

**THE ROLE OF VALUES IN EMPLOYEE DECISION MAKING IN THE
AUSTRALIAN DEPARTMENT OF DEFENCE**

by

Carla Lynelle Day

A thesis submitted for the degree of Doctor of Philosophy
at the Australian National University
Canberra, Australia

October 2006

Declaration

I, Carla Lynelle Day, hereby declare that, except where acknowledged, that this work is my own and has not been submitted for a higher degree at any other university or institution.

Carla Lynelle Day

ACKNOWLEDGEMENTS

This journey I have undertaken has been long and often arduous, with many obstacles and personal challenges (mostly of my own making) littering its path. There have been several important people, however, who have stood unwaveringly by me through good times and bad. Most importantly, I deeply appreciate the support and love of my family, my husband, Len and daughter, Bec, without whom my work would have faltered. My sister, Diane, whose support during a very dark period of my life, made a difference. My mother, Ellen, for her sense of humour and great courage, and the central beacon in my life, my father, John, whose moral values and enormous grace and humility, enabled me to understand what philosophers talk about when they debate the meaning of ‘right’ and ‘wrong’.

Equally important and particularly patient and supportive is my excellent primary supervisor, Dr Valerie Braithwaite. I have learned much and would emulate your creativity and optimism if I possibly could. I thank you in so many ways. There are several people who have been good friends and advisers, Jenny Job, Dr Eliza Ahmed, and Dr Brenda Morrison. I thank Monika Reinhardt for her superb support, Jenny Gosnell and other staff from RSSS for their administrative and technical expertise.

There are many people in the Department of Defence who deserve my thanks. Overall, I thank the Department for its support of an important project. Particular thanks go to members of the Inspector General and Personnel Executive Divisions and to the late David Gilks whose work and legacy enabled a good idea to become an efficient reality. Finally, I thank Professor Gerard Fogarty whose mentorship in my early academic years ensured that I would persist until I achieved this goal.

ABSTRACT

New public management (NPM) in Australia introduced reforms to government and its institutions to improve public sector performance, reduce waste and abuse of public funds, and cut government size by commercialising or deregulating public services. A smaller public service with flatter structures and team based workplaces was encouraged. Legislative reform imposed a greater level of public accountability on individuals within the public service, who were previously protected under the umbrella of the portfolio minister's responsibility.

Structural change and new processes of management (values-based management) were intended to reduce 'bureaucratic' groupthink, and introduce greater quality into management decision making. The cultural change required to encompass values-based management involved higher levels of trust, commitment and participation of employees, and a strong desire of senior leaders to fully adopt the changes in the spirit in which they were intended by the government of the day.

Decision making that was in keeping with the philosophy of values-based management meant that individuals needed to know how to implement regulatory standards. Factors influencing take up of these standards included the capacity of the organisation to firstly, communicate the change process, and secondly, be inclusive and respectful of lower levels of the organisations in the decision making process. Many organisations in the Australian Public Service struggled to adapt, in particular, those established institutions with formal hierarchical bureaucracies, such as the Department of Defence. Little publicly available data have been shared on how staff

have been able to make decisions that are in line with senior management's expectations concerning these new standards.

This thesis proposes a model of organisationally congruent decision making exploring, in particular, how internal and external factors predispose some individuals more than others to endorse the principles of values-based management, which in turn builds employee capacity to make decisions in accordance with the organisation's standards.

Structural, cultural, social and interpersonal factors and individual differences have been shown in other studies to affect various types of workplace compliance. This thesis proposes a model of compliance with the organisation's expectations that draws on a number of bodies of theoretical work. The model drew on Selznick's (1979, 1992, 1996) work on how institutions can carry out a change process through pursuing integrity and inclusiveness of employees through dialogue. Braithwaite's (1982, 1994, 2003) theories of regulatory postures and social values were useful in explaining how an employee's social values contributed to their decision making that accorded with the organisation's expectations.

Other important research included Tyler's (1989, 1997, 2001) theory of procedural justice, which explained how institutions could raise compliance when imposing new regulatory standards by ensuring procedural fairness and respect of individuals.

Fairness in procedures and valuing individual differences are important inclusions in the current study. Schein's (1984, 1990, 1996, 2004) research on organisational culture was also important in explaining the extent to which organisational cultures

influence individual and group behaviour. Symbols and traditions of the bureaucratic culture of Defence (for example, respect for rank and over-reliance on rules) were important considerations in the current study.

The variables that are developed and tested in this model include 1) structural location variables that impede or obstruct implementation of values-based management in Defence, 2) work experience including a) employee connection to Defence, and b) work practices that are inclusive and procedurally fair; 3) employee values and preference for making decisions from a rules frame of reference, and 4) support for NPM principles of responsibility and accountability which were expected to increase the likelihood of take-up of values-based management in the organisation and enhance compliant decision making.

Multifactorial analysis showed that compliance was a complex phenomenon which could not be adequately explained as a one dimensional concept. Factor analysis revealed two factors in explaining organisationally congruent decision making; one which measured response to traditional regulatory standards within public administration, and the other which demonstrated reactions to newly defined “ethical” standards within the organisation. Four groups of predictors (the structural location variables of rank and awareness training, perceptions of local work culture, social values of harmony and security, and rules consciousness) were found to contribute to organisationally congruent decision making.

In all but one case, these effects were mediated to some degree by the values-based work principles related to responsibility and accountability. Of particular

significance was the finding that these principles were very effective in their capacity to mediate in the prediction of traditional regulatory standards, but they were far less effective in increasing acceptance of new “ethical” standards amongst Defence personnel.

The findings from this study expose many obstacles that organisations can potentially face in undertaking major reform programs involving the values-based management process of NPM. These obstacles can come from the organisational structure itself because of the residual effects of traditional bureaucracy, from the quality of working relationships in the organisation or from specific characteristics of individual employees working in the organisation.

Path analysis supported research which claimed that complex institutions require contextual, ‘multi-mechanism’ strategies to solve regulatory issues (Braithwaite, 1993). This thesis recommends a number of regulatory interventions which might assist public sector organisations to increase their efficiency and integrity in managing compliance at the micro levels of organisational life.

Table of Contents

	Page
Title	i
Certificate of Authorship	ii
Acknowledgements	iii
Abstract	iv
List of Tables	xii
List of Figures	xvii
List of Appendices	xviii

Chapter 1

IMPLEMENTING VALUES BASED MANAGEMENT WITHIN THE DEPARTMENT OF DEFENCE

1.1 Introduction	1
1.2 The rise of managerialism in Australia	4
1.3 The introduction of values in the regulatory change process	9
1.4 Values-based management as a structural change process	16
1.5 Values-based management as a cultural change process	20
1.6 Purpose of the thesis	24
1.7 Conclusion	28

Chapter 2

PUBLIC SECTOR EMPLOYEE COMPLIANCE TO NEW REGULATIONS

Factors affecting implementation of Values Based Management in the Australian Department of Defence	
2.1 Introduction	31
2.2 Applying theory to public service	32
2.3 Compliance with NPM – possible levels of analysis.	34
2.4 Structural influences on workplace compliance.	38
2.5 Socialising a culture of compliance.	43
2.6 Shared values and social coherence in work groups.	50
2.7 Summary of research evidence	65
2.8 The current study	66
2.9 Conclusion	67

Chapter 3**A MODEL OF COMPLIANCE FOR THE AUSTRALIAN DEFENCE ORGANISATION****Defining Predictors**

3.1 Introduction	69
3.2 Predictors around location	70
3.3 Workplace Experience	81
3.4 Preferences for rules and social and work values	95
3.5 Responsibility and accountability – NPM principles	101
3.6 Research on the effects of organisational change	103
3.7 Towards a model of decision making for Defence	107
3.8 Summary of hypotheses	110

Chapter 4**METHODOLOGY**

4.1 Introduction	114
4.2 Background and rationale for applied research	114
4.3 Stage 1: Content analysis -- Focus groups	115
4.4 Stage 2: Development of the Pilot Survey	120
4.5 Analysis	124
4.6 Stage 3: Development of the Main Survey	131
4.7 Procedure	144
4.8 Measures	145
4.9 Statistical analysis	151

Chapter 5**COMPLIANT DECISION MAKING IN DEFENCE Scale Development**

5.1 Introduction	153
5.2 The scenarios	153
5.3 The response format for the scenarios	155
5.4 Analysis of the WDS	159
5.5 Purpose of the analysis	174
5.6 A framework for organisationally-compliant decision making	177
5.7 Summary	178

Chapter 6**THE AFFECTS OF STRUCTURAL LOCATION ON COMPLIANCE WITH ORGANISATIONAL STANDARDS**

6.1 Introduction	181
6.2 Method of analysis	181
6.3 The contribution of the location variables to compliance	201
6.4 Summary and Conclusion	207

Chapter 7**EXPERIENCES AT WORK AND THEIR EFFECTS ON COMPLIANT DECISION MAKING**

7.1 Introduction	210
7.2 Efficacy, propriety, communication, openness and procedural fairness	211
7.3 The relationship between work experience variables and decision making	216
7.4 Regression model	218
7.5 Summary and Conclusion	223

Chapter 8**THE IMPACT OF VALUES AND PRESCRIPTIVE NORMS ON MEASURES OF COMPLIANCE**

8.1 Introduction	227
8.2 Method of measurement – Social values	229
8.3 Method of measurement – Rules consciousness	233
8.4 Values-based management	237
8.5 Regression Model	241
8.6 Summary	247
8.7 Conclusion	249

Chapter 9**TESTING THE MODEL Path Analysis**

9.1 Introduction	250
9.2 Developing a workplace mediational model of compliance	251
9.3 Location variables	263
9.4 Local work culture	265
9.5 Value preferences	266
9.6 Conclusion	270

Chapter 10**CONCLUSION AND RECOMMENDATIONS FOR FUTURE RESEARCH**

10.1 Introduction	275
10.2 Summary of main findings	277
10.3 Implications for Defence	285
10.4 Limitations of the research	290
10.5 Strengths of the research	291
10.6 Recommendations for future research	293
10.7 Summary and conclusion	295
Bibliography	299
Appendices	357

List of Tables

Table	Page
1.1 Key Public Service Values as established in 1995 by the Public Service Commission of Australia	12
4.1 Australian Defence Permanent Forces - Sample to Population Ratios by Rank Equivalents	134
4.2 Defence Civilians - Sample to Population Ratios by Rank Level Equivalents	135
4.3 Survey Return Rates	136
4.4 Survey return rates compared with expected rates from initial sample for Permanent Military Force (less Reserves)	137
4.5 Survey return rates compared with expected rates from initial sample for Civilian personnel	138
4.6 Representation at 4 different levels in the hierarchy of command . . .	139
4.7 Distribution of survey returns by gender	140
4.8 Distribution of survey returns by length of service	140
4.9 Distribution of survey returns by number of staff supervised	141
4.10 Distribution of survey returns by level of education	142
4.11 Distribution of survey returns by region	142
4.12 Distribution of survey returns by functional work category	143
4.13 Distribution of survey returns by attendance at training	144
4.14 Items in the Employee Responsibility Scale from the main survey. . .	145
4.15 Items in the Employee Responsibility Scale from the main survey. . .	146
4.16 Items in the Local Work Culture scale from the main survey.	147
4.17 Items in Attachment to Defence Scale from the main survey.	148
4.18 Items in the Rules Consciousness Scale from the main survey	148

4.19	Items in Braithwaite and Law's (1985) Social Goals Values Inventory, Harmony Values scale	149
4.20	Items in Braithwaite and Law's (1985) Social Goals Values Inventory, Security Values scale.	149
4.21	Summary of Predictor Scales – No. of Items, Means, Standard Deviations, and Reliability Coefficients	150
4.22	Summary of statistics for Workplace Dilemma Scales – No. of items, Means, Standard Deviations and Reliability Coefficients	151
5.1	Nine scenarios with options separated into organisationally compliant and non-compliant responses	156
5.2	WDS Means, Standard Deviations and Internal Consistency coefficients in order of highest to lowest level of support	160
5.3	Profiting commercially from Defence work – Scale, means and standard deviations	165
5.4	Relocating into private consultancy to capitalize on specialised Defence expertise – Scale, means and standard deviations	166
5.5	Accepting inducement from contractor – Scale, means and standard deviations	167
5.6	Voluntarily acknowledging an error – Scale, means and standard deviations	168
5.7	Potential fraud through caving in to pressure – Scale, means and standard deviations	169
5.8	Inappropriate use of department resources – Scale, means and standard deviations	170
5.9	Misuse of travel allowance – Scale, means and standard deviations	171
5.10	Reporting poor performance - Scale, means and standard deviations	172
5.11	Theft of government property - Scales, means and standard deviations	173
5.12	Correlational matrix for Workplace Dilemma Scales (WDS)	175
5.13	Rotated Factor Loadings (Varimax Solution) for WDS Scales from Principal components analysis	176
6.1	Integrated levels of authority for military and civilian ranks in the Department of Defence according to mid-1990s structure	183

6.2	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across four different ranks	184
6.3	Between-group comparisons on compliance and acceptance scores for four ranks using Fischer’s least-significant difference test in one-way analysis of variance	185
6.4	Means (with SDs and N in parentheses) and t statistics comparing scores on compliant decision making and acceptance of new “ethical” standards for men and women	186
6.5	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across seven variables representing professional immersion . .	191
6.6	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across four employment categories	193
6.7	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across eight employment programs	195
6.8	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across eight employment locations	196
6.9	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across six education levels	197
6.10	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across six periods of service	198
6.11	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across five levels of supervisory responsibility.	199
6.12	Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliant decision making and acceptance of new “ethical” standards across four levels of attendance at workshops	201
6.13	Ordinary least squares regression analyses predicting compliant decision making from structural location variables	203
6.14	Ordinary least squares regression analyses predicting acceptance of new “ethical” standards from structural location variables	205
7.1	Means and Standard Deviations for individual items in Perceptions of Local Work Culture scale	213

7.2	Means and Standard Deviations for items in Attachment to Defence Scale	215
7.3	Pearson's product moment correlations of work experience variables with compliance with traditional regulatory standards and acceptance of new "ethical" standards.	216
7.4	Pearson's product moment correlations of Work Experience variables, Perceptions of Local Work Culture and Attachment to Defence with Location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training	217
7.5	Ordinary least squares regression analyses predicting compliance with organisational standards from Location and Work Experience variables .	220
7.6	Ordinary least squares regression analyses predicting acceptance of new "ethical" standards from structural location and work experience variables	222
8.1	Means and Standard Deviations for individual items for the <i>Harmony Values</i> scale in the Social Goals Values Inventory.	230
8.2	Means and Standard Deviations for individual items for the <i>Security Values</i> scale in the Social Goals Values Inventory.	230
8.3	Pearson's product moment correlations of Harmony and Security value orientations with Location variables of rank, gender, length of service, supervisory experience, type of employment and exposure to training .	231
8.4	Pearson's product moment correlations of compliance with traditional organisational standards and acceptance of new "ethical" standards with Harmony Values and Security Values.	232
8.5	Means and Standard Deviations for individual items in the Rules Consciousness Scale	235
8.6	Pearson's product moment correlations of rules consciousness with location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training	236
8.7	Means and Standard Deviations for individual items in Employee Responsibility Scale	238
8.8	Means and Standard Deviations for individual items in the Honest Reporting Scale	238
8.9	Pearson's product moment correlations of work principles, employee responsibility and honest reporting with location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training	240

8.10	Pearson’s product moment correlations of compliance with organisational standards and acceptance of new “ethical” standards with employee responsibility and honest reporting	241
8.11	OLS regression analysis predicting compliance with traditional regulatory standards from structural location, work experience and value preferences	243
8.12	OLS regression analysis predicting acceptance of new “ethical” standards from structural location, work experience, and value preferences.	246
9.1	Predictors brought forward from earlier analysis for inclusion in path analyses.	250
9.2	Correlational matrix showing relationship among predictors and proposed mediators	252
9.3	Chi-square statistics and the goodness-of-fit indices for a partial mediational model predicting compliance with traditional regulatory standards.	256
9.4	Paths in the final model of compliant decision making with standardized Beta Coefficients	259
9.5	Chi-square statistics and the goodness-of-fit indices for a partial mediational model predicting acceptance of new “ethical” standards	260
9.6	Paths in the final model of acceptance of new “ethical” standards with standardized Beta Coefficients	261

List of Figures

Figure		Page
1.1	Outline of the study.	26
3.1	Schematic representation of the Defence model of compliant decision making.	108
6.3	Graphical representation of interaction effects between men and women by rank on means scores on acceptance of new “ethical” standards.	206
8.1	Path analyses showing mediators, principles of values-based management, linking factors that predispose to accepting change and behavioural change outcomes - compliant decision making.	249
9.1	Schematic representation of full mediational model showing hypothesised mediated effects of predictors on compliant decision making through NPM principles of employee responsibility and reporting honestly.	253
9.2	Results of Path Analysis showing <i>Responsibility</i> (combined responsibility and honest reporting) as a mediator between structural location, local work culture, social values, rules consciousness and compliance with traditional regulatory standards.	257
9.3	Results of Path Analysis showing <i>Responsibility</i> (combined responsibility and honest reporting) as mediators between structural location, local work culture, social values, rules consciousness and acceptance of new “ethical” standards	262

List of Appendices

Appendix	Page
4.1	Focus Group Assessment sheet. 357
4.2	Pilot Survey – Ethical values and standards in the Australian Defence Organisation. 359
4.3	Items in Work Values subscales retained for main study. 384
4.4	Items in Importance of following Rules Scale retained for the main study 386
4.5	Items retained for Work Practices Scales in the main study 387
4.6	Items retained for Attachment to Defence and Defence Culture Scales in the main study 388
4.7	Main Survey – A survey of workplace values in the Australian Defence Organisation 389
4.8	Pilot survey statistics for workplace dilemmas retained in main survey 416
4.9	Items in Braithwaite and Law’s Social Goals Values Inventory. 421
5.1	Nine Workplace Dilemma Scenarios retained after factor analysis 422
6.1	Gender differences by occupation for military and APS personnel in Defence 425
	<div style="margin-left: 40px;">Figure 6.2 Graphical representations of distribution of occupation for civilian employees by gender 425</div> <div style="margin-left: 40px;">Figure 6.3 Graphical representations of distribution of occupation for military employees by gender 425</div>

Chapter 1

IMPLEMENTING VALUES BASED MANAGEMENT WITHIN THE DEPARTMENT OF DEFENCE

1.1 Introduction

In recent years, the operational scorecard for the Department of Defence¹ in Australia (hereafter referred to as Defence) has been one of significant successes, but equally one that has experienced monumental criticism for its weak management and reporting processes². Considered to be highly trustworthy (according to a national survey³ as reported in Daily Telegraph, 6 Sep 05 and The Age, 3 Oct 05), the Australian Defence Force (ADF) has had considerable community support particularly since its successful regional peace operations in East Timor and Solomon Islands, and in its support to humanitarian efforts in Africa, Bali, and Tsunami-affected countries such as Indonesia and Thailand. Operationally, Defence does very well. However, in other ways, the organisation has struggled to implement the necessary reforms required by successive governments over the past 20 years (see for example, O’Keefe, 2000). Newspaper reports frequently carry stories of Defence’s management woes but while the questions about its resource and personnel management continue to be the subject of public and political debate⁴, this has not appeared to have dampened community support for the institution.

¹ At the time of the research, the Department of Defence consisted of 8 major Programs including the Australian Defence Force as three Programs (Navy, Army and Air Force) and five other major Programs. Defence personnel comprised permanent and Reserve military, and Australian Public Service (APS) personnel.

² Australian National Audit Office has conducted 61 audits on Defence since November 1995.

³ Professor C. Bean from Griffith University, Queensland, and Dr S. Wilson of Australian National University reported that in a study of 4000 people nationwide, the ADF emerged as the nation’s most trusted institution. The research found that 82% of those surveyed had confidence in the Australian Defence Force, an increase of 14% since last survey published in 1995 (Daily Telegraph, 6 Sep 05 and The Age, 3 Oct 05).

⁴ See for example, Resource and contracting problems, Australian Financial Review, 27 Aug 05; West Australian,

As in the Australian Public Service overall, Defence has had to confront and respond to government demands for the implementation of stringent reforms⁵. Defence has been under pressure to reform since 1990 when significant changes were made to military and specialist support training, commercialisation and outsourcing of “non-core” activities amidst persistent expectations that efficiencies would accrue through the reduction in the numbers of permanent military and civilian staff⁶. These reform programs continued throughout the 1990s until Australia became involved in the tension in East Timor and government resources were required to bolster the flagging military numbers and aging equipment in order to respond adequately. The government’s response to Australia’s changing security environment since the Tampa incident, which heightened concerns for Australia’s maritime boundaries, and the attacks on the United States of September 11, which plunged Australia into an international response to terrorism, has meant that ADF numbers have stabilised and look to increase in the future. The government’s agenda for efficiency and reduction in running costs of its public institutions has meant, however, that other reforms continue in Defence including a cap on its civilian workforce and persistent calls for greater probity, transparency and accountability in management⁷.

13 Aug 05; Canberra Times, 14 Sep 05; Australian, 13 Sep 05; Australian Financial Review, 5 Sep 05; ABC Online 5 Jan 06; Safety issues; Queensland Times, 19 Sep 05; Northern Territory News, 8 Sep 05; Discipline and behavioural problems; Australian 9 Sep 05; Townsville Bulletin, 30 Jul 05; Sunday Herald Sun, 18 Sep 05; Sunday Mail, 11 Sep 05; Adelaide Advertiser, 15 Sep 05.

⁵ All personnel, military and APS, were subject to Government reforms and changing legislation which determined how “business” was conducted throughout the Commonwealth public service. Defence was subject to these changes in the same way as other Commonwealth Departments and Agencies even though part of its workforce (ADF) operated under different employment conditions.

⁶ The purposes of Defence reform are outlined in *Future directions for the management of Australia’s Defence. Report of the Defence Efficiency Review*, 10 March, 1997.

⁷ For example, see newspaper reports: Barker, G. (5 Sep 05 & 27 Aug 05); McKenzie, N. (5 Jan 06); Michelmore, K. (8 Sep 05).

The reforms imposed by successive Australian governments since the 1990s are the manifestation of New Public Management⁸ (NPM). NPM, or ‘managerialism,’ as it is known alternatively in Australia, is a general term for the shift occurring in western public sector management over the past twenty years, which focuses on public sector institutions achieving performance outcomes that are efficient, economical and effective. In theory, it was intended to be a shift away from a traditional hierarchically structured bureaucracy⁹, criticised for its process driven decision-making and rigid (some say ‘mindless’) observance of rules (Denhardt & Denhardt, 2000).

For the government(s) of the time to fulfil the requirements for NPM, several objectives needed to be met. The first was to boost the performance (that is, productivity and responsiveness) of the public sector, the second was to increase real efficiency and reduce waste and mismanagement, and the third was to reduce the size of the government bureaucracy. Downsizing was to be accomplished through outsourcing some of the government’s services and devolving responsibility to responsible government agencies that would be held accountable for achieving timely outcomes (see summary of purpose of NPM in Carroll, 1998, see also Hughes, 2003). This meant that the bureaucracy could no longer operate as a self-contained and anonymous system, protected and isolated from public scrutiny by its political representative, the portfolio minister. NPM ensured that authority and accountability was devolved to public sector agencies, and that they would be held publicly accountable for their decisions and actions.

⁸ See for example, O’Brien, J. & Fairbrother, P. (2000). A changing public sector: Developments at the Commonwealth level, *Australian Journal of Public Administration*, December 2000, pp. 59-66.

⁹ As described by Weber’s essay entitled “Politics as a vocation,” pp. 77-128, in Gerth, H.H. & Wright Mills, C. (Eds), (1946). *From Max Weber: Essays in Sociology*, New York: Oxford University Press.

This new managerial framework has purposefully blurred the boundary between public and private sectors (McCann, 2001), focussing significantly on competitive tendering, decentralization of activity and commercialisation of processes, thus intending to pave the way for a greater level of interaction between sectors, with a view to increasing productivity and efficiency. In this context, Defence was confronted with pressures to change at the structural, cultural and procedural level. With a particular emphasis on the management philosophy driving this change, this chapter introduces the analysis of the impact of this change on Defence by 1) exploring the rise and implementation of managerialism in the public sector in Australia, 2) discerning the traps that arose for the public sector in implementing a management system based on economic principles and competitive market practices, and 3) evaluating the processes used to facilitate compliance with the principles of NPM.

1.2 The rise of managerialism in Australia

Modern public management practice in Australia today has its origins in key ideologies developed from the early twentieth century. The most noted of these belief systems grew out of F.W. Taylor's work (1911) on 'scientific management' in which efficiency was identified as the driving principle for management success. Later thinking and pressure from within the spheres of public administration led to a search for alternatives to the old, efficiency-driven public administration which was viewed as neutral, hostile to discretion and citizen involvement, uninvolved in policy, parochial, and narrowly focused on efficiency (Denhardt & Denhardt, 2000). To focus on efficiency alone was not considered adequate for effective public

administration because efficiency alone would (and did) result in a public administrative system that in Barzelay's view (1992, p. 179) was focused on its own needs and perspectives and on the roles and responsibilities of the parts. The resulting problems included: 1) defining parts of the administrative system by the amount of resources they controlled and by the tasks performed; 2) controlling costs; 3) sticking to routine and fighting for turf; 4) insisting on following standard procedures; 5) declaring policies and plans; and 6) separating the work of thinking from that of doing (that is, splitting policy from programs). Compartmentalisation and a significant lack of flexibility together with a focus on procedurally-based management ensured that this type of bureaucracy would not allow change to take place quickly.

The focal point of traditional management was the design of efficient bureaucratic systems of production, whereas attention to psychosocial elements of management did not appear to feature as important in public administration until the rise of NPM in the 1980s¹⁰. According to Littler (1978, p.185), Taylor's system of efficient management was seen as a "bureaucratization of the structure of control but *not* the employment relationship." However, NPM has its origins in Taylor's principle of economic efficiency, which remains the core principle guiding and overriding all other principles in public sector administration (Painter, 1990).

Yet the modern manifestation of managerialism increasingly involves complex systems of relationships and processes which managers seek to use for a common

¹⁰ For a detailed analysis of managerialism and public administration, see Child (1969), Dunsire (1973), Perrow (1979) and Thomas (1978). More recent publications of interest include Ferlie, Ashburner, Fitzgerald & Pettigrew (1996), Hood (1990), Wildavsky (1990) and Pollitt (1993, 2003).

purpose to achieve a successful (and profitable) outcome. Conceptually, the new public service has a different set of defining characteristics, which are, according to Bowman, West, Berman and Van Wart (2004, p.11), “more suitable to a post-industrial, service-based economy.” The three major components of a professional public servant (Bowman et al, 2004) include technical expertise, ethical integrity and possession of leadership skills, characteristics that are out of step with the traditional rules-driven and obedient public servant.

1.2.1 How has NPM changed public bureaucracy?

Pollitt (1993, p. 7) asserted that NPM is comprised of a “systematically structured set of beliefs, not just a random assemblage of attitudes and superstitions.” In differentiating ways in which new managerialist philosophy differed from that of traditional bureaucracy, Pollitt (2003) summarised how public service had moved from a single focus on economic efficiency to a broader understanding of the social psychological determinants of efficiency. NPM not only sought improvements in efficiency and effectiveness of government-based programs, it also sought a greater focus on the human dimensions in institutions. This meant recognising the complexity of work environments, enabling individuals to respond to and engage with the workplace in a variety of ways. Principally, these include appreciating the complexity of human motivation that extends beyond a system of workplace incentives and punishments, taking account of interpersonal relations and how they affect decision making, and most importantly, appreciating the importance of symbols and traditions in organisational life, bringing to the fore the importance of culture to managerialism (see also, Hughes, 1994).

Proponents of NPM claim that vertical hierarchies are giving way to more horizontal networks, that bureaucracies are diminishing, and that a greater level of collaboration and sharing of decisions is occurring (Bowman et al, 2004; Salamon, 2002; Peters, 2001). Conversely, opponents of NPM state that there is less of this change in public sector management than is claimed, and what is actually happening (particularly in Australia) is that economic elites (or ‘econocracy’) are replacing traditional bureaucratic elites. In the process, a narrower set of beliefs has been imposed upon public sector management largely encompassing principles of marketisation (Pusey, 1991; Yeatman, 1987; Aberbach, Putnam & Rockman, 1981; see also Hood, 1995). In response, assertions are made to the effect that new principles do not contradict traditional principles; rather, they add desirable qualities to existing public services, for example, good customer service (Brereton & Temple, 1999; Goodwin, 2000).

1.2.2 The rise of values-based management

Pollitt (2003, p.28) argued that in focussing on productivity rather than on efficiency, NPM marked a shift in value priorities from “universalism, equity, security and resilience” to “efficiency and individualism,” thus shedding traditionally held values of public service to take on the economically driven values of the private sector. It is no secret that successful private sector administrative processes have been overlaid on Australian public sector structures in an attempt to boost their effectiveness and responsiveness (Weller & Lewis, 1989; Pusey, 1991). Among public administration scholars, a lengthy debate has arisen about the rationality of applying values based on private sector goals to public institutions whose *raison d’être* relates to upholding the public good, not in profit taking (see for instance, Box, 1999; Carroll & Garkut, 1996; Newman & Clarke, 1994; Hood, 1991; Keen and Murphy, 1996; Metcalf,

1993). At the centre of this debate is a belief that public institutions are vastly different from those in the private sphere and therefore should operate under different values and rules. Some support for this argument has been provided by Boyne (2002) who, on reviewing 34 studies on managerial values, found that public sector organisations were more bureaucratic, while public sector managers were less materialistic, and had weaker organisational commitment than their private sector counterparts. Differences of these kinds give credence to analysts who warn of risks and obstacles for public sector organisations in the process of implementing NPM, particularly those with strong cultural traditions such as Defence¹¹.

¹¹ Additional issues arise for Defence because of the separate cultures that exist among the three Services, Navy, Army and Air Force, and the cultures that exist in the broader Department, which are more aligned with the Government of the day (see Jans & Schmidtchen [2002] for a description of the differences among cultures in the ADF and Defence “Headquarters”).

1.2.3 NPM in the Australian Public Service

As in other western countries, the tenets of modern managerialism in Australia also arise mainly from the private sector (see Jackson (2001) for an overview; see also Ferlie, Ashburner, Fitzgerald & Pettigrew, 1996), and much has been communicated to, and adopted by, the public sector¹². A hybrid type of managerialism has evolved in the Australian Public Service (APS), which has been taken from various international theories and practices and adapted for Australia's public sector conditions. Consequently, the APS has undergone extensive change over the past twenty years, implementing managerialist-led programs of reform by governments whose principal aim has been to change how the public sector is regulated. Regulatory authority was removed from the hands of the powerful Public Service Board¹³ early in the move to managerialism, and in a replication of private sector reform, the Public Service underwent a form of deregulation that enabled the Chief Executive or Departmental Secretary to hold the authority for how his or her department complied with government legislation (O'Brien & Fairbrother, 2000).

By reducing central regulatory control of public sector institutions and delegating authority to individual departments, NPM was implemented within the APS but it was introduced in an incremental and sometimes disorganised way. More recently, there has been a return to a more central focus on regulatory control as governments have learned that deregulation has not been cost effective nor ensured a higher level of agency responsiveness (O'Brien & Fairbrother, 2000).

¹² Ferlie et al (1996, p. 226) argued that since the 1980s there has been an "overmechanistic transfer of practice and concepts from the private to the public sectors."

¹³ The Public Service Board (overseeing the Commonwealth Public Service in Australia) was abolished in 1987 (see

In implementing NPM, some public sector agencies have been quick to embrace the new management model, while others have struggled to overcome resistance to perceived new and radical change¹⁴. This experience has resulted in special efforts being made to marshal acceptance for NPM among public servants, thereby ensuring they would be willing as well as able to implement NPM. Management by values is the way in which NPM has been introduced to bring about cultural and procedural change in public sector organisations (O'Brien & Fairbrother, 2000; Driscoll & Hoffman, 2000; Pedersen & Rendtorff, 2004). Values-based management embraced a philosophy and method for implementing NPM in the Australian Public Service. It brought about 1) changes in regulation and regulatory processes, including introducing the prescription of values as the basis for public sector management, and 2) challenges in implementation in traditional public services institutions. These changes are discussed separately below.

1.3 The introduction of values in the regulatory change process

NPM sought to reduce 'bureaucratic' groupthink, considered to undermine effective institutional performance. Instead the goal was to promote and develop individual judgment among public sector managers, based on shared principles or values and behavioural standards that were in tune with the government's rationalist approach to public administration.

At the heart of this change was the introduction of codes of conduct, codes of ethics and statements of values. The underlying conviction was that through principles-

H. Williams, 1998).

¹⁴ Examples of this may be found in the APSC State of the Service annual report which shows that successful implementation of codes of conduct and values is variable across public sector agencies.

based guidance (a fundamental tool of NPM), managers, together with employees, would learn to exercise judgment as they applied the codes to the work context. Codes of conduct regulate human behaviour through setting boundaries and directions for action (Erikson, 1999, p.24). The codes were anchored in behavioural terms (see Table 1.1). For example, in order to ensure high standards of probity and integrity, public servants must take steps to avoid conflicts of interest and ensure they are complying with the spirit as well as the letter of the law. The codes of conduct were therefore performance driven and were measurable by observation. The development of the public service codes was a major step in moving from a rules-based system to a principles-based system to guide employee decisions and action at work.

To achieve such change in institutional behaviour, the government undertook significant changes to two pieces of legislation, one extant since federation and one which had remained largely intact (although heavily amended) since 1922. The first was the replacement of the *Audit Act, 1903* with the *Financial Management and Accountability Act, 1998*, and the second was the replacement of the *Public Service Act 1922* with an updated and rewritten *Public Service Act 1999*. Included in the *Public Service Act 1999* were a code of conduct and a set of guiding principles or values for the public sector. The Australian Public Service first developed behavioural standards as a formal regulatory tool in 1995. These standards became the values and code of conduct and were written into legislation and passed into law as the *(Australian) Public Service Act, 1999*.

While the standards have been updated to reflect the evolution and maturing of NPM, their essence remains largely unchanged today. Listed below in Table 1.1, it can be seen that these standards closely reflect the fundamentals of NPM philosophy for accepting increased responsibility, for being performance focussed, and for being accountable and more responsive to the interpersonal aspects of workplace relations.

Table 1.1: Key Public Service Values¹⁵ as established in 1995 by the Public Service Commission of Australia

Responsiveness to government:

- Serving loyally and impartially ministers and the Government; and
- Providing frank, honest and comprehensive advice.

A close focus on results:

- Pursuing efficiency and effectiveness at all levels; and
- Delivering services to clients conscientiously and courteously.

Merit as the basis for staffing:

- Ensuring equality of opportunity; and
- Providing fair and reasonable rewards as an incentive to high performance.

The highest standards of probity, integrity and conduct:

- Acting in accordance with the letter and spirit of the law;
- Dealing equitably, honestly and responsively with the public, and
- Avoiding real or apparent conflict of interest.

A strong commitment to accountability:

- Contributing fully to the accountability of the agency to the Government, of the Government to the Parliament and of the Parliament to the people;
- Fully supporting the administrative and legal measures established to enhance accountability, and
- Recognising that those delegating responsibility for performance do not lose responsibility and may be called to account.

Continuous improvement through teams and individuals:

- Striving for creativity and innovation;
- **Making individual and team performance count.**

For public servants, these standards emphasised public duty and personal responsibility, in essence the “moral regulators” of the public service (O’Brien & O’Donnell, 2000). Consistent with the managerialist emphasis on devolution of responsibility, they were developed as generic descriptions meant to apply to, and guide each public sector employee.

¹⁵ (Australian) Public Service Commission, 1995. *A framework for human resource management in the APS, 2nd edition*, used at the time of the study.

1.3.1 Challenges in implementing the code of conduct

While the standards applied to everyone, leadership for implementing the standards was expected at the senior levels of public sector organisations. The government's implementation of the new *Public Service Act 1999* placed responsibility for compliance within organisations in the hands of each departmental head, referred to in legislation as the 'Chief Executive'. Although the Australian Public Service Commission¹⁶ (APSC) had carriage of the implementation of values-based management, the new Act dictated a transfer of responsibility from the APSC to the head of each of the APS departments and agencies to implement changes and ensure compliance with new regulations. Departmental Heads were given discretion as to how values-based management might be promulgated in their organisations.

Moreover, the new guidelines and responsibilities presented challenges for those leading the change process within their organisations. The standards offered broad guidance that could be applied in ways that were appropriate to the specific work contexts. Rather than being prescriptive in form and extensive in their instructional guidance, the new regulatory standards were established as broad guidelines; a type of "loose law" (see Goodin, 1982) describing ends or outcomes rather than means to an end. The challenge for implementers, therefore, was in developing interpretations of these standards so that employees had the understanding and confidence required to make well-informed judgments and make decisions that complied with the new standards across varying work contexts. The new regulations require Departmental Heads to ensure that appropriate support and training are provided. Without appropriate organisational training, modelling and feedback, junior public servants

¹⁶ APSC was known previously as the Public Service Commission (PSC) and later the Public Service and Merit Protection Commission (PSMPC).

were unlikely to be prepared to accept new responsibilities for decision making because of their lack of experience. It takes more, however, than transfer of decision-making skills to obtain compliance with new regulation. It also takes influence and motivation to ensure people within organisations understand the nature of the changes that are expected, and are committed to achieving organisational outcomes (see Schein, 1992). It also means a significant shift in the way decisions are being made in public sector organisations.

For managers to achieve successful implementation of the new codes, Selznick (1996) has argued that values-based management requires high levels of organisational participation, which would decrease the level of regard for rules and increase the importance of independent judgment. This would call for a level of trust and respect between managers and subordinates enabling this type of devolved decision making to occur.

Values-based management in the APS provided Departmental Heads with sufficient autonomy to decide the manner in which their organisations would act upon and/or react to new regulations. However, compartmentalisation of traditional bureaucratic organisations is not conducive to a work environment based on trust, cooperation and sharing of information. Thus, while individual responsibility was devolved to more junior levels of the organisation, no change occurred in reward and incentive systems which would facilitate adoption of new practices, and command and control strategies continued to dominate people management in the more traditional hierarchical organisations (Kerr, 1977; Tyler, 2001). As a result, individual responsibility, in the form of empowered decision making, has increased in

importance and urgency that requires implementation as an overarching public sector guiding principle for all employees.

Even at the most senior levels, command-and-control management made its presence felt. Selznick (1996, pp. 272-273) has argued that the imposition of regulation on an institution is an “external assault on institutionalized ethos” creating insecurity, instability and, possibly organisational withdrawal. Such change is likely to impact substantially on an organisation’s internal principles and procedures. The sense of “assault” was communicated through increased surveillance from the APSC as the regulatory body¹⁷ overseeing the change process. Such surveillance may reveal management failures which might otherwise be suppressed within organisations. Through publicly exposing the short-comings of Departmental Heads in the public service community, a form of shaming in effect (Braithwaite, 1989), the government was able to ensure that compliance with new standards remained a priority, at least at the senior levels of the organisation.

The *Financial Management and Accountability Act* (FMA) allocated responsibility and accountability for expenditure of public monies and management of Commonwealth public resources to Departmental Heads. Together, responsibility and accountability have become core principles for economic management in the public sector. To ensure these principles were embedded within the APS, senior public sector managers were required to model them and ensure they were adopted throughout their agencies.

¹⁷ The APSC is required to assess progress of implementation and report on the Code of Conduct to Parliament on an annual basis in a “State of the Service” report. See <http://www.apsc.gov.au/stateoftheservice/0203/index.html#> Note, regulation is being used broadly here as ‘steering the flow of events’ (Parker & Braithwaite, 2005, p.119)

The extent to which public sector managers have been able to promote NPM within their organisations has been largely dependent on 1) existing organisational structures and the ease with which they can be modified, 2) the resilience of the existing culture to changing expectations from management, and 3) leadership capacity to communicate new ideas and motivate staff to take NPM on board. In the following sections, I examine these factors beginning with an examination of the way in which traditional structures within public sector institutions have worked to impede or facilitate the implementation of NPM.

1.4 Values-based management as a structural change process

Government reforms, occurring from the mid-1980s, encouraged Australian public sector institutions to move away from a static hierarchical structure of management in which a select group of senior leaders was responsible for all major organisational decisions¹⁸. Flatter structures, and “accountable” project teams, led by ‘team leaders’, characterized the preferred structure for the public sector under the reform program. Responsibility for major decisions was devolved to enable team leaders to make decisions appropriate to their area of expertise. Decisions were no longer to be referred to Departmental Heads, but were to be made at the relevant level of work (Wilenski, 1988; Sawyer, 1989, Wanna, O’Faircheallaigh & Weller, 1994). Efficiency and effectiveness were cited as the key managerial values for public sector management, and these were later joined by a focus on the ‘ethical use’ of resources¹⁹.

¹⁸ Managerialist concepts in government proliferated in the 1980’s, extending into the 1990’s and calling for structural reforms of the Australian public sector to reflect a greater level of efficiency, economy and effectiveness (see Considine, M., 1988, 1990).

¹⁹ See the Financial Management and Accountability Act, 1997 (Australia) which replaced The Audit Act 1903.

1.4.1 NPM and the resilience of traditional bureaucracies

The way in which an organisation assigns its authority is the basis to understanding how decisions are made in that organisation (Peabody, 1964). Hierarchical institutions apportion their decision-making authority in a top-down manner with senior levels retaining most of the decision-making authority. The new broom of NPM confronts these top-down processes rendering them obsolescent by devolving authority for decisions and empowering officials with a greater level of discretion (Bowman et al, 2004). As the most important feature of the bureaucratic hierarchy was its clearly defined legitimisation of authority and control of resources (see for example, Merton, 1968), public service organisations were likely to struggle with devolved authority and decision making.

1.4.2 Implementing NPM in Defence

Defence is one Australian public service institution that has struggled with externally imposed change on its traditional structure. As with most military organisations world wide, Defence possesses a hierarchical command and control structure (of the type described in Brooke-Graves, 1950; Peabody, 1964 also see Jaques, 1988). This structure enables the rapid mobilisation of a military force into potentially dangerous combat settings within a framework of rules and procedures which, from the most senior leader to the most junior recruit, is institutionally entrenched and circumscribed. Within the military culture, it is expected that compliance to orders will be unquestioned and only in the most critical situations would orders be debated. Many military professionals consider this type of compliance to be the backbone of military culture, but its effectiveness as an organisational means of obtaining

compliance in other than combat settings is questionable and the subject of considerable debate (Ayres & Braithwaite, 1992).

Entrenched command and control structures are not peculiar to military institutions. It is of note that in Australia, many of the larger public sector institutions, particularly among the larger Commonwealth agencies, have remained hierarchically structured with entrenched command and control bureaucracies even after almost two decades of rationalist government reform (McGuire, 1994). There has been a quietly persistent campaign of resistance across the public service, some of which has been anchored in the issue of policy formulation, advice and development. Devolving responsibility for operational decisions is one thing, but devolving responsibility for policy matters is another. Notwithstanding this broad based resistance, Defence has had reasons for its resistance to take a deeper form.

In reality, devolution has taken place to some extent, but the predictions that authority and decision making would devolve to more junior levels of organisations has not as yet occurred, particularly in the important area of policy advice and its development. Jaques (1988) argued that for effective public management, policy decisions should be maintained at higher levels of organisations with the more experienced and skilled managers maintaining control over decisions on policy. It appears that matters concerning policy may determine the extent to which a public institution's organisational structure will remain "bureaucratized" or hierarchical, thus formally differentiating government business from that of the private sector.

NPM (or, as Shand (1987) noted, ‘corporate management’ in Australia) which sought devolution of decision making to an appropriate level of accountability²⁰, is considered by military professionals as problematic for military operations because decision making and coordination on the battlefield relies on authoritarian leadership and top-down control (see for example, Peabody, 1964). This does not mean that command and control structures, in theory, are unable to operate in different ways in other situations, but it does mean that, for strongly-hierarchically structured public sector institutions, at least two systems may be operating concurrently. An organisation with a military decision making structure as well as a non-military decision making structure is bound to confront difficulties in clearly communicating to staff, particularly junior staff, which systems should operate in which context. Leadership of complex institutions such as modern military organisations, therefore, has become increasingly challenging because competing demands and priorities are being imposed on leaders from both external²¹ and internal sources. Maintaining operational effectiveness, while simultaneously complying with large-scale institutional change provides the potential for considerable internal tension and upheaval.

Being part of the public service and being required to implement principles and practices of NPM, military-type organisations are likely to be particularly concerned by attempts from outside the institution to alter their structures and processes, without apparent regard to the functional reasons for their existing structure. In

²⁰ “Accountability” in this sense is used to describe administrative discretion within a public sector organisation for identifying who should be called to account, is responsive to external scrutiny, and has been delegated the appropriate decision making authority (as defined in Mulgan, 2000).

²¹ Defence Reform Program was established by the government of the day in 1997 to accelerate the implementation of managerialist recommendations from the Defence Efficiency Review, 1995.

fundamental ways, Defence is no different from any other public sector institution in Australia, having the same requirements of accountability that all departments have under government legislation. It differs quite markedly, however, in other ways because of its specific purpose, and its own set of regulations²² which govern to a large extent how the military services will conduct themselves both during war and in peacetime, and dictates the services' relationship with the government of the day.

These dual responsibilities ensure that public institutions like Defence²³ are likely to experience greater difficulty in adopting governmental processes brought or borrowed from the private sector whose primary product is defined by economics rather than social good (Painter, 1990, p.82). NPM may affect the stability of an organisational culture whose symbols and traditions are anchored in past experience and practices (Davis, Weller & Lewis, 1994; Ferlie, Ashburner, Fitzgerald & Pettigrew, 1996). In the next section, I consider some of these cultural issues and their contribution to the implementation of values-based management in the Australian Public Service.

1.5 Values-based management as a cultural change process

The introduction of efficiency, effectiveness and devolved responsibility in the public sector assumed a workplace culture that was cooperative, valued teamwork

²² Defence Act, 1903 and Defence Force Disciplinary Act 1982.

²³ The view that DRP [sic Defence Reform Program] was not well received by Defence personnel was recently cited in the Defence submission to a Senate committee inquiry:

Qualitative research in particular suggests that various change initiatives, such as DRP and CSP, have generally been perceived by ADF personnel as disruptive to morale and contributing to excessive workloads. (See Australian National Audit Office report, "Defence Reform Program Management and Outcomes," 2001, Chapter 3, paragraph 3.25. Canberra: Commonwealth of Australia).

and rewarded those who contributed to successful outcomes. NPM was to strengthen these working relationships.

In its pursuit to regulate public sector institutions uniformly within the Australian public sector, some theorists have argued that the government has inadvertently devalued some of Australia's essential institutions (Davis, in Davis, Weller and Lewis, 1994). A particular problem arises when governments seek to change entities established in society to provide a protective "public good," for example, national defence, law enforcement and public safety. These public institutions are valued within society, and are looked to for leadership and civilian protection, particularly in times of national crisis (Selznick, 1976; Sawyer, 1989). Examples of this include Australia's support to Timor Leste; assistance with state forest fires in New South Wales and Australian Capital Territory in 2003 and 2004; support in border control crises, more recently, assistance to manage civil unrest in the Solomon Islands and support for the victims of the tsunami in Banda Aceh, and again in Timor Leste. But should Australians fear NPM as a system that undermines actions that are responsive to the democratic will of the people, or to put it another way, the common good? In one important regard this may occur if the culture of serving the common good is not well diffused in the organisation. The key question is whether with devolved decision making, public servants remember the big picture or whether they focus on the issues that affect their immediate "safety" in an environment where they are accountable and responsible for decision making.

Garvey (1995) has approached this problem as a dilemma of democratic administration. Two opposing objectives are being demanded simultaneously of the

public service: devolved responsibility for administrative efficiency and effectiveness, and coordinated policy implementation that is responsive to government. This means that the government has endowed public institutions with the authority to act, providing them with a level of autonomy, but at the same time, seeks to control decisions and actions, because public sector agencies are instruments of government and accountable to government.

With these competing demands from government, the response from public servants²⁴ does not always conform to expectations. They are working in public service agencies that find they have less autonomy and there is high public demand for them to account for their decisions. At the micro organisational level, employee confusion is likely to surround their so-called empowerment to make decisions and act on those decisions, as well as fear that they will become the scapegoat for poor decisions made further up the hierarchy. Closer scrutiny of departmental decisions and activity may therefore counteract benefits of, or create negative outcomes for, NPM. Values-based management may be viewed by employees with suspicion or resentment. These are the conditions where leadership can influence successful implementation.

1.5.1 Cultural change and leadership

The cultural malaise and loss of confidence that may inadvertently accompany NPM is not inevitable. The success or failure of NPM rests with each Departmental Head. The way in which he or she interprets the organisation's commitment to the new

²⁴ This is also true for military personnel who are not classified as public servants or public sector employees, but have the same workplace responsibilities. Such personnel are expected to comply with government legislation in the same way as public servants are expected to comply.

regulatory code and endorses the values and standards of NPM determines how the organisation is likely to adapt to change (Gortner, 1994). It is also through Departmental Heads that public sector organisations take their lead in developing relationships with those who monitor their activities, in this case, the government of the day or its agency representatives. The Departmental Head's active endorsement of NPM principles provides his or her department with the guidance for, and legitimacy of, these new managerialist values. In this way, NPM principles expressed through values-based management become the benchmark for public sector management.

In a values-based management system, such as that which has been adopted under NPM, regulation is expressed, not as prescribed rules and procedures, but as institutional standards and codes of conduct, which in Ayres and Braithwaite's (1992, pp.19-20) words serve to transform the harsher demands for compliance into a more facilitating subliminal endorsement of conformity. However, the cultural change required to implement NPM in this way not only requires the dedication of the senior leaders to pursue its implementation, but also higher levels of trust, commitment and participation of employees. These are the cultural elements that may have been inadvertently weakened by the changes that have taken place.

A further complicating factor in considering the cultural change needed for successful values-based management is time. Implementation is more difficult to achieve in a hierarchical organisation because the lag effect of enculturation means that expectations of compliance come down the chain of command to staff before staff have familiarised themselves with the new compliance norms, and before they

are integrated into the culture (Katz & Kahn, 1978; Schein, 1990; 1992).

Organisations such as Defence therefore require active mechanisms to ensure that employees²⁵ are made aware of their new responsibilities before any real change is likely to occur; and before either sanctions or disapproval for non-compliance come into effect.

1.6 Purpose of the thesis

The Department of Defence in Australia is a traditional, hierarchical, military, public institution with established symbols and traditions reaching back to federation. By its very nature, the organisation (in its various forms) has received special consideration and has been allowed freedom to act in support of government security objectives through two world wars and several other conflicts. As a public sector bureaucracy, it is archetypal in its stratified structures and detailed procedures. As a military organisation, it is typical of those in the western world in possessing command and control structures and communication systems. As a public service agency, it has a role to play in progressing the objectives of the government of the day and therefore has business links to industry and social links to the wider Australian community. There is little doubt that its multiple roles and functions which have made it an important Australian institution has also led to confusion in goals and mission.

The organisation has demonstrated considerable operational adaptability in response to successive governments' security requirements. Yet, over the past two decades, Defence has struggled to respond in a timely and effective way to government reforms, particularly those of an administrative kind involving decisions on finances

²⁵ For the purposes of this thesis, all Defence personnel are referred to as "employees" although it should be noted that military personnel are engaged under different legislation and, within the organization, are referred to as

and procurements, and human resources. Of particular interest is the way in which values-based management has been implemented in Defence²⁶. In exploring the implementation of values-based management in the organisation, this thesis questions the extent to which:

- The new management model is understood in the workplace;
- Structures are in place to provide opportunities to learn a new decision making system;
- Structural and cultural obstacles stand in the way of successfully implementing the new management model;
- Values-based management provides adequate guidance to enable new managers to make decisions that meet the organisation's compliance requirements; and
- Current practices are sufficiently well aligned with the new guidelines to enable change to occur within the organisation.

Using a survey methodology with Defence staff, this research explores empirically the extent to which employees²⁷ make decisions that are organisationally compliant at a time when new values and standards are being introduced as part of the government's implementation of new public management. Defence is a particularly interesting case study because it presents obstacles to values-based management as noted in this chapter. By examining individual employee reactions to new regulatory

“serving members”.

²⁶ The thesis focuses on reform and legislation which affected the broader Australian Public Service and how the Department of Defence and its personnel were caught up in that change process. For this reason, less attention has been paid to the specific differences that occur within and between the military Services and other parts of Defence.

²⁷ As mentioned earlier, Defence military personnel from the three military Services, Navy, Army and Air Force, the Reserve Force and Australian public servants.

processes at various levels of the organisation, I seek to identify sources of stress and strain that are causing regulatory systems to break down and increase non-compliance at the individual level.

Figure 1.1 below provides a framework for this thesis. In addressing these questions, I have sought in this chapter to provide a history and background to explain the basis of the organisation's current management dilemma.

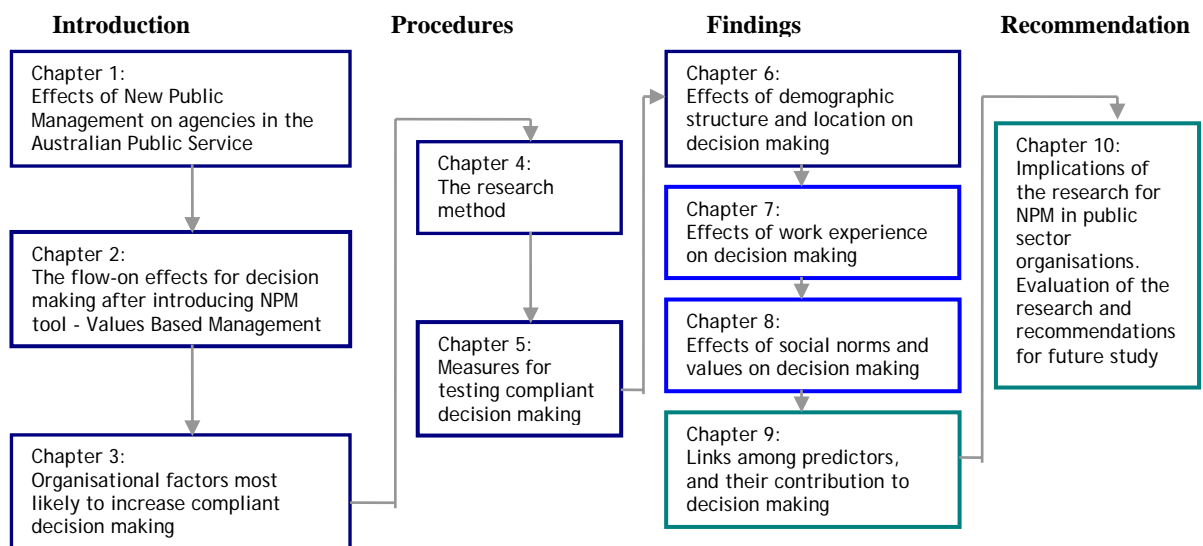


Figure 1.1: Outline of the study

The second chapter begins the discussion of the macro and micro effects of implementing values-based management in the public service. That is, the extent to which agencies within the Australian Public Service are structured to adapt to change imposed from external regulatory sources, and to identify factors that facilitate or obstruct successful implementation, which then may be applied to Defence's specific case. Chapter two also explores the micro effects of such implementation on the

organisation itself. In particular, I explore psychological outcomes – the effects of change on the recipients of the change process, the organisation’s employees.

The third chapter draws together theoretical predictors of compliance with organisational expectations under NPM and proposes a model (see Figure 3.1 on page 108) and set of hypotheses to address how a public sector institution fairs when it brings values-based management into its organisational practices. The central idea is that some parts will adapt more readily than others. While Defence is not expected to be a case of successful adaptation overall, it is likely that there will be pockets of highly successful adaptation and pockets of almost complete dysfunctionality. Chapter 3 sets out to hypothesise the micro factors that explain different outcomes and these factors are represented schematically in Figure 3.1 on page 108.

Chapter 4 describes the research method and Chapter 5 develops the measures which test the extent of compliant decision making using Defence’s interpretation of the Australian Public Service standards “in practice” as the basis for my assessment.

The next four chapters report the results of the analysis. Chapter 6 reports the effects of social demographic and structural location indicators on compliant decision making, and Chapter 7 examines perceptions of the organisation and work experiences that are likely to be associated with compliant decision making. Chapter 8 explores the employees’ social goals, work preferences and values and how they shape compliant decision making. Chapter 9 presents analyses that link the predictors found in Chapters 6 to 8 and their overall contribution towards raising or lowering

levels of compliant decision making among individuals. Chapter 10 concludes with an overall assessment of the research and recommendations for further research.

Compliant behaviour at the micro levels of organisations is an important but under researched area in regulatory research. At the micro levels of organisational life, successful implementation of a values-based approach to management is likely to be considerably more variable than would be observed at the macro levels. This is because many more factors are involved in influencing individuals to comply at the local work level, and there is likely to be less organisational control over reporting on compliance than is found at the macro levels.

1.7 Conclusion

New managerialism is a method of public administration introduced into public sector institutions in many modern Western democracies from the early 1980s. The aim of NPM was to introduce reforms to government and its institutions to improve public sector performance, reduce waste and abuse of public funds, and cut government size by commercialising or deregulating public services. Federal public sector institutions were 'deregulated' by having to compete with the private sector for the provision of services. A smaller public service with flatter structures and team based workplaces was encouraged. Reform regulation was also imposed with a greater level of public accountability for individuals within the public service, previously protected under the umbrella of the portfolio minister's responsibility. In changing focus from an operational to business emphasis, NPM has been criticised as having instigated a devaluing of some of Australia's essential institutions.

Many public service organisations in the Australian Public Service struggled to adapt, in particular, those established institutions with formal hierarchical bureaucracies, such as Defence. Descriptions of the change process and analyses based on observational data and senior management insight provide some indications of the success of NPM. As yet, however, little publicly available data have been shared on the perceptions of staff or how they see themselves adapting to the changes, how they see management under the new system, and how able they are to make decisions in accordance with the expectations of senior management. This is the gap that this thesis addresses.

In theory, NPM was promising. Structural change and new processes of management aimed to reduce 'bureaucratic' groupthink and introduce greater quality into managerial decision making, which is based on shared principles and standards as laid down in new regulations. But the adjustment to a different type of decision making is particularly difficult in a hierarchical bureaucracy because of decades of entrenched practices drive by prescriptive rules. The cultural change required to encompass new managerialist processes involves higher levels of trust, commitment and participation of employees and a strong desire of senior leaders to fully adopt the changes in the spirit in which they were intended by the government of the day.

Decision making that was in keeping with NPM philosophy, or what will subsequently be referred to as compliance with new regulatory codes, will therefore depend on a number of factors. Among them are how well organisational heads are 1) able to influence managers and supervisors and lead the change process, and 2) be inclusive and respectful of lower levels of the organisations in the decision making process. Loss of trust in senior management, and suspicion and resentment at the

junior levels in an organisation are antithetical to the NPM philosophy, and create resistance to expectations of responsible and accountable decision making. NPM also brings with it expectations of the 'professionalisation' of the public service in a different way from traditional public service. A stronger emphasis on technical expertise (particularly financial and business skills), ethical integrity and leadership skills illustrate a particular requirement for responsibility and accountability of individual public servants.

In the next chapter, I examine factors which may affect successful implementation of change in an organisation. In the first instance, I seek to review research that sheds light on some of the common organisational factors that might contribute to, or inhibit resistance and disengagement in subordinates. As outlined earlier, key social and psychological research will then be reviewed to identify individual dimensions likely to contribute to the way in which an individual in an organisation accepts and adopts new regulations. This chapter forms the basis for proposing a model of compliant decision making in Chapter 3.

Chapter 2

PUBLIC SECTOR EMPLOYEE COMPLIANCE TO NEW REGULATIONS

FACTORS AFFECTING IMPLEMENTATION OF VALUES BASED MANAGEMENT IN THE AUSTRALIAN DEPARTMENT OF DEFENCE

2.1 Introduction

In Chapter one, I reviewed the demands of new public management (NPM) on the workplace within the Australian public service, particularly the Department of Defence (Defence). I explored how hierarchically structured organisations went about implementing new systems of public management, and the sources of ‘quiet’ resistance that developed. Yet, broader forces of social and organisational change in play over several decades saw government regulatory policy and related regulatory practices move from a focus on external regulatory control to internal control, whereby departments, and specifically their Heads, were responsible for inculcating a spirit and practice of responsibility and accountability at local levels through values-based management. Departmental Heads were also responsible for building the trust and understanding that was necessary for self-regulation to take place (see Ayers & Braithwaite, 1992 for a discussion of this issue).

As described in Chapter 1, values-based management involves the introduction of workplace principles and codes of conduct which guide employee behaviour while simultaneously encouraging employees to take a more active and responsible role in

decision making. Rather than employing a strict adherence-to-rules approach¹ to decision making as seen (and criticised) in traditional public service operations, values-based management was implemented in public institutions to encourage employees to use judgment based on stated public service values, with the aim that they would make decisions at the local level congruent with organisational goals. This chapter explores regulatory, sociological and psychological theories which are likely to underpin the effective roll-out of values-based management in the public sector, and specifically Defence. Fundamental to this implementation is the identification of factors shown in research to enhance employee compliance with, and acceptance of new regulation.

2.2 Applying theory to public service

At the heart of values-based management is the notion of individual adaptability which follows a path that serves the organisation's goals and helps rather than hinders the adaptability of others in the organisation. NPM appears to have its roots in a miscellany of theories and management techniques. In Australia, NPM has been promoted by successive neo-liberalist governments as a means of reducing the size of the public service and sought to improve an apparent lack of responsiveness of the public service to government (Pollitt, 2003). But in the many analyses of whether NPM is desirable or not for government, and whether the reform process has met its objectives, there has been little systematic and scientific analysis of what makes individuals adaptable and responsible in the way NPM assumes they can be.

In the course of this chapter, I will argue that analyses of public service performance

¹ Traditional public service was criticised for its excessive dependence on written rules and instructions, and its ponderous attention to procedural correctness.

tend to focus on macro outcomes that suggest change or adaptation has taken place at the expense of a micro level understanding of how individuals make sense of the regulations and make decisions about whether they want to comply or not. It is at this level that there can be unexpected effects that are detrimental to the 'health' of the organisation. For instance, compliance overall might be improving, but at the same time, organised and hardline resistance might be developing because changes are regarded by some as unreasonable and unfair. Such pockets of discontent can gather momentum and in time change the organisation (Ahmed & Braithwaite, 2007). Little empirical research has examined the micro level relationships that are occurring under the values based management approach. In addition, I intend to assess how well values-based management, an important feature of NPM, has been accepted in a large public sector organisation.

The research proceeds from a perspective that was articulated early in the social sciences by Thomas and Znaniecki (1918) and Znaniecki (1927; 1934) in their seminal work on constructions of social reality. Znaniecki (1934) concluded that actuality is the *becoming* of both thought and reality in their reciprocal determination. That is, what we do and how we behave in response to requests and expectations is largely determined by the meanings that we attach to what is happening to us at the time. This is our reality. As our experience grows, these experiences change as does the meaning we attach to them. In other words, to understand what people do, we need to understand people's thoughts and how these thoughts become associated with experience and their perceptions of this experience. Yet perceptions are not all that matters. There are organisational factors, peculiar to public sector management that might also alter employee compliance with new standards of behaviour. I aim to

show that through building a model that incorporates perceptions and structural features of the workplace, we might obtain a better understanding of institutional compliance in public sector organisations in Australia, such as in Defence.

The review begins with an operational definition of compliance drawing comparisons in definition across macro and micro levels of organisational decision making (as described in Tetlock, 1994).

2.3 Compliance with NPM – possible levels of analysis

Broadly speaking, compliance is the outcome desired from deliberate efforts to regulate human conduct (Braithwaite, 2002). Under the framework of the current study, discussions of compliance can take place at the macro and micro levels of institutional activity (Tetlock, 1994, see also Ferlie, Ashburner, Fitzgerald & Pettigrew, 1996, p. 229). When an authority imposes a regulatory code on an organisation, the authority is most likely to monitor performance gains or failures overall, that is, at the macro level (Tetlock, 1994). At the micro level of organisational life, compliance research focuses on individuals – how individuals learn to obey organisational rules developed in response to overarching regulation as it is interpreted by the organisation for the benefit of, and/or as it sets boundaries for, employee conduct (see Hogan, 1973; Etzioni, 1988). The two faces of compliance – the external, aggregated macro face that outsiders observe, and the internal, disaggregated micro face that employees experience – may operate independently of each other. But integrity is most likely to be achieved (that is, a state of organisational functioning where the parts are mutually supporting and buttress the whole) where micro and macro operations reflect the same codes and contribute to the same overarching

objectives (Braithwaite, 2003).

Micro-level compliance, the focus of this thesis, involves a greater emphasis on interpersonal processes and relationships, and provides a fine grained analysis of how successful the organisation's managers have been in the implementation of values based management. That is to say, the extent to which compliance objectives clearly reflect the intent of the regulator (in this case, the Government) depends on a) the way an organisation interprets and applies new regulatory standards, b) the training and learning that takes place so that individual employees know what is expected of them, and c) the capacity and commitment of employees to apply their learning to everyday work problems. The degree to which interpretation and understanding of the regulatory standards effectively infiltrates the organisation also depends on the size, complexity and structure of organisations because the larger the organisation and the more elaborate the structure, the greater the opportunity for communication error. Also, the greater the ideological or attitudinal distance of the decision maker from the regulatory authority, the greater is the risk of misinterpretation of the regulation (Braithwaite, 1995).

Social psychological literature suggests that there are interpersonal and situational factors, which contribute to varying degrees to employees complying with rules and practices that meet the standards of the organisation's leaders and regulatory authority. An examination of these factors within an organisation should provide a better assessment of the reasons compliance might be seen to be piecemeal, and at times produce poor results in the eyes of the external regulating authority (ANAO reports on

APS NPM performance, particularly those relating to governance matters in Defence²). My principle focus in this study, therefore, is on exploring interpersonal and situational factors, which might be considered to have an impact on how well employees accept and are willing to comply with new standards and principles of NPM. Before assessing the available literature on these factors however, it is first necessary to determine what is meant by the term *compliance* when applied to the individual's behaviour.

2.3.1 A psychological definition of regulatory compliance

Social psychologists have defined 'compliance' as the process of conforming, or bringing one's behaviour into line with that of others in order to avoid punishment or rejection by members of a valued group (for example, Zimbardo, 1988; Cialdini & Goldstein, 2005). In psychological terms, 'compliance' is driven by extrinsic motivational factors, including enforcement and coercion, designed to elicit obedience to rules and standards.

Psychological research differentiates 'conformity' from compliance. Conformity is less deliberative than compliance and refers to the tendency for people to adopt the behaviour, attitudes, and values of other members of a reference group without being consciously aware that they are doing so (Deutsch & Gerard, 1955; Zimbardo, 1988, David & Turner, 2001; Cialdini & Goldstein, 2005). Within the current research context, the distinction between conformity and compliance is not important. In practice, regulatory bodies view compliance as adherence to the letter and spirit of rules and standards that can come about as a result of education and persuasion, or through following the behaviours of role models, or through avoiding punishment and

² ANAO has conducted 61 audits on Defence related matters since November 1995. See ANAO website <http://www.anao.gov.au/>.

sanctions. Modern regulatory practice favours persuading and convincing, using sanctions only when necessary. This is an alternative model to a traditional conception of command-control regulation³, which ignores the psychological processes of social influence and persuasion that are ever-present, and instead imposes an external system of punishments to obtain compliance (Bardach & Kagan, 1982; Braithwaite, 1985; Rees, 1988, 1994). There is a body of empirical evidence, which shows that successful methods of obtaining compliance involve persuading people that laws are good laws, and that those who are responsible for enforcing the laws use fair procedures (Grabosky & Braithwaite, J. 1986; Lind & Tyler, 1988; Tyler, 1990; Ayres & Braithwaite, 1992; Makkai & Braithwaite, 1996). In a similar way, NPM relies on persuasive techniques as a means of obtaining a greater willingness among public servants to comply with new regulation.

2.3.2 Narrowing the definition of compliance

Although this thesis focuses on compliance with new principles and standards within the Australian Public Service, I acknowledge that other types of compliance may exist and are important. I acknowledge also that there will be times when the inherent value of other types of compliance may be greater than that of the formal principles and standards under investigation here. The interactions between formal, informal, overarching and local rules and practices are likely to be critically important in furthering our understanding of how the public sector can better serve the public ‘good’ and should form the basis of important future research. Moving in this direction is Braithwaite’s (2005) work in defiance in which she argues that the adaptability of organisations in the future depends on their creating institutional spaces for public

³ Traditionally, the method of choice for regulators involving punishment or sanctions as a means of obtaining private sector compliance with government regulation (Ayers & Braithwaite, 1992).

expressions of defiance. The institutional analysis which Selznick (1994, 1996) offers of questioning means-ends work practices and being responsive to ways in which the organisation falls short on integrity also exemplifies the importance of critically viewing compliance (Tyler & Blader, 2000).

This current study is more limited, however, and seeks to understand in the first instance the determinants of compliance with overarching principles in a hierarchical public sector institution, as they are understood by senior management and applied in regular workplace contexts. The focus is on the social and psychological process of compliance with the standards in place, not with the standards that should be in place or might be in place to improve the organisation's integrity. The expected behavioural responses to compliance brought about by the interaction of bureaucratic structure, personnel practices and regulatory authority provide much needed and important insights into how individuals respond to institutional re-design (be it good or bad).

The next section begins an analysis of organisational factors by exploring the vulnerabilities inherent in hierarchical compliance structures when attempts are made to implement new regulations.

2.4 Structural influences on workplace compliance

There is a pervasive view among many theorists that hierarchical organisations are, for the most part, inefficient, autocratic and socially isolating, particularly for the more distantly located⁴ of their employees (see for example, Pollitt, 1993, 2003; Hood,

⁴ *Location* is referred to here as the institutional requisites, which prohibit or facilitate the likelihood of employees having access to and therefore acquiring skill and/or knowledge of the use of new management tools.

1995). From his extensive research, Selznick (1969, 1996) has argued that institutions with established hierarchical cultures and structures are particularly vulnerable to over-regulation and may be somewhat resistant to change. Concentration on rules and procedures strengthens hierarchical authority, he claims, and builds a legalistic culture with a focus on the 'fine art' of rule making. Compliance with rules becomes an important management aim in itself beyond the rule's initial function of setting boundaries around employee conduct. Selznick saw this as causing a disconnect between purpose and process, which was likely to impact most severely on hierarchically structured institutions because of their existing characteristics of top-down distribution of authority, decision-making and communication. This has led to bureaucracy gaining a reputation for being laborious, slow and unresponsive in performing its functions (Pollitt, 1993).

As discussed in Chapter 1, one of the reasons given for introducing NPM was to overcome chronic bureaucratic unresponsiveness and in doing so, reduce the administrative burden of public sector institutions on the government. NPM challenges traditionally structured public sector organisations to look closely at how they produce the business of government. Many elements of organisational life are likely to change as a result, particularly institutional culture, employee beliefs and values, and standards of workplace behaviour.

2.4.1 The organisational context for compliance

I noted in Chapter 1 that larger Australian Public Service organisations tend to be hierarchically structured and, depending on the structural, physical or social distance between senior and lower levels, are likely to be limited in the extent to which they can

influence individuals to comply with workplace standards and principles. For the purposes of the current study, three factors have been identified as likely to contribute to a diminishing of employee compliant decision making. These comprise 1) the power structures within the organisational hierarchy (Kipnis, 1972; Gamson, 1968; Ng, 1980, 1982; Bruins & Wilke, 1992; Bacharach, Bamberger, & Mitchell, 1995); 2) the presence of impermeable boundaries between work sections and rank levels in the organisation (Mulder, 1971); and 3) the psychological and informational distance these factors place between the organisation and its employee (Black, 1976; Braithwaite, 1998).

In hierarchical organisations, power is invested in the rank structure. The highest ranks hold the greatest status and capacity to influence (Etzioni, 1961). This is not necessarily a straightforward vertical investment of power for, within large organisations, there are many divisions that break into smaller operational units. Each of these small work units is similarly hierarchically structured, while across the organisation, there are many small work units holding similar status. In general, however, the hierarchical structure (particularly in military organisations) holds true with the most senior rank of each unit having the greatest status and most influence within the group, and being subordinate to the rank or group immediately above (See Popper, 1996; and Black, 1998 for comments on factors which shape military structure and process). Military organisations have classical hierarchical structures. Norms, values and rules of the military organisation clearly reflect the importance of rank as a defining basis for behaviour and, therefore, compliance in decision making.

Earlier research concluded that, at best, hierarchical organisations possessed semi-

permeable boundaries (Mulder, 1971; Mulder & Wilke, 1970). That is, mobility across ranks and within groups is possible but is usually carefully monitored and controlled by the organisation to ensure an organisational “fit” is maintained. This is a very powerful way for an organisation to regulate behaviour and obtain employee compliance. The incentives offered involve enhancement in social status and influence (Ellemers, Jan Doosje, Van Knippenberg & Wilke, 1992).

At this point, the implication is that what the Departmental Head demands, the Departmental Head will be given in terms of introducing NPM. This does not take into account the reality of most situations in public sector hierarchies in which promotion is a reward that can be offered to only a select few and chances of promotion are reduced as one moves up through the ranks. In other words, this is a limited avenue available to Departmental Heads in their bid to obtain support for NPM reforms through formal rewards. The inevitability of most people having no foreseeable opportunities to progress sufficiently to advance their status and influence⁵ creates potential for alienation^{6 7} in times of social change when certain groups of employees may come to see themselves as members of “out-groups” (Etzioni, 1961; Marx, [1848], 1964; Selznick, 1994, Braithwaite, 1995).

Strangely, the most influential ranks within a hierarchical organisation are unlikely to have influence with these low status groups. Where boundaries are impermeable, members of low status groups are prone to seek an “in-group” identification to fulfil

⁵ For a comprehensive assessment of the psychological determinants of alienation, see D. Stokols (1975), Toward a psychological theory of alienation. *Psychological Review*, Vol 82, No 1, 26-44.

⁶ K. Marx (1964, originally published 1848), defined alienation as the process through which people lose their sense of control over the social world so that they find themselves ‘aliens’ in a hostile social environment.

⁷ P. Selznick (1994, p.140) applied Marx’s definition to describe alienation as a belief of being dominated in the workplace resulting in a distortion in perceptions, an abridgement of consciousness and a corruption of emotions.

their needs for a positive social identity not available otherwise within the organisation (Ellemers, Van Knippenberg, De Vries & Wilke, 1988). Within this context, the norms of the proximal group tend to be more influential on individual behaviour than the norms of the organisation as a whole. By virtue of its structural impediments, the organisation forces distance between those who are positioned at a higher level (and supposedly know what is expected under NPM) and those at the lower level (who are less likely to know what is expected under NPM). This social distance created through status differentials increases disengagement for the lower levels as they perceive themselves to be excluded from information and opportunities available to others higher in status. The social distance (Bogardus, 1928; Mulder, 1958, 1971, Braithwaite, 1995) between this group and the organisation becomes so great that the only organisational mechanisms of compliance likely to be effective are rules-driven and externally enforced. The openness to being persuaded and influenced has vanished because the group has taken on its own identity – an outgroup from the organisation's perspective, but their own special in-group from the employees' perspective. The hierarchical organisation tends, therefore, to be a rules-based institution for the purpose of controlling its lower ranks. Similarly, critical information, like the transmission of culture, will have filtering mechanisms (Deal & Kennedy, 1982, Latane, 1981, 1996) throughout hierarchical organisations. Thus, the capacity for complete knowledge to reach the lower levels intact is doubtful or at best diluted to the point of being unintelligible, because it is transmitted in a partial, fragmented way often without relevant context.

The level of scrutiny required to maintain compliance in this system is likely to be costly and largely ineffective. There are no incentives or rewards that would stimulate

disengaged employees to feel the sense of responsibility that is required to think about decision making in the ways required under values-based management and therefore to act in compliant ways (Grabosky & Braithwaite, 1986; Hood & Scott, 1999).

Furthermore, messages that seek to improve the prospects for such disengaged individuals to meet the required standards are likely to be lost or misinterpreted in the filtering process of the hierarchy (Kanungos, 1982; Freund & Carmeli, 2003; Blau, 2003). In this grim setting, it is clear that other methods to build engagement are necessary if a hierarchical organisation is to implement a change program successfully. Socialisation remains an essential tool for cultural transmission within hierarchical organisations as a means of instilling values and standards in its new recruits so that their initial attachment with the organisation is strong (Buchanan, 1974; Van Maanen, 1976; Van Maanen & Schein, 1979; Baker & Feldman, 1990; Ashford & Saks, 1996; Fogarty, 2000).

The next section looks more closely at the transmission of organisation culture through a process of socialisation, and examines its effect on compliance.

2.5 Socialising a culture of compliance

Organisational culture is often defined as a system of shared meanings, held by members, which distinguishes an organisation from others (see for example, Becker, 1982; Schein, 1985). Other characteristics include common and shared values, role specific competence (Smith, 1968) and commitment by staff to act in the interests of the organisation (Harrison & Carroll, 1991). A strong organisational culture contains belief systems that sustain the commitment of individuals to the good of the organisation (Scott, 1987). Cultural transmission within an organisation occurs by way

of socialisation of its individual members. That is, a process by which organisations facilitate adaptation and acceptance of the core values and common modes of practice of the organisation (see Schein, 1960, 1984, 1990, Van Maanen, 1976; Van Maanen & Schein, 1979; Baker & Feldman, 1990; Mignerez, Rubin & Gorden, 1995; Ashforth & Saks, 1996).

Large organisations such as Defence provide formal induction programs as a means of exposing new recruits to the norms and practices of their cultures. This is a deliberate process of acculturation aimed to provide the new entrant with initial “survival” skills in an often unfamiliar environment⁸ (Baker & Feldman, 1990; Mignerez, Rubin, & Gorden, 1995; Ashford & Saks, 1996).

The socialisation process is enhanced by the presence of credible and admired leaders who model the attitudes, values and behaviour of the organisation. Bandura (1977) has argued that role models are highly influential in determining behaviour in an organisational setting. Organisational culture transferred through induction programs and leadership will have lasting effects on the individual, making some changes more possible than others. The strength of a culture plays an important facilitating role in delineating what kinds of changes are consistent with the ‘corporate identity’ and what changes are not, and how well new standards are accepted and internalised as part of everyday practice.

2.5.1 Cultural influences on workplace compliance

Empirically, organisational culture has been shown to have a significant controlling influence over employee behaviour (Victor & Cullen, 1988). Therefore, the manner in

⁸ It should be noted that for serving military personnel, enculturation is specific to the military Service to which one belongs. For APS personnel, enculturation is more likely to involve exposure to the beliefs and values of the broader Defence organisation.

which new regulations are introduced within an organisation's culture will determine the extent to which the culture resists or accommodates the desired change (Hofstede, 1998; Schein, 1999; Detert, Schroeder & Muriel, 2000).

According to Ouchi (1980), culture is an evolving and dynamic process in which reciprocal 'contracts' occur between individuals and the organisation as separate decision-making entities. This reciprocal relationship is thought to influence change in both individual and organisational behaviour alike, but as cultural norms develop over time, the culture strengthens lessening its capacity to be influenced by individuals, and conversely, increasing its influence on individuals (see for example, Selznick, 1994, p. 181). In established bureaucracies where cultures have evolved over extended periods of time, the pressure to conform is high (a good example of such conformity can be found in Bursnall, Kendall & Wilcox, 2001). Attempts to alter entrenched work cultures are likely to meet with little success. Where institutional change is imposed from outside the organisation, chances of successful cultural change are limited unless the change 'makes sense' and respected leaders model the behaviour, and staff follow in their footsteps.

Modelling something as seemingly abstract as values-based management is not likely to be easy. The introduction of a values-model of management is an example of an externally imposed change and as such represents significant challenges for managers in its implementation. Its successful implementation will depend in part on strong support from line managers and supervisors to influence others and drive the change within the organisation (see for example, Trice & Beyer, 1993). The appropriate role model for values-based management needs to be observable and contactable so that the

ideas can be given practical substance in day to day operations. A further impediment to successful implementation might arise where new regulation is seen to precipitate conflict between traditional norms of the institution and new ‘accountability’ standards as these compete for primacy within an organisation’s socialisation process, in particular within employee training and reward systems.

The next section explores in more detail cultural issues that arise for public sector organisations, such as Defence, when they are required to adopt new legislation that is likely to have a direct effect on existing work relationships and practices within the organisation.

2.5.2 Developing responsibility in a rules-based culture

Values-based management requires traditional bureaucracies within the Australian Public Service to change the emphasis of their approach from one of punitive enforcement of rules and regulations to one which uses a form of “moral suasion” based on an appeal to employee responsibility (Ayres & Braithwaite, 1992, p. 20). Proponents of this approach claim that persuasion seeks to overcome employee psychological reactance⁹ which limits an employee’s capacity to act responsibly and make organisationally-focussed decisions (see for example, Brehm, 1966; Carver & Scheier, 1981; Brehm & Brehm, 1981; Makkai & Braithwaite, 1994). Under NPM, expressions of institutional values and standards of behaviour are forms of *moral suasion*, which become important levers in creating a ripple effect to lift organisational compliance so desired by Departmental Heads.

⁹ Brehm (1966) defined reactance as an individual’s concerted effort to remove a perceived unfair restriction on their actions.

So what prevents this ripple of responsibility from washing over all employees? Senior levels in a hierarchical organisation may be concerned that values-based management would enable junior levels of the organisation to have a greater level of responsibility for decisions, previously considered above their level of delegated authority.

Moreover, some managers might fear that the absence of clearly articulated instructions would lead to decisions being made that were motivated by self-interest rather than by a considered evaluation of corporate requirements. In other words, some individuals in key positions may be wedded to a rules-based approach to management.

The specific issue for hierarchically structured organisations is that authority and decision making are linked inextricably to rank or status level within the organisation¹⁰ (Jaques, 1988). Therefore, some might feel that to devolve decision making within a hierarchical organisation is to undermine the basic structure of authority and invite a degree of chaos into established routines. A level of resistance could be expected then at middle to senior levels within the organisation and the capacity for the organisation to change is reduced, not just by the social distancing created by the hierarchical structure, but by the fear among senior staff that junior staff are not equipped to practice values-based management.

The fears are not without foundation. In a hierarchical organisation, structural arrangements induce a degree of incapacity. As decision making devolves, individual differences, such as an employee's status, personal values and attitudes, knowledge and experience become increasingly important, particularly in the way these characteristics shape and influence how people interpret organisational values and

¹⁰ And, in the case of the ADF, to the particular Service to which one belongs.

codes of conduct (Shapiro, Trevino & Victor, 1996). In values-based management, an increasing reliance on individual decision making has the potential to increase risks especially when individuals have not been “trained up” as a matter of course by the organisation (see Eccles & Wigfield, 2002). This risk is particularly salient for command and control military organisations such as Defence, which traditionally have relied on obedience to rules to set boundaries around workplace behaviour, especially for lower or junior ranks (see, for example, Gade, 2003). Alternate methods involving intensive training and skill development are necessary to strengthen at more junior levels both a sense of personal responsibility and capacity for organisational decisions. Such a focus on the development of individual leadership characteristics is congruent with the principles of values-based management, which require higher levels of employee participation. It would be reasonable to assume that in some parts of Defence, employees were participating and accepting responsibility, even though institutional forces were in play elsewhere resisting change¹¹.

Participation is necessary in a values-based management model because employee obligation (and therefore compliance) arises out of their engagement with the institution (Selznick, 1994, pp. 184-189). In public sector institutions, “common good” principles form the basis of the organisation’s identity because such institutions exist to serve the society. Participating and identifying with the organisation means taking on:

1. Consideration of others’ expectations as expressed in personal and role responsibility;

¹¹ ‘Character training’, which imparts the Service values, is a strong focus for military members in training, whereas very little of this type of development is provided to APS personnel. These personnel must rely on corporate programs to impart similar information.

2. Respect for rules of law as expressed in the organisational rules and regulations;
and
3. Duty towards the organisation as expressed in individual principles and values of integrity, diligence and probity.

Research from social psychology lends support to the proposition that a sense of responsibility enhances the quality of decision making. Several studies have shown that decision making is strongly influenced by the extent to which the subject feels personally accountable for the decisions they make (Tetlock & Kim, 1987; Tetlock, 1983; Tetlock, Skitka & Boettger, 1989). Supporting research has also shown that decision makers who feel accountable for their actions show less overconfidence than those who do not feel accountable (Tetlock & Kim, 1987); display less social loafing (Weldon & Gargano, 1988); and show greater analytic complexity (Hagafors & Brehmer, 1983; Tetlock, 1983). If the 'accountable' person demonstrates more balance in weighing their decisions, is more motivated to make decisions and is prepared to think more deeply about a particular issue before making a decision, it is reasonable to infer that accountable persons accept personal responsibility for their actions. A sense of responsibility can be supported by employers through systems of praise and incentives (Etzioni, 1961, Kerr, 1977, Robbins, S.P., Waters-Marsh, T., Cacioppe, R. & Millett, B. 1994). Thus, in organisations or parts of organisations where a sense of responsibility is promoted actively, decision making should be more in accord with the organisation's interests. The presence of a sense of responsibility is therefore an important behavioural component in achieving workplace compliance.

So far, in this chapter, I have discussed structural and cultural factors that might contribute to how well decisions are made within a NPM framework in a public sector

organisation. In particular, hierarchical structures can operate to obstruct implementation of NPM whereas through the enculturation of a sense of responsibility in employees, cultural practices can facilitate NPM implementation. In the next section, I examine research on social and relational factors that are thought to influence decision making in organisations. The final part of the analysis explores individual differences and their effects on compliant decision making in organisations.

2.6 Shared values and social coherence in work groups

From a social science perspective, the individual at work is more likely to comply with institutional standards if the values of the institution are compatible with those of the individual. Research from a person-organisational fit perspective supports this view (Feather, 1992a, 1994). Research on social values (see V. Braithwaite, 1995; Braithwaite & Levi, 1998) indicates that there are central value dispositions or orientations that make some people respond more positively to expectations of compliance with government than others. Cooperation is more likely to be the case when individuals place high value on the pursuit of national goals and aspirations (Braithwaite, 1998). This leads to the prediction that when individuals value the goals that institutions such as Defence are dedicated to pursue, they are more likely to be motivated to acquire the decision making skills required for values-based management. How are values so defined?

V. Braithwaite & Blamey (1998, p. 363) acknowledge significant contributions by Kluckhohn (1951) and Rokeach (1973) in defining values as “principles for action encompassing abstract goals in life and modes of conduct that an individual or a collective considers preferable across contexts and situations.” Values, they believe,

have significance at the individual level as well as being socially shared understandings that give meaning and order to 'social living', that is, living in a society. Values are said to frame institutional decision-making (see Rokeach, 1979) and, in doing so, are likely to influence quite strongly the actions of individuals and of the collective. These commonly shared values provide a basis for the development of cultural norms and rules about acceptable standards of behaviour.

Over the past decade, growth in public sector interest in principles- or values-based management has sparked renewed research interest in the nature and influence of values as behavioural predictors in the workplace. Previously, values research, as an explanatory basis of behaviour, had been passed over because earlier research had failed to show reliable or consistently predictive relationships between values, attitudes and behaviour (Braithwaite & Blamey, 1998). However, with the failure of punitive measures increase compliant behaviour systematically among the regulated, regulators have turned to social and psychological indicators to build new 'co-operative' compliance models (see Ayres & Braithwaite, 1992, J. Braithwaite & V. Braithwaite, 1995, Tyler, 1997). These cooperation building measures were applied to the public sector through the introduction of NPM. How do they impact on organisational behaviour?

2.6.1 Values as a reference point

Values are distinguished from other beliefs and attitudes by the extent to which they remain stable and endure over time (Rokeach & Ball-Rokeach, 1989; V. Braithwaite & Blamey, 1998). Values research conducted over some 40 years has provided strong and consistent support (see for example, Kluckhohn, 1951; Rokeach, 1973; Schwartz, 1994; Scott, 1965) for the presence of socially transmitted internalised

value systems. These value systems comprise shared goals and behaviours that, at an abstract level, remain socially legitimate across different situations and over time (Braithwaite, 1999; Braithwaite & Blamey, 1998).

When these values are “tapped” by organisations that affirm their importance to the community, a shared group identity that facilitates change should come into being. Less helpful from the perspective of change agents are those who express disinterest in social values, be they conservative or progressive in nature. Braithwaite (1994, 1998a) refers to this group as moral relativists. Their cooperation is contingent on the specifics of the situation: It is not values based. Those who use principles or values to guide their behaviour at work are less likely to be out of step with the institution implementing values-based management than those individuals who do not hold values as important reference points. In some cases, therefore, self-interest as a primary motivator becomes an impediment to implementing values-based management and lends some support to rationalist theories discussed later in this chapter (see Ahmed & Braithwaite, 2007).

The extent to which employees make judgments that are in the best interests of the organisation depends largely on perceptions of their self-worth as valued members (Tyler, 1990). Having collective values is only half the story. Individuals need to be able to see that they can successfully implement the values and that it will make a difference (Carver & Scheier, 1981). This is more likely to be the case when individuals feel valued within their group (Tyler & Blader, 2000). Being valued gives them a sense of agency and responsibility.

Negative experiences of being excluded or treated dismissively may culminate in a withdrawal from participation in organisational activities, and lead to behaviour that undermines the effectiveness of the organisation. In urging the public sector to become more like the private sector, NPM has triggered subtle shifts in how core values are prioritised. There has been a shifting emphasis from specific social values that promote the public service (that is, security, health, welfare, education, for example) to values that pursue efficiency and effectiveness of the business enterprise of the organisation as part of the overall pursuit of national economic growth. As a result, NPM may be introducing a level of *anomie*¹² among members whose values align with the traditional roles of the public institution rather than the business end of achieving efficiency goals (Stokols, 1975; Kanungo, 1979). By decoupling the strategic values from the business values of the institution or by subordinating one set to the other, the organisation risks introducing confusion and doubt about the collective identity – what it is and who espouses it, and invites escalation in non-compliant or deviant behaviour in its workforce (Passas, 1990; Erikson, 1999).

2.6.2 Disengagement and non-compliance

Deviant behaviour at work manifests in ways ranging from simple disobedience to active deception (including fraud and other institutionally harmful pursuits) (Heider, 1958; Kagan & Scholz, 1984; V. Braithwaite, Braithwaite, Makkai & Gibson, 1994). Workplace deviance is described as the extent to which the behaviour in question exceeds tolerable limits (Erikson, 1999), and is seen to be in breach of the behavioural code expected of the employee. What is still not well understood is the extent to which some institutional systems are the cause, as well as the victim, of subsequent

¹² Also referred to in this study as ‘alienation.’

exploitation (Merton, 1968; Erikson, 1999). That is, because of their own structure and processes, some institutions may contribute to their own exploitation.

Merton (1968) suggested that systems where high rates of deviance are likely to occur are those that place strong emphasis on particular goals and do not provide support or endorsement for concomitant institutional procedures or means for achieving these goals. This lack of procedural guidance leads to the development of anomie (Stokols, 1975; Cohen, D.V. 1996). Merton made two important claims about factors contributing to deviance in an institutional setting (Cohen, 1996). The first is that where goal-attainment is the main indicator of personal worth, those who feel they lack access to the legitimate means for reaching valued goals will be more likely to violate moral and legal norms (see also Braithwaite, 1995). The second is that higher rates of unethical or criminal conduct are likely to occur where economic success is the principal measure of worth, and where individualism, expansion and innovation are central values. In some ways, NPM, as implemented in the Australian Public Service, endorses these types of values and may place public organisations at risk for increases in deviant workplace behaviour. Disaffected individuals likely to perpetrate deviant behaviour at work are those individuals who see themselves as unsupported and undervalued by the organisation. In a hierarchical organisation such as Defence, juniors or lower ranks and those who perceive themselves as members of “out-groups” are more at risk for deviance of this nature.

While employees with limited access to the legitimate means for reaching valued goals are expected to be more likely to violate moral and legal norms, the reality is that executives, with what appears to be almost unchecked power, also violate moral and

legal norms (Box, 1983; Braithwaite, 1989; Passas, 1990; Bernard, 1992; Labich, 1992). The motivating factors, however, are likely to be different. For executives, the motivating factors are likely to be success without sufficient regard for the process and how that success was achieved. They are likely to explain their deviance as doing the best for the organisation. Non-executives or those without resources, on the other hand, are more likely to see themselves as being unfairly treated and tend to explain their actions as non-harmful to others (the organisation not included), or as a form of entitlement or repayment for unrecognised service. For this reason, senior managers are unlikely to be among the disengaged groups. Embodying the organisation's true connection with external regulators, senior managers are well represented among the engaged group, and are generally responsible for making the main decisions (as defined by Moscovici, 1976; 1985). Because of their level of engagement, they are the organisation's key to successful implementation of a change program (Deal & Kennedy, 1982; Buch & Wetzel, 2001). Their effectiveness as leaders shapes the extent of disengagement among staff.

In summary, social and relationship factors are important for compliance in organisations, in particular, employee endorsement of values that are compatible with those implemented under NPM, positive work experiences and relationships with supervisors increasing the likelihood of compliance and commitment of senior leaders in modelling the values at work. At the work group level, the likelihood that staff will comply with new regulations of values-based management will be greater if 1) there are shared values about doing what is best for the organisation, 2) there are well marked pathways for how staff are to achieve these goals, and 3) staff have a sense of belonging to the group that will boost their confidence that they will be able to comply

with the change process. Where work groups feel supported and valued by their organisation, members of those groups are likely to be more positive in how they approach the change process. The next section explores individual characteristics or traits which might affect compliant decision making at work.

2.6.3 What motivates individuals to comply?

Behavioural research into the individual's reaction to regulation and authority indicates that compliance, or more importantly, non-compliance is compelled by complex and interacting factors (Gralinski & Kopp, 1993), with much of the research focusing on dispositional¹³ factors to the exclusion of those generated by situation (Birbeck & LaFree, 1993). Dispositional approaches attribute certain traits or dispositional properties to individuals and explore the extent to which an individual will act in consistent and predictable ways regardless of the situation (Heider, 1958; House, Shane & Arnold, 1996; Roberts & DelVecchio, 2000). Earlier trait approaches were 'dispositional' in that they posited the existence of an underlying personality (see for example, Allport, 1961, 1966), including attitudes and mood, which predispose to particular behavioural styles. An individual's disposition was presumed to remain stable irrespective of the broader social environment within which the individual resided. Later dispositional¹⁴ approaches took a broader view, postulating that behaviour was attributable to a combination of personal characteristics (inherent ability and will to achieve, for example) and environmental factors such as the level of complexity of a task or chance (Arkes & Garske, 1982). Later social research has shown that behaviour requires an appreciation of the situational context if it is to be adequately explained and predicted (Trevino, 1986; Weber, 1990; Jones, 1991).

¹³ Theories that conceptualise the self as the central focus of compliance are often described as dispositional approaches.

¹⁴ Also termed, 'individual differences.'

In reviewing organisational research, some have concluded that the role of individual differences is equivocal and has failed to contribute significantly to the body of knowledge on why some workers comply within organisational codes while others do not (Davis-Blake & Pfeffer, 1989). In situations where codes are poorly disseminated and articulated and not modelled by organisational leaders, it is reasonable to postulate that individual difference variables probably do not appear as significant because the strength of organisational factors simply overwhelms individual factors (Mischel, 1968). In most cases, people are not doing what they are supposed to because no-one has made the expectations of compliance clear to employees. In contexts where the organisational culture is conducive to compliance, individual differences are likely to be more important. In contexts where expectations are clearly articulated to all employees and assistance in learning to comply is provided, failure to comply can be attributed to an individual's lack of willingness or competence, or both.

The attitudes which individuals hold toward the organisation and toward organisational change are fundamentally important to how they interpret NPM and its implementation, and subsequently, their willingness to cooperate with the change process. It is likely that some individuals have a more negative predisposition to change than others, feeling fearful of the consequences and lacking confidence in their capacity to find a role in the 'new organisation.' These factors may be fundamental to the reason why some individuals might decide to place self interest over the organisation's interests. The next section explores aspects of self interested decision making and compliance from the perspective of rational choice.

2.6.4 Rational choice and consistent decision making

Proponents of rational choice theory (for details of this theory see, for example, Dunleavy, 1991; Banks & Weingast, 1992; Douma & Schreuder, 1998) assume consistency in decision making in so far as individuals will always choose the option that best serves their self-interest. Rational choice theory assumes that the individual is a rational and independent actor, who is able to make logical choices that maximize self-interest in any decision making context (Etzioni, 1988). The theory assumes three behavioural characteristics that have some resonance in NPM philosophy and that have special relevance when measuring compliant behaviour among public servants. The first is that people are viewed as individuals who are capable of responding rationally to a given situation independent of social and emotional factors. The second is that decisions are motivated by self-interest, and that underlying social exchange is the need to obtain the best outcome for oneself. The third is that decision making is utilitarian in that consequences strongly influence decisions. Critics cite several empirical problems with rational choice theory, which are outlined in the next section.

2.6.5 Not all decision making is the same

While the rational choice model has been useful in market research to predict customer choice and market behaviour, critics argue that there are serious limitations in applying this model to broader social behaviour and non-market activity (Mellers, Schwartz & Cooke, 1998; Pollitt, 2003). Opponents of rational choice theory argue that the underlying assumption of self-interest is insufficient to explain moral beliefs and values, and moral conduct (Etzioni, 1988; Pollitt, 2003). In arguing that moral behaviour is irreducible, and is “not just one more source of consumer preference”, Etzioni (1988, p.67) stated that:

Those who seek to live up to their moral commitments behave in a manner that is systematically and significantly different from those who act to enhance their pleasures.

He posited that there is a type of “stickiness” to moral decision making where people do not modify their behaviour even when such modifications are advantageous to them, particularly if the moral costs of modification exceed the expected gain.

Earlier research by Gorsuch and Ortege (1983) supports Etzioni’s claim for moral irreducibility in decision making. Their research showed that when decision making involved moral issues, the context evoked a sense of moral obligation in participants, whereas, in situations that were non-moral, subjects were more likely to make decisions based on personal preferences.

Moral obligation (or altruism, in the sense of acting in the interests of the organisation rather than oneself) (see Brereton & Temple, 1999) is an important element in organisational decision making where outcomes are driven by social rather than economic determinants, and is not well explained in rational choice theory. Social exchange is not only determined by the maximization of the players’ interests, players are also influenced by moral factors that reflect internalised social beliefs and values. The pursuit of moral wellbeing is a goal in itself. Selznick (1994, p.32) argued that people seek moral wellbeing and in doing so are striving to become effective moral actors or morally competent. Rational choice theorists might argue that this is also a form of satisfying self-interest, but to be morally competent, one must conduct oneself in ways that require self sacrifice, deference to the interests of others and a willingness to assume responsibility (Selznick, 1994, pp. 33, 45 & 46). Such social exchange, Selznick believed, might not accommodate individual self-interests.

These issues cast doubt over the benefits of applying the rational choice model to the public sector where self-interest is not the fundamental driving force of achievement. Even under a NPM model, a sophisticated level of coordination among groups is required and trade-offs in the interests of overarching goals are inevitable if a high integrity system is to be achieved (Selznick, 1994, p. 36). Hughes (1994, p.13) notes that:

After thirty years of public choice theory¹⁵ and attempts to apply it to governmental settings, results have been mixed.

Pollitt's (2003, pp. 142-43) central criticism of rational choice theory as a useful explanatory tool for public institutional behaviour is that it offers a 'low trust' and narrow perspective on public life. Pollitt (2003, p. 143) argues that the theory assumes that parliaments, ministers and civil servants cannot be trusted with unsupervised discretion without needing to be "monitored, incentivized [sic] and penalized into compliance with their principal's wishes." He also points out that the theory does not allow for behavioural change to take place through learning or persuasion, only through bribery or punishment, which runs counter to the vast body of research from the social sciences, showing individuals as adaptive, creative and able to modify their behaviour in a variety of situations and conditions (for discussion see Davis-Blake & Pfeffer, 1989).

Notwithstanding these criticisms, there is little doubt that self-interest plays an important role in the expression of deviant workplace behaviour discussed later in this chapter. But there are many reasons why an individual might behave in a self-interested way at work and the next section explores individual and situational

¹⁵ Similar to rational choice theory or new institutional economics, public choice theory refers to a branch of economic thought concerned with applying microeconomic theory to political and social areas (see Hughes, 1994, pp.11-15).

factors which affect an individual's ability and motivation to make organisationally-compliant decisions.

2.6.6 Individual incentives to comply

A body of research has shown that the factors that motivate compliant behaviour relate in some way to incentives (Thibaut & Kelley, 1959; Brennan & Petit, 1993; Hardin, 1993 in Braithwaite & Levi, 1998; Levi, 1998; Petit, 1998). Incentives may take the form of monetary payment, status or privilege, recognition or other forms of praise, social inclusion, ownership and a sense of belonging.

In social psychological research, incentives are included as part of a broader exploration of factors which have a positive motivating effect on behaviour.

Motivating factors may be extrinsic (that is, external factors that encourage individuals to behave in certain ways in return for some reward), or intrinsic (that is, factors which derive from within the individual). Many incentives in obtaining workplace compliance are extrinsic because they offer some form of external reward in return for cooperative behaviour, such as monetary bonuses, promotion or privilege. Research has shown however that rewards of this nature do not engender lasting behavioural change and to be successful in shaping workplace behaviour, intrinsic motivation needs to be taken into account. Factors associated with intrinsic motivation can 1) promote personal development and positive action (positive feedback including praise and other type of verbal rewards), 2) develop trust and trustworthiness, and 3) encourage honesty and forthrightness (including being able to acknowledge wrongdoing).

Accumulating research evidence suggests that incentives explain only part of the reason people choose to comply with rules and standards at work (see for example, Kerr, 1977; Tyler, 1990, 1998; Lind & Tyler, 1988; Makkai & Braithwaite, 1996; Brennan, 1998). Other factors may have as strong an influence on individual decision making. Judgment and decision making – essential aspects of compliance with organisational standards of conduct – were affected by personal capacity such as: 1) the length of time taken to make a decision; 2) the mood of the decision maker; 3) the number of available cues, and 4) the choice of low-risk alternatives (Schum, 1990; Plous, 1993). These effects on decision making result from individual differences in cognitive ability, personality and variation in exposure to unpredictable environmental changes, all of which may have variable impact on an individual's intentions to comply with regulations at any one time.

Other factors serve to demotivate individuals at work because they reduce feelings of self-determination and willingness to take the initiative in achieving related goals (Festinger, 1953, 1954). Demotivating factors include bullying or deliberately obstructive behaviour by managers and supervisors. Lack of appropriate recognition for work well done or lack of constructive feedback from one's supervisor are among the important factors that dampen the commitment and enthusiasm of a workforce in relation to compliance when organisational change is underway (Ahmed & Braithwaite, 2005).

In summary, the research evidence indicates that an individual's capacity may have both motivating and limiting effects on their compliance in the workplace. In a positive way, research evidence has indicated that people need to be both competent and ethical at work. This suggests that, with appropriate training, many employees will need

limited persuasion or assistance to make organisationally-compliant decisions. On the other hand, there will be individuals who do not share the same values as those expressed in the organisation and will make decisions that are clearly beneficial to and primarily in their own interests. An organisation needs to employ other strategies if it is to be successful in having these individuals act in compliant ways. Incentives alone (even financial ones) are unlikely to motivate employees sufficiently to make significant change in compliance levels in the long term. This is where clearly articulated rules and procedures, and the modelling of them, plays an important role in workplace compliance. The following section investigates the importance of rules in achieving compliance at work.

2.6.7 Individual's need for rules or guidance

Some social theorists have argued that compliance with rules is a 'natural' part of human society and that people seek it as an outcome in itself. Hogan (1973, p. 217), for example, claimed that *man* (sic) is a "rule-formulating and rule-following animal." He argued that there are social and biological bases underpinning social compliance because of the perceived necessity of rules for social order, as well as the importance of role taking and the recognition of the rights of others in socialising group members.

Workplace rules and guidelines have been the traditional cornerstone for establishing the boundaries of workplace behaviour in bureaucracies. By facilitating short cuts in decision making, rules provide an available heuristic for employees in their day to day work (see Tversky & Kahneman, 1974, 1986; March, 1994, 1996). Rules remove personal responsibility for decisions and provide a ready 'appeal to authority' when decisions are sensitive or difficult and reduce the margin for error arising from lack of

experience or differences in judgment between individuals.

If compliance involves obtaining a norm-based commitment to the law, then rules and the institution's values share a close relationship, collectively contributing to the ethos of an institution. J. Braithwaite (1993, p. 22) argues that,

Commitment to compliance is likely to be higher when rules are written by the people who have to make them work.

Compliance could be expected to increase if the rules are seen as sensible, and are able to operate within the context of an organisation's "unique environmental contingencies" (J. Braithwaite, 1993, p.22).

The implementation of values-based management was a recognition that regulatory authorities needed to embed rules in meaningful frameworks in order to win the hearts and minds of the regulated if compliance was to increase. Rules, in the absence of such frameworks, are less likely to motivate people to make compliant decisions than the combined effect of normative support for values and respect for rules. But, through the turbulence of organisational change, respect for institutional rules is likely to remain an important predictor of compliance in its own right, particularly where 1) employees do not share common values or the vision of change; 2) a stratified organisational culture has forced great distances between ranks and levels, and 3) there has been a culture of obedience to the law as an essential part of operational effectiveness. These are all features of the hierarchical military organisation, which typifies a rules-based culture. In this social context, military protocol provides the frame for the acceptance of rules, even if the reasons for having them in place are obscure.

2.7 Summary of research evidence

The literature reviewed in this chapter identifies key factors that have been shown through research to contribute to explaining how people make compliant or non-compliant decisions in organisations like Defence. These factors can be summarised under four broad dimensions. The first are structural factors, which are defined as organisational impediments likely to disrupt the communication of new standards and thus reduce opportunities for employees to learn, understand and adopt new standards. Examples include hierarchical structures and cultures with typical top down authority, formal procedures and carefully-controlled flows of communication.

The second dimension relates to the work environment that organisations establish which determines whether experiences are positive or negative. Favourable work experiences at the local level are likely to contribute to the extent of support and attachment employees feel towards the organisation and contribute to their compliance with organisational standards.

The third dimension relates to the normative social environment of an organisation. Compliance is enhanced through endorsing clear, unambiguous values and beliefs and standards about the organisation's mission, goals and objectives that resonate with employees as valuable reasons for their continuing employment and deserving of their respect and loyalty. Examples include belief in values and standards which are compatible with new regulatory standards introduced as part of the change to values-based management.

The fourth and last dimension relates to the extent to which cultural socialisation

within an organisation has distilled a sense of responsibility in its employees to the extent that they are accepting of the introduction of new regulatory standards and believe they are accountable for their implementation. A sense of responsibility, and preparedness to act in a way that enables public scrutiny of one's decisions and actions, are desirable characteristics for implementing values based management and therefore likely to be promoted during the change process. Support for these principles is likely to contribute to compliant decision making in the organisation.

The final objective of this chapter is to describe the current study adopting measures relating to the four broad dimensions distilled from literature research as described above.

2.8 The current study

This study undertakes empirical research in an applied setting. The context for examining the NPM effects of values-based management on the Australian public sector is the Department of Defence. The extent to which values-based management (an important feature of NPM) has been taken up successfully in a public sector institution in Australia may be considered as a narrow outcome on one reading, but it provides opportunity to empirically identify a range of factors that are likely to impact on the organisation's capacity to change. The literature review of sticking points and leverage points for public service change under NPM at the level of individual employee behaviour identified structural, cultural, social and individual factors that are likely to affect workplace compliance. For clarity in analysis, these factors have been clustered as four types of variables postulated as being capable of explaining the effectiveness of the implementation of values-based management in Defence from a

social perspective.

The variables that will be developed and tested in the following chapters include 1) structural location variables that impede or obstruct implementation of values-based management in Defence, 2) effects of work experience including a) employee relationship with, and connection to Defence which can reduce social distance and improve prospects of modelling and conformity, and b) on the ground experience of work practices that are consistent with NPM principles; 3) employee shared values with Defence and willingness to make decisions from a values frame of reference rather than a rules frame of reference which brings person-organisation fit to the change process, and 4) support for NPM principles of responsibility and accountability which would increase the likelihood of take-up of values-based management in the organisation and enhance compliant decision making.

Structural location factors likely to affect implementation include:

- inflexible hierarchical structures with impermeable boundaries which do not allow movement between levels;
- factors that enable some groups within the organisation to have access to information and training about the change program, while others miss out; and
- ineffective education programs and hostile workplace sub-cultures.

2.9 Conclusion

This chapter draws on research, which shows that there is a complex interaction of factors that might contribute to compliance with values based management decision making expected in public sector workplaces. Under values-based management, three

points are highlighted which form the basis of the arguments for the next chapter. The first is that when assessing regulatory compliance at work, one should ensure that individual, group and organisational factors are taken into account to provide as complete a picture as possible of the forces that impinge on the behaviour of the individual (Lewin, 1938, 1951). The second is that there are rational and non-rational factors that contribute to the likelihood that an individual will comply with direction in the workplace. Third and lastly, it is likely to be the complex interaction of factors that contribute to workplace compliance in a given situation, and therefore single factors (individual or organisational) in themselves may only account for a small (though important) part of the explanation for the behaviour, or the potential for compliance to occur.

The next chapter singles out factors I predict will contribute to employee compliance or non-compliance with organisational standards in a public sector organisation such as Defence. I propose a model of organisationally congruent decision making for the Department of Defence in Australia, which may have application to other public sector institutions, and which tests the importance of values or principles as a means of promoting compliance with organisational expectations under a values-based management approach. The model seeks to tie together the interlacing relationships between structural location, social and psychological factors in ways that constrain or enhance decision making in public service settings.

Chapter 3

A MODEL OF COMPLIANCE FOR THE AUSTRALIAN DEFENCE

ORGANISATION¹

DEFINING PREDICTORS

3.1 Introduction

Values-based management is a principal mechanism for change in implementing NPM, but there are existing structural, relational and cultural factors that have been shown in research to interfere in the successful implementation of organisational change programs. This chapter examines these key determinants more closely as it draws from parallel research explaining how people make decisions under a range of conditions. From this examination, a model of decision making will be proposed for testing in an Australian public service organisation, the Department of Defence.

A review of the literature in Chapter 2 establishes four types of variables that I considered potentially important in explaining how well values-based management has been “rolled out” in Defence. To set boundaries around priorities in a model that has the potential for significant complexity and multidimensionality, variables have been clustered according to the following considerations. The first is to identify factors of “structural location²,” that is, where an employee is “located” in the organisation and what are those factor(s) that might impede (or distance) an employee from obtaining access to information about values-based management and the change process. The second consideration is selecting factors that might relate to their work experiences, in

¹ A collective name for the Department of Defence at the time of the survey which consisted of the ADF and major Defence Groups supporting the ADF, including the Defence Materiel Organisation.

² Later referred to as *location* variables.

particular, factors that a) affect an employee's attachment to the organisation, that is, factors that might affect an employee's loyalty, normative commitment to and support for the organisation and b) impinge on their ability to emulate work practices that are compatible with a values based management approach. The third consideration concerns factors that might engender disengagement from the organisation because the employee is unable to identify or share common values and cultural norms with the changing institution. The fourth and final consideration is the extent that the principles of NPM relating to responsibility and accountability have been picked up in the organisation and effectively passed down the chain of command in order to facilitate values-based management and increase organisationally congruent decision making.

The chapter is divided into five parts. Literature from the social sciences more broadly is used to support the case that each of the four considerations mentioned above is a critical point for analysis in developing explanations of organisationally congruent workplace decision making.

The literature is used to specify a set of measurable concepts for hypothesis testing.

The fifth part develops a model of organisationally congruent decision making which will be tested empirically in the Defence context. The discussion begins in the following section with a consideration of variables that contribute to a structural location hypothesis as contributing to organisationally congruent decision making.

3.2 Predictors around location

As defined in the previous chapter, *location* refers to institutional arrangements, which through positions, roles and functions prohibit or facilitate the likelihood of

employees having access to and therefore acquiring skill and/or knowledge in the use of new management tools. Hierarchical organisations, by their nature, have impediments of 'location' which are likely to place some employees at a distance, socially and psychologically, from the organisation.

Factors that might contribute to an employee's sense of distance or disconnectedness in an organisation proceed from the concept of social distance, which has its origins in research by Bogardus (1928). In studies of new émigrés to the United States, he observed that social distance increased among citizens who felt antipathy towards new ethnic groups because they perceived them as a threat to their status and social standing. This lack of common ground created distance and gave rise to conflict between the residents and the newcomers.

More recent research on conflict resolution by Pruitt and Carnevale (1993) picked up this theme in developing a model of social interaction. Pruitt and Carnevale argued that the ability to recognise interests from perspectives other than our own is an important element in effective and lasting conflict resolution. From the regulatory compliance literature, Braithwaite (2002) uses a taxation compliance example to draw parallels from the works of Bogardus and Pruitt and Carnevale to explore the relationship between social distance and conflict resolution. She argued that, for a person, group or organisation to see the perspective of the other (for example, the moral legitimacy claimed by the tax officer to expect tax compliance), social distance should not be too great between the regulator (in this case, the taxation office) and the regulated (taxed person, group or organisation), otherwise compliance will be reduced and conflict is likely.

Equally important is that social distance should not be so little that taxpayers are engulfed by the views of the tax authority. A little distance is necessary for critical thinking. This is particularly important for values-based management to be effective. Engulfment means an inability to be responsible and accountable for decisions. In this context, NPM demands both and therefore requires optimal social distance: close enough to appreciate organisational goals, distant enough to appraise and think independently.

When organisations adopt the role of regulator and impose social change from above on employees, the challenge tends to be avoiding or reducing employee rejection and subsequent non-compliance. Command and control organisations (such as is found in the Australian Department of Defence) are particularly vulnerable to non-compliance if their measures for controlling employee behaviour involve exclusion by rank or other structural impediments. As argued in Chapter 2, hierarchy creates social distance, social distance creates conflict and confusion in periods of social change and resentment and anomie can fester (Cohen, 1995). The combination of employee resentment and limited access to information is especially problematic for an organisation seeking to implement values-based management.

The next section discusses rank and gender as possible structural factors that locate some employees in the organisation beyond reasonable access to information and processes which would ensure their involvement in a change program. Following this is recognition that some work groups acquire more “centrality” in the organisation than others by virtue of the connectedness they have with influential groups. Therefore, type of work, geographic location and supervisory

responsibilities are among these aspects of location that need recognition. Finally, organisations are aware that information does not filter through the ranks and work groups evenly. Change programs are accompanied by formal skills training sessions and the introduction of special training units. Access to such units is the final location variable identified as important in the model.

3.2.1 Factors that determine organisational status

Research into the effects of military rank show the expected benefits of clarity of role, support above and below in the chain of command, status and respect for the rank, clearly defined authority ascribed to the rank and a strong sense of identity (Janowitz & Little, 1965). These provide stability and predictability for serving members, and clearly define organisational boundaries for behaviour. There are negative effects as well. These include an unwillingness to make decisions or question the decisions of superiors, inflexibility in interpreting rules, narrowly defined professional duty as presented by the military context, obedience without questioning the laborious bureaucratic processes of a complex stratified institution, and reliance on the routinization of operating procedures³ to progress work (Heimer, 1998).

The importance attached to rank means that junior levels or lower military ranks are more likely to be distant from the central decision making body and have fewer opportunities to be familiar with change programs that are taking place. This detachment may have a negative effect on their capacity to make decisions that accord with new regulatory processes implemented as part of the introduction of NPM. Outside the military context, hierarchy has other undesirable effects, such as impinging

on the flow of communication within the organisation and reducing the responsiveness and effectiveness of organisational outputs because of structural obstacles and compartmentalisation of functions. These effects are also likely to have a negative impact on employees considered at risk to such marginalisation. The next section looks at the effects on gender.

3.2.2 Gender

In regard to the marginalising effects of hierarchical structure, similar distancing effects might occur for other groups, in particular, those who occupy subordinate positions or work in support (rather than operational) roles in the organisation. Women are a vulnerable minority group in a military organisation because they are required to adapt to a predominantly masculine culture and ideology about combat which, in Australia, has kept women uninvolved and at a safe distance. Organisationally, there are several factors that may impinge on their capacity to make organisationally congruent decisions. For example, their position, roles and perceptions of the organisation may serve to reduce their access to information on change programs and stimulate negative or equivocal attitudes towards the organisation.

Research findings which assess the role of gender in predicting compliance outcomes in organisations are equivocal (Beltramini, Peterson & Kozmetsky, 1984; McNichols & Zimmerer, 1985; Barnett & Karson, 1987; Kidwell, Stevens & Bethke, 1987; Jones & Gautschi, 1988; Harris, 1989; Stanga & Turpen, 1991; Sikula & Costa, 1994; Hoffman, 1998). A number of studies which examined how women and men respond to ethical dilemmas demonstrated no significant differences between the groups. For

³ Braithwaite and Braithwaite (1995) concluded that standard operating procedures were only successful when the environment was stable and known, not when environments were complex and

example, Kidwell et al (1987) found no differences in the ethical perceptions of men and women managers; McNichols and Zimmerer (1985) and Tsalikis & Ortiz-Buonafina (1990) found no difference in values and ethical beliefs for male and female students; no differences were found between men and women on ethical values in a marketing organisation (Harris, 1989), and Stanga and Turpen (1991) found no differences in ethical judgements of accounting majors. Finally, Sikula and Costa (1994) also found no differences among the ethical values of college students.

On the other hand, in research using context-specific vignettes, Hoffman (1998, p. 68) concluded that the way in which men and women respond to a workplace ethical dilemma depended upon the 'situational dynamics' (that is, ethical issue and/or strategic situation) associated with the dilemma. In a meta-analysis of research on gender differences in ethical decision making, Hoffman noted that women responded more ethically in some but not all situations. For example, women were equally likely as men to pursue unethical courses of action where public detection was not a concern; but where detection was possible, women felt more guilt, and were more concerned about ethical issues. Women were found to be more ethical than men in providing product information to consumers, hiring of minority groups and in comparing worth.

Reviews of research on gender issues in employment indicate there are few, if any, important differences between men and women that will affect their job performance (Robbins, Waters-Marsh, Cacioppe & Millett, 1994). Two findings in gender research are of interest to the current study. The first is that in general, women are more willing to conform to authority (see Maccoby & Nagy Jacklin, 1974). The

second is that men are more aggressive and more likely than women to have expectations of success. This research suggests that, assuming men and women have equal knowledge of what it means to comply, men will be less willing to comply than women, and will be more likely to demonstrate hostility (and therefore resistance) if estranged from the organisation. On the other hand, given that women represent one third in lower ranks, their knowledge of what was expected of them may be poorer than that of male employees, and therefore overall, they may have lower levels of compliance.

3.2.3 Connectedness to information sources

Bureaucracies tend to compartmentalise functions, which are broken into many tasks and shared across the organisation. Compartmentalisation was functional in earlier bureaucracies (as described by Weber, 1958) because in industrial capitalism and (19th century military organisations), production systems and combat environments were simpler. For example, on a Fordist production line, one knew if the person before one had put on the widget, one must be ready to assemble the next piece. Similarly, in a combat setting, if the platoon in front of one had started marching in line towards the enemy, the next platoon must be ready to follow suit. This meant that workplaces and workforces were designed to fit a sequenced and functional whole where success required that they fit and work together for a common goal, and understood their roles well but limited to their particular work space. Functionally defined structures are problematic for bureaucratic organisations moving to values-based management because no single area is likely to be fully aware of the policy and its programming parameters as a whole. This type of structure is counter to an NPM environment which sought to

reduce or eliminate high administrative overhead, the tendency of work areas to protect their “turf”, and the slow and unresponsive process of generating consensus as well as the need to obtain missing information on every dimension of policy (see Lynn, 2001, for historical overview of change in public bureaucracy).

Belonging to some “compartments” or work groups means that generally speaking, some staff are privileged over others in their exposure to the change process. For example, military personnel are likely to be privileged over civilian personnel and employment location will determine whether one is employed in an area that liaises with senior decision making personnel regularly. Geographic location dictates whether one is physically located close to the senior decision makers or in distant parts of the world, while tenure and position of responsibility means that some employees have more years of service, have managed or supervised more people and have more wisdom of experience in understanding how the organisation “thinks” (Douglas, 1986).

Compartmentalisation in the structure has psychological consequences for employees. The extent an employee identifies with his or her local work unit is a factor in determining conformity with the norms of that work unit (Asch, 1952, Brown, 1988, Selznick, 1994). Conformity with the work group, however, does not mean that the employee complies automatically with the official rules and standards of an organisation. In a hierarchical organisation, work groups themselves will have an ascribed status often associated with education and perceived skill. For example, professional groups, such as engineers, scientists, and medical officers, are likely to have a level of stature that reflects their social standing external to the organisation

and they will expect a level of deference be given to their expertise (Makkai & Braithwaite, 1993).

For professionals, the expectation that they will comply with organisational standards is contingent upon the weighing up of professional factors against broader organisational ones. The extent that they support the goals of an organisation will largely depend on a perceived compatibility with the values and goals of their primary professional group. Most professions have distinct codes of behaviour and members express commitment to them (Gunz & Gunz, 1994; Aranya & Ferris, 1984). It is likely, in deciding whether a course of action is detrimental to their employer, or alternatively, to their profession, that the professional officer will decide against the employer (Makkai & Braithwaite, 1996).

It is important to note that professional differences, which may influence an employee's role in an organisation, provide an important frame of reference in his or her willingness to comply with the broader values and standards of the organisation. However, while most professions are represented in Defence, the principal link to status and decision making responsibility of a professional role is likely to be the employee's rank or equivalent civilian level as rank is fundamental to the structure, function and culture of the hierarchical military organisation. This means that differences are more likely to occur between ranks than between a profession and the broader organisation. Moreover, local work units in Defence are usually not constituted in terms of professional training (except in the case of the science organisation). They are more likely to be constituted geographically, or by work program rather than specific professions. Like all public service agencies, Defence

has people working in areas that have many goals and produce different outcomes for different functions. Thus an important secondary differentiating factor after rank is likely to be related in some way to a primary work group, such as military or civilian, or place of work or functional work area.

In addition, education would be expected to contribute to knowledge of principles relating to values-based management, but may be a secondary factor after other *location* factors, particularly rank. Education may enhance connectedness to the information needed to implement the change programs in two ways. Those with tertiary or postgraduate education 1) are likely to understand the new system through their general knowledge of management, and 2) would be more likely to obtain advancement in this system.

3.2.4 Access to training programs

In a similar way that structural factors advantage some employees over others, it is expected that exposure to awareness training should facilitate a greater understanding of the change process so that employees know what managers expect in relation to compliance in their decision making. Those employees who are at a greater social or psychological distance from the organisation are less likely to have access to, be aware of or willing to undertake training programs. However, the problem is not only likely to exist among the more marginalised groups.

In some cases, supervisors of marginalised work groups may not have recognised the relevance of the programs. In other cases they may not have heard of them – the message did not flow through. Yet other more central workgroups may have been so

pressured that awareness training for staff was given a low priority. If level of compliance with standards is a case of knowledge-deficit, that is, people just don't know or understand the rules, then it could be expected that training would enhance compliance (Kagan & Scholz, 1982; Mitchell, 1998). In this way, awareness training is a location factor which may influence compliance directly or indirectly as a function of an employee's opportunity to access it.

3.2.5 Structural Location Hypotheses

Defence's acculturated bureaucratic structure is likely to impede the successful implementation of values-based management. Those employees located in the organisation at a greater physical, social or psychological distance will have fewer opportunities to understand and support change processes. In particular, location factors will inhibit organisationally congruent decision making under a values-based model of management. Lack of exposure, practice, feedback and confidence and willingness to implement the new style of decision making will disproportionately affect the groups of lower status, namely, women, civilians, junior or lower rank members, and those who have not received awareness training.

Membership of specific groups is hypothesised to increase the likelihood that decisions would be made which comply with the organisation's standards. The experience of being part of a bureaucracy such as Defence privileges individuals who have rank, education, longer work experience or greater personal supervisory responsibilities. They are more likely to be able to practice organisationally congruent decision making because their experience exposes them and gives them opportunity to learn in the course of their daily work. The new culture 'washes' over some more than others.

Finally, position or the job people perform in the organisation will disadvantage some employees more than others. Employment and geographic location can place employees at a distance from the central decision areas of the organisation. They may be isolated from the change process. This is likely to impair their access to the knowledge needed to support the change process.

3.3 Workplace Experience

The next group of variables likely to influence capacity to adopt organisationally congruent decision making are concerned with the employee's work experience. Work experience may have positive or negative effects on an employee's connectedness to the organisation and its change process, thus influencing employee capacity to comply with new organisational standards. In the following sections, the level of attachment or connectedness an individual feels towards the organisation is examined. Employees who are emotionally and socially attached to Defence would be expected to have a greater openness to making organisationally congruent decisions. Work experience is also explored through an examination of local work practices. It is expected that employees exposed to work practices that reflect the principles of values-based management are more likely to acquire and feel confident to practice values-based management and comply with the organisation's standards because they are already familiar with relevant principles and practices.

3.3.1 Work experience factor 1: Attachment to the organisation

While bureaucracies have structures that inhibit the flow of information and may impede the change process, social relationships in an organisation mean that all individuals can be influenced and affected by the change process. As argued in Chapter 2, the level of attachment that employees feel towards their organisation has

been recognised as important in the research literature on organisational commitment (Allen & Meyer, 1990). Employee attachment is about having positive feelings towards the organisation and believing that it does important work, that it runs well and that it values its staff and treats them with respect. It is expected that when employees have strong attachment to their organisation they will be more receptive to change and cooperate with the organisation's senior leaders' program for change. Through identifying with the organisation and its leaders, they will also be more likely to develop the capacity for organisationally congruent decision making.

There is a significant body of theory and empirical research to support the importance of staff commitment to an organisation's effective functioning. According to Mathieu and Zajac (1990), organisations value commitment among their employees because such commitment will lead to reduced withdrawal behaviours such as lateness and turnover. Katz and Kahn (1978) stated that committed employees would be more likely to engage in "extra-role" behaviours, such as creativeness or innovativeness, resulting in a greater level of competitiveness. Commitment is also associated with higher national productivity and work quality (Mathieu and Zajac, 1990), reduces absenteeism, and has been shown to be a better indicator of turnover than measures of job satisfaction. A connection has also been made between commitment and job performance on knowledge-based tasks among military personnel (see Gade, Tiggel & Schumm, 2003).

Commitment, in the broadest sense, is regarded as an employee's positive orientation towards an employer in terms of loyalty, identification, and involvement (see

Etzioni, 1971; Mathieu & Zajac, 1990; Robbins, Waters-Marsh, Cacioppe & Millett, 1994). For Etzioni (1971, pp. 9-11), commitment is a form of “moral involvement.” It is based, at the personal level, on internalisation of norms and identification with authority, while at the social level, it involves sensitivity to pressures of primary groups and significant others. Involvement is a key feature of commitment. Job involvement was defined by Allen and Myer (1990) as one element of a three component model of organisational commitment and refers to the extent to which an employee possesses a strong relationship with his or her job, and has a readiness to invest personal resources in that job (Kanungos, 1982; Freund & Carmeli, 2003).

Research over many years has investigated and described “organisational commitment” in various ways with competing and sometimes equivocal results. Extensive research in organisational psychology (see for example, Blau, 1988, 2003; Mathieu & Zajac, 1990; Meyer & Allen, 1991; Meyer, Allen & Smith, 1993; Brown, 1996; Lee, Carswell & Allen, 2000; Meyer & Herscovitch, 2001) has resolved some of the debate on what constitutes commitment as a psychological construct, although research evidence has been hampered by definition overlap and ‘over-measurement’ (Buchanan, 1974; Morrow, 1983, 1993). The definition has taken on slightly different emphases in different contexts and with new contexts come new measuring instruments that tend to be developed without empirically mapping relationships that the instruments have with each other.

Research studies (Hom, Katerberg & Hulin, 1979; Angle & Perry, 1983; Blau, 1986; Blau & Boal, 1987; Pierce & Dunham, 1987) have found that organisational commitment also overlaps with participation and identification, and is linked to job

satisfaction as these have been differentially defined and empirically measured. In a meta-analysis of job involvement research, Brown (1996) found that organisational commitment is likely to evolve from an individual's job involvement. This is important for organisations seeking to implement values-based management. If values-based management can be invigorated in the local work culture, that is, if local workgroups can become involved in their work and can see value in accepting responsibility for making decisions, that is, that their efforts will be appreciated, even if they make mistakes at first, the result may be stronger organisational commitment and better decision making. An important finding in the literature is that commitment operates independently of predictors. For example, in a meta-analysis of 77 studies of occupational commitment⁴, demographic variables, such as age, gender, tenure, education and income, did not correlate with commitment (Lee, Carswell & Allen, 2000). Within the context of rolling out values-based management in Defence, commitment factors, therefore, may act to off-set possible negative effects that structural location factors are thought to have on some vulnerable employees and groups within Defence.

For the purposes of the present study, job commitment, attachment to the organisation, job satisfaction, job involvement, identification and participation are regarded as part of the same family of variables. The literature suggests they will be an asset in achieving organisationally congruent decision making. But is there a risk of the NPM change process breaking down organisational commitment among staff? In other words, organisational commitment may already be very low in Defence, so low that it does not help in carrying values-based management practices through the

⁴ N ranges from 1121 to 7381.

organisation. As an example of such an effect, Peterson (2003) found that commitment was reduced for those professionals who felt pressured by their employing organisations to engage in what they perceived to be 'unethical work activity.' In this example, professionals were reporting on differences between their own professional values, which they perceived as highly altruistic, and the values of the organisation for which they worked, which they saw as expedient and self-interested. A focus on value-for-money has given NPM a similar reputation within public service organisations and may have had a dampening effect on employee commitment across the workforce.

Yet part of commitment relates to the makeup of individuals. The psychological bond between a person and an organisation is a key feature of commitment to organisational goals and varies across individuals (Buchanan, 1974). Kanungo (1979, 1982) argued that people are more likely to become involved in an institution when they perceive its potential for satisfying salient psychological needs. Research indicates that the development of social bonds for enhancing cooperative behaviour is important in bringing about individual compliance (Meidinger, 1987; Tyler, 1989; Tyler, Casper & Fisher, 1989; Tyler & Dawes, 1993; Makkai & J. Braithwaite, 1993). In the context of regulation, Braithwaite (1998b, 2003) argued that the development of social bonds between regulators and the regulated could be more important than the regulated receiving tangible rewards and decisions in their favour. Braithwaite (1998b, 2003) argued that trust, respect, communication and interdependency contribute to the emergence of shared understandings and goodwill, and these then translate into cooperation and compliance.

Conversely, the absence or weakness of social bonds, particularly those pertaining to trust, respect, cooperation and communication, are likely to become an integral part of an experience of disengagement and resistance. Etzioni (1988) has argued that the majority of choices that people make are based on normative and affective considerations that vary across individuals within the same organisation. Thus, strong attachment to the organisation, which involves both normative and affective features, implies a fit between the organisation and the person which is likely to increase the likelihood that the person will be willing and able to make decisions under values-based management that meet with senior staff approval.

3.3.2 Attachment Hypotheses

If employees' experience of Defence is positive and they feel a sense of pride in, or attachment to the organisation, they are likely to accept the organisation's standards as their own. It is hypothesised that employees who report a high level of attachment to Defence are more positively inclined to make decisions that are congruent with the organisation's standards. As a predictor, attachment to Defence is likely to operate independently of the structural location factors in determining the extent of organisationally congruent decision making among Defence employees.

3.3.3 Workplace experience factor 2: Effects of local work culture

The second work experience variable concerns the degree to which practices at the local workplace reflect endorsement of, and familiarity with values-based management. Change programs can create a sense of chaos at the local level. It is important to consider the degree to which employees perceive local work practices reaching the touted standards of best practice. Perceptions of how well the

organisation at the local level functions as it embraces values-based management is likely to affect how well the individual is able to change his/her work style to fit the NPM model.

In her research, Haines (1997) showed positive effects arising in organisations which fostered relationships with regulatory bodies and, subsequently, were able to increase compliance and understanding of the regulation within these organisations.

Conversely, organisations, which considered regulatory compliance to be constraining, saw themselves as victims of the regulatory process rather than as actors in good governance. This sense of constraint led to a lack of action and follow through. These responses have a significant capacity to shape workplace cultures and it is important for organisations that senior managers are able to express the organisation's values and standards so that norms, workplace cultures and regulatory practices are aligned.

Since the introduction of NPM, senior public servants have been endorsing values-based management and have expected their senior executive service to "walk the talk" and encourage others to accept reform programs as management improvement processes (Podger, 2004). Processes remain important to the public service in obtaining efficiency and professionalism and much of the change program is expected to focus on changing processes or how work is carried out (see Painter, 1990). The question is whether the baby was thrown out with the bath water in so far as "the talk" about values-based management disrupted or rode roughshod over "the walk" of treating staff in a way that was consistent with public service values of procedural fairness and individual respect. The next section draws on the procedural

justice literature to emphasise the importance of employees seeing their managers behave in ways that not only illustrate values-based management but are fair and supportive of staff as they try to follow suit.

3.3.4 Procedural fairness at work

The extent to which fairness in organisational processes might be at issue can be analysed through a body of research on procedural (fairness in procedures) and distributive (fairness in the outcomes) justice (see Thibaut & Walker, 1975; Tyler & Lind, 1992). Conceptually, procedural and distributive justice are different, but in practice they are closely aligned. Procedural justice is concerned with people's perceptions of fairness in how decisions are made as distinct from judgments about whether outcomes serve self-interest (Lind & Tyler, 1988; Tyler, Boeckmann, Smith & Huo, 1997). Tyler's work finds procedural justice to be more important than distributive justice in achieving compliance in contexts where people identify with the organisation more than with an outside group.

3.3.5 Procedural justice and cooperative decision making

Research has shown that if people experience fair procedures, they are more willing to follow organisational rules, and support, trust and comply with their organisation (Thibaut & Walker, 1975; Greenberg, 1987; Lind & Tyler, 1988; Tyler, 1990; Brockner, Tyler & Cooper-Schneider, 1992; Lind, Kulik, Ambrose & de Vera Park, 1993; Tansky, 1993; Tyler & DeGoey, 1995). Tyler and Blader (2000) saw procedural justice as an important part of building a supportive group culture and voluntary compliance among group members.

In Defence, the employee's perception of and identity with the organisational authority provides the relational aspects for determining how likely they would be to adopt organisationally congruent decision making (see Salancik, 1977; Staw & Ross, 1978; Mowday, Porter & Steers, 1982). Given the hierarchical nature of Defence and the importance of relationships in matters of procedural justice, the organisational authority is likely to be represented as the employee's immediate supervisor rather than the more senior and remote figureheads of the organisation.

Procedural justice emphasises impartiality and consistency in the application of rules and procedures as the basis for employee judgments of fairness. The principles are set out in the group-value model (Lind & Tyler, 1988; Tyler & Lind, 1992). This model posits that individuals place importance on the following three aspects relating to procedures: 1) the perception of the neutrality of (or unbiased) procedures, 2) whether people can infer trustworthiness of the motives of the authorities and 3) whether people perceive they are treated with dignity and politeness during the procedure (Tyler & Blader, 2000). These relational constructs have been shown to be important predictors of procedural justice evaluations (Bies, Martin & Brockner, 1993; Giacobbe-Miller, 1995; Gilliland & Beckstein, 1996; Tyler, 1988, 1994; Lind, Tyler & Huo, 1997; Tyler, DeGoey & Smith, 1996). Where employees believe that procedures are neutral, that authorities are genuine in their motives during the procedures and treat them with respect and dignity, then it is likely that employees will support the procedures and comply or defer to their implementation. These relational factors build trust between employees and the organisational authority responsible for implementing change. Employee trust in the organisation's motives to implement change lends legitimacy to its procedures (Kramer & Tyler, 1996).

A sub-set of procedural justice is interactional justice, which is concerned with the relationship between the supervisor and the employee. In interactional justice, employees are more likely to cooperate and comply if their supervisors treat them with respect, dignity and value their contribution. The focus of interactional justice is on the direct relationship between the employee and his or her supervisor, rather than on whether organisational rules are seen to be fair (Ambrose & Schminke, 2003). Trust is a central feature of interactional justice because the focus is on the direct relationship between supervisors and their staff rather than on perception of fairness of the procedures themselves (Tyler & Blader, 2000). While some debate remains in clarifying the definitions of procedural and interactional justice, in the Defence context, local work culture should provide information about the level of interactional justice because of its attention on the supervisor's relationship with the employee and on the perceptions and importance of job performance at the local level (Cropanzano, Prehar & Chen, 2002).

This research provides valuable input into the current model of decision making. For employees to make decisions congruent with organisational standards and expectations, the local work culture should reflect the relational elements of procedural and interactional justice. Perceptions of their treatment at the hands of authorities provide employees with important identity-referent information indicating the level of status that others attach to their institutional roles (Lind & Tyler, 1988; Tyler & Lind, 1992). Perceptions of fair treatment affirm employee identity and status within the organisation. Therefore, it is expected that where the local work culture fulfils the relational elements of procedural and interactional justice,

employees have a sense of belonging and are more likely to follow the lead of their manager and make organisationally congruent decisions.

Overall, local work culture is likely to be affected by workplace perceptions among supervisors and staff on whether the organisation appears to have their interests at heart. The extent to which they have trust in the organisation to provide them with the support through the change process is a function of their perceptions of fair dealings, the extent the organisation is perceived as fair and open in its procedures and motives for change, and their beliefs about the process producing the best outcomes.

3.3.6 Motivational postures towards authority

A second conceptual model that brings together the perceptions an individual has that an authority is respectful, trustworthy, and supportive, and uses its power wisely and legitimately, is motivational posturing (Braithwaite, 1995). On the basis of a factor analysis of responses to a regulatory authority's goals and practices, Braithwaite postulated four broad ways that the regulated tended to act towards regulation and regulatory bodies. Braithwaite considered that these responses were more like behavioural postures or positions that were adopted in response to the actions of authority rather than fixed personality styles. The postures were an indication of the distance that existed at any one time between the regulated and the regulator and how threatened the regulated was feeling by the demands of the regulator. The greater the distance, the less likely an individual was to cooperate and comply with regulation.

Braithwaite's approach provides an alternative to traditional motivational models, in particular, that developed by Kagan and Scholz (1984). This model described the non-compliant 'regulatee' from a rational actor base. One type, the amoral calculator, typified an individual's motivation to seek ways that would maximise their self interests and minimise their obligations. Kagan and Scholz, however, acknowledged that there were other rational reasons for non-compliance. Political opposition to the regulation would be one such reason (political actor) and not knowing how to comply would be another (incompetent actor). V. Braithwaite (1998) argued that compliant motivations and behaviour are responsive to social relationships as well as to opportunities to increase profits, oppose authority and evade the law. She believed that, for compliance to occur, one or more of the following should be present:

- Social bonds of trust and respect should be evident in the development of shared understandings about legislation and compliance.
- The regulated should have a sense of social connection with regulators in the sense that their future wellbeing is interdependent.
- There should be agreed-upon "truths" about cultural and regulatory goals and means for achieving them, and
- The regulator and regulated should be of one mind on the ways and means to achieve goals.

The absence of one or more of the above criteria would influence how an individual responded to an imposed regulation. Disengagement is likely to occur when several of the criteria were absent. Braithwaite (1995) found that the disengaged individual would not overtly reject the regulation, nor actively resist pressure to comply, but would disregard their professional responsibilities, while remaining apathetic

towards any compliance approach. This is a position of anomie or alienation, which may result in disconnection from the whole regulatory enterprise (Cohen, 1995).

While Braithwaite's model clearly identifies the extent to which individuals comply with regulation, it also implies a capacity for self-regulation or choice in decision making, not clearly articulated in other regulatory theory. The desire for choice has a compelling influence on compliant behaviour, particularly when the perception of choice is reduced. Braithwaite's research contributes information useful for the current study. For values-based management to succeed, employees need to feel sufficiently motivated to make congruent organisational decisions and to have the confidence and professional attitude to seek an autonomous decision.

Parallels can be drawn between these earlier studies and the current study. Within the workplace, local cultures that are characterised by distrust, tension, and challenges to the legitimacy of authority are not likely to deliver employees who are in a frame of mind to accept the principles of values-based management, and to work within a values-based management structure. Legitimacy is linked to the fairness of the procedures used by authorities to make decisions (Kitzman & Emery, 1993; Lind, Kubik, Ambrose & de Vera Park, 1993; Wissler, 1995). And legitimacy is necessary for employees to accept a process that changes their work practices and responsibilities. Therefore, a change process that is not seen to be legitimate may be doomed to failure because authorities have not captured the hearts and minds of the employees at the local workplace level. The motivational postures of employees will be distant, uncooperative and disengaged.

3.3.7 Local Workplace Culture hypothesis

Hypotheses about the effects of the local work culture on employee capacity to make organisationally-congruent decisions are expressed from the perspective of the local area's capacity to be fair and just in its management of employees, and from the perspective of the position or posture an employee adopts in response to perceived new imposed organisational standards.

Where a local workplace culture supports the principles of values-based management and follows practices that are procedurally fair and decision making is transparent, employees are likely to feel empowered to solve problems and make decisions based on these principles. Furthermore, capacity to master decision making under the changing environment should be high. Procedural fairness in the local culture involves supervisors cultivating employee trust, respect and inclusiveness.

Individuals respond in different ways to imposed regulation, and this response is reflected in a publicly shared position or posture towards the organisation, and the authority charged with implementing the change. Postures are a reaction to the work environment and the demands that are being made rather than differences in respondents' personality styles. For employees, it is hypothesised that perceptions of local workplace culture and practices will affect their posture towards NPM and willingness to comply with the organisation's rules and standards. Where perceptions of local work culture and practices are highly regarded, it is expected that compliance with organisation's rules and standards will also be high.

In a similar way that attachment to Defence as a predictor was hypothesised as likely

to operate independently of the structural location factors in determining the extent of organisationally congruent decision making among Defence employees, support for local work culture is also likely to be independent of these factors. It is also assumed that both work experience factors will operate independently of each other, although where support for local work culture is high, it would not be surprising if attachment to Defence is also high.

So far in this chapter, I have considered the disabling effects of bureaucratic hierarchy and fragmentation for “rolling out” a change program on organisationally congruent decision making. Next, I proposed a set of social conditions that could assist the change program, regardless of structural impediments. These examined the effects of work experience on employee capacity to make organisationally congruent decisions and included attachment to the organisation and a measure of local work culture which consists of perceptions of procedural fairness and cooperative posturing to NPM being practiced in the local area. Now attention will turn to the social factors that can slow the change process down, again independently of structure. The following sections explore factors that might make it difficult for the employee to identify with their changing organisation because they no longer share common norms about rules and values at work and more broadly.

3.4 Preferences for rules and social and work values

The idea behind values-based management, as outlined in Chapter 1, was that clearly articulated standards and values would provide public servants with the necessary management solution to overcome chronic inefficiencies and structural impediments in their public sector organisations (for overview, see Painter, 1990). The aim was to

move away from a rules-based approach to decision making and work towards increasing empowerment in decision making (Podger, 2004). The aim was to enable public servants to make work decisions based on value judgments consistent with organisational values (derived from public service principles) rather than waiting for or looking for an overly prescriptive manual or command from above to tell them what to do (Pollitt, 2003; Bowman, West, Berman & Van Wart, 2004).

It seems reasonable to postulate that the effects of values-based management programs on employee decision making in an organisation is going to be influenced to some extent by employees' allegiance to rules and to the values that they have traditionally espoused in Defence. The following section examines both issues. The first goal is to understand how employees might place priority on social goals and work values that support adoption of the change program. The second is to gauge the extent to which a preference for traditional rules and procedures holds employees back in the pursuit of more independent decision making that meets the approval of senior management.

3.4.1 The foundations of values development - Shared beliefs, common identity

The presence of strong social bonds within a work group is associated with members holding common and shared beliefs. Proponents of social identity theory (Turner, 1991; Oakes, Haslam & Turner, 1994) argue that conformity with group norms arises by virtue of the person's membership and identification with a group⁵. Individuals internalise the values and standards of behaviour of the group and feel duty bound to

⁵ Turner (1991) defined 'group' in two ways; The first, a "reference group," is one that is psychologically significant for the individual's attitudes and behaviour. The second, a "membership group," is one that a person may belong to, but may not refer to psychologically for their social values or self-evaluation.

behave in ways sanctioned by the group. Psychological research has shown that groups influence an individual's behaviour profoundly, and shared values and beliefs are strongest when identity with the group is high (see for example, Asch, 1952, Brown, 1988, Selznick, 1994). Shared values are important in an organisation because they provide incentives for employee commitment to the organisation and facilitate compliance with its rules and standards. Etzioni (1988, p. 68) has argued that

...the stronger the moral commitment, the higher the return needed before the individuals involved will violate their implicit contracts in the face of the changed economic circumstances that favour such a violation, and they will absorb more of an economic loss in order to live up to their obligations.

Within organisations, different value priorities are often anchored in the role that is ascribed to employees. Sub-group differences are likely to arise because of competing value priorities rather than through differences in acceptance of the values themselves (Braithwaite & Blamey, 1998). For example, the HR officer is likely to prioritise relational concerns whether staff are being treated fairly and respectfully, whereas within the same organisation, the finance officer is likely to prioritise the economic strength of the organisation. If these individuals switched roles, their value priorities are likely to change to fit their new role. In an absolute sense, both are likely to concede that fair and respectful treatment and economic well being are important if the organisation is functioning effectively. A similar kind of shift in priorities is required in the wake of organisational change. The question becomes whether or not some individuals find adaptation to the new system requires less value adjustment than others.

3.4.2 Values orientation

As described in Chapter 2, there is consensus among many researchers that a limited number of values broadly underpin human social value systems, and that they are interconnected in some way (Bond, 1988; Feather & Peay, 1975; Mahoney & Katz, 1976; Munson & Posner, 1980 and Rokeach, 1973). Values research conducted over some 30 years has identified two dominant dimensions of social values (Cochrane, Billig & Hogg, 1979). Based on Rokeach's (1973, 1979) two value model of equality and freedom, V. Braithwaite (1994) has extended this theory and derived the following two dimensions of value orientations:

1. Security values—*National Strength and Order* (concerned with the protection and allocation of society's material and social resources), and
2. Harmony values—*International harmony and equality* (typified by social co-operation and personal integrity, finding peace within and in the external work, competence and autonomy in self and others).

These dimensions have been validated in other research relating to political and social attitudes, voting intention and voting behaviour (see for example, V. Braithwaite, 1982; 1994; Heaven, 1990, 1991; Thannhauser & Caird, 1990) and, in relation to the current study, were thought to be useful for determining value priorities in a public sector military organisation. V. Braithwaite's (1991, 1994, 1997, 1998) security and harmony value orientations comprise both personal and social values and her research showed that there is considerable stability and consistency in the expression of these values (see also Braithwaite, 1982; Braithwaite & Law, 1985; Braithwaite & Scott, 1991; Heaven, 1991). Consequently, if the implementation of values-based management requires some adjustment in an employee's value priorities, some individuals may find the transition more challenging than others. Difficulty in

adjusting may manifest itself in less willingness and capacity to make organisationally congruent decisions.

Confusion might arise when new principles of values-based management demand a different value trade-off to that traditionally made by employees. For example, it may be particularly problematic for values-based management if a security value orientation is strong and harmony values, that is, the value orientation that prioritises cooperation, are weak. Employees who hold strong support for security are likely to value the tradition and symbols of the existing organisation highly, and will be resistant to change brought about under values-based management as they perceive this to be debasing those traditions. If harmony is low, there may be little desire to cooperate with the change process and employees with strong security values may show a level of defiance to change because of their concern for a breakdown in order and established status in the organisation (Braithwaite, 2005). It is hypothesised that where security values are high, harmony values also need to be high if employees are to adopt values-based management willingly. It could be expected that strong support for security values in the absence of support for harmony values would result in rejection of new organisational standards if these are perceived to undermine the traditions of Defence.

3.4.3 A preference for rules

Given the traditional and hierarchical structure and culture embedded in military and public service organisations, and given that many employees have remained with one organisation for most of their working lives, it is reasonable to postulate that some of these employees will find the change brought about under NPM difficult. It is likely

to be particularly difficult when imposed change threatens long held beliefs about the way work should be done. It is expected that acquiring new decision making skills will be most difficult for those who hold to traditional bureaucratic standards about following rules. Adherence to rules would lower the risk of making bad decisions. Those who prefer rules are likely to feel most insecure and most fearful in making decisions under values-based management. How this affects quality of decision making is unknown.

3.4.4 Social values and rules norms hypotheses

Endorsement of social values (harmony and security value orientations) should enhance organisationally congruent decision making but where security values are high, harmony values also need to be high if employees are likely to adopt values-based management willingly.

Employees who prefer to follow rules in making decisions may feel threatened by values-based management. It is unclear if this **leads** to poor decision making or not. The employee's social values and preference for rules orientation are hypothesised as relevant to how readily employees learn to make organisationally congruent decisions under NPM. However, as noted earlier in the chapter, value priorities are likely to be influenced by the context within which the employees operate. During a change process such as the introduction of values-based management, the shifting priority has been towards promoting employee responsibility and accountability. The next section therefore discusses how support for these principles of NPM is an important consideration in facilitating a successful transition to a culture of values-based management.

3.5 Responsibility and accountability – NPM principles

The introduction of NPM's principles of responsibility and accountability are likely to bring perceptions of incompatibility with old practices of patronage and protection, which saw responsibility and access to corporate knowledge remaining in the hands of the most senior managers in an organisation. Devolved responsibility in Defence has led to increases in junior officer expectations of self-determination and autonomy in decision making (Makkai & Braithwaite, 1993). Selznick (1994) saw this situation as having the potential for reducing organisationally-congruent decision making, because employee support for the traditional bureaucratic sense of duty becomes less certain as employees' self-determination and awareness is sharpened. Situations would be less black and white, there is now judgment and choice rather than step-by-step instructions, and decisions become more difficult for the less experienced employee.

Under these changing conditions, responsibility for others becomes more self-conscious and demanding as employees develop an understanding of decision making under a values-based management model. It is expected that as responsibility and self-awareness increases within an organisation, there will be more questioning of the traditional rules and entrenched practices. For Selznick (1994, pp. 4, 184-185 & 334), this is the first step in the development of true self-regulation; the drive for autonomy and informed decision making; and processes compatible with adaptation to a values-based management system. Internal evaluation of institutional processes increases the demand for transparency, in that more junior staff will demand of their superiors to open up their books for inspection (see Selznick, 1994, p. 228; see also Etzioni, 1988). Therefore, the values-based management principles that seek to promote individual

responsibility and an awareness of the need for transparency⁶ in management decisions and actions are important principles that employees need to demonstrate a commitment to, if the organisation is to make a successful transition to values-based management.

3.5.1 Support for principles of values-based management hypothesis

A heightened sense of responsibility and procedural transparency (honesty in reporting, fairness) are central to employee empowerment and the principles of values-based management, and are likely to lend themselves to increasing employee capacity to successfully implement organisationally congruent decisions. Conversely, where employees express low priority for principles associated with NPM, they are less likely to make organisationally congruent decisions.

As these principles are fundamental to organisationally successful implementation of values-based management, it is further hypothesised that the principles, responsibility and accountability (manifesting from the micro level in this study as personal responsibility and support for procedural transparency), will act to mediate between location, work experience and social values predictors and work preferences on the one hand and organisationally congruent decision making on the other. In other words, those who are positioned in the organisation to understand NPM, those whose work experience is positive and congruent with NPM, and those who have values and work preferences that provide a bridge to NPM will be more likely to endorse principles of personal responsibility and support for procedural transparency and this in turn will increase capacity for organisationally congruent decision making.

⁶ Thus ensuring that willingness to be transparent in procedures is interpreted in this study as the employee's preparedness to be held accountable.

3.6 Research on the effects of organisational change

The model proposed in this thesis draws heavily on the approach of Kurt Lewin (1938, 1951), which has been said to contribute to many of the current theories and practice in organisational change (see Burnes, B. in Dunphy, Griffiths & Bem, 2003; Schein, 2004). Lewin's three-step model of organisational change provides the basis for examining the driving forces behind organisational change. Considered by many to be the author of modern psychological theories of motivation, Lewin argued that all human systems seek to maintain equilibrium in and maximise their autonomy within an environment (Schein, 2004). According to Schein (2004, p. 320), coping, growth, and survival all involve maintaining the integrity of the system in the face of a changing environment that is constantly causing varying degrees of disequilibrium.

Cognitive structures such as beliefs, attitudes and values function to organise the bulk of stimuli received from the environment for people to make sense of it, so that the environment will be made more predictable and meaningful for people. That is, maintaining the status quo and resisting change is a survival process. At the macro level, it is expected that an organisation will seek to reject change as a potential threat to its identity, and Lewin argued that for such change to occur, there needs to be an unfreezing of pressures that will move individual resistance and group conformity away from the status quo. The second step is to move to a new state. This involves motivation at the micro level of organisations (see Judge, Thoresen, Pucik & Welbourne, 1999) to shift individual and small group perceptions away from old processes towards new beliefs and practices. The third step is refreezing the change to make it permanent. This suggests that organisational structures and procedures need to be modified or developed to allow the implementation of the change to take

place. It also means that the people responsible for driving the change will need to be willing and able to lead the organisation through the change process.

Research which sought to validate Lewin's theories has shown the importance of emphasising the development of complex strategies to change beliefs, attitudes, values and structures of organisations so that organisations and the people within organisations can better adapt to new technologies, markets and challenges (Bennis, 1969; French, Bell & Zawachi, 1994). At the micro level, Lewin's theories offer opportunities to examine the effects of change on the individual's *lifespace*, that is, the factors which make up the person and the environmental factors with which the person interacts. The *lifespace* has particular relevance in organisational settings because the employee's *lifespace* varies constantly as a result of the multiple roles that the employee holds at work. For Lewin, significant changes or events are likely to trigger a restructuring of the *lifespace* and lead to increasing psychological tension. Employees seeking to relieve this tension are motivated to accept (or reject) change, but ultimately it is organisational structures which establish roles and responsibilities that may act as barriers to successful adaptation.

On this basis, the model guiding this research comprises measures of organisational structures (location variables) and measures of an employee's perceptions of what is happening in the environment and of his/her preferences and beliefs about what should happen. Other theoretical models focused at the micro level have influenced the development of the model presented in this thesis. Of chief importance is Fishbein and Ajzen's (1975, 1981) theory of reasoned action. This theory proposes that behaviour is shaped by beliefs and attitudes that focus on objects, contexts and

the capacity of the self to effect a desired outcome. The theory postulates that the immediate determinant of a person's overt behaviour is the person's intention to perform (or not to perform) such behaviour (Petty & Cacioppo, 1981). This theory is fundamental to the development of the outcome variable discussed in Chapter 5 which is treated as a proxy measure for organisationally congruent decision making in this thesis.

3.6.1 Are change strategies helpful?

Although this thesis does not measure effects of change, the model is tested with a change program underway in Defence. An understanding of what strategies are used in organisations undergoing change therefore was considered beneficial and applicable to the current study. In explaining the concept of planned change, Chin and Benne (1994) summarised three groups of strategies for change in organisations which serves a useful background for understanding the current model. The first relates to the implementation of empirical-rational strategies. Assuming that people are rational and will follow their rational self-interest, change could be undertaken using a situation or context that was desirable, effective and in line with the self-interest of the person, group or organisation. Self-interest has been recognised in the current model in so far as individuals who are "philosophically" opposed to values-based management, and do not endorse a preference for following rules, can voice their concerns. The expectation is that such individuals will perform poorly in the decision making task because they will prioritise their own interests over the organisation's. Similarly, individuals who do not feel pride in, or a sense of attachment to Defence are expected to favour their own interests over the organisation's interests in decision making.

Chin and Benne's (1994) second group are normative-reeducative strategies and build upon assumptions about human motivation that are different from those which underlie empirical-rational strategies. While human rationality and intelligence are not denied, the focus is on patterns of action and practice supported by socio-cultural norms and employee commitment to these norms. One of the variables that most strongly represents the normative-reeducative approach to change is the measurement of local workplace culture – are employees seeing their managers walking the talk of the change program? Moreover, is the change process managed with respect for employees and with adherence to the principles of procedural justice? Another important aspect of the normative-reeducative strategy is the training of managers and personnel to build competency to implement change.

The third group of strategies relate to the application of power or influence. The influencing process concerns compliance of those with less power to the plans, directions and leadership of those with greater power. This is particularly important when considering who holds authority, and how decisions are made in a public sector military hierarchical organisation. The power that is applied is, in the current case, legitimate power or authority. Power strategies utilise political and economic authority behind administrative policy to effect change (see Chin & Benne, 1994). In the current study, the senior ranks within the Defence organisation hold the authority to influence change. The extent to which these ranks support the change process would be evident by their willingness and ability to make organisationally congruent decisions when faced with dilemmas which confront their organisation. Well-informed senior ranks act to lead subordinates through the change process.

Sociological studies have supported the capacity of an organisation's leadership to define appropriate structural adjustments in the face of new "legal mandates" (Barnett & Carroll, 1995; Sutton, Dobbin, Meyer & Scott, 1994; Edelman, 1990). That is, studies have shown that organisational leaders have the capacity to restructure according to new regulatory requirements, but the question remains as to whether they are able to influence employees to adopt the change. In traditional bureaucracy, implementation of change processes is dictated through the identification of authority. This is an important consideration in the current study as seniority in rank is the acknowledged authority in determining the change process. Rank is the most important, but leadership may also be found among the well educated, the more experienced supervisors, or those in more central functional areas. Thus, Chin and Benne's (1994) model draws attention to the need to examine structural features of the workplace as well as perceptions of self and the change process.

3.7 Towards a model of decision making for Defence

The model presented in this thesis, therefore, is based on a contingency model because it argues that it is the interaction and co-dependency among factors of structural location, work experience, social values and work preferences that will determine in principle support for values-based management and capacity to make organisationally congruent decisions.

Figure 3.1 below provides a schematic representation of the relationship of the variables as they are predicted to contribute to organisationally congruent decision making. The model is discussed below in three steps, the first identifying four

predisposing factors, to adapting to the change process, the second exploring support for the principles of values-based management, and the third mapping pathways to organisationally congruent decision making.

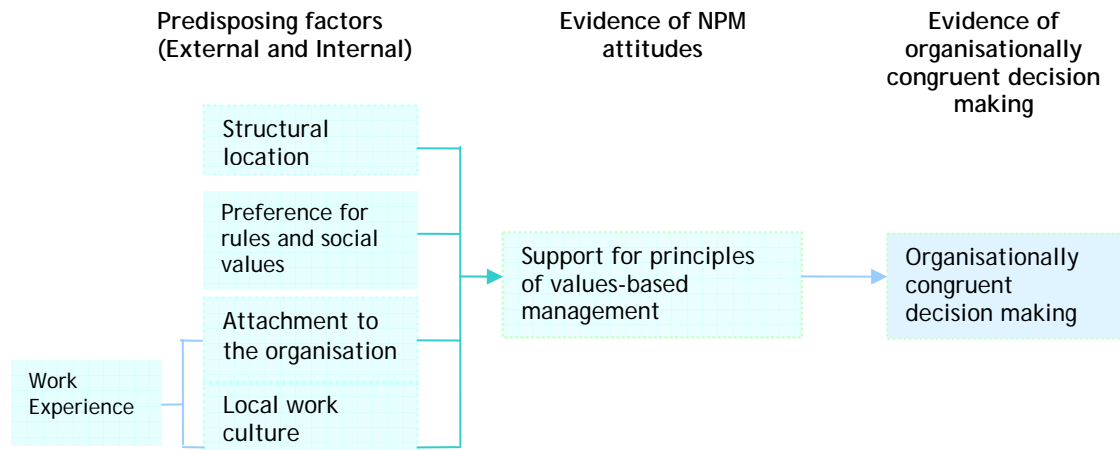


Figure 3.1: Schematic representation of the Defence model of organisationally congruent decision making

3.7.1 Predisposing Factors

As illustrated in Figure 3.1, four types of variables are thought to predispose employees to accept change imposed through the implementation of values-based management. They include: a) structural variables considered to impede or obstruct implementation of values-based management in Defence (specifically, gender, rank, work unit membership and workplace location, length of service, level of supervisory experience, regional location, level of education and exposure to training in values-based management); b) work experience, that is, the extent to which employees are emotionally and socially attached to Defence, and the degree to which the work culture exhibits operational support for values-based decision making, and procedural justice; and c) commitment to shared values and rule preferences that support the organisation

and enable individuals to make organisationally congruent decisions.

3.7.2 Evidence of NPM attitudes

Two important principles relating to NPM, responsibility and accountability were considered, when applied to the micro levels of organisational life, to be the likely links between the above predisposing factors and the employee's capacity to make organisationally congruent decisions. It is predicted that predisposing factors would shape support for the principles relating to employee responsibility and support for procedural transparency and they, in turn, would shape the capacity to make decisions, which were in line with the standards and expectations of the organisation. In this way, it is hypothesised that these principles should mediate between structural location, the work experience factors of attachment and local work culture, and rule preferences and social values to enable employees to acquire the capacity to make compliant decisions.

3.7.3 Evidence of organisationally congruent decision making

This part of the model represents the dependent variable of organisationally congruent decision making. The method of measurement is the use of hypothetical scenarios developed to represent contexts in which employees had the opportunity to demonstrate whether or not they would behave in accordance with the values and standards of the organisation, or take a more expedient course of action in a way that benefited themselves at the organisation's expense. While not a direct observation of behaviour, research has shown that intention to act is a valid indicator of behaviour (see Petty & Cacioppo, 1981). Chapters 4 and 5 provide a full discussion of the dependent variable. It is hypothesised that values-based management was being taken up in the organisation if the relationship between endorsement of the principles of

values-based management and organisationally congruent decision-making was positive and significant.

3.8 Summary of hypotheses

The aim of this chapter was to distil from relevant literatures key predictors that might explain decision making in a large and complex public sector organisation in Australia in its introduction of values-based management. Variables were aggregated under four broad social dimensions, classifying sets of potential predictors considered to be the most likely main contributors to enhancing organisationally congruent decision making. A model of decision making is proposed, exploring in particular, how structural and background characteristics of employees and their environment predispose some individuals more than others to endorse the principles of values-based management, and in turn, demonstrate capacity to make decisions in accordance with the organisation's standards.

3.8.1 Hypotheses 1: Structural location variables

The first of the four sets of measures predicting compliance related to structural location, that is, where an employee is "located" in the organisation and what are those factor(s) that might socially distance an employee from obtaining access to information about values-based management and the change process or understanding all that it entails. The underlying assumption, backed up by literature reviewed in this chapter, is that the greater the distance between source and target in the change process, the less the target is likely to be influenced. Variables that reflect distance between source and target include gender, rank, work unit membership and workplace location, length of service, level of supervisory experience, regional location, level of education and exposure to training in values-based management. It

was hypothesised that location would be an important determinant in the capacity of employees to accept the newly introduced values-based management philosophy and so make decisions that complied with organisational standards.

3.8.2 Hypotheses 2: Work Experience Variables

The second set of measures explored the effects of work experience on accepting principles of values-based management and organisationally congruent decision making. Two work measures make up this set, the first being employees' level of attachment to the organisation. It was hypothesised that a higher level of attachment would produce relationship bonds that encouraged a more positive view of values-based management principles and higher level of compliance in employees' work decisions. The second work experience measure assessed the extent that employee's local work culture provided the necessary conditions for values-based management to be successfully implemented. It was hypothesised that where local work cultures fostered a climate of employee trust, respect and inclusiveness, procedural justice would be high, and local workplace practices were likely to be safe spaces for learning to put values-based management into effect. The result would be higher endorsement of the values-based management principles and higher levels of organisationally congruent decision making.

3.8.3 Hypotheses 3: Rules preference and social values

The third set of measures assessed employee support for reliance on rules for decision making and social values within the organisation. The preference for rules hypothesis sought to empirically test the degree to which acceptance of traditional rules-based decision making was conducive to or undermined capacity to make organisationally

congruent decisions in a values-based management climate. If it was the case that rules were aligned with values-based management, those who were rules conscious would be as compliant as others. But in circumstances where rules preferences were at odds with values-based management, rules conscious individuals would be less compliant.

Values based hypotheses related to the extent of support for the broader value orientations of security and harmony. Support for social values should enhance an individual's capacity to think and act in the interests of the collective. Endorsement of social orientations (harmony and security values) should enhance organisationally congruent decision making, but where security values are high, harmony values also need to be high if employees are likely to adopt values-based management willingly. In the absence of harmony values, security values supporters may reject new organisational standards if these are perceived to have a negative effect on either the institution or the individual and there is no desire to cooperate.

3.8.4 Hypotheses 4: Values-based principles of NPM

Lastly, openness to NPM as an ideal was assessed through employee support for the principles of responsibility and accountability. It was hypothesised that where employees supported these principles, decision making would be more organisationally congruent. Moreover, such was the importance of these variables in influencing the extent that values-based management was picked up in the organisation that they were hypothesised to be the supporting link and therefore were proposed as mediating the relationships between the other three sets of predictors (structural location, work experience and preference for rules and social values) and organisationally congruent decision making.

The next chapter begins the measurement and testing of the model with a description of the methodology. This is followed by a chapter (Chapter 5) describing the development of the decision making measures. Chapters 6 to 8 test the hypotheses as outlined above and Chapter 9 completes the analysis with an overall assessment of the model illustrated in Figure 3.1. The final chapter completes the discussion of the study, including its limitations, its theoretical and practical implications, and makes recommendations for further research.

Chapter 4

METHODOLOGY

4.1 Introduction

This chapter describes the method used to develop a survey for testing the model presented in Chapter 3. The complete methodology in this research is explained as a sequential process and is divided into 3 sections. The first section details an overview of the research design, describes the focus group methodology and reports relevant results. The second section explains the development and testing of the pilot survey instrument, its analysis and contribution to the full survey. The third and final section describes the survey, its implementation and reports on scale development and reliability.

4.2 Background and rationale for applied research

The methodology used in this study draws from Layder's (1993, 1998) adaptive theory which places emphasis on context and relevance, particularly when the phenomena under investigation (values-based management) were situated in macro institutional regulation, and limited research had been conducted into the behavioural effects at the micro levels of organisation. To assist my understanding of the context within which values-based management was being implemented, I sought initial information from Defence personnel as the basis for the development of a measure of decision making. This approach assisted in addressing the contextual problems of theory testing in applied settings.

The data used to test the hypotheses outlined in Chapter 3 were collected as part of a Department of Defence survey into workplace values and beliefs. With all research

conducted in the Department of Defence, there is a standard approval process which sets parameters around the scope of the study. While few limitations were experienced in the conduct of this research project, I have set out, for the sake of openness and completion, decision points where departmental restrictions influenced the way the study was progressed. The study was designed as a 3-stage process with the following aims:

1. Stage 1: Content analysis of focus group sessions
2. Stage 2: Item analysis of pilot survey
3. Stage 3: Testing the research model from a statistical analysis of the main survey

4.3 Stage 1: Content analysis -- Focus groups

Focus group research is a technique for gathering qualitative information in a particular content domain (Gibbs, 1997; Kruger, 1994; Chakrapani, 1991). It has a long history in market research (Morgan, 1988) and more recently has been used in medical and social science research (Powell & Single, 1996). Because there was limited available quantitative research on public sector values (at the time largely anecdotally based), focus groups were used for engaging the organisation in dialogue about the mores, values and attitudes that drive the organisational psyche and motivate behaviour. Exploratory focus groups were used in this research to tap the content domain of work values and standards of conduct in organisational settings and to identify strengths and weaknesses in organisational practices. This provided material from which items could be developed for systematic quantitative data collection across the organisation at a future time (Chakrapani, 1991, p. 32).

An important part of the approach was to have actual measures of the key theoretical constructs that were relevant to the context in which Defence was operating. In different cultural contexts, concepts such as responsibility and transparency take on slightly different meanings. The idea is adapted to the context. Understanding this adaptation was important if the hypotheses were to be given a fair test. Furthermore, an important part of gaining the cooperation of Defence was that the main survey instrument had ecological validity (see Brewer, 2000). From a scientific point of view, the approach presented some challenges. Measures that were developed specifically for this study had to be well tested to ensure measurement standards of high validity and reliability were met. The [then] Defence Audit and Program Evaluation Committee (DAPEC)¹ approved the proposed research in (June) 1996 after being cleared through the Australian Defence Force's Chief of Personnel.

4.3.1 Focus Group Participants

Focus groups comprised current personnel², both military and civilian, from a wide variety of backgrounds, skills and experience. With the aid of departmental coordinating staff, volunteers from all ranks and civilian levels were sought from each of the eight Defence Programs (according to the organisation's structure at the time) to attend discussion sessions. Each group consisted of 8 to 12 members ranging from Australian Public Service Officer Level 1 to Senior Executive Service Officer Band 1 level for civilian staff and from Private (or equivalent) to Brigadier level (or equivalent 1 star rank) for military members (totalling 131 subjects). No Senior Executive Service Officer or similar senior military officer above the rank of 1 star

¹ Since reformed as the Defence Audit Committee (DAC).

² The term "personnel" is referred to as "employees" for clarity of discussion.

volunteered to participate. This omission was not considered to be a serious problem. A significant number of senior officers were involved in the initial discussions of the research and had seen the outline for the focus group. They had had opportunity to express their views through these private consultations. Moreover, the senior executive group above the Band 1 level (Brigadier equivalent) had agreed to take part in the main survey.

4.3.2 Material and Procedure

Each focus group session was conducted using the same facilitator to ensure comparability of content and promote discussion that allowed the researcher to build on the knowledge obtained in earlier sessions. An assistant took notes and operated the audio equipment (consent to tape sessions having been granted during the introduction to each workshop). Two hours were allocated for each group. The same explanation was repeated at the beginning of each group including proposed use of the material, confidentiality of information and the maintenance of anonymity of participants.

Initial discussions covered a) the role of values and standards of conduct in the workplace as well as identifying strengths and weaknesses of current organisational practices. The facilitator then introduced a number of work situations, which were presented to the group as b) dilemmas for them to discuss and, if possible, resolve. Focus group participants were asked to complete a c) two page open-ended questionnaire (Appendix 4.1) at the conclusion of discussions. Feedback on focus group material was provided in general terms on request, thus maintaining group and individual anonymity.

Analysis of focus group material is organised in two parts, the first concentrating on findings from the discussions on current workplace issues and the second analysing how groups went about resolving dilemmas presented in several Defence specific scenarios.

4.3.3 Development of the pilot study – focus group discussions

The analysis of focus group discussions and completed questionnaires consisted of collation of qualitative assessments of the frequency and certainty with which particular issues were discussed (Kruger, 1994; Mugford, 1999). The assessment sheets (example at Appendix 4.1) requested participants in the focus groups to respond to the following:

- *List three (3) strengths that make [the military Service] a special and positive place for you to work.*

This question sought information about perceived organisational strengths. This information provided important advice about employee affiliation with the organisation.

- *List three (3) weaknesses that sometimes make your workplace difficult.*

This question sought information about employee perceptions of organisational weaknesses. This information provided advice about obstacles to an effective workplace.

- *If you were in charge of your unit, section, branch, division etc., what changes would you want to make immediately?*

This question sought to identify management challenges that made it difficult for people to manage effectively with probity.

- *How do you see Defence has changed over the past 3-5 years (or during your time in Defence)?*
- *Have these changes been for the better?... **Yes/No***
- *What reason do you have for feeling this way?*

These questions sought information about the perception and effects of change in the organisation, and the way employees felt about the changes and understood the reasons for the change.

- *Without stating names, describe an ethical person in your unit/work area.*
- *What would they stand for?*
- *What typically would you expect to observe in them?*

These questions sought to understand what employees believed were important characteristics of persons behaving ethically in the workplace and whether employees felt there was value in having a code of conduct to guide behaviour at work.

- *Are you familiar with codes of conduct? **Yes/No***
- *Does your unit/section have a code of conduct or set of ethical standards?*
- *Should your section have one?*
- *What would be the most important ethical standard for your section?*
- *How useful are codes of conduct in helping people work through ethical issues?*

With the introduction of a code of conduct for the Australian Public Service, this question sought to determine whether employees were aware of a code of conduct in their workplace, and their perception of the relevance or otherwise of such a code. The final questions asked participants to place a priority on their workplace standards. This information provided insight into how employees interpret behavioural priorities in their local work areas.

A number of workplace “ethical” dilemmas were then presented to focus groups and an open discussion was facilitated, noting suggested solutions to each dilemma.

Responses were recorded, data analysis conducted and a list of the most common responses to each dilemma was produced. This material was used to develop a set of workplace scenarios for the pilot survey which is discussed at Stage 2 of the survey development.

To develop items for other scales in the pilot study, a four-step process similar to that used by Chakrapani (1991) was used to extract meaningful data from the focus group discussions of the dilemmas and analysis of information from the assessment sheets. The first step involved the extraction of information from focus group transcripts to provide content for the items in the pilot study. The second step was to construct a matrix showing frequency and importance of each discussion point and the relationship of these points to broader constructs such as personal values, attitude towards rules, and attitudes towards the employer and its practices. The third step was to classify and rate the points according to their frequency, and step four involved placing them in order of priority from most important to least important and from most frequent to least frequent (as determined by participants). The most important and most frequent points were retained for item development.

Items were developed according to the most frequently identified and most important belief domains emerging from the focus groups, and designed to be broadly applicable to the Defence and Public Service environments. The draft pilot survey was independently assessed by departmental officers and other professionals. A small team of Defence officers and senior executives assessed the items in the pilot survey for sense and contextual accuracy against their individual experiences. Comments were also sought from the organisation's professional military and social research unit. The pilot survey was amended where comments pointed out weakness in item structure, ambiguous wording or duplication and repetitiveness in wording. A description of the pilot survey and its analysis follows in the next section.

4.4 Stage 2: Development of the Pilot Survey

The aim of the pilot survey was to develop consistent, valid items for use in the survey instrument and to generate, where statistically possible in this small sample, relevant scales which could be analysed for reliability and consistency.

The key psychological concepts from which items and scales were developed were:

- Beliefs about the importance of values in relation to accepting responsibility and being accountable (in line with NPM's principles of values-based management);
- Beliefs about the importance of rules for decision making (Hogan, 1973; Ayers & Braithwaite, 1992; Kagan & Scholz, 1984; Etzioni, 1988; Selznick, 1992, 1994; Mulder, 1965);
- Attachment to work (Hom, Katerberg & Hulin, 1979; Angle & Perry, 1983; Blau, 1986; Blau & Boal, 1987; Pierce & Dunham, 1987).
- Experience in the workplace (locally) that is conducive to NPM;
- Global social values and beliefs (Braithwaite and Law's (1985) *Social Goals Values Inventory*);
- Structural location (including demographic) variables;
- Attitudes towards training and awareness raising at work; and
- Endorsement of actions consistent with organisational standards and expectations within particular decision making contexts.

Focus group material provided information for the development of the workplace scenarios that were used to measure the last variable on the above list, endorsement of organisational standards.

4.4.1 Survey development

Focus group material provided guidance on the selection of ready made scales and the development of special purpose scales to measure the concepts outlined above. Fifty-nine items were developed to measure workplace values (see Pilot Survey in Appendix 4.2). These items sought to measure what employees thought should happen in the workplace; what the priorities should be and how employees should behave. Of central interest here, was developing statements that supported workplace values of honesty, responsibility, courage, respect and openness (transparency), which are values reflected in the Australian Public Service Statement of Values (see Chapter 1, Table 1.1: Key Public Service Values³ as established in 1995 by the Public Service Commission of Australia).

Items were also developed to assess allegiance to, and need for workplace rules and regulations. In addition, participants were asked about current work practices and procedures, resource management, and reward and merit issues in the workplace. Similar procedures were used to assess employee satisfaction with, and attachment to Defence. The pilot survey containing these scales is attached in Appendix 4.2.

Survey respondents were asked to indicate the extent of their agreement with these items using a five-point Likert-type scale from (1) *Strongly Disagree* to (5) *Strongly Agree* with (3) as the mid-point, *Neither Agree nor Disagree*.

To assess the capacity of employees to make decisions that were congruent with

³ (Australian) Public Service Commission, 1995. *A framework for human resource management in the APS*, 2nd edition, used at the time of the study.

organisational expectations and standards, a new approach was developed using practical situations or scenarios (see Mugford, 1999, 2004). Fourteen situations were developed from the material provided by the focus groups and rated as important because it had generated debate and represented a conflict of values between the employee's personal preferences and what was expected of the employee by the organisation. Options reflected a range of behaviours from those that were consistent with organisational and public service standards ("ethical"⁴) to those that departed from these standards ("unethical") to varying degrees. Participants were asked to rate each option on a five-point Likert scale ranging from (1) highly unlikely (to act in this way) to (5) highly likely (to act in this way). The survey asked participants to assess each scenario and report what they would do in the situation using the options provided. An opportunity to comment on, and suggest additions to each scenario's options was included in the initial development to add strength and relevance to the scenario and its options for the main survey.

4.4.2 Participants

One hundred and twenty-one Canberra-based and regional staff were surveyed with a return rate of 71.9%, making up a total of 87 surveys. Surveys were voluntary and returns by gender approximated the actual sample distribution (78.2% men returned survey {85.4% sampled}; 18.4% women returned survey {14.6% sampled} with 3.4% missing data).

4.4.3 Procedure

Survey forms were mailed to participants who were asked to mail back their responses

⁴ According to the definition of the term as specified in Defence's educational awareness program.

within two weeks. A reminder was sent out at the two-week point.

4.5 Analysis

The purpose of the analysis of the pilot data was to identify those items that were valid and statistically robust for use in the main survey instrument. The pilot survey was analysed in eight (8) parts in the order set out below.

4.5.1 Work Values

Of the seven original subsets containing 59 items (see Part 1, Pilot Survey, Appendix 4.2), six subsets (25 items) were retained in the main survey as valid subscales, each consisting of among 3 and 5 items and reporting respectable reliabilities ranging from 0.55 to 0.67 (range 0.00 - 1.00). These were broadly labelled according to their value content: *Courage, Loyalty, Responsibility, Honesty, Fairness* and *Transparency*. Items with scale means and standard deviations retained in the main survey are listed in Appendix 4.3. Several new items were also included.

4.5.2 Rules at work

Of the original three subscales from the Pilot study (Part 2, Section 1, Appendix 4.2), one only was retained as a valid measure of beliefs about the *Importance of Workplace Rules* for the main survey (see Appendix 4.4). Six of the original nine items were retained, the scale recording a reliability coefficient of 0.82 (Mean 3.39, SD .83). There was no relationship between this scale and any of the work values subscales. Rules were viewed quite differently from specific workplace values and appeared to operate independently of employees' personal values. The view that was tapped by these items was that employees needed to abide by clear rules, and it was not appropriate to bend

the rules to suit the situation.

4.5.3 Local work practices

Data analysis of items tapping into practices observed in the workplace from the pilot survey (see Part III, Pilot Survey) resulted in the retention of two scales, *Procedural Inclusiveness* (7 items, Mean 3.3, SD .52, alpha reliability coefficient .83), and *Fairness in Processes for Reward Allocation* (6 items, Mean 3.1, SD .45, alpha reliability coefficient .78). Items for these scales are listed in Appendix 4.5 and seek to capture the essence of social justice in workplace interaction.

A further five items from the original *Resources* sub-scale and two additional items concerning probity issues were also retained as single items at the request of the Defence Department, because of their importance to the evaluation of the education campaign.

4.5.4 Attachment to Defence

Focus group discussions identified issues concerning organisational lines of communication, cooperation between organisational groups, modern managerial concepts of continuous improvement, risk management, personal and corporate accountability, the impact of organisational change and devolved decision making on employee participation and their support for the organisation. Items were developed to address these issues.

Two scales were extracted from the pilot study analysis: *Attachment to Defence* (10 items, Mean, 2.7, SD .51, alpha reliability coefficient .82), and *Defence Culture* (8 items, Mean 3.2, SD .40, alpha reliability coefficient .63). Scale items, means and standard deviations are shown in Appendix 4.6. One additional item was added to the

Attachment to Defence scale and a further four items were included in the *Defence Culture* scale to satisfy departmental interests.

4.5.5 Decision making: Solving workplace dilemmas

Dilemmas were chosen to capture real life contexts. The purpose of the study was to develop hypothetical dilemma situations reflective of actual Defence situations that participants could solve as they would at work. These measures sought an understanding of how employees make decisions under conditions that were designed to be ecologically valid to the Defence context. That is, employees would be able to respond accurately because the situations were close to real experiences in Defence.

In some research, the use of the hypothetical dilemma has fallen short of its potential to elicit a candid response because the dilemma was too remote, seemingly irrelevant to the dilemmas experienced by people, or lacked sufficient and appropriate context for people to discriminate (see Gibbs, 1997; Kruger, 1994; Chakrapani, 1991). To overcome this problem and make sure that they were meaningful to staff drawn from different parts of the organisation, the dilemmas were fine-tuned in response to comments made by Defence's participants during focus group discussions.

The dilemmas in this study were designed to test the degree to which conduct is "right" or "wrong" across a selection of workplace situations according to organisational principles and rules. "Right" responses indicate capacity to respond according to principles and standards of the organisation, while "wrong" responses were considered to breach these principles and standards. Content for each case situation was based on material initially drawn from focus groups and on Defence's educational material and

case studies. The idea was to use case material, work through the relevant issues and concerns identified by staff and thereby learn to draw on principles (in line with values-based management) to make the “correct” decisions.

“Right” and “wrong” were assessed by comparison with organisational principles and standards by personnel responsible for conducting the ethics training program in Defence. This process was then reviewed and approved by a senior leadership committee in Defence. All reviewing staff had to agree for the dilemma and its responses to get through the first filter. Therefore, the cases chosen to measure “right” and “wrong” decision making were by necessity at the more straightforward end of the ethical dilemma hard-easy continuum. Even if the researcher had been in a position to convince Defence’s senior management to include dilemmas where right and wrong fell into the “grey” area, it would have been difficult to know how to incorporate these as part of the empirical study. The need to have explicit agreed upon outcomes attached to the scenarios was necessary for establishing a benchmark for the study (Schneider, 1992; Van Schie & Van der Pligt, 1995), and for defining the outcome variable as compliance with organisational decision making. The development of explicit options, many taken from focus groups, reduces possible framing effects which had earlier been found to influence individual responses in scenario-based decisions making (see Mellers, Schwartz & Cooke, 1998, for a summary of this research).

It is important at this point to emphasise that the goal of the study was not to predict complexity or sophistication of ethical thinking; it was to predict who was able to make the decisions expected by the Defence executive through subscribing to NPM values.

Fourteen case studies (Appendix 4.2, see Part V) were developed each depicting a

work situation asking participants to respond in terms of a number of options. Each option required participants to respond along a five-point ordinal scale ranging from (1) *Highly Unlikely* (to behave in this way) to (5) *Highly Likely* (to behave in this way).

4.5.6 Rationale for dilemma-based assessment

The idea of using dilemmas was based on interest in measuring how well staff could use the responsibility that they were to be given through NPM to make the decisions that supervisors' expected them to make. Any dilemma, however, presented in a survey context is going to have a component of measurement error. In other words, no dilemma and set of response options will map perfectly on to the concept of "ability to apply rules and principles in a way that meets the approval of senior staff." Context is bound to play a role in determining how people respond to a workplace dilemma.

Levels of awareness of appropriate ways to act will vary according to the normative significance each situation holds for the participant. In some situations, the correct response would be viewed as far more critical and relevant, and the wrong response as far more serious than would occur in other situations. People will not necessarily make sense of/understand the dilemmas in the same way when they work in very different situations. Contexts and motivational factors are likely to impinge on understanding and, therefore, on decision responses.

While acknowledging that some dilemma contexts will be more familiar than others to a particular employee, some correlation in ability to make organisationally compliant decisions is expected across contexts. The measurement model that underlies the construction of the dilemmas test is one which assumes that staff who would make the right judgments in several different scenarios are more likely to make right judgments

in general and in “real life in Defence” because of an apparent ability to take account of conflicting motivations and align their own decision making preferences with the organisation’s principles and goals. Therefore, a common factor measuring knowledge of appropriate behaviour could be expected to emerge within the response options rated for each dilemma and across the dilemmas despite the varying contexts.

Of the original fourteen dilemmas, nine were retained for inclusion in the main survey and one further dilemma⁵ was added. Exclusion was based on participants’ qualitative responses to the dilemmas where the majority of participants deemed a dilemma as unimportant, where statistical analysis revealed that the dilemmas were not discriminating on capacity to apply the rules or where pilot study participants considered the dilemmas as being too repetitive with others in the WDS. Means and standard deviations for items in the nine dilemmas retained in the main survey are shown in Appendix 4.8.

4.5.7 Braithwaite and Law’s Social Goals and Values

Included in the survey was a shortened version of Braithwaite and Law’s (1985) Social Goals Values Inventory (Part VI, Pilot Survey, Appendix 4.2) in which participants were given a **7-point** Likert-type scale to signal level of endorsement of a broader orientation towards values of security and cooperation. The 12-item inventory consisted of an 8-item *Harmony Values Orientation Scale* (cooperation and equality) (Mean 5.54, SD .71, alpha reliability coefficient .86) and a four-item *Security Values Orientation Scale* (national strength and order) (Mean 5.24, SD .76, alpha reliability coefficient .82). These scales were included without alteration in the

⁵ This dilemma was used as an example in the pilot survey, and was picked up as a replacement dilemma

main survey (items, means and standard deviations are listed in Appendix 4.9).

Validation for these scales can be found in Braithwaite (1994). The scales represent a commitment to making Australia a safe place, where people are free of discrimination, are treated justly and experience a high quality of life, all of which are at the heart of the mission of security and freedom and fundamental to the goals and objectives of the Australian Defence Department.

4.5.8 Training and awareness for a “Values-based” organisation

The survey sought information from participants on their attendance at, and perceptions of the utility of Defence’s awareness program. Participants were asked five questions, listed below, and all five items were retained in the main survey.

Question 3 (**bold**) was the only question used in analysis⁶ (see also, Pilot survey at Appendix 4.2).

in the main survey.

⁶ This item was dichotomised later in the analysis to produce a measure of “exposure to ethics awareness training” by combining attendance at one, two or more than two workshops as attendance and none as non-attendance.

1. Which of the following parts of the Defence Ethics and Fraud Awareness Campaign (DEFAC) have you experienced directly?
 - a. Workshops b. Videos c. DeaR Newsletter⁷ d. Fraud and Ethics Booklets
2. When did you attend your last workshop (tick one)?
 - a. < 6 months b. 6-12 months c. 1-2 years ago d. 2-3 years ago
 - e. > 3 years f. Never
3. **How many DEFAC workshops have you attended in your career in Defence?**
 - a. None b. One only c. Two d. More than two
4. To what extent have the workshops been useful in resolving ethical issues for you at work?
 - a. Not useful b. Limited Use c. Neither d. Useful e. Very useful
5. Do you think you need more education in this area?
 - a. Yes b. No

4.5.9 Demographic data

Gender and rank level and several demographic (later to be identified as ‘structural location’) variables were retained in the larger survey as part of a personal details section (Section 4A, Appendix 4.7), which is discussed in the next stage of instrument development (Stage 3). Rank level, gender and an employment category differentiating military from civilian personnel were assessed as the most important categorical data in the main survey, explanations for which are provided in Chapter 6.

4.6 Stage 3: Development of the Main Survey

After completing the analysis of the pilot study, the final survey was assembled and distributed to a stratified random sample of Defence employees⁸ between March and

⁷ The DeaR (Defence Ethics and Resources) Newsletter was an internal Defence newsletter published for Defence personnel use during the early to mid-1990’s.

⁸ For the purposes of the study, Defence Force members, Defence civilians and members of the Defence

June 1997. This section describes the participants, and explains procedures used in conducting the main survey. Scales developed from the main survey are then described with more detailed statistical analyses provided in their individual chapters.

4.6.1 Participants

Ten (10) percent of the Australian Defence Force (ADF) and ten percent of civilian personnel from the Department of Defence were randomly selected to participate in the survey (the combined population of ADF and civilian personnel at the time of sampling was calculated at 76,769 with Reserves approximating 24,050⁹). Regular and Reserve military personnel and civilians were included in the sample, representing full-time ADF, Defence civilians, and Reserve members from each of the three Service Reserve Forces (Royal Australian Navy, Australian Regular Army Reserves and the Royal Australian Air Force Reserves). Participation was voluntary and surveys were anonymous. Because of the hierarchical structure of the organisation, which meant that proportionally there were considerably fewer senior officers and women, particularly in the military forces, a larger percentage of the upper levels and of women were randomly selected in the sample to ensure that there were sufficient numbers of rare populations for further comparative analysis. Of the 9293 surveys distributed, questionnaires were received from 5066 Defence personnel. This represents 54.5% of the original sample.

The ADF sample was drawn from a research database administered for Defence research purposes by Director General Personnel Policy and Plans (DGPPP). The

Force Reserves are referred to as "Defence Employees".

⁹ See *Table B-A-1 Australian Defence Force and Civilian Personnel Achieved Average Strength - 1995-96, Defence Annual Report 1995-1996*, p. 196.

Directorate for Civilian Personnel Systems Support (DCPSS) provided the data base for selecting the civilian sample. ADF and civilian samples were stratified random samples provided by the Defence Contractor, INFuse Pty Ltd. The research design was approved by ACPERS as delegate for the Defence organisation on matters of personnel research.

Reserve data were obtained from single service databases. The Army sample was a 5% proportional sample generated by the Service's psychology research unit (1PRU) and based on active Army Reserve lists. Navy and RAAF samples were simple random samples based on five (5) percent of each Service's active Reserve list.

In the next section, permanent military force and the civilian service broken down in samples represented a good cross section of the population. The initial stratified samples were cut from a single ADF database and a single civilian database, and a breakdown by rank was achievable. Because of the difficulty of accessing Reserve lists and the inability of the Defence Reserve databases to extract stratified Reserve samples, a breakdown by rank was not able to be obtained for these groups. A total of 1086 reserves were selected for the sample.

4.6.2 Permanent military force sample statistics

Table 4.1 below compares the permanent military force sample against the ADF population. Initial sampling comprised 11.7% of permanent military personnel belonging to the ADF.

The stratified random sampling procedure for permanent military personnel resulted in a planned over-representation of "rare groups", in particular, senior ranks and women.

Senior ranks were targeted because the organisation was interested in assessing responses from those who were more likely to have access to its resources. Women were overrepresented because gender is regarded as an important factor in moral decision making and there was a risk that too few women would be sampled for meaningful data analysis. The data, in Table 4.1, reflect the distribution of the sample and the over-representation built into the sampling design.

Table 4.1: Australian Defence Permanent Forces - Sample to Population Ratios by Rank Equivalent

Rank (equivalent)	Sample size	Sample %	Population	% in ADF population
Other Ranks (Junior)	1090	16.25	15872	27.7
Non-Commissioned Officers	1090	16.25	16060	28.0
Senior Non-Commissioned Officers	1071	15.97	8494	14.8
Warrant Officer	730	10.88	4369	7.6
Lieutenant-Captain	1156	17.28	7801	13.6
Major	842	12.55	3070	5.4
Lieutenant Colonel-Colonel	590	8.80	1517	2.7
Brigadier and above	138	2.06	138	0.2
Total	6707	11.7	57321	100.0

The important conclusion to draw from Table 4.1 is that all ranks are well-represented in the sample that was drawn with more than 100 cases for all ranks and more than 500 cases for all but one rank classification, the most senior ranks of Brigadier and above.

4.6.3 Civilian personnel sample statistics

Similar procedures were used to assess the breadth of the civilian sample in terms of rank. Table 4.2 illustrates sample to population ratios for Defence civilians. The total civilian sample reflected military percentages with 11.6% of civilians sampled.

Table 4.2: Defence Civilians - Sample to Population Ratios by Rank Level Equivalents

Rank (equivalent)	Sample size	Sample %	Population	% of rank in population
General Service Officer 1-5	370	16.45	3641	18.7
Administrative Service Officer 1-3	370	16.45	5795	29.8
General Service Officer 6-10	194	8.63	668	3.4
Administrative Service Officer 4-6	370	16.46	5306	27.3
Graduates	64	0.44	64	0.3
Professional Officer 1-2	370	16.46	902	4.6
Senior Officer	362	16.10	2919	15.1
Senior Executive Officer	148	6.58	148	0.8
Total	2248	11.6	19443	100.0

The civilian sample shows a similarly healthy representation of all levels. The graduate level has fewer than 100 participants, but all graduates were sampled for the survey (and they represented only 64 in Defence for that year).

4.6.4 Problems in distribution of initial sample

A problem in distribution, particularly of the permanent military sample, meant that 0.75% of the combined samples had no current address to enable distribution of the main survey. As these were unable to be distributed, these personnel were removed from the sampling procedure before commencement of the mail-out. Therefore reporting of the statistics begins in the next section with the return rates for the whole sample after removal of those with no current address as they were unable to participate in the survey.

As can be seen in Table 4.3 below, the permanent military forces were the most affected by the loss of 693 potential subjects from the sample, whereas civilians were

less affected losing just 55 subjects. Reserves were drawn from different databases and not affected by address and posting problems. The regular and frequent movement of permanent military forces is considered to be the reason for the loss from the initial sample. Because of the time limits on distribution, it was not possible to find replacements for this sub-sample and there was no efficient way of gathering other information about them to make an accurate replacement possible.

The sample of respondents who returned a questionnaire was broken down by social demographic characteristics in the next section.

4.6.5 Return Rates

Table 4.3 below outlines the return rates for each of the components of the total sample – military, civilian and reserves.

Table 4.3: Survey Return Rates

	<i>Surveys sent</i>	<i>Surveys received</i>	<i>% Return rate</i>
Military	6014	3605	59.9
Civilian	2193	1156	52.4
Reserves	1086	275	25.9
Total	9293	5066	54.5

The response rate of just over 50% for the military and civilian samples was considered satisfactory given the voluntary nature of the survey. The low return rate for reserves is probably a function of this survey being a lower priority in their busy lives. While Defence personnel are probably no less busy, the survey would be completed in work time and would have greater relevance to what they were doing on a day-to-day basis. Separate return rates for each of the Services was not calculated, as Service personnel situated within other Defence programs were not able to be identified in terms of their

parent Service. However, in Table 4.4, a breakdown of the returned surveys by rank for military shows all ranks were well represented in the returned surveys. Senior levels were slightly over-represented, while junior levels were slightly under-represented.

Table 4.4: Survey return rates compared with expected rates from initial sample for Permanent Military Force (less Reserves)

Military Rank	Surveys received	<i>Surveys expected if 100% return rate</i>	Obtained response rate
Other Ranks (Junior)	595	1090	54.59
Non-Commissioned Officers	572	1090	52.48
Senior Non-Commissioned Officers	715	1071	66.76
Warrant Officer	383	730	52.47
Lieutenant-Captain	613	1156	53.03
Major	530	842	62.95
Lieutenant Colonel-Colonel	373	590	63.22
Brigadier and above	64	138	46.38
Total	3877	6707	57.80

1. 32 people (0.8%) did not indicate their rank on the survey.

2. This does not account for the loss of 693 subjects with no current addresses. Information on these subjects was not available because of the distribution processes in place at the time of the survey distribution.

3. Reserves are not included in these statistics as this group are a different employee category.

Similarly, comparing the return rates across civilian ranks show all ranks were well represented (see Table 4.5). General Service Officers and Senior Executives were slightly under-represented while senior officers were slightly over-represented. Overall, military and civilians were equally well represented.

Table 4.5: Survey return rates compared with expected rates from initial sample for Civilian personnel

<i>Civilian Rank</i>	<i>Surveys received</i>	<i>Surveys expected if 100% return rate</i>	<i>Obtained response rate</i>
General Service Officer 1-5	110	370	29.73
Administrative Service Officer 1-3	213	370	57.57
General Service Officer 6-10	91	194	46.91
Administrative Service Officer 4-6	205	370	55.41
Graduates	38	64	59.38
Professional Officer 1-2	174	370	47.03
Senior Officer	237	362	65.47
Senior Executive Officer	59	148	39.86
Total	1189	2248	52.89

1. 62 people (5.2%) did not indicate their rank equivalent on the survey.

2. This does not account for the loss of 55 subjects with no current addresses. Information on these subjects was not available because of the distribution processes in place at the time of the survey distribution.

4.6.6 Demographic Information

The sample breakdown is reported first for military and civilian rank levels and gender, and second, for length of service, level of supervision, education and regional location. An additional category, work function (eg. command, support, training etc), which was different for military personnel from civilians, was included to ensure that the majority of job categories in Defence were represented. In order to gain an understanding of whether decision making is made more compliant by exposure to the organisation's ethics and values training, a final category on training attendance is included.

4.6.7 Rank

An integral part of the identity of the Defence organisation is present within its rank structure. Rank represents more than a level of authority. It carries with it some assumptions about an individual's length of service, an expected ability to lead (varies with rank), some general indications of training and expectations about how he or she should behave. It also acts as an important benchmark for performance assessment of individual members and groups.

To simplify the analysis in the chapters ahead, the number of levels within the hierarchy was collapsed into four categories and military and civilian ranks were merged. The criteria for collapsing categories were two fold. The first was to maximise compatibility between the military and civilian classifications. The second was to preserve categories that were distinctive in terms of how employees were responding on the key variables.

A series of exploratory one-way ANOVAs involving key explanatory and dependent variables were conducted to help with the task of collapsing categories without losing essential differences. The result was a four category classification, which reflected different levels of responsibility and the hierarchy of command that operated in Defence. Table 4.6 represents the four groups and their representation in the sample.

Table 4.6: Representation at 4 different levels in the hierarchy of command (N=5066)

<i>Level as reflected by rank</i>	<i>Surveys received</i>	<i>Percentage of returned surveys</i>
Junior	1491	29.97
Junior Supervisor	1392	27.98
Senior Supervisor	1358	27.30
Senior	734	14.75
Total	4975	100.0

1. 91 people (1.8%) did not indicate their rank on the survey.

The relatively uniform distribution found in the collapsed data was considered well suited for further statistical comparison.

4.6.8 Gender

The sampling frame produced a strong representation of women than found in the

population. As shown in Table 4.7, 38% of the sample were women, 62% men.

Table 4.7: Distribution of survey returns by gender (N=5066)

<i>Gender</i>	<i>No of surveys received</i>	<i>Percentage of returned surveys</i>
Men	3106	61.7
Women	1927	38.3
Total	5033	100.0

1. 33 people did not indicate their gender on the survey

4.6.9 Length of Service

From Table 4.8, the sample showed a good cross-section of respondents in terms of length of service. The vast majority of respondents had been with Defence for six years or more (81%). Less than 2% were new arrivals, having been there for six months or less.

Table 4.8: Distribution of survey returns by length of service (N=5066)

<i>Length of service</i>	<i>No of surveys received</i>	<i>Percentage of returned survey</i>
Six months or less	93	1.9
Six months to 2 years	334	6.7
Between 2-5 years	545	10.9
Between 6-10 years	1074	21.5
Between 11-20 years	1760	35.3
More than 20 years	1186	23.7
Total	4992	100.0

1. 74 people did not indicate their length of service on the survey

4.6.10 Number of staff supervised

Supervisors are likely to have greater experience in making decisions in line with Defence's rules and expectations than those without supervisory experience. Number of staff supervised is therefore an important category for data analysis involving the prediction of decision making capacity.

Table 4.9: Distribution of survey returns by number of staff supervised (N=5066)

<i>Number of staff supervised</i>	<i>No of surveys received</i>	<i>Percentage of returned surveys</i>
None	1744	35.0
Between 1 and 5	1600	32.2
Between 6 and 10	696	14.0
Between 11 and 20	365	7.3
More than 20	572	11.5
Total	4977	100.0

1. 89 people did not indicate their length of service on the survey

Table 4.9 shows that slightly more than one-third of staff had no supervisory responsibilities, while one-third of staff had supervisory responsibilities for up to five staff. The remaining third held varying responsibilities from six staff to more than 20 staff. These percentages show an approximately equal spread of respondents across the supervisory categories of none, between 1 and 5 and over five.

4.6.11 Education

As shown in Table 4.10, the sample contained a relatively high proportion with a tertiary education (32%). Of the remainder, 26.6% of the sample had not completed year 12. 23% of the sample had completed year 12, and a further 17% had a diploma or certificate.

Table 4.10: Distribution of survey returns by level of education (N=5066)

<i>Level of education</i>	<i>No of surveys received</i>	<i>Percentage of returned surveys</i>
Not completed Yr 12	1321	26.6
Completed Yr 12	1145	23.0
Diploma/Certificate	866	17.4
Tertiary qualifications	1642	33.0
Total	4974	100.0

1. 92 people did not indicate their education level on the survey

4.6.12 Region

The regional distribution of Defence participants by state is presented in Table 4.11 below. The survey was well supported by all regional areas including overseas participants.

Table 4.11: Distribution of survey returns by region (N=5066)

<i>Region</i>	<i>No of surveys received</i>	<i>Percentage of returned surveys</i>
Australian Capital Territory	1121	22.5
Queensland	820	16.5
New South Wales	1365	27.4
Victoria	786	15.8
South Australia/Tasmania	356	7.2
Western Australia	273	5.5
Northern Territory	216	4.2
International	44	0.9
Total	4981	100.0

1. 85 people did not indicate their regional location on the survey

4.6.13 Functional areas

Previous research suggests that the type of work undertaken in the workplace would influence the extent to which individuals think about, understand and comply with rules. It was important, therefore, that the sample ensured a broad coverage of military

and civilian occupations in the survey. Table 4.12 shows that responses were received from all functional areas. It should be noted that no attempt was made to match military and civilian functional areas. Military and civilian functions differ significantly. Categories are listed together to demonstrate the spread of work functions across Defence, not for comparative purposes.

Table 4.12: Distribution of survey returns by functional work category (N=5066)

<i>Military Functional Work Category</i>	<i>Percentage of returned survey %(N)</i>	<i>Civilian Functional Work category</i>	<i>Percentage of returned survey %(N)</i>
Command	822 (21.6)	Manager	151 (13.3)
Logistics	642 (16.9)	Technical	131 (11.5)
Materiel	124 (3.3)	Professional	330 (29.0)
Personnel	517 (13.6)	Administration	357 (31.4)
Support	844 (22.2)	Maintenance/Plant Operator	60 (5.3)
Training	584 (15.4)	Security	12 (1.1)
Reserves	265 (7.0)	Labourer/Other	95 (8.4)
Total	3877 (100.0)	Total	1189 (100.0)

1. 79 Military people did not indicate their functional work category in the survey
2. 53 Civilians did not indicate their functional work category in the survey

4.6.14 Attendance at NPM training

The final set of location data relates to the extent to which employees have been exposed to formal mechanisms of NPM change facilitated through the organisation's ethics and values training workshops. It was thought that employee exposure to the formal awareness training would increase acceptance of NPM principles and practices, thus increasing capacity for compliant decision making. Of the five survey questions measuring exposure to ethics and values training, one only was retained as containing useable data for further analysis. Missing data limited the usefulness of the remaining

questions. Responses to the question asking for the number (if any) or workshops attended are listed in Table 4.13 below. Those who had not attended a workshop accounted for 61% of the sample, whereas almost 35% of the sample had attended at least one workshop.

Table 4.13: Distribution of survey returns by attendance at training (N=5066)

<i>Number of workshops attended</i>	<i>No of surveys received</i>	<i>Percentage of returned surveys</i>
None	3090	63.6
One only	1081	22.3
Two	411	8.5
More than two	273	5.6
Total	4855	100.0

1. 211 people did not indicate their attendance at training on the survey

4.7 Procedure

A Defence internal circular memorandum was released immediately before the survey was posted explaining the survey and providing details of the expected return date. Survey participants were allowed two months to complete the questionnaire. The survey was posted in March and April 1997 to employees' home addresses. A letter explaining the purpose of the survey and signed by the (then) Secretary of Defence and the Chief of the Defence Force accompanied each survey. A postage-paid, return addressed envelope was provided with each survey.

After one month, a second circular memorandum was released as a reminder and re-emphasised the purpose of the survey. Anonymity was guaranteed through a statement on the cover of each survey, and reiterated in the circulars.

4.8 Measures

Structural location variables retained for analysis include demographic information about rank, gender, length of service, level of supervisory responsibility, work program membership, regional location, level of education, functional work area and exposure to ethics and values training awareness.

Attitudinal and experiential variables were further refined from the pilot study. The goal was to develop a small set of measures that were high quality and represented the essential elements of the concepts discussed in Chapter 3.

4.8.1 Refinement of scales from the main survey

In the main survey, the workplace values scales (*Courage, Loyalty, Responsibility, Honesty, Fairness and Transparency*) were reduced to two 4-item workplace values scales, labelled *Employee Responsibility* and *Honest Reporting* (procedural transparency). These items describe two fundamental principles of values-based management and are so labelled (see items listed below in Tables 4.14 and 4.15).

Table 4.14: Items in the Employee Responsibility Scale from the main survey

<i>Item</i>
When mistakes are made, those responsible should own up and accept the consequences.
When making a work decision, you should put the organisational goals ahead of your own personal needs.
Doing your job well should be given priority over doing things to advantage yourself.
Supporting your team is more important than seeking personal advancement.

Table 4.15: Items in the Honest Reporting Scale from the main survey

<i>Item</i>
You should applaud a person who is able to openly report a problem in his or her section.
It is important to be honest in all aspects of work even if this means upsetting others.
You should feel confident to report problems without being labelled a 'dobber' by others.
Issues should be discussed openly so that problems do not fester.

The main survey also brought simplification to the three work practices scales, *Procedural Inclusiveness*, *Fairness in Processes for Reward Allocation* and *Resources*. They were replaced by a fourteen-item *Local Work Culture* scale (Table 4.16) to represent the work environment in which employees were trying to come to terms with values-based management.

Table 4.16: Items in the Local Work Culture scale from the main survey

<i>Items</i>
It is the practice in my section to discuss issues openly so that staff are kept well informed.
At work, people are slow to check whether resources are properly accounted for ^a .
I think that some people use information as a bargaining tool in my area ^a .
People in my area have a good understanding of Defence's corporate goals.
In my area, putting yourself first is best if you want to get ahead ^a .
At work, it seems that information is withheld for no apparent reason from those who need to know ^a .
Supervisors in my area encourage change rather than impose it.
At work, it seldom appears that the merit principle is followed when promotions are made ^a .
I think that my area gives clear instructions on how I should conduct myself at work.
There is encouragement for innovative ideas in my Command or Division.
There is a lack of appropriate disciplinary action for unethical conduct in my area ^a .
At work, we get useful feedback on our performance.
There are few avenues in my area for staff to seek advice on ethical issues ^a .
At work it seems that who you know is more important for career advancement than how well you do your job ^a .

^a Reversed to develop the scale

A five-item scale entitled *Attachment to Defence* was derived from the two scales which examined Defence's work environment (see Appendix 4.6). Table 4.17 below lists the items in this scale.

Table 4.17: Items in Attachment to Defence Scale from the main survey

<i>Items</i>
Defence offers interesting work for all its members.
The training people receive in Defence prepares them well for their jobs.
People in Defence have a clear sense of purpose.
Innovation and creative ideas are valued in Defence.
The rank structure enables a smooth flow of communication across Defence.

A *Rules consciousness* scale (based on *Importance of Workplace Rules* scale in the pilot) was used to test the extent to which employees believe it is important to follow the rules when making decisions rather than to rely on personal judgment. Items are listed in Table 4.18.

Table 4.18: Items in the Rules Consciousness Scale from the main survey

<i>Items</i>
You should make decisions on what you believe is right at the time, even if it stretches the rules ^a .
Rules are useful, but the situation not the rule should determine the outcome ^a .
Rules are there only as a guide; each case should be considered on its merits ^a .
Sometimes you should bend the rules to suit special situations ^a .
To avoid errors in judgment, Defence personnel should stick strictly to the rules.

^a Reversed to develop the Rules scale.

Braithwaite and Law's Social Goals Values Inventory measuring *Harmony* and *Security Value Orientations* were retained as complete scales. These scales provided opportunities to explore the broader social values that might influence employees' adaptation to NPM changes in Defence. Scale items remained unchanged from the pilot study as listed in Tables 4.19 and 4.20 below (see also Appendix 4.9).

Table 4.19: Items in Braithwaite and Law's (1985) Social Goals Values Inventory, *Harmony Values scale*

<i>Item</i>
A good life for others – improving the welfare of all people in need
Rule by the people – involvement by all citizens in making decisions that affect their community
International cooperation – having all nations working together to help each other
Social progress and reform – readiness to change our way of life for the better
A world at peace – being free from war and conflict
Human dignity – allowing each individual to be treated as someone of worth
Equal opportunity for all – giving everyone an equal chance in life
Greater economic equality – lessening the gap between the rich and the poor

Table 4.20: Items in Braithwaite and Law's (1985) Social Goals Values Inventory, *Security Values scale*

<i>Item</i>
National greatness – being a united, strong, independent and powerful nation
National security – protection of your nation from enemies
The rule of law – punishing the guilty and protecting the innocent
National economic development – having greater economic progress and prosperity for the nation

Descriptive statistics and reliability coefficients for all predictor scales are included in Table 4.21.

Table 4.21: Summary of Predictor Scales – No. of Items, Means, Standard Deviations, & Reliability Coefficients (Minimum N=4412).

<i>Construct</i>	<i>Scale Label</i>	<i>No of items</i>	<i>M (SD)</i>	<i>Alpha</i>
Workplace experience	Local Work Culture	14	3.38 (.70)	.86
	Attachment to Defence	5	3.09 (.79)	.73
Social Value Orientations	Harmony Values	7	5.67 (.75)	.83
	Security Values	4	5.93 (.77)	.77
Support for organisational norms	Rule consciousness	6	2.58 (.73)	.73
	Responsibility	4	4.32 (.56)	.67
Principles of values-based management	Honest reporting (Procedural transparency)	4	4.42 (.50)	.62

4.8.2 Dependent variables

Of the ten scenarios described earlier in this chapter, nine scenarios were retained. For each scenario, a factor analysis was conducted of the ratings of likely responses. Nine cases revealed a single factor representing endorsement of the organisation's standards of conduct by the respondent. The one scenario dropped from further analysis was removed because of psychometric unsoundness. In this case, the factor analysis produced a two-factor solution. Table 4.22 summarises the nine scenarios of the Workplace Dilemma Scales. Descriptions and development of the scales are presented in the following chapter as the Workplace Dilemma Scales (WDS). Chapter 5 also describes a further higher order factor analysis of the WDS that produces two factors of compliance, which form the basis for the measurement of organisationally-congruent decision making in subsequent chapters.

Table 4.22: Summary of statistics for Workplace Dilemma Scales – No. of items, Means, Standard Deviations and Reliability Coefficients (Minimum N = 4885)

WDS	No of items	Alpha	Mean (SD)
Profiting commercially from Defence work	4	.67	3.01 (.89)
Relocating into private consultancy to capitalize on specialised Defence expertise	4	.70	2.09 (.78)
Accepting inducement from contractor	4	.81	3.35 (1.07)
Voluntarily acknowledging an error	4	.68	4.32 (.70)
Potential fraud through caving in to pressure	6	.68	3.65 (.69)
Inappropriate use of department resources	5	.73	3.12 (.88)
Misuse of travel allowance	6	.76	3.82 (.73)
Reporting poor performance	5	.71	4.03 (.68)
Theft of government property	5	.70	3.17 (.82)

4.9 Statistical analysis

Data were analysed using SPSS Version 11.5 for the development and evaluation of the predictor and dependent measures. Results are organised into five data chapters beginning with the development of composite dependent variables of organisationally compliant decision making scales (Chapter 5) followed by a correlational analysis and regressions for the structural location variables against the composite dependent measures of compliant decision making (Chapter 6). Attention then turns to the subjective work experience. Factors that measure perceived workplace practice and attitudes towards the organisation as a good employer are then analysed as predictors of compliant decision making in Chapter 7. Chapter 8 explores the effects of endorsement of workplace values associated with responsibility and honest reporting on employee capacity to make compliant work decisions. Lastly, in Chapter 9, a path analysis is undertaken to test the model in Figure 3.1 and examine the links between

the predictors and their relative strengths in explaining capacity to make compliant decisions.

Path analysis belongs to the array of procedures available through Structural Equation Modelling with AMOS Version 4.0 and with maximum likelihood estimation (Arbuckle & Wothke, 1999). Within the path analysis, support for the NPM principles of responsibility and honest reporting are hypothesised to mediate between location, workplace experience, rule preference and social values on the one hand, and the outcome measures of organisationally compliant decision making on the other.

At this point, it is important to emphasise one of the major limitations of the data set. The data are cross-sectional, and therefore, it is not possible to draw conclusions about the causal relationship between variables. Theory may suggest directionality and path models may show that certain directions are plausible. But from the data collected at one time point in this survey, claims cannot be made that one factor causes a particular outcome and that the reverse direction of the relationship is empirically false.

The next chapter describes the process of developing the composite measures of organisationally compliant decision making.

Chapter 5

COMPLIANT DECISION MAKING IN DEFENCE

SCALE DEVELOPMENT

5.1 Introduction

This chapter conceptualises compliance as a decision making process that reflects qualities of the person, of the relationship between the person and the employer, expectations of the employer, and the context in which decisions have to be made. For the purposes of this research, hypothetical scenarios were developed to represent contexts in which employees had opportunity to decide whether or not they would behave in accordance with the values and standards of the organisation, or take the more expedient course of action in a way that benefits the self at the organisation's expense.

The chapter is divided into two parts. Part I presents factor analyses of the response options for each scenario. The scenarios each with its own compliance scale constituted the Workplace Dilemma Scales (WDS) and are discussed separately. Part II presents the factor analysis for the nine compliance scores constructed on the basis of Part I results.

Part I

5.2 The scenarios

As described in the previous chapter, the scenario (also referred to as a dilemma) depicted common situations that reflected institutional normative systems of compliance in relation to the Australian Public Service standards of conduct,

described in Table 1.1 in Chapter 1. Workplace scenarios were presented as imagined situations which provided information enabling participants to identify a solution from a list of options, and declare the extent to which they would be likely to act on each option (Chakrapani, 1991, Mugford, 1999, 2004).

For the purposes of this study, scenarios were chosen to capture contexts, and were expected to explain behavioural choice more adequately than scales that measure value orientations or broad principles in absence of context. However, it was expected that the level of agreement in solving the dilemma would vary according to the normative significance each scenario holds for the person. That is, people are not likely to respond uniformly to ethical dilemmas across different situations. The norms of the institution are likely to modify employee response so that some situations will be seen as more relevant and serious than will others. On the other hand, it is likely that those who make judgments in one situation (such as judgments according to one's values) are more likely to make similar sorts of judgments in others. Given this assertion, it is argued that those who utilise values as the dominant basis of decision making are likely to respond similarly across a range of scenarios regardless of the variation in the situation. Therefore, scenarios chosen for the WDS had to meet the following criteria:

- Be reflective of the principles described in the standards of conduct.
- Be relevant and applicable for all levels of organisational activity.
- Present conflict between the standards and individual concerns.
- Have solutions that met with widespread agreement among senior managers as conforming to the public service code of conduct or not.

5.3 The response format for the scenarios

Associated with each of the nine scenarios of the WDS were a number of options which respondents rated in terms of the likelihood that they would act in this way. Responses to these options were aggregated to give a compliance score for each scenario. Individual responses to each option involved rating each one on a Likert-type response scale, depicting the extent of agreement or disagreement with a particular course of action from *Highly Unlikely* to do this (1) to *Highly Likely* to do this (5). The options associated with each scenario are listed below in Table 5.1.

Table 5.1: Nine scenarios and options separated into organisationally compliant and non-compliant responses.

<p><u>Scenario 1:</u> You are a Defence SITO (Senior Information Technology Officer) who develops, as a spin-off from your current Defence project, a software program that has commercial potential for making you quite wealthy in private enterprise. You used Defence computing equipment to test the program but do the development work in your own time. To what extent would you do <u>each</u> of the following with your completed software product?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Consider it part of your job and take no further action. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 2. Contact software companies who would be interested in your program and offer it for sale. 3. As you developed this software, file for a copyright in your name. 4. Resign from Defence and start your own company selling software based on your design. 	<p><u>Scenario 2:</u> You are a Senior Defence Manager heading up materiel and major Defence Industry projects in a Service. You have worked in Defence for some 30 years and are considering retirement. Recently, you have been approached by a large consultancy firm who regularly hold substantial Defence contracts. The CEO has offered you a position with the firm to be their ‘Special Defence Adviser’ with a starting package well above your current one. How would you respond to <u>each</u> of the following actions?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Decline the offer, considering it a conflict of interest. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 2. Accept the offer and retire from Defence. 3. Make further inquiries about the type of Defence liaison that would be involved. 4. As this could be a useful liaison for both Defence and the firm, you begin negotiations. 	<p><u>Scenario 3:</u> You have worked closely with a contractor for some time and have developed a good relationship with him and his family. As a gesture of goodwill and in thanks for your support, he gives gifts to your spouse and your children. In response, to what extent are you likely to do <u>each</u> of the following?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Decline the gifts informing the contractor that it would be a conflict of interest to accept. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 2. Accept the gifts knowing that you have not been personally influenced. 3. Accept the gifts and report that you have done so to your supervisor. 4. Accept the gifts if you and your supervisor determine that it would not compromise future contract decisions.
--	---	---

Table 5.1: Nine scenarios and options separated into organisationally compliant and non-compliant responses (Con't).

<p><u>Scenario 4:</u> You work in a finance section of Defence. Another staff member is blamed for your error involving a substantial amount. This staff member will be able to clear himself, but the error cannot be traced back to you. To what extent are you likely to do <u>each</u> of the following?</p> <p><u>Organisationally compliant:</u> 1. Own up to the error immediately.</p> <p><u>Organisationally non-compliant:</u> 2. Help the employee who is blamed to resolve the issue but don't mention your involvement. 3. Do nothing. The blamed employee will be able to clear himself eventually. 4. Wait to see if the matter is investigated, then disclose your knowledge of the case.</p>	<p><u>Scenario 5:</u> You are the engineer responsible for the design of a project. A subcontractor has completed the design drawings but, in your opinion, there are some shortcomings in them. Your Division Head concedes that the drawings are not completely accurate but presses you to sign them because failure to meet the contract milestone will jeopardise the whole project. He assures you that the corrections can be made during project construction. To what extent are you likely to do <u>each</u> of the following?</p> <p><u>Organisationally compliant:</u> 1. You refuse to sign the drawings although you realise that the project may be terminated and your reputation as a team player questioned. 2. You confront your Division Head informing him that his pressure is unreasonable.</p> <p><u>Organisationally non-compliant:</u> 3. You need the runs on the board so you sign the drawings. 4. Refer the matter to the Division Head's supervisor. 5. Do what your Division Head tells you, knowing he is ultimately responsible. 6. You sign the drawings but outline your concerns in an attachment.</p>	<p><u>Scenario 6:</u> You place a personal call through your Defence switchboard operator and ask to charge the call to your home telephone number. Upon completion of the call, you ask the operator for time and charges. The operator indicates that it was too much trouble and the call was placed at Defence's expense. To what extent would you take <u>each</u> of the following actions?</p> <p><u>Organisationally compliant:</u> 1. Ask the operator to take the time to correct the apparent error. 2. Discuss the situation with your supervisor and ask for advice. 3. Say nothing to the operator and pay an estimated amount to your finance section.</p> <p><u>Organisationally non-compliant:</u> 4. As this seems to be normal practice, use the telephone for personal calls in the future. 5. Let it go and forget the whole issue.</p>
---	---	--

Table 5.1: Nine scenarios and options separated into organisationally compliant and non-compliant responses (Con't).

<p><u>Scenario 7:</u> While working as a Defence supervisor, you noticed that, since changes have occurred in tax legislation requiring income tax to be paid on travel allowance for one day trips, many of your area's tasks, which used to take one day, now require overnight stays. Since no extra work is involved in these tasks, to what extent are you likely to take <u>each</u> of the following actions?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Initiate an investigation by requesting a report from the travel clerk on the nature of the travel taken. 2. Send out a directive stating that all work should be completed in a single day unless authorised by yourself. 3. Notify Personnel Policy Branch about the apparent loopholes brought about by the new legislation. 4. Inform staff that you have noticed this anomaly and wish to discuss it with them. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 5. Do nothing. There is nothing wrong with travelling overnight for work. 6. Wait to see if the situation resolves itself before taking any action. 	<p><u>Scenario 8:</u> One of your <u>least</u> effective employees applies for a similar position in another area in Defence. You are required to provide a reference to the selection committee. To what extent are you likely to take <u>each</u> of the following actions?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Give an accurate picture of the employee's performance. 2. Advise the employee that your report may not be adequate for his needs. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 3. Give your employee the benefit of the doubt and write an average report without highlighting his weaknesses. 4. Provide a good reference in the hope that he will work better elsewhere. 5. Give him an excellent reference and wish him well. 	<p><u>Scenario 9:</u> It has been reported to you that a junior service person in your unit was found with a 20 litre can of floor cleaner (Government contract), empty paper boxes and a variety of minor office supplies belonging to Defence in his possession. He states that the office material was for work that he did at home but that he made an error and would return the cleaning material immediately. As unit commander, to what extent are you likely to do <u>each</u> of the following?</p> <p><u>Organisationally compliant:</u></p> <ol style="list-style-type: none"> 1. Ask the Service Police to investigate the matter. 2. Submit a case for immediate disciplinary action. <p><u>Organisationally non-compliant:</u></p> <ol style="list-style-type: none"> 3. Give him the benefit of the doubt that he didn't understand and verbally reprimand him. 4. Document the action on his file but, because he has returned the material, take no further action. 5. Let it go. It is not important enough to warrant any action.
--	--	--

The next section begins the analysis of each of the scenarios and their associated options.

5.4 Analysis of the WDS

Examining the internal consistency of responses to each scenario, I conducted the first set of analyses to explore the possibility of a single dimension of compliant decision making within each scenario. In reducing the data to meaningful measures of compliant decision making, it was argued that the responses to the items could be conceived as falling along a single dimension from high to low capacity for organisationally congruent decision making.

A principal components factor analysis was conducted on each of the nine scenarios. All returned single factors with eigenvalues greater than 1. Because the number of options varied across scenarios, mean scores were used to obtain an “organisationally-congruent decision making” score. To obtain this composite score from each scenario, decision options for each scenario were scored in the positive (in compliance with organisational expectations) direction, standardised and summed.

The resultant composite score represented an overall position in respect to the scenario, and demonstrated the extent to which employees chose to make compliant decisions. Higher mean scores reflected greater level of support for the organisation’s standards, which reflect the public service values and codes of conduct. Ranked from highest to lowest level of compliance, Table 5.2 below reports descriptive statistics and reliability of the WDS, specifically, the number of options

in each scale; the internal consistency of scales using Cronbach's alpha, and the mean and standard deviation for each scale.

Table 5.2: WDS Means, Standard Deviations and Internal Consistency coefficients in order of highest to lowest level of support

<i>WDS</i>	<i>No of items</i>	<i>Alpha</i>	<i>Mean (SD)</i>
Voluntarily acknowledging an error	4	.68	4.32 (.70)
Reporting poor performance	5	.71	4.03 (.68)
Misuse of travel allowance	6	.76	3.82 (.73)
Potential fraud through caving in to pressure	6	.68	3.65 (.69)
Accepting inducement from contractor	4	.81	3.35 (1.07)
Theft of government property	5	.70	3.17 (.82)
Inappropriate use of department resources	5	.73	3.12 (.88)
Profiting commercially from Defence work	4	.67	3.02 (.89)
Relocating into private consultancy to capitalize on specialised Defence expertise	4	.70	2.09 (.78)

As Table 5.2 illustrates, the scenario receiving the highest level of employee support was voluntarily acknowledging one's own error. Being honest in reporting poor performance accurately was also well supported. Both these situations require personal courage and integrity, because institutionally it is easy to be protective of self in both contexts. The team nature of work makes it easier to hide mistakes and also provides managers with an incentive to pass on non-performing staff.

Moderate support was found for scenarios involving a specific regulation. For example, a reasonable level of support for compliance was demonstrated in the scenario describing misuse of travel allowances as a result of changing tax regulations on part day travel allowance. Also moderately well supported was the

scenario showing resistance to opportunities for fraud which would occur by caving in to pressure to release faulty contract designs. Fraud of both the travel allowance kind and the contract design kind are able to be committed in this public service environment because of the distance between supervisors and subordinates which in the first instance reduces close supervision in work groups¹, and in the second enables supervisors to misuse their power because of the authority invested in rank.

Accepting inducements from contractors was less well supported, and attitudes more diverse as shown in the wider spread of scores, suggesting that this is a greyer area of decision making. One explanation for the diversity in scores is that there may be a culture in some parts of Defence that supports close working relationships with contractors and therefore guidance provided on conflict of interest could be deemed unreasonable or impractical. Another possibility is that some employees are defying the standards in regard to conflict of interest. It could be that cultural influences would make the rejection of the gift impolite. This is where values are important in decision making because in some contexts, acceptance might be possible, but in most situations it is not.

Lower down the list for employee support are the scenarios that involved theft of government property and inappropriate use of departmental property. The rules are clear in these scenarios and the organisation would expect employees to operate to the letter of the law. Yet in both these cases, this has not occurred. Possible explanations might be that the situations may not have been considered serious enough to act upon, or that reporting may not have been considered worth the effort

¹ In many circumstances, supervisors may not be located with those they supervise.

in dealing with the likely 'red tape' that would arise as a result of reporting. Both these scenarios are underpinned by the public service standards of accountability and probity in the use of resources but the results suggest that there is a cultural consideration that influences when action on these types of matters is likely to be taken. To act in a way that is "culturally acceptable" could signify a lack of integrity or a lack of ability to look at the whole picture and make the best decision for the organisation.

Lastly, mean scores show that the remaining two scenarios, profiting commercially from Defence work and relocating into private consultancy to capitalize on specialised Defence expertise are the least supported. Both reflect decisions that involve some personal benefit or trade off. These scenarios reveal the grey areas that have arisen following the implementation of NPM as the government encourages a policy of becoming "more like the private sector." These two scenarios reflect the conflict between public accountability and private sector competition more so than any of the other scenarios. According to these results, standards relating to post separation employment are not supported in Defence. One explanation for this result might be that there is a cultural norm of entitlement, which rejects this standard as unreasonable and unfair.

Another reason could be that employees are rejecting these standards as an act of defiance against perceived oppression from the institution. Support for this can be found in V. Braithwaite's research (1998c) where she found institutional change (in this case, introduction of NPM in the public sector) imposed upon an institution may

lead to employee withdrawal and the placement of barriers between employees and the source of the regulatory change. Such withdrawal may lead to acts of defiance.

In the next section, a detailed analysis of each scenario is conducted separately and the statistical properties of each scenario presented.

5.4.1 An analysis of each scenario

The scenarios are grouped according to whether they invited employees to compromise their own ethical standards through putting personal benefit ahead of organisational benefit or whether they invited employees to indemnify to act responsibly and uphold standards. were scenarios depicting ethical concepts or procedural concerns. The scenarios, each with means and standard deviations for each option are presented below.

5.4.2 Effects of commercialisation

The background to several of the scenarios reflected a growing concern about employment conditions during the 1990's among public sector employees as a result of the implementation of commercialisation practices in their organisations introduced as part of NPM. As outlined in Chapter 1, under the reforms of NPM, some employees believed that their jobs were becoming increasingly complex and open to contestability from non-government organisations and the private sector (Edwards, 2002). In Defence, commercial support programs led to the privatisation of what was deemed to be 'non-core' Defence business (Smith, 1998), and staff members who found they may no longer have a job with Defence were keen to avail themselves of employment opportunities offered by private companies seeking to

win contracts through the commercialisation process (see McCann, 2001 for good background on contestability in public sector reform; Podger, 2004). Sudden and unaccounted for movement of public servants and ex-military personnel into private companies that had tendered for lucrative government contracts raised organisational concerns that this activity could provide some companies with an unfair competitive advantage.

This led to a public sector focus on ensuring that departments developed personnel policies which dealt with such issues of “conflict of interest².” At the time of this survey, few policies had been developed and implemented formally, which meant that individuals did not have clearly stated policy to guide their decisions. It was important for this study to determine the extent to which these expressed attitudes illustrated employee support for NPM’s newly developed Public Service standards and values which clearly set out that employees were not to benefit personally as a result of their position³. Support for the new standards would suggest acceptance of values-based management, whereas, non-support raises questions about the effectiveness of Defence’s training programs and/or the communication of its change process.

In the first scenario in Table 5.3 below, the question arises over intellectual property and ownership of ideas produced by Defence employees. The organisational

² This is a situation where an individual is compromised in his or her decision making because of a competing personal interest in a matter over which the organisation states a prior claim. Individuals with personal interests should remove themselves from the decision process because they may not be in a position to make an unbiased decision.

³ The actions of individuals occupying senior positions both in the Department and at the Ministerial level are likely to influence subordinates. Thus, when senior and high profile government officers accept employment with private companies seeking government contracts and favours, criticisms of integrity are likely to follow. Motivation to comply among the rank and file is likely to be lessened by observing these practices and pursuing personal gain is

expectation is that all material produced on behalf of Defence remains the property of Defence. Employees are given the option to disagree. Organisationally non-compliant responses are marked with an asterisk and were reverse scored before being entered into a factor analysis and before calculating internal consistency scores. The organisationally compliant response option is presented in bold.

Table 5.3: Profiting commercially from Defence work – Scale, means and standard deviations

You are a Defence SITO (Senior Information Technology Officer) who develops, as a spin-off from your current Defence project, a software program that has commercial potential for making you quite wealthy in private enterprise. You used Defence computing equipment to test the program but do the development work in your own time. To what extent would you do each of the following with your completed software product?

Option	M (SD)
Consider it part of your job and take no further action.	2.37 (1.13)
Contact software companies who would be interested in your program and offer it for sale.*	2.64 (1.28)
As you developed this software, file for a copyright in your name.*	3.05 (1.30)
Resign from Defence and start your own company selling software based on your design.*	2.62 (1.29)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranged from 1 to 5 (*1 = highly unlikely, 5 = highly likely*)

A principal components factor analysis of the scenario returned a single factor with an eigenvalue of 2.05 and accounted for 51.32% of the variance. The scale was internally consistent recording a Cronbach's alpha coefficient of .67 (N=4972).

The next scenario asks employees to decide whether it is acceptable to seek personal recompense (beyond their salary) for work they undertake in the course of their employment. The dilemma embedded in this scenario questions whether the

organisation is perceived to be acting reasonably in its demand for employees to give up all rights to their creative work, which may have the potential to further the employee's wealth and personal reputation.

Table 5.4: Relocating into private consultancy to capitalize on specialised Defence expertise – Scale, means and standard deviations

You are a Senior Defence Manager heading up materiel and major Defence Industry projects in a Service. You have worked in Defence for some 30 years and are considering retirement. Recently, you have been approached by a large consultancy firm who regularly hold substantial Defence contracts. The CEO has offered you a position with the firm to be their 'Special Defence Adviser' with a starting package well above your current one. How would you respond to each of the following actions?

Option	M (SD)
Accept the offer and retire from Defence.*	3.72 (1.24)
Make further inquiries about the type of Defence liaison that would be involved.*	4.41 (0.84)
As this could be a useful liaison for both Defence and the firm, you begin negotiations.*	3.63 (1.15)
Decline the offer, considering it a conflict of interest.	2.12 (1.02)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (*1 = highly unlikely, 5 = highly likely*.)

Principal components analysis yielded a single factor which accounted for 53.02% of the variance and eigenvalue of 2.10. Cronbach's alpha coefficient was reported at .70 (N=4961).

The next scenario explores the changing work relationships brought about by the increasing inclusion of the private sector in public sector processes. Table 5.5 below describes tensions which might arise when public sector values of impartiality and arms-length dealing with industry are challenged in the face of the development of close working relationships. This scenario illustrates the differences at the operational level between private and public sector values.

Table 5.5: Accepting inducement from contractor – Scale, means and standard deviations

You have worked closely with a contractor for some time and have developed a good relationship with him and his family. As a gesture of goodwill and in thanks for your support, he gives gifts to your spouse and your children. In response, to what extent are you likely to do each of the following?

Option	M (SD)
Accept the gifts knowing that you have not been personally influenced.*	2.39 (1.29)
Decline the gifts informing the contractor that it would be a conflict of interest to accept.	3.61 (1.29)
Accept the gifts and report that you have done so to your supervisor.*	2.69 (1.32)
Accept the gifts if you and your supervisor determine that it would not compromise future contract decisions.*	3.13 (1.43)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (*1 = highly unlikely, 5 = highly likely.*)

Factor analysis produced a single factor with an eigenvalue of 2.56 accounting for 64.1% of the variance. Reliability of the scale was robust with a Cronbach's alpha coefficient of .81 (N=4966).

Public accountability in relation to the use of public resources has been enshrined in public administration for many years and is not an exclusive tool of NPM. What has changed under NPM is the increasing level of individual accountability for public sector decisions; the expectation that problems are not just passed on, but someone "owns" them when they first emerge. The situation described in Table 5.6 examines how staff might react to pressures of increasing public accountability and the organisational ramifications of those decisions.

Table 5.6: Voluntarily acknowledging an error – Scale, means and standard deviations

You work in a finance section of Defence. Another staff member is blamed for your error involving a substantial amount. This staff member will be able to clear himself, but the error cannot be traced back to you. To what extent are you likely to do each of the following?

Option	M (SD)
Help the employee who is blamed to resolve the issue but don't mention your involvement.*	2.00 (1.10)
Own up to the error immediately.	4.39 (.84)
Do nothing. The blamed employee will be able to clear himself eventually.*	1.43 (.72)
Wait to see if the matter is investigated, then disclose your knowledge of the case.*	1.70 (.95)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (1 = highly unlikely, 5 = highly likely,)

A single factor was found on principal components analysis. The factor yielded an eigenvalue of 2.42 and accounted for 60.50% of the variance. Internal consistency was sound, reporting a Cronbach's alpha coefficient of .77 (N=4965).

With the introduction of NPM, public sector employees are increasingly being held accountable and prosecuted for fraud or misconduct regardless of whether they were commanded to follow orders. The scenario in Table 5.7 explores the extent to which employees feel that they are able to accept responsibility for their decisions. Under NPM, the devolution of responsibility has meant that the employee who made the decision can be held directly accountable principally under the *Public Service Act 1999* or under the *Financial Management and Accountability Act 1997*. There are other regulations which cover public service matters relating to, for example, occupational health and safety, freedom of information, and workplace relations requiring employee accountability. In addition, military personnel are subject to *the Defence Force Discipline Act 1982*.

Table 5.7: Potential fraud through caving in to pressure – Scale, means and standard deviations

You are the engineer responsible for the design of a project. A subcontractor has completed the design drawings but, in your opinion, there are some shortcomings in them. Your Division Head concedes that the drawings are not completely accurate but presses you to sign them because failure to meet the contract milestone will jeopardise the whole project. He assures you that the corrections can be made during project construction. To what extent are you likely to do each of the following?

Option	M (SD)
You need the runs on the board so you sign the drawings.*	1.78 (0.91)
Refer the matter to the Division Head's supervisor.	3.86 (1.13)
Do what your Division Head tells you, knowing he is ultimately responsible.*	2.44 (1.19)
You refuse to sign the drawings although you realise that the project may be terminated and your reputation as a team player questioned.	3.45 (1.13)
You confront your Division Head informing him that his pressure is unreasonable.	4.05 (0.91)
You sign the drawings but outline your concerns in an attachment.*	3.27 (1.34)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (1 = *highly unlikely*, 5 = *highly likely*.)

A single factor was extracted using principal components analysis yielding an eigenvalue of 2.40 and accounting for 40.0% of the variance. Internal consistency recorded a Cronbach's alpha coefficient of .68 (N=4944).

The next section describes the second set of scenarios that offer options that involve decisions arising from perceptions of others' misuse of resources (people or materiel). The scenarios are concerned with procedures, and focus particularly in those areas where employees are seen to lack the professional discipline expected by the organisation.

The first scenario in Table 5.8, concerns the inappropriate use of departmental resources. Both public and private sectors have realised the high costs flowing from staff using standard office equipment for personal reasons. Departmental standards reflect the broader public service standard which states that employees will not gain a personal benefit in the course of their work. The dilemma presented in this scenario seeks to establish the importance of resource usage to staff and whether they are prepared to take responsibility to resolve the matter.

Table 5.8: Inappropriate use of department resources – Scale, means and standard deviations

You place a personal call through your Defence switchboard operator and ask to charge the call to your home telephone number. Upon completion of the call, you ask the operator for time and charges. The operator indicates that it was too much trouble and the call was placed at Defence's expense. To what extent would you take each of the following actions?

Option	M (SD)
Let it go and forget the whole issue.*	3.15 (1.43)
Discuss the situation with your supervisor and ask for advice.	3.07 (1.42)
As this seems to be normal practice, use the telephone for personal calls in the future.*	1.93 (1.11)
Ask the operator to take the time to correct the apparent error.	3.55 (1.32)
Say nothing to the operator and pay an estimated amount to your finance section.	2.01 (1.12)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (1 = highly unlikely, 5 = highly likely,)

Principal components factor analysis yielded one factor with an eigenvalue of 2.42, accounting for 48.46% of the variance. The scale was internally consistent yielding a Cronbach's alpha coefficient of .72 (N=4958).

In the following scenario (see Table 5.9), changes to tax regulations meant that employees would no longer receive the same level of allowance when travelling for work for a single day. The easy option would be to travel on one day and return the

next day to receive the full allowance. The scenario suggests that employees were exploiting this loophole because of the change in travel behaviour which coincided with the changes in regulations. Supervisors are faced with a dilemma. To ignore the rules would require turning a blind eye to fraudulent activities in the workplace. To be overly prescriptive could mean that others might see one as something of a “whistleblower.”

Table 5.9: Misuse of travel allowance – Scale, means and standard deviations

While working as a Defence supervisor, you noticed that, since changes have occurred in tax legislation requiring income tax to be paid on travel allowance for one day trips, many of your area’s tasks, which used to take one day, now require overnight stays. Since no extra work is involved in these tasks, to what extent are you likely to take each of the following actions?

Option	M(SD)
Initiate an investigation by requesting a report from the travel clerk on the nature of the travel taken.	3.66 (1.19)
Send out a directive stating that all work should be completed in a single day unless authorised by yourself.	3.55 (1.22)
Do nothing. There is nothing wrong with travelling overnight for work.*	2.05 (1.05)
Notify Personnel Policy Branch about the apparent loopholes brought about by the new legislation.	3.73 (1.13)
Wait to see if the situation resolves itself before taking any action.*	2.34 (1.09)
Inform staff that you have noticed this anomaly and wish to discuss it with them.	4.27 (0.89)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (*1 = highly unlikely, 5 = highly likely.*)

Principal components analysis returned a single factor with an eigenvalue of 2.75, accounting for 45.81% of the variance. Analysis resulted in an internally consistent scale recording a Cronbach’s alpha coefficient of .76 (N=4866).

Table 5.10 outlines a scenario illustrating some tension between the principles of performance management, perceptions of fairness and a reluctance to provide negative reports on employees. The dilemma for supervisors is to determine how they prioritise their role responsibilities; that is, whether they are primarily an advocate of the employee, or an agent of, and for, the organisation.

Table 5.10: Reporting poor performance - Scale, means and standard deviations

One of your least effective employees applies for a similar position in another area in Defence. You are required to provide a reference to the selection committee. To what extent are you likely to take each of the following actions?

Option	M (SD)
Give your employee the benefit of the doubt and write an average report without highlighting his weaknesses.*	2.43 (1.15)
Provide a good reference in the hope that he will work better elsewhere.*	1.87 (0.96)
Give him an excellent reference and wish him well.*	1.45 (0.79)
Give an accurate picture of the employee's performance.	4.09 (0.95)
Advise the employee that your report may not be adequate for his needs.	3.82 (1.15)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (*1 = highly unlikely, 5 = highly likely,*)

Principal components analysis resulted in a single factor. Eigenvalue for the factor was 2.36 accounting for 47.23% of the variance. The scale was internally consistent with a Cronbach's alpha coefficient of .70 (N=4973).

The scenario described in Table 5.11 below asks employees to make a judgement about how they would deal with a possible act of theft in their area of workplace responsibility. It is a dilemma about being accountable, and attitudes towards conforming to the letter and spirit of the law. The rules (law) on theft are clear but

the dilemma for the supervisor is the extent to which the strict letter of the law is upheld.

Table 5.11: Theft of government property - Scales, means and standard deviations

It has been reported to you that a junior service person in your unit was found with a 20 litre can of floor cleaner (Government contract), empty paper boxes and a variety of minor office supplies belonging to Defence in his possession. He states that the office material was for work that he did at home but that he made an error and would return the cleaning material immediately. As unit commander, to what extent are you likely to do each of the following?

Option	M (SD)
Submit a case for immediate disciplinary action.	3.07 (1.22)
Give him the benefit of the doubt that he didn't understand and verbally reprimand him.*	3.17 (1.26)
Document the action on his file but, because he has returned the material, take no further action.*	3.00 (1.22)
Ask the Service Police to investigate the matter.	2.74 (1.37)
Let it go. It is not important enough to warrant any action.*	1.79 (1.02)

*Reverse scored for scale development, meaning not organisationally compliant. Scale scores ranges from 1 to 5 (*1 = highly unlikely, 5 = highly likely*.)

Principal components analysis yielded a single factor with an eigenvalue of 2.29 accounting for 45.81% of the variance. The scale was internally consistent with Cronbach's alpha coefficient of .70 (N=4941).

The initial analyses of the WDS have established a multi-item scale associated with each of the 9 scenarios that measure organisationally-compliant decision making. The next step involves an analysis to reduce the data further to identify a single factor of compliance as an outcome measure.

Part II

A composite measure of capacity to make compliant decisions

5.5 Purpose of the analysis

As a first step in determining the extent to which a common dimension might underpin the WDS, interrelationships among scales were examined using a correlational analysis. It was hypothesised that employees who were able to make decisions in accordance with organisational expectations and the organisation's standards to resolve one dilemma would do so in resolving other dilemmas. Those who were adept at applying the codes in one situation would be adept in other situations.

Correlations in Table 5.12 below confirm a positive relationship among the WDS. While the inter-correlational matrix provides preliminary evidence of consistency of response across the 9 scenarios, a more rigorous test involves factor analysis of the scales. An exploratory principal components factor analysis with Varimax rotation was conducted on the nine WDS in order to reduce the number of factors to one scale if possible and if not, to identify a minimum set of orthogonal factors (see Gorsuch, 1983; Bernstein, 1988).

Table 5.12: Correlational matrix for Workplace Dilemma Scales (WDS)

<i>WDS</i> ²	<i>SC1</i>	<i>SC2</i>	<i>SC3</i>	<i>SC4</i>	<i>SC5</i>	<i>SC6</i>	<i>SC7</i>	<i>SC8</i>	<i>SC9</i>
<i>SC1</i>	--	.35	.19	.14	.06	.19	.10	.06	.12
<i>SC2</i>		--	.23	.05**	.04*	.22	.04**	.03*	.12
<i>SC3</i>			--	.26	.19	.18	.20	.23	.24
<i>SC4</i>				--	.27	.24	.29	.30	.17
<i>SC5</i>					--	.19	.20	.25	.16
<i>SC6</i>						--	.31	.15	.17
<i>SC7</i>							--	.29	.21
<i>SC8</i>								--	.20

1. Minimum N = 4824

2. All correlations significant at *** $p < .001$ except where marked as ** $p < .01$; * $p < .05$

3. WDS scenario labels abbreviated "SC" for "scenario" and listed here in order of their separate presentation in Part I of this chapter.

The criteria for determining the number of factors were eigenvalues greater than one (1) and the scree test. The preferred solution had the optimal simple structure that provided sufficient discrimination between factors with variables having loadings greater than .40 on one factor with no significant factor cross-loading.

Factor analysis yielded a two-factor solution with eigenvalues of (2.20) and (1.64) accounting for a total variance of 42.58%. Factor 1, which accounted for 24.30% of the variance, had significant loadings on all scenario factors except for profiting commercially from Defence work and relocating into private consultancy to capitalize on specialised Defence expertise. These factors loaded significantly on, and were defined as Factor 2. Table 5.13 shows the rotated factor structure, with eigenvalues, item loadings, and variance explained for each factor.

Table 5.13: Rotated Factor Loadings (Varimax Solution) for WDS Scales from principal components analysis (N=4665)

WDS	Factor 1	Factor 2
Factor 1 – Compliance with traditional regulatory standards		
Inappropriate use of department resources	.42	.41
Misuse of travel allowance	.64	.09
Reporting poor performance	.67	-.03
Theft of government property	.43	.25
Accepting inducement from contractor	.43	.42
Voluntarily acknowledging an error	.66	.08
Potential fraud through caving in to pressure	.60	-.01
Factor 2 – Acceptance of new “ethical” standards		
Profiting commercially from Defence work	.03	.75
Relocating into private consultancy to capitalize on specialised Defence expertise	-.06	.81
Eigenvalues (before rotation)	2.20	1.64
Variance explained (after rotation)	24.40%	18.18%

Based on the results in Table 5.13, it was concluded that two factors were required to represent the nine scenarios. Factor 1 indicates decision making that gives deference to the organisation’s traditional codes of conduct and standards of organisational propriety. Upholding of standard procedures loaded on this factor as did endorsement of quality decision making that was not compromised by fear, power or favour. Support for this factor is consistent with a traditional organisation which values formal rules and procedures as important aspects of decision making. The factor was entitled therefore, ‘**Compliance with traditional regulatory standards**’.

The second factor accesses, in some way, an employee’s perception of threat from the organisation. The scenarios represent situations where the organisation is making

claims on that which is transgressing perceived employee ownership or is deemed to be unfair. The scenarios reflect the tension between employee self-benefit and organisational benefit, but it is of a particular kind. It reflects losing one's competitive edge to serve the interests of the organisation. The organisation is seen to be holding the individual back so that he/she is left behind economically compared with like others in the private sector. Employees would appear to be offended by an apparent erosion of rewards and freedom of choice on this factor. It seems that this factor is defiant of the organisation in protecting individual creativity and self-worth and claiming, against the organisation's interest, use of an individual's intellectual property and freedom to choose where to use their skills and competence. There is, in this factor, a perception of entitlement that is at odds with the institution's rules.

Such rejection of these perceived economically disempowering codes of conduct is an employee's rejection of the right of the organisation to control "personalised" resources. It is almost as if employees are saying, "You don't own me." It is worth noting that the dilemmas on Factor 2 are the least popular and received the least support. This factor is entitled, '**Acceptance of new 'ethical' standards.'**

5.6 A framework for organisationally compliant decision making

The presence of two factors in measuring compliance across nine workplace scenarios in this research indicates that a single continuum of compliance does not take into account the complexity of workplace decision making, nor does it allow for variations across context and circumstance. A two-factor solution for compliance with Defence's expected standards of behaviour, however, does seem to represent the data well, with one factor representing the extent an individual will comply with

traditional codes of conduct, while the other represents an individual's willingness to sacrifice skills and knowledge to the organisation.

5.7 Summary

The aim of this chapter was to develop a measure of employee compliance with the way Defence has put into effect the APS values and developed standards of behaviour for Defence. Nine scenarios were tested using a five-point Likert rating scale. Each scenario carried within a number of options from which subjects could agree or disagree as a course of action to resolve the dilemma embedded in the scenario.

To develop the scales, options for each scenario were scored along a positive continuum. Because the scenarios held options that varied from four to six items, mean scores were calculated to standardise the scales enabling comparisons between scenarios. To ensure all scales were unidimensional, a principal components factor analysis was conducted on the options for each scenario. Nine scales made up the Workplace Dilemma Scales (WDS).

To ascertain whether a single factor of compliance with organisational standards underpinned these scenarios, a further exploratory factor analysis was conducted. From this analysis, two factors emerged, accounting for 42.58% of the variance. These factors were used to form two compliance outcome measures that became the dependent measures of decision making.

The first factor identified the capacity of employees to make decisions in line with organisational standards which reflected traditional codes of conduct across a range of situations. This factor was termed, 'Compliance with traditional regulatory standards'.

The second factor reflected a more specific acceptance or rejection of new standards, which prevent employees from benefiting personally from their public sector employment at the expense of the organisation. This factor, entitled 'Acceptance of new 'ethical' standards', focuses particularly on employees saying no to opportunities to use knowledge, skills and expertise acquired in Defence, in private industry.

In the Defence context, a single factor solution to explain compliant decision making was insufficient to explain the complexity of the work environment and the factors which influence workplace behaviour. A two-factor solution for assessing compliant decision making seems to explain employee's decision choices better and provides the best outcomes for empirically understanding the pathways to organisationally congruent decision making.

The next chapter therefore begins the analysis to determine the factors likely to predict higher levels of compliance and acceptance of constraint to decision making among Defence employees. As illustrated in Chapter 3, the hierarchical and bureaucratic structure of Defence was predicted to disadvantage Defence employees who were socially distant from information and therefore limited in their capacity to learn to make compliant decisions. Structural location variables, for example, gender, rank and employment category, are considered important predisposing

factors in determining the extent to which these variables aid or hinder employees learning to make decisions in line with the organisational standards. This analysis using correlation and regression statistics is presented in Chapter 6.

Chapter 6

STRUCTURAL LOCATION VARIABLES AND THEIR EFFECTS ON COMPLIANT DECISION MAKING

6.1 Introduction

The term *location* refers to the institutional requisites that prohibit or facilitate the likelihood of employees acquiring skills and knowledge of the managerialist approach to decision making in the public service, for example, gender or rank, and demographic factors such as geographic location and employment position. This chapter examines the ways in which the organisation is structured to enable (or impede) employees to make congruent workplace decisions, that is, decisions that senior management expect in line with a values-based management approach. Individuals may also be helped or hindered by background characteristics (for example, gender, education) that privilege some but not others in meeting the decision making demands of the organisation. *Location* variables might assist individual employees to 1) gain exposure to new decision processes (values-based management), and 2) access opportunities to learn new decision processes.

6.2 Method of analysis

Differences between social demographic groups on capacity to make organisationally compliant decisions, referred to as compliance with traditional regulatory standards and acceptance of new “ethical” standards, will first be examined in terms of their bivariate relationships (using independent t-tests and one way analyses of variance) beginning with rank and gender. In order to ascertain how important these variables are as a group in explaining first compliance, and second acceptance, ordinary least squares regression analyses will be carried out. The initial regression analyses

provide the first step in the development of hierarchical regression analyses that contain all the variables in the model of compliance presented in Chapter 3, Figure 3.1. Such an analysis enables me to assess the relative importance of the location variables which combine to shape regulatory compliance and acceptance of new “ethical” standards. These predictors will provide the basis for model testing in Chapter 9. At this later stage, endorsement of the values-based management principles of responsibility and honest reporting will be introduced into the analysis as mediating variables. In this chapter, the location variables are related directly to organisationally-congruent decision making.

6.2.1 Rank

As hypothesised, rank is expected to be the single most important categorical predictor of conduct for military personnel and, because of the strength and stability of the hierarchical culture, rank differences would be reflected similarly in equivalent civilian personnel within the sample. As described in chapter 2, the symbolic representation of military rank provides inherent systems of rewards through promotion and endows a status or assumed authority which attaches to the rank. However, for meaningful analysis, and to reflect comparative levels of authority, military and civilian categories were reduced to four functionally equivalent levels of authority. To compare military subjects with their civilian counterparts, four levels of supervision were defined according to their best fit (see Table 6.1).

Table 6.1: Integrated levels of authority for military and civilian ranks in Department of Defence according to mid-1990s structure

<u>Rank</u>	<u>Military</u>	<u>Civilian</u>
Junior	OR (Other ranks) NCO (Non-commissioned officer)	General Service Officers 1-5 Admin Officers 1-3 Graduate Administrative Assistants (GAA)
Lower level supervisor	SNCO (Senior NCO) WO (Warrant Officer)	General Service Officers 6-10 (GSO6-10)
Higher level supervisor	CAPT-MAJ (Captain to Major ranks)	Admin Officers 4-6 (ASO4-6) Professional Officers 1-2 (PO1-2)
Senior	COL to MAJ-GEN (Colonel to Major-General)	Senior Admin Officers SOG C or Executive Level 1 (EL1) SOG B/A or Executive Level 2 (EL2) Senior Executive Service Officers band 1-2 (SES Band 1 & 2).

The selection of four basic categories was made according to the practical divisions of authority at the time of data collection and in line with equivalencies used in the public sector. These divisions were made to ensure the analysis aligned as accurately as possible with departmental roles and responsibilities. One-way analysis of variance was conducted to assess the extent to which rank differentiates compliance and acceptance. Results in Table 6.2 indicate significant differences between the ranks on compliance ($F [3, 4613] = 104.499, p < .001$) and acceptance ($F [3, 4834] = 44.95, p < .001$). Mean scores and standard deviations by rank are also reported in Table 6.2.

Table 6.2: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across four different ranks

Social demographic	Compliance with Regulations		Acceptance of new “ethical” standards	
	<i>M(SD,N)</i>	<i>F</i>	<i>M(SD,N)</i>	<i>F</i>
Predictor				
Rank (status in Defence)		104.5***		45.00***
Junior	3.47 (0.44, 1402)		2.46 (0.68, 1468)	
Low Supervisor	3.71 (0.46, 1130)		2.50 (0.69, 1178)	
High Supervisor	3.66 (0.44, 1396)		2.55 (0.64, 1469)	
Senior	3.80 (0.44, 686)		2.81 (0.71, 720)	

*** p<.001

Across both dependent variables, mean differences are most significant between juniors and seniors. The more senior respondent is more compliant of traditional regulations and more accepting of new “ethical” standards. Table 6.3 illustrates the statistically significant differences using Fishers’ least significant difference (LSD) statistic among the four rank levels. These rankings form distinctively different groups on compliance. Of interest is the step-like increase in compliance with rank except in the case of low ranking supervisors. They jump ahead of high ranking supervisors in terms of compliance. This may reflect the fact that this group has a higher level of scrutiny and may have been targeted by the organisation for its ‘fraud and ethics awareness’ training program.

On acceptance of new “ethical” standards relating to the commercial value of knowledge, the scores increase consistently with rank, but the major statistically significant increment occurs between the most senior rank and all others. This gap in acceptance of Defence’s standards of conduct at such a high level in the organisation does not auger well for the organisation’s success in using values-based management to build compliance around Defence’s standards of conduct in this particular domain

where the interests of employees who may seek employment outside Defence are so directly threatened.

These results demonstrate clearly the implications of the hierarchical structure of the organisation for organisationally congruent decision making. The social distance from both regulations and regulatory authority is greatest at the lower levels, and at these levels, compliance with traditional regulatory standards and acceptance of new “ethical” standards are poorest.

Table 6.3: Between-group comparisons on compliance and acceptance scores for four ranks using Fischer’s least-significant difference test in one-way analysis of variance

Dependent variable	Rank				F Value
	1 Junior	2 Low Supervisor	3 High Supervisor	4 Senior	
Compliance with regulation	3.47 ^{2,3,4}	3.71 ^{3,4}	3.66 ⁴	3.80	104.50***
Acceptance of new “ethical” standards	2.46 ^{3,4}	2.50 ⁴	2.55 ⁴	2.81	45.00***

*** p<.001

Note: Significant differences among the four rank levels for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean for the group defined by the superscript.

These results show clearly that structure plays an important role in differentiating among groups on the organisationally congruent decision making measures. The next section tests the hypothesis, in support of other research, that women are expected to show higher levels of organisationally congruent decision making than their male counterparts. This hypothesis shows the different “pulls” associated with location. As can be seen in Figures 6.1 and 6.2 in Appendix 6.1, within Defence, women tend to

occupy marginalized positions¹ and might therefore be considered at greater risk of non-compliance. Yet within society at large, women are located at the core of the moral fabric of society. Through child rearing, they are the carriers of the socialisation process (Gralinski & Kopp, 1993). In the workplace, they have a track record for superior interpersonal negotiation skills and capacity and willingness to work cooperatively.

6.2.2 Gender

The hypothesis that women would score higher on compliance and acceptance was tested using independent t-tests. Mean scores are presented in Table 6.4 for both outcomes.

Table 6.4: Means (with SDs and N in parentheses) and t statistics comparing scores on compliance with institutional regulations and acceptance of new “ethical” standards for men and women

Social demographic	Compliance with Regulations		Acceptance of new “ethical” standards	
	<i>M(SD,N)</i>	<i>t</i>	<i>M(SD,N)</i>	<i>T</i>
<i>Gender</i>				
Men	3.64 (0.47, 2902)	1.08 n.s.	2.51 (0.70, 3031)	5.88 ***
Women	3.62 (0.44, 1768)		2.62 (0.64, 1861)	

n.s. not significant * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$

Consistent with the hypothesis, Table 6.4 shows that women scored higher on acceptance of new “ethical” standards of conduct than men ($t [1, 4220] = 5.876$, $p < .001$). The hypothesis was not confirmed, however, with the other dependent variable measuring compliance with traditional regulatory standards. Means for compliance of this kind were not significantly different for men and women.

¹ From Figure 6.1, it can be seen that women heavily occupy administrative streams, whereas in Figure 6.2, military women are concentrated in personnel and support areas.

This finding on compliance is interesting and contrary to earlier studies which support women as having higher levels of compliance and acquiescence to authority (see for example, Beltramini, Peterson & Kozmetsky, 1984; Hoffman, 1998). At this stage in the analysis, a possible explanation could be that the strength of the organisational culture or structural effects of the institution are having a similarly strong effect on all personnel, and women are like men in wanting to be accepted as part of the wider organisational group. As rank has proven to be such a strong predictor, it is likely that the first group with whom women would associate is their peer group of the same rank, rather than a group of the same sex. Rank therefore may be more likely to shape decision making capacity than gender.

On the other hand, the finding that women scored significantly higher on acceptance of new “ethical” standards is consistent with the hypothesis. One way of reconciling these results is that institutions and gender interact variably in different contexts. Men and women of the same rank may be socialised in the same way with regard to compliance with traditional regulations. When this focus shifts to ownership of commercially valuable information, men may be more threatened by the organisation’s claims than women. In relation to this interpretation, it is important to recognise the body of research that argues for no differences between men and women in terms of their moral or ethical beliefs or values (Jones & Gaultschi, 1988; Barnett & Karson, 1987; Kidwell, Stevens & Bethke, 1987; Harris, 1989; Tsalikis & Ortiz-Buonafina, 1990; Stanga & Turpen, 1991; Sikula & Costa, 1994). Differences must be understood contextually.

At this stage, the finding is worthy of note as one deserving further analysis. At the end of the chapter, the first step will be taken to finding out a little more about the gender effect. Most women in Defence occupy the more junior levels of the organisation. The gender effect will be examined later in the chapter, net of rank.

6.2.3 Professional immersion in Defence

The third category of variables in this analysis includes those location variables that reflect the kind of professional experience individuals have in Defence. While all employees are considered part of one organisation and purportedly receive the professional training they need to do their jobs, some are more immersed in the culture professionally than others. The central hypothesis is that the greater the professional immersion, the greater the capacity to make organisationally congruent decisions under a values-based management paradigm.

The professional immersion variables were:

- a) **Employment category.** It is hypothesised that military personnel are more immersed in Defence culture than civilian personnel who may have spent time in other government departments or in the private sector. In the same way, Reserves spend most of their time outside the Defence culture.
- b) **Work Program.** No specific hypotheses are proposed here, although differences are expected according to importance to the core mission of protection of the nation (Headquarters and Strategy and Intelligence have high status here) and exposure to competing cultures (for example, Science and Technology has professionals with their own codes of conduct).

- c) **Regional location.** The Australian Public Service (including military personnel working in military and civilian units in regional bases) is decentralised across a large continent. Staff in states more distant from headquarters are reputed to develop their own cultural identities, often anti-centralist and anti-Canberra in the ACT, the centre of Government. Differences are expected between central locations and others.
- d) **Length of Service.** Those who serve longer within an organisation are hypothesised to experience greater professional immersion and by virtue of their experience and seniority are more likely to make congruent decisions than those who had not long been Defence employees.
- e) **Staff supervision.** Personnel who have a requirement to supervise larger numbers of staff are hypothesised to have greater opportunity and need to learn how to make organisationally congruent decisions. Their professional immersion will stem from greater practice.

In addition to professional immersion is an accelerated capacity to learn how to make organisationally congruent decisions in a values-based management workplace. Two variables are considered particularly important: Education and Attendance at awareness workshops.

- f) **Education.** More educated staff are expected to have greater capacity to take on board values-based management, therefore, differences are expected between tertiary and other levels in their capacity to make organisationally congruent decisions.
- g) **Awareness workshop attendance.** It is hypothesised that those who have attended two or more workshops are more likely to have a good

understanding of values-based management than others through exposure to the awareness program and therefore will be better equipped to make organisationally congruent decisions.

Listed in Table 6.5 below are mean scores and significance levels for all the different categories within each location variable. The seven location variables were related to compliance and acceptance at the bivariate level using one-way analysis of variance.

With the exception of regional location, which failed to reach (.001) significance, all of these location variables were significantly different at the .001 level on compliance with traditional regulatory standards.

Results differed slightly on acceptance of new “ethical” standards. All seven location variables were significantly different at the .001 level except the number of staff supervised. No differences were found on this variable on the acceptance of new “ethical” standards. Results for each of these location variables will be considered in turn below.

Table 6.5: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across seven variables representing professional immersion

Social demographic variable	Compliance with Regulations		Acceptance of Reg. Authority	
<i>Self attained position</i>	<i>M(SD,N)</i>	<i>F</i>	<i>M(SD,N)</i>	<i>F</i>
Employment Category		6.10***		25.46***
Full-time Military	3.65 (0.46, 3331)		2.51 (0.67, 3494)	
Full-time Civilian	3.59 (0.47, 964)		2.71 (0.71, 1008)	
Other Civilian	3.59 (0.54, 118)		2.53 (0.63, 123)	
Reserves	3.56 (0.46, 257)		2.48 (0.69, 269)	
Work program		9.42***		14.01***
Headquarters	3.77 (0.44, 225)		2.67 (0.65, 234)	
Strategy and Intelligence	3.62 (0.45, 89)		2.79 (0.74, 92)	
Budget & Management	3.65 (0.50, 154)		2.74 (0.73, 167)	
Navy	3.58 (0.46, 938)		2.52 (0.66, 986)	
Army	3.67 (0.46, 1703)		2.47 (0.68, 1782)	
RAAF	3.62 (0.44, 1139)		2.55 (0.67, 1186)	
Materiel	3.65 (0.44, 156)		2.69 (0.71, 167)	
Science and Technology	3.48 (0.46, 193)		2.82 (0.74, 200)	
Regional location		3.23**		12.85***
ACT	3.69 (0.44, 1045)		2.67 (0.66, 1097)	
QLD	3.62 (0.46, 760)		2.43 (0.67, 798)	
NSW	3.62 (0.48, 1267)		2.50 (0.69, 1323)	
VIC	3.63 (0.47, 717)		2.57 (0.67, 764)	
SA/TAS	3.58 (0.42, 339)		2.67 (0.74, 344)	
WA	3.59 (0.42, 253)		2.46 (0.65, 265)	
NT	3.64 (0.46, 203)		2.44 (0.69, 211)	
OS	3.68 (0.46, 40)		2.58 (0.65, 41)	
Education		12.63***		10.93***
<Year 12	3.61 (0.46, 1216)		2.51 (0.69, 1269)	
Year 12	3.56 (0.48, 1057)		2.51 (0.67, 1118)	
Diploma/Certificate	3.65 (0.46, 811)		2.48 (0.70, 843)	
UGD	3.63 (0.42, 692)		2.58 (0.63, 724)	
PG Diploma	3.71 (0.44, 463)		2.65 (0.70, 483)	
PG Degree	3.75 (0.45, 380)		2.73 (0.71, 399)	
Length of Service		53.86***		9.53***
6 Months and under	3.56 (0.45, 83)		2.72 (0.58, 92)	
6 months to < 2 years	3.47 (0.43, 310)		2.61 (0.66, 323)	
2-5 years	3.50 (0.45, 515)		2.50 (0.64, 532)	
6-10 years	3.55 (0.44, 980)		2.50 (0.69, 1038)	
11-20 years	3.66 (0.45, 1640)		2.51 (0.67, 1712)	
More than 20 years	3.79 (0.46, 1103)		2.65 (0.73, 1156)	
Number of staff supervised		57.94***		1.91 n.s.
None	3.53 (0.45, 1615)		2.55 (0.66, 1687)	
1-5	3.63 (0.45, 1489)		2.53 (0.69, 1558)	
6-10	3.69 (0.44, 646)		2.53 (0.70, 678)	
11-20	3.74 (0.47, 335)		2.55 (0.68, 361)	
More than 20	3.84 (0.44, 532)		2.62 (0.72, 556)	
Workshop attendance		33.85***		12.80***
None	3.59 (0.46, 2865)		2.51 (0.67, 3016)	
One only	3.70 (0.44, 1016)		2.62 (0.69, 1055)	
Two	3.71 (0.46, 384)		2.64 (0.71, 399)	
More than two	3.80 (0.47, 250)		2.67 (0.72, 261)	

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

6.2.4 Employment category – military/civilian divide

Analysis of how employment category was related to compliance and acceptance relied on a four category classification: Full-time military, full-time civilians, other civilians or military reserves. The primary categories in terms of where most people were located were full-time military and full-time civilians. These groups differed on both compliance and acceptance, but in different ways. Full-time military were higher on compliance with traditional regulatory standards than anyone else. Full-time civilians were higher on acceptance of new “ethical” standards than anyone else.

The juxtaposition of military as more compliant, and civilians as more accepting, is both intriguing and challenging. Perhaps one way of viewing these findings is from the perspective of the military. Few would be surprised that the military are more compliant since obedience is at the core of their social identity as servicemen or servicewomen. Given these circumstances, why would they be less willing to hand over their intellectual and human capital to Defence? It is of significance that military personnel retire at a much younger age than civilian personnel. They often move on to a second career. For this group, termination conditions that favour employer over employee are likely to be particularly threatening and give rise to resistance.

Table 6.6: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across four employment categories

Dependent variable	Employment Category				F Value
	1 FT Military	2 FT Civilian	3 Other Civilian	4 Military Reserves	
Compliance with regulation	3.65 ^{2,4}	3.59 ¹	3.59 ¹	3.56 ¹	6.10***
Acceptance of new “ethical” standards	2.51 ²	2.71 ^{1,3,4}	2.53 ²	2.48 ²	25.46***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the four categories of employment for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.5 Employment program

Tables 6.5 and 6.7 show that people in different work programs varied in their capacity to make decisions in accordance with organisational standards. Table 6.7 shows that the most important distinguishing feature of work program in relation to compliance was whether or not employees were located in headquarters. HQ recorded significantly higher scores on compliance than all other groups. Two other findings were worthy of note. All Programs differed from the Science and Technology program, which scored lowest on compliance with traditional regulatory standards. This finding which shows a differentiation between science and technology and other programs is supported by research suggesting that employee commitment may be shifting from the organisation to a specific professional or occupational group (Handy, 1994; Johnson, 1996; Meyer & Allen, 1997). In this case, it may be that the science program views compliance with regulations (of a resource kind) as irrelevant to the success of their research projects and have paid little attention to them.

The third finding of interest was that Navy was less compliant than Army or Airforce. It's not obvious why this is the case, although the fact that they spend a large proportion of time at sea may mean they are more insulated than are the other forces from the departmental culture.

For acceptance of new "ethical" standards, scores varied from program to program with highest scores registering for Science and Technology (an interesting reversal to compliance results), Strategy and Intelligence groups, and Budget and Management. The human capital and ownership of intellectual property would be highly sensitive issues in both Science and Technology and Strategy and Intelligence; and Budget and Management would have special responsibilities surrounding enforcement of these issues. Possibly special attention was given to informing staff of their obligations in these work programs. The three Services recorded the lowest scores. As indicated previously, the common practice of assuming a second career after retiring from military service may mean that the new ethical standards are particularly threatening to the three Services of the Australian Defence Force.

Table 6.7: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across eight employment programs

Groups	Employment Program								F Value
	1 HQ	2 Strat/ Intel	3 Budget & Mgt	4 Navy	5 Army	6 RAAF	7 Mat'l	8 Science & Techn.	
Compliance	3.77 ^{2,3,4,5,6,7,8}	3.62 ⁸	3.65 ⁸	3.58 ^{5,6,8}	3.67 ^{6,8}	3.62 ⁸	3.65 ⁸	3.48	9.42***
Acceptance	2.67 ^{4,5,6,8}	2.79 ^{4,5,6}	2.74 ^{4,5,6}	2.52 ^{7,8}	2.47 ^{6,7,8}	2.55 ^{7,8}	2.69	2.82	14.01***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the eight programs for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.6 Geographic location

State in which the respondent lived was related to organisationally congruent decision making (see Table 6.5). Those located in the ACT (Headquarters) were significantly more compliant with traditional regulations than those in other states as hypothesised. No significant differences emerged between the other states on compliance with organisational standards. It is of note that the ACT would have had more senior ranking officers than other states and this may explain why it is different from all other geographic locations.

Personnel located in the ACT also differed significantly on the extent to which they accepted new “ethical” standards, scoring significantly higher than personnel in other states, except for South Australia and Tasmania (combined) which had equal high scores. Lowest scores were recorded from Queensland, Northern Territory and Western Australia supporting the hypothesis in part that the larger, more sparsely populated and more distant states are less likely to have the opportunities to access and be exposed to the newer compliance issues. It is not surprising that overseas

respondents scored higher than most other states as overseas postings are generally occupied by more senior personnel.

Table 6.8: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across eight employment locations

Groups	Location of Employment								F Value
	1 ACT	2 QLD	3 NSW	4 VIC	5 SA/ TAS	6 WA	7 NT	8 OS	
Compliance	3.69 ^{2,3,4,5,6}	3.62	3.62	3.63	3.58	3.64	3.68	3.63	3.23**
	N=1097	N=798	N=1323	N=764	N=344	N=265	N=211	N=41	
Acceptance	2.67 ^{2,3,4,6,7}	2.43 ^{3,4,5}	2.50 ⁴	2.57 ^{5,6,7}	2.67 ^{6,7}	2.46	2.44	2.58	12.58***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the eight locations for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.7 Education

Level of education can be used as a proxy for capacity to adapt to an institutional way of thinking and working. Those who have been to university, for instance, should be familiar with rules, processes, and paper trails and as such should find it easier to understand the standards of Defence. Higher education might be expected to produce employees who more quickly adapt to changing environments and who are adept in putting into practice rules and meeting expectations. From Table 6.9, the hypothesis was supported.

As shown in Table 6.9, there is an interesting gap in scores on compliance with traditional regulatory standards between those educated up to the undergraduate level and those in the postgraduate groups. Those with a postgraduate education are

significantly more compliant than those without. Those who left school before or at year 12 held the lowest scores among all education levels on compliance.

Differences on acceptance of new “ethical” standards resembled differences on compliance. In the case of acceptance of new “ethical” standards, those with a university education (undergraduate or postgraduate) were significantly more accepting than those who had no more than a secondary education.

Table 6.9: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across six education levels

Dependent variable	Level of Education (non-university)			Level of Education (university)			F Value
	1 <Yr 12	2 Year 12	3 Dipl/ Certificate	4 UGD	5 PG Diploma	6 PG Degree	
Compliance with regulation	3.61 ^{5,6}	3.56 ^{3,4,5,6}	3.65 ^{5,6}	3.63 ^{5,6}	3.71	3.75	12.63***
Acceptance of new “ethical” standards	2.51 ^{4,5,6}	2.51 ^{4,5,6}	2.48 ^{4,5,6}	2.58 ⁶	2.65	2.73	10.93***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the six levels of education for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.8 Length of Service

In Table 6.10, length of service was important at the upper levels with those serving more than ten years showing significantly higher levels of compliance with traditional regulatory standards.

With regard to acceptance of new “ethical” standards, the highest scores occurred at entry level, reducing gradually until the two year mark and then remaining static for an extended period of time (to 20 years). Scores increased for the over 20 year

service group. This finding suggests that exposure to the organisation does not bear a linear relationship to the degree to which individuals accept new “ethical” standards. Acceptance may fluctuate over time with a period of defiance in the middle years.

Table 6.10: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across six periods of service

Dependent variable	Length of Service						F Value
	1 < 6 months	2 > 6 mth < 2 years	3 2-5 years	4 6-10 years	5 11-20 yrs	6 > 20 years	
Compliance with regulation	3.56 ^{5,6}	3.47 ^{4,5,6}	3.50 ^{4,5,6}	3.55 ^{5,6}	3.66 ⁶	3.79	53.86***
Acceptance of new “ethical” standards	2.72 ^{3,4,5}	2.61 ^{3,4,5}	2.50 ⁶	2.50 ⁶	2.51 ⁶	2.65	9.53***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the 6 levels of length of service for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.9 Supervisory experience

The final demographic variable in the location group is level of supervisory experience. Table 6.11 shows that the extent to which employees have responsibility for leading and managing others is influential in determining their level of compliance and acceptance. From the findings, those responsible for more than twenty employees have significantly higher scores on compliance with traditional regulatory standards. Compliance scores increased as level of supervisory responsibility increased. No important significant differences were found between supervisory levels on acceptance of new “ethical” standards, except to note that a higher supervisory load (>20) was associated with relatively high acceptance.

Table 6.11: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across five levels of supervisory responsibility

Dependent variable	Number of staff supervised					F Value
	1 None	2 1 to 5	3 6 to 10	4 11 to 20	5 > 20	
Compliance with regulation	3.53 ^{3,4,5}	3.63 ^{3,4,5}	3.69 ⁵	3.74 ⁵	3.84	57.94***
Acceptance of new “ethical” standards	2.55	2.53 ⁵	2.53 ⁵	2.55	2.62	1.91 n.s.

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the five supervision levels for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.2.10 Career-related predictors

Because military careers (and to a significant level, civilian careers) have properties that see young men and women join the Services or Department, obtain their training and experience, and be promoted and given more responsibility as their careers progress, it is likely that several of the location variables are intercorrelated. In particular, higher military rank is likely to correlate positively with the length of service and the level of supervisory experience. These intercorrelations may produce problems akin to those of multicollinearity in later analyses; therefore, I conducted several correlational analyses which produced the following findings.

It could be argued that Defence careers have properties which enable assumptions about the linearity of the data. For this reason, Pearson Product Moment correlations were conducted on rank, length of service and supervisory responsibility, as follows. Analysis produced significant relationships between supervisory experience and length of service (Pearson Product Moment (r) = .40, $p < .001$, $N = 4969$), between

level of supervisory experience and rank (Pearson Product Moment (r) = .33, $p < .001$, $N = 4906$), and between rank and length of service (Pearson Product Moment (r) = .30, $p < .001$, $N = 4916$). These positive relationships suggest that one or more may be required to be removed from the regression analyses. However, it remains to be seen whether they contribute independently to explaining compliance and acceptance in a multiple regression analysis, or whether one of these variables will in effect dominate all others.

Before proceeding to this analysis, I will examine the final non-demographic variable in the location group which is the only measure exploring Defence's active attempts to implement values-based management processes.

6.2.11 Organisational awareness program

It was hypothesised that exposure to training and awareness would have a positive influence on the levels of compliance with traditional regulatory standards and acceptance of new "ethical" standards. This variable represents the institution's intervention program in boosting organisationally congruent decision making under a values-based management paradigm.

Table 6.12 shows that both compliance with traditional regulatory standards and acceptance of new "ethical" standards were significantly higher when at least one workshop had been attended. There is a further effect when more than two have been attended, although this is not statistically significant for acceptance of new "ethical" standards. An increasing improvement in scores on compliance with traditional regulatory standards and acceptance of new "ethical" standards provides justification

for further analysis to understand how and when the program affects organisationally compliance decision making.

Table 6.12: Mean scores (with SDs and N in parentheses) and F statistics comparing scores on compliance with regulations and acceptance of new “ethical” standards across four levels of attendance at workshops

Dependent variable	Attendance at workshops				F Value
	1 None	2 One only	3 Two	4 More than two	
Compliance with regulation	3.59 ^{2,3,4}	3.70 ⁴	3.71 ⁴	3.80	33.85***
Acceptance of new “ethical” standards	2.51 ^{2,3,4}	2.62 ⁴	2.64	2.67	12.80***

n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Note: Significant differences among the four attendance levels for each dependent variable were tested using one way analyses of variance, with between-group means tested using Fischer’s least-significant difference statistic. A superscript next to a mean score indicates that this particular mean is significantly different from the mean of the group defined by the superscript.

6.3 The contribution of the location variables to compliance

The observed correlations between the structural location variables raise the question of which predictors are most important in explaining variation in compliance with traditional regulatory standards and acceptance of new “ethical” standards. To resolve this issue, an ordinary least squares (OLS) regression analysis was conducted which included all structural location variables with the exception of geographic region. It will be recalled that compliance and acceptance were higher in the ACT. This variable, however, was confounded with rank, supervisory experience and length of service. Therefore, it was not included in the regression analysis.

6.3.1 OLS regression analysis of location variables

As shown in Table 6.13 below, the structural location variables accounted for 10.3% of the variance for compliance with traditional regulatory standards ($F [14, 4314] = 36.316, p < .001$). As hypothesised, the largest contributor was rank ($\beta = .16$). Almost as important and making independent contributions were length of service and supervisory experience. The higher up in the organisation, the longer one's service and the greater one's supervisory responsibility, the higher was compliance with traditional regulatory standards. Next in importance was exposure to the training program that the Defence Department had offered to staff on ethical awareness raising. Both gender and being part of the Science work program had small significant beta coefficients with women being more compliant than men, and scientists being less compliant than the comparative group (superiors in headquarters). There were no significant differences on employment category, that is, between belonging to military personnel and others, nor were there differences across education levels.

Table 6.13: Ordinary least squares regression analyses predicting compliance with regulations from structural location variables

Predictor	B value	beta value β	T value
<i>Social demography</i>			
Gender	.051	.054	3.566**
Rank ^b	.069	.160	7.543***
Employment Category (Military verses others)	-.005	-.004	.227 n.s.
Work Program^a			
1. (Headquarters)	-.085	-.026	-1.495 n.s.
2. Strategy/Intel	-.043	-.017	-.888 n.s.
3. Budget/Mgt	-.088	-.076	-2.554 n.s.
4. Navy	.010	.011	.306 n.s.
5. Army	-.033	-.031	-.996 n.s.
6. RAAF	-.094	-.038	-2.005 *
7. Materiel	-.196	-.087	-4.268***
8. Science			
Education ^b	-.002	-.008	-.430 n.s.
Length of service ^b	.044	.119	6.970***
Level of supervisory responsibility ^b	.030	.111	6.554***
Exposure to training	.033	.094	6.389***

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.

^b These variables have the properties of ordinal scales and not strictly speaking of interval scales. They are used as quasi-interval scales in this analysis after preliminary analysis confirmed that making such an assumption would not substantively distort the findings.

$R^2 = 10.3\%$ ($r = .325$).

$F(14, 4314) = 36.316^{***}$ (n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$)

6.3.2 OLS Regression analysis for acceptance of new “ethical” standards

As shown in Table 6.14 below, the structural location variables accounted for 5.4% of the variance for acceptance of new “ethical” standards ($F [15, 4515] = 18.119$, $p < .001$). Included in this regression model was an interaction term that was calculated by multiplying gender by rank. An interaction term in this regression allows for the testing of the hypothesis that women of higher rank may be pulled more strongly toward compliance than women of lower ranks. In other words, being a woman rather than a man may boost compliance at more senior levels where the

pressures toward lowest common denominator conformity are less likely to dominate. (This term was also tested in the prediction of compliance with traditional regulatory standards but was not significant).

In the regression model in Table 6.14, gender ($\beta = .21$) and rank ($\beta = .16$) were the most important contributors to acceptance. Women were more accepting of new “ethical” standards as were respondents of higher rank.

Civilian personnel were more accepting as were those who had served for more years. Again, the training program had a positive effect on acceptance. Those who attended the program were more accepting of new “ethical” standards (although one needs to be mindful of the direction of causality here. Attendance at the programs is voluntary). No effects were found for education, length of service or level of supervisory experience suggesting rank tended to dominate over these associated factors, and/or resistance had infiltrated those who were in Defence for a long time. Interestingly, a significant interaction between gender and rank also emerged and is discussed in the next section.

Table 6.14: Ordinary least squares regression analyses predicting acceptance of new “ethical” standards from structural location variables

Predictor	B value	beta value β	t value
<i>Social demography</i>			
Gender	.301	.213	6.116***
Rank ^b	.103	.159	6.637***
Employment Category	.139	.086	4.646***
Work Program ^a			
1. (Headquarters)	.077	.015	.901 n.s.
2. Strategy/Intel	-.013	-.003	-.178 n.s.
3. Budget/Mgt	-.045	-.026	-.871 n.s.
4. Navy	-.101	-.072	-2.040 *
5. Army	.008	.005	.157 n.s.
6. RAAF	-.036	-.010	-.517 n.s.
7. Materiel	.117	.035	1.694 n.s.
8. Science			
Education ^b	-.005	-.011	-.559 n.s.
Length of Service ^b	.015	.027	1.556 n.s.
Level of supervisory responsibility ^b	-.001	-.001	-.083 n.s.
Exposure to training	.042	.079	5.354***
Gender x Rank	-.069	-.121	-3.425**

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.

^b These variables have the properties of ordinal scales and not strictly speaking of interval scales. They are used as quasi-interval scales in this analysis after preliminary analysis confirmed that making such an assumption would not substantively distort the findings.

$R^2 = 5.4\%$ ($r = .238$)

$F(15, 4515) = 18.119^{***}$ (*n.s. not significant * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$)

I sought a further analysis as shown in the graph in Figure 6.3 to understand the nature of the interaction effect between gender and rank on acceptance of new “ethical” standards.

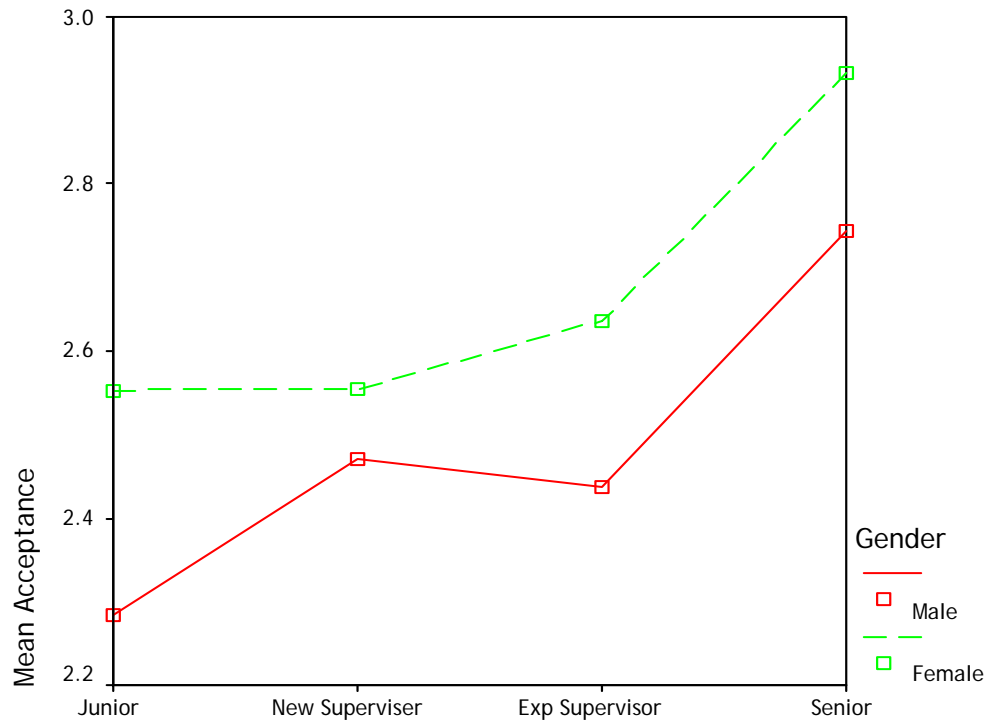


Figure 6.3: Graphical representation of interaction effects between men and women by rank on means scores on acceptance of new “ethical” standards

The graph shows that the interaction was most marked for men and women who were of junior and lower level supervisory ranks. It can be seen that women are more accepting than men at junior levels but their acceptance drops with the first taste of supervisory responsibility and then climbs as they move into senior levels. Men, however, start with significantly lower levels of acceptance than women, rising gradually at lower supervisory levels then plateauing before a steep increase occurs at senior levels. This pattern did not fit expectations. It does make sense, however. Women were more able to stand apart from the power of “rank culture” when they occupied junior ranks and the ethical issues were new and less well understood. This pattern points to the need to better understand how men and women are differentially affected by, and engage with the institutional culture and how this affects acceptance

of new “ethical” standards. One might also infer from these findings a regulatory failure in developing and promoting women through the ranks in Defence. Women initially hold higher levels of acceptance of new “ethical” standards when entering Defence at the base level, but their exposure to the culture may influence their perceptions and acceptance of new “ethical” standards. Acceptance increases when women have served considerably longer periods of time in the organisation increasing more rapidly with promotion. Attrition rates, however, may be a direct response to what is happening at work.

6.4 Summary and Conclusion

The analyses in this chapter show that structure and location have an important and significant part to play in explaining compliance with traditional regulatory standards and acceptance of new “ethical” standards. Among the predictors of compliance, rank is the strongest predictor. Three other variables were also significant at the .001 level for compliance; length of service, supervisory experience and awareness training. The regression analysis showed that higher compliance could be found among the higher ranks of Defence, among those with long service and high supervisory experience. Importantly, attendance at a training workshop was associated with higher compliance.

Strongest predictors of acceptance of new “ethical” standards were gender, followed by rank, belonging to the military services and awareness training. Overall, women were more accepting as were higher ranks and those with more awareness training. Those in military service were less accepting than their civilian counterparts. The one significant interaction effect involved gender and rank. Increases in rank were

associated with more dramatic increases in acceptance of new “ethical” standards among men. Women were initially high on acceptance, but experience in Defence early on appeared to decrease their acceptance of new “ethical” standards at the junior levels. As they progressed to senior ranks, their levels of acceptance increased on a par with that of men.

The finding that rank is the single most important predictor for both dependent variables is consistent with the thesis that the capacity to make organisationally congruent decisions is not uniform through out the organisation. Values-based management is supposedly the tool of influence for those in the organisation with supervisory experience to pass the messages on to those with lower rank in the organisation. Lower capacity to be making organisationally congruent decisions at junior or lower levels of the organisation suggests structural difficulties that obstruct access to knowledge, and perhaps commitment under the values-based management paradigm.

Results show that employees are increasingly more likely to making organisationally congruent decisions after they have spent some time in the organisation and have taken on supervisory responsibility. Other than those variables associated with seniority (that is, length of service and level of supervisory experience), exposure to training is the remaining important predictor of organisationally congruent decision making. This is encouraging for those who believe that the introduction of values-based management in the organisation could lead to greater levels of cooperation and responsibility, in the interests of making better decisions.

The next chapter examines whether employee perceptions of the organisation affect their levels of compliance with traditional regulatory standards and acceptance of new “ethical” standards. Two factors are included in the analysis. The first factor explores how employees perceive work practices in their local work environment. Are the workplaces actually operating in a way that is consistent with values-based management? Or is a blind eye being turned to implementing these standards of conduct at a local level. If employees do not see others implementing the standards, they are likely to dismiss them as unimportant.

The second factor assesses employee attitudes towards the organisation as an employer of choice. To what extent do positive perceptions of the organisation, as an employer, have a favourable influence on compliance and acceptance of new “ethical” standards? Perceptions of closeness to the organisation or feelings of affinity with the organisation may be enough for new standards of conduct to be “transmitted” through the organisation. Structural location variables remain important and nevertheless likely to have an effect on organisationally congruent decision making, and are therefore carried forward in the analyses in the next chapter.

Chapter 7

EXPERIENCES AT WORK AND THEIR EFFECTS ON COMPLIANT DECISION MAKING

7.1 Introduction

In this chapter, I examine the effect that the local workplace culture and the broader organisation have on the way in which employees (as individuals and members of groups) make decisions and choose appropriate actions. I examine these variables net of location, or more specifically the roles ascribed to, or earned by individuals at work, that have been shown in the previous chapter to have a significant bearing on the way employees respond to their institution's compliance requirements.

The chapter is divided into two parts. The first part reports findings of employee perceptions of their local workplace practices. The central idea is that what an individual experiences and becomes accustomed to in his or her immediate work environment influences capacity to make decisions in accordance with the standards set by the organisation. When the immediate work environment promotes inclusiveness and an ethic of social responsibility, individuals are more likely to make decisions that put the organisation first.

The second part examines the effect on decision making of the broader organisational context, that is, the degree to which employees (as individuals and as part of a sub-group) demonstrate support for the institution through appraising Defence as a good employer. Those who regard Defence positively as an employer might be considered loyal. As such, they are likely to think of themselves as a

member of the Defence community and take on board the know-how for making decisions that reflect the organisation's standards.

7.2 Efficacy, propriety, communication, openness and procedural fairness

The implementation of NPM brought with it closer scrutiny of how work groups within the public service operated. Best practice was regarded as achievable through an analysis of work group goals and procedures. Work group goals needed to be justified and relevant to organisational goals. Workplace procedures needed to uphold high ethical standards, to be procedurally fair and transparent for employees, and communication practices needed to ensure accountability and openness. All these elements were measured in a scale carried forward from the pilot study exploring the employee's experience with his or her local workplace culture. It was hypothesised that while the introduction of NPM sought to improve standards of accountability and cooperative communication at work, change programs can create a sense of chaos at the local level. It was important therefore to determine the extent to which employees were experiencing local work practices that achieved standards of best practice. If employees experience Defence as a workplace where decisions are made in a procedurally fair way and in a way that puts responsible practices first, and if employees believe that they are treated well, then they are more likely to feel comfortable with values-based management and move easily into making organisationally congruent decisions.

7.2.1 Method of measurement

Local workplace culture is defined as the degree to which an individual experiences the workplace as one with:

- a) Sound goals related to those of the organisation,
- b) Procedures that are fair, transparent and that hold people accountable,
and
- c) Work practices that are inclusive and appreciative of staff.

A 14-item single-factor scale (Mean 3.38, SD .70, Cronbach's alpha reliability coefficient .86) was used to measure perceptions of local work culture, and sought to provide an evaluation of how things are for employees, not how they should be. This factor provides a 'reality check' for assessing the extent to which employees believe that their work areas are practising the public service code in keeping with the organisation's expectations and standards. Table 7.1 lists scale items and reports their means and standard deviations. It is of note that on average, employees have a positive view of their local workplace culture. Participants rated their workgroup as above the midpoint on all positive descriptions and below the midpoint on all negative descriptions.

Table 7.1: Means and Standard Deviations for individual items in Local Work Culture scale (Min N = 4982, Max N = 5031)

<i>(5 = strongly agree, 1 = strongly disagree)</i>	<i>M(SD)</i>
It is the practice in my section to discuss issues openly so that staff are kept well informed.	4.04 (1.09)
At work, people are slow to check whether resources are properly accounted for ^a .	2.78 (1.10)
I think that some people use information as a bargaining tool in my area ^a .	2.67 (1.22)
People in my area have a good understanding of Defence's corporate goals.	3.13 (1.11)
In my area, putting yourself first is best if you want to get ahead ^a .	2.48 (1.24)
At work, it seems that information is withheld for no apparent reason from those who need to know ^a .	2.70 (1.33)
Supervisors in my area encourage change rather than impose it.	3.43 (1.08)
At work, it seldom appears that the merit principle is followed when promotions are made ^a .	3.01 (1.25)
I think that my area gives clear instructions on how I should conduct myself at work.	3.86 (1.07)
There is encouragement for innovative ideas in my Command or Division.	3.48 (1.18)
There is a lack of appropriate disciplinary action for unethical conduct in my area ^a .	2.56 (1.19)
At work, we get useful feedback on our performance.	3.29 (1.18)
There are few avenues in my area for staff to seek advice on ethical issues ^a .	2.64 (1.11)
At work it seems that who you know is more important for career advancement than how well you do your job ^a .	3.08 (1.33)

^a Reversed to develop the scale

7.2.2 Attachment to Defence

Distinct from employees' perceptions of the workplace as promoting openness, procedural fairness, inclusive goals and practices and as having worthwhile goals, is their feeling of attachment or support for the organisation. The feeling of attachment scale took account of employee perceptions that Defence is a good employer offering employees interesting work, appropriate training, innovation and good lines of communication. From Chapter 2, I argued that the way in which individuals align themselves with institutions has clear benefits for job retention and satisfies other individual needs which are likely to contribute to higher levels of compliance among employees.

The scale measuring attachment to Defence identified work 'incentives' (or more correctly, 'what the organisation offers the employee') which would contribute to a positive view of the organisation and as such motivate employees to be loyal to, and align themselves with the institution. Such positive perceptions would then motivate individuals to comply with traditional regulatory standards and accept new "ethical" standards. Conversely, weak support of, and discontent with the opportunities the organisation was offering should predict lower compliance with traditional regulatory standards and acceptance of new "ethical" standards.

7.2.3 Method of measurement

From the survey (described in Chapter 4), a single factor, five item scale (Mean 3.09, SD .79, Cronbach's alpha reliability coefficient .73) was produced to examine attachment to Defence. Scale items, means and standard deviations are listed below in Table 7.2. Items for this scale were obtained from information extracted from

focus groups during the development of the survey instrument, also described in Chapter 4. It is of note that on average perceptions of Defence as an employer are positive. The exceptions are the degree to which Defence has a clear sense of purpose and smooth communication flows. In both cases, the average rating from employees was below the midpoint.

The scale, entitled, *Attachment to Defence*, differs from the *Local Work Culture* scale because it does not require detailed information about specific workplaces; rather it seeks an overall appraisal of the organisation as an employer of choice. It is expected that this variable would correlate significantly and positively with the *Local Work Culture* scale. If employees experience their immediate workplace positively, they would be more likely to view their organisation as offering opportunities as a good employer.

Table 7.2: Means and Standard Deviations for Attachment to Defence Scale (Min N = 4982, Max N = 5031)

(5 = strongly agree, 1 = strongly disagree)	M(SD)
Defence offers interesting work for all its members.	3.07 (1.27)
The training people receive in Defence prepares them well for their jobs.	3.37 (1.22)
People in Defence have a clear sense of purpose.	2.84 (1.21)
Innovation and creative ideas are valued in Defence.	3.06 (1.24)
The rank structure enables a smooth flow of communication across Defence.	2.65 (1.29)

As predicted, there is a significant intercorrelation between the *Attachment to Defence* scale and the *Local Work Culture* Scale ($r = .52, p < .001$), however, because of variations in the results on the outcome variables (demonstrated later in the chapter), these scales were kept as separate predictors. Moreover, the correlation

between the scales, while high, was lower than the alpha reliability coefficient of either scale.

7.3 The relationship between work experience variables and decision making

Both local work culture and attachment to Defence were associated in a moderate to strong way with employee compliance with traditional regulatory standards and acceptance of new “ethical” standards (see Table 7.3). Employees who perceived positive local work cultures in their workplaces and who expressed praise and attachment to Defence as an employer were more likely to comply with the organisation’s standards and accept new “ethical” standards.

Table 7.3: Pearson’s product moment correlations of work experience variables with compliance with traditional regulatory standards and acceptance of new “ethical” standards

Work experience variables	Compliance	Acceptance
Perceptions of local work culture	.27***	.15***
Attachment to Defence	.15***	.14***

*** p<.001, N range = 4105–4789

These results confirm the importance of the employee’s immediate work group as an important factor in determining organisationally congruent decision making. Those who experience their immediate work environment as fair, inclusive and open are more likely to comply with traditional regulatory standards and accept new “ethical” standards. Similarly, the more global measure of attachment to Defence was associated with more organisationally congruent decision making both with regard to compliance and acceptance.

The next section explores how the work experience variables of perceptions of local work culture and attachment to Defence are related to the location variables through correlational analysis and subsequently I ask how these variables together contribute to compliance with traditional regulatory standards and acceptance of new “ethical” standards using OLS regression analysis.

7.3.1 Location variables and work experience

Table 7.4 below shows significant intercorrelations among the location and work experience variables, *Local Work Culture* and *Attachment to Defence*.

Table 7.4: Pearson’s product moment correlations of perceptions of local work culture and attachment to Defence with location variables of rank, gender, length of service, supervisory experience, type of employment and exposure to training

Location variables	Local Work Culture ^a	Attachment to Defence ^b
Rank	.19***	.11***
Gender	-.05***	-.13***
Length of service	.13***	.06***
Supervisory experience	.19***	.11***
Employment type (military/civilian)	-.12***	-.09***
Exposure to training	.08***	.06***

** p <= .01, *** p <= .001

^a Minimum N = 4723

^b Minimum N = 4253

Results show more positive work experiences being reported by senior staff, those with more experience and a longer period of service. The results were similar for both *Local Work Culture* and *Attachment to Defence* variables. Positive appraisals of local work culture and attachment to Defence are higher for men than women, and for military members more so than their civilian counterparts. Positive perceptions of local work culture and attachment to Defence also are higher for employees who are exposed to training programs. Possibly, those who have positive perceptions of local

work culture and attachment to Defence are more likely to be motivated to attend training.

With regard to differences across Work Program, perceptions of a positive work culture tended to be slightly higher in Headquarters and in the RAAF and lower in the Navy. Attachment to Defence was much the same across Work Programs with Army slightly higher than others.

These findings illustrate that the groups within Defence who perceive their experiences at work more negatively than others tend to be those that are at a more distant social location in the organisation. Principally, women, civilians and lower level ranks appeared to be most prone to negative perceptions of their work experiences.

7.4 Regression model

The analysis to this point has identified the importance of employee perceptions of local work culture and their attachment to Defence as potential predictors of compliance with traditional regulatory standards and acceptance of new “ethical” standards. It has also shown that these variables are significantly related to location predictors brought forward from Chapter 5. In the next section, I add these variables to the predictors from Chapter 5 in a regression model to determine the extent to which perceptions of local work culture and attachment to Defence make unique contributions to compliance with traditional regulatory standards and acceptance of new “ethical” standards. Separate tables are presented first for compliance with traditional regulatory standards, followed by acceptance of new “ethical” standards.

7.4.1 Predictors of compliance with traditional regulatory standards – Structural location and work experience variables

I conducted an ordinary least squares regression entering the location variables along with the work experience variables of perceptions of local work culture and attachment to Defence. The model accounted for 14.1% ($r = .380$) of variance in compliance ($F(16, 3720) = 39.197, p < .001$). The results in Table 7.5 below support the hypothesis that a decision made on issues of compliance with traditional regulatory standards involves both location and work experience factors as possible explanatory influences. In a hierarchical analysis, the work experience variables added 4% to the variance ($F(2, 3720) = 85.44, p < .001$ for change in R^2).

Table 7.5: Ordinary least squares regression analyses predicting compliance from location and work experience variables

Predictor	B value	beta value β	T value
<i>Location variables</i>			
Gender	.051	.054	3.351**
Rank	.058	.134	5.850***
Employment category	.009	.008	.425n.s.
Work Program ^a			
1. (Headquarters)			
2. Strategy/Intel	-.030	-.009	-.499 n.s.
3. Budget/Mgt	-.054	-.020	-1.019 n.s.
4. Navy	-.064	-.056	-1.984 n.s.
5. Army	.002	.002	.058 n.s.
6. RAAF	-.021	-.021	-.614 n.s.
7. Materiel	-.087	-.034	-1.723 n.s.
8. Science	-.216	-.079	-4.014***
Education	-.005	-.017	-.818 n.s.
Length of Service	.047	.123	6.798***
Supervisor level	.019	.071	3.981***
Exposure to training	.032	.094	6.060***
<i>Work experience variables</i>			
Perceptions of local work culture	.127	.196	10.717***
Attachment to Defence	.011	.019	1.079 n.s.

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.

The analysis showed perceptions of local work culture as the strongest predictor of compliance with traditional regulatory standards. An important finding from this analysis is that one's attachment to Defence does not predict level of compliance.

These findings suggest that when making decisions which support traditional regulatory standards, employees are more greatly influenced by the local workplace experience than the more distant sense of attachment to Defence.

Several structural factors also retain their predictive power, in particular, the role one plays in the organisation which may be ascribed or acquired (gender and rank), the extent of the employee's work experience in the organisation (supervisory

responsibility and length of service) and the exposure to training. Higher ranks, longer service, more training and being a woman increased compliance. The gender findings are interesting in showing that a possible reason for women not being more compliant in the previous chapter is that women are more likely to see and experience the workplace in a negative way. Once these perceptions were controlled, the expected gender relationship became apparent.

Employment category (whether one is military or civilian), work program (with the exception of the science program which continued to be less compliant in this chapter as in the previous chapter), and education were not significant predictors of compliance with traditional regulatory standards.

In the next section, I conduct similar analyses for acceptance of new “ethical” standards.

7.4.2 Prediction of acceptance of new “ethical” standards – Location and work experience variables

As was the case for compliance with traditional regulatory standards, predictors of acceptance of new “ethical” standards included both significant structural location and work experience variables. Together they accounted for 8.2% ($r = .292$) of the variance ($F[16,3909]=22.822, p.<.001$). When added in a hierarchical regression after the location variables, work experience contributed 2.3% of variance ($F(2, 3909) = 49.41, P<.001$ for change in R^2). Table 7.6 illustrates results of the regression analysis.

Table 7.6: Ordinary least squares regression analyses predicting acceptance of new “ethical” standards from structural location and work experience variables

Predictor	B value	beta value β	t value
<i>Location variables</i>			
Gender	.306	.216	5.743***
Rank	.094	.144	6.655***
Employment category	.190	.109	5.783***
Work Program ^a			
1. (Headquarters)			
2. Strategy/Intel	.092	.018	.998 n.s.
3. Budget/Mgt	-.001	-.000	-.107 n.s.
4. Navy	-.025	.015	-.459 n.s.
5. Army	-.087	-.062	-1.664 n.s.
6. RAAF	.029	.018	.542 n.s.
7. Materiel	-.103	-.027	-1.356 n.s.
8. Science	.129	.031	1.571 n.s.
Length of service	.022	.038	2.107 *
Level of supervision	-.003	-.008	-.444 n.s.
Exposure to training	.041	.080	5.125***
Gender x Rank	-.063	-.111	-2.915**
<i>Work experience factors</i>			
Perceptions of local work culture	.077	.080	4.307***
Attachment to Defence	.088	.101	5.590***

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.

The key result which differs from findings on compliance is the positive effect that an employee’s attachment to Defence has on his or her acceptance of new “ethical” standards. Moreover, both work experience factors, *Local Work Culture* and *Attachment to Defence*, collectively contribute significantly to acceptance. When work experience is more positive locally and attachment is positive at the organisational level, acceptance is higher. Structural location variables, in particular, rank, gender, military/civilian membership and exposure to training also make significant contributions. Acceptance is higher among women, higher ranks, civilians and those with more training. Length of service also contributed weakly such that

those with more service were more accepting. An interaction effect between rank and gender described in Chapter 5 remained predictive. It will be recalled that women dropped in their acceptance at lower ranks and then progressed on a par with men through the higher ranks.

7.5 Summary and Conclusion

The findings in this chapter continue the analyses from Chapter 5 which showed the influence of structural location variables on increasing organisationally congruent decision making. The analyses in this chapter assess the importance of employee work experience in influencing compliance with traditional regulatory standards and acceptance of the organisation's new "ethical" standards, net of the structural location variables.

Two factors of work experience, *Perceptions of Local Work Culture* and *Attachment to Defence* were hypothesised as facilitators of decision making capacity among employees. Support was found for both factors. In the regression analysis predicting compliance with traditional regulatory standards, perceptions of local work culture emerged as an important predictor, whereas attachment to Defence did not. It is of note, however, that both variables were significant at the bivariate level. The fact that local work culture dominated attachment to Defence in the regression was not surprising given the strong correlation between the two variables.

Structural location variables, including ascribed and acquired roles (gender and rank) continued to influence compliance with traditional regulatory standards. As hypothesised, rank was a strong predictor with higher compliance as rank increased.

Supervisory experience and time in the organisation (length of service) also were strong and positive predictors. Importantly, exposure to training was associated with higher compliance. Women were found to be more compliant than men.

Results for acceptance of new “ethical” standards showed that both work experience factors – local work culture and attachment to Defence – were strongly predictive. Also, unlike results on compliance, civilians were higher on acceptance of new “ethical” standards, possibly because of their specific roles and responsibilities for resource management in Defence, training for which provides a greater level of awareness. Women, higher ranks and those who had attended awareness training were more accepting of new “ethical” standards, illustrating the continued importance of many of the location variables.

The findings indicate the original theoretical position that organisationally compliant decision making is the result of multiple social processes. Being at a greater distance from where central decisions are made is detrimental to knowing how decisions should be made in the interests of the organisation. All is not lost, however, because of the hierarchical nature of the organisation. If the local work culture is inclusive and procedurally fair and demonstrates values-based management in practice, employees learn to make decisions in accordance with traditional regulatory standards and accept new ethical standards.

Moreover, the findings support theory which claims that procedural justice as reflected in local workplace culture is important to facilitating voluntary compliance across a range of social situations (see Tyler & Blader, 2000). The special role

played by attachment in relation to acceptance of new ethical standards is particularly interesting theoretically. The new ethical standards were least well supported by Defence in the results presented in Chapter 5. This suggests a degree of contention surrounds these standards. In these circumstances, attachment to Defence may signify an in-group identity (Turner, 1991) that pushes employees into acceptance of new standards on a trust basis.

Before concluding this chapter, it is important to acknowledge a caveat. I illustrated how the ability to make decisions congruent with organisational standards is related to the ways in which employees see their workplace being managed locally and their attachment to their organisation more broadly. Whether the capacity to make organisationally congruent decisions is due to immersion in a work environment where individuals have a lot of positive role models or whether the atmosphere encourages learning and motivation to do the right thing is not clear from my data. The purpose of this thesis is not to identify which of these processes is at work. Rather the goal is to understand the importance of structural location, work experience and, in the next chapter, personal beliefs and how they, in combination, affect organisationally congruent decision making.

In the next chapter, I examine more closely employee values (workplace and social values) and their rules consciousness in the context of workplace decision making to determine whether these also would have an effect on organisationally congruent decision making. The implementation of values-based management was to inculcate into the public service culture standards and values that would enable public servants to overcome chronic inefficiencies and structural impediments to quality decision

making (Painter, 1990). The next chapter examines the extent to which individuals have the necessary mindset and are prepared for the demands of this change process.

Chapter 8

SOCIAL VALUES, WORKPLACE VALUES AND RULES CONSCIOUSNESS AND THEIR EFFECTS ON COMPLIANT DECISION MAKING

8.1 Introduction

In this chapter, I explore factors that might stimulate psychological disengagement from the organisation because the employee is unable to identify or share common norms and values with the changes that are taking place. The central hypothesis is that adjustment will be difficult for those employees who have fitted into the traditional bureaucratic organisation by following rules, without thinking about work as a place where actions are shaped by values. Difficulties are likely to rise when imposed change threatens personal beliefs about the way work should be done. Acquiring new decision making capability is likely to be difficult for those who are threatened by devolved responsibility for decisions (right and wrong), particularly when interests of workgroups are pitted against personal interests, and employees are required to accept responsibility to know the difference.

The central hypothesis is assessed in three ways. The first is to ask whether employees who place priority on social collective goals are more adept at making organisationally congruent decisions under NPM. Those who aspire to social collective values may adapt more easily to a system that places workplace values at the centre of decision making. On the other hand, employees who place their priority on security values (which are expressions of support for organisational strength and the rule of law) may regard departure from traditional rules-based decision making as

an erosion of the strength, reputation, order and discipline of the organisation. The view might be that devolving responsibility to junior ranks would be detrimental to the quality of organisational decision making. Support for harmony values which emphasise inclusiveness in decision making may be more important in taking on board the principles of NPM.

The second way the hypothesis will be assessed is by examining the degree to which employees, who are wedded to using rules to make decisions, are more effective in making organisationally congruent decisions. A strong rules consciousness within the organisation will not necessarily negate successful implementation of values-based management, but it may act inadvertently to counter some of the messages being brought to the organisation through the change process. Rules consciousness, for instance, may bring rigidity in decision making that means that decisions are not effectively justified as being consistent with underlying management values. In short, the decision may appear short sighted and contrary to the organisation's broader agenda.

The third way the hypothesis is tested is by exploring the extent that the values-based work principles of employee responsibility and awareness of procedural transparency (honest reporting) has been taken up in the organisation and enhance the likelihood of organisationally congruent decision making. Evidence of support for these values should be a good indicator of support for values-based management, but the more important issues is whether endorsement of these work principles improve decision making.

In addition to empirically examining social values, rules consciousness and work principles in relation to decision making, these variables are examined in relation to the location variables. The final regression analyses ask if an employee's values and preferences predict organisationally congruent decision making net of structural location and workplace experience.

8.2 Method of measurement – Social values

As described in Chapter 4, the social values of security and harmony were assessed in this study using a shortened version of Braithwaite and Law's (1985) Social Goals Values Inventory. Both variables returned single factor reliable scales (*Harmony* Scale, Mean 5.67, SD .75, Cronbach's alpha reliability coefficient .83 and *Security* Scale, Mean 5.93, SD .77, Cronbach's alpha reliability coefficient .77). Among the sample as a whole, both security and harmony values were strongly endorsed. Items, means and standard deviations for these scales are presented in Tables 8.1 and 8.2.

Table 8.1: Means and Standard Deviations for individual items for the *Harmony Values* scale in the Social Goals Values Inventory, (Min N = 5006, Max N = 5020)

<i>(7 = I accept this as of the greatest importance, 1 = I reject this)</i>	<i>M(SD)</i>
1. A good life for others – improving the welfare of all people in need	5.32 (1.08)
2. Rule by the people – involvement by all citizens in making decisions that affect their community	5.41 (1.19)
3. International cooperation – having all nations working together to help each other	5.45 (1.13)
4. Social progress and reform – readiness to change our way of life for the better	5.50 (0.97)
5. A world at peace – being free from war and conflict	6.12 (1.13)
6. Human dignity – allowing each individual to be treated as someone of worth	6.20 (0.97)
7. Equal opportunity for all – giving everyone an equal chance in life	6.03 (1.04)
8. Greater economic equality – lessening the gap between the rich and the poor	5.30 (1.36)

Table 8.2: Means and Standard Deviations for individual items in for the *Security Values* scale in the Social Goals Values Inventory (Min N = 5006, Max N = 5020)

<i>(7 = I accept this as of the greatest importance, 1 = I reject this)</i>	<i>M(SD)</i>
1. National greatness – being a united, strong, independent and powerful nation	5.43 (1.24)
2. National security – protection of your nation from enemies	6.36 (0.85)
3. The rule of law – punishing the guilty and protecting the innocent	6.21 (0.91)
4. National economic development – having greater economic progress and prosperity for the nation	5.72 (1.01)

8.2.1 Location variables and social values

The findings, illustrated in Table 8.3, show that many of the location variables are weakly associated with social values. Men showed a greater preference for security values than their female counterparts, whereas women were more likely to support

harmony values. Similarly, the military were more oriented towards security values than their civilian counterparts, while civilians expressed greater support for harmony values than their military counterparts.

These differences accord with harmony values reflecting special interests in preserving social relations and social cooperation, while security values reflect the competitive struggle that occurs when resources are limited and need to be acquitted and protected from others (Braithwaite, 1982, 1998).

Those who had attended training showed a slightly elevated level of support for harmony values. No relationship was found between training and support for security values. Commitment to security values was slightly higher for those with longer service and more supervisory experience. Slightly less commitment to harmony values accompanied longer service and more supervisory experience.

Table 8.3: Pearson's product moment correlations of Harmony and Security values with location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training

Location variables	Harmony value orientation ^a	Security value orientation ^b
Rank	-.05**	-.14***
Gender	.13***	-.08***
Length of service	-.05***	.07***
No of staff supervised	-.05**	.05**
Employment type (military/civilian)	.06***	-.12***
Exposure to training	.04**	.03

** p <= .01, *** p <= .001

^a Minimum N = 4781

^b Minimum N = 4803

Significant differences were also found among ranks. Junior ranks believed in security values more strongly than their senior counterparts. Similar trends were found on harmony values although the relationship was weak. It is an interesting

finding that junior staff placed greater importance on broad social values as guiding principles in life. It may be that experience leads senior staff to downplay broad values and rely more on a more sophisticated set of specific workplace principles or rules. An analysis of variance revealed that work program was not significantly related to commitment to harmony values or to security values.

8.2.2 The relationship between social values and decision making

To determine whether a relationship existed between social values and capacity to make decisions in accord with traditional regulatory standards, Table 8.4 below reveals that compliance was higher for those who placed priority on Harmony values. However, no relationship exists between compliance and support for Security values.

Table 8.4: Pearson’s product moment correlations of compliance with traditional organisational standards and acceptance of new “ethical” standards with Harmony Values and Security Values

Social Values	Compliance	Acceptance
Harmony Values	.19***	.002
Security Values	.14***	-.11**
*** p<.001		

(N range = 4637–4849)

Results for acceptance of new “ethical” standards differ significantly from those for compliance with traditional regulatory standards. No relationship emerged between harmony values and acceptance, but security values were negatively associated with acceptance ($r = -.11$, $p < .001$) indicating that those who prioritised security values were less accepting of new “ethical” standards.

These results linking high commitment to security values with low acceptance of new “ethical” standards should be interpreted in conjunction with earlier findings that show a) acceptance of new “ethical” standards is lower among junior ranks, and b) junior ranks place greater importance on security values. This suggests that those

who prioritise security values may have scored lower on acceptance of new “ethical” standards simply because they hold more junior positions in the organisation, and have been less exposed to matters that relate to the new standards on conflict of interest. These interrelationships will be examined later in a regression analysis at the end of the chapter.

Having established the importance of social values, in particular harmony values, for employees who successfully make organisationally congruent decisions, the next section explores the extent to which following rules remains an important consideration for employees and how this might impact on their capacity to make decisions which are in line with the organisation’s standards and its new “ethical” codes.

8.3 Method of measurement – Rules consciousness

For public bureaucracies, written rules and instructions provide the foundation for consistent and competent decision making. This is because people in organisations (particularly in bureaucracies) live with “bounded rationality” and cope with uncertainty by relying on routines (Heimer, 1998), which provide heuristics (Tversky & Kahneman, 1974, 1986; March, 1994, 1996) or shortcuts for decision making (Selznick, 1996, p. 274). According to Selznick (1996), organisations create a regime of rules for practical purposes. Adoption of principle-based management therefore presents a considerable challenge for hierarchical bureaucracies, in which rules based processes largely determine how work is conducted. Where institutional change is taking place as in the public sector, it is important to determine whether commitment to rules, as the traditional method for decision making, plays a significant role in

determining employee capacity to make decisions which comply with organisational standards and their acceptance of new “ethical” standards. If they do and the institution is undergoing a transition to values-based management, then reducing the emphasis on the traditional bureaucratic rules and procedures will require replacement with another aid to decision making. It seems appropriate then to test employee rules consciousness to determine whether those who favour rules as a method for solving workplace problems are disadvantaged with under the values-based management system that was introduced into Defence at the time the research was conducted.

To test the extent that rules consciousness is an aid or hindrance to decision making in the organisation, a scale was developed to determine the extent to which rules were considered important to decision making compared with other methods such as relying on personal judgment in a specific situation. High scorers deemed abidance to rules as critical to quality decision making, whereas low scorers regarded rules more as guidelines that could or should bend to fit the situation. Table 8.5 outlines items in the single-factor scale (*Rules consciousness*, Mean 2.58, SD .73) which produced a Cronbach’s alpha reliability coefficient of .73. Participants were asked to consider the items in the context of decision making in their workplaces.

Table 8.5 also provides the means and standard deviations for each of the items in the *Rules Consciousness* Scale. Given that the midpoint of the scale is 3, it can be concluded that rules consciousness was not high among employees, that is, there was little evidence of rule rigidity in the sample overall. Most adopted the view that rules should be subordinate to principles about what is right and that due consideration

should be given to the situation in which the rules are applied. While Defence personnel were not supportive overall of strictly following rules, they were equally sceptical of people bending the rules and reducing them to guidelines. There appeared to be healthy respect for rules, without rigidity.

Table 8.5: Means and Standard Deviations for individual items in the Rules Consciousness Scale (Min N = 5019, Max N = 5033)

<i>(5 = strongly agree, 1 = strongly disagree)</i>	<i>M(SD)</i>
You should make decisions on what you believe is right at the time, even if it stretches the rules ^a .	3.28 (1.05)
Rules are useful, but the situation not the rule should determine the outcome ^a .	3.64 (1.04)
Rules are there only as a guide; each case should be considered on its merits ^a .	2.46 (1.03)
Sometimes you should bend the rules to suit special situations ^a .	2.62 (1.03)
To avoid errors in judgment, Defence personnel should stick strictly to the rules.	2.73 (1.05)

^a Reversed to develop the Rules scale.

8.3.1 Location variables and rules consciousness

To determine how employees differed in their rules consciousness, Comparisons were made among groups defined by their location in the organisation. Table 8.6 shows that women were more slightly more rules conscious than their male counterparts ($r = .07$, $p < .001$). Junior ranks ($r = -.12$, $p < .001$) and those with less experience ($r = -.06$, $p < .001$) and with fewer staff to supervise ($r = -.09$, $p < .001$) also were slightly more rules conscious than their senior counterparts. While these relationships are weak, they are consistent with the proposition that rules are likely to be more important to those who are located at a distance from the centre of decision making in the organisation. An analysis of variance showed that work program was not significantly related to rules consciousness.

Table 8.6: Pearson's product moment correlations of rules consciousness with location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training

Location variables	Rules consciousness ^a
Rank	-.12***
Gender	.07***
Length of service	-.06***
No of staff supervised	-.09***
Employment type (military/civilian)	.03*
Exposure to training	.04**

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

^a Minimum N = 4791

8.3.2 The relationship between rules consciousness and decision making

Bivariate correlations revealed that rules consciousness related significantly and positively with the outcome variables of compliance with traditional regulatory standards ($r = .22$, $p < .001$) and acceptance of new "ethical" standards ($r = .19$, $p < .001$). The data suggest that those who prefer using rules to make decisions are congruent with expectations, regardless of whether the focus is on traditional

regulatory standards or new “ethical” standards. Conversely, those who prefer to bend the rules to suit the situation are less likely to be consistent in making decisions that are in accord with the organisation’s interests. On the basis of the bivariate correlations, there is no reason to believe that employees who are favourably oriented to using rules for decision making are less successful in judging a set of options to decide which is more organisationally congruent.

8.4 Values-based management

The change occurring under NPM has meant that employees have been encouraged to make decisions according to endorsed principles and standards. Values-based management emphasises these guiding principles as the basis of decision making. Without the prescription of specific rules for every situation, employees are expected to use judgement when making decisions. How well the principles are interpreted at the local workplace within the Defence regulatory environment will determine the success of the change program. The use of values is meant to empower employees so that they develop experience and commitment to make decisions that comply consistently with the organisation’s standards because they have internalised the values as important behavioural references. Values-based management promotes responsibility and accountability as primary guiding principles for public servants. Interpreted at the micro level of organisational life, these principles have been identified in this study as a sense of personal responsibility and the extent to which an individual is prepared to be called to account (Day & Klein, 1987; Sinclair, 1995; Mulgan, 2000) or transparent in their procedural transactions, that is, his or her willingness to report honestly and openly.

8.4.1 Method of measurement – Values-based work principles

Values-based work principles were assessed through two 4-item scales to test *employee responsibility* (Mean 4.32, SD .56, Cronbach's alpha reliability coefficient .67) and *honest reporting* (Mean 4.42, SD .50, Cronbach's alpha reliability coefficient .62). Tables 8.7 and 8.8 list means and standard deviations for items in these single-factor scales.

Table 8.7: Means and Standard Deviations for individual items in Employee Responsibility Scale (Min N = 5013, Max N = 5038)

<i>(5 = strongly agree, 1 = strongly disagree)</i>	<i>M(SD)</i>
When mistakes are made, those responsible should own up and accept the consequences.	4.65 (.64)
When making a work decision, you should put the organisational goals ahead of your own personal needs.	4.13 (.89)
Doing your job well should be given priority over doing things to advantage yourself.	4.42 (.76)
Supporting your team is more important than seeking personal advancement.	4.08 (.84)

Table 8.8: Means and Standard Deviations for individual items in the Honest Reporting Scale (Min N = 5039, Max N = 5045)

<i>(5 = strongly agree, 1 = strongly disagree)</i>	<i>M(SD)</i>
You should applaud a person who is able to openly report a problem in his or her section.	4.40 (.81)
It is important to be honest in all aspects of work even if this means upsetting others.	4.25 (.76)
You should feel confident to report problems without being labelled a 'dobber' by others.	4.38 (.78)
Issues should be discussed openly so that problems do not fester.	4.64 (.59)

The means for the items in Tables 8.7 and 8.8 indicate very high levels of support for the values-based work principles. Further analysis shows that positive support in the organisation for *Employee responsibility* is overwhelming with 95.6% supportive, while just 2.8% were not supportive. In the case *Honest reporting*, 95.5% were supportive, while just 1.6% were not supportive. On the basis of these percentages, it seems reasonable to infer that values-based management has been well accepted in the organisation, at least in theory. In the next section, levels of support for these principles are examined across different locations of the organisation.

8.4.2 Location variables and values-based work principles

In general, the relationships between the location variables and endorsement of values-based work principles were weak (see Table 8.9). Men expressed a slightly higher regard for *responsibility* than their female counterparts ($r = -.07, p < .001$), as did those of higher rank ($r = .08, p < .001$), longer service ($r = .08, p < .001$) and greater supervisory experience ($.11, p < .001$). Longer staff, more staff to supervise and higher rank were also associated with reporting honestly ($r = .10, p < .001$; $r = .14, p < .001$, and $r = .10, p < .001$ respectively).

Table 8.9: Pearson’s product moment correlations of work principles, employee responsibility and honest reporting with location variables of rank, gender, length of service, level of supervision, type of employment and exposure to training

Location variables	Employee Responsibility ^a	Honest reporting ^b
Rank	.08***	.10***
Gender	-.07***	-.04*
Length of service	.08***	.14***
No of staff supervised	.11***	.10***
Employment type (military/civilian)	-.05**	.00
Exposure to training	.05**	.04**

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$

^a Minimum N = 4795

^b Minimum N = 4827

Those who had attended staff awareness training were slightly more committed to the workplace principles of responsibility and honest reporting. In addition, an analysis of variance showed that work program was not significantly related to either of the values-based work principles.

8.4.3 The relationship between values-based work principles and decision making

The values-based work principles of *Employee Responsibility* and *Honest Reporting* were positively correlated with capacity to make compliant decisions (see Table 8.10) with coefficient of ($r = .351, p < .001$) and ($r = .347, p < .001$) respectively. The correlation with acceptance of new “ethical” standards were also positive and significant, but noticeably weaker ($r = .12, p < .001$) and ($r = .05, p < .001$ respectively).

Table 8.10: Pearson’s product moment correlations of compliance with organisational standards and acceptance of new “ethical” standards with employee responsibility and honest reporting

Values-based work principles	Compliance	Acceptance
Employee responsibility	.35***	.12***
Honest reporting	.35***	.05***

*** p<.001

(N range = 4632–4891)

Possibly believing in an open system of reporting and frankness in communication gave some opponents of the new ethical standards the courage to disagree and challenge their employer’s wish for them to accept the standards and comply.

8.5 Regression Model

Results to this point support the hypotheses that social values, rules consciousness and support for values-based work principles contribute to increasing an employee’s capacity to make organisationally congruent decisions. At the same time, junior personnel and those employees located at a greater distance from the decision making centre of the organisation have somewhat distinctive patterns of allegiance to these variables. The next step is to add the values and work preference variables to the predictors from Chapters 6 and 7 in a regression model to determine the extent to which they make a unique contribution to compliance with traditional regulatory standards and acceptance of new “ethical” standards. Separate tables are presented first for compliance, followed by acceptance.

8.5.1 Prediction of compliance with traditional regulatory standards – location, work experience, social values and work preference variables

Table 8.11 below presents the full regression model and accounts for 30.2 per cent of the variance ($F[20, 3615] = 79.776, p<.001$). When harmony and security values,

rules consciousness, and endorsement of the values-based work principles of employee responsibility and honest reporting were added to the regression model reported in Chapter 7, a significantly higher percentage of variance (16.2%) was accounted for in compliance with traditional regulatory standards ($F[5, 3615]=169.10, p<.001$ for the change in R^2).

Table 8.11: OLS regression analysis predicting compliance with traditional regulatory standards from structural location, work experience and value preferences

Predictor	B value	beta value β	t value
<i>Location variables</i>			
Gender	.039	.041	2.736**
Rank	.062	.142	8.312***
Employment Category	-.011	-.009	-.555n.s.
Work Program ^a			
1. (Headquarters)			
2. Strategy/Intel	-.029	-.009	-.525n.s.
3. Budget/Mgt	-.062	-.023	-1.290n.s.
4. Navy	-.059	-.052	-1.820n.s.
5. Army	-.023	-.024	-.727n.s.
6. RAAF	-.064	-.062	-2.015*
7. Materiel	-.093	-.036	-2.021*
8. Science	-.179	-.065	-3.644***
Length of Service	.038	.098	6.036***
Supervisor level	.018	.067	4.144***
Attendance at awareness training	.026	.075	5.260***
<i>Work experiences</i>			
Support for local workplace culture	.084	.130	7.678***
Attachment to Defence	-.019	-.033	-1.987*
<i>Social values and rules consciousness</i>			
Harmony values	.049	.080	5.021***
Security values	.026	.043	2.696**
Rules consciousness	.119	.188	13.206***
<i>Values-based work principles</i>			
Employee responsibility	.158	.190	12.074***
Honest reporting	.169	.185	11.773***

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.
Adjusted R² = 30.2% (r = .553).

The beta coefficients in Table 8.11 show that social values, rules consciousness and values-based work principles all affect scores on compliance with traditional regulatory standards. Support for harmony and to a lesser extent security values increases compliance scores. Support for the principles of employee responsibility

and honest reporting increase compliance scores. Furthermore, rules consciousness also increases compliance scores. Remaining important are several location variables. Senior ranks, those who have served for longer, and those who **have** more supervisory experience appear to be more compliant. Attendance at training was also associated with higher compliance with traditional regulatory standards. Those employed in the science, materiel and RAAF programs were less compliant than the comparative group, Headquarters.

A positive local work culture remained the most important work experience variable that was linked with employee compliance with traditional regulatory standards. This effect remained strong after the inclusion of the social values and work preferences. As in Chapter 7, capacity to comply with the organisation's traditional standards was not related in any notable fashion to the employee's attachment to Defence.

In summary, compliance with traditional regulatory standards is related to location, work experience and the individual's endorsement of social values, rules consciousness and values-based work principles.

Treating employees well and 'walking the talk', which were important in Chapter 7, are not the whole story as we see from these data in Chapter 8. It is also important to win the hearts and minds of employees through persuading them to share the organisation's objectives of using values to make decisions. Interestingly, the social values of *Harmony* and *Security*, and the values-based work principles, *Employee Responsibility* and *Honest Reporting*, were all significant predictors of compliance with traditional regulatory standards. However, *Rules Consciousness* is also an

important separate and positive predictor, consistent with public service traditions of rules and procedures-based compliance. It is interesting to note that respect for rules appears to enhance decision making capacity and does not detract from a values-based management approach. A similar analysis for acceptance with new “ethical” standards is examined in the next section.

8.5.2 Predictions of acceptance of new “ethical” standards – location, work experience, social values and work preference variables

Table 8.12 below presents the full regression model for acceptance of new “ethical” standards. The model explains 13.5% of the variance in acceptance ($F [21, 3779] = 29.335, p. \leq 0.001$). In a hierarchical regression, values and work preferences accounted for 5.5% of the total variance, net of the variance accounted for by location and work experience variables ($F [5,3779] = 48.12, p.<.001$ for the change in R^2).

Table 8.12: OLS regression analysis predicting acceptance of new “ethical” standards from structural location, work experience, and value preferences

Predictor	B value	beta value β	t value
<i>Location variables</i>			
Gender	.265	.188	5.015***
Rank	.091	.140	6.521***
Employment Category	.154	.089	4.738***
Work Program ^a			
1. (Headquarters)			
2. Strategy/Intel	.095	.019	1.046n.s.
3. Budget/Mgt	-.010	-.002	-.125n.s.
4. Navy	-.037	-.022	-.702n.s.
5. Army	-.098	-.070	-1.919n.s.
6. RAAF	-.019	-.012	-.357n.s.
7. Materiel	-.119	-.031	-1.585n.s.
8. Science	.117	.028	1.460n.s.
Length of Service	.025	.044	2.453*
Supervisor level	.001	.001	.079n.s.
Attendance at awareness training	.037	.071	4.578***
Gender x Rank	-.058	-.102	-2.708**
<i>Work experiences</i>			
Support for local workplace culture	.050	.052	2.800**
Attachment to Defence	.068	.078	4.332***
<i>Social values and rules consciousness</i>			
Harmony values	.005	.005	.299n.s.
Security values	-.104	-.115	-6.656***
Rules consciousness	.180	.189	12.195***
<i>Values-based work principles</i>			
Employee responsibility	.135	.109	6.302***
Honest reporting	.002	.001	.068n.s.

^a The first response category (bracketed) is omitted as is normal procedure for formation of dummy variables and included in the table for explanatory purposes.

Adjusted $R^2 = 13.5\%$ ($r = .374$)

The beta coefficients show that location, work experience, social values, rules consciousness and endorsement of values-based work principles contribute to the acceptance of new “ethical” standards, but in different ways from how they contributed to compliance with traditional regulatory standards. Harmony values and the values-based work principle of honest reporting did not contribute to employees accepting new “ethical” standards. High supporters of the values-based work

principle of employee responsibility, however, were more accepting of the new “ethical” standards, as were employees with higher rules consciousness.

Interestingly, those expressing higher support for security values tended to reject the new standards.

Consistent with earlier findings, acceptance was higher among senior personnel and those with longer service. Greater exposure to training also was linked with increased employee acceptance of new “ethical” standards. As in previous analyses, women and civilians were more accepting of the new “ethical” standards. Positive work experiences, both at the local work level and the broader attachment to Defence, increased acceptance of new “ethical” standards.

These findings suggest that there are many different paths to achieving organisationally congruent decision making. Corroboration of this will be sought in the next chapter through path analysis.

8.6 Summary

The above results show that location, experiences at work locally and broader attachment to the organisation, social values and work preferences (social values, rules consciousness and values-based work principles) all contribute to the degree to which employees make decisions that are congruent with Defence standards. But the original question posed implied much more than this. My argument was that structural factors that located people at a distance from where policy was being developed, that cut people off from the important channels of communication, were the ‘special’ conditions of the bureaucracy that made acceptance of change and

values-based management difficult in the public service.

In order to test this argument, a further analysis is needed which tests pathways that best explain how employees make decisions that comply with the organisation's standards. It seems reasonable to postulate that endorsement of values-based work principles (a proxy for support of values-based management) would not only predict decision making, but would prove to be the means by which employees would come to understand what management expected from them with regard to their ability to make organisationally congruent decisions. Perhaps there has been an expectation that public sector employees will do 'as they are told' and that superiors will uniformly persuade their staff of the virtues of values-based management. But this seems unlikely. As in employees' capacity to make organisationally congruent decisions, endorsing values-based work principles is more likely to be found among those located closer to the heart of the organisation, among those privileged by training opportunities, among those with work experiences conducive to understanding and accepting NPM and among those whose social values and work preferences leave them open to accepting change.

A model showing how endorsement of values-based work principles can intervene between structural, experiential and values variables and organisationally congruent decision making is shown in Figure 8.1. The diagram implies a level of causality that cannot be adequately tested with these data. But the first step is to ask if there is evidence, given the data that are available, to render the model implausible and not worthy of further development and testing.

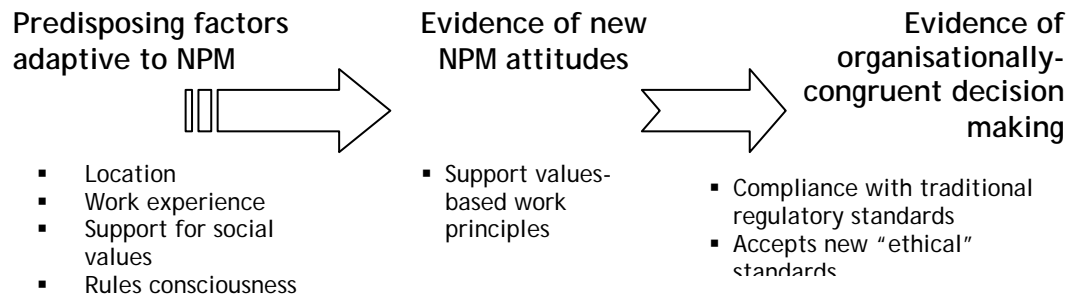


Figure 8.1: Path analyses showing mediators, values-based work principles, linking factors that predispose to NPM with organisationally congruent decision making

8.7 Conclusion

In the next chapter, several path analyses will be conducted to test the model in Figure 8.1. The first set of analyses will examine the relationship between all predisposing factors, (location, work experience, social values and rules consciousness) with the proposed mediators, the values-based work principles, employee responsibility and honest reporting. On establishing a significant relationship, a full and partially mediational model will be compared to determine the extent to which different groups within Defence are advantaged or disadvantaged in acquiring commitment to the values-based work principles and how the strength of this commitment shapes capacity to make organisationally congruent decisions in relation to traditional regulatory and new "ethical" standards. It is expected that the values-based work principles will partially mediate the relationship between the predisposing factors and both measures of organisationally congruent decision making because of the independent and significant contribution of several of the predisposing factors in the regression analyses reported in this chapter.

Chapter 9

TESTING THE MEDIATIONAL MODEL OF VALUES-BASED WORK PRINCIPLES

9.1 Introduction

With the completion of the third regression model at the conclusion of the last chapter, it was found that social values, rules consciousness and support for values-based work principles were the best predictors of the outcome variables, compliance with traditional regulatory standards and acceptance of new “ethical” standards. However, some location and work experience factors, while diminished in the presence of these predictors, continued to significantly predict both outcome measures of organisationally congruent decision making. An analysis was needed to clarify my explanations of how some public sector employees in Defence master the skill of making organisationally congruent decisions while others seem to either resist or be unaware of how to make such decisions. Table 9.1 lists the predictors brought forward for inclusion in the analyses in this chapter.

Table 9.1 Predictors brought forward from earlier analysis for inclusion in path analyses

	Predictor	Label
1	Structural Location	Gender Rank Exposure to awareness training
2	Work Experience	Local work culture
3	Rules Norms	Rules consciousness
4	Social Values	Harmony values Security values
5	Values-based principles	Responsibility Honest reporting (procedural transparency)

Three main issues arise which require further investigation in this chapter. The first

is to determine the extent to which the principles of values-based management are acting to mediate the effects of other predictors on both compliance outcome measures. Results in Chapter 8 show that high endorsement of values-based work principles is important, but it is still uncertain whether this is a necessary condition for organisationally congruent decision making. Moreover, it is important to determine how social values and rules consciousness relate to support for values-based work principles.

The second objective of the analysis of this chapter is to obtain a clearer picture on whether and how location, in particular, gender, rank, military/civilian membership and exposure to organisational training programs, contributes to the capacity to comply with traditional regulatory standards and accept new “ethical” standards. This analysis will assist in gaining an understanding of the facilitators or impediments that traditional bureaucratic institutional structures may bring to bear on employee capacity to embrace values-based management within a NPM framework.

The third issue is to identify the specific pathways which explain how and why employees may comply with traditional regulatory standards but fail to accept new “ethical” standards.

9.2 Developing a workplace mediational model of compliance

In developing a mediational model of compliance, I sought to test the hypothesis that acceptance of values-based work principles would explain how structural location, work experiences, rules consciousness and social values were influencing employee capacity to comply with traditional regulatory standards and accept new “ethical”

standards, albeit with the understanding that the cross-sectional data prevents substantiation of causality. As noted in the previous chapter, the most that can be concluded is that the model is plausible but requires further testing with longitudinal data.

From an analytic perspective, to achieve a mediational model, the proposed mediators should be related to the outcome variables (both compliance factors), they should be correlated with other predictors and be capable of predicting compliance directly in the presence of other predictors. They should also reduce the predictive capacity of other independent variables, at least to some extent, if mediation is to occur (Arbuckle & Wothke, 1999). The regression analyses in Chapter 8 confirm a relationship between the mediator variables and the outcome variables, and between the independent variables and the outcome variables. When the regression models in Chapter 8 are compared with Chapter 7, there is evidence that the inclusion of the mediating variables reduces the size of the coefficients associated with the independent predictors. Table 9.2 below confirms the interrelationships between the predictors and the proposed mediators supporting the second condition for the mediational model.

Table 9.2: Correlational matrix showing relationship among predictors and proposed mediators

Predictors	Employee Responsibility	Honest reporting
Harmony Values	.20***	.27***
Security Values	.18***	.17***
Local work culture	.22***	.14***
Rules consciousness	.07***	.03*
Rank	.08***	.10***

p<.05 *, p<.01**, p<.001*** (Minimum N=4861)

As shown in Tables 8.9 and 8.10 of the previous chapter, reductions in beta weights occurred in other predictors when values-based work principles were introduced, although these other predictors did not become insignificant. This means that the model is likely to be a partial mediational model (rather than fully mediational model) and that there would be significant direct effects, particularly from rank and rules consciousness, which were least affected by the introduction of values-based management principles, and which continued to contribute strongly and independently.

Figure 9.1 below illustrates a schematic representation of a full mediational model, with values-based work principles as mediators of compliance in decision making.

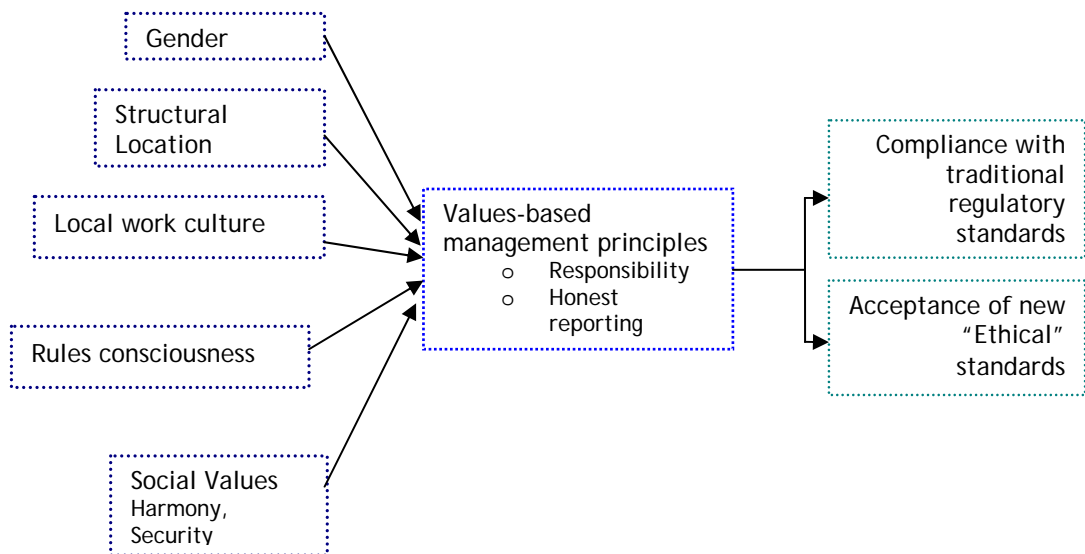


Figure 9.1: Schematic representation of full mediational model showing the hypothesised mediated effects of predictors on compliant decision making and acceptance of new “ethical” standards through values-based work principles of employee responsibility and honest reporting

In Figure 9.1, values-based work principles (*Employee Responsibility* and *Honest Reporting*) are proposed as mediators that work in similar ways, providing employees with the psychological framework for making organisationally congruent

decisions. The high correlation ($r = .41, p < .001$) between these principles of responsibility and honest reporting raised concerns about how shared variance might be handled (problems akin to those of multicollinearity) should these factors be entered into the model simultaneously. For the path analysis, therefore, these factors were combined. This new composite variable will be labelled *Responsibility*. The path analysis was conducted using ML estimation in AMOS (Analysis of Moment Structures) (Arbuckle & Wothke, 1999). Modification indices showed that neither gender nor attachment to Defence contributed well to the path analysis. These variables were dropped from the final models.

For each of the outcome variables, full and partial mediational models were estimated (Pedhazur & Schmelkin, 1991, pp. 651-652). The full mediational model included indirect paths only from the predictors to the decision making variables through *Responsibility*. The full mediational model for compliant decision making ($\chi^2 [6, N = 5015] = 714.185, p < .001$) was significant indicating poor fit and supported my argument for a partial mediational model. Similarly, the full mediational model for acceptance of new “ethical” standards ($\chi^2 = 522.410 [6, N = 5015], p < .001$), was a poor fit. Poor fit on both models indicated that further analysis was required to investigate the partial mediational models. The analysis in the following sections report results separately for each of the outcome variables. Results of the partial mediational analysis for compliance with traditional regulatory standards are reported first followed by results for acceptance of new “ethical” standards.

9.2.1 Partial mediational model predicting compliance with traditional regulatory standards

As hypothesised, a partial mediational model provided an excellent fit showing how location, workplace experience, social values and rules consciousness exerted their influence on organisationally congruent decision making¹. Some exerted their influence through values-based principles, some did not. All fit statistics are presented in Table 9.3 including the significant paths in the final model with their standardized beta coefficients. From Table 9.2, the χ^2 was non-significant ($\chi^2 = 2.426$, [1, $N = 5015$], $p = .119$), GFI was 1.00, the AGFI was .996, the CFI was 1.00, and the RMSEA was .017. The modification indices indicated no improvement in the model fit with elimination or addition of paths. A significant amount of variance was explained in compliant decision making ($R^2 = 0.29$).

¹ The χ^2 as a traditional goodness-of-fit index is smaller and non-significant for a model of best fit. Values greater than 0.95 for GFI, AGFI, and CFI are considered to indicate good model fit (Byrne, 1994, 2001; Hu & Bentler, 1999). An indicator of acceptable fit is suggested if RMSEA is equal to or less than 0.05 (Arbuckle & Wothke, 1999).

Table 9.3: Chi-square statistics and the goodness-of-fit indices for a partial mediational model predicting compliance with traditional regulatory standards

Goodness-of-fit statistics	
$\chi^2 =$ Chi-square	2.426, p = .119
Df = Degrees of freedom	1
GFI = Goodness of Fit Index	1.00
AGFI = Adjusted Goodness of Fit Index	0.996
CFI = Comparative Fit Index	1.00
RMSEA = Root Mean Square	0.017
ECVI = Effective Cross Validation Index	0.014

Before arriving at this final model, modification indices were used to trim the model, removing non-significant paths and those of limited significance. In constructing a model that predicts compliance with traditional regulatory standards, four structural location variables, (gender, employment category [military or civilian], length of service, and supervisory experience), and one work experience variable, (attachment to Defence), did not contribute substantially, and subsequently were dropped from the model. The final model with standardised coefficients mapped on respective paths is represented below in Figure 9.2.

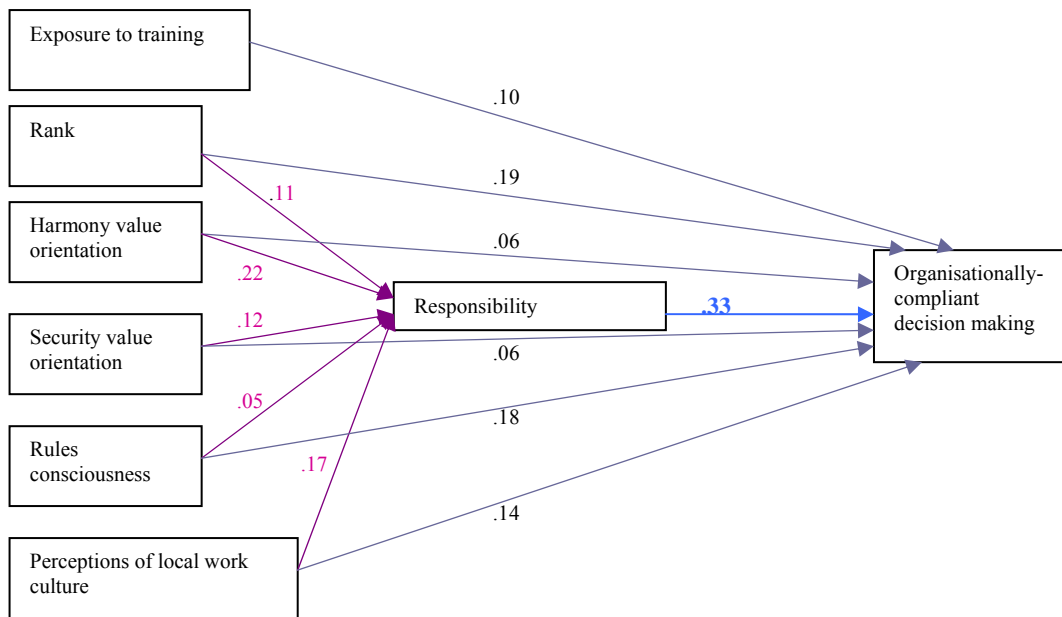


Figure 9.2: Results of Path Analysis showing *Responsibility* (combined responsibility and honest reporting) as a mediator between structural location, local work culture, social values, rules consciousness and compliance with traditional regulatory standards

As shown in Figure 9.2, compliance with traditional standards was directly related to all 6 predictors – 2 structural variables of rank and exposure to awareness training, the workplace experience variable of local work culture and the social values and rules consciousness variables.

The higher the rank and the more the exposure to training, the more likely it was that individuals would make decisions that were compliant with traditional regulatory standards. Higher compliance scores were also obtained by individuals who were rules conscious and who perceived the workplace as operating in a procedurally fair and inclusive way.

Weak direct relationships were also found between the social values and compliance with traditional regulatory standards. Those supporting social values of either a

harmony or security kind (both are embedded in traditional public service philosophy) were more likely to demonstrate the capacity to make compliant decisions.

These direct links are interesting in so far as they demonstrate the different pathways through which individuals become compliant with traditional regulatory standards. Of most significance from the perspective of this thesis is that the values-based work principle of *Responsibility* (newly created through combining employee responsibility and honest reporting) plays a pivotal role in making compliant decisions. Where responsibility is high, compliance with traditional regulatory standards is also high. Not only is the relationship between responsibility and compliant decision making strong, but also responsibility is connected to five of the predictor variables, rank, both social values of harmony and security, rules consciousness and local work culture (see Table 9.4).

Table 9.4: Paths in the final model of compliant decision making with standardized Beta Coefficients

Paths in the compliant decision making model	Standardized beta coefficients
Values-based work principles → Compliant decision making	.33***
<i>Direct effects</i>	
Rank → Compliant decision making	.19***
Exposure to training → Compliant decision making	.10***
Perceptions of local work culture → Compliant decision making	.14***
Rules consciousness → Compliant decision making	.18***
Harmony Values → Compliant decision making	.06***
Security Values → Compliant decision making	.06***
<i>Indirect effects</i>	
Rank → Values-based work principles	.11***
Harmony Values → Values-based work principles	.22***
Security Values → Values-based work principles	.12***
Perceptions of local work culture → Values-based work principles	.17***
Rules consciousness → Values-based work principles	.05***

* p. < .05, ** p. < .01, *** p. < .001.

Those of high rank, who expressed commitment to social values of harmony and security, who were rules conscious and worked within a fair, inclusive and empowering workplace, were more likely to express commitment to the values-based principles of responsibility, which, in turn, was associated with compliance towards the traditional regulatory standards. Similar analytic process was followed to develop a predictive model for acceptance of new ethical standards in the next section.

9.2.2 Partial mediational model predicting acceptance of new “ethical” standards

A partial mediational model provided an excellent fit for the predictors of the outcome variable, acceptance of new “ethical” standards. As illustrated in Table 9.5, the analysis reports a non-significant chi-square ($\chi^2 = 3.232$, [2, $N = 5015$], $p = .199$), a Goodness of Fit Index (RFI = 1.00), AGFI = Adjusted Goodness of Fit Index (AGFI = 0.997), Comparative Fit Index (CFI = 1.00) and a Root Mean Square Error of Approximation (RMSEA = .011). As with compliant decision making, the

modification indices indicated no improvement in the model fit with elimination or addition of paths. A somewhat smaller amount of variance was explained in acceptance of new standards ($R^2 = 0.11$).

Table 9.5: Chi-square statistics and the goodness-of-fit indices for a partial mediational model predicting acceptance of new “ethical” standards

Goodness-of-fit statistics	
$\chi^2 =$ Chi-square	3.232, p = .199
df = Degrees of freedom	2
GFI = Goodness of Fit Index	1.00
AGFI = Adjusted Goodness of Fit Index	0.997
CFI = Comparative Fit Index	1.00
RMSEA = Root Mean Square	0.011
ECVI = Effective Cross Validation Index	0.014

Findings in this model (see Table 9.6 below) differed from those in the compliance decision making model in Table 9.3 in several important ways. The proposed mediator, the values-based work principle of *Responsibility* (combining employee responsibility and honest reporting), graphically represented in Figure 9.4 below, was less influential in predicting acceptance of new “ethical” standards. The relationship was significant and positive but far weaker than might be expected. As in the earlier analyses, rank, social values of harmony and security, rules consciousness and local work culture were significant predictors of *Responsibility*. The difference was that the values-based work principle of responsibility did not go on to strengthen acceptance of new “ethical” standards. These findings suggest that, in the Defence context, values-based work principles had not been linked successfully with new codes for dealing with conflict of interest issues relating to employment.

Table 9.6: Paths in the final model of acceptance of new “ethical” standards with standardized Beta Coefficients

Paths in acceptance of new “ethical” standards	Standardized beta coefficients
Values-based work principles → Acceptance of new “ethical” standards	.08***
<i>Direct effects</i>	
Rank → Acceptance of new “ethical” standards	.12***
Exposure to training → Acceptance of new “ethical” standards	.06***
Perceptions of local work culture → Acceptance of new “ethical” standards	.09***
Rules consciousness → Acceptance of new “ethical” standards	.22***
Security Values → Acceptance of new “ethical” standards	-.13***
<i>Indirect effects</i>	
Rank → Values-based work principles	.11***
Harmony Values → Values-based work principles	.23***
Security Values → Values-based work principles	.12***
Perceptions of local work culture → Values-based work principles	.17***
Rules consciousness → Values-based work principles	.04***

* p. < .05, ** p. < .01, *** p. < .001.

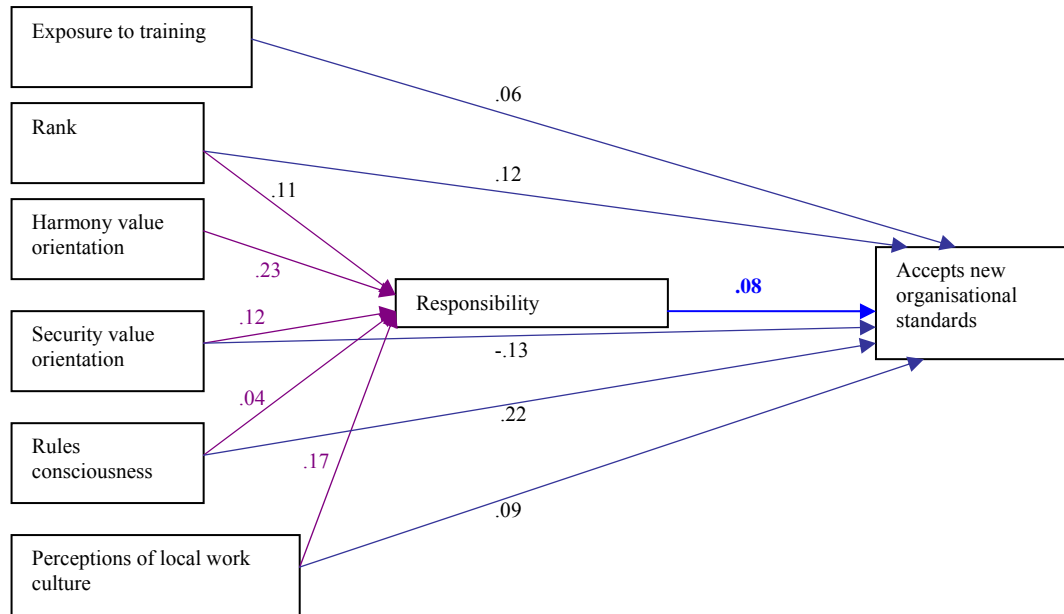


Figure 9.3: Results of Path Analysis showing *Responsibility* (combined responsibility and honest reporting) as mediators between structural location, local work culture, social values, rules consciousness and acceptance of new “ethical” standards

This raises the question of what does directly influence the acceptance of new “ethical” standards. The most important factors from Figure 9.3 were rank, exposure to training, rules consciousness and local work culture. Rank and perception of local work culture were common elements in the models in Figures 9.2 and 9.3, contributing directly to compliance with traditional regulatory standards and acceptance of new ethical standards. Notably, more important for acceptance than compliance was rules consciousness, which like *Responsibility*, has a role in the compliance model. As discussed below, acceptance of new “ethical” standards has less to do with shared values than obeying authority.

In the compliance path diagram in Figure 9.2, the social values of harmony and security boosted compliance directly, albeit weakly. In contrast, the acceptance path

diagram in Figure 9.3 shows harmony values playing no role and security values playing a negative role. In other words, those committed to security values were least accepting of new ethical standards.

Possibly, those who were security conscious considered the new standards improper constraints on their freedom. In the current example, strong supporters of security values may perceive that the new standards were eroding important workplace entitlements associated with the experience and knowledge individuals acquire as Defence employees. They may believe that the knowledge is theirs acquired through their efforts and they should be permitted to benefit from this knowledge in the future. Their belief that Defence is wrong in limiting their ‘human’ capital through intellectual property appears to be engendering resistance among those with a strong value position at the outset.

9.3 Location variables

It was hypothesised that those who hold higher rank in Defence’s bureaucracy are privileged in the knowledge and experience they have of values-based management. These privileges include opportunities to come to understand and accommodate values-based principles through training and experience. Such experience or immersion in the professional culture of Defence should contribute to higher levels of compliance with traditional regulatory standards and acceptance of new “ethical” standards. It was expected that those with higher rank would be more likely to commit to responsibility as a values-based work principle, and this in turn would procedure organisationally compliant decisions.

Apart from rank, exposure to training was expected to assist individual employees in their efforts to adjust to values-based management. It was hypothesised that training would be associated with a higher commitment to the values-based work principle of responsibility, higher compliance with traditional regulatory standards and higher acceptance of “new” ethical standards.

Path analysis, in the main, supports these hypotheses. Employees of higher rank and with exposure to training were more capable of making decisions that demonstrated compliance with traditional regulatory standards and acceptance of new “ethical” standards. Only rank worked through values-based work principles, however. Higher ranks showed greater support for the combined values-based work principle, *Responsibility*, than lower ranks, suggesting that higher ranks had internalised values-based work principles and through doing so were making decisions that were congruent with the expectations of the organisation. In contrast, lower ranks had been less successful in internalising these values and were less able to make organisationally congruent decisions. It is of note that the pathway from rank to commitment to responsibility to compliance with traditional regulatory standards was stronger than the pathway from rank to commitment to responsibility to acceptance of new ethical standards. Values-based management was assisting the pathway to compliance but not to acceptance. This issue will be discussed later in this chapter. It appears that the training programs were effective in getting the desired outcomes (that is, correct decisions) but were not effective in instilling a sense of responsibility and honest reporting in attendees. Whether or not training programs are suitable for instilling values of responsibility and honest reporting in staff is a question for future research. Training may be more suited to showing those who hold such values how

they should act upon them in the workplace. The path diagrams suggest values-based management have been their source closer to home – their role (rank), psychological makeup and their local work culture.

9.4 Local work culture

Where the local work culture was procedurally fair, and where decision making was inclusive and transparent, it was hypothesised that employees would be more likely to have the confidence and knowledge to embrace values-based management at the values level and the behavioural level. It was expected that where in the local workplace culture involved supervisors cultivating employee trust, respect and inclusiveness, then employees would learn compliance with traditional regulatory standards and acceptance of new “ethical” standards just by being part of the group. Two pathways to “getting it right” were therefore considered plausible. Employees would model themselves and their decision making on others in the group, or employees would discuss decisions with others in their group and accept responsibility for learning to make such decisions through engagement and dialogue with peers and their supervisors.

The analyses in this chapter confirmed both pathways to organisationally congruent decision making. A supportive work culture strengthens commitment to values-based work principles of responsibility and honest reporting which in turn increases organisational decision making. A supportive work culture also has a positive effect on organisationally congruent decision making directly.

9.5 Value preferences

9.5.1 Social value orientations

It was hypothesised in Chapter 3 that endorsement of the social values of harmony and security would enhance prospects of organisationally congruent decision making (both compliance and acceptance). It was hypothesised that both security values and harmony values needed to be high if employees were to adopt values-based management willingly. The reasoning behind this proposition was that the security oriented would have confidence in their senior officers and follow directions but would be wary of change that gave more decision making responsibility to junior ranks. Being harmony oriented would offset this concern and would justify the inclusion of junior staff in the decision making process.

Path analyses showed that commitment to social values of the security kind and the harmony kind was associated with endorsement of the combined values-based work principle, *Responsibility*. While the harmony values scale was a strong predictor than the security values scale, both were significant and important in supporting endorsement of *Responsibility*.

It was also expected that the social values would make it easier for individuals to make organisationally congruent decisions. They would be more prone to put the interests of the organisation ahead of their own. The path analysis revealed results that in part were consistent and in part inconsistent with the hypothesis. The consistent findings showed harmony and security values increasing compliance with traditional regulatory standards. The inconsistent findings showed commitment to security values being associated with reluctance to accept new “ethical” standards.

This result suggests that the new standards are not being defended or justified in terms of basic social values that lie at the heart of both individual employees and the organisation. Given the relatively poor support overall for the new standards, this appears to be an organisational problem rather than an individual problem in that appropriate discussion and explanation to support the introduction of these new standards has not been communicated to employees in terms that make the standards morally defensible.

9.5.2 Rules consciousness

In Chapter 3, I argued that the organisation's tradition of following rules and being obedient to authority would contribute to organisationally congruent decision making providing individuals knew what the organisation's expectations were. If the individual's rules consciousness was at odds with values-based management, then those who supported the rules would be less compliant.

Path analyses showed rules consciousness contributing quite strongly and positively to both outcome variables. Rules consciousness was associated with higher compliance with traditional regulatory standards and acceptance of new "ethical" standards. Rules consciousness was also positively, though very weakly, related to the endorsement of values-based work principles illustrating the ways in which allegiance to values and rules reinforce each other.

Of importance is the way in which rules consciousness supplemented rather than undermined the acceptance of values-based work principles. The compatibility and interdependence of rules and principles has been recognised in other regulatory

contexts (Braithwaite, 2002; Picciotto, 2007). In large traditional bureaucracies, regimes of rules were developed as a practical way of managing complexity (Selznick, 1969). Complexity may be detrimental to obtaining compliant organisational outcomes if processes are not standardised to reduce misinterpretation.

None of these negates the role of principles. The use of broad guidance provided through principles (values) may provide employees with useful frames of reference to make decisions without having to constantly refer to the rule book. Nonetheless, Braithwaite (2002, p.47) argues that “consistency in complex domains can be even better realised by an appropriate mix of rules and principles than by principles alone.” Moreover, the utilisation of routines, that is, passing the message via standard, shared processes and procedures, has been shown to be a good mechanism for increasing compliance (Heimer, 1998). Ideally, rules should not ‘lose touch’ with the principles and values from which they are derived. In practice, rules can develop a life of their own, being developed to serve the interests of powerful groups, not the collective. The findings in the next section provide insight into this problem.

9.5.3 How do rules and principles coexist in Defence?

I argued in Chapter 3 that principles should work to increase compliance in Defence. Rules and principles should come together in contexts where a workplace is well managed, feedback and discussion is encouraged, and goal setting moves employees in the direction of adopting rules that match principles. Psychologists offer a number of explanations for how this happens. For example, supervisors who model the organisation’s beliefs and processes provide opportunities for employees to learn to make the “correct” decisions and observe the “correct” way of doing things

(Bandura, 1987, 1997, 2000). Similarly, well-run workplaces offer conditions and practices that tend to foster inclusive cultures. If employees feel they belong and their immediate workgroup becomes a reference group, they will take on board values-based principles and learn to use them to make decision. Both avenues promote capacity and willingness to make decisions that comply with those of the organisation (Tyler, 1997).

Under these circumstances, well-run workplaces that encourage values-based management and are inclusive and procedurally fair, are likely to encourage development of rules that are congruent with the organisation's principles, enable employees to apply them and contribute to employees being better placed to make "correct" decisions.

The hypothesis that a strong sense of responsibility and honest reporting (procedural transparency) reflects employee empowerment to get to know the workings of values-based management and this would lead to a strong capacity to make decisions congruent with the organisation's expectation has received support in this study in relation to traditional regulatory standards.

The aspect of the findings that departed from the hypothesis involved acceptance of new "ethical" standards. Unexpectedly, and the values-based principles are contributing only in a very minor way to acceptance of new ethical standards.

Furthermore, these new standards have not been embraced by others in the organisation who might be expected to act as their champions. Interestingly and counter to the other findings, support for security values is undermining acceptance. There appears to be a shared social value base for mounting opposition to these new

standards.

9.6 Conclusion

Results in this chapter highlight how the principles of values-based management associated with responsibility and honesty contribute to employees' capacity to make decisions that are congruent with the organisation's expectations, when the focus is on traditional regulatory standards. This is less likely to be the case for new "ethical" standards. Indeed, the weak relationship with new "ethical" standards suggests the potential strength of the values-based management approach but weakness in its implementation. Standards should not be imposed by Defence, but rather discussed and debated in line with a values-based management approach. This point will be taken up in the next chapter.

At this stage, suffice is to say that the good fit between values-based work principles and compliant decision making suggests that these values have been built over time and that values-based management actually fitted with the old standards of responsibility and public service. Values-based management does not fit, however, with the new "ethical" standards, which have been implemented without sufficient explanation that would provide employees with a rationale that enables them to be considered just and fair. The result is a breakdown or weakening of the pathway linking values-based management and compliance. The loss of a link between values-based management and compliance means that those who think the new standards hurt them personally will resist. This is an organisational problem in that values-based management cannot be promoted while new standards are being imposed on employees without explanation of the connection. The weak statistical

connection between values-based work principles and acceptance of new standards and the resistance shown by those who support security values demonstrates clearly that there is little connection here in employees' minds.

While endorsement of the values-based work principles of responsibility and honest reporting were hypothesised as being central to employees' capacity to make "correct" decisions under values-based management and NPM, path analysis showed this not to be always the case. The analysis supported a partial mediational model demonstrating that employee compliance with traditional regulatory standards and acceptance of new "ethical" standards is influenced by other factors as well: social values, rules consciousness, organisational rank, training and experience of the local work culture.

Rank and rules consciousness are among the strongest direct predictors of traditional regulatory standards and acceptance of new "ethical" standards. This is in keeping with Defence's traditions of managing through command and control. Rank, and to a lesser extent rules consciousness, however, also assisted employees in taking on board values-based work principles.

Exposure to training enhanced both compliance and acceptance directly but training had no relationship with the values-based work principles indicating that employees may be learning to make the right decisions but they do not see the connection between their training experience and embracing the workplace values of responsibility and honest reporting. The training is successful in shaping behaviour but is not touching the deeper level of work values.

While training may not have got to the heart of instilling values-based work principles, experience in a work culture that practiced procedural justice, fairness, and respect did. Where employees were surrounded by quality management who were practicing and teaching staff to operate within a values-based management paradigm, both endorsement of values-based work principles and organisationally congruent decision making were high.

The path analyses showed that commitment to social values is important not only in enabling employees to take the step to endorse values-based work principles but also in eliciting organisationally congruent decision making. Theoretically, it makes most sense to think of social values predisposing employees to put the interests of the collective ahead of their own interests. If employees care and want to contribute to a world which is secure and where people work cooperatively and harmoniously with each other, they are more likely to step up to accept responsibility and honest reporting and to think of the interests of the organisation when making decisions. From this theoretical viewpoint, it is therefore particularly important to note that harmony values are not related at all to the acceptance of new “ethical” standards and security values are negatively associated with acceptance. The new “ethical” standards are clearly meeting with value resistance in some quarters of the organisation.

Values are organisationally important, but they are often undervalued in the day to day functioning of organisations. Values are not actively promoted, nor are those who show commitment to their values in the workplace, particularly if their values lead them to resist the organisation’s hierarchy. Defence, like other public sector

institutions, rewards outcomes and therefore may be neglecting opportunities to strengthen particular pathways. Given the results of the path analysis, it seems plausible to suggest that rewarding workplaces and supervisors, who actively pursue values-based principles and practices, is a way to connect values-based management to compliance with traditional regulatory standards and facilitate the acceptance of new standards. Note this is not precluding change of the new standards in light of consultation and deliberation in the organisation.

The central argument of this study was that values-based work principles would be fundamentally important in facilitating higher levels of organisationally congruent decision making. The study revealed certain conditions which need to be met in order for this to occur. First, well managed workplaces, in which supervisors encourage fairness and justice in decisions and procedures, and are inclusive in their treatment of employees, increase the likelihood that employees will make organisationally congruent decisions. A values-based management culture requires the willingness of managers and supervisors to demonstrate support for these values in the workplace and prevent the development of cynicism which arises when managers fail to 'walk the talk'.

Second, well managed workplaces appear to be an important adjunct to training programs that impact on decision making outcomes more than process. The present results suggest both are important and complement each other when an organisation is undergoing change.

Third, while overall support for values-based work principles is fundamentally

important, the presence of a strong rules consciousness is also an important part of Defence's culture, for good and for ill. These findings show that rules consciousness facilitates compliance where imposed change has not been communicated well in an organisation. The use of routine (established processes and procedures) is an important and practical mechanism which acts as an adjunct to principles during a transition to new workplace standards. In keeping a complex organisation functioning in periods of social change, rules consciousness is an asset to the organisation. For those who feel concern that rules consciousness exposes the organisation to committing atrocities, and for abusing human rights, the point is well taken. The glimmer of hope in these findings is that social values – the values that employees share with their society – can place a brake on organisations that fail to listen to the concerns of their employees. This voice may not always be heard and attended to in a timely fashion, but ultimately it holds organisations accountable for their actions.

In the next and final chapter, I draw the threads of the analysis together in a closing discussion and identify possibilities for further research. Limitations and strengths of the current research are also discussed.

Chapter 10

CONCLUSION AND RECOMMENDATIONS FOR FUTURE RESEARCH

10.1 Introduction

NPM has met with more criticism than praise during the history of its implementation in the Australian Public Sector. However, it has been implemented and public servants, having a job to do, must do it in the world they are now experiencing. From the outset, this thesis sought to explore how values-based management, a key element of NPM, was being implemented in an Australian Public Service organisation, the Department of Defence. The thesis adopts a methodological approach (see Chapter 4) that was in accordance with Layder's adaptive theory (1993, 1998), and is therefore grounded in the experience of Defence. Having said this, it should be noted that there are common issues pertinent to all APS staff arising from the implementation of NPM and therefore the study has some relevance for the public service in general.

Values-based management offers public servants the possibility of an interesting job because it promotes a workplace philosophy that endorses efficiency, responsibility and transparency. This study was undertaken to show how values-based management might assist employees at all levels to make decisions that would be congruent with the organisation's expectations and standards in light of the change processes brought about under NPM. It was argued that successful implementation of values-based management is contingent upon the extent to which the organisation as a whole endorses the NPM principles of responsibility and accountability (procedural

transparency). Impediments to success may arise from traditional bureaucratic structures that survive the change process, and from experiential and normative factors that characterise individual employees. In determining success of implementation, the outcome variable, extent of organisationally-compliant decision making, was necessarily narrow but analysis revealed a far more complex cognitive process of decision making occurring for employees than was initially expected.

While the current study explores, at a broad level, organisational behaviour, which has extensive research roots across many academic disciplines, the thesis draws particularly on Selznick's (1979, 1992, 1996) theories of personal, institutional and community moral experience and regulatory compliance in institutions; Braithwaite's (1982, 1994, 1995, 1998a, 1998b, 1999, 2003, 2004, 2005) theories of regulatory postures and social values research; Tyler's (1997, 2001) theory of procedural justice and Schein's (1984, 1990, 1992, 1996, 2004) theory of organisational culture to assist in explaining compliant decision making in complex organisational settings.

The research sought to explore the effects of imposing a new regulatory framework (which includes values-based management) on employees within a complex institution, specifically the Australian Defence Organisation. Drawing from Layder's (1993, 1997) adaptive theory, the research sought to confront Trevino's (1986, 1992) concerns about context and relevance, particularly when the phenomena under investigation (values-based management) were situated in macro institutional regulation, and limited research had been conducted into the behavioural effects at the micro levels of organisation. To assist understanding of the context

within which values-based management was being implemented, I sought initial information from Defence personnel as the basis for the development of a measure of decision making. This approach helped in addressing the contextual problems of theory testing in applied settings, and established a basis where a model of compliance could be developed and tested based on the distillation of the extensive theory surrounding organisational behaviour and compliance.

I shall describe these results first according to the hypotheses and discuss their implications for the broader public sector employee¹. Then I will suggest some regulatory interventions supported by the findings. This will be followed by a discussion of the limitations and strengths of the research, and conclude with suggested future directions for research which might arise from this study.

10.2 Summary of main findings

Path analysis supported research which claimed that complex institutions require contextual, ‘multi-mechanism’ strategies to solve regulatory issues (Braithwaite, 1993). Four groups of predictors (location variables of rank and awareness training, local work culture, social values of harmony and security, and rules consciousness) were found to contribute to compliance with traditional regulatory standards and acceptance of new “ethical” standards in the Defence organisation. In all cases, except awareness training, these effects were mediated to some degree by the values-based work principles of responsibility and transparency. Of particular significance was the serendipitous finding that the principles of values-based management, responsibility and procedural transparency, were effective in their capacity to

¹ To facilitate discussion, this broad term also includes military personnel, who, within Defence, are referred to as “members”.

mediate in the prediction of traditional regulatory standards but they were less so in increasing acceptance of new “ethical” standards amongst Defence personnel.

The following section summarises the findings in order of their presentation in the thesis. Structural location findings are discussed first, exploring the effects of organisational factors, along with demographic characteristics, which may act to impede the implementation of values-based management. This is followed by an examination of work experience, specifically, what are the effects on decision making when employees are immersed in a local work culture which enables the practice of values-based management. The third set of variables explores how broader social values and rules consciousness increase compliance with traditional regulatory standards and acceptance of new “ethical” standards. Finally, an assessment is made of the mediator variables, the values-based work principles of responsibility and transparency and the part they play in are shaping compliance with traditional regulatory standards and acceptance of new “ethical” standards in an organisation that had undergone reform under the NPM philosophy.

10.2.1 Structural location

Overall, the hypotheses, which argued that bureaucratic structures would impede employee capacity to adapt to change through the implementation of values-based management, were supported for those employees who were less enmeshed in the culture of Defence. Civilians, junior ranks, those isolated geographically and with less contact and responsibility within the organisation were identified as belonging to these marginalised groups and at risk of “getting it wrong” through the organisation’s eyes in their decision making. However, in the final analysis, few social

demographic or location variables contributed to compliance or acceptance. Of some interest was gender. Women were regarded as a marginalised group, but on the whole, literature on gender differences suggests women are more compliant than men. The findings from this study were consistent with these trends. Gender differences were evident in multifactorial regression analysis but these were not strong enough to affect compliance or acceptance of new “ethical” standards in the final analysis. Civilian and military differences also disappeared in the final analysis.

Rank was the strongest location predictor. Even when other variables were controlled that represented knowledge, loyalty, inclusiveness and commitment, traditional hierarchical structures in Defence privileged higher ranks. Conversely, the hierarchical rank structure disadvantages junior ranks. This finding supports a more general proposition that those who were socially distant from the central decision making authority are placed in a poor position for coping with organisational change. The findings outlined below relating to knowledge, positive support, inclusive work culture, and values that reflect obligation to the collective reinforce the significance of this assertion.

An intervention program which exposed employees to awareness training was associated with higher compliance with traditional regulatory standards and higher acceptance of new “ethical” standards. These effects occurred in isolation of values-based principles, suggesting that employees were not making the connection between training and values-based management. One possible explanation is that the training program was viewed as a compliance program fostering prescriptive solutions to workplace problems rather than promoting a values-based approach which facilitated

trust and empowerment.

10.2.2 Work experience: Local work culture

Where local workplace culture reflected practices consistent with a values-based management approach in action and employees felt included and empowered by the process, it was hypothesised that they would solve workplace problems in ways that were consistent with organisational standards. In support of the hypothesis, local work cultures that were inclusive, empowering and procedurally fair were effective in facilitating compliance with traditional regulatory standards but were weaker in their ability to facilitate acceptance of new “ethical” standards. The finding that these types of work cultures also facilitated acceptance of new “ethical” standards, albeit to a lesser extent than with compliance, suggested they may be providing opportunities to fill an information gap about values-based management evidently not provided by training.

Empowering, procedurally fair work cultures are not the exclusive domain of values-based management but they provide evidence that good management practices are operating and help to facilitate the implementation of a values-based model of management. Supporting this proposition was the strong link between local work culture and endorsement of the values-based work principles of responsibility and honest reporting.

In the regression analysis in Chapter 7, attachment to Defence as an employer was an important predictor of acceptance of new “ethical” standards. It proved less important in predicting compliance once local work culture was in the equation. The

attachment measure represented the more impersonal benefits Defence offers employees – career, training, support etc. It is of significance that local experience outweighs these benefits.

The finding suggests that the local workplace experience has a significant role to play, not only in gaining employee compliance, but also in how they perceive the introduction of new standards.

10.2.3 Social values

Braithwaite's earlier research found connections between social and personal values, and also that values, in general, were stable over time (Braithwaite & Blamey, 1998). In this study, social values were related to the values-based work principles, *Responsibility* and *Honest Reporting* (procedural transparency). Strongly supported social values acquired as a member of the broader society enhanced the likelihood of employees embracing the values-based work principles of responsibility and procedural transparency in Defence, both of which led to decision making that was compliant with traditional regulatory standards². However, while social values strengthened support for values-based work principles, they did not enhance acceptance of new "ethical" standards. Moreover, those who supported security values were reluctant to accept these new "ethical" standards, suggesting that the new standards were not embedded in the culture and have been justified neither in terms of the values of the organisation nor in terms of broader societal values. As the new standards overall were not popular among employees, there appears to be an

² There are important implications of this finding for attempts to transplant Western defence cultures elsewhere (for example, Australian Defence values in Pacific Defence organisations through training). Coherence may only be accomplished in their defence cultures when these cultures cohere with the values of their own societies.

organisational issue in not providing an appropriate context for them to be introduced and communicated throughout the organisation. The exception is that the more senior levels who had better access to information (and therefore are more knowledgeable) about the change process were more accepting of the standards, in spite of their commitment to the shared social values of harmony and security.

These findings suggest that there are many different paths to achieving organisationally congruent decision making. Social values have a cohesive effect in organisations, but so do inclusive practices that enable and empower employees to feel an important part of the organisation and therefore more likely to accept new standards. Social values work to hold employees to an organisation unless it introduces a rule or standard that employees reject because it is seen to be “value offensive.” In this situation, an employee’s rules consciousness may be the determining factor in acceptance.

10.2.4 Rules consciousness

Central to the thesis was the notion that bureaucratic structures and traditional culture would be impediments to employee capacity to acquire new decision-making skills. It followed that support for the old ways would materialise in strong support for bureaucratic values about following rules, and place pressure on employees who were expected to assume a greater level of personal responsibility for decisions they made (whether correct or incorrect). It was hypothesised that the extent to which the traditional principles of bureaucracy were supported (that is, rules consciousness) would reduce the likelihood that employees would endorse new principles of values-based management.

These hypotheses were not supported as expected; yet the findings yielded some important insights. There is little doubt that a high level of rules consciousness exists across Defence indicating the strong presence of a bureaucratic public service culture that demands employee attention to rules and procedures. Where high level of rules consciousness exists on their own, the expectation would be that compliance with traditional regulatory standards would be lower because of an overdependence on the rule book which slows decision making and encourages risk avoidance. In the current study, however, rules consciousness was positively related to values-based work principles and contributed to the overall increase in organisationally congruent decision making. Of particular significance is that rules consciousness was the strongest predictor of acceptance of new “ethical” standards, a further indicator of the importance of rules when an organisation has not been successful in justifying new standards in a values-based context. This indicates that there is no trade-off occurring and that rules and principles are complementing each other to achieve organisationally congruent decision making. These findings support Braithwaite’s (2002) assertions that the best approach for achieving compliance in areas of complex decision making is with a mix of principles and rules.

10.2.5 Values-based work principles

The central theme of this study was to examine the effects of values-based management, the tool of NPM, on employee capacity to make organisationally congruent decisions. Values-based management is part of a change program implemented in Defence through the Defence Reform Program with a view to improving efficiency and effectiveness of Defence management processes, and promote a greater level of employee responsiveness to organisational and

government objectives. It was hypothesised that a heightened sense of responsibility and honest reporting (procedural transparency) is central to employee empowerment and values-based management, and would lend itself to increasing organisationally congruent decision making. Results highlight the importance of the principles of values-based management in increasing the capacity to make decisions in accord with organisational standards. Their effect in enhancing acceptance of new “ethical” standards, however, is far less impressive and most interesting from the point of view of governance.

The good fit between values-based work principles and compliance with traditional regulatory standards suggests that these values have been built covertly over time and that values-based management actually fitted with the old standards of responsibility and accountability promoted within the public service. The ideas were familiar and the change mainly concerned the contexts in which employees were now able to exercise these values. Values-based management does not fit, however, with the new “ethical” standards, which have been implemented without sufficient explanation of the context and background enabling employees to consider them as just and fair. The result is a breakdown in the pathway linking values-based management and acceptance.

The absence of a link between values-based management and acceptance means one of two things. Either the new “ethical” standards are not “ethical” if one views the rightness or wrongness of action from a security values perspective, or alternatively, the discussions have not taken place to explain how the new ethical standards are “acceptable” and “appropriate” within a security frame of reference. Which of these

are true is not the concern of this thesis. What can be said with some confidence is that many Defence personnel think that the new standards will hurt them personally: Their prospects of future employment and success are damaged.

From a security values perspective, it would appear wrong for Defence to handicap people who had given loyal service in this way. Individual effort and achievement should be rewarded not punished. Resistance to the new standards may therefore be coming from those with skill, knowledge and dedication in the organisation. This is an organisational problem. It shows that values-based management cannot be promoted while new standards are being imposed on employees without hearing resisting voices and without explanation of the values connection. On a positive note, it shows that when values-based management is successfully implemented, employees do think for themselves and express their views. While Defence may not appreciate being questioned about their new “ethical” standards, there are organisational benefits from thoughtful feedback and insight from employees. Listening to resistant employees with a security values orientation is an opportunity to show respect, to emphasise how their loyal service is honoured, but to engage with them on why value change is needed. The data suggest that this respect can in itself foster compliance.

10.3 Implications for Defence

The findings showing that support for the principles of values-based management was associated with more organisationally congruent decision-making illustrate that many Defence employees are willing and able to work effectively within a values-based management system. However, more research is needed to determine how well

accepted values-based management has become, and whether it can confidently be claimed that Defence employs a principle-based approach to decision making. As this study has shown, there are many pathways to organisationally congruent decision making, not all of them are values-based and probably not all of them involving careful deliberation.

While the search for learning the art of values-based management continues, public service organisations must continue to operate with as much integrity and efficiency as they can. As it becomes increasingly difficult (many would say undesirable) to practice close surveillance and review every decision that is made by employees under NPM, it is useful to identify the formal and informal regulatory mechanisms that can be put in place to ensure that decision-making standards remain high and conform to the public service standards outlined in Table 1.1 in Chapter 1. This thesis recommends therefore the following regulatory interventions:

10.3.1 Methods of decision making

From the evidence presented, there is clearly more than one route to achieve decision-making that is congruent with the organisation's goals (see Braithwaite, 2002, Tetlock, 2002). There are multiple routes for compliance with traditional regulatory standards and acceptance of new "ethical" standards; hence multiple levels of intervention are necessary to achieve the desired outcomes. The best chance of successful implementation is where the local work culture is inclusive and procedurally fair and the local supervisors are prepared to trust and empower their staff to make decisions, providing them with the support and training they need.

10.3.2 Maintaining clear rules

Under a values-based model of management, the use of rules as an important basis for decision-making is diminished. While research has shown that a workplace that relies too heavily on rules can ultimately be burdened by the problems of rule complexity and rule conflict leading to employee passivity, frustration or game playing, some employees prefer a system of rules, and their rule consciousness helps them make decisions that are in line with the organisation's expectations. Moreover, as mentioned earlier, the results suggest that no trade off has occurred and that a mix of rules and principles that cohere appear to be working to achieve an increase in decision making that fits with the organisation's standards.

10.3.3 Values-based principles are important

Promoting values-based principles of responsibility and honest reporting does appear to be helpful in ensuring a high standard of decision-making. This was the strongest pathway for conventional aspects of the organisational standards, which protect against fraud and theft. However, principles did not guarantee support for new standards that were more contentious within the workplace even though these standards were defended by senior managers as important for ensuring that the process of contracting out work was competitive, fair and open. The problem would appear to be a genuine social dilemma for the organisation. The individual's employment prospects post-separation are compromised by denying employees the right to benefit from the knowledge acquired through their work in Defence. In this sense, employees may see some of their skills being "traded off" as part of the organisation's outsourcing process. This problem indicates the need for the organisation to enter dialogue and debate, accepting the challenging of

‘contextualising’ its values in relation to this dilemma, thereby facilitating understanding, particularly for employees who are at a social distance from the central decision makers.

It may be that some employees will never be won over by the case the organisation presents. But at least if the organisation presents its case respectfully in values terms, it can be respected for acting in accordance with its principles, that is, showing integrity.

10.3.4 Encouraging high management standards at the local level

Working in an environment where high management standards were practiced promoted organisationally-compliant decision making. High management standards such as good communication and reward for good performance and fairness are not peculiar to NPM, but are generally held up as best practice. Work areas practising high management standards also promoted values of responsibility and honest reporting. There appeared to be seamlessness between practice, values and the idea of values-based management as a new organisational system. Recognition and reward for employees who demonstrate the highest standards and support of values is a way Defence can reward not only outcomes but also excellence in procedural standards.

10.3.5 Assistance in overcoming the displacing effects of culture

From a cultural perspective, being located at a distance from where decisions are made in line with organisational objectives seriously undermines capacity. As expected, some of these location variables dropped out of the regression when the process variables of workplace culture, commitment to values and obligations were

added to the regression models. Organisations or parts of organisations where workgroups can insulate themselves, avoid scrutiny or questioning and thereby avoid confronting new ways of doing things are at a considerable disadvantage. The negative effect of isolation, whether physical or psychological, needs recognition and steps taken to ensure that employees who have been “left behind” in the change process are well supported in these situations.

10.3.6 Acknowledging role models

There are individuals who come to an organisation with a heightened sense of making decisions in a way that is congruent with the organisation’s decisions. Some recognition needs to be made for these individuals who are likely to provide the best role models for values-based management in the organisation, particularly those with the leadership qualities to share their knowledge and skill with others.

10.3.7 Benefits of awareness training

Although not a mandatory requirement at the time, awareness training appeared to have a positive effect, contributing independently to higher organisationally congruent decision making. Training was somewhat more highly related to compliance with traditional regulatory standards than to acceptance of new “ethical” standards. The study’s results, particularly the path analysis, suggest that awareness training was perceived as a program that focussed on prescriptive compliance and lacked connection to the values-based work principles and values-based management. Training that is focussed on particular problems tend to have better outcomes than training that deals with general issues that are not contextualized (Grasso & Kaplan, 1998). Perhaps future programs also need to incorporate

components on generalising to principles from more detailed case studies. This might improve perceptions of relevance and arguably thereby increase attendance.

10.4 Limitations of the research

There are four broad issues that limit this research. The first is that, as a field study, it was designed specifically for the evaluation of a public service organisation that has unique functional qualities, that is, the military aspect of Defence. While there may be some parallels with paramilitary organisations such as the federal and state police in Australia, its relevance as a military institution to other public sector organisations should be looked at with caution. Moreover, as a study of a single agency, the research is limited in the degree to which it can generate general propositions about the public service, except perhaps by inference where structures and processes within the Defence organisation are replicated across the Australian Public Service.

As with all field research that utilises a self-reporting survey format, there are reduced controls over the instrument distributed to the study's subjects, and the researcher had to depend on the accuracy of the organisation's internal databases and delivery systems to facilitate an accurate sample and timely response.

A second limitation lies in the compromises associated with establishing construct validity of some of the scales. The study was designed to capture situations specific to those experienced in the department. Ideally, established scales from the literature would have been used alongside the special purpose scales used in this study. A more modest improvement would have involved strengthening the attachment scale by adding items from established organisational commitment scales, such as those

developed by Meyer et al. As it is, the study attempted to deal with the issue of scale reliability and validity through the use of careful pilot testing and exhaustive scale analyses.

Thirdly, as raised in Chapter 4, one of the major limitations of the data set is its cross-sectional nature. Therefore, it is not possible to draw conclusions about the causal relationship between variables. Theory may suggest directionality and path models may show that certain directions are plausible. But from the data collected at one time point in this survey, claims cannot be made that one factor causes a particular outcome and that the reverse direction of the relationship is empirically false. Longitudinal studies are required to clarify these results.

Finally, in examining the effects of the implementation of values-based management in Defence, there is an underlying assumption that Defence is a complex hierarchical organisation. That is, undergoing a major reform program in line with NPM philosophy. However, the study did not seek to investigate change from a broader perspective, or incorporate general measures of change which might examine behaviour before and after the implementation of the program. This would have provided a better understanding of the direction of the relationships between the predictors and the outcome variables.

10.5 Strengths of the research

The size of the sample and sound response rates provided confidence that the various groups and levels within Defence were well represented. In a study that placed importance on understanding decision making at the margins, a quality sampling

frame that gave every employee the best possible chance of participation was important. Needless to say, at the end of the day, participation was voluntary. Suffice to say that disgruntled voices were represented in the survey. The overall results conveyed problems and did not reflect a picture perfect organisation.

Factors that limit the research also serve as strengths when making inferences about the organisation. For example, focus groups and pilot testing of the instrument enabled the researcher to identify the specific factors that were impinging on the organisation as a result of the imposition of new standards (see Layder, 1993, 1997). This information could then be used to develop the scenarios and items of the dependent measures, and give the study an impressive amount of ecological validity.

In developing the dependent measures, the use of scenarios was an innovative way to obtain an understanding of employee reactions to workplace situations across a range of settings. Scenarios engage respondents where abstract concepts do not because, if the scenario is sufficiently realistic, it provides a strong workplace image with which respondents can readily relate. By assessing responses across a range of situations, the researcher is able to gather information about the way decisions are made at work, and establish construct validity for the scale's measurement. In addition, scenarios were sufficiently generic in their assessment of the public service codes of conduct that they could be applied with little amendment to various work settings across the public service.

A further strength of this study is the use of multivariate analyses making it possible for factors to be extracted which are thought to exert independent and unique effects

on decision-making in Defence. The sample size and the scope of the measures used in the study from location to workplace, to general community values enabled the researcher to test the hypothesised models of organisationally congruent decision making using multivariate analyses and subsequently path analysis.

Finally, an extensive assessment of the multiple facets of the organisational insight into how both micro and macro levels of organisational functioning are important in shaping outcomes. The way an organisation is structured, most evident in rank, plays an important role. So too does the organisational training program, facilitating individual performance at some levels (decision making) but not at others (adapting values-based work principles). What is happening in the workplace at the group level, as reflected through employees' perceptions in this study, plays an important role too as an indicator of the change program. Finally, the study produced evidence that the psychology of the individual matters alongside the group and organisational factors.

10.6 Recommendations for future research

The results of this study show organisationally congruent decision making as being considerably more complex a construct than is assumed in organisational settings. It is not just about having principles and rules, but also about how, when and why they are used. This study suggested that it is the individual's social and cognitive assessment of each of the standards of conduct under varying conditions, which serve to influence his or her intention to comply. However, the limitations of the study prevented broader generalisations being made across the public sector without further empirical testing.

To validate this methodology, scenario-based assessment requires replication in other organisational settings. It would also be useful to supplement survey data with behavioural measures of non-compliance as a further means of validating the scenario-based assessment methodology as a legitimate tool for assessing workplace compliance.

More empirical research should be applied to public organisational settings to build a body of knowledge about factors which contribute to employees' capacity and willingness to act in accordance with an organisation's directives during times of stress, as occurs during a major reform program. Comparisons between public and private sector organisations could be useful to identify whether values-based management generates different outcomes in the public sector from those of the private sector.

Without doubt, an organisation's culture is a contributing factor in shaping beliefs, values and attitudes towards compliance (Schein, 1990, 1996, Harrison & Carroll, 1991, Braithwaite, 1995, 1998b). International studies have shown that entrenched, traditional organisational cultures are particularly difficult to work within to influence lasting change, particularly those with a military origin (Black, 1998).

Therefore, to safeguard the organisation and the employee's wellbeing, opportunities for consultation and discussion, and revision of change initiatives are needed in order to fully appreciate the role of organisational culture. Further, to understand the impact of these initiatives on Defence's culture, longitudinal studies are required using measures that can be taken reliably at different points in times.

The analysis in this study identified two main principles that underpin values-based management, *Employee Responsibility* and *Honest Reporting*. The assessment of these principles across a broader cross-section of the Australian Public Service in relation to their influence on organisationally congruent decision making could provide a more global understanding of how principle-based management affects workplace decisions.

10.7 Summary and Conclusion

The findings illustrate the many obstacles that organisations can potentially face in undertaking major reform programs involving the values-based management process of NPM. Drawing from an extensive social science literature, this study presented the basis for the development of a model of organisationally congruent decision making, which sought to explain how values-based work principles were helping or hindering the decision making of employees in a large and complex organisation within the Australian Public Service.

Findings provide strong support for the model highlighting structural location (in particular, rank and access to training), effects of local work culture, rules consciousness and support for social values as possible antecedents to the endorsement of values-based work principles and organisationally congruent decision-making. Importantly, endorsement of workplace principles supports organisationally congruent decision making in areas involving standards that are grounded in these values. Interestingly and importantly, those who endorse values-based work principles are questioning of new “ethical” standards. They are somewhat more likely to be accepting, but such acceptance should not be assumed.

There was an interesting twist, however, in understanding the reaction of employees when confronted with new standards that are perceived to be personally harmful. Acceptance of these new standards occurs when rules consciousness is high, or for senior personnel who are more likely to have access to information that explains why these new standards are important.

Values are important in this study. But in practice they tend to be undervalued in organisations that reward outcomes, typically large public sector organisations. Based on evidence in this study, it seems plausible to suggest that rewarding workplaces and supervisors, who actively pursue values-based principles and practices, is a way to connect values-based management to compliance and facilitate the dialogue that will lead to acceptance of new “ethical” standards.

This study introduces a new method for assessing organisationally congruent decision making in organisations. The use of scenarios as a basis for assessment provides a level of reality that enabled participants in the study opportunities to evaluate how things are done in their own work areas by providing them with familiar contexts. The use of scenarios addresses long held criticisms about the lack of attention to specific workplace situations as a valid measure in organisational research (see Trevino, 1986; Shapiro, Trevino & Victor, 1995).

Finally, this research adds to the vast but largely non-aggregated body of knowledge about individual, group and organisational factors that influence workplace compliance. The strong effect of values-based work principles as a predictor of organisationally congruent decision making and as a mediator between other

individual, group and institutional predictors and compliant decision making inspires further questions that could expand our understanding of the effects of change programs on organisational cultures. For example, will values-based management succeed where other change programs have failed in bringing about permanent change (improvement) in organisational effectiveness? What are the special factors that reduce marginalised groups' willingness to make organisationally congruent decisions? Will their inclusion in intervention programs be sufficient to overcome other cultural impediments to their full participation in the organisation? To what extent do values shape organisationally congruent decision making in organisations sufficiently to demonstrate sustained behavioural change? Can values-based management work effectively in rules-based cultures to bring about increases in organisationally congruent decision making, or is increasing support for values a better option for generating the kind of discussion that allows individuals to commit to workplace standards and not just pay lip service to them? Further research in these areas will assist in bringing about more effective governance in the public sector and contribute to improving ways policy is developed in the public sector.

The interactions between formal, informal, overarching and local rules and practices are likely to be critically important in furthering our understanding of how the public sector can better serve the public 'good' and should form the basis of important future research. Moving in this direction is Braithwaite's (2005) work in defiance in which she argues that the adaptability of organisations in the future depends on their creating institutional spaces for public expressions of defiance. The institutional analysis which Selznick (1992) offers of questioning means-ends work practices and being responsive to ways in which the organisation falls short on integrity also

exemplifies the importance of critically viewing compliance (Tyler & Blader, 2000). This study has provided valuable insight into how voices of dissent come about and how organisations can improve their governance through embodying higher integrity by engaging respectfully with employees and the public alike.

BIBLIOGRAPHY

- Abelson, R.P. 1983. Whatever became of Consistency theory? *Personality and Social Psychology Bulletin*, Vol. 9, pp. 37-54.
- Abelson, R.P. & Levi, A. 1985. Decision making and decision theory. In E. Aronson & G. Lindzey (Eds), *Handbook of social psychology*, 3rd edition, pp. 231-310. Reading, MA: Addison-Wesley.
- Aberbach, J.D., Putnam, R.D. & Rockman, B.A. 1981. *Bureaucrats and politicians in western democracies*. Cambridge, MA: Harvard University Press.
- Ahmed, E. & Braithwaite, V. 2005. A need for emotionally intelligent policy: Linking tax evasion with higher education funding. *Legal and Criminological Psychology*, Vol 10, pp.1-19.
- Ahmed, E. & Braithwaite, V. 2007. Higher education loans and tax evasion: A response to perceived unfairness. *Law and Policy*, Vol. 29, No. 1, forthcoming.
- Ajzen, I. 1991. The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, Vol. 50, 179-211.
- Ajzen, I. 1998. *Attitudes, Personality and Behavior*. Chicago, IL: The Dorsey Press.
- Ajzen, I. & Fishbein, M. 1978. Attitude-behavior relations: A theoretical analysis and review of empirical research. *Psychological Bulletin*, Vol. 84, pp. 888-918.
- Ajzen, I. & Fishbein, M. 1980. *Understanding attitudes and predicting social behavior*. Englewood Cliffs, N.J.: Prentice-Hall.
- Alexander, C. & Becker, M. 1978. The use of vignettes in survey research. *Public Opinion Quarterly*, Vol. 42, pp. 93-104.
- Allen, N.J. 2003. Organizational commitment in the military: A discussion of theory and practice. *Military Psychology*, Vol. 15, No. 3, pp. 237-253.

- Allen, N.J. & Meyer, J.P. 1990. The measurement and antecedents of affective, continuance, and normative commitment to the organization. *Journal of Occupational Psychology*, Vol. 63, pp. 1-18.
- Allen, N.J. & Meyer, J.P. 1996. Affective, continuance and normative commitment to the organization: An examination of construct validity. *Journal of Vocational Behavior*, Vol. 49, pp. 252-276.
- Ambrose, M.L. & Schminke, M., 2003. Organization structure as a moderator of relationship between procedural justice, interactional justice, perceived organizational support and supervisory trust. *Journal of Applied Psychology*, Vol. 88, No. 2, pp. 295-305.
- Amir, T. 1984. The Asch conformity effect. A study in Kuwait. *Social Behavior and Personality*, Vol. 12, pp. 187-190.
- Aranya, N. & Ferris, K.R. 1983. Organizational-professional conflict among US and Israeli professional accountants. *Journal of Marriage and the Family*, Vol. 48, pp. 831-838.
- Aranya, N. & Ferris, K.R. 1984. A re-examination of accountants' organizational-professional conflict. *The Accounting Review*, Vol. 49, pp. 1-15.
- Angle, H.L. & Lawson, M.B. 1994. Organizational commitment and employees' performance ratings: Both type of commitment and type of performance count. *Psychological Reports*, Vol. 75, pp. 1539-1551.
- Angle, H. & Perry, J. 1981. An empirical study of theories of organizational commitment and organizational effectiveness. *Administrative Science Quarterly*, Vol. 26, pp. 1-14.
- Anleu, S.L. Roach 1995. *Deviance, Conformity and Control, 2nd Edition*. Melbourne: Longman Australia Pty Ltd.
- Arbuckle, B. & Wothke, W. 1999. *AMOS 4.0 User's Guide*, SPSS, Chicago.
- Arkes, H.R. & Garske, J.P. 1982. *Psychological theories of motivation, second edition*. Monterey, CA: Brooks Cole Publishing Co.
- Aronson, E. 1968. Dissonance theory: Progress and problems. In R. Abelson, E. Aronson, W. McGuire, T. Newcombe, M. Rosenberg & P. Tannenbaum (Eds), *Theories of cognitive consistency: A sourcebook*. Chicago: Rand McNally.
- Argyris, C. 1970. *Understanding organization behaviour*. London: Tavistock.

- Asch, S.E. 1951. Effects of group pressure upon the modification and distortion of judgements. In H. Guetzkow (Ed), *Groups, Leadership and Men*, pp. 177-190. Pittsburgh: Carnegie Press.
- Ashford, B. & Saks, A. 1996. Socialization tactics: Longitudinal effects on newcomer adjustment. *Academy of Management Journal*, Vol. 39, No. 1, pp. 139-178.
- Australian National Audit Office. 1997. Future Directions for the Management of Australia's Defence: Report of the Defence Efficiency Review, 10 March.
- Australian National Audit Office. 2001. *Defence Reform Program Management and Outcomes, Department of Defence*. Audit Report No. 16, 2001-2002 Performance Audit. Canberra: Commonwealth of Australia.
- Australian Public Service Commission 1995. *A framework for human resource management in the APS, 2nd edition*. Canberra: PSC.
- Axelrod, R. 1997. *The complexity of cooperation: Agent-based models of competition and collaboration*. Princeton, NJ: Princeton.
- Ayres, I. & Braithwaite, J. 1992. *Responsive Regulation: Transcending the Deregulation Debate*. New York: Oxford University Press.
- Bacharach, S.B., Bamberger, P. & Mitchell, B. 1995. Strategic and tactical logics of decision justification: Power and decision criteria in organizations. *Human Relations*, Vol. 48, No. 5, pp. 467-488.
- Baker, H. & Feldman, D. 1990. Strategies of organizational socialization and their impact on newcomer adjustment. *Journal of Managerial Issues*, No. 2, pp. 198-212.
- Ball-Rokeach, S.J. & Loges, W.E. 1994. Choosing Equality: The correspondence between attitudes about race and the value of equality, *Journal of Social Issues*, Vol. 50, No. 4, 1994, pp. 9-18.
- Bandura, A. 1978. The self system in reciprocal determinism. *American Psychologist*, Vol. 53, pp. 344-358.
- Bandura, A. 1986. *Social foundations of thought and action: A social cognitive theory*. Englewood Cliffs, NJ: Prentice-Hall.
- Bandura, A. 1989. Human agency in social cognitive theory. *American Psychologist*, Vol. 44, No. 9, pp. 1175-1184.

- Bandura, A. 1997. *Self-efficacy: The exercise of control*. New York: Freeman.
- Bandura, A. 2000. Cultivate self-efficacy for personal and organizational effectiveness. In E. Locke (Ed), *Handbook of Principles of Organization Behavior*, pp. 120-136. Oxford, UK: Blackwell.
- Bandura, A. 2001. Social cognitive theory: An agentic perspective. *Annual Review of Psychology*, Vol. 52, pp. 1-26.
- Bandura, A. 2002. Selective moral disengagement in the exercise of moral agency. *Journal of Moral Education*, Vol. 31, No. 2, pp. 101-119.
- Bandura, A. & Cervone, D. 1983. Self-evaluative and self-efficacy mechanisms governing the motivational effects of goal systems. *Journal of Personality and Social Psychology*, Vol. 45, pp. 1017-1028.
- Bandura, A. & Cervone, D. 1986. Differential engagement of self-reactive influences in cognitive motivation. *Organizational Behavior and Human Decision Processes*, Vol. 38, pp. 92-113.
- Bandura, A. & Locke, E.A. 2003. Negative self-efficacy and goal effects revisited. *Journal of Applied Psychology*, Vol. 88, No. 1, pp. 87-99.
- Banks, J. & Weingast, B. 1992. The political control of bureaucracies under asymmetric information. *American Journal of Political Science*, 36: 509-24.
- Bardach, E. & Kagan, R.A. 1982. *Going by the Book: The problem of regulatory unreasonableness*. Philadelphia, PA: Temple University Press.
- Barker, G. 2005, August, 27. Massive cost overrun for Defence. *Australian Financial Review*, p. 4.
- Barker, G. 2005, September, 5. Defence a law unto itself. *Australian Financial Review*, pg. 70.
- Barnett, J. & Karson, M. 1987. Personal values and business decisions: An exploratory investigation. *Journal of Business Ethics*, Vol. 6, pp. 371-383.
- Barzelay, M. 1992. *Breaking through Bureaucracy: A New Vision for managing in Government*. Berkeley, CA: University of California Press.

- Batson, C.D., Batson, J.G., Todd, R.M., Brummett, B.H., Shaw, L.L. & Aldeguer, C.M.R. 1995. Empathy and the collective good: Caring for one of the others in a social dilemma. *Journal of Personality and Social Psychology*, Vol. 68, No. 4, 619-631.
- Baum, H.S. 1989. Organizational politics against organizational culture: A psychoanalytic perspective. *Human Resource Management*, Vol. 28, No. 2, 191-206.
- Baum, J.R., Locke, E.A. & Smith, K.G. 2001. A multidimensional model of venture growth. *Academy of Management Journal*, Vol. 44, No. 2, pp. 292-304.
- Becker, J. 1991. The vision thing: Charles Taylor against inarticulacy. *Ethics & International Affairs*, Vol. 5, pp. 53-71.
- Becker, H.S. 1960. Notes on the concept of commitment. *American Journal of Sociology*, Vol. 66, pp. 32-42.
- Becker, H.S. 1992. Foci and bases of commitment: Are they distinctions worth making? *Academy of Management Journal*, No. 35, pp. 232-244.
- Beer, M. 1980. *Organisational change and development: A systems view*. Santa Monica, CA: Goodyear Publishing Co.
- Beltramini, R., Peterson, R. & Kozmetsky, G. 1984. Concerns of college students regarding business ethics. *Journal of Business Ethics*, Vol. 3, pp. 195-200.
- Bem, D. 1967. Self-perception: An alternative interpretation of cognitive dissonance phenomena. *Psychological Review*, Vol. 74, pp. 183-200.
- Bem, D.J. & Allen, A. On predicting some of the people some of the time: The search for cross-situational consistencies in behavior. *Psychological Review*, Vol. 81, pp. 506-520.
- Bennis, W.G. 1969. *Organization development: Its nature, origins and prospects*. Reading, MA: Addison-Wesley Publishing.
- Bentler, P.M. 1980. Multivariate analysis with latent variables: Causal modelling *Annual Review of Psychology*, Vol. 31, pp. 419-456.

- Bentler, P.M. 1990. Comparative fit indices in structural models. *Psychological Bulletin*, Vol. 107, pp. 238-246.
- Bentler, P.M. & Bonett, D.G. 1980. Significance tests and goodness of fit in the analysis of covariance structures. *Psychological Bulletin*, Vol 88, 588-606.
- Bentler, P.M. & Chou, C. 1987. Practical issues in structural modeling. *Sociological Methods and Research*, Vol. pp. 78-117.
- Bernard, T. 1992. *The conceptual organization of criminological theories*. Paper presented at the Annual Meeting of the American Society of Criminology, New Orleans, Louisiana.
- Bernstein, I.H., Garbin, C.P. & Teng, G.K. 1988. *Applied Multivariate Analysis*. New York: Springer-Verlag.
- Beyer, J.M. & Trice, H.M. 1984. A field study of the use and perceived effects of discipline in controlling work performance. *Academy of Management Journal*, Vol. 27, pp. 743-764.
- Bies, R.J. & Moag, J.S. 1986. Interactional justice: Communication criteria of fairness. In R. Lewicki, B. Sheppard & B.H. Bazerman (Eds), *Research on negotiation in organizations*, Vol. 1, pp. 43-55. Greenwich, CT: JAI Press.
- Birbeck, C. & LaFree, G. 1993. The situational analysis of crime and deviance. *Annual Review of Sociology*, Vol. 19, pp. 113-137.
- Blamey, R. & Braithwaite, V. 1997. The validity of the security-harmony social values model in the general population. *Australian Journal of Psychology*, Vol. 49, pp. 71-77.
- Black, D. 1976. *The Behavior of Law*. New York: Academic Press.
- Black, J. 1997. *Rules and regulators*. Oxford: Clarendon Press.
- Black, J. 1998. Military organisations and military change in historical perspective. *The Journal of Military History*, Vol. 62, No. 4, pp. 871-893.
- Blasi, A. 1980. Moral cognition and moral action. *Psychological Bulletin*, Vol 88, No 1, pp. 1-45.

- Blau, G.J. 1985. The measurement and prediction of career commitment. *Journal of Occupational Psychology*, Vol. 58, pp. 277-288.
- Blau, G.J. 1988. Further exploring the meaning and measurement of career commitment. *Journal of Vocational Behavior*, Vol. 32, pp. 284-297.
- Blau, G.J. 1989. Testing the generalizability of a career commitment measure and its impact on employee turnover. *Journal of Vocational Behavior*, Vol. 35, pp. 88-103.
- Blau, G.J. 2003. Testing for a four-dimensional structure of occupational commitment. *Journal of Occupational and Organizational Psychology*, Vol. 76, pp. 469-488.
- Blau, G. & Boal, K. 1987. Conceptualizing how job involvement and organizational commitment affect turnover and absenteeism. *Academy of Management Review*, No. 12, pp. 288-300.
- Blau, G. & Ryan, J. 1997. On measuring work ethic: A neglected work commitment facet. *Journal of Vocational Behavior*, No. 42, pp. 298-314.
- Blenkin, M. & Howden, S. 2005, August, 26. Fed: Defence project overdue and over budget: Audit report. *AAP Newswire*.
- Blood, M.R. 1969. Work values and job satisfaction. *Journal of Applied Psychology*, Vol. 55, pp. 456-459.
- Bogardus, E.S. 1928. The measurement of social distance. In *Immigration and Race Attitudes*, pp. 503-507. Boston: D.C. Heath & Co.
- Bond, M.H. 1988. Finding universal dimensions of individual variation in multicultural studies of values: The Rokeach and Chinese Value Surveys. *Journal of Personality and Social Psychology*, Vol. 55, pp. 1009-1015.
- Boninger, D.S., Krosnick, J.A. & Berent, M.K. 1995. Origins of attitude importance: Self-interest, social identification, and value relevance. *Journal of Personality and Social Psychology*, Vol. 68, No.1, 61-80.
- Booth, T. 2005, September, 19. Deseal/reseal is labelled a 'national scandal'. *Queensland Times*, pg. 7.

- Bowman, J.S. (Ed). 1991. *Ethical frontiers in public management*, San Francisco: Jossey-Bass.
- Bowman, J.S., West, J.P., Berman, E.M. & Van Wart, M. 2004. *The Professional Edge. Competencies in Public Service*. New York: M.E. Sharpe Inc.
- Box, R. 1999. Running government like a business: Implications for public administration theory and research. *American Review of Public Administration*, Vol. 34, pp. 408-412.
- Box, S. 1983. *Ideology, Crime and Mystification*. London, New York: Tavistock.
- Boyne, G.A. 2002. Public and private management: What's the difference? *Journal of Management Studies*, Vo. 39, No. 1, pp. 97-122.
- Boyne, G., Jenkins, G. & Poole, M. 1999. Human resource management in the public and private sectors: An empirical comparison. *Public Administration*, Vol. 77, No. 2, pp. 407-420.
- Brady, F.N. 1985. A Janus-headed model of ethical theory: Looking two ways at business-society issues. *Academy of Management Review*, Vol. 10, pp. 568-576.
- Brady, F. N. 1990. *Ethical managing: Rules and results*. New York: Macmillan.
- Braithwaite, J. 1989. *Crime, Shame and Reintegration*. Cambridge: Cambridge University Press.
- Braithwaite, J. 1993. Improving regulatory compliance: Strategies and practical applications in OECD countries. *PUMA Public Management Occasional Papers Regulatory Management and Reform Series No.3*. OECD: Paris.
- Braithwaite, J. 1999. Accountability and governance under new regulatory state. *Australian Journal of Public Administration*, Vol. 58, No. 1, pp. 90-97.
- Braithwaite, J. & Braithwaite, V. 1995. The politics of legalism: Rules versus standards in nursing-home regulation, *Social & Legal Studies*, Vol. 4, 307-341.
- Braithwaite, J. & Makkai, T. 1994. Trust and compliance. *Policing and Society*, Vol. 4, pp. 1-12.

- Braithwaite, J. & Mugford, S. 1994. "Conditions of successful Reintegration Ceremonies: Dealing with Juvenile Offenders", *The British Journal of Criminology*, Volume 34, No. 2, Spring 1994, pp. 139 - 171.
- Braithwaite, V. 1982. The structure of social values: Validation of Rokeach's two value model. *British Journal of Social Psychology*, Vol. 21, pp. 203-211.
- Braithwaite, V. 1990. *Bound to Care*. Sydney: Allen & Unwin.
- Braithwaite, V. 1992. *First Steps. Business reactions to implementing the Affirmative Action Act*. Canberra: Research School of Social Sciences, Australian National University.
- Braithwaite, V. 1993. The Australian Government's Affirmative Action legislation: Achieving social change through human resource management. *Law and Policy*, 15, 327-354.
- Braithwaite, V. 1994. Beyond Rokeach's Equality-Freedom Model: Two-Dimensional Values in a One-Dimensional World. *Journal of Social Issues*, Vol. 50, No. 4, pp. 67-94.
- Braithwaite, V. 1995. Games of engagement: Postures within the regulatory community. *Law and Policy*, 17, pp. 225-255.
- Braithwaite, V. 1998a. The value balance model of political evaluations. *British Journal of Psychology*, Vol 89, Part 2, pp. 223-247.
- Braithwaite, V. 1998b. Communal and exchange trust norms, their value base and relevance to institutional trust in Braithwaite, V. & Levi, M. (Eds). *Trust & Governance*, pp. 46-74. New York: Russell Sage Foundation.
- Braithwaite, V. 1998c. Designing the process of workplace change through the Affirmative Action Act. In M. Gatens & A. Mackinnon (Eds), *Gender and Institutions: Welfare Work and Citizenship*, pp. 107-128. Melbourne: Cambridge University Press.
- Braithwaite, V. 1999. Values and Restorative Justice in Schools. Working paper. Australian National University: Research School of Social Sciences.

- Braithwaite, V. 2003. Dancing with the Tax Authorities: Motivational postures and non-compliant actions. In V. Braithwaite (Ed), *Taxing Democracy: Understanding Tax Avoidance and Evasion*, pp. 271-289. Aldershot: Ashgate Publishing Ltd, England.
- Braithwaite, V. 2004. Hope, power and governance [special issue]. *The Annals of the American Academy of Political and Social Science*, No. 592.
- Braithwaite, V. 2005. Third Annual Regulatory Institutions Network Conference, December, Canberra: Australian National University.
- Braithwaite, V. & Ahmed, E. 2005. A threat to tax morale: The case of Australian higher education policy. *Journal of Economic Psychology*, Vol.26, pp. 523-540.
- Braithwaite, V., Braithwaite, J., Gibson, D. & Makkai, T. 1994. Regulatory styles, motivational postures and nursing home compliance. *Law and Policy*, Vol. 16, pp. 363-394.
- Braithwaite, V. & Blamey, R. 1998. Consensus, stability and meaning in abstract social values. *Australian Journal of Political Science*, Vol. 33, pp. 363-380.
- Braithwaite, V. & Bush, J. In press. The changing fortunes of legislating for affirmative action for women in Australia. In C. Cunningham, M. Galanter & N.R. Madhava Menon (Eds), *Rethinking Equality in the Global Society*, forthcoming.
- Braithwaite, V. & Bush, J. 1998. Affirmative action in Australia: A consensus-based dialogue approach. *National Women's Studies Association Journal*, Vol. 10, pp. 115-136.
- Braithwaite, V. & Law, H.G. 1985. Structure of human values: Testing the adequacy of the Rokeach Value Survey. *Journal of Personality and Social Psychology*, Vol. 49, pp. 250-263.
- Braithwaite, V. & Levi, M. (Eds). 1998. *Trust & Governance*. New York: Russell Sage Foundation.
- Braithwaite, V., Makkai, T. & Pittelkow, Y. 1996. Inglehart's materialism-postmaterialism concept: clarifying the dimensionality debate through Rokeach's model of social values. *Journal of Applied Social Psychology*, Vol. 26, pp. 1536-1555.

- Braithwaite, V. & Scott, W.A. 1991. Values. In Robinson, J.P., Shaver, P.R. & Wrightsman, L.S. (Eds), *Measures of Personality and Social Psychological Attitudes*, Vol. 1. San Diego: Academic Press, Inc, Chapter 12, pp. 661-746.
- Brehm, J. 1966. *A theory of psychological reactance*. New York: Academic Press.
- Brehmar, B. & Hagafors, R. 1986. Use of experts in complex decision making: A paradigm for the study of staff work. *Organizational Behavior and Human Decision Processes*, Vol. 38, pp. 181-195.
- Brennan, G. 1998. Democratic trust: A rational-choice theory view. In Braithwaite, V. & Levi, M. (Eds). *Trust and Governance*, Chapter 8, pp. 197-217. New York: Russell Sage Foundation.
- Brennan, G. & Pettit, P. 1993. Hands invisible and intangible. *Synthese*, Vol. 94, pp. 191-225.
- Brereton, M. & Temple, M. 1999. The new public service ethos: New ethical environment for governance. *Public Administration*, Vol. 77, No. 3, pp. 455-474.
- Brewer, M. 2000. Research design and issues of validity. In H. Reis & C. Judd (Eds), *Handbook of Research Methods in Social and Personality Psychology*, Cambridge: Cambridge University Press.
- Brierley, J.A. 1996. The measurement of organizational commitment and professional commitment. *Journal of Social Psychology*, Vol. 136, pp. 265-267.
- Brockner, J. 2002. Making sense of procedural fairness: How high procedural fairness can reduce or heighten the influence of outcome favourability. *Academy of Management Journal*, Vol. 37, pp. 58-76.
- Brockner, J., Tyler, T.R. & Cooper-Schneider, R. 1992. The influence of prior commitment to an institution on reactions to perceived unfairness: The higher they are, the harder they fall. *Administrative Science Quarterly*, Vol. 37, pp. 241-261.
- Broughton, C. & Chalmers, J. 2001. Reconsidering the revolution? Australian public sector administration in 2000. *Australian Journal of Public Administration*, Vol. 60, No. 1, pp. 81-88.

- Brown, M.A. 1976. Values – A necessary but neglected ingredient of motivation on the job. *Academy of Management Review*, Vol. 3, pp. 15-23.
- Brown, R. 1988. *Group processes. Dynamics within and between Groups*. Oxford, UK: Blackwell.
- Brown, R.P. 1989. Using covariance modeling for estimating reliability on scales with ordered polytomous variables. *Educational and Psychological Measurement*, Vol. 49, pp. 383-398.
- Brown, R., Hinkle, S., Ely, P.G., Fox-Cardamone, L., Maras, P. & Taylor, L.A. 1992. Recognizing group diversity: Individualist-collectivist and autonomous-relational social orientations and their implications for intergroup processes. *British Journal of Social Psychology*, Vol. 31, pp. 327-342.
- Brown, S. 1996. A meta-analysis and review of organizational research on job involvement. *Psychological Bulletin*, Vol. 120, No. 2, pp. 235-255.
- Bruins, J.J. & Wilke, H.A.M. 1992. Cognitions and behaviour in a hierarchy. Mulder's power theory revisited. *European Journal of Social Psychology*, Vol. 22, pp. 21-39.
- Buch, K. & Wetzel, D.K. 2001. Analyzing and realigning organizational culture. *Leadership & Organizational Development Journal*, 40-44.
- Buchanan, B. 1974. Building organizational commitment: The socialization of managers in work organizations. *Administrative Science Quarterly*, Vol. 19, pp. 533-546.
- Burke, N. 2005, September 6. Happy and we know it. We're less conservative and more content. *Daily Telegraph*, pg. 15.
- Burnsall, S., Kendall, E. & Wilcox, T. 2001. The broken toy: Psychosocial experiences following discharge from the military due to disability. In G. Kearney, M. Creamer, R. Marshall, & A. Goyne (Eds). *The management of stress in the Australian Defence Force*. Melbourne: University Press.
- Byrne, B.M. 1994. *Structural Equation Modeling with EQS: Windows*. Thousand Oaks, CA: Sage.

- Byrne, B.M. 2001. *Structural Equation Modeling with AMOS*. London: Lawrence Erlbaum Assoc.
- Caiden, G.E. 1981. Administrative Reform. In G.R. Curnow & R.L. Wettenhall (Eds), *Understanding Public Administration*, Part 4, pp. 175-191. North Sydney: Allen & Unwin Australia.
- Caldwell, S.D., Herold, D.M. & Fedor, D.B. 2004. Toward an understanding of the relationships among organizational change, individual differences and changes in person-environment fit: A cross-level study. *Journal of Applied Psychology*, Vol. 89, No. 5, pp. 868-882.
- Campbell, C.R. 2004. A longitudinal study of one organization's culture: Do values endure? *Mid-American Journal of Business*, 19(2), pp. 41-52.
- Campbell, D.T. & Fiske, D.W. 1959. Convergent and discriminant validity by multitrait-multimethod matrix. *Psychological Bulletin*, Vol. 56, pp. 81-105.
- Candell, G.L. & Drasgow, F. 1988. An iterative procedure for linking metrics and assessing item bias in item response theory. *Applied Psychological Measurement*, Vol. 12, pp. 253-260.
- Carey, B. 1994. Ethics and ethos in the government-business relationship. In Stewart, R.G. (Ed), *Government and Business Relations in Australia*, Chapter 5, pp. 100-110. Sydney: Allen & Unwin.
- Carmeli, A. 2003. The relationship between emotional intelligence and work attitudes, behavior and outcomes. *Journal of Managerial Psychology*, Vol. 18, No. 8, pp. 788-813.
- Carmeli, A. & Freund, A. 2004. Work commitment, job satisfaction and job performance: An empirical investigation. *International Journal of Organizational Theory and Behavior*, No. 7, No.3, pp. 289-310.
- Carroll, B. & Garkut, D. 1996. Is there empirical evidence of a trend towards managerialism? A longitudinal study of six countries. *Canadian Public Administration*, Vol. 39, pp. 535-553.
- Carroll, J.B. 1961. The nature of data, and how to choose a correlation coefficient. *Psychometrika*, Vol. 26, pp. 347-372.

- Carroll, J.D. 1998. Book review. *American Review of Public Administration*, Vol. 28, No. 4, 402-407.
- Carver, S.C. & Scheier, M.F. 1981. *Attention and self-regulation: A control-theory approach to human behavior*. New York: Springer-Verlag.
- Caspi, A. & Roberts, B.W. 1999. Personality continuity and change across the life course. In L.A. Pervin & O.P. John (Eds), *Handbook of personality: Theory and research* 2nd Edition, pp. 300-326. New York: Guilford Press.
- Cervone, D., Jiwani, N. & Wood, R. 1991. Goal-setting and the differential influence of self-regulatory processes on complex decision-making performance. *Journal of Personality and Social Psychology*, Vol. 61, pp. 257-266.
- Cervone, D. & Peake, P.K. 1986. Anchoring, efficacy, and action: The influence of judgmental heuristics on self-efficacy judgments and behavior. *Journal of Personality and Social Psychology*, Vol. 50, pp. 492-501.
- Chamberlin, J.R. 1989. Ethics and game theory. *Ethics and International Affairs*, Vol 3, pp. 261-276.
- Chakrapani, C. 1991. *Recent Advances in Qualitative Research*. Workshop conducted May-June 1991. North Sydney: Australia Market Research Pty. Ltd.
- Child, J. 1969. *British management thought*. London: Allen and Unwin.
- Chin, R. & Benne, K.D. 1976. General strategies for effecting changes in human systems. In W.G. Bennis, K.D. Benne, R. Chin & K.E. Corey (Eds), *The Planning of Change*, 3rd edition, New York: Holt, Rinehart & Winston Inc.
- Chopra, J. & Weiss, T.G. 1992. Sovereignty is no longer sacrosanct: Codifying humanitarian intervention. *Ethics and International Affairs*, Vol 6, pp. 95-117.
- Cialdini, R.B. & Goldstein, N.J. 2002. The science and practice of persuasion. *Cornell Hotel Restaurant Administrative Quarterly*, Vol. 43, pp. 40-50.
- Cialdini, R.B. & Goldstein, N.J. 2004. Social influence: Compliance and conformity. *Annual Review of Psychology*, Vol. 55, pp. 591-621.

- Clark, G.L., Jonson, E.P. & Caldwell, W. 1997. *Accountability and corruption. Public sector ethics*. Sydney: Allen & Unwin.
- Clawson, P. 1993. Sanctions as punishment, enforcement and prelude to further action. *Ethics and International Affairs*, Vol 7, pp. 17-37.
- Cochrane, R., Billig, M. & Hogg, M. 1979. Politics and values in Britain: A test of Rokeach's two-value model. *British Journal of Social and Clinical Psychology*, Vol. 18, pp. 159-167.
- Conger, J.A. & Kanungo, R.N. 1988. The empowerment process: Integrating theory and practice. *Academy of Management Review*, Vol. 13, pp. 471-482.
- Cohen, A.K. 1999. The sociology of the deviant act: Anomie theory and beyond. In Traub, S.H. and Little, C.B. (Eds). 1999. *Theories of deviance*. Fifth Edition. Itasca, IL: F.E. Peacock Publishers, Inc, Chapter III (14), pp. 195-209.
- Cohen, D.V. 1995. Ethics and crime in business firms: Organizational culture and the impact of anomie. In F. Adler & W.S. Laufer (Eds), *Advances in Criminological Theory, Volume 6: The Legacy of Anomie Theory*, pp. 183-206. New Brunswick: Transaction Publishers.
- Considine, M. 1988. The corporate management framework as administrative science: A critique. *Australian Journal of Public Administration*, Vol.47, No. 1, pp. 4-180.
- Considine, M. 1990. Managerialism strikes out. *Australian Journal of Public Administration*, Vol. 49 (2), June, pp. 166-178.
- Considine, M. 1994. *Public Policy: A Critical Approach*. Melbourne: Macmillan Education Aust Pty Ltd.
- Cooney, J. 1992. Ethics in the workplace. *Applied Ethics News*, No. 6, April.
- Cooper, T.L. (Ed). 1994. *Handbook of Administrative Ethics*. New York: Marcel Dekker, Inc.
- Corbett, D. 1997. Servicing the public: Six issues to consider. In G.L. Clark, E.P. Jonson & W. Caldwell (Eds), *Accountability and Corruption. Public Sector Ethics*, Chapter 2, pp. 15-35. St. Leonards, NSW: Allen & Unwin.

- Courville, T. & Thompson, B. 2001. Use of structure coefficients in published multiple regression articles: β is not enough. *Educational and Psychological Measurement*, Vol. 61, No. 2, pp. 229-248.
- Cronbach, L.J. 1951. Coefficient alpha and the internal structure of tests. *Psychometrika*, Vol. 16, pp. 297-334.
- Cropanzano, R., Prehar, C.A. & Chen, P.Y. 2002. Using social exchange theory to distinguish procedural from interactional justice. *Group & Organization Management*, Vol. 27, No.3, pp. 324-351.
- Cuttance, P. & Ecob, R. 1987. *Structural Modeling by Example. Applications in Educational, Sociological and Behavioral Research*. Cambridge: University of Cambridge Press.
- Danley, J., Harrick, E., Schaefer, D., Strickland, D. & Sullivan, G. 1996. HR's view of ethics in the work place: Are the Barbarians at the gate? *Journal of Business Ethics*, 15: 273-285.
- David, B. & Turner, J.C. 2001. Majority and minority influence: A single process self-categorization analysis. In C.K.W. De Dreu & N.K. De Vries (Eds), *Group Consensus and Minority Influence: Implications for Innovation*, pp. 91-121. Malden: MA: Blackwell.
- Davis, G. 1994. The prospects for public bureaucracy. In G. Davis, P. Weller & C. Lewis (Eds), *Corporate Management in Australian Government. Reconciling Accountability and Efficiency*, Chapter 12, pp. 170-182. Melbourne: Macmillan.
- Davis, G., Weller, P. & Lewis, C. (Eds). 1989. *Corporate Management in Australian Government. Reconciling Accountability and Efficiency*. Melbourne: Macmillan.
- Davis, J.H. 1973. Group decision social interaction: A theory of social decision schemes. *Psychological Review*, Vol. 80, pp. 97-125.
- Davis-Blake, A. & Pfeffer, J. 1989. Just a mirage: The search for dispositional effects in organizational research. *Academy of Management Review*, Vol. 14, pp. 385-400.
- Deal, T.E. & Kennedy, A.A. 1982. *Corporate Culture: The rites and rituals of corporate life*. NY: Addison-Wesley Publishing Company Inc.

- Dearne, K. 2005, September, 13. Manage IT. Departments warned on e-trade risk. *Australian, IT Business Section*, Pg. 2.
- Deci, E.L., Koestner, R. & Ryan, R.M. 1999. A meta-analytic review of experiments examining the effects of extrinsic rewards on intrinsic motivation. *Psychological Bulletin*, Vol. 125, No. 6, pp. 627-668.
- De Bono, K.G. 1993. Individual differences in predicting behavioral intentions from attitude and subjective norm. *Journal of Social Psychology*, Vol. 133, No. 6, pp. 825-832.
- De Dreu, C.K.W. & Van Lange, P.A.M. 1995. The impact of social value orientations on negotiator cognition and behavior. *Personality and Social Psychology Bulletin*, Vol. 21, No. 11, November, pp. 1178-1188.
- Denhardt, R.B. & Denhardt, J.V. 2000. The new public service: Serving rather than steering. *Public Administration Review*, Vol. 60, No. 6, pp. 549-559.
- Detert, J.R., Schroeder, R.G. & Mauriel, J.J. 2000. A framework for linking culture and improvement initiatives in organizations. *Academy of Management Review*, 25(4): 850-863.
- Deutsch, M. & Gerard, H.B. 1955. A study of normative and informative social influences upon individual judgment. *Journal of Abnormal Social Psychology*, Vol. 51, pp. 629-636.
- Dickinson, T.L. & McIntyre, R.M. 1997. A conceptual framework for teamwork measurement. In M.T. Brannick & E. Salas (Eds), *Team performance assessment and measurement: Theory, methods and applications*, pp. 19-43. Hillsdale, NJ: Lawrence Erlbaum Associates Inc.
- Doig, A. 1995. Mixed signals? Public sector change and the proper conduct of public business. *Public Administration*, Vol. 73, pp. 191-212.
- Doig, A. & Wilson, J. 1998. The effectiveness of codes of conduct. *Business Ethics. A European Review*, Vol. 7, No. 3, pp. 140-149.
- Dolan, S.H. & Garcia, S. 2002. Managing by values: cultural redesign for strategic organizational change at the dawn of the twenty-first century. *Journal of Management Development*, 21(2): pp. 101-118.

- Dose, J.J. 1997. Work values: An integrative framework and illustrative application to organizational socialization. *Journal of Occupational and Organizational Psychology*, Vol. 70, No. 3, pp. 219-241.
- Douglas, M. 1986. *How Institutions Think*. New York: Syracuse University Press.
- Douma, S. & Schreuder, H. 1998. *Economic approaches to organizations* (2nd edn). London: Prentice Hall.
- Driscoll, D.M. & Hoffman, M. 2000. *Ethics Matters*. Boston: Center for Business Ethics, Bentley College.
- Drucker, P. 1974. *Management: Tasks, responsibilities, practices*. London: Heinemann.
- Drummond, R.J. & Stoddard, A. 1991. Job satisfaction and work values. *Psychological Reports*, Vol. 69, pp. 1116-1118.
- Dunleavy, P. 1991. *Democracy, bureaucracy and public choice*. Hemel Hempstead: Harvester Wheatsheaf.
- Dunsire, A. 1973. *Administration: the word and the science*. Oxford: Martin Robertson.
- Dunsire, A. 1995. Administrative theory in the 1980s: A viewpoint. *Public Administration*, Vol. 73, Spring, pp. 17-40.
- Dunsire, A., Hartley, K., Parker, D. and Dimitrou, B. 1988. Organizational status and performance: a conceptual framework for testing public choice theories, *Public Administration*, Vol 66(4), pp. 363-388.
- Durkeim, E. 1999. Anomic suicide. In Traub, S.H. and Little, C.B. (Eds). 1999. *Theories of deviance*. Fifth Edition. Itasca, IL: F.E. Peacock Publishers, Inc, Chapter III (11), pp. 131-141.
- Dyer, P. 2005, September, 11. How army failed soldiers like me. *Sunday Mail*, pg. 33.
- Eccles, J.S. & Wigfield, A. 2002. Motivational beliefs, values and goals. *Annual Review of Psychology*, Vol. 53, pp. 109-133.
- Edwards, M. 2002. Public sector governance – future issues for Australia. *Australian Journal of Public Administration*, Vol. 61, No. 2, pp. 51-61.

- Ellemers, N., Jan Doosje, B., Van Knippenberg, A., & Wilke, H. 1992. Status protection in high status minority groups. *European Journal of Social Psychology*, Vol. 22, pp. 123-140.
- Ellemers, N., Van Knippenberg, A., DeVries, N. & Wilke, H. 1988. Social identification and permeability of group boundaries. *European Journal of Social Psychology*, Vol. 18, pp. 497-513.
- Elwell, Frank W. 1999. *Industrializing America: Understanding Contemporary Society through Classical Sociological Analysis*. West Port, Connecticut: Praeger.
- Emy, H.V. & Hughes, O.E. 1991. *Australian Politics: Realities in Conflict*. Part 3, Chapters 10-12, pp. 378-476. South Melbourne: Macmillan Education Australia Pty Ltd.
- Erikson, K.T. 1999. On the sociology of deviance. In Traub, S.H. and Little, C.B. (Eds). 1999. *Theories of deviance*. Fifth Edition. Itasca, IL: F.E. Peacock Publishers, Inc. Chapter I (3), pp. 22-29.
- Ethics Resource Center. 1994. *Ethics in American business: Policies, programs and perceptions. Report of a landmark survey of U.S. employees*, Washington: Ethics Resource Center, Inc.
- Etzioni, A. 1961. *A Comparative Analysis of Complex Organizations. On Power, Involvement and their Correlates*. New York: The Free Press.
- Etzioni, A. 1988. *The moral dimension. Toward a new economics*. New York: The Free Press.
- Feather, N.T. 1970. Educational choice and student attitudes in relation to terminal and instrumental values. *Australian Journal of Psychology*, Vol. 22, pp. 127-144.
- Feather, N.T. 1975. Values and income level. *Australian Journal of Psychology*, Vol. 27, pp. 23-29.
- Feather, N.T. 1979. Value correlates of conservatism. *Journal of Personality and Social Psychology*, Vol. 37, pp. 1617-1630.
- Feather, N.T. 1992a. Values, valences, expectations, and actions, *Journal of Social Issues*, Vol. 48, No. 2, pp. 109-124.

- Feather, N.T. 1992b. An attributional and value analysis of deservingness in success and failure situations. *British Journal of Social Psychology*, Vol. 31, pp. 125-145.
- Feather, N.T. 1994. Human values and their relation to justice, *Journal of Social Issues*, Vol. 50, No. 4, 1994, pp. 129-151.
- Feather, N.T. 1999. Judgments of deservingness: Studies in the psychology of justice and achievement. *Personality and Social Psychology Review*, Vol. 3, No.2, pp. 86-107.
- Feather, N.T. & Peay, E.R. 1975. The structure of terminal and instrumental values: Dimensions and clusters. *Australian Journal of Psychology*, Vol. 27, pp. 151-164.
- Feldman, S. 1988. Structure and consistency in public opinion: The role of core beliefs and values. *American Journal of Political Science*, Vol. 32, No. 1, pp. 416-440.
- Ferlie, E., Ashburner, L., Fitzgerald, I. & Pettigrew, A. 1996. *The new public management in action*. Oxford: Oxford University Press.
- Festinger, L. 1953. An analysis of compliant behavior. In M. Sherif and M.O. Wilson (Eds), *Group relations at the crossroads*, pp. 232-256. New York: Harper.
- Festinger, L. 1957. *A theory of cognitive dissonance*. Stanford, Ca: Stanford University Press.
- Fishbein, M. & Ajzen, I. 1975. *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, MA: Addison-Wesley.
- Flanagan, S.C. 1987. Value change in industrial societies. *American Political Science Review*, Vol. 81, pp. 1303-1319.
- Fogarty, T. 2000. Socialization and organizational outcomes in large public accounting firms. *Journal of Managerial Issues*, Vol. XII, No. 1, pp. 13-33.
- French, W.L., Bell, C.H. Jr. & Zawacki, R.A. 1994. *Organization Development and Transformation. Managing Effective Change*, 4th Edition. Burr Ridge, ILL: Irwin.

- Freund, A. & Carmeli, A. 2003. An empirical assessment: Reconstructed model for five universal forms of work commitment. *Journal of Managerial Psychology*, Vol. 18, No. 7, pp. 708-725.
- Freund, J. 1968. *The Sociology of Max Weber*. New York: Vintage Books.
- Frey, B.S. 1993. Shirking or work morale? The impact of regulating. *European Economic Review*, Vol. 37, pp. 1523-1532.
- Frey, B.S. 1994. How intrinsic motivation is crowded in and out. *Rationality and Society*, Vol. 6, pp. 334-352.
- Frey, B.S. & Oberholzer-Gee, F. 1997. The cost of price incentives. *American Economic Review*, Vol. 87, pp. 746-755.
- Fritzsche, D.J. & Becker, H. 1984. Linking management behavior to ethical philosophy. *Academy of Management Journal*, Vol. 27, pp. 166-175.
- Fromm, E. 1949. *Man for himself: An enquiry into the psychology of ethics*. London: Routledge & Kegan Paul.
- Gibber, J. & Seligman, M.E.P. 1980. *Human helplessness: Theory and applications*. New York: Academic Press.
- Gade, P.A. 2003. Organizational commitment in the military: An overview. *Military Psychology*, Vol. 15, No. 3, pp. 163-166.
- Gade, P.A., Tiggler, R.B. & Schumm, W. 2003. The measurement and consequences of military organizational commitment in soldiers and spouses. *Military Psychology*, Vol. 15, No. 3, pp. 191-207.
- Galbraith, S. & Stephenson, H. 1993. Decision rules used by male and female business students in making ethical value judgements: Another look. *Journal of Business Ethics*, Vol. 12, pp. 227-233.
- Gamson, W.A. 1968. *Power and discontent*. Homewood, IL: Dorsey.
- Gamson, W.A. 1982. *Encounters with unjust authority*. New York: Dorsey.

- Garvey, G. 1995. False promise: The NPR in historical perspective. In D.F. Kettl & J.J. DiIulio (Eds), *Inside the Reinvention Machine: Appraising Government Reform*, pp. 87-106, Washington, DC: Brookings Institute.
- Garrett, S.A. 1994. Political leadership and the problem of "dirty hands." *Ethics and International Affairs*, Vol 8, pp. 159-175.
- Gerth, Hans & C. Wright Mills (translators and editors). 1946 [1958] *From Max Weber: Essays in Sociology*. New York: Galaxy Books.
- Giacobbe-Miller, J. 1995. A test of the group values and control models of procedural justice from the completing perspectives of labor and management. *Personnel Psychology*, Vol. 48, pp. 115-142.
- Gibbs, A. 1997. Focus groups. *Social Research Update*, No. 19. Guildford: University of Surrey. <http://www.soc.surrey.ac.uk/sru/SRU19.html>
- Gilliland, S.W. & Beckstein, B.A. 1996. Procedural and distributive justice in the editorial review process. *Personnel Psychology*, Vol. 49, pp. 669-691.
- Godin, G. & Kok, G. 1996. The theory of planned behavior: A review of its applications to health-related behaviors. *American Journal of Health Promotion*, Vol. 11, No. 2, pp. 87-98.
- Godin, G., Valois, P., Lepage, L. & Desharnais, R. 1992. Predictors of smoking behavior: An application of Ajzen's theory of planned behavior. *British Journal of Addiction*, Vol. 87, pp. 1335-1343.
- Goffman, E. 1959. *The presentation of self in everyday life*. Garden City, NY: Doubleday.
- Goffman, E. 1969. *Where the Action Is: Three Essays*. London: Allen Lane.
- Goodin, R.E. 1982. *Political theory and public policy*. Chicago, IL: University of Chicago Press.
- Goodwin, B. 2000. *Ethics at work*. Dordrecht: Kluwer.
- Gorsuch, R.L. 1983. *Factor Analysis*, 2nd edition. Hillsdale, NJ: Lawrence Erlbaum.

- Gorsuch, R. & Ortege, J. 1983. Moral obligation and attitudes. Their relation to behavioral intentions. *Journal of Personality and Social Psychology*, Vol. 44, No. 5, 1025-1028.
- Gortner, H.F. 1991. *Ethics for Public Managers*. New York: Greenwood Press.
- Gortner, H.F. 1994. Values and ethics, in T.L. Cooper (Ed), *Handbook of Administrative Ethics*. New York: Marcel Dekker, Inc, pp. 373-390.
- Gralinski, J.H. & Kopp, C.B. 1993. Everyday rules for behavior: Mothers' requests to young children. *Developmental Psychology*, Vol. 29, No. 3, pp. 573-584.
- Grabosky, P. & Braithwaite, J. 1986. *Of manners gentle: Enforcement strategies of Australian business regulatory agencies*. Melbourne: Oxford University Press.
- Grabosky, P. & Larmour, P. 2000. Public sector corruption and its control. *Trends & Issues in crime and criminal justice*. No. 143. Canberra: Australian Institute of Criminology.
- Grasso, L.P. & Kaplan, S.E. 1998. An examination of ethical standards for tax issues. *Journal of Accounting Education*, Vol.16, No.1, pp. 85-100.
- Graves, W. Brooke 1950. *Public administration in a democratic society*. Boston: D.C. Heath & Co.
- Greenberg, J. 1987. Reactions to procedural injustice in payment distributions: Do the ends justify the means? *Journal of Applied Psychology*, Vol. 72, pp. 55-61.
- Gregory, R. & Hicks, C. 1999. Promoting public service integrity: A case for responsible accountability. *Australian Journal of Public Administration*, Vol. 58, No. 4, pp. 3-15.
- Grube, J.W., Mayton, D.M. II & Ball-Rokeach, S.J. 1994. Inducing change in values, attitudes, and behaviours: Belief system theory and the method of value self-confrontation, *Journal of Social Issues*, Vol. 50, No. 4, 1994, pp. 153-173.
- Gruening, G. 2001. *Origin and theoretical basis of New Public Management*. *International Journal of Public Management*, 4(1): 1-25.

- Guilford, J.P. & Fruchter, B. 1981. *Fundamental Statistics in Psychology and Education*, 6th Edition. Singapore: McGraw-Hill International Book Co.
- Gunningham, N. & Grabosky, P. 1998. *Smart Regulation: Designing Environmental Policy*. Oxford, UK: Clarendon Press.
- Gunz, H.P. & Gunz, S.P. 1994. Professional/organizational commitment and job satisfaction for employed lawyers. *Human Relations*, Vol. 47, pp. 801-828.
- Hagafors, R. & Brehmer, B. 1983. Does having to justify one's judgments change the nature of the judgment process? *Organizational Behavior and Human Performance*, Vol. 31, pp. 223-232.
- Haines, F. 1997. *Corporate regulation. Beyond 'Punish or persuade.'* Oxford: Clarendon Press.
- Hall, R.H. 1972. *Organizations. Structure and Process*. Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Hammond, J.S., Keeney, R.L. & Raiffa, H. 1998. The hidden traps in decision making. *Harvard Business Review*, September-October, pp. 47-58.
- Handy, C. 1994. *The age of paradox*. Boston: Harvard Business School Press.
- Hardin, R. 1998. Trust in government. In Braithwaite, V. & Levi, M. (Eds), *Trust & Governance*, Chapter 1, pp. 9-27. New York: Russell Sage Foundation.
- Harkness, A.R. & Hogan, R. 1995. The theory and measurement of traits: Two views. In J.N. Butcher (Ed), *Clinical personality assessment: Practical approaches*, pp. 28-41. New York: Oxford University Press.
- Harris, J.R. 1989. Ethical values and decision processes of male and female business students. *Journal of Education for Business*, Vol. 8, pp. 234-238.
- Harrison, J.R. & Carroll, G.R. 1991. Keeping the faith: A model of cultural transmission in formal organizations. *Administrative Science Quarterly*, 36: 552-582.
- Hawkins, K. 1984. *Environment and Enforcement: Regulation and the Social Definition of Pollution*. Oxford: Clarendon.

- Hawkins, P. 1997. Organizational culture: Sailing between evangelism and complexity. *Human Relations*, Vol 50(4), pp. 417-440.
- Heaven, P.C.L. 1990. Economic beliefs and human values: Further evidence of the two-value model? *Journal of Social Psychology*, Vol. 130, pp. 583-589.
- Heaven, P.C.L. 1991. Voting intention and the two-value model: A further investigation. *Australian Journal of Psychology*, Vol. 43, pp. 75-77.
- Heffner, T.S. & Gade, P.A. Commitment to nested collectives in Special Operations Forces. *Military Psychology*, Vol. 15, No. 3, pp. 209-224.
- Heider, F. 1946. Attitudes and cognitive organization. *Journal of Psychology*, Vol. 21, pp. 107-112.
- Heider, F. 1958. *The psychology of interpersonal relations*. New York: Wiley.
- Heimer, C.A. 1992. Doing your job and helping your friends: Universalistic norms about obligations to particular others in networks. In N. Nohria & R.G. Eccles (Eds), *Networks and Organizations: Structure, Form, and Action*. Boston, MA: Harvard Business School Press, Chapter 5, pp. 143-164.
- Heimer, C. 1998. *The routinization of responsiveness: Regulatory compliance and the construction of organizational routines*, Paper presented at the Law and Society Conference, Aspen Colorado, June.
- Held, D. 1987. *Models of democracy*. Cambridge: Polity.
- Hendrickson, D.C. 1993. The ethics of collective security. *Ethics and International Affairs*, Vol 7, pp. 1-15.
- Herek, G.M. 1986. The instrumentality of attitudes: Toward a neofunctional theory. *Journal of Social Issues*, Vol. 42, No. 2, pp. 99-114.
- Hess, M. & Adams, D. 2002. Knowing and skilling in contemporary public administration. *Australian Journal of Public Administration*, Vol. 61, No. 4, pp. 68-79.
- Hinkle, S. 1996. Grassroots political action as an inter-group phenomenon. *Journal of Social Issues*, Vol. 52, No.1, pp. 39-52.

- Hoffman, J.J. 1998. Are women really more ethical than men? Maybe it depends on the situation. *Journal of Managerial Issues*, Vol. X, No. 1, pp. 60-73.
- Hofstede, G. 1980. *Culture's consequences. International differences in work-related ethics*. Beverley Hills: Sage Publications.
- Hofstede, G. 1998. Attitudes, values and organizational culture: Disentangling the concepts. *Organizational Studies*, 19(3): 477-492.
- Hogan, R. 1973. Moral conduct and moral character. A psychological perspective, *Psychological Bulletin*, Vol. 79, No. 4, April, pp. 217-232.
- Hogg, M.A. & Turner, J.C. 1985. Interpersonal attraction, social identification and psychological group formation. *European Journal of Social Psychology*, Vol. 15, pp. 51-66
- Hollander, E.P. 1964. *Leaders, groups and influence*. New York: Oxford University Press.
- Holmes-Smith, P. & Coote, L. 2001. Assessing model fit, model re-specification and model cross-validation. Chapter 5. *Notes on Structural Equation Modeling for ACSPRI course*.
- Holmes-Smith, P. & Rowe, K.J. 1994. *The Development and Use of Congeneric Measurement Models in School Effectiveness Research: Improving the Reliability and Validity of Composite and Latent Variables for Fitting Multilevel and Structural Equation Models*. Paper presented at the International Congress for School Effectiveness and Improvement, The World Congress Centre, Melbourne, 3-6 January.
- Hom, P.W., Katerberg, R. & Hulin, C.L. 1979. Comparative examination of three approaches to the prediction of turnover. *Journal of Applied Psychology*, Vol. 64, pp. 280-290.
- Hood, C. 1991. A public management for all seasons? *Public Administration*, Vol. 69, pp. 3-19.
- Hood, C. 1995. Emerging issues in public administration. *Public Administration*, Vol. 73, pp. 165-183.

- Hood, C. 2002. Control, bargains and cheating: The politics of public-service reform. *Journal of Public Administration Research and Theory*, Vol. 12, No. 3, pp. 309-332.
- House, R.J., Shane, J.A. & Arnold, D.M. 1996. Rumors of the death of dispositional research are vastly exaggerated. *Academy of Management Review*, Vol. 21 (1), pp. 203-224.
- Hu, L. & Bentler, P.M. 1999. Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling*, Vol. 6, pp. 1-55.
- Hughes, O.E. 1994. *Public Management and Administration*. Chapter 1. London: Macmillan.
- Hughes, O.E. 2003. *Public Management and Administration: An Introduction*, 3rd Edition, Hampshire: Palgrave Macmillan.
- Hunter, J.E. 1986. Cognitive ability, cognitive aptitudes, job knowledge, and job performance. *Journal of Vocational Behavior*, Vol. 29, pp. 340-362.
- Hunter, J.E. & Hunter, R.F. 1984. Validity and utility of alternative predictors of job performance. *Psychological Bulletin*, Vol. 96, pp. 73-98.
- Inglehart, R. 1971. The silent revolution in Europe: Intergenerational change in post-industrial societies. *American Political Science Review*, Vol. 65, pp. 991-1017.
- Inglehart, R. 1977. *The silent revolution*. Princeton, NJ: Princeton University Press.
- Inglehart, R. 1990. *Culture shift in advanced industrial society*. Princeton: Princeton University Press.
- Jackson, P. 2001. Public sector added value: Can bureaucracy deliver? *Public Administration*, Vo. 79, No. 1, pp. 5-28.
- Jacobs, B., Prentice-Dunn, S. & Rogers, R.W. 1984. Understanding persistence: An interface of control theory and self-efficacy theory. *Basic and Applied Social Psychology*, Vol. 5, pp. 333-347.

- Jaques, E. 1988. *Requisite Organization. A Total System for Effective Managerial Organization and Managerial Leadership for the 21st Century*, Arlington, VA: Cason Hall & Co.
- Janis, I.L. & Mann, L. 1977. *Decision making: A psychological analysis of conflict, choice and commitment*. New York: Free Press.
- Janowitz, M. & Little, R. 1965. *Sociology and the Military Establishment*. New York: Russell Sage Foundation.
- Jans, N. 2001. Organisational change and human resource management in the ADF. In G. Kearney, M. Creamer, R. Marshall, & A. Goyne (Eds). *The management of stress in the Australian Defence Force. Human factors, families and the welfare of military personnel away from the combat zone*. Canberra: Commonwealth of Australia, Chapter 5, pp. 47-58.
- Jans, N. & Schmidtchen, D. 2002. *The real c-cubed: Culture, careers and climate and how they affect capability*. Canberra: Australian National University.
- Job, J. & Reinhart, M. 2003. Trusting the tax office: Does Putnam's thesis relate to tax? *Australian Journal of Social Issues*, Vol. 38, No. 3, August, pp. 307-333.
- Johnson, R. 1996. Antecedents and outcomes of corporate refocusing. *Journal of Management*, Vol. 22, pp. 439-483.
- Joint Standing Committee on Foreign Affairs, Defence and Trade. 1998. Completed Inquiry: *Funding Australia's Defence*, tabled in House of Representatives on 12 May 1998 and Senate on 13 May 1998.
- Jones, C.H. 1982. College students' values and presidential preference in the 1980 election. *Psychological Reports*, Vol. 52, p.886.
- Jones, G.R. 1983. Transaction costs, property rights and organizational culture: An exchange perspective. *Administrative Science Quarterly*, pp. 454-467.
- Jones, T. 1991. Ethical decision making by individuals in organizations: An issue-contingent model. *Academy of Management Review*, Vol. 16, pp. 366-395.
- Jones, T. & Gautschi, F. 1988. Will the ethics of business change? A survey of future executives. *Journal of Business Ethics*, Vol. 7, pp. 231-248.
- Jorgensen, T. 1999. The public sector in an in-between time: searching for new public values. *Public Administration*, 77(3): 565-84.

- Jost, J.T. & Major, B. 2001. *The Psychology of Legitimacy. Emerging Perspectives on Ideology, Justice and Intergroup Relations*. Cambridge, UK: Cambridge University Press.
- Judge, T.A. & Bretz, R.D. 1992. Effects of work values on job choice decisions. *Journal of Applied Psychology*, Vol. 77, pp. 261-272.
- Judge, T.A. & Locke, E.A. 1993. Effect of dysfunctional thought processes on subjective well-being and job satisfaction. *Journal of Applied Psychology*, Vol. 78, No. 3, pp. 475-490.
- Judge, T.A., Locke, E.A., Durham, C.C. & Kluger, A.N. 1998. Dispositional effects on job and life satisfaction: The role of core evaluations. *Journal of Applied Psychology*, Vol. 83, No.1, pp. 17-34.
- Judge, T.A., Thoresen, C.J., Pucik, V. & Welbourne, T.M. 1999. Managerial coping with organizational change: A disposition perspective. *Journal of Applied Psychology*, Vol. 84, No.1, pp. 107-122.
- Kagan, R.A. & Scholz, J.T. 1984. The criminology of the corporation and regulatory enforcement strategies. In K. Hawkins & J.M. Thomas (Eds), *Enforcing Regulation, Law in Social Context Series*, pp. 67-95. Boston: Kluwer-Nijhoff Publishing.
- Kahn, R.L. & Boulding, E. (Eds). 1964. *Power and conflict in organization*. Chapters 1-5, pp. 1-72. London: Tavistock Publishing.
- Kahn, W.A. 1990. Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, Vol. 33, pp. 692-724.
- Kahneman, D. & Miller, D.T. 1986. Norm theory: Comparing reality to its alternatives. *Psychological Review*, Vol. 93, No. 2, pp. 136-153.
- Kahneman, D. & Tversky, A. 1979. The simulation heuristic. Chapter drawn from the Katz-Newcomb Lecture in Social Psychology, *On the psychology of possible worlds*. Michigan: Ann Arbor, Chapter 14, pp.89-98.
- Kanungo, R. 1979. The concepts of alienation and involvement revisited. *Psychological Bulletin*, Vol. 98, pp. 119-138.
- Kanungo, R.N. 1982. Measurement of job and work involvement. *Journal of Applied Psychology*, Vol.67, pp.341-349.

- Kanungo, R.N. & Conger, J.A. 1993. Promoting altruism as a corporate goal. *Academy of Management Executive*, Vol. VII, No. 3, pp. 37-48.
- Karrasch, A.I. 2003. Antecedents and consequences of organizational commitment. *Military Psychology*, Vol. 15, pp. 209-223.
- Katz, D. & Kahn, R.L. 1978. *The Social Psychology of Organizations*. New York: Wiley.
- Kearney, G., Creamer, M., Marshall, R. & Goyne, A (Eds). 2001. The management of stress in the Australian Defence Force. *Human factors, families and the welfare of military personnel away from the combat zone*. Canberra: Commonwealth of Australia.
- Kearney, G., Creamer, M., Marshall, R. and Goyne, A. 2003. *Military stress and performance. The Australian Defence Force Experience*. Melbourne: Melbourne University Press.
- Keating, M. 2000. The pressure for change. In G. Davis & M. Keating (Eds), *The future of governance*. Sydney: Allen & Unwin, pp. 23-40.
- Keen, L. & Murphy, P. 1996. Devolved budgetary management in local government: Lessons from a shire county. *Financial Accountability and Management*, Vol. 12, pp. 37-52.
- Kelley, H.H. 1967. Attribution theory in social psychology. In D. Levine (Ed). *Nebraska Symposium on Motivation*, Vol. 15, pp. 192-238. Lincoln, Nebraska: University of Nebraska Press.
- Kelley, H.H. 1997. Expanding the analysis of social orientations by reference to the sequential-temporal structure of situations. *European Journal of Social Psychology*, Vol. 27, pp. 373-404.
- Kelman, H.C. 1958. Compliance, identification and internalization. *Journal of Conflict Resolution*, Vol. 2, pp. 51-60.
- Kelman, H.C. 1961. Processes of opinion change. *Public Opinion Quarterly*, Vol. 25, pp. 57-78.
- Kelman, H. & Hamilton, V. 1989. *Crimes of Obedience: Toward a Social Psychology of Authority and Responsibility*. New Haven: Yale University Press.
- Kemp, P. 1993. *Beyond new steps: A civil service for the 21st century*. London: The Social Market Foundation.

- Kernaghan, K. 1994. The emerging public service culture: values, ethics, and reforms. *Canadian Public Administration*, Vol. 37, No. 4, pp. 614-630.
- Kernaghan, K. 1996. *The ethics era in Canadian public administration*. Ottawa: CCMD Research Paper no 19, Minister of Supply and Services.
- Kernan, M.C. & Hanges, P.J. 1991. Survivor reactions to reorganization: Antecedents and consequences of procedural, interpersonal and informational justice. *Journal of Applied Psychology*, Vol. 76, No. 5, pp. 916-928.
- Kerr, S. 1977. On the futility of rewarding A, while hoping for B. In L. Cummings and R. Dunham (Eds), *Introduction to Organizational Behavior Text and Readings*, Homewood, IL: Richard D. Irwin Inc, pp. 459-470.
- Kerr, S., Von Glinow, M. & Schriesheim, J. 1977. Issues in the study of "professionals" in organizations: The case of scientists and engineers. *Organizational Behavior and Human Performance*, Vol. 18, pp. 329-345.
- Keunung, H.F. 1993. Small wars and morally sound strategy. *Ethics and National Defense*, Washington: National Defense University.
- Kidwell, J.R., Stevens, R. & Bethke, A. 1987. Differences in ethical perceptions between male and female managers: Myth or reality? *Journal of Business Ethics*, Vol. 6, pp. 489-493.
- Kitzman, K.M. & Emery, R.E. 1993. Procedural justice and parents' satisfaction in a field study of child custody dispute resolution. *Law and Human Behaviour*, Vol. 17, pp. 553-567.
- Kipnis, D. 1972. Does power corrupt? *Journal of Personality and Social Psychology*, Vol. 24, No. 1, pp. 33-41.
- Kline, R.B. 1998. *Principles and practice of structural equation modeling*. New York: The Guilford Press, pp. 237-238.
- Kluckhohn, C. 1951. Values and value orientations in the theory of action. In T. Parsons & E.A. Shils (Eds), *Towards a General Theory of Action*, Cambridge, MA: Harvard University Press, pp. 388-433.
- Kotter, J. P. 1996. *Leading change*. Boston: Harvard Business School Press.

- Kramer, R.M. 1999. Trust and distrust in organizations: Emerging perspectives, enduring questions. *Annual Review Psychology*, Vol. 50, pp. 569-598.
- Kramer, R.M. & Tyler, T. 1996. *Trust in organizations. Frontiers of theory and research*. Thousand Oaks, CA: Sage Publications.
- Krueger, R. A. 1994. *Focus Groups: A Practical Guide for Applied Research*. Thousand Oaks, CA: Sage.
- Kruglanski, A.W. 1970. Attributing trustworthiness in supervisor-working relations. *Journal of Experimental Social Psychology*, Vol. 6, pp. 214-232.
- Kuhberger, A. 1995. The framing of decisions: A new look at old problems. *Organizational Behavior and Human Decision Processes*, Vol. 62, pp. 230-250.
- Kurland, N.B. 1996. Sales agents and clients: Ethics, incentives and a modified theory of planned behavior. *Human Relations*, Vol. 49, No. 1, pp. 51-75.
- Labich, K. 1992. The new crisis in business ethics. *Fortune*, Vol. 125, No. 8, pp. 167-176.
- Latané, B. 1981. The psychology of social impact. *American Psychologist*, Vol. 36, pp. 343-356.
- Latané, B. 1996. Dynamic social impact: The creation of culture by communication. *Journal of Communication*, Vol. 46, pp. 13-25.
- Layder, D.R. 1993. *New strategies in social research. An introduction and guide*. Cambridge: Polity Press.
- Layder, D.R. 1998. *Sociological practice linking theory and social research*. London: Sage Publishers.
- Learner, J.S. & Tetlock, P.E. 1999. Accounting for the effects of accountability. *Psychological Bulletin*, Vol. 125, No. 2, pp. 255-275.
- Lee, K., Carswell, J. & Allen, N.J. 2000. A meta-analytic review of occupational commitment: Relations with person- and work-related variables. *Journal of Applied Psychology*, Vol. 85, No. 5, pp. 799-811.
- Lee, T.W. & Maurer, S.D. 1999. The effects of family structure on organizational commitment, intention to leave and voluntary turnover. *Journal of Managerial Issues*, Vol. XI, No. 4, pp. 493-513.

- Leventhal, G.S., Karuza, J. & Fry, W.R. 1980. Beyond fairness: A theory of allocation preferences. In G. Mikula (Ed), *Justice and social interaction*, pp. 167-218. New York: Springer Publishing Company.
- Levi, M. 1998. A state of trust. In Braithwaite, V. & Levi, M. (Eds), *Trust & Governance*, Chapter 4, pp. 77-101. New York: Russell Sage Foundation.
- Lind, E.A., Kulik, C.T., Ambrose, M. & de Vera Park, M. 1993. Individual and corporate dispute resolution. *Administrative Science Quarterly*, Vol. 38, pp. 224-251.
- Lind, E.A. & Tyler, T.R. 1988. *The social psychology of procedural justice*. New York: Plenum Press.
- Lind, E.A., Tyler, T.R. & Huo, Y.J. 1997. Procedural context and conflict. *Journal of Personality and Social Psychology*, Vol. 73, pp. 767-780.
- Lineham, S. 2005, July, 30. Forum hears of heartache. *Townsville Bulletin*, pg. 11.
- Littler, C.R. 1978. Understanding Taylorism. *British Journal of Sociology*, Vol. 29, No. 2, pp. 185-202.
- Locke, E.A., Frederick, E., Lee, C. & Bobko, P. 1984. Effect of self-efficacy, goals and task strategies on task performance. *Journal of Applied Psychology*, Vol. 69, pp. 241-251.
- Locke, E.A. & Latham, G.P. 1990. *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice-Hall.
- London, M. 1983. Toward a theory of career motivation. *Academy of Management Review*, Vol. 8, pp. 620-630.
- Lord, R.G. & Levy, P.E. 1994. Moving from cognition to action: A control theory perspective. *Applied Psychology: An International Review*, Vol. 43, pp. 335-398.
- Lynn, L.E. Jr. 2001. The myth of the bureaucratic paradigm: What traditional public administration really stood for. *Public Administration Review*, Mar-Apr, Vol. 61, No. 2, pp. 144-160.
- McCann, W. 2001. Institution of public administration in Australia: Some observations about the program of public service. *Australian Journal of Public Administration*, Vol. 60, No. 4, pp. 110-115.
- McCarthy, G. 2001. The HIH Royal Commission and the tangled web of truth. *Australian Journal of Public Administration*, Vol. 60, No. 3, pp. 110-112.

- McClintock, C.G. & Liebrand, W.B.G. 1988. Role of interdependence structure, individual value orientation and another's strategy in social decision making: A transformational analysis. *Journal of Personality and Social Psychology*, Vol. 55, pp. 396-409.
- McCrae, R.R. & Costa, P.T. 1990. *Personality in adulthood*. New York: Guilford Press.
- McCuddy, M.K. & Peery, B.L. 1996. Selected individual differences and collegians' ethical beliefs. *Journal of Business Ethics*, Vol 15, No. 3, March 1996, pp. 261-272.
- McDonald, R.P. 1981. The dimensionality of tests and items. *British Journal of Mathematical and Statistical Psychology*, Vol. 34, pp. 100-117.
- McDonald, R.P. 1996. Path analysis with composite variables. *Multivariate Behavioral Research*, Vol. 31, pp. 239-270.
- McGuire, L. 1989. Models of private and public sector strategic management. In G. Davis, P. Weller & C. Lewis (Eds), *Corporate Management in Australian Government*, Melbourne: Macmillan.
- McIntyre, R.M., Bartle, S.A., Landis, D. & Dansby, M.R. 2002. The effects of equal opportunity fairness attitudes on job satisfaction, organizational commitment, and perceived work group efficacy. *Military Psychology*, Vol. 14, No. 4, pp. 299-320.
- McIntyre, R.M. & Salas, E. 1995. Team performance in complex environments: What we have learned so far. In R. Guzzo & E. Salas (Ed), *Team effectiveness and decision making in organizations*, pp. 9-45. New York: Jossey-Bass.
- McKenzie, N. 2006, January, 5. Defence contracts row intensifies. *ABC Online*. <http://www.abc.net.au/news/newsitems/200601/s1542194.htm>
- McNichols, C. & Zimmerer, T. 1985. Situational ethics: An empirical study of differentiators of student attitudes. *Journal of Business Ethics*, Vol. 4, pp. 175-180.
- Maccoby, E. & Jacklin, C. Nagy 1974. *Psychology of sex differences*. Stanford: Stanford University Press.

- Macdonald, K. 2005, August, 13. Union claims ship jobs sunk by Government. *West Australian*, pg. 10.
- Madden, M.J., Ellen, P.S. & Ajzen, I. 1992. A comparison of the theory of planned behavior and the theory of reasoned action. *Personality and Social Psychology Bulletin*, Vol. 18, No. 1, pp. 3-9.
- Mahoney, J. & Katz, G.M. 1976. Value structures and orientations to social institutions. *Journal of Psychology*, Vol. 93, pp. 203-211.
- Makkai, T. & Braithwaite, J. 1992. In and out of the revolving door: Making sense of regulatory capture. *Journal of Public Policy*, Vol. 12, pp. 61-78.
- Makkai, T. & Braithwaite, V. 1993. Professionalism, organizations, and compliance. *Law and Social Inquiry*, 18: 33-59.
- Malone, P. 2005, August, 27. Defence IT system fails on almost all criteria. *Canberra Times*, Pg. 4.
- Malone, P. 2005, September, 14. Vulnerable data 'result of merging at Defence'. *Canberra Times*, Pg. 6.
- Management Advisory Board and its Management Improvement Advisory Committee. 1993. *Accountability in the Commonwealth Public Sector*, No. 11, June.
- Mansbridge, J. 1994. Public spirit in political systems. In H.J. Aaron, T.E. Mann & T. Taylor (Eds), *Values and Public Policy*. Washington: The Brookings Institute, Chapter 6, pp. 146-172.
- March, J.G. 1994. *A primer of decision making*. New York: Free Press.
- March, J.G. 1996. Learning to be risk averse. *Psychological Review*, Vol. 103, pp. 309-19.
- Marcoulides, G.A. & Schumacker, R.E. (Eds) 1996. *Advanced Structural Equation Modelling: Issues and Techniques*. Mahwah, NJ: Lawrence Erlbaum Assoc. Inc.
- Markus, H. & Wurf, E. 1987. The dynamic self-concept. A social psychological perspective. *Annual Review of Psychology*, Vol. 38, pp. 299-337.

- Marsh, I. Governance in Australia: Emerging issues and choices. *Australian Journal of Public Administration*, Vol. 61, No. 2, pp. 3-9.
- Martinko, M.J. & Gardner, W.L. 1982. Learned helplessness: An alternative explanation for performance deficits. *Academy of Management Review*, 12(2): 325-249.
- Martin, R. 1988. Ingroup and outgroup minorities: Differential impact upon public and private responses. *European Journal of Social Psychology*, Vol. 18, pp. 39-52.
- Marx, K. 1964. Economic and philosophical manuscripts. In T.B. Bottomore (Trans. & Ed), *Early Writings*. New York: McGraw-Hill.
- Marx, K. & Engels, F. 1959. Manifesto of the Communist Party. In L. Feuer (Ed), *Basic Writings on Politics and Philosophy*. New York: Doubleday.
- Maslow, A.H. 1954. *Motivation and personality*. New York: Harper.
- Mathieu, J.E. & Zajac, D. 1990. A review and meta-analysis of the antecedents, correlates and consequences of organizational commitment. *Psychological Bulletin*, Vol. 108, pp. 171-194.
- Matsuda, N. 1985. Strong, quasi-, and weak conformity among Japanese in the modified Asch procedure. *Journal of Cross Cultural Psychology*, Vol. 16, pp. 83-97.
- Mayton, D.M. II, Ball-Rokeach, S.J. & Loges, W.E. 1994. Human values and social issues: An introduction, *Journal of Social Issues*, Vol. 50, No.4, 1994, pp. 1-8.
- Meglino, B.M., Ravlin, E.C. & Adkins, C.L. 1989. Work values approach to corporate culture: A field test of the values congruence process and its relationship to individual outcomes. *Journal of Applied Psychology*, Vol. 74, pp. 424-432.
- Meglino, B.M., Ravlin, E.C. & Adkins, C.L. 1991. Value congruence and satisfaction with a leader: An examination of the role of interaction. *Human Relations*, Vol. 44, pp. 481-495.
- Meidinger, E. 1987. Regulatory culture: A theoretical outline. *Law and Policy*, Vol. 9, pp. 355-386.

- Mellema, A. & Bassili, J.N. 1995. On the relationship between attitudes and values: Exploring the moderating effects of self-monitoring and self-monitoring schematicity. *Personality and Social Psychology Bulletin*, Vol. 21, No. 9, September, 885-892.
- Mellers, B.A., Schwartz, A. & Cooke, A.D.J. 1998. Judgment and decision making. *Annual Review of Psychology*, Vol. 49, pp. 447-478.
- Merritt, C. 2005, September, 9. Prejudice. Expensive plumbing. *Australian*, Legal Affairs Section, pg. 26.
- Merton, R.K. 1968. *Social theory and social structure*. New York: Free Press.
- Merton, R.K. 1999. Social structure and anomie. In Traub, S.H. and Little, C.B. (Eds). 1999. *Theories of deviance*. Fifth Edition. Itasca, IL: F.E. Peacock Publishers, Inc, Chapter III (12), pp. 131-142.
- Merton, R. K., Fiske, M., & Kendall, P. L. 1990. *The Focused Interview: A Manual of Problems and Procedures*. 2nd Edition. New York: Free Press.
- Metcalf, L. 1993. Public management: From imitation to innovation. In J. Kooiman (Ed), *Modern Governance*, London: Sage Publications.
- Meyer, J.P. 1997. Organizational commitment. *International Review of Industrial and Organizational Psychology*, Vol. 12, p. 175-228.
- Meyer, J.P. & Allen, N.J. 1991. A three-component conceptualization of organizational commitment. *Human Resource Management Review*, Vol. 1, pp. 61-89.
- Meyer, J.P. & Allen, N.J. 1997. *Commitment in the workplace: Theory, research and application*. Thousand Oaks, CA: Sage Publications.
- Meyer, J.P., Allen, J.P. & Smith, C.A. 1993. Commitment to organizations and occupations: Extension and test of a three-component conceptualization. *Journal of Applied Psychology*, Vol. 78, pp. 538-551.
- Meyer, J.P. & Herscovitch, L. 2001. Commitment in the workplace: Toward a general model. *Human Resource Management Review*, Vol. 11, pp. 299-326.
- Michelmores, K. 2005, September, 8. Army knows of training danger. *Northern Territory News*, pg. 2.

- Mignerez, J., Rubin, J.R. & Gorden, W. 1995. Organizational entry: An investigation of newcomer communication behavior and uncertainty. *Communication Research*, Vol. 22, pp. 54-85.
- Military lawsuits. 2005, September, 15. *Adelaide Advertiser*, pg. 34.
- Miller, J.G. 1984. Culture and the development of everyday social explanation. *Journal of Personality and Social Psychology*, Vol. 46, pp. 961-978.
- Miller, M.B. 1995. Coefficient alpha: A basic introduction from the perspectives of classical test theory and structural equation modeling. *Structural Equation Modeling*, Vol. 2, pp. 255-273.
- Mintzberg, H. 1979. *The Structuring of Organizations*. Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Mischel, W. 1968. *Personality and assessment*. New York: Wiley.
- Mischel, W. 1973. Toward a cognitive social learning reconceptualization of personality. *Psychological Review*, Vol. 80, pp. 252-283.
- Mischel, W. 1979. On the interface of cognition and personality. *American Psychologist*, Vol. 34, pp. 740-754.
- Mitchell, D. 1998. Wages and employment: The long march to equality. In B. Caine, (gen. Ed), *Oxford Companion to Australian Feminism*, Oxford: Oxford University Press.
- Mitchell, L.E. 1995. Trust, contract, process. In L.E. Mitchell (Ed), *Progressive corporate law*. Pp. 187-217. Colorado: Westview.
- Mitchell, T.R., Hopper, H., Daniels, D., George-Fahey, J. & James, L.R. 1994. Predicting self-efficacy and performance during skill acquisition. *Journal of Applied Psychology*, Vol. 79, pp. 506-517.
- Mitchell, T.R., Dowling, P., Kabanoff, B.V. & Larson, J.R. 1992. *People in Organizations. An introduction to Organizational Behaviour in Australia*, Chapter 3, pp. 35-72.
- Moon, J. 1998. The Australian public sector and new governance. *Australian Journal of Public Administration*, Vol. 58, No. 2, pp. 112-120.

- Morgan, D. L. 1997. *Focus Groups as Qualitative Research*, Second Ed. Thousand Oaks, CA: Sage.
- Morgan, D.L. & Kreuger, R.A. 1993. When to use focus groups and why. In D.L. Morgan (Ed), *Successful Focus Groups*. London: Sage.
- Morley, L. 1995. Theorizing empowerment in the UK public services. *Empowerment in organisations*, Vol. 3, No. 3, pp. 35-41.
- Morrison, B.W. & Robinson, S.L. 1997. When employees feel betrayed: A model of how psychological contract violation develops. *Academy of Management Review*, 22(1): 226-256.
- Morrow, P.C. 1983. Concept redundancy in organization research: The case of work commitment. *Academy of Management Review*, Vol. 8, pp. 486-500.
- Morrow, P.C. 1993. *The theory and measurement of work commitment*. Greenwich, CT: JAI Press.
- Moscovici, S. 1976. *Social Influence and Social Change*. London: Academic Press.
- Moscovici, S. 1980. Towards a theory of conversion behavior. In L.Berkowitz (Ed), *Advances in Experimental Social Psychology*, Vol. 13, pp. 209-239. New York: Academic Press.
- Moscovici, S. 1985. Social influence and conformity. In G. Lindzey & E. Aronson (Eds), *Handbook of social psychology*, 3rd Edition, pp. 347-412. New York: Random House.
- Mowday, R., Steers, R. & Porter, L. 1979. The measurement of organizational commitment. *Journal of Vocational Behavior*, Vol. 14, pp. 244-247.
- Mowday, R., Porter, L.W. & Steers, R. 1982. *Employee-organization linkages*. New York: Academic Press.
- Mowday, R.T. & Sutton, R.I. 1993. Organizational behavior. *Annual Review of Psychology*, Vol. 44, pp. 195-229.
- Mugford, S. 1999. *Scenarios and researching the future-an outline of a method*. Unpublished document, Qualitative and Quantitative Social Research (QQR), ACT.

- Mugford, S. 2004. *Simple techniques for successful brainstorming/planning meetings*. Unpublished document prepared by Stephen Mugford, Qualitative and Quantitative Social Research (QQR), ACT.
- Mulder, M. 1958. *Group Structure, Motivation and Group Performance*. The Hague: Commissie voor Opvoering van Productiviteit and Moulton.
- Mulder, M. 1971. Power equalization through participation? *Administrative Science Quarterly*, Vol. 16, pp. 31-38.
- Mulder, M., Ritsema Van Eck, J.R. & De Jong, R.D. 1971. An organization in crisis and non-crisis situations. *Human Relations*, Vol. 24, No. 2, pp. 19-41.
- Mulder, M. & Wilke, H. 1970. Participation and power equalization. *Organizational Behavior and Human Performance*, Vol. 5, pp. 430-448.
- Mulgan, R. 2001. Auditors-General: Cuckoos in the managerialist nest. *Australian Journal of Public Administration*, Vol. 60, No. 2, pp. 24-34.
- Munson, J.M. & Posner, B.Z. 1980. The factorial validity of a modified Rokeach Value Survey for four diverse samples. *Educational and Psychological Measurement*, Vol. 40, pp. 1073-1079.
- National Institute for Governance. 2003. *Public Service Leadership: Emerging issues. A report for the Australian Public Service Commission*. Canberra: AusInfo.
- Neisser, U. 1976. *Cognition and Reality*. San Francisco: W.H. Freeman & Co.
- Newman, J. & Clarke, J. 1994. Going about our business: The managerialization of public services. In J. Clarke, A. Cochran & E. McLaughlin, (Eds), *Managing Social Policy*, London: Sage Publications.
- Ng, S.K. 1980. *The Social Psychology of Power*. London: Academic Press.
- Ng, S.K. 1982. Power and intergroup discrimination, in Tajfel, H. (Ed), *Social identity and intergroup relations*. Cambridge: Cambridge University Press, pp. 179-205.
- Oakes, P.J., Haslam, A. & Turner, J.C. 1994. *Stereotyping and Social Reality*. Oxford, UK: Blackwell Publishing.

- O'Brien, G.E., Dowling, P. & Kabanoff, B. 1978. *Work, Health and Leisure. Working paper Series 25*, Flinders University of South Australia, National Institute of Labour Studies.
- O'Brien, J. & Fairbrother, P. 2000. A changing public sector: Developments at the Commonwealth level. *Australian Journal of Public Administration*, Vol. 59, No. 4, pp. 59-66.
- O'Brien, H. & O'Donnell, M. 2000. Creating a new moral order: Cultural change in the Australian Public Service. *Labour and Industry*, Vol. 10. No. 3.
- O'Keefe, M. 2000. Enduring tensions in the 2000 Defence White Paper. *Australian Journal of Politics and History*, Vol. 49, No.4, pp. 517-539.
- O'Malley, P. & Mugford, S. 1991. Moral Technology: The Political Agenda of Random Drug Testing. *Social Justice: A Journal of Crime, Conflict and World Order*, 18: 122-146.
- O'Malley, P. & Mugford, S. 1992. The Demand for Intoxicating Commodities: Implications for the "War on Drugs". *Social Justice: A Journal of Crime, Conflict and World Order*, 18: 49-75.
- O'Reilly, C.A. & Chatman, J.A. 1986. Organizational commitment and psychological attachment: The effect of compliance, identification and internalization on prosocial behavior. *Journal of Applied Psychology*, Vol. 71, pp. 492-499.
- Osborne, O. & Gaebler, T. 1993. *Reinventing government: How the entrepreneurial spirit is transforming the Public Service*. New York: Plume.
- Ostroff, C. 1992. The relationship between satisfaction, attitudes and performance: An organisational level analysis. *Journal of Applied Psychology*, Vol. 77, No. 6, pp. 963-974.
- Ouchi, W.G. 1980. Markets, bureaucracies and clans. *Administrative Science Quarterly*, Vol. 25, pp. 129-141.
- Paine, L.S. 1997. *Cases in leadership, ethics, and organizational integrity. A strategic perspective*. Chicago: Irwin.
- Paine, L.S. 1994. Managing for organizational integrity. *Harvard Business Review*, March-April, 106-117.

- Painter, M. 1990. Values in the history of public administration. In J.M. Power (Ed), *Public Administration in Australia. A watershed*. Sydney: Hale & Iremonger.
- Paquet, G. 1997. Straws in the wind. Ethics, leadership and the military. *Optimum. The Journal of Public Sector Management*, Vol 27 No 1 (47-54), p. 52.
- Parker, D., Manstead, A.S.R., Stradling, S.G. & Reason, J.T. 1992. Intention to commit driving violations: An application of the theory of planned behavior. *Journal of Applied Psychology*, Vol. 77, No. 1, pp. 94-101.
- Parker, S.K. 1998. Enhancing role breadth self-efficacy: The roles of job enrichment and other organizational interventions. *Journal of Applied Psychology*, Vol. 83, No. 6, pp. 835-852.
- Parker, C. & Braithwaite, J. 2003. Regulations. In P. Cane & M. Tushnett (Eds), *Oxford handbook of legal studies*. New York: Oxford University Press.
- Passas, N. 1990. Anomie and corporate deviance. *Contemporary Crises*, Vol. 14, pp. 157-178.
- Payne, S.L. & Giacalone, R.A. 1990. Social psychological approaches to perception of ethical dilemmas. *Human Relations*, Vol. 43, No. 7, pp. 649-665.
- Peabody, R.L. 1964. *Organizational authority. Superior-Subordinate relationships in three public service organizations*. London: Prentice-Hall.
- Pedersen, J.S. & Rendtorff, J.D. 2004. Values-based management in local public organizations: A Danish experience. *Cross Cultural Management*, Vol. II, No. 2, pp. 71-95.
- Pedhazur, E.J. & Schmelkin, L.P. 1991. *Measurement, Design and Analysis. An Integrated Approach*. Hillsdale, New Jersey: Lawrence Erlbaum Associates.
- Perrow, C. 1979. *Complex organizations: a critical essay*. 2nd Ed., London: Scott, Foresman and Co.
- Perry, J. & Wise, L. 1990. The motivational bases of public service. *Public Administration Review*, 50(3): 367-73.
- Peters, B.G. 1996. *The Future of Governing. Four Emerging Models*. Lawrence, KS: University Press of Kansas.
- Peters, G. 1999. *Institutional theory in political science: The 'New Institutionalism.'* London: Continuum.

- Peters, J. & Waterman, R. 1982. *In search of excellence: Lessons from America's best run companies*. New York: Harper and Row.
- Peterson, D.K. 2003. The relationship between ethical pressure, relativistic moral beliefs and organizational commitment. *Journal of Managerial Psychology*, Vol. 18, No. 6, pp. 557-572.
- Pettit, P. 1998. Republican theory and political trust. In Braithwaite, V. & Levi, M. (Eds), *Trust & Governance*, Chapter 12, pp. 295-314. New York: Russell Sage Foundation.
- Petty, R.E. & Cacioppo, J.T. 1981. *Attitudes and persuasion: Classic and contemporary approaches*. Dubuque, IA: W.C. Brown.
- Picciotto, S. 2005. *Constructing compliance: Game-playing, tax law and the State*. Working Paper No. 81, Nov. Australian National University: Centre for Tax System Integrity.
- Picciotto, S. 2007. Constructing compliance: Game playing, tax law and the regulatory state. *Law and Policy*, Vol. 29, No. 1, forthcoming.
- Pierre, J. & Peters, Guy P. 2000. *Governance, politics and the state*. Basingstoke: Macmillan.
- Pierce, J.L. & Dunham, R.B. 1987. Organizational commitment: Pre-employment prosperity and initial work experiences. *Journal of Management*, Vol. 13, pp. 163-178.
- Pillutla, M. & Chen, X.P. 1999. Social norms and cooperation in social dilemmas. *Organizational Behavior and Human Decision Processes*, Vol. 78, pp. 81-103.
- Plous, S. 1993. *The psychology of judgment and decision making*. New York: McGraw-Hill, Inc.
- Podger, A.S. 2004. Innovation with integrity in the public sector leadership imperative to 2020. *Australian Journal of Public Administration*, Vol. 63, No. 1, pp. 11-21.
- Pollitt, C. 1993. *Managerialism and the public services. Cuts or cultural change in the 1990s?* Oxford: Blackwell Publishers.
- Pollitt, C. 2000. Is the emperor in his underwear? An analysis of the impacts of public management reform. *Public Management*, Vol. 2, No.2, pp. 181-200.
- Pollitt, C. 2003. *The Essential Public Manager*. Maidenhead & Philadelphia: Open University Press/McGraw Hill.

- Popper, M. 1996. Leadership in military combat units and business organizations. *Journal of Managerial Psychology*, Vol. 11, No. 1, pp. 15-23.
- Posner, B. & Schmidt, W. 1982. What kind of people enter the public and private sectors? An updated comparison of perceptions, stereotypes and values. *Human Resource Management*, Vol. 18, pp. 35-43.
- Power, R.A. & Single, H.M. 1996. Focus groups. *International Journal of Quality in Health Care*, Vol. 8, No. 5, pp. 499-504.
- Pruitt, D.G. & Carnevale, P.J. 1993. *Negotiation in Social Conflict*. Buckingham: Open University Press.
- Provis, C. 1996. Values-based management—the latest management fad? *City Ethics*, Issue No. 24, Winter, pp. 6-7, Sydney: St. James Ethics Centre.
- Pusey, M. 1991. *Economic Rationalism in Canberra. A Nation Building State changes its Mind*. New York: Cambridge University Press.
- Rees, J.V. 1988. *Reforming the Workplace: A Study of Self-Regulation in Occupational Safety*. Philadelphia: University of Pennsylvania Press.
- Rees, J.V. 1994. *Hostages of Each Other: The Transformation of Nuclear Safety since Three Mile Island*. Chicago: University of Chicago Press.
- Reid, R.P. 1988. Charter flight. i-iii, Management education section of *Times Higher Education Supplement*, 25 March.
- Reiser, S. & Levine, M. 1994. Deindividuation, power relations between groups and the expression of social identity. The effects of visibility to the out-group. *British Journal of Social Psychology*, Vol. 33, pp. 145-163.
- Reiss, A.J. Jr. 1984. Selecting strategies of social control over organizational life. In K. Hawkins & J.M. Thomas (Eds), *Enforcing Regulation, Law in Social Context Series*. Chapter 2, pp. 23-35. Boston: Kluwer-Nijhoff Publishing.
- Rest, J. 1979. *Development in judging moral issues*. Minneapolis: University of Minnesota Press.
- Reynolds, E.T. 1993. Ethical competence and the professions of arms: A contemporary challenge to military institutions. *Canadian Defence Quarterly*, Vol. 23, No 2, December, pp. 30-36.
- Rhodes, R.A.W., Dargie, C., Melville, A. & Tutt, B. 1995. The state of public administration: A professional history, 1970-1995. *Public Administration*, Vol. 73, pp. 1-15.

- Robbins, S.P., Waters-Marsh, T., Cacioppe, R. & Millett, B. 1994. *Organisational Behaviour. Concepts, Controversies and Applications*. New York: Prentice Hall.
- Roberts, B.W. & DelVecchio, W.F. 2000. The rank-order consistency of personality traits from childhood to old age: A quantitative review of longitudinal studies. *Psychological Bulletin*, Vol. 126, No. 1, pp. 3-25.
- Rohr, J. 1989. *Ethics for bureaucrats* (2nd Edition). New York: Free Press.
- Rokeach, M. 1968. *Beliefs, attitudes and values*. San Francisco: Jossey-Bass.
- Rokeach, M. 1973. *The nature of human values*. New York: Free Press.
- Rokeach, M. 1974. Change and stability in American value systems, 1968-1971. *Public Opinion Quarterly*, Vol. 38, pp. 222-238.
- Rokeach, M. 1979. From individual to institutional values: With special reference to the values of science. In M. Rokeach (Ed), *Understanding Human Values: Individual and Societal*, pp. 47-70. New York: Free Press.
- Rokeach, M. 1980. Some unresolved issues in theories of beliefs, attitudes and values. In H.E. Howe & M.M. Page (Eds), *Nebraska Symposium on Motivation*, Vol. 27, pp. 261-304, Lincoln: University of Nebraska Press.
- Rokeach, M. & Ball-Rokeach, S.J. 1989. Stability and change in American value priorities, 1968-1981. *American Psychologist*, Vol, 44, No. 5, pp. 775-784.
- Rotter, J.B. 1954. *Social Learning and Clinical Psychology*. New York: Prentice-Hall.
- Rotter, J.B. 1966. Generalized expectancies for internal versus external control of reinforcement. *Psychological Monographs*, Vol. 80 (1), No. 609.
- Rotter, J.B. Interpersonal trust, trustworthiness and gullibility. *American Psychologist*, Vol. 35, pp. 1-7.
- Ruhnka, J.C. & Boerstler, H. 1998. Governmental incentives for corporate self-regulation. *Journal of Business Ethics*, Vol. 17, pp. 309-326.

- Rowe, K.J. 1989. The commensurability of the general linear model in the context of educational and psychosocial research. *Australian Journal of Education*, Vol. 33, pp. 41-52.
- Rowe, K.J., Hill, P.W., & Holmes-Smith, P. 1995. Methodological issues in educational performance and school effectiveness research: A discussion with worked examples. *Australian Journal of Education*, Vol. 39, pp. 217-248.
- Royal Commission on Australia's Government Administration Report. 1976. Canberra: Australian Government Publishing Service.
- Sackett, P.R., Burris, L.R. & Callahan, C. 1989. Integrity testing for personnel selection: An update. *Personnel Psychology*, Vol. 42, pp. 491-429.
- Sackett, P.R., Gruys, M.L. & Ellingson, J.E. 1998. Ability-personality interactions when predicting job performance. *Journal of Applied Psychology*, Vol. 83, No. 4, pp. 545-556.
- Sackett, P.R. & Wanek, J.E. 1996. New developments in the use of measures of honesty, integrity, conscientiousness, dependability, trustworthiness and reliability for personnel selection. *Personnel Psychology*, Vol. 49, pp. 787-829.
- Sadri, G. & Robertson, L.T. 1993. Self-efficacy and work-related behavior: A review and meta-analysis. *Applied Psychology: An International Review*, Vol. 42, pp. 139-152.
- Sakurai, Y. Problems and prospects in cross-cultural interactions in Japanese Multinational corporations in Australia. Unpublished thesis, March, 2000.
- Salamon, L.M. 2002. *The tools of government: A guide to the new governance*. Oxford: Oxford University Press.
- Salancik, G. 1977. Commitment and the control of organizational behavior and belief. In B.M. Staw & G. Salancik (Eds), *New directions in organizational behavior*, pp. 1-54, Chicago: St. Clair.
- Sarros, J.C., Gray, J., Densten, I.L. & Cooper, B. 2005. The organizational culture profile revisited and revised: An Australian perspective. *Australian Journal of Management*, Vol. 30, No. 1, pp. 159-182.

- Sawer, M. 1989. Efficiency, effectiveness and equity? In G. Davis, P. Weller & C. Lewis (Eds), *Corporate Management in Australian Government*, Melbourne: Macmillan.
- Scandura, T.A. & Williams, E.A. 2000. Research methodology in management. Current practices, trends and implications for future research. *Academy of Management Journal*, 43(6): 1248-1264.
- Schachter, S. 1951. Deviation, rejection and communication. *Journal of Abnormal and Social Psychology*, Vol. 46, pp. 190-207.
- Schaubroeck, J., Ganster, D.C. & Fox, M.L. 1992. Dispositional affect and work-related stress. *Journal of Applied Psychology*, Vol. 77, No. 3, pp. 322-335.
- Schein, E. H. 1968. Organizational socialization and the profession of management. *Industrial Management Review*, 9, 1-16.
- Schein, E. H. 1969. *Process Consultation: Its Role in Organizational Development*. Reading, MA: Addison-Wesley.
- Schein, E.H. 1984. Coming to a new awareness of organizational culture. *Sloan Management Review*, Vol. 25, pp. 3-16.
- Schein, E.H. 1990. Organizational culture. *American Psychologist*, Vol. 45, No. 2, 109-119.
- Schein, E.H. 1992. *Organizational culture and leadership 2nd edition*, San Francisco: Jossey-Bass Inc.
- Schein, E.H. 1996. Culture: The missing concept in organization studies. *Administrative Science Quarterly*, Vol 41(2), pp. 229-239.
- Schein, E.H. 2004. *Organizational culture and leadership 3rd edition*, San Francisco: Jossey-Bass Inc.
- Schneider, B. 1983. Work climates: An interactionist perspective. In N. Feimer & E. Geller (Eds), *Environmental Psychology*, pp. 106-128. New York: Praeger.
- Schwartz, S.H. 1994. Are there universal aspects in the structure and contents of human values, *Journal of Social Issues*, Vol. 50, No. 4, pp. 19-45.

- Schwartz, S.H. & Bilsky, W. 1987. Toward a universal psychological structure of human values. *Journal of Personality and Social Psychology*, Vol. 53, pp. 550-562.
- Schum, D. 1990. Discussion. In R.M. Hogarth (Ed), *Insights in decision making: A tribute to Hillel J. Einhorn*. Chicago: University of Chicago Press.
- Scott, W.A. 1960. International ideology and interpersonal ideology. *Public Opinion Quarterly*, Vol. 24, pp. 419-435.
- Scott, W.A. 1965. *Values and Organizations*. Chicago, IL: Rand McNally.
- Seligman, M.E.P. 1975. *Helplessness: On depression, development and death*. San Francisco: Freeman.
- Selznick, P. 1951. Institutional vulnerability in mass society. *American Journal of Sociology*, Vol. 56, No.4, pp. 320-331.
- Selznick, P. 1969. *Law, Society and Industrial Justice*. New: Sage.
- Selznick, P. 1994. *The Moral Commonwealth. Social theory and the promise of community*. Berkeley: University of California Press.
- Selznick, P. 1996. Institutionalism "Old" and "New". *Administrative Science Quarterly*, Vol. 41, pp. 270-277.
- Shand, D. 1987. *The New Managerialism in Government*. An address to RAIPA, Western Australian branch, 24 September.
- Shapiro, D.L., Trevino, L. Klebe & Victor, B. 1995. Correlates of employee theft: A multi-dimensional justice perspective. *International Journal of Conflict Management*, Vol. 6, No. 4, pp. 404-414.
- Sherif, M. & Sherif, C.W. 1969. *Social Psychology*. New York: Harper & Rowe.
- Shearing, C.D. & Ericson, R.V. 1991. Culture as figurative action. *British Journal of Sociology*, Vol. 42, No. 4, pp. 481-506.

- Shearing, C.D. 1993. A constitutive conception of regulation. In P. Grabosky & J. Braithwaite (Eds), *Business Regulation and Australia's Future*, pp. 67-79. Canberra, Australia: Institute of Criminology.
- Sherman, T. 1994. Managing ethics in organisations. *Fraud, Ethics and Accountability*. Sydney: Royal Institute of Public Administration, Australia.
- Sikula, A. & Costa, A. 1994. Are women more ethical than men? *Journal of Business Ethics*, Vol. 13, pp. 859-871.
- Sitkin, S.B. & Roth, N.L. 1993. Explaining the limited effectiveness of legalistic remedies for trust/distrust. *Organization Science*, Vol. 4, No. 3, pp. 367-392.
- Sitkin, S.B. & Stickel, D. 1996. The road to hell. The dynamics of distrust in an era of quality. In R.M. Kramer & T.R. Tyler (Eds), *Trust in Organizations. Frontiers of Theory and Research*, Chapter 10, pp. 196-215. Thousand Oaks, CA: Sage Publications.
- Skitka, L.J. & Tetlock, P.E. 1993. Providing public assistance: Cognitive and motivational processes underlying liberal and conservative policy preferences. *Journal of Personality and Social Psychology*, Vol. 65, No. 6, 1205-1223.
- Smith, H. 1998. Australian society: Vanguard or rearguard? *Australian Defence Force Journal*, No. 130, May-June, pp. 19-22.
- Smith, M. 1969. *Social Psychology and Human Values*, Chicago: Aldine.
- Smith, M.J. 1989. Ethics and interventions. *Ethics and International Affairs*, Vol 3, pp. 1-26.
- Snarey, J.R. 1985. Cross-cultural universality of social-moral development: A critical review of Kohlbergian Research. *Psychological Bulletin*, Vol. 97, pp. 202-232.
- Solomon, E. 1986. Private and public sector managers: An empirical investigation of job characteristics and organizational climate. *Journal of Applied Psychology*, Vol. 71. pp. 247-259.
- Spector, P.E. 2002. Employee control and occupational stress. *American Psychological Society*, Vol. 11, pp. 110-135.

- Srole, L. 1956. Social integration and certain corollaries. *American Sociological Review*, Vol. 21, pp. 709-716.
- Stajkovic, A.D. & Luthans, F. 1998. Self-efficacy and work-related performance: A meta-analysis. *Psychological Bulletin*, Vol. 124, pp. 240-261.
- Stanga, K.G. & Turpen, R.A. 1991. Ethical judgements on selected accounting issues: An empirical study. *Journal of Business Ethics*, Vol. 10, pp. 739-747.
- Stark, A. 1993. What's the matter with business ethics? *Harvard Business Review*, May-June, pp. 38-48.
- Staw, B.M., Bell, N.E. & Clausen, J.A. 1986. The dispositional approach to job attitudes. A lifetime longitudinal test. *Administrative Science Quarterly*, Vol. 31, pp. 56-77.
- Staw, B.M. & Ross, J. 1978. Commitment to a policy decision. *Administrative Science Quarterly*, Vol. 23, pp. 40-64.
- Staw, B.M. & Ross, J. 1985. Stability in the midst of change: A dispositional approach to job attitudes. *Journal of Applied Psychology*, Vol. 70, pp. 469-480.
- Stoner, J.A.F. 1968. Risky and cautious shifts in group decisions: The influence of widely held values. *Journal of Experimental Social Psychology*, Vol. 4, pp. 442-459.
- Stokols, D. 1975. Toward a psychological theory of alienation. *Psychological Review*, Vol. 82, No. 1, pp. 26-44.
- Sullivan, W., Sullivan, R. & Buffton, B. 2002. Aligning individual and organisational values to support change. *Journal of Change Management*, Vol 2(3): 247-256.
- Sykes, T. 1994. *The Bold Riders*. St.Leonards: Allen & Unwin.
- Tajfel, H. 1978. *Differentiation between social groups*. London: Academic Press.
- Tajfel, H. 1979. Individuals and groups in social psychology. *British Journal of Social and Clinical Psychology*, Vol. 18, pp. 183-190.

- Tajfel, H. & Turner, J. 1986. The social identity of intergroup behavior. In S Worchel (Ed), *Psychology of intergroup relations*, pp. 33-47, Chicago: Nelson-Hall.
- Tansky, J.W. 1993. Justice and organizational citizenship behavior: What is the relationship? *Employee Responsibilities and Rights Journal*, Vol. 6, pp. 195-207.
- Taylor, D.M. & Jaggi, V. 1974. Ethnocentrism and causal attribution in a South Indian context. *Journal of Cross Cultural Psychology*, Vol. 5, pp. 162-171.
- Taylor, F.W. 1911. *The principles of scientific management*. New York: Harper and Brothers.
- Taylor, M.S., Locke, E.A., Lee, C. & Gist, M.E. 1984. Type A behavior and faculty research productivity: What are the mechanisms? *Organizational Behavior and Human Performance*, Vol. 34, pp. 402-418.
- Taylor, S.E. & Brown, J.D. 1988. Illusion and well-being: A social psychological perspective on mental health. *Psychological Bulletin*, Vol. 103, pp. 193-210.
- Tellegen, A. 1988. The analysis of consistency in personality assessment. *Journal of Personality*, Vol. 56, pp. 621-663.
- Tetlock P.E. 1983. Accountability and complexity of thought. *Journal of Personality and Social Psychology*, Vol. 45, pp. 74-83.
- Tetlock, P.E. 1986. A value pluralism model of ideological reasoning. *Journal of Personality and Social Psychology*, Vol. 50, pp. 819-827.
- Tetlock, P.E. 1992. The impact of accountability on judgment and choice: Toward a social contingency model. *Advances in Experimental Social Psychology*, Vol. 25, pp. 331-376.
- Tetlock, P.E. 2002. Social functionalist frameworks for judgment and choice: Intuitive politicians, theologians, and prosecutors. *Psychological Review*, Vol. 109, No. 3, pp. 451-471.
- Tetlock, P.E., Armor, D. & Peterson, R.S. 1994. The slavery debate in antebellum America: Cognitive style, value conflict and the limits of compromise. *Journal of Personality and Social Psychology*, Vol. 66, No.1, 115-126.
- Tetlock, P.E. & Boettger, R. 1989. Accountability: A social magnifier of the dilution effect. *Journal of Personality and Social Psychology*, Vol. 57, pp. 388-398.

- Tetlock, P.E. & Boettger, R. 1994. Accountability amplifies the status quo effect when change creates victims. *Journal of Behavioral Decision Making*, Vol. 7, pp. 1-23.
- Tetlock, P.E. & Kim, J. 1987. Accountability and judgment in a personality prediction task. *Journal of Personality and Social Psychology: Attitudes and Social Cognition*, Vol. 52, pp. 700-709.
- Tetlock, P.E. & Levi, A. 1982. Attribution bias: On the inconclusiveness of the cognition-motivation debate. *Journal of Experimental Social Psychology*, Vol. 18, pp. 68-88.
- Tetlock, P.E., Peterson, R. & Lerner, J. 1996. Revisiting the value pluralism model: Incorporating social content and context postulates. In C. Seligman, J. Olson & M. Zanna (Eds), *Ontario Symposium on Social and Personality Psychology: Values*, pp. 37-65. Hillsdale, NJ: Erlbaum.
- Tetlock, P.E., Skitka L. & Boettger, R. 1989. Social and cognitive strategies for coping with accountability: Conformity, complexity and bolstering. *Journal of Personality and Social Psychology*, Vol. 57, pp. 632-640.
- Thannhauser, D. & Caird, D. 1990. Politics and values in Australia: Testing Rokeach's two value-model of politics. A research note. *Australian Journal of Psychology*, Vol. 42, pp. 57-61.
- The Age, 2005, October, 3. *Defence force most trusted: Survey*.
<http://www.theage.com.au/news/National/Defence-force-most-trusted:survey>
 - Breaking News – National downloaded 14/01/2006.
- Thomas, H. 2005, September, 15. Not much bared by the bad news bear. *Courier Mail*, Pg. 2.
- Thomas, R. 1978. *The British philosophy of administration: a comparison of British and American ideas, 1900-39*, London/New York: Longman.
- Thomas, W.I. & Znaniecki, F. 1918. *The Polish Peasant in Europe and America*. New York: Alfred A. Knopf.
- Thompson, I. 1994. The cost of accountability - The social aspects. *Fraud, Ethics and Accountability*. Sydney: Royal Institute of Public Administration, Australia and the Commonwealth Law Enforcement Board.

- Tibaut, J., Friedland, N. & Walker, L. 1974. Compliance with rules: Some social determinants. *Journal of Personality and Social Psychology*, Vol. 30, pp. 792-801.
- Tibaut, J. & Kelley, H.H. 1959. *The social psychology of groups*. New York: Wiley.
- Tibaut, J. & Walker, L. 1975. *Procedural justice: A psychological analysis*. Hillsdale, NJ: Erlbaum.
- Traub, S.H. and Little, C.B. (Eds). 1999. *Theories of deviance*. Fifth Edition. Itasca, IL: F.E. Peacock Publishers, Inc.
- Tremble, T.R. Jr. 2003. Opening organizational archives to research: Analog measures of organizational commitment. *Military Psychology*, Vol. 15, No. 3, pp. 167-190.
- Trevino, L. Klebe 1986. Ethical decision making in organizations: A person-situation interactionist model. *Academy of Management Review*, Vol. 11, pp. 601-617.
- Trevino, L.K. 1992. The social effects of punishment in organizations: A justice perspective. *Academy of Management Journal*, Vol. 41, pp. 330-339.
- Trevino, L. & Youngblood, S. 1990. Bad apples in bad barrels: A causal analysis of ethical decision-making behaviour. *Journal of Applied Psychology*, Vol. 74, No. 4, pp. 378-385.
- Trevino, L. & Victor, B. 1992. Peer reporting of unethical behaviour: A social context perspective. *Academy of Management Journal*, Vol. 35, No. 1, pp. 38-64.
- Triandis, H.C. 1993. Reviews on cultural phenomena – cultures and organizations. *Administrative Science Quarterly*, 38(1): 132-135.
- Trice, H.M. & Beyer, J.M. 1993. *The cultures of work organizations*. Englewood Cliffs, NK: Prentice-Hall Inc.
- Tsalikis, J. & Oritz-Buonafina, M. 1990. Ethical beliefs differences of males and females. *Journal of Business Ethics*, Vol. 9, pp. 509-517.
- Turner, J.C. 1991. *Social Influence*. Buckingham: Open University Press.

- Tversky, A. & Kahneman, D. 1974. Judgement under uncertainty. *Science*, Vol. 185, No. 4157, pp. 1124-1131.
- Tversky, A. & Kahneman, D. 1986. The framing of decisions. The psychology of choice. *Science*, 211, pp. 453-458.
- Tyler, T.R. 1988. What is procedural justice? *Law and Society Review*, Vol. 22, pp. 301-355.
- Tyler, T.R. 1989. The psychology of procedural justice: A test of the group-value model. *Journal of Personality and Social Psychology*, Vol. 57, pp. 830-838.
- Tyler, T.R. 1990. *Why People obey the Law*. New Haven, CT: Yale University Press.
- Tyler, T.R. 1997. The psychology of legitimacy: A relational perspective on voluntary deference to authorities. *Personality and Social Psychology Review*, Vol. 1, No. 4, pp. 323-345.
- Tyler, T.R. 1998. Public mistrust of the law. *University of Cincinnati Law Review*, Vol. 66, pp. 847-876.
- Tyler, T.R. 2001. A psychological perspective on the legitimacy of institutions and authorities. In J.T. Jost & B. Major (Eds), *The Psychology of Legitimacy. Emerging Perspectives on Ideology, Justice and Intergroup Relations*. Chapter 17, pp. 416-436. Cambridge, UK: Cambridge University Press.
- Tyler, T.R. & Blader, S.L. 2000. *Cooperation in Groups. Procedural Justice, Social Identity, and Behavioral Engagement*. New York: Taylor & Francis.
- Tyler, T.R., Boeckmann, R.J., Smith, H.J. & Huo, Y.J. 1997. *Social justice in a diverse society*. Boulder, CO: Westview Press.
- Tyler, T.R., Casper, J.D. & Fisher, B. 1989. Maintaining allegiance toward political authorities: The role of prior attitudes and the use of fair procedures. *American Journal of Political Science*, No. 33, pp. 629-652.
- Tyler, T.R. & Dawes, R.M. 1993. Fairness in groups: Comparing the self-interest and social identity perspectives. In B.A. Mellers & J. Baron (Eds), *Psychological Perspectives on Justice: Theory and Applications*, pp. 87-108. Cambridge, UK: Cambridge University Press.

- Tyler, T.R. & Degoey, P. 1995. Collective restraint in social dilemmas: Procedural justice and social identification effects on support for authorities. *Journal of Personality and Social Psychology*, Vol. 69, pp. 482-497.
- Tyler, T. & Degoey, P. & Smith, H. 1996. Understanding why the justice of group procedures matters: A test of the psychological dynamics of the group-value model. *Journal of Personality and Social Psychology*, Vol. 20, pp. 913-929.
- Tyler, T.R. & Lind, E.A. 1992. A relational model of authority in groups. In M.P. Zanna (Ed), *Advances in experimental social psychology*, Vol. 25, pp. 115-191. New York: Academic Press.
- Uhr, J. 1988. Ethics and public service. *Australian Journal of Public Administration*, Vol. XLVII, No. 2, June, 109-117.
- Upton, G. In press. *The ethics behind ethics. The formulation and testing of a public service ethic construct*. Richmond: University of Richmond.
- Van Heck, G.L. & Dijkstra, P. 1985. The scope and generality of self-other symmetry in person perception. *European Journal of Social Psychology*, Vol. 15, pp. 125-145.
- Van Lange, P.A.M. & Kuhlman, D.M. 1994. Social value orientations and impressions of partner's honesty and intelligence: A test of the might versus morality effect. *Journal of Personality and Social Psychology*, Vol. 67, No.1, 126-141.
- Van Maanen, J. 1976. Breaking in: Socialization to work. In E. Dubin (Ed), *Handbook of Work, Organization and Society*. New York: Rand McNally.
- Van Maanen, J. & Schein, E. 1979. Toward a theory of organizational socialization. *Research in Organizational Behavior*, Vol. 1, pp. 209-264.
- Van Schie, E.C.M. & Van der Pligt, J. 1995. Influencing risk preference in decision making: The effects of framing and salience. *Organizational Behavior and Human Decision Processes*, Vol. 63, pp. 264-275.
- Victor, B. & Cullen, J.B. 1988. The organizational bases of ethical work climates. *Administrative Science Quarterly*, Vol. 33, pp. 101-125.
- Waller, J.E. 1994. Dual-processing in value self-confrontation: The role of need for cognition, *Journal of Social Issues*, Vol. 50, No. 4, 1994, pp. 175-188.

- Wanna, J., O'Faircheallaigh, C. & Weller, P. 1994. *Public Sector Management in Australia*, Ch. 16-17, pp. 198-219.
- Weaver, G.R., Trevino, L. Klebe, & Cochran, P.L. 1999. Corporate ethics programs as control systems: Influences of executive commitment and environmental factors. *Academy of Management Journal*, Vol. 42(1), pp. 41-57.
- Weber, J. 1990. Managers' moral reasoning: Assessing their responses to three moral dilemmas. *Human Relations*, Vol. 43, pp. 687-702.
- Weber, M. 1958. *The Protestant Ethic and the Spirit of Capitalism*. New York: Scribner.
- Weber, M. 1958. Bureaucracy. In H. Gerth & C.W. Mills (Eds), *From Max Weber*. New York: Oxford University Press.
- Weinberg, R.S., Gould, D. & Jackson, A. 1979. Expectations and performance: An empirical test of Bandura's self-efficacy theory. *Journal of Sport Psychology*, Vol. 1, pp. 320-331.
- Weiss, T.G. 1994. UN responses in the former Yugoslavia: Moral and operational choices. *Ethics and International Affairs*, Vol. 8, pp. 1-22.
- Welch, D.A. 1994. Can we think systematically about ethics and statecraft? *Ethics and International Affairs*, Vol 8, pp. 23-37.
- Weldon, E. & Gargano, G.M. 1988. Cognitive loafing: The effects of accountability and shared responsibility on cognitive effort. *Personality and Social Psychology Bulletin*, Vol. 14, pp. 159-171.
- Wildavsky, A. 1990. Introduction: administration without hierarchy? Bureaucracy without authority? Pp. xiii-xix in Lynn and Wildavsky, *Public administration: the state of the discipline*. Chatham, NJ: Chatham House.
- Wilenski, P. 1988. Social change as a source of competing values in public administration. *Australian Journal of Public Administration*, Vol. XLVII, No. 3, September, 213-222.
- Williams, H. 1998. Authority and accountability – Management of the APS. Paper presented at IPAA ACT Division Annual General Meeting.
<http://www.apsc.gov.au/media/williamsipaa98.htm>

- Wissler, R.L. 1995. Mediation and adjudication in the small claims court: The effects of process and case characteristics. *Law and Society Review*, Vol. 29, pp. 323-358.
- Witt, L.A. & Nye, L.G. 1992. Gender and the relationship between perceived fairness of pay on promotion and job satisfaction. *Journal of Applied Psychology*, Vol. 77, No. 6, pp. 910-917.
- Wittmer, D. 1991. Serving the people or serving for pay: reward preferences among government, hybrid sector and business managers. *Public Productivity and Management Review*, Vol. 8, No.2, pp. 107-115.
- Wittmer, D.P. 1994. Ethical decision making. In T.L. Cooper (Ed), *Handbook of Administrative Ethics*. New York: Marcel Dekker, Inc, Ch. 19, pp. 349-372.
- Wood, R.E. & Bandura, A. 1989. Impact of conceptions of ability on self-regulatory mechanisms and complex decision-making. *Journal of Personality and Social Psychology*, Vol. 56, pp. 407-415.
- Worchel, S. 1998. Emphasizing the social nature of groups in a developmental framework. In J.L. Nye & A.M. Brown (Eds), *What's Social about Social Cognition?* pp. 261-284. Thousand Oaks, CA: Sage Publications.
- Wright, G.N., Phillips, L.D., Whalley, P.C., Choo, G.T., Ng, K. & Tan, I. 1978. Cultural differences in probabilistic thinking. *Journal of Cross Cultural Psychology*, Vol. 9, pp. 285-299.
- Wright, L. 2005, September, 18. Anger as bash case goes under. *Sunday Herald Sun*, Pg. 13.
- Yamagishi, T. 1986. The provision of a sanctioning system as a public good. *Journal of Personality and Social Psychology*, Vol. 51, pp. 110-116.
- Yamagishi, T. 1988. Seriousness of social dilemmas and the provision of a sanctioning system. *Social Psychology Quarterly*, Vol. 51, pp. 32-42.
- Yates, J.F., Zhu, Y., Ronis, D.L., Wang, D., Shinotsuka, H. & Toda, M. 1989. Probability judgment accuracy: China, Japan and the United States. *Organizational Behavior and Human Decision Processes*, Vol. 43, pp. 145-171.
- Yeatman, A. 1987. The concept of public management and the Australian State in the 1980s. *Australian Bulletin of Public Administration*, Vol. 13, No. 4, pp. 357-361.

- Zahra, S. 1989. Executive values and the ethics of company politics: Some preliminary findings. *Journal of Business Ethics*, Vol. 8, pp. 15-29.
- Zedeck, S. & Casio, W.F. 1984. Psychological issues in personnel decisions. *Annual Review of Psychology*, Vol. 35, pp. 461-518.
- Zelditch, M. Jnr. & Butlerford, J. 1994. Uncertainty, political power and non-decisions. *Social Psychological Quarterly*, Vol. 57, No. 1, pp. 64-73.
- Zimbardo, P.G. 1988. *Psychology and life*. Glenview, IL: Scott, Foresman.
- Zimbardo, P.G. & Leippe, M.R. 1991. *The psychology of attitude change and social influence*. Chapters 2 & 3, Philadelphia: Temple University Press.
- Znaniecki, F. 1927. The object-matter of sociology. *American Journal of Sociology*, Vol. 32, pp. 529-584.
- Znaniecki, F. 1934. *The Method of Sociology*. New York: Rinehard & Co. Inc.

Appendix 4.1

ARMY FOCUS GROUP WORKSHEET

Work Values in Army

A. List three (3) *good* things (strengths) that make Army a special and positive place for you to work.

- 1.
- 2.
- 3.

B. List three (3) not so good things (weaknesses) that sometimes make your workplace difficult.

- 1.
- 2.
- 3.

C. If you were in charge of your unit, section, branch, division etc.; what changes would you want to make immediately?

.....
.....
.....
.....
.....

D. How do you see Defence has changed over the past 3-5 years (or during your time in Defence)?

.....
.....
.....
.....
.....
.....

E. Have these changes been for the better?...**Yes/No**.....What reason do you have for feeling this way?

.....
.....
.....
.....

Ethics and Conduct

A. Without stating names, describe an *ethical* person in your unit/work area. (i) What would they stand for?

.....
.....
.....
.....

(ii) What typically would you expect to observe in them?

.....
.....
.....
.....
.....

B. **Codes of conduct:** Are you familiar with codes of conduct? **Yes/No** Does your unit/section have a code of conduct or set of ethical standards? Should your section have one? What would be the most important ethical standard for your section?

.....
.....
.....
.....

C. How useful are codes of conduct in helping people work through ethical issues?

.....
.....

APPENDIX 4.2

PILOT SURVEY

***Ethical Values and Standards in the Australian
Defence Organisation***

Appendix 4.3

ITEMS IN WORK VALUES SUBSCALES RETAINED FOR MAIN SURVEY

1.1 M (SD)

You should applaud a person who is able to report a problem openly in his or her area.	4.21 (.75)
It is better to maintain a peaceful work place than to cause upset by disagreeing with your supervisor's decision.	3.85 (.70)
It is more important to make a sound business decision than to behave in an ethical manner.	4.23 (.85)
You should follow a leader's example even if at times you don't agree with it.	3.64 (.85)
Defence personnel should feel free to give frank and fearless advice.	4.35 (.76)

1.2 M (SD)

Your own job security should be more important than a commitment to a particular job.	3.32 (.96)
When mistakes are made, those responsible should own up and accept the consequences.	4.14 (.74)
When making a work decision, you should put the organisation's goals ahead of your own personal needs.	3.93 (.79)
Doing your job well should be given priority over doing things to advantage yourself.	4.10 (.69)

1.3 M (SD)

Defence employees should be loyal to the Defence Organisation first and to the government of the day second.	3.43 (1.04)
Each person in the Defence Organisation ought to feel responsible for spending tax-payers' money appropriately.	4.36 (.69)
My responsibility to the Australian public is more important than my loyalty to the organisation.	3.48 (.89)
How members behave in their personal lives should have nothing to do with the Defence Organisation.	3.11 (1.00)

1.4	M (SD)
It is important to be honest in all aspects of work even if this means upsetting others.	4.06 (.63)
It is unrealistic to expect people to be completely honest in the work place.	3.46 (1.02)
Those who are scrupulously honest in their work place are naive.	3.67 (.92)
It is better to conceal mistakes than to expose the organisation to public censure.	New item

1.5	M (SD)
You should feel confident to report problems without being labelled a dobber by others (person who reports on another's actions).	4.14 (.63)
Issues should be discussed openly so that problems do not fester.	4.22 (.73)
Standing up for what you believe is right should not include dobbling on a mate.	3.75 (.86)
It is better to keep silent than to report a work colleague who has done something you think is wrong.	New item

1.6	M (SD)
If you do a job well, you should be recognised for it by your supervisors.	4.29 (.48)
You should never compromise fairness in the name of achieving timely outcomes.	3.96 (.71)
Supporting your team is more important than seeking personal advancement.	New item
Policies should not be implemented if they produce outcomes that seem unfair.	New item
You should be able to take credit for work done by those who work for them.	Revised item

Appendix 4.4**ITEMS RETAINED FOR THE IMPORTANCE OF FOLLOWING RULES
SCALE IN MAIN SURVEY**

	M (SD)
One should make decisions on what one believes is right at the time, even if it stretches the rules.	3.46 (.77)
Work areas should be carefully monitored to make sure people are not cutting corners.	3.10 (.88)
Rules are useful, but the situation not the rule should determine the outcome.	3.55 (.80)
It is more important to obey the rules than to worry about the consequences of a decision.	3.52 (.90)
Sometimes you should bend the rules to suit special situations.	3.46 (.77)
To avoid errors in judgment, Defence personnel should stick strictly to the rules.	3.28 (.83)

Appendix 4.5

ITEMS RETAINED FOR LOCAL WORK PRACTICES SCALES IN MAIN SURVEY

Procedural Inclusiveness	M (SD)
It is the practice in my area to discuss issues openly so that staff are kept well informed.	3.56 (1.04)
At work, people are slow to check whether resources are properly accounted for.	2.87 (1.00)
I think that some people use information as a bargaining tool in my area.	3.37 (.82)
People in my area have a good understanding of Defence's corporate goals.	3.60 (.78)
In my area, putting yourself first is best if you want to fit in.	3.51 (.89)
At work, it seems to me that information is withheld for no apparent reason from those who need to know.	2.94 (1.06)
Supervisors in my area encourage change rather than impose it.	3.05 (.99)

Resources	M (SD)
At work, it is seldom clear to me that the merit principle is followed when promotions are made.	2.24 (.93)
In my area, people use work equipment for personal tasks.	2.35 (.72)
Often people are posted or transferred into a job in my area with no relevant experience.	3.36 (1.11)
I believe that the rules about receiving gifts from contractors are too strict and should be made more flexible.	3.98 (.86)
It is customary in my area for people to notify the travel clerk when they return earlier than scheduled.	3.39 (.92)

Fairness in Processes for Reward Allocation	M (SD)
I think that my area gives clear instructions on how I should conduct myself at work.	3.51 (.76)
There is encouragement for innovative ideas in my Command or Division.	2.72 (.97)
There is a lack of appropriate disciplinary action for unethical conduct in my area.	3.06 (.95)
At work, we get useful feedback on our performance.	3.03 (1.05)
There are few avenues in my area for staff to seek advice on ethical matters.	3.62 (.84)
At work it seems that who you know is more important for career advancement in my area than how well you do your job.	2.66 (1.13)

Appendix 4.6

ITEMS RETAINED FOR ATTACHMENT TO DEFENCE AND CULTURE SCALES IN MAIN SURVEY

Attachment to Defence	M (SD)
Career prospects for civilians are not as good in Defence as they are in other government agencies.	2.98 (.90)
Over the past few years, eroding conditions of service have made Defence less attractive as an employer.	3.34 (.97)
Defence offers interesting work for all its members.	2.86 (.94)
Civilians in Defence have limited opportunities for promotion to the Senior Officer ranks.	3.49 (1.11)
The training people receive in Defence prepares them well for their jobs.	3.15 (.84)
Morale has gone up in Defence since responsibility for resource management decisions has been devolved (shared at other levels of the organisation).	2.63 (.86)
People in Defence have a clear sense of purpose.	2.78 (.95)
Innovation and creative ideas are valued in Defence.	2.74 (.89)
Defence has lost standing in the Australian community because people question its relevance.	3.16 (.98)
Military Service remains a full time, 24 hour a day, 7 days a week commitment.	3.21 (1.10)

Defence Culture	M (SD)
The rank structure enables a smooth flow of communication across Defence.	3.35 (.96)
It's hard to get "the big picture" when one is working independently of other areas in Defence.	3.86 (.73)
Poor communication (including a lack of feedback) means that many tasks are being duplicated across Defence.	4.08 (.60)
It is becoming more difficult to enforce discipline in Defence.	3.11 (.88)
Since responsibility has been devolved in Defence, we have too many bosses.	2.85 (.83)
Financial responsibility is best kept in the hands of senior managers.	2.45 (.91)
Decisions made at other levels of the organisation makes it difficult for Senior Managers to stay in touch with the day-to-day problems that arise.	3.34 (.90)
Change would be more acceptable in Defence if people were given time to adjust.	3.92 (.60)

APPENDIX 4.7

MAIN SURVEY

***A survey of workplace values in the Australian
Defence Organisation***

APPENDIX 4.8

PILOT SURVEY STATISTICS FOR WORKPLACE DILEMMAS RETAINED IN MAIN SURVEY

Situation 1: A co-worker in your unit applied and received approval to attend a training course. You know that he did not attend the course but was not at work either. To what extent are you likely to do each of the following?

<u>Option:</u>	M(SD)
a) Do nothing. It is not your business, so you'd stay out of it.	2.11(1.05)
b) Approach your superior about the co-worker's absence.	3.51(1.11)
c) Speak directly to your co-worker about his absence.	3.78(1.08)
d) Report anonymously to the Divisional Head.	2.07(0.97)
e) Comment about his absence to others in your work area.	2.92(1.27)

Situation 2: You are a Defence SITO (Senior Information Technology Officer) who develops, as a spin-off from your current Defence project, a software program that has commercial potential for making you quite wealthy in private enterprise. You used Defence computing equipment to test the program but do the development work in your own time. To what extent would you do each of the following with your completed software product?

<u>Option:</u>	M(SD)
a) Seek Defence legal advice concerning ownership rights and copyright.	3.48(1.36)
b) Consider it part of your job and take no further action.	3.15(1.19)
c) Contact software companies who would be interested in your program and offer it for sale.	3.00(1.27)
d) As you developed this software, file for a copyright in your name.	3.29(1.32)
e) Resign from Defence and start your own company selling software based on your design.	2.67(1.22)
f) Speak to your supervisor to negotiate an approach that would suit everyone/	3.54(1.25)

Situation 3: You place a personal call through your Defence switchboard operator and ask to charge the call to your home telephone number. Upon completion of the call, you ask the operator for time and charges. The operator indicates that it was too much trouble and the call was placed at Defence's expense. To what extent would you take each of the following actions?

<u>Option:</u>	M(SD)
a) Let it go and forget the whole issue.	3.05(1.28)
b) Discuss the situation with your supervisor and ask for advice.	3.20(1.17)
c) Point out to the operator that because they created this situation, you believe they are responsible for the cost of the call.	1.89(0.87)
d) As this seems to be normal practice, use the telephone for personal calls in the future.	2.21(1.01)
e) Ask the operator to take the time to correct the apparent error.	3.48(1.28)

Situation 4: While working as a Defence Manager, you noticed that, since changes have occurred in tax legislation requiring income tax to be paid on travel allowance for one day trips, many of your area's tasks, which used to take one day, now require overnight stays. Since no extra work is involved in these tasks, to what extent are you likely to take each of the following actions?

<u>Option:</u>	M(SD)
a) Initiate an investigation by requesting a report from the travel clerk on the nature of the travel taken.	3.73(0.99)
b) Send out a directive stating that all work should be completed in a single day unless authorised by yourself.	3.46(1.02)
c) Do nothing. There is nothing wrong with travelling overnight for work.	2.33(0.97)
d) Notify Personnel Policy Branch about the apparent loopholes brought about by the new legislation.	3.57(0.97)
e) Wait to see if the situation resolves itself before taking any action.	2.59(1.07)
f) Inform staff that you have noticed this anomaly and wish to discuss it with them.	4.05(0.71)

Situation 5: You are a Senior Defence Manager heading up materiel and major Defence Industry projects in a Service. You have worked in Defence for some 30 years and are considering retirement. Recently, you have been approached by a large consultancy firm who regularly hold substantial Defence contracts. The CEO has offered you a position with the firm to be their 'Special Defence Adviser' with a starting package well above your current one. How would you respond to each of the following actions?

<u>Option:</u>	M(SD)
a) Accept the offer and retire from Defence.	3.06(1.25)
b) Make further inquiries about the type of Defence liaison that would be involved.	4.11(0.75)
c) As this could be a useful liaison for both Defence and the firm, you begin negotiations.	3.33(0.97)
d) Discuss your post separation options with a senior adviser.	4.03(1.06)
e) Decline the offer, considering it a conflict of interest.	2.47(1.00)

Situation 6: One of your least effective employees applies for a similar position in another area in Defence. You are required to provide a reference to the selection committee. To what extent are you likely to take each of the following actions?

<u>Option:</u>	M(SD)
a) Give your employee the benefit of the doubt and write an average report without highlighting his weaknesses.	2.79(1.11)
b) Provide a good reference in the hope that he will work better elsewhere.	2.24(1.04)
c) Give him an excellent reference and wish him well.	1.65(0.78)
d) Tell the chair of the selection committee that you would prefer not to provide a reference.	3.87(0.94)
e) Give an accurate picture of the employee's performance.	2.47(1.13)

Situation 7: It has been reported to you that a junior service person in your unit was found with a 20 litre can of floor cleaner (Government contract), empty paper boxes and a variety of minor office supplies belonging to Defence in his possession. He states that the office material was for work that he did at home but that he made an error and would return the cleaning material immediately. As unit commander, to what extent are you likely to do each of the following

<u>Option:</u>	M(SD)
a) Submit a case for immediate disciplinary action.	2.95(1.11)
b) Give him the benefit of the doubt that he didn't understand and verbally reprimand him.	3.09(1.21)
c) Arrange, as quickly as possible, to post or transfer him.	2.25(0.94)
d) Document the action on his file but, because he has returned the material, take no further action.	2.95(1.13)
e) Ask the Service Police to investigate the matter.	2.74(1.19)
f) Let it go. It is not important enough to warrant any action.	2.17(1.01)

Situation 8: You have worked closely with a contractor for some time and have developed a good relationship with him and his family. As a gesture of goodwill and in thanks for your support, he gives gifts to your spouse and your children. In response, to what extent are you likely to do each of the following?

<u>Option:</u>	M(SD)
a) Accept the gifts knowing that you have not been personally influenced.	2.22(1.08)
b) Decline the gifts informing the contractor that it would be a conflict of interest to accept.	3.69(1.21)
c) Accept the gifts and report that you have done so to your supervisor.	2.65(1.23)
d) Declare the gifts to the organisation.	3.00(1.17)
e) Accept the gifts if you and your supervisor determine that it would not compromise future contract decisions.	2.86(1.30)

Situation 9: You are the engineer responsible for the design of a project. A subcontractor has completed the design drawings but, in your opinion, there are some shortcomings in them. Your Division Head concedes that the drawings are not completely accurate but presses you to sign them because failure to meet the contract milestone will jeopardise the whole project. He assures you that the corrections can be made during project construction. To what extent are you likely to do each of the following?

Option:	M(SD)
a) You need the runs on the board so you sign the drawings.	2.28(1.00)
b) Refer the matter to the Division Head's supervisor.	3.37(1.15)
c) Do what your Division Head tells you, knowing he is ultimately responsible.	2.55(1.07)
d) You refuse to sign the drawings although you realise that the project may be terminated and your reputation as a team player questioned.	3.09(1.11)
e) You confront your Division Head informing him that his pressure is unreasonable.	3.43(1.05)
f) You sign the drawings but outline your concerns in an attachment.	3.48(1.27)

Appendix 4.9

ITEMS IN BRAITHWAITE AND LAW'S SOCIAL GOALS VALUES INVENTORY

International cooperation & Equality – Harmony Values	M (SD)
A good life for others	5.21 (.90)
- improving the welfare of all people in need	
Rule by the people	5.36 (1.13)
- involvement by all citizens in making decisions that affect their community	
International cooperation	5.22 (1.29)
- having all nations working together to help each other	
Social progress and reform	5.13 (1.23)
- readiness to change our way of life for the better	
A world at peace	6.01 (1.15)
- being free from war and conflict	
Human dignity	6.06 (.95)
- allowing each individual to be treated as someone of worth	
Equal opportunity for all	5.73 (.99)
- giving everyone an equal chance in life	
Greater economic equality	5.17 (1.20)
- lessening the gap between the rich and the poor	

National Strength and Order – Security Values	M (SD)
National greatness	4.73 (1.23)
- being a united, strong, independent, and powerful nation	
National security	5.84 (1.05)
- protection of your nation from enemies	
The rule of the law	5.64 (1.16)
- punishing the guilty and protecting the innocent	
National economic development	5.23 (1.12)
- having greater economic progress and prosperity for the nation	

Appendix 5.1

NINE WORKPLACE DILEMMA SCENARIOS RETAINED AFTER FACTOR ANALYSIS

You are a Defence SITO (Senior Information Technology Officer) who develops, as a spin-off from your current Defence project, a software program that has commercial potential for making you quite wealthy in private enterprise. You used Defence computing equipment to test the program but do the development work in your own time. To what extent would you do each of the following with your completed software product?

Option:

- a) Consider it part of your job and take no further action.
- b) Contact software companies who would be interested in your program and offer it for sale.
- c) As you developed this software, file for a copyright in your name.
- d) Resign from Defence and start your own company selling software based on your design.

You place a personal call through your Defence switchboard operator and ask to charge the call to your home telephone number. Upon completion of the call, you ask the operator for time and charges. The operator indicates that it was too much trouble and the call was placed at Defence's expense. To what extent would you take each of the following actions?

Option:

- a) Let it go and forget the whole issue.
- b) Discuss the situation with your supervisor and ask for advice.
- c) As this seems to be normal practice, use the telephone for personal calls in the future.
- d) Ask the operator to take the time to correct the apparent error.
- e) Say nothing to the operator and pay an estimated amount to your finance section.

While working as a Defence Manager, you noticed that, since changes have occurred in tax legislation requiring income tax to be paid on travel allowance for one day trips, many of your area's tasks, which used to take one day, now require overnight stays. Since no extra work is involved in these tasks, to what extent are you likely to take each of the following actions?

Option:

- a) Initiate an investigation by requesting a report from the travel clerk on the nature of the travel taken.
- b) Send out a directive stating that all work should be completed in a single day unless authorised by yourself.
- c) Do nothing. There is nothing wrong with travelling overnight for work.
- d) Notify Personnel Policy Branch about the apparent loopholes brought about by the new legislation.
- e) Wait to see if the situation resolves itself before taking any action.
- f) Inform staff that you have noticed this anomaly and wish to discuss it with them.

You are a Senior Defence Manager heading up materiel and major Defence Industry projects in a Service. You have worked in Defence for some 30 years and are considering retirement. Recently, you have been approached by a large consultancy firm who regularly hold substantial Defence contracts. The CEO has offered you a position with the firm to be their 'Special Defence Adviser' with a starting package well above your current one. How would you respond to each of the following actions?

Option:

- a) Accept the offer and retire from Defence.
- b) Make further inquiries about the type of Defence liaison that would be involved.
- c) As this could be a useful liaison for both Defence and the firm, you begin negotiations.
- d) Decline the offer, considering it a conflict of interest.

One of your least effective employees applies for a similar position in another area in Defence. You are required to provide a reference to the selection committee. To what extent are you likely to take each of the following actions?

Option:

- a) Give your employee the benefit of the doubt and write an average report without highlighting his weaknesses.
- b) Provide a good reference in the hope that he will work better elsewhere.
- c) Give him an excellent reference and wish him well.
- d) Give an accurate picture of the employee's performance.
- e) Advise the employee that your report may not be adequate for his needs.

It has been reported to you that a junior service person in your unit was found with a 20 litre can of floor cleaner (Government contract), empty paper boxes and a variety of minor office supplies belonging to Defence in his possession. He states that the office material was for work that he did at home but that he made an error and would return the cleaning material immediately. As unit commander, to what extent are you likely to do each of the following?

Option:

- a) Submit a case for immediate disciplinary action.
- b) Give him the benefit of the doubt that he didn't understand and verbally reprimand him.
- c) Document the action on his file but, because he has returned the material, take no further action.
- d) Ask the Service Police to investigate the matter.
- e) Let it go. It is not important enough to warrant any action.

You have worked closely with a contractor for some time and have developed a good relationship with him and his family. As a gesture of goodwill and in thanks for your support, he gives gifts to your spouse and your children. In response, to what extent are you likely to do each of the following?

Option:

- a) Accept the gifts knowing that you have not been personally influenced.
- b) Decline the gifts informing the contractor that it would be a conflict of interest to accept.
- c) Accept the gifts and report that you have done so to your supervisor.
- d) Accept the gifts if you and your supervisor determine that it would not compromise future contract decisions.

You work in a finance section of Defence. Another staff member is blamed for your error involving a substantial amount. This staff member will be able to clear himself, but the error cannot be traced back to you. To what extent are you likely to do each of the following?

Option:

- a) Help the employee who is blamed to resolve the issue but don't mention your involvement.
- b) Own up to the error immediately.
- c) Do nothing. The blamed employee will be able to clear himself eventually.
- d) Wait to see if the matter is investigated, then disclose your knowledge of the case.

You are the engineer responsible for the design of a project. A subcontractor has completed the design drawings but, in your opinion, there are some shortcomings in them. Your Division Head concedes that the drawings are not completely accurate but presses you to sign them because failure to meet the contract milestone will jeopardise the whole project. He assures you that the corrections can be made during project construction. To what extent are you likely to do each of the following?

Option:

- a) You need the runs on the board so you sign the drawings.
- b) Refer the matter to the Division Head's supervisor.
- c) Do what your Division Head tells you, knowing he is ultimately responsible.
- d) You refuse to sign the drawings although you realise that the project may be terminated and your reputation as a team player questioned.
- e) You confront your Division Head informing him that his pressure is unreasonable.
- f) You sign the drawings but outline your concerns in an attachment.

Appendix 6.1

GENDER DIFFERENCES BY OCCUPATION FOR MILITARY AND APS PERSONNEL IN DEFENCE

Civilian function by gender

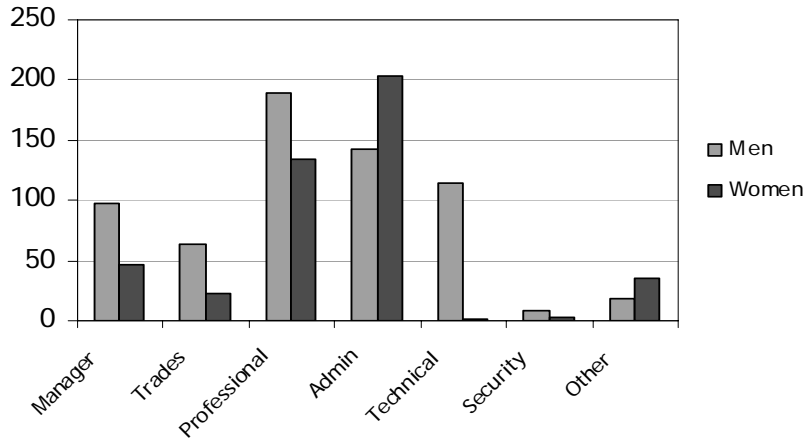


Figure 6.2: Graphical representations of distribution of occupation for civilian employees by gender

Military function by gender

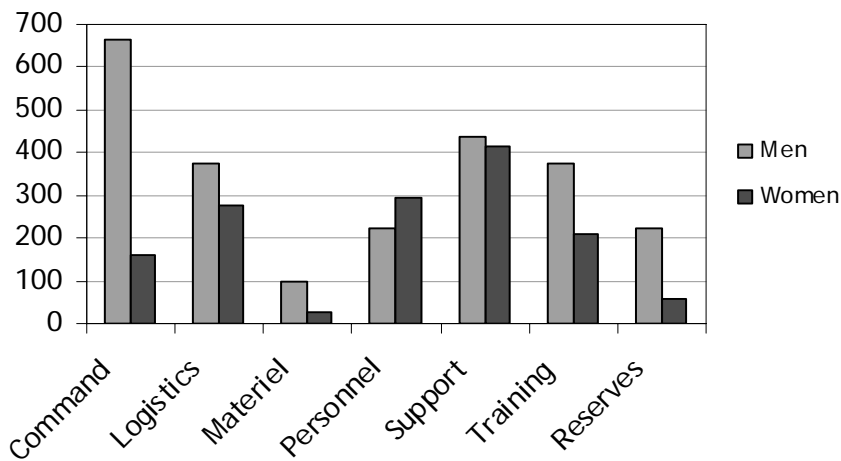


Figure 6.3: Graphical representations of distribution of occupation for military employees by gender