

# Loosely coupled Systems as Key Factor of Public Management Change: the case of Shared Services in Local Governments

*Le couplage faible comme facteur de réussite des changements organisationnels publics :  
le cas de la mutualisation de services communaux*

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## ABSTRACT

Public sector is going through major organizational changes because of two trends : the need of structural adaptation and the search of efficiency. These changes are the subject of a great deal of research on the success factors in relation to their failures and difficulties (Moynihan 2006; Van Dooren et Thijs, 2010). Thus, the purpose of this work is to identify new key factors for successful implementation of organizational change within public organizations, with particular emphasis on the loosely coupled systems to regulate the paradoxes associated with organizational changes.

Based on a case study about shared services between three organizations (a local community, a municipi-

pal corporation and a social public authority), this article shows, on the one hand, that by advancing the legal obligation to implement shared services, the top-managers can manage the identified organizational paradoxes. On the other hand, the process of the pooling services can be finalized thanks to a regulation of these paradoxes through a strategy of loosely coupled systems between the objectives, the deadlines and the constraints of the change.

## Key-words

*Local Governments; Loose coupling; Organizational Change; Shared services; public services*

## RÉSUMÉ

Les changements organisationnels sont fréquents en secteur public pour des raisons d'adaptation des services proposés et de recherche d'efficacité. Ces changements font l'objet de nombreuses recherches sur les facteurs de réussite au regard de leurs échecs ou freins rencontrés (Moynihan 2006 ; Van Dooren et Thijs, 2010). Dans ce sens, l'objectif de cette recherche

est d'identifier de nouveaux facteurs clefs pour réussir la mise en œuvre d'un changement organisationnel au sein d'une ou plusieurs organisations publiques, en s'intéressant particulièrement au couplage faible des sous-systèmes organisationnels pour réguler les paradoxes associés à ces changements.

A partir d'un cas pratique portant sur une démarche de mutualisation de services entre une commune, un Établissement Public de Coopération Intercommu-

nale (EPCI) et un Centre Communal d'Action Sociale (CCAS), l'article montre, en premier lieu, qu'en anticipant une obligation légale d'élaboration d'un schéma de mutualisation, le comité de pilotage peut gérer les paradoxes organisationnels associés à cette mutualisation. En second lieu, cette recherche montre que la régulation de ces paradoxes peut s'opérer à travers une

stratégie de couplage faible entre les objectifs, les délais et les contraintes du changement.

## Mots-clés

Changement ; Communes ; Couplage faible ; Mutualisation ; Services publics

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## INTRODUCTION

The search for efficiency and the seek to adapt the services provided lead many organizations of the public sector to change. This topic through many studies is focused on the factors of success in organisational changes (Moynihan, 2006; Van Dooren and Thijs, 2010). Although acclaimed, these changes, sometimes called managerial innovations, are struggling to take hold and produce significant results in the public sector. The study of success factors therefore is crucial. As the matter of fact the characteristics of public organizations (specific organizational, operating and values) suggest different conditions for implementing changes from the private sector (Birkinshaw *et al.*, 2008).

Thus, the objective of this study is to identify new key factors to make such a wide organizational change a success with many public entities. This paper uses the Reform of Local Government Act (2010) about the "mutualisation" of services, described as pooling of resources from several organizations (local authorities, administrations, public agencies).

The relevance of this study is based on the fact that "*sharing services is not automatic as regard as cities and intercommunalities' characteristics*" (Lebranchu and Baroin report, 2015, p.16). Besides "*sharing services often suffer from a lack of reactivity and a removal from the citizens. Most of them often prefer to turn to the mayor rather than intercommuality's service*" (*ibid.*, p.23). Moreover, the first experiments showed nuanced results (Lambert *et al.*, 2010). Therefore, the study of this legal organizational change about shared services represents

an opportunity to identify the factors in the success of wide changes into public organizations.

In order to identify these key factors of success, this study uses the theoretical framework of the organizational paradoxes (Poole and Van de Ven, 1989; Barel, 1998; Perret and Josserand, 2003), even if such a device seems complex (Grimand *et al.*, 2018). The four paradoxes underlined by the academic literature are contained in our field of study and show the influence of loosely and strongly coupled systems, according to Orton and Weick (1990).

Also, we assume that the use of the coupling-decoupling modality of organizational systems can constitute a key factor of success for public organizational changes. This modality refers to the search for coherence between the elements of the organizational system (practices, tools, discourse) or, in a weak coupling or decoupling, to a gap between organizational system components analysed as a freedom given to the components without seeking internal coherence or alignment with the organizational context. Among the success factors identified in the literature on organizational changes, the coupling or decoupling of subsystems does not appear although it is being studied. So this research aims to show how the decoupling between discourses and practices and between ambitious objectives and graduated nuanced results can be a success factor in public organizational change.

The scope of this research concerns numerous changes in the public sector and it continues current studies about the management of paradoxes and the factors of success in organizational changes.

After an explanation of the key success factors from the literature, the sharing services and the organizational paradoxes introducing the concept of decoupling, are presented. The second part presents the methodology for collecting and processing data from the case study. The third part presents the results and the fourth part discusses them and draws perspectives.

## 1. THE CONDITIONS FOR THE SUCCESS OF AN ORGANIZATIONAL CHANGE (the shared services) INTRODUCING LOOSED COUPLING

The theoretical context of this research requires to present the mechanisms of change in the public sector and the associated success factors (1.1) before analyzing loosed coupling, as a success factor and a method of managing organizational paradoxes (1.2), to finally show the relevance of this concept in sharing services (1.3).

### 1.1. *The characteristics of organizational change in the public sector and its success factors*

According to Barel and Frémeaux (2009), the presentation of an organizational change raises three questions relating respectively to the direction of the change management (a bottom up and a top down approach), on the initial magnitude of the change and on the stages of the process (Phillips, 1983) These questions reflect the inseparable context, content and process of change mentioned by Pettigrew (1987). The study of the factors of success of an organizational change is therefore part of an analysis integrating these three elements.

The complexity of change presupposes an integration of the two technical-economic and psychosocial dimensions. The technical economic models, based on a project approach, focus on the technical

dimension of change (tangible objective) and on its economic characteristics (costs, budgets ...). The change is so technic unlike the psychosocial models analyse this topic in the continuity of the School of Human Relations, emphasizing the human factor (overcoming resistance to change, facilitating appropriation new management methods).

Most of these models revolve around the three psychological phases necessary for achieving change and identified by Lewin (1948), but more recent approaches attempt to combine the technical and human dimensions of change management, according to studies about innovation (Latour, 1993). The innovation development scheme takes into account the incessant iterations, the succession of mutual adjustments that lead to change by admitting that the objectives and stages are gradually clarify in light of the experiments carried out. Our study will therefore analyze the linear or rather chaotic approach to change in the public sector.

In addition, organizational changes are issued from numerous sources (inside or outside the organization) and answer to several needs, objectives and pressures. Also the success factors mobilized in studies are multidimensional and require synthesis. By collecting the results about key success factors in the public sector, it is possible to reveal two main types of determinants:

- Human factors linked to leadership and agents of change: the involvement of leaders in favor of change (Damanpour and Schneider, 2008; Fernandez and Rayney, 2006), with political leadership for the legitimization and socio-political promotion of approach (Moynihan and Pandey, 2005) and administrative leadership centered on organizational and supervisory functions (awareness, information, internal motivation management (Walker, 2006) and securing resources (Howell and Shea, 2001). The involvement of the different organizational actors becomes a key factor in the success of the implementation of change and promotes experimentation, which contributes to acculturate thoroughly and smoothly change. These success factors according to the results of Carassus *et al.* (2012) refer to political support, administrative support and the association of actors.

- Methodological and managerial factors: the definition of an action plan and objectives establishing a link between the actions to implemented and the expected results and effects (De Lancer Julnes, 2008), the time allocated to the project (Moynihan, 2006), the integration and diversity of stakeholders (Birkinshaw *et al.*, 2008), the participation of agents and communication on change (Fernandez and Rayney, 2006, for implication). These success factors, according to the results of Carassus *et al.* (2012), refer to a specific communication and formalization, a dedicated steering structure and a time set aside for learning.

This numerous studies about organizational changes in public organizations allow to identify different key success factors depending on the level of change (Pinto and Slevin, 1988; Cookes-Davies, 2001). However, the changes introduce large-scale modifications in the way public organization operate and thereby paradoxical challenges (Perret and Josserand, 2003) not examined by success factors. To manage organizational paradoxes, the authors invite us to consider a paradox as a lever for change in organizations, which requires us to be focus on its implementation.

We thus present the theoretical framework of organizational paradoxes with the modality of loose coupling as a relevant response in a public organization.

## 1.2. The challenge of loose coupling as a tool for managing paradoxes

The organizational paradox can be defined as “*the simultaneous presence of two elements that are mutually exclusive*” (Quinn and Cameron, 1988), with the precision brought by Miller (1990) that the paradox is not a tension that produces an unexpected result (dilemma), but rather sees itself as a permanent contradiction between elements that apparently exclude each other but still coexist in spite of everything. Various works then sought to identify the organizational paradoxes: March (1991) was among the first to characterize the learning paradox, appearing in the changes and explained by a tension between learning by exploitation (deepening

of existing routines) and learning by exploration (creation of new knowledge). Subsequently, in relation to the public sector, Talbot (2003) highlights two paradoxes characterizing the new public management. On the one hand, the opposition between the rationality of public choice and the own judgment of the public agent; on the other hand, the opposition between the marked desire to gradually decentralize responsibilities and encourage participation at the local level in decision-making centralization and accountability (the logic of control in the face of displayed autonomy).

Recently, Smith and Lewis (2011) then Jarzabkowski *et al.* (2013) identify the belonging paradoxes (tensions of identity nourished by the individual and the collective tensions with conflicts between coexisting roles, memberships and values), the organizing paradox (surface as complex systems create competing designs and processes to achieve a desired outcome. These include tensions between collaboration and competition, stability and change) and the Performing paradoxes *that stem from the plurality of stakeholders and result in competing goals.*

A summary of these organizational paradoxes is presented in Table 1.

Faced with these paradoxes, organizations will develop defensive strategies, of which the classic typology of Oliver (1991) presents a continuum. Indeed, researches about the management methods of these paradoxes (Poole and Van de Ven, 1989; Smith and Lewis, 2011; Jarzabkowski *et al.*, 2013) have suggested several ways of dealing with paradoxes, ranging from denial to compromise and to dilemma.

According to Grimand *et al.* (2018), the loose coupling and decoupled systems could be used to manage these paradoxes. Indeed, real behaviors are far from speeches. Some practices aim to maintain or get some sufficient legitimacy to their survival through contradictory institutional logics or unstable environment (Sharma *et al.*, 2010; Lounsbury, 2008). But these decoupling phenomena are not limited to strategies of organizational hypocrisy (Brunsson, 1989) and can mask more subtle behaviors (Carruthers, 1995). Thus, the decoupling can

Type of paradoxes	Learning	Organizing	Belonging	Performing
Principle of the paradox	Tensions linked to the modality of knowledge (learning by exploration or exploitation)	Organizational dilemma: routines versus new practices; centralization versus autonomy	Tension in interpersonal relationships: individual oriented or collective-oriented	Divide objectives (conflicting demands of varied internal and external stakeholders)

**Table 1** – Typology of organizational paradoxes

Source: synthesis of March (1991); Smith and Lewis (2011); Jarzabowski et al. (2013)

also reflect a highly rational behavior of organizations seeking to resolve contradictions expressed by different categories of stakeholders whose views do not agree (Brignall and Modell, 2000).

According to the studies of Orton and Weick (1990) it appears that loosely coupled systems, characterized by simultaneously open and closed system, rational and indeterminate distinct elements, by not seeking consistency between sub-systems, may be a way to gather actors and reduce conflicts.

Furthermore, based on a synthesis of 300 articles, Orton and Weick indicate that the direct effects of loose coupling can be modularity (reduction of unnecessary interdependencies), variety (the more the elements are loosely coupled the more the transmission information improves) and the buffer effect (process by which the disturbances of a part of a weakly coupled system (a department in the community) are contained, avoiding to affect the whole system).

Like Grimand *et al.* (2018, p.7) assuming that the implementation of a management tool in a *loosely coupled* system is the easiest way to regulate the paradoxes, we assume that the organizational changes carried out within the framework of a loosely coupled methodology can more easily regulate paradoxes than change in public organizations.

Thus, the use of a loose coupling or a temporary decoupling during organizational change can be a criterion for success, by managing paradoxes associated with the change and thus facilitate the implementation.

As this modality of success factor has not been the subject, we want to question the relevance of a loose coupling or to a temporary decoupling to favor the success of an organizational change in a local government, using the case of shared services as a wide change.

### 1.3. Shared Services, a complex change due to paradoxes

The sharing services between local authorities are not recent. Already in 1973 in Ireland, the practice of shared services between local authorities exist (Scannel and Bannister (2012). At that time, twenty-nine county councils and five municipal councils created shared IT services. Price (1977) shows the same step about IT through the case of Valdosta, in the American state of Georgia. Stackler also described in 1983 a similar practice among seven councils in the state of Missouri: a 45000 \$ were saved on the procurement about raw materials .

These examples are part of the liberal current of economic policies of the early eighties in the United States and in the United Kingdom serving as the basis for the development of the first version of the *New Public Management*.

More recently , we can observe in OECD countries a largely laudatory discourse through studies carried out in Australia “*where the measures of shared services are promised to great success according to all the reports conducted*” (Dollery and Akimov, 2007, p.3), in England, in France (Lebranchu-Baroin

report, 2015) in the United States, in Canada (Honadle, 1984; Ruggini, 2006), in New Zealand (McKinlay Douglas Limited, 2006) and in Germany (Dollery and Robotti, 2008). Economies of scale are the main argument. For example, the English counties of Northamptonshire and Cambridgeshire saved seven million pounds in the joint acquisition of ERP (Enterprise Resource Planning) and were able to reduce the operating costs incurred on the services by 26% (Local Government Group, 2011). Dollery and Byrnes (2005) confirm this argument by adding that savings can be redeployed to improve the quality of services.

These arguments are repeated in official French report (Lambert *et al.* (2010) to result in the Law of Reform of Territorial Communities (December 16, 2010) constituting the legislative framework for shared services. Its articles 65 and 66 have “*the purpose of strengthening procedures for shared services within the local block between communes and communities, and of securing them with regard to rules of Community law relating to competition law, with the aim of rationalizing costs in terms of public officials and therefore economy of scale*” (Jebeili, 2011, p.59).

The reasons for such a discourse on shared services are fourfold. The first two reasons are the failure to fully compensate the State's endowments to local authorities (to finance the transfer of powers from decentralization laws) and the increase in personnel costs. The last two relate to the fall in tax revenue (by economic conditions and the existence of a standard tax ceiling not to be exceeded by elected officials in order to preserve their electoral base) and the growing demand for quality local services. Nevertheless, in parallel with these recent works, analyzes will emerge which partially call into question the relevance of shared services.

According to Dollery and Akimov (2007, p.7), concerning the process of shared services, “*the striking feature of the international literature is the lack of empirical studies in the research literature*”. They note that the work carried out shows very few steps measuring the results, illustrate a possible political use which can lead to a disconnection between practice and discourse, and paradoxically additional costs in the short term.

The discourse promoting shared services comes up against the weak presence of quantified indicators of economic impacts, as Dollery (2007) notes in his work on an Australian scale. He specifies that very few studies provide “*incontestable proof*” that shared services generate advantages and that the indirect effects on the organization and the actors are not approached in management.

Lawson (2007), studying a panel of thirty-four city councils in southern Australia, also concludes that despite high expectations in terms of savings, few localities have been able to quantify them. This difficulty in bringing out quantitative data also concerns consultancy firms. In 2005 a PriceWaterhouseCoopers report shows an intervention with an English charitable organization that has created a structure pooling the services of two rural communities, and the report describes it as a success without being able to describe the methodology. The only thing mentioned as a result is “*reaching the last quartile of performance, while obtaining significant savings*”.

The second difficulty is political but fed by budgetary considerations. The mayors and elected officials of small municipalities are often reluctant to bear burdens which they consider unfair, in the event of benefits which they do not enjoy at the same level as neighboring municipalities (Dollery and Johnson; 2007; Lambert *et al.* ; 2010 ). This situation is experienced as a loss of power over significant competences with, for example, the transfer of roads network to the urban community. Thus for Dollery (2007), shared services due to its significant mobilization of resources (material, human, financial, temporal and organizational) requires a prior in-depth audit before any agreements are concluded. This recommendation is in line with the Lambert report (2010) specifying, without calling into question the overall interest of shared services, that the latter generates additional expenses in the short term, due to an upward re-indexation of the compensation schemes.

These results highlights the obstacles but also organizational paradoxes associated with shared services' implementation. The presentation of the four organizational paradoxes (identity, organization, performance and learning) suggests that all

are present in the context of shared services. Also, to succeed in a change of scale such as shared services, faced with obstacles and paradoxes, it seems important to manage organizational paradoxes, of which the loose coupling of organizational subsystems is a modality of answer (Grimand *et al.*, 2018). We are using a specific case of shared services to illustrate the success factors used to manage these paradoxes.

## 2. THE DATA COLLECTION AND PROCESSING

The data collected in this research include primary and secondary sources. In addition to internal and external documents of the central city (Table 2), the data collection includes semi-structured interviews that allow to go beyond strict knowledge of the facts in favor of the meaning given by the actors about the shared services' project (Demers, 2003). In addition, we wanted to have a detailed understanding of the process by interviewing the main actors (the steering committee members and the director of finance) as well as the secondary actors (shared agents and the administrator who had in charge the management of the qualitative assessment of the shared services –and its role is to assist the steering committee in its supervising tasks over the activities of the project of shared services).

### 2.1. Choice of a case study

This research is based on a case study, such a choice proving to be particularly suitable for the analysis of current and complex events. Indeed, this methodological tool serves an idiographic, processual and contextual vision by understanding the search field as a social construct, and not as a simple description (Ahrens and Chapman, 2006). Furthermore, *“the case study constitutes an empirical research strategy adapted to questioning the more or less implicit interactions linked to a phenomenon”* (Wacheux, 1996, p.89).

The case study focuses on the shared services between a city center, an urban Community (UC)

with their own tax and a Community Center for Social Action (UCSA, which is an Administrative Public Institution) over the period 2008-2016. The UC analyzed includes 34 municipalities, bringing together nearly 275,000 inhabitants around the city center, the latter reaching almost 155,000 inhabitants.

The shared services was done vertically between municipalities and UC, mostly made available by shared services and resources. At the same time, several agreements have been created between the city center and CC municipalities. Thus, three modes of shared services are underlining: the shared services and equipment through agreements, the creation of specific shared services for all citizen and finally, the transfer by one or a few municipalities of skills to UC, which making them available to all the members.

This case therefore makes it possible to describe and analyze shared services, which is rarely studied, with good data quality: the central city carried out impact analyzes and allowed us to study the whole process and a thick description from actors.

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To realize these interviews, a guide was created to collect data on various themes linked to the shared services approach (Annex 1): the objectives and their changes, the implementation process (actors

Data types	Description
Semi-structured interviews with actors of the steering committee	<p>Interviews recorded and transcribed (16 hours around of formal interviews)</p> <ul style="list-style-type: none"> <li>- Mayors (2008-), vice-president of the urban community (MPUC)</li> <li>- Vice Director General of the City center (VDGC), co-manager of the shared services project (2008-2013)</li> <li>- Administrator (APM), co-manager of the shared services project (2013-2017)</li> <li>- Director of the Shared Management Control Department for City-center, Urban Community and Communal Center for Social Action (DSMC) (2006-)</li> <li>- Director of finance for the urban Community (2008-2011)</li> <li>- Director of shared finances, City Center and Urban Community (DSFCCU)(2011-2014)</li> <li>- Director of the Finance-Evaluation-Support for Public-Policies (DFESP) (2014-)</li> <li>- Civils servants in the Finance-Evaluation-Support for Public-Policies</li> </ul>
Current archives of departments' operational documentations	Functional program of configuration (new ERP, etc.), entertainment media (PowerPoint, Prezi) of the committee and the meetings dialog management; specifications of ERP accounting
Current and intermediate archives of non-operational departments documentation	<p>Staff journals (City-center and Urban Committee)</p> <p>Activity Reports of the Shared Management Council (2011-2015)</p> <p>Organization charts of City-center, Social Center and Urban Community</p> <p>Public newspapers: "Métropole, the magazine"<sup>1</sup> (February 2005-June 2018); "Living in City Center" (January 2003-May 2018)</p>
Official documentation	Deliberations of the community council
Audit reports	The Regional Accounting House of "Pays de la Loire" (22/10/2014; 18/09/2014), the social audit of shared services

Table 2 – Data collected and actors of the study

Source: authors

concerned, communication, instrumentation), the results and follow-ups carried out and planned , as well as the difficulties encountered. The cross-checking of data from the different actors interviewed makes it possible to identify the various sources of "loose coupling" according to Orton and Weick (1990).

The data were collected until theoretical saturation and these were processed by a manual content analysis, highlighting the different themes from the literature review: the success and blocking factors, the characteristics of the organizational change, the associated paradoxes and the loose coupling.

<sup>1</sup> The City-Center and the Urban Community were anonymized.

### 3. THE RESULTS OBTAINED BY THE CASE STUDY

Following the elements presented in the literature review, we present the chronology of the shared services project with the steps (technical and non-linear approach). The contextual elements identify several key success factors and highlight the paradoxes associated with the organizational change (3.1) regulated by the modalities of loosely coupled systems (3.2).

#### 3.1. Four paradoxes associated with the sharing of administration and technical services

From the beginning, for key decision-makers the shared services is a project that cannot be taken for granted: *“we have felt with the Director General of Administrative Services that the elected representatives of the urban community would not go any further in the transfer of competences”* (VDGC). The 1st Mayor of the project (MPUC) and the director general of city center then decided to anticipate the legal obligation of shared services (law of 12/16/2010) from 2008 by creating a steering committee whose aim is to control the future municipal block through the sharing services. With this decision, the steering committee will reveal four organisational paradoxes (performing, organizing, learning and belonging).

The performing paradox is formalized from the announcement of the ambitious objectives set. The far-reaching objectives create a framework of resistance to the project and the nature of these objectives with the difficulty of reconciling them reinforce this reticence. It was planned to simultaneously achieve significant scale savings and harmonization of practices while maintaining a high level of service quality. These high and simultaneous objectives give rise to contradictory representations of project performance between elected officials and managers.

For elected officials, these objectives challenge their political stability. Indeed, the increased transfer of competences from the municipalities to the UC and

the loss of organisational control over these services, is badly perceived by the citizens, by distancing them from local services. This characteristic is essential in the process of election & re-election of mayors. In response to this fear of a democratic deficit, the resistance of elected officials is growing due to the unbalanced financing of their municipalities in the re-invoicing of services calculated by the central city. For example, concerning the impoundment agreement mechanism, *“there was a bit of suspicion, with the agreements, of losing or winning”* (DSMC).

For the managers, the budgetary ambitious objectives make them resistant to the sharing services change, especially since the change must be carried out at constant staffing level. The resistance is particularly strong from the majority of contract staff (35% of the total workforce) who are worried about the eventual suppression of their jobs or a reduction in their working hours.

Moreover, this paradox is completed by the organizing and learning paradoxes because the harmonization of practices, which is necessary for sharing services, is difficult to reach with existing process in the communities. In other words, through organizational practices, sharing services reflects an opposition between different modes of professional socialisation, because the change leads to a choice between a mode of learning by exploration (by creating new knowledge and practices) or by exploitation (by deepening and continuing existing routines). Indeed, the proposed sharing of common services and administration handicaps the harmonisation of practices because of significant cognitive costs and time spent. This leads to an overload of work, particularly for senior management, which alters the operational management of the services. If *“this was initially rather badly experienced at the global level”* (DFESPP), it is because the assistants General Managers devote less time to activities that are nevertheless essential (for example, financial risk analysis) and abandon others (example, benchmarking for certain departments). In addition, the double authority system increases their reporting time: *“Here in my department once a month you had a finance committee and then a council. You now have two finance committees and two councils. We used to produce a primitive*

*budget and an administrative account, we now produce two primitive budgets and two administrative accounts, these tasks being by definition flat-rate and non-reducible"* (DFESPP).

Moreover, two agreements for the sharing of human resources and information systems already existed before 2008 and had generated a climate of mistrust at the operational and functional levels.

The organizing paradox associated with the sharing of equipment is completed by the belonging paradox, as the as the three public organisations have distinct working methodologies and different management cultures. This criticism is particularly made by the middle management of the central city, as this municipality is characterized by a strong management culture, through the use of innovative management control practices and tools, and the others organisations (UC and UCSA) are not. Moreover, according to a social audit conducted in 2016 by a consultancy firm, *"for nearly half of the respondents (49%), shared services has generated complexity in procedures and decision-making circuits"*, while *"support is considered inadequate"* and *"communication is perceived as lacking transparency and not sufficiently anticipatory"*. The importance of these criticisms is reinforced by the representative panel of the study, since all the agents involved in sharing services (553) were surveyed as well as 847 non-shared agents belonging or not to shared departments. These figures represent a 45% response rate, which is particularly significant, according to the administrator in charge of the social audit (APM).

The uncertainty felt by the departments about the managerial purpose is part of an identity paradox due to its ability to distance the actors from the project of sharing services. This distance is highlighted by a study carried out by the management control department on the evaluation about the budgetary impacts and by invoicing matters between the three concerned organisations.

The cost and budgetary study concluded in 2016 that there were small budgetary savings (€970,000=€640,000 for the UC and €330,000 for the City Centre), corresponding almost to the annual age and job-skill coefficient, i.e. less than 1% of the payroll budget. The limited nature of

the savings can also be measured in relation to the cost of the sharing services estimated at nearly €735,000, broken down into four types of expenditure (human resources, training, equipment and fees)... further crystallizing the decoupling between the low overall results, the size of the resources mobilized (temporal, managerial, political and technical) and the high objectives set.

The four paradoxes identified could be regulated by a loosely coupling of organizational subsystems, making the sharing service progressively effective.

### **3.2. Loosely coupling of organizational subsystems: a tool for regulating paradoxes**

Due to the paradoxes previously highlighted, the strategy of the steering committee was to progressively seek a consensus about the change of sharing services through a loosely coupling strategy. Thus the steering committee tends to establish an administrative and political leadership (3.2.1.). Then targeted measures to regulate the paradoxes through loosely coupling of managerial and methodological elements (3.2.2) are deployed.

#### **3.2.1. The necessary affirmation of administrative and political leadership**

The ambitious objectives set by the steering committee require to assert its political and administrative leadership.

At the political level, guaranteeing the legitimacy of the steering committee was made possible by the strong support of the three successive mayors (MPUC) to the change despite their different political affiliations. This strong and lasting involvement of the elected representatives is materialised by a repeated presence at the main moments of the sharing services project and a strong discourse rewarding the sharing services in the communication media. For example, the three MPUC chaired a monthly ad hoc meeting with all the General Directors of the UC, *"to get to know each other, to share on common cooperation issues"* (DSMC). Another strong measure was the sharing of the mayor's office at the

beginning of the project, which greatly contributed to establish political legitimacy, as this type of department is not concerned due to its low budgetary (few staff and low operating costs) impact.

Political leadership was coupled with administrative one, thanks to a restricted steering committee and making the MPUC and the actors at the highest management level work together each time (see Table 1).

The anticipated content of the steering committee's actions reinforced this administrative leadership, with the merger of three Directorate-General (city-centre, UC and UCSA) in 2008, before the legal obligation to share administrative and technical services. Moreover, according to the DSMC, *"it was essential for the management of the project to go through with it, it was a strong message"*. The steering committee then focused on internal motivational actions, necessary for the loosely coupling, reassuring the actors about the harmonization of practices and regulating the organizing and learning paradoxes.

The steering committee has in fact endeavoured to use an external discourse that enhances its decisions. For example, it uses of the Regional Chamber of Accounts report of September 2014 (p.2), establishing that *"an approach to the sharing of services between the 'City Centre' and the UC was the subject of an initial positive assessment of the steering committee in terms of efficiency and development of the community spirit since 2008"*. This assessment played a stimulating role in the steering committee's facilitation of the sharing services as DSMC says: *"it was the argument that allowed me to push, to turn the wheel in order to advance the project"*. It is thus easier to understand why the qualitative assessment commissioned from an external firm at the end of the process (2016) concludes that *"there is an increased development of services for the benefit of all member municipalities [...] the sharing of a common culture between the actors of the local authorities [...] the better coordinated management of common files and a better coherence of the actions carried out"*.

The steering committee will also promote the study that the management control department, carried out in 2014, during the process to evaluate the budgetary impacts. The committee says that the report having been awarded by a national prize and the quality of

the experts of the prize, with the recommendations to disseminate the study to other local authorities, give an institutional weight to this work. The steering committee is reinforced in its strategy to promote the sharing services. Thus, the elected representatives and administrative staff of the municipal block (city center, UC, CCAS), having been aware of the modest budgetary gains calculated, were less resistant to this change. Moreover, the report of the national Prize (p.2) shows that *"no questioning of this method or of the results took place during the exchanges with the elected officials"*, because the reticent elected officials of the community council quickly approved the steps of the sharing services.

This rapid political rallying is confirmed by a legal report about the management of the UC drawn up in 2014 by the Regional Chamber of Accounts indicating that *"in December 2008 (i.e. only 5 months after the start of the process), the agglomeration council approved the principle of shared services considering it necessary to strengthen cooperation between local authorities, to adjust the organisation of services to the political project, while optimising resources"*.

The assertion of this political and administrative leadership through a proactive strategy of the steering committee was a prerequisite before measures to relax the managerial and methodological choices that characterise the loosely coupling.

### 3.2.2. Some methodological and managerial disconnects

The ambitious objectives (financial savings, improvement of the quality of public services, improvement of working conditions) have been combined with a very gradual steps of change. However, the freedom with the methodology and delays, by creating deviations from the objectives, made the sharing services possible.

Indeed, the methodology adopted by the steering committee consisted in providing differentiated support to the actors and departments concerned by the sharing project. And the implementation has been gradually coupled with the resources to the

expected results. It was a question of “*first going through the services*” (VDGC) of the city and then convincing the reluctant elected officials of the UC.

This is why the departments were not shared at the same time. For example, the Finance Direction was the last to be concerned by the shared services because it crystallised the most constraints especially the budgetary objectives. This specific temporal rhythm was thus a means to regulate the tensions and paradoxes. Conversely, the management control department was one of the first to be concerned by the change of shared services and the Director of this direction was one of the strong actors on the steering committee.

Moreover, concerning the methodology of this organizational change, the DSMC indicates that “*we did not put my department in difficulty by saying, for example, there is 2% savings to reach in each direction*”. This latitude granted and the progressive nature desired by the steering committee explain why the sharing services was spread over eight years (from 2008 to 2017), and that “*in parallel with other municipalities, we remained in a fairly progressive approach*” (DFESPP). More precisely, “*it was a request from the mayor to see how it works first, and then we'll see*” (DSFCCU).

Managerial compensation measures concerning human resources were taken during the process, as was the optional nature of the transfer of staff to the mutualized departments. In other words, the administrative actors were able to keep their department or move to another: “*Staff are so scattered over different sites that initially what was announced by the President was to leave people where they are*” (DSMC).

In addition, a discretionary budget has been allocated to the sharing services process which was supposed to be carried out on a constant average and effective basis. A management consultant, a tax expert and a technician have been recruited to be made available to the municipalities.

Another main compensation measure was the upward re-indexation of the compensation scheme for employees of the three communities, a measure deemed necessary for the DSMC: “*There was*

*an upward adjustment everywhere [...] globally when we talk with the other communities, it's the same, otherwise it wouldn't work*”.

These measures allowed to reassure the administrative actors about the managerial purpose (performing and belonging paradoxes) of the approach, making it possible not only to achieve the objectives: “*in two or three years, semester after semester, we have corrected the processes, so that today it is a construction site that is behind us*” (DFESPP) but also to go beyond them: “*the idea was to tend towards all the resource services even if we see that we have reached the technical services*” (DSMC).

In summary, the loose coupling between tools (progressive formalization), practices (very progressive harmonization) and objectives (ambitious to be rational but results qualified by local adjustments), at certain moments in the sharing services process, allows the transition from decrystallization (for political decision-makers and certain reluctant administrative agents) to recrystallization (general support) of change.

The table 3 summarizes the analysis conducted by presenting a typology of the paradoxes observed during the sharing services process.

## 4. DISCUSSION

The analysis of this change highlights two key elements in the successful management of organisational change, illustrated by the implementation of sharing services: the creativity and harmony between administrative and political actors and the loosely coupling in managerial and methodological choices. These elements fall within the two families of success factors identified in the literature, the first referring to leadership factors and the second to methodological factors, and they make it possible to manage the organizational paradoxes associated with large-scale changes.

The literature review identified factors of success and organizational paradoxes. According to Carassus *et al.* (2014, p.5), “*the nature of the organizational systems that frame and follow a*

Paradox type	Learning	Organizing	Belonging	Performing
Principle	Tension between exploration and exploitation	Organizational Coherence	Level and direction of management	Cleavage of objectives
Event	Cognitive costs and processing time for new knowledge in the face of future gains from pooling	Conflicts over methods of sharing equipment and internal operating procedures control and autonomy	Initial wait-and-see role of the majority of the elected representatives of the bloc in the face of the strong and ongoing commitment of the steering committee	Political objective (maintaining quality public service) in the face of the administrative objective (economies of scale)
Loose coupling illustrations	Recruitment of new shared agents, Gradual transfer of staff to pooled services	Progressive sharing services, gradual formalisation of procedures	Additional delays, Targets revised downwards, Upward re-indexation of the allowance scheme	Impact study (small budgetary gain) and dissemination of results

Table 3 – Typology of paradoxes in the sharing services

Source: authors

*managerial innovation would determine its capacity for adoption and implementation*". This commentary about performance steps conducted in French local authorities may explain the results we obtain on the key role played by loosely coupling systems.

This loosely coupling between management, objectives and practices appears to allow the acceptance of change and facilitate its implementation. It seems to be a key factor in the success of sharing services because the complexity of the studied change generates limited results and a reticence on the part of political actors. However, these modest effects are gradually being capitalised on and reassure the various detractors, enabling a consensus on the meaning of sharing services. In this case, by leaving creativity to the local actors and better cross-disciplinary steering (for example, the shared Management control Department was able to

rationalise the funding requests of the departments of the City Centre and the UC by cross-referencing them), the connection between the objectives and achievements was gradually "strengthened" by formalising discourse about the success of the change.

Faced with contradictory interests, it is difficult to have internal consistency between decisions and short-term discourse, and the managerial slack appears necessary: the margins of freedom (organizational slack) in the methodology of planned change have enabled an adjusted management and prepared actors. This apparent disconnection responds to the management of the different organizational paradoxes (belonging, learning, organising and performing).

Indeed, the loosely coupling by leaving the possibility of several voices to implement the sharing services, favours the construction of the change

meaning. Moreover, the relative decoupling between directions, practices and stated objectives constitutes a modality of response to the injunctions of the environment and the interests of stakeholders. According to Brunsson (1989) some paradoxes are resolved by appropriate actions and others by appropriate discourses. So the apparent decoupling between discourses, actions, and decisions is a means to be more effective. Nevertheless, according to Orton and Weick, we should avoid moving towards a strong decoupling and seek a balance between loose and strong coupling. In our case, this desired balance would have to be found between the nature of the change, the objectives and the delays of the communities.

## CONCLUSION

This research attempts to fill a gap in the French literature because, to our knowledge, no work on shared services has focused on a communal block integrating a city, a group of cities (UC) and an administrative structure (UCSA). Therefore, the results pursuit researches carried out on services reorganizations in local public organizations and on the factors of success in organizational changes.

A second theoretical contribution of our work is the highlighting of a questioning of the purely contingent approach in the local public changes (Fabre, 2005) because neither the political temporality nor the political alternation were obstacles to the sharing services project. Moreover, each MUPC became aware of the political and economic importance of this process and relied on the measures of its predecessor in a logic of continuity and capitalisation. This behaviour of the three mayors during the ten years of the change (2008-2017) can also be explained by their understanding of the managerial and political tensions generated by the sharing services.

This research illustrates the possibility of carrying out a complete and broad sharing services (in terms of the number of departments and local authorities involved), through a very gradual approach, thus mobilising the concept of loosely coupling. The resistances face to sharing services in the cities

(Banoun and Rochette, 2017) reinforce the interest of loosely coupling for public managers as a central concept.

Nevertheless, the loosely coupling alone cannot explain the success of sharing services project. Indeed, several elected officials from small municipalities have largely accepted all the terms and conditions of sharing agreements, due to their significant need for expertise, mainly on technical issues. For example, it was common for technical staff from the small local authorities to receive free advices from their colleagues at the UC or the central city before sharing services, because these small cities could not afford to recruit permanent staff. Thus, these elected officials unreservedly accepted the sharing services project by paying for these services. This remark, which qualifies the influence of the methodological factor of loosely coupling, contributes to the specificity of the case. And the weak constraint on the deadlines for the sharing services is another specificity of this change. In this respect, the observations and results drawn from the case are likely to be supplemented by other studies on the sharing services.

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