTOR

The final argument for the importance of culture to organisational success rests on the fact that bodies with positive, dynamic and supportive cultures tend to have much happier and fulfilled workforces.

A series of studies have shown that culture plays a fundamental role in employee morale, productivity, health and well-being,<sup>17</sup> This is hardly surprising. We are social creatures and our happiness is intimately bound up with our relationships to those around us. If work is a place of negativity and unfriendly behaviour then our well-being will inevitably suffer.

This is vital not just on a basic human level – endeavouring to treat others well is pretty much the baseline in any ethical philosophy – but clearly makes for a better organisation. Motivated, happy and fulfilled staff are inevitably more likely to go the extra mile for their employer and stay in post and less likely to raise time-consuming grievances, take time off sick or quit.

The council workforce interacts with its residents on a daily basis in a wide range of circumstances from fixing a pothole or taking care of a planning enquiry, to fulfilling its role as a corporate parent of a looked after child or responding to an individual in housing need. The knock-on effect of a motivated, “can-do” workforce on people’s experience of interaction with the council and perception of its efficacy – both for the majority who use its mainstream services and the minority of more vulnerable users – cannot be underestimated.

---

<sup>17</sup> See Kozlowski S. et al. (1993) “Organizational Downsizing” *International Review of Industrial and Organizational Psychology*.



# THE COMPETING VALUES FRAMEWORK

**So, the evidence and arguments for a much sharper focus on culture within local government are strong. But what exactly is the current culture of local government? To answer this question, it is first necessary to understand the different types of culture that shape organisations.**

One of the most sophisticated approaches to this question, that has also been tested extensively in practice, is the Competing Values Framework developed by Kim Cameron and Robert Quinn.<sup>18</sup> Its practical resonance resides in two key aspects of the framework.

Firstly, although it is based on four organisational culture types, the framework recognises, as the name suggests, that most organisations have elements of all four types often in competition with one another even if one does tend to predominate. Clearly, the culture of different councils will vary from place to place. And individual councils themselves are unlikely to have a single culture, but rather have a series of sub-cultures co-existing across different departments, services and tiers of management, and between different groups of members and officers. This makes the Competing Values Framework particularly useful when dealing with large complex organisations like councils.

Secondly, Cameron and Quinn do not prescribe any one of the four types of organisational culture as inherently preferable to another. Rather, they suggest that culture needs to match the contextual circumstances of an organisation to achieve impact and success. This requires awareness of existing culture, a clear sense of what type of culture might be required and a clear plan for culture change if necessary. This approach stands in contrast to much analysis of organisational culture – particularly on the pages of popular business and management books – in which all organisations are often advised to simply adopt wholesale the culture of the latest company or sector of companies that have proved successful.

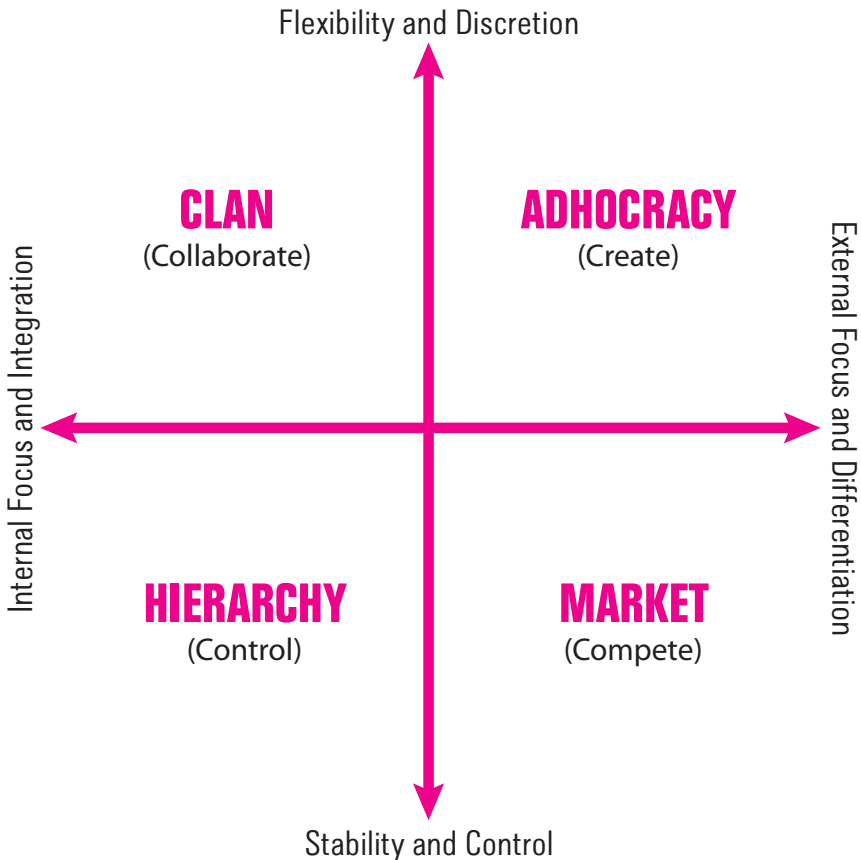
---

<sup>18</sup> This section draws on the Competing Values Framework devised by and set out comprehensively in Cameron and Quinn (2011).

The Competing Values Framework is based on two dimensions:

- FROM FLEXIBILITY AND DISCRETION TO STABILITY AND CONTROL:**  
 This continuum ranges from organisational versatility and pliability at one end to organisational steadiness and durability at the other.
- FROM AN INTERNAL ORIENTATION FOCUSED ON INTEGRATION, TO AN EXTERNAL ORIENTATION FOCUSED ON DIFFERENTIATION:** This continuum ranges from organisational cohesion and unity on one end and organisational independence and competition on the other.

**FIGURE 1:** The Competing Values Framework (Cameron and Quinn, 2011).



These two dimensions produce the diagram in Figure 1, which contains four quadrants. The quadrants identify the values that emphasise the four combinations of these two dimensions. They reflect four main culture types that characterise organisations, of which each have a dominant behavioural norm indicated within the brackets: hierarchy (control), market (compete), clan (collaborate) and adhocracy (create).

The descriptions of each culture, based on those set out by Cameron and Quinn are:

**HIERARCHY (CONTROL):** This features the seven core behavioural norms of bureaucracy, as defined by Max Weber: rules, specialisation, meritocracy, hierarchy, separate ownership, impersonality and accountability. These characteristics are effective at producing goods and services efficiently and consistently. They are suited to a stable external environment and prize a controlled internal environment in which tasks and functions are integrated and coordinated in a highly structured place of work, with well-established procedures governing what people do.

In the hierarchy quadrant, formal rules and policies hold the organisation together and leaders are good coordinators who can ensure smooth running. It was most characteristic of both the big corporations of the capitalist economies up to the 1960s and the state structures of the post-war welfare state.

**MARKET (COMPETITIVE):** Competitive challenges emerging increasingly from the 1960s onwards led to the development of this form of organisational culture. Market organisational types are oriented towards the external environment instead of internal affairs and, as such, are focussed on transactions with external constituencies such as suppliers, customers, and licensees. There is an emphasis on creating competitive advantage through these transactions, and so profitability, bottom-line results, niches and strong customer bases are all primary objectives of that organisation.

In the market quadrant, the workplace is results-oriented and leaders are hard-driving competitors who are tough and demanding. This is the dominant culture of many modern corporations particularly in Europe and America at least until the rise of the tech sector at the turn of the 21<sup>st</sup> Century. The New

Public Management approach which was developed during and after the 1980s can be seen, in part, as an attempt to introduce a more market type culture into the public sector particularly in the UK and America.

**CLAN (COLLABORATE):** This form of organisation is characterised by strong shared values and goals, cohesion, participation, and “we-ness”. Rather than being governed by rules and procedures of hierarches or the competitive profit drives of markets, typical characteristics of these firms are teamwork, employee involvement and corporate commitment to employees. Teams are semi-autonomous and receive rewards as a team rather than individuals, and employees are empowered through development and feedback loops.

In the clan quadrant, leaders are mentors or parent figures, and the organisation is held together through loyalty and tradition, with high cohesion and morale being important. Famously, this is the culture that has tended to dominate corporate and other large organisations in Japan and other parts of East and South East Asia. Efforts to import the clan culture to the West in the form of Total Quality Management were a direct response to the rapid export-led growth of Japanese firms from the 1960s.

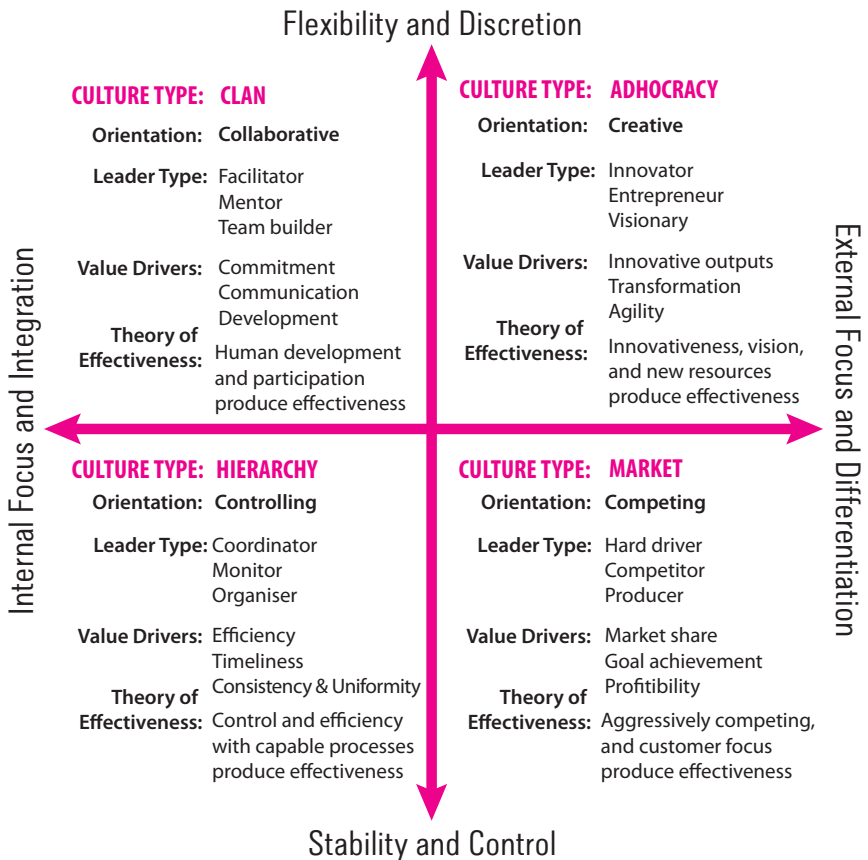
**ADHOCRACY (CREATE):** A fourth type of organisation has emerged as the developed world shifted from the industrial to the information age. This is most responsive to the hyper-turbulent, ever-accelerating conditions that characterise the twenty-first century. On the basis that there is a decreasing shelf-life of product and service advantages, the assumptions that characterise these organisations are that the major task to succeed is to foster entrepreneurship, creativity and activity at the cutting edge. In an adhocracy, the workforce is specialised and dynamic with temporary teams put together on projects and disbanded once complete.

If uncertainty, ambiguity and information overload are typical today, a major goal of adhocracy is to foster adaptability, flexibility and creativity. Leadership is visionary, innovative and risk-oriented. The organisation is held together by a commitment to experimentation and innovation: readiness for change and meeting new challenges are important. Sometimes adhocracy sub-units exist in larger organisations that have a

dominant culture of a different type. This culture is particularly prevalent in the new technology sector that was stimulated by the arrival of the internet in the mid-1990s and which has spawned numerous management books and consultancies urging adoption of the culture in every sphere of the private, public and social sector.

Cameron and Quinn summarise these four ideal cultural types in Figure 2.

**FIGURE 2: CHARACTERISTICS OF THE FOUR CULTURAL TYPES OF THE COMPETING VALUES FRAMEWORK.**



# APPLYING THE COMPETING VALUES FRAMEWORK TO THE CULTURE OF COUNCILS

**Like all organisations, councils are not easily characterised by just one of the Competing Values Framework types and will contain sub-cultures. But ahead of further research, we contend that as organisations councils are dominated by a hierarchy culture, with some elements of a market culture, limited elements of a clan culture and very few of an adhocratic culture.**

The roots of modern local government in the great expansion of the public sector in the mid-twentieth century mean that it possesses many features of the hierarchy culture that was the dominant organisational type of that era. This is evidenced by large numbers of standardised procedures, multiple hierarchical levels and an emphasis on rule enforcement. The criteria of effectiveness most highly valued in a hierarchy culture are efficiency, timeliness, smooth functioning and predictability – all features which anyone who has worked in local government will recognise as being organisational ideals. If anything, the popularity of target-setting and the establishment of rigorous inspection regimes under New Labour governments only reinforced this hierarchy culture further.

A series of reforms and measures over more recent decades can be seen to have encouraged the emergence of a market culture. This includes the influence of the early iterations of the New Public Management approach<sup>19</sup> during the 1980s, the introduction of quasi-markets in the 1990s, new models of public private partnerships and outsourcing in the 2000s and the deep funding cuts since 2010 which are informing the need for local government to behave more commercially to generate new revenue

---

<sup>19</sup> Dunleavy P. & Hood C. (1994) 'From old public administration to new public management', *Public Money and Management* Le Grand J. (2007) *The Other Invisible Hand*, Princeton University Press

streams.<sup>20</sup> This has been exhibited in more external focus on residents as “customers”, personalising services and presenting a more efficient professional identity and approach to the outside world. A strong emphasis on targets and outcomes alongside the recent financial pressures means it has become increasingly common to also find a focus on goal achievement, intense pressure to deliver value for money and the need to make ‘business cases’ for any proposed change in councils.

Arguably however, the limits of success in local governments’ adoption of a market culture could be down to the continuing dominance of a hierarchy culture, which inhibits some action required to effectively meet these aims. For example, business case planning can become subsumed to internal procedure, the need to drive hard contract negotiations and ongoing contract management with the private sector is not always recognised, and many residents may feel that their face-to-face experience with frontline staff is less “the customer is always right” and more “computer says no”.

There do exist some recognisable elements of a clan culture in local government. This is probably most clearly exhibited through what is widely known as the ‘public service ethos’. If this is understood as a commitment by council workforces to work together as a team to deliver the best outcomes for those most in need of help then this ethos certainly does seem to accord with a clan-type emphasis on a shared sense of mission. The strong history of standards, practice and training that shapes many of the professions that make up the council workforce also speak to the clan culture focus on human development.

Yet the widely acknowledged tendency to siloed behaviour within councils would seem to suggest that the clan culture is most identifiable as subcultures within councils, such as a frontline team working together with a high degree of cohesion, or a team with shared technical expertise and a strong sense of identity unique to their profession rather than the wider council. The key element of the clan culture – collaboration – is probably less manifested across the whole organisation of the council, where again the hierarchy culture tends to win out.

---

<sup>20</sup> See for example Carr, R (2015) *Commercial Councils: The rise of entrepreneurialism in local government*, Localis.

A strong feature of the clan culture is that it is very adaptable and flexible giving teams of workers great discretion over how they deliver their goals. Again, this has not historically been a feature of local government, which has tended towards an emphasis on tiers of authority and higher-level sign-off.

This brings us to the culture type which is the least prevalent in local government: adhocracy. This highly flexible and adaptive culture which prizes experimentation and innovation above all else is exceptionally rare in local government, even if some elements of it are beginning to be tried in some councils as our case studies reveal (see page 30).

Thus, ahead of further research, it is our hypothesis that the culture of local government tends towards the 'stability and control' half of Cameron and Quinn's quadrant, having moved within that half to some degree away from the classic internal focus of a hierarchy culture and more towards the external focus of the market culture over the last twenty years. Yet councils have been less successful in moving towards the 'flexibility and discretion' half of the quadrant which would require a stronger adoption of clan and/or adhocratic features.

There is, however, now a strong imperative for councils to make more concerted moves towards adopting clan and adhocracy cultures. The dominant hierarchy culture is well-suited to a stable external context, and as we have outlined in previous sections, local government is now operating in an extremely unstable and unpredictable external environment. Councils are increasingly required to carry out activity that requires flexibility and discretion for impact – the very opposite extreme from stability and control. The practices of discretion and flexibility exhibited by clan and adhocracy cultures are probably more important now than they have ever been given the more complex, fast-moving 'VUCA' context within which local government operates.

There is a strong requirement to be more collaborative, associated with the clan quadrant. This is increasingly identified as an ideal operating principle for local government as it builds more integrated working practices with other local public services and increasingly explores new avenues of co-production with service users themselves.



There is also a strong requirement to be more creative, associated with the adhocracy quadrant. The combination of resource constraints and rising demand pressures on councils, in the context of an increasingly complex and fast-moving world requires highly adaptable and responsive organisations. This means that councils increasingly need to work with ambiguity, be capable of innovating and finding creative solutions to problems – behaviours which the adhocracy culture most highly values and facilitates.

The Competing Values Framework therefore demonstrates a fundamental challenge for local government: the sector's dominant hierarchy culture with market elements is incompatible with the requirements and expectations for how councils must adapt if they are to generate impact. As long as there are discrepancies between the dominant organisational cultures within local government, and the cultures which enable effective performance in the current context, councils' attempts to implement significant change will fall short.

For example, giving license to council teams to embark on active co-design of new services with users is unlikely to be a durable way of operating if the organisational culture is held together with rules and formal policies which stifle collaboration with new approaches initiated from outside the organisation. Similarly, embarking on a transformation programme which encourages employees to be creative and experimental will fail if the management of employees is concerned with predictability and smooth operations.

This is why in our previous think piece<sup>21</sup> we centred our changemaking approach on the three core values of creativity, collaboration and self-determination. These are the defining elements of the clan and adhocracy cultures as opposed to the hierarchy and market cultures.

This isn't to say that councils need to abandon the hierarchy or market cultures entirely, or indeed that that would be possible for politically-accountable organisations with statutory responsibilities and a need to generate new revenues. But there is clearly a strong imperative to prioritise a systematic shift to close the discrepancies between the dominant cultures of stability and control and the other desired cultures of flexibility and discretion.

---

<sup>21</sup> Lent and Studdert (2017).

# CHANGING THE CULTURE OF LOCAL GOVERNMENT

**Councils will need an eclectic culture as they perform a range of activities and seek outcomes enabled by the culture of each quadrant. All four culture types are valuable and necessary. Cameron and Quinn argue that effective organisations are able to behave in flexible and sometimes contradictory ways. As they say: “change without stability is chaos, and innovation without productivity is pie in the sky”.**

So, it should be possible to ensure the benefits of a hierarchical culture - the stability and control and the consistent practice that the public expect of governing institutions – remain, but alongside the desirable criteria of effectiveness characteristic in other quadrants, such as productivity (market), employee autonomy (clan) and innovation (adhocracy). In practice, this would mean that culture types are more attuned to particular outcomes sought, and there is a focus on fostering the right behaviours to underpin appropriate plans. For example, an entrepreneurial culture needs to exist to ensure the success of commercial activity; a collaborative culture should be encouraged where integration is initiated; and a creative culture would need to underpin a significant redesign of a service.

Understanding the current culture of local government and how it needs to develop is obviously only one half of the challenge: how to actually go about changing organisational culture is the other. There are many aspects to this practical question which will be explored much more closely in future research but based on the academic literature and our own experience of working with councils we have concluded that there are two major strategic decisions which shape the broad approach to culture change. Examples of these in practice are featured in the case studies on page 30.

## DIRECT OR INDIRECT?

The first is the extent to which any programme openly focuses on shifting culture and behavioural norms (what could be called the ‘direct’ approach)

or chooses instead to shift culture and behaviours without explicitly or even consciously acknowledging that as a goal (the 'indirect' approach).

The direct approach to culture change characterises much of the thinking in the academic literature on the topic. The Competing Values Framework, for example, is allied to a well-tested and employed direct approach. The key characteristic of this approach involves the leadership of an organisation acknowledging openly and publicly that culture needs to change, assessing the current culture, identifying what the new culture should look like and then planning a strategy to achieve the change.

It is an approach that often makes wide use of staff questionnaires and deliberative sessions to 'diagnose' current organisational culture and identify the aspects of the new culture to be adopted. The process of change itself is then very explicit and transparent and can involve a number of more or less intensive and radical methods for delivering change. These include:

- Agreeing a new set of behavioural norms or values with staff and communicating them widely;
- Consciously modelling new norms in leadership behaviour;
- Building new norms into staff assessment processes;
- Introducing a training and development programme for staff to support them in adopting the new norms;
- Placing new norms at the heart of recruitment processes;
- Conducting a re-recruitment programme for staff based on new norms;
- Removing staff unwilling or unable to adopt the new cultural norms particularly those in more senior positions.

In many cases where such an approach has been adopted by a council, it is often part of a wider shift which can include departmental restructuring and planned changes in the way services are delivered to residents.

This can be contrasted with the indirect approach to culture change. Less common in the literature but still employed in local government nevertheless, this approach either by design or by instinct avoids mentioning culture change as part of a transformation plan. Instead, the indirect

approach introduces new imperatives and working practices which, in effect, shift cultural norms. This can involve methods such as the following:

- Introducing a new organisational narrative into the workplace to incentivise change which can include claims of a ‘burning platform’ or the need to radically rethink relationships with service users;
- Creating a ‘no rules, no barriers’ approach to solving priority challenges facing the organisation;
- Using digital transformation to encourage new cultural norms such as collaboration across departmental boundaries and greater creativity;
- Introducing new project management and planning processes such as ‘agile working’.

## BIG BANG OR INCREMENTAL?

The second strategic decision is whether a programme of culture shift attempts to generate change in one ‘big bang’ effort or whether it opts for a more incremental approach.

The former often involves a council’s leadership team playing a key role in driving through culture change for the whole organisation with no member of staff, department or function escaping the winds of change. This may be a lengthy process and it may involve considerable co-production between the leadership team and more junior members of staff but, characteristically, a whole-organisation vision is developed and then implemented in one go. Both Wigan and South Hams & West Devon councils pursued a ‘big bang’ strategy (see pages 30-31).

This contrasts with the incremental approach which attempts to shift culture one department, function or organisational aspect at a time. As the two indirect case studies below show, Stockport and Rutland councils have pursued culture change first in individual teams which can now be spread further within the organisation (see pages 32-33). Inevitably this is a slower and more iterative process than the Big Bang approach and one which may not require quite the same high-profile role for the whole of a council’s leadership team.

Each of these strategic decisions will have various pros and cons involving level of risk, pace of change and resource intensity. It seems likely that different approaches will suit different councils and have different levels of efficacy depending on their circumstances. We will undertake future research to explore these practical concerns in more detail.

# CASE STUDIES

## A DIRECT, BIG BANG APPROACH TO CULTURE CHANGE 1: THE WIGAN DEAL

Wigan Council is undergoing a major transformation that affects every aspect of its service delivery, workforce and relationship with its population of 323,000 residents. At the heart of the change is The Wigan Deal – an informal but widely publicised, co-produced and fully resourced recalibration of the relationship between the council and community. The Deal commits the council to eight goals including keeping council tax low, cutting red tape and being “open, honest and friendly”. In return, residents are asked to commit to their own eight goals including recycling more, staying healthy and active, and supporting local businesses. There are seven other Deals which apply these pledges in specific areas such as business, social care and children.

Central to The Deal is a shift in organisational behaviours and culture. This is being achieved through a “Staff Deal” which asks council employees to embrace three co-produced values:

- be positive and take pride in all that you do
- be accountable and be responsible for making things better
- be courageous and be open to doing things differently.

This culture change has been implemented through a series of programmes including training in asset-based approaches for staff working in social care and children’s services, training for managers to allow staff autonomy and innovation, a network of 250 champions to embed new ways of working and the behaviours across the workforce, and the establishment of regular feedback and reflection sessions for staff to consider and develop new ways of working. A walk through experience - 'Deal for Your Street' - has been developed to train over 650 environmental staff in asset based approaches including an "Eyes and Ears" initiative. This has resulted in

serious safeguarding cases being highlighted and one recent case has been "lifesaving". The LGA Peer Review report in December 2017 said "the experience is totally innovative and ground breaking, it takes staff engagement to another level, and we are totally blown away."

Staff engagement and satisfaction with The Deal and The Staff Deal has been exceptionally high. The Council credits The Deal with playing a significant role in reducing costs (£115m saved so far compared to 2010 budget) while also seeing performance outcomes rise. Wigan is now considered the seventh highest performing council in the country on a range of measures for adult social care and resident satisfaction has risen from 41% to 65% since 2008.

## **A DIRECT, BIG BANG APPROACH TO CULTURE CHANGE 2: SOUTH HAMS AND WEST DEVON COUNCILS**

**South Hams District and West Devon Borough Councils have had a shared operational structure since 2007. Five years ago, the Councils agreed a bold programme of transformation designed to place the citizen at the heart of all the councils' work, remove service silos and cut budgets by 25 per cent while improving performance.**

While the transformation involved changes to structures and processes, up-front investment and adoption of new technology, culture change was at the very heart of the programme. Most notably, all members of staff were required to apply for a new job in a new structure with their suitability for that role judged against six behaviours and future potential rather than past performance. The behaviours were: responsible, communicative, adaptable, challenging, co-operative, outcome-focused. This resulted in a small number of staff members, who felt uncomfortable with the new approach, leaving the councils as well as some staff being appointed to roles at a higher level of seniority than their previous managers. This was a deliberately disruptive process which the Chief Executive described as feeling like living in the spin cycle of a washing machine for a year.

However, that disruptive phase has now ended, the council's workforce is settling into the new roles and there has been a profound shift in culture and

behaviours with a consequent impact on outcomes. 30 per cent savings have been made against the council budget, the days taken to process benefit claims was cut by half in just nine months and the council is now amongst the best performers in the South West for planning performance and from an efficiency perspective is handling more applications with less staff. Staff surveys also show rising morale, greater enjoyment at work and a growing sense of being supported to deliver outcomes.

## AN INDIRECT, INCREMENTAL APPROACH TO CULTURE CHANGE 1: STOCKPORT MBC

**Stockport Council's approach to culture change has been driven primarily by new working practices that have filtered out across the organisation from two different teams: agile working from the digital design team and restorative practice from family-facing teams.**

The digital team used agile working for web development: an iterative approach to design which starts small, prototypes and uses visual techniques like Kanban walls to show rather than talk in abstract about complex project development. As they worked with teams across the council to develop bespoke web tools, understanding of agile practices grew. Then other teams took them up– at first the Locality Working Team, who then took the methods to the Policy Planning team – this began to demonstrate its potential for application beyond IT. New projects coming onstream have used agile, including for GDPR implementation, the design of a Community Investment Fund and development of new model community engagement. The corporate programme office provided agile coaches and encouragement to teams, but otherwise they stood back and allowed others to progress at their own pace. They soon saw it beginning to scale out when people would come back to them to steal post-it notes and pens for their Kanban walls.

Under the umbrella of Stockport Family, all family-facing teams have been trained in restorative practice, using strengths-based techniques, for example beginning conversations with the question “what matters to you?” rather than “what’s the matter with you?” The approach has been adopted in other parts of the council, for example all managers, the HR team and the customer services team have all also been trained in restorative conversations.



Whereas agile offers an approach, restorative practice is more explicitly values-based: both have at their core a strong emphasis on collaboration.

The approach taken in Stockport has been very explicitly not a big bang “imposition”. The agile approach was akin to a “strawberry plant” strategy, based on new runners shooting out and putting down roots elsewhere, and going where the will existed within the organisation. The restorative approach was supported to expand with formal training. The development of both across the organisation sought to create advocates of different ways of working and ensure teams felt ownership of the changes.

Those involved have found it has the potential to change bureaucracy when aligned with services because it is tending to challenge the way decisions are made. Whereas usually councils start with the decision and then move to implementation, this approach began before it was clear what to do or where it would go, and the two methods – agile and restorative – have come together in compliment. As a result, a learning culture is developing in which testing and trialling are given clearer license to develop: it is more embedded in many teams’ processes and there are regular meet-ups and events in which people talk about ideas. The impact on culture has been shown through strong scores in a staff survey of the digital design team for attributes like collaboration and respect between colleagues, and more widely across the organisation through a strong plurality of staff repeating back core values.

## **AN INDIRECT, INCREMENTAL APPROACH TO CULTURE CHANGE 2: RUTLAND ADULT SOCIAL CARE**

A 2014 review of Rutland Council’s adult social care service found problems which will be familiar to many who have worked in the sector. The service was reactive rather than preventative, staff morale was low and the culture was conservative. As a result, delayed transfers of care (DTCs) were high and rising, care package reviews were backed up and integration between the care service and the NHS was poor.

The senior team at Rutland decided that culture change was the key to transforming performance but decided against a large-scale transformational

programme that explicitly focused on culture. Instead, staff were asked to identify three key problem areas that needed to be resolved for the service to see a step change in performance. These were: supporting needs earlier, reducing the number placed in care homes, reducing DTOCs. Multi-disciplinary teams were then charged with finding and implementing solutions without the need for sign-off from more senior members of staff or from elected members. Managers were tasked with helping those teams overcome barriers and ensuring quick decisions were made while councillors were tasked with resourcing solutions and preventing political obstacles.

Even though the change programme did not emphasise culture change, it has resulted in a much more autonomous, collaborative and creative workforce. Morale is exceptionally high. The change has also resulted in a radical shift in performance with the number entering permanent care reduced by 77 per cent, DTOCs resulting from social care delays reduced by 85 per cent, and the proportion of adults with learning difficulties living in their own home or with their family rose from 55 per cent to 71 per cent.

# CONCLUSION

**In summary, we have argued here that there is strong evidence that councils need to focus on culture change as much as structural reform if they are to deliver meaningful impact now and in the future. This is particularly the case in a world increasingly characterised by complexity where council staff need adequate heuristics, or rules of thumb, to respond speedily and creatively to challenges as they arise.**

In this context, we urge a sharper focus on creativity, self-determination and collaboration that are the characteristic features of the clan and adhocracy cultures identified in Cameron and Quinn's Competing Values Framework, and de-emphasise, in some part rather than entirely, the stability and control characteristic of the dominant hierarchy with market elements that currently characterises the sector.

We have also identified two key strategic options for approaches which at this early stage of research seem to shape the broad approach to delivering culture change within a council: direct or indirect and big bang or incremental.

We have focused in this essay on culture change within organisations and specifically council workforces. This overlooks two other very important areas in need of a culture change not unlike that confronting council workforces. These are the behavioural norms of elected councillors and those of communities themselves. Indeed, we suggested in our previous think piece<sup>22</sup> that developing a changemaking culture amongst councillors and communities is as vital as doing so within a council workforce. In fact, it may well be that a community which adopts a changemaking approach can achieve even more significant change than a council workforce or elected councillors doing the same.

These are areas that need significantly more exploration. NLGN is currently engaged in further research that will not only test the arguments made in this essay but will also begin to understand culture change amongst councillors and the communities they represent.

---

<sup>22</sup> Lent and Studdert (2017).

# REFERENCES

- Beinhocker E. (2006), *The Origin of Wealth*, Random House
- Bennett N. & Lemoine J. (2014) “What VUCA Really Means for You” *Harvard Business Review*
- Caldwell B. (1994) “Missteps, Miscues”, *Information Week*
- Cameron K. (1997) “Techniques for making organization effective” in Druckman D. et al, *Enhancing Organizational Performance*, National Academies Press
- Cameron K. & Ettington D. (1988) “The Conceptual Foundations of Organizational Culture” in Smart J. *Higher Education: Handbook of Theory and Research*, Kluwer
- Cameron K. & Quinn R. (2011) *Diagnosing and Changing Organizational Culture*, Jossey Bass
- Carr, R (2015) *Commercial Councils: The rise of entrepreneurialism in local government*, Localis
- Denison D. (1990) *Corporate Culture and Organizational Effectiveness*, Wiley
- Dunleavy P. & Hood C. (1994) ‘From old public administration to new public management’, *Public Money and Management*
- Gross T. et al. (1993) “The Reinvention Rollercoaster”, *Harvard Business Review*
- Haldane A. & Madouros V. (2012) *The Dog and the Frisbee* <https://www.bis.org/review/r120905a.pdf>
- Kotter J. & Heskett J. (1992) *Corporate Culture and Performance*, Free Press

- Kozlowski S. et al. (1993) "Organizational Downsizing" *International Review of Industrial and Organizational Psychology*
- Laloux F. (2014) *Reinventing Organisations*, Nelson Parker
- Le Grand J. (2007) *The Other Invisible Hand*, Princeton University Press
- Lent A. (2016) *Small is Powerful*, Unbound
- Lent A. & Studdert J. (2017) *A Changemaking Vision for Local Government*, NLGN <http://www.nlgn.org.uk/public/2018/a-changemaking-vision-for-local-government/>
- Makoba J. (2002) "Non-governmental Organizations and Third World Development", *Journal of Third World Studies*
- Schein E.H. (2016) *Organisational Culture and Leadership*, Wiley 5th revised edition.
- Studdert, J. and Stopforth S. for the Place Based Health Commission (2016) *Get Well Soon: Reimagining Place-based Health*, NLGN and Collaborate
- Trice H. & Beyer J. (1993) *The Cultures of Work Organizations*, Prentice Hall
- Welzel C. (2013) *Freedom Rising*, Cambridge University Press
- World Bank (2009) *World Development Report*





**Increasingly councils are recognising that it is organisational culture not structure that drives impact. But what is the culture of local government? Why is changing it important? And how can such an intangible thing be transformed?**

In this essay – the second in NLGN's Changemaking series – Adam Lent and Jessica Studdert draw on cutting edge academic research and practical case studies to answer these questions and chart a new way forward for the whole sector.

*Adam Lent is the Director and Jessica Studdert is the Deputy Director of the New Local Government Network.*