CHAPTER 3

Perspectives on Institutional Theory

Introduction

A significant portion of the Australian public sector has undergone quite a dramatic transformation in recent times. A number of government departments and national enterprises have either been privatized and subjected to the rigors of the open market and the attendant requirement for increased efficiency that this necessarily involves, or corporatized, where privatization is not practicable, due to the nature of the industries in which some organizations are involved. Corporatized organizations are now expected to operate on a more businesslike model so that they can achieve some degree of pseudo-privatization with a view to emulating the business model of their privatized cousins. Organizations that do not provide services directly to the public, and that fall under the public goods banner, are not exempt from this push. The question is, however, to what degree do organizations of this type truly embrace the New Public Management (NPM) model? Do they actually manage to achieve genuine efficiencies or do they succumb to the temptation to maintain their past practices for safety’s sake, so that they can continue to fit the traditional institutional model of Weberian bureaucracy and warrant the mantle of custodians of good order?

Much of the NPM culture has become part of the fabric of everyday working life in the public sector, yet the unmistakable specter of bureaucracy still clouds the landscape. Staff members attend their places of employment each day doing their level best to do a good job. Based on the principle that nobody goes to work to do a bad job most public sector staff make the effort to produce professional results.

The reasons for this are twofold.

- First, like most staff, public or private, they want to perform at least up to expectations to avoid negative consequences.
Second, they want to learn new skills and develop their expertise in certain areas in an effort to enhance their prospects of employability and advancement. This assists in the transferability of their skills and improves their chances of promotion.

Despite their best efforts to optimize their performance, bureaucracy and the traditional public sector modus operandi threaten to stifle staff members’ efforts to excel. Despite organizational pretensions of professionalization and adopting a more businesslike approach or private sector mentality, some public sector organizations still have not relinquished their reliance on traditional bureaucratic operating methods (Pillay 2004; Pillay & Dorasamy 2010; Samaratunge & Pillay 2011; Pillay & Kluvers 2014; Pillay 2014; Pillay et al. 2015).

It is widely acknowledged that fundamental cultural change does not occur in the short term. Rather, it represents a gradual transition from a traditional, and often deeply ingrained, paradigm to a fresh state of mind. This change usually requires more than policy changes announced by the senior leadership team. It also often requires the replacement of long-serving staff possessing a strongly internalized sense of the old culture. In the public sector, where the staff replacement process usually takes the form of longer term natural attrition rather than the accepted private sector practice of laying off staff who are deemed not fit for new model, the process of replacing old school members with newer staff not acculturated to the old ways and more amenable to the organization’s new philosophy can take a significant amount of time. The retention of the practice of using attrition as the preferred tool for staff replacement, itself a relic of the traditional public sector philosophy, rather than the use of retrenchments, suggests that the traditional culture is still ingrained and difficult to alter. This sends mixed signals containing both the new message and elements of the old philosophy, which may render the change message ambiguous and make cultural change more difficult to achieve.

Meyer and Rowan (1977) discuss the motivations and opportunities that the staff members of an organization must possess to effect change. Their paper, however, assumes that staff have the opportunity to catalyze change. This is not always the case. At the heart of the matter is the enervating atmosphere that creates the knowledge that, no matter how staff members try to improve the area in which they work, the monolithic culture that brooks no change and perpetuates inertia and resistance precludes them from effecting significant improvement. Barley and Tolbert (1997) refer to staff inflexibility as a barrier preventing others’ ability to generate change. This is particularly noticeable among more senior staff, many of whom have spent many years