leading**public**
ORGANISATIONS

organisational culture

State Government Victoria

state**services**authority

organisational change

an ideas sourcebook for the Victorian public sector

The Victorian Government has vested the State Services Authority with functions designed to foster the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Authority are to:

- identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;

- promote high standards of integrity and conduct in the public sector;

- strengthen the professionalism and adaptability of the public sector; and

- promote high standards of governance, accountability and performance for public entities.

The Authority seeks to achieve its charter by working closely and collaboratively with public sector organisations.

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contents

this publication

This publication has been written for organisational leaders in the Victorian Public Sector—specifically, people working in executive and senior management roles.

The purpose of the publication is to help the reader become an informed decision maker, commissioner and/or consumer of actions relating to organisational culture.

This publication does not talk about one particular type of organisation. Neither does it promote any particular organisational culture model or practice as being 'the best'. Instead, the publication provides information, insights and advice that may be useful for organisational leaders working in any public organisation and thinking about leading any type of organisational culture work. Inevitably, however, certain content will be more (or less) applicable to certain situations.

It is important to note that the publication is presented as an 'ideas sourcebook' rather than a step-by-step 'how to' guide. It is a collection of ideas designed to stimulate and inform leadership thinking, judgement and decision making in the face of specific situations, opportunities and dilemmas.

what is organisational culture?

As a leader you will know intuitively that organisational culture is important to the performance and reputation of the organisation that you lead.

But the challenges of culture can appear both insurmountable and nebulous. What is culture and how does it emerge? How and why does it change? Is the culture of my organisation 'right'? What can I do about it? How can I break down silos?

This guide provides insight into some of the common concerns for leaders on issues of organisational culture.

what is organisational culture?

Organisational culture is the shared values and beliefs that guide how members of an organisation approach their work and interact with each other.[1] It is expressed and manifested through the behaviours, customs and practices these members collectively display.

An alignment between what the people who work for an organisation value—and what actually needs to be valued for the organisation to succeed—creates a functional culture (sometimes referred to as a 'high performance' culture).

1   R Cooke & J Szumal, 'Measuring normative beliefs and shared behavioural expectations in organisations: the reliability and validity of the organisational culture inventory', *Psychological Reports*, vol. 72, iss. 3 part 2, June 1993, pp. 1299–1330.

in a nutshell

Organisational culture is the outcome of many factors, forces and influences. Key elements and attributes of culture are:

1. **individual values:** Individual values are the ideas, actions and relationships that an individual holds to be of most importance. They are a significant influence on the way an individual interprets, responds to and acts within the workplace.

2. **organisational values:** The roles, functions and aims of an organisation determine what, collectively, needs to be valued most in order for the organisation to succeed. These are commonly expressed through corporate documents such as strategies, annual reports or press releases. The basic principles on which a Victorian Public Sector organisation builds its values are provided in whole of sector documents such as the *Public Administration Act 2004.*

3. **alignment between personal values and organisational values:** A functional culture is fostered when staff perceive that there is some alignment, connection or 'line of sight' between their individual values and what needs to be valued for the organisation to succeed.

4. **dynamism:** An individual's values can shift and be re-ordered. Equally, what needs to be valued within an organisation can change in response to a range of internal and external influences. Thus the collective alignment of individual and organisational values—organisational culture—is fluid and subject to change.

5. **the role of leaders:** Leaders in organisations influence culture by acting as role models for the behaviours and actions that align with what the organisation needs to value the most. Leaders also help staff to identify a connection between personal values and organisational values.

DON'T ASSUME THAT EVERYONE SHARES THE SAME VALUES

The composition of the Victorian community and by extension, the Victorian Public Sector workforce has changed significantly over the decades. In the 1960s, public sector employees were predominantly Anglo-Saxon and male, and women were banned from holding permanent positions once they were married. In 2012, 67 per cent of the public sector workforce was female.

The Victorian Public Sector workforce is also becoming increasingly culturally and linguistically diverse. The 2012 *People Matter Survey* found that 21 per cent of public sector employees were born overseas and 17 per cent spoke a language other than English at home.

This brings a valuable diversity of experience and perspective to the Victorian Public Sector workforce. But it also demands something more of organisational leaders. Leaders in earlier times may have been able to assume that norms, values and beliefs—the basic elements of culture—were implicitly held and were the same as their own. Changes to the profile of the public sector workforce mean that there is increasingly a need to explicitly describe and explain them.

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for victorian public sector employees

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why does culture matter?

Culture matters because it impacts on most other organisational dynamics; it influences how organisations and their staff manage complexity, ambiguity and change. When organisational cultures are dysfunctional, staff become disengaged, and serious underperformance becomes a risk.

how a functional organisational culture improves organisational performance

Organisations with functional cultures generally:

- **have greater capacity to manage risk, uncertainty and ambiguity** because in a functional culture, employees share norms, values and ways of interacting. This sets the ground rules and provides employees with 'mental models' or 'scripts' that help to address uncertainty. In doing so, it also reduces the stress levels for staff.[2]

- **have more positive organisational reputations** because how staff feel about their workplaces will be reflected in how they talk about their organisation—and the public sector more generally—to others, including colleagues, stakeholders and clients.

- **deliver services to a better standard** because staff have higher levels of motivation and engagement, and are better equipped to solve complex problems.[3]

2   State Services Authority, *The state of the public sector in Victoria 2009–10,* State Government of Victoria, Melbourne, 2011, p.102.

3   ibid., and State Services Authority, *The values report: final report of the public sector agency research project 2008*, State Government of Victoria, Melbourne, 2008.

what happens when organisational cultures don't work

Organisational culture impacts performance. When staff don't share the same values, or if what the staff value is not what the organisation needs them to value, then the result can be a values clash. If it is more widespread, it can result in a dysfunctional culture.

A values clash manifests most commonly as disengagement and a loss of motivation. Discretionary effort is replaced by 'work to rule' or 'clock watching'. When more outspoken individuals are involved, or where there is strength in numbers, such a clash can manifest as agitating behaviour, factionalism, or the emergence of silos and countercultures, which actively work against the best interests of the organisation as a whole.

When culture is dysfunctional, the risk of organisational underperformance increases. A considerable amount of organisational effort, time and resources will be diverted from productive endeavours to directing and controlling the activities of staff, and to containing and dealing with the consequences of workplace conflict.

Cultural dysfunction can lead to poor leadership decision-making. When the values of staff and leaders aren't aligned with organisational values, it becomes more likely that important information is missed or ignored. Cultural clashes and silos can restrict the flow of information throughout an organisation, which in turn compromises the quality of intelligence provided to leaders.

A dysfunctional workplace culture also erodes employee engagement and can lead to an increase in unplanned absences and stress-related occupational health and safety claims. Inevitably, productivity and quality of service will decrease.[4]

The SSA's work with public service and public sector organisations since 2005 has revealed that issues of culture lie at the heart of many operational and service delivery shortcomings. Such shortcomings can damage an organisation's reputation and can prompt investigation and review by oversight bodies such as the Auditor-General or Ombudsman.

Ultimately, an organisation with a dysfunctional culture is at a higher risk of failing in its role by neglecting the expectations of its stakeholders and those that rely on the service it provides. The case of the United Kingdom Mid Staffordshire NHS hospital trust provides a sobering example of the devastating impact of poor organisational culture.

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4   See, for example, ME Kusy & EL Holloway, *Toxic workplace! Managing toxic personalities and their systems of power*, Jossey-Bass, San Francisco, 2009.

INQUIRY INTO THE MID STAFFORDSHIRE NHS FOUNDATION TRUST, UNITED KINGDOM

In 2010, the United Kingdom government commissioned an independent inquiry into the Mid Staffordshire NHS Foundation Trust to investigate patient care between 2005 and 2008.

This inquiry followed a number of earlier reports into the hospital Trust, which identified significant failings in the provision of emergency healthcare, and in leadership and management. The final report of the inquiry was released in February 2013.

The inquiry's report describes a standard of care that was 'totally unacceptable', and had an 'almost unimaginable' impact on patients and their families. Media reports estimated that between 400 and 1,200 people may have died needlessly as a result of poor diagnosis and treatment.[5]

The inquiry identified culture as the primary cause of the failings at the Mid Staffordshire NHS Foundation Trust, specifically a 'culture of tolerance for poor standards, a focus on finance and targets, denial of concerns, and isolation from practice elsewhere'.

The inquiry's 290 recommendations were grounded in an imperative for fundamental culture change, extending beyond Stafford Hospital to the whole NHS: 'the NHS and all who work for it must adopt and demonstrate a shared culture where the patient is the priority in everything that is done' through:

• a common set of **core values**;

• **leadership** in the values at all levels of the organisation;

• **information** on the extent to which the values are adhered to; and

• tools and methodologies to **measure** the cultural health of the NHS system.

The findings of this inquiry underscore the importance of organisational culture, and how vital it is that organisational values be shared by all staff working within an organisation or a wider system. It also reinforces the importance of leaders in articulating values and setting an example for staff.[6]

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5   *The Telegraph*, 18 March 2009, 'NHS targets may have led to 1,200 deaths in Mid-Staffordshire'.

6   The Mid Staffordshire NHS Foundation Trust Public Inquiry, *Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry*, The Stationery Office, February 2013.

People matter survey

The People Matter Survey is an annual survey conducted by the State Services Authority on behalf of Victorian public sector organisations. The survey assists these organisations to develop a stronger values-based culture.

For details on how your organisation can participate www.ssa.vic.gov.au

the top 5 contributions leaders make to organisational culture

contribution #1: recognising their role in organisational culture

Good leaders recognise that culture is something they can influence; it is not the exclusive domain of HR practitioners, and neither does it have a separate, independent life of its own.

They maintain a functional organisational culture by identifying, articulating and demonstrating what needs to be valued. Their own behaviour is an example to others of what needs to be valued, and they help staff to connect and align their individual values to those required for the organisation to succeed.

Good leaders also recognise that while their role is vital, others in leadership positions act as emissaries. They support their line managers by providing coaching and direction, and they encourage line managers to build rapport with their staff.

contribution #2: seeing and sharing the bigger picture

The concerns, issues and practices of government agencies are interlinked with other agencies, and actions taken in one part of the system can have consequences well beyond organisational boundaries. Good leaders recognise this; they articulate the role and functions of their organisation in the context of the roles and functions of other organisations. They identify what needs to be valued in order for the system—of which their organisation is one component—to function effectively.

contribution #3: establishing cooperation and collaboration as the norm

Good leaders establish values and baseline expectations that staff will cooperate, collaborate and share information. Within the organisation, they work to minimise the emergence of cultural silos by establishing shared operational norms, shared language and a shared sense of purpose. They don't try to use competition or rivalry between business units and divisions as motivators, or as the basis for organisational culture.

Public sector agencies usually can't operate effectively when they are isolated from, or at odds with, other agencies. Good leaders foster a respectful understanding of the values, perspectives and operational imperatives of other organisations, irrespective of whether these conflict with their own.

Governments can demand closer collaboration between separate agencies to achieve policy outcomes, and machinery of government changes can force agencies closer together. If this does occur, the leader's work of bringing the staff of previously separate organisations together will be much easier if there is a history of respect and cooperation, rather than a legacy of conflict and rivalry.

contribution #4: understanding the power of symbols and messaging

Good leaders recognise that messages about what is valued are conveyed though all their actions, and what they *don't* respond to or acknowledge is as significant as what they *do* respond to.

As a leader, you need to maintain a constant awareness of the messages you may be conveying to staff, either intentionally or unintentionally. Consider the language that you use; could the way you describe your organisation, its staff, or others be misconstrued? Does what you say authentically reflect what you value?

contribution #5: acknowledging the different experiences and perspectives of staff across the organisation

Leaders and managers commonly have more positive perceptions of their workplace and its culture than staff at the middle and lower levels.

In other words, the view from the top is different to the view from the middle, or bottom. Leaders can access resources, set agendas, control their day-to-day interactions, and are generally the first to receive important information from within or outside the organisation. These are opportunities that often aren't open to staff at the mid and lower levels of an organisation.

This reinforces the importance of keeping a watching brief on culture through workplace climate and culture surveys. Importantly, it underscores the crucial need to actively listen to your staff to help you to understand organisational culture from their perspective.

SEEK OUTSIDE PERSPECTIVES

There are significant benefits for leaders in seeking perspectives from others through, for example, external supervision or mentorship, or a trusted network of professional colleagues who are familiar with but not part of your organisation.

Such arrangements can provide a valuable reality check in relation to organisational culture by offering different perspectives, which, while informed, are not influenced through immersion in the culture itself.

assessing organisational culture

Organisational culture surveys and other empirical data sources provide a useful starting point for explorations of culture. But an understanding of the dynamics and subtleties of organisational culture will come from your own observations and intuition.

There are a number of approaches to assessing your organisation's culture. Some empirical approaches that provide a starting point include employee opinion surveys, 360-degree feedback, turnover data and employee exit interview results. The *People Matter Survey* (administered by the SSA) also provides some insights into employee perceptions of organisational culture.

In fact, the very presence (or absence) of these tools reveals something about what is valued in the organisation. If they are not used, what does this say about the extent to which an organisation's leaders value organisational improvement? If there is no appetite, or an indifference, on the part of managers for the views of staff, what does that say?

While empirical data can point to significant issues and provide trend data over time, it won't reveal the nuances of organisational culture and can't uncover the subtleties and dynamics, which really tell you what values are actually exhibited by individuals. For a true understanding of culture, you need to use your skills in observation, judgement and intuition.

To see the culture of your organisation, observe employees' habits and patterns of behaviour across all levels of the organisation.

Try also to observe interactions between your staff in their 'natural state'; sometimes your presence as a leader can influence behaviour from what is normal and authentic to what is expected. Listed below are some questions for you and your leadership team to consider as you learn about the culture of your organisation.

It is unlikely that the culture will be entirely good or entirely bad. You are more likely to identify specific aspects of culture that need improvement, or that work well and should be maintained. You may also identify cultural silos, subcultures and countercultures. Being able to describe culture is a useful first step in being able to identify what needs to change, or what should be maintained.

There are some commercially available tools which may help to provide you with insights into the culture of your organisation.
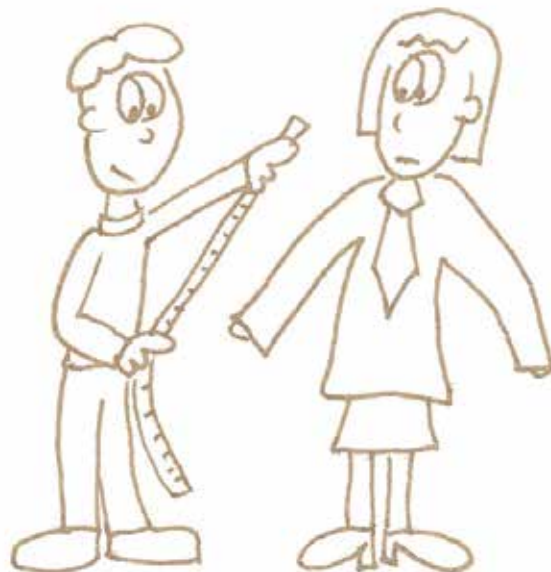
different types of culture

No two organisational cultures are the same. Summarised below are some of the cultural types identified by researchers and theorists in this field.

ORGANISATIONAL CULTURE TYPES

Which of these do you see in your organisation? What aspects of these culture types help the organisation to achieve its goals? What type of culture will the organisation need in the future?

- **power culture:** Power is concentrated within a small group of people or a single leader who commands and controls the organisation by making all the key decisions.

- **hierarchy culture:** Characterised by valuing control and an external focus. There is respect for position and power, and this leads to a structured and formalised workplace where there is clear hierarchy of coordination.

- **role culture:** Hierarchical organisations where power is vested in particular roles, and control is asserted through formalised mechanisms such as policy and procedure manuals, highly articulated position descriptions and formal delegations.

- **task culture:** Teams are assembled to address particular problems or produce particular outcomes. Team members are selected on, and their authority to act is based on, their technical expertise. Task cultures are typically controlled through a matrix management structure.

- **person culture:** The individual is more important than the organisation, akin to a professional partnership, which is a collective of individual experts who employ and manage themselves.

- **clan culture:** Characterised by prizing flexibility and an internal focus. The type of organisation acts as a family. Staff are driven by a shared vision and goals, and personal loyalty to one another.

- **market culture:** Prizes control, results and an external focus, leading to a competitive, hard-driving workplace.

- **adhocracy culture:** Prizes flexibility and an external focus, leading to a dynamic and flexible organisation. Experimentation and innovation are valued.

- **work-hard, play-hard culture:** An organisation characterised by rapid feedback and reward, and low risk. This type of organisation becomes vulnerable when there is a high volume of work, which can lead to burnout.

- **tough-guy macho culture:** Characterised by rapid feedback and reward, and high risk. Organisations with this type of culture are vulnerable in terms of taking a long-term approach, because there is an orientation towards dealing with immediate problems (figuratively, if not literally, fighting fires).

- **process culture:** Characterised by slow feedback and reward, and low risk. This type of culture is oriented towards security, stability and the status quo. It risks prioritising doing, rather than necessarily achieving.

- **bet-the-company culture:** Characterised by slow feedback and reward, and high risk. This type of organisation is oriented towards the very long term, and has to wait a long time to ascertain whether its actions have been successful or not.

- **passive/defensive cultures:** Characterised by approval, conventional, dependence and avoidance behaviours. In these organisations, interaction between people is predicated on protecting their own security.

- **aggressive/defensive cultures**: Characterised by oppositional, power, competitive and perfectionistic behaviours. In these organisations, people work to ensure their security and protect their status.

- **constructive cultures:** Characterised by achievement, and self-actualising, humanistic and affiliative behaviours. In these organisations, there is high value placed on social interaction and fulfilment of higher-order needs.

When considering the following questions:

- look for disparity between 'stated' individual and organisational values versus 'revealed' values; do the stated values correspond to what you actually see? For example, when staff (or leaders) claim to value collaboration and cooperation, do you actually see insularity and disconnection?

- don't just go to your 'go-to' people. The high profile, vocal and visible employees within an organisation may provide useful insight into the prevailing organisational culture, but won't necessarily tell you about subcultures or countercultures.

- look out for the 'poor cousins' of the organisation; are there groups (formal divisions, particular disciplines, or a social grouping) whose contributions are perceived as less valuable than those of others?

QUESTIONS TO CONSIDER WHEN ASSESSING ORGANISATIONAL CULTURE

- What do you hear **staff** say when they discuss work, clients, other divisions, or their managers?

- What do **leaders** say when they discuss work, clients, other divisions in the organisation, or their staff?

  – What do staff and leaders talk freely and enthusiastically about?

  – Are there 'elephants in the room'? What do people avoid discussing?

  – Are there 'sacred cows'? What principles, processes or people do staff take steps to defend?

- What makes staff and leaders upset or angry?

- What sayings, slogans or mottos are repeated throughout the organisation?

- How do staff celebrate individual and organisational milestones?

  – Who attends social events?

  – Who interacts with whom at social events?

- What stories do you hear?

  – Who tells the stories?

  – What is the message or moral of the stories?

- How are those with different views treated?

  – Is debate welcomed, or are divergent views ignored or shut out?

- How do staff and leaders behave in response to ad hoc requests, especially those that are unusual or require extra effort?

- What makes staff (including leaders and managers) stressed or anxious? For example, demanding deadlines, unfavourable media attention or external scrutiny).

- What appears to matter more?

  – rules or relationships?

  – the individual or a group?

  – self-control or self-expression?

  – achievement or approval?

  – creativity or compliance?

  – convention or inventiveness?

  – avoidance of conflict, resolution of conflict, triumph over others?

- What do managers pay the most attention to?

  – Do they focus on problems and crises?

  – Do they also acknowledge successes?

- How are decisions made?

  – by one person, by consensus, or not at all?

- What kinds of behaviours get rewarded?

  – getting along with colleagues, getting things done, something else?

- What kinds of behaviour are frowned upon or condemned?

- How is poor behaviour dealt with? Is it ignored or tolerated, or is it reprimanded?

- If the organisation were a person, how would you describe it?

what are the signs of problems with culture?

{ As a leader, you need to be constantly attentive to issues of organisational culture. But there are some trends you may observe, or events that may occur, which require you to consider issues of culture more closely.

An organisation's culture *may* be dysfunctional and in need of attention when one or more of the following is evident.

leadership

- The organisation's executive leadership doesn't function as a cohesive group. For example, they don't promote the same values or messages to their staff.

- The organisation's stated values are dismissed, mocked or ignored by leaders.

- Leaders and managers ignore—and thereby tacitly accept and endorse—behaviour that is counter to what the organisation needs its employees to value.

- There is a culture of escalation: an undue reliance on the organisation's leaders to solve routine, day-to-day issues or to instigate changes that don't require the authority of leaders.

MANAGER'S OFFICE

CULTURE IS AN ONGOING CONCERN

Everyday leadership decision-making can and should be attentive to issues of organisational culture. It isn't a separate business activity or the exclusive province of HR practitioners.

Sometimes survey results, your own observations, or particular junctures in the lifecycle of the organisation you lead will require you to consider issues of culture more closely, and to take action to prevent minor shortcomings from cascading into cultural dysfunction.

Unfortunately, even strong, functional cultures can sour quite quickly under certain conditions, particularly when significant organisational change is poorly managed.

performance

- The organisation consistently fails to meet its key performance indicators. This could be a sign of employee disengagement, a lack of motivation or empowerment, or poor cooperation across different parts of the organisation.

employee perceptions and behaviour

- The organisation's stated values are dismissed, mocked or ignored by staff.

- Staff in different parts of the organisation follow different sets of values, and don't share a 'basic' set of values.

- Staff resist implementing the initiatives of senior leaders and executives.

- There is a tendency towards inertia—'we've always done it this way'—even when the evidence for change is clear.

- There is comparatively high staff absenteeism, staff turnover, use of the organisation's counselling services (employee assistance program), reports of bullying and/ or a high number of compensation claims relating to stress.

- Cultural surveys reveal poor understanding or acceptance of the public sector values, high levels of bullying and/or high levels of dissatisfaction with the organisation.

- Cultural surveys indicate significantly different attitudes and experiences in different divisions within the organisation or among different cohorts (for example, age, gender, level).

- There is evidence of unproductive conflict among staff, which escalates into formal complaints or individuals or groups who cannot work together.

- Staff perceptions that the culture or mood just is not right.

- There is an overactive and inaccurate rumour mill operating within the organisation.

reputation

- There are few responses to job advertisements and/or applications are consistently from unsuitable candidates.

- There is evidence of leaks (unauthorised release) of confidential or sensitive information.

political influences

- The organisation is affected by machinery of government changes. New work groups joining or leaving the organisation will change the dynamics of the organisation's culture and, potentially, put it under stress. Individuals can have a sense of psychological safety and 'belonging' within an organisation or department, and changes to organisational structure arising from machinery of government changes can disrupt this.

- The organisation is affected by new political agendas. These will establish new priorities and, possibly, new values for the organisation.

- The organisation achieves or abandons previous strategic, policy or program goals. A change in goals can have a flow-on effect for organisational values.

It is also a good time to focus on organisational culture when the organisation:

- changes resource allocations, requiring staff to work in different ways and, possibly, put in extra discretionary effort and go the extra mile;

- is required to retrench a significant number of staff;

- sees the departure of a particularly well-respected and influential staff member(s);

- implements significant organisational change involving, for example, organisational structure, major processes and systems, or physical location; or

- is subject to close scrutiny from the media or from an audit or other review organisation, especially if the results of this scrutiny leads to negative findings.

AN EXCLUSIVE CULTURE ISN'T A FUNCTIONAL CULTURE

A functional culture doesn't exclude others. It provides unity and cohesiveness amongst members, and can welcome new entrants, perspectives and debate. A culture where there is hostility to difference isn't functional.

Organisational culture impacts on the way in which an organisation accepts change and adapts to new systems and procedures. An unfortunate by-product of homogenous cultures can be resistance to change.

Groupthink is an extreme and damaging manifestation of an exclusive culture. It is the phenomenon where a person's identification with—and loyalty to—a group is so strong that it overrides their capacity to think objectively and offer different points of view.[7] It can actively inhibit innovation and change and, at its worse, can create a culture of aggression towards outsiders and 'otherness'. For an organisation to perform well and for its culture to be functional, leaders and staff need to be comfortable with debate, divergent and alternative viewpoints, and constructive dissent.

A strategy for dealing with groupthink is the creation of 'devil's advocate' roles during organisational meetings. A member of the meeting is given the role of coming up with counter and contrary views to the ideas discussed, for the purpose of challenging comfortable thinking.

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7   I Janis, *Victims of groupthink: a psychological study of foreign-policy decisions and fiascos*, Houghton Mifflin, 1972.

dealing with high conflict behaviours

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Dealing with high conflict behaviours

This guide offers practical tips for anyone who has recruited, worked with or tried to manage a difficult person.

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# what to do when an organisation's culture is dysfunctional

Cultural dysfunction is commonly caused by a misalignment of value sets, and manifests as conflict, disengagement and distrust. It is important to recognise the signs and, as far as possible, isolate the causes of such dysfunction.

While the approach you take to addressing dysfunction depends largely on what you identify as the problem(s) with the existing culture, the basic aim will remain the same: to get individual values and organisational values aligned.

Some approaches will be more effective than others, depending on the aspects of the culture you seek to change, and on what feels authentic for you.

identify problems

Organisational survey data such as employee opinion surveys and results from the *People Matter Survey* can be used to identify areas of satisfaction and dissatisfaction with organisational culture. They can also provide clues and indicators of the causes of cultural dysfunction. Similarly, your observations and intuition will help you to assess culture, and will help you to identify particular problems. This will inform your approach towards changing culture for the better.
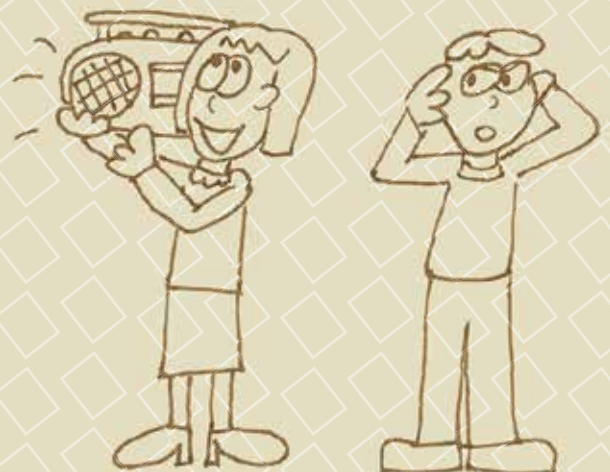
talk to staff

As simple and obvious as it sounds, open, direct and honest communication is a significant first step in building a functional culture. Talk to your staff—your direct reports and the front line—about the problems you see, and seek their views on both the underpinning causes and how to move towards a resolution to these problems. Try simple actions that demonstrate respect and responsiveness.

Building rapport—understanding who your staff are, what their interests are and what is important to them in life—helps to build a positive and productive work environment.[8] Importantly, it helps you and your management team to understand better how to help staff connect their personal values with what needs to be valued most in the organisation.

Create a 'burning platform'. Communicate the seriousness of the dysfunction and its impacts, and convince staff that the consequences of staying the same are far worse than the consequences of changing. In this way, you can usually convince staff to accept major (sometimes painful) readjustments to organisational culture and to the psychological contract they hold with the organisation.[9]

lead from the front

What you do (for example, how you treat others, what you devote the greatest time and attention to, the hours you keep) rather than what you say, will be understood by the majority of the people who work in the organisation as an endorsement of particular values.

You need to maintain a constant self-awareness of the impacts of your own behaviour and choices, whether these are significant business decisions, or casual interactions with staff. It is authentic, leadership by example that not only tells employees what is valued but also builds trust between you and the staff you lead.[10] Objective data about your behaviour, as elicited through 360-degree feedback surveys, for example, can be helpful. Such feedback may require you to introspect and make a frank self-assessment of the extent to which you can authentically demonstrate what needs to be valued most within the organisation you lead.

While leadership is vital to any successful culture change, it can be a challenge—especially in large organisations—for leaders to be truly visible and present to staff at all levels of the organisation. In these situations, it is important to widen the circle; convince your senior leadership team of the imperative for change, so that they can both model desired behaviours themselves, and acknowledge them in others.

It is the social, 'day-in-day-out' nature of the relationship between leaders and employees (through recruitment decisions; dealing with hard choices; formal and informal feedback on work performance; and what they acknowledge and what they sanction) that tells employees what needs to be valued.

Analysis of the *People Matter Survey* results shows a distinct 'halo effect': staff views of their peers, leaders and the organisation as a whole are coloured by the behaviour of line managers. For example, when staff believe that their manager acts with integrity, they will ascribe high levels of integrity to the organisation as a whole. The behaviour of managers is a stronger predictor of positive employee sentiment that is the existence and awareness of policies and procedures.

emphasise what is important, and acknowledge it when you see it

Cultural dysfunction commonly emerges when a critical mass of staff lose their line of sight between what they perceive to be of value and what is needed for the organisation to succeed. Helping staff to focus on the bigger picture—how the organisation contributes to broader policy, economic or social goals— can help staff to find the line of sight. An organisational strategy, or mission statement, can be used to communicate and remind staff of the role they play within a broader system.

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8   State Services Authority, *Talking performance* (2nd edn), State Government of Victoria, Melbourne, 2012.

9   R Dixon, 'Organisational culture: relationship to uncertainty, sensemaking and organisational effectiveness', 2000, viewed 21 November 2012, <http://www.mountainplains.org/2000/articles/2000/general/mpa9.html>.

10   State Services Authority, *Exploring workplace behaviours: from bullying to respect. Final report of the workplace behaviours project*, State Government of Victoria, Melbourne, 2013.

Some organisations have very effectively used a single, grounding principle (a motto) to help staff to understand what needs to be valued and prioritised the most. These provide simple, easily remembered prompts, which can describe the contract between the organisation and its staff, or can provide a frame within which competing perspectives can be reconciled.

There is a general consensus amongst researchers of organisational culture that acknowledgement by managers of particular workplace behaviours can significantly influence employees. In fact, the research indicates that acknowledgement is a stronger influencer of future employee behaviour than behaviours that are espoused to be valued but are not acknowledged.[11]

It is therefore worth considering how the formal acknowledgement arrangements, including reward and recognition systems within your organisation integrate and reflect what the organisation needs its employees to value.

Informal acknowledgement such as personal recognition and public acknowledgement are hugely important, and the power of the gesture should never be underestimated. Public acknowledgement not only rewards individuals (or groups) directly, but also sends a message to others about what is valued.

Equally important are your choices about what not to respond to or reward. Just as employees will learn about what needs to be valued by what you say, do and thank others for, they will draw inferences from your silence about what the organisation holds to be of most value.[12] For example, complaints about a staff member who routinely demonstrates uncivil or bullying behaviour may be ignored because the staff member is perceived by the organisation's management as a 'high performer'. Other staff members will infer from this that the achievement of results—rather than the manner in which they are achieved—is valued the most.

DON'T JUST PUT UP POSTERS: LEAD BY EXAMPLE

Addressing cultural dysfunction, and building and maintaining a functional culture takes significant effort on the part of individual leaders. Genuine change won't come about through top-down management strategies, such as formal presentations or the distribution of laminated cards extolling organisational values. Instead, your behaviour as a leader, what you choose to reward or discourage, and what you communicate as being important will set the boundaries for employees' own behaviour.

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11   See for example, C McNamara, 'Organisational culture', Authenticity Consulting, LLC, 2000, viewed 22 June 2012, <http://managementhelp. org/organisations/culture.htm>; P Verhezen, 'Giving voice in a culture of silence: from a culture of compliance to a culture of integrity', *Journal of Business Ethics*, 96, 2010, pp. 187–206; and CoastWise Consulting, iss. 8, 'People and rewards: the glue that holds it together', viewed 25 May 2012, <http://www.coastwiseconsulting.com/article_08.htm>.

12   EH Schein, *Organizational culture and leadership,* John Wiley & Sons, San Francisco, 2004, p. 252.

An ethics framework

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organisational silos

{ Organisational silos and subcultures are commonly observed, and sometimes they serve a useful purpose because they quarantine particular functions from the wider organisational culture. However, they stop being useful when they act as a barrier to information exchange and cooperation. If this is the case, there are some practical steps you can take to break down cultural silos.

are organisational silos always bad?

Often.

Silos refer to a situation where a group within an organisation—typically a formal team or division, but sometimes a professional grouping or functional group—is not effectively integrated into the broader organisation or system. They have a set of values or behaviours, or an identity, which differs from the rest of the organisation.

Sometimes organisational partitions can benefit organisations and can be intentionally used to focus accountabilities and minimise distraction from a discrete set of goals or tasks. Some functions benefit from being 'quarantined' from the influences of the broader culture: for example, an internal audit or investigation unit, which may need to value objectivity, impartiality and integrity over and above other organisational values. Similarly, a culturally separate research and development unit can be liberated from the values and beliefs that, while important to organisational consistency, can inhibit innovation and the development of 'left-field' solutions.

A defining value or behaviour of an organisational silo is inwards focus. People working within the silo typically see no need to share knowledge and resources with people from outside the silo and refuse to do so. This silo mentality can sometimes also extend to a whole organisation where the organisation doesn't see the need to, and actively refuses to, share information or resources with other organisations undertaking similar functions or working with the same client groups.

LEADERS CAN OPERATE IN A CULTURAL SILO TOO

Just as non-management staff can differentiate and separate themselves into silos, so too can an executive leadership group become a silo. Like other silos, a leadership silo can emerge on the basis of a shared history or shared and deeply-held personal values, or by simply being located on the same floor of an office building.

A siloed leadership group risks isolation and disconnection from those they are responsible for leading. This hinders communication and can feed distrust, which can in turn prompt a descent into cultural dysfunction. It is imperative that steps be taken to address leadership silos, because of the crucially important role leaders have in building and maintaining a functional culture for the organisation as a whole.

Consider the recruitment and selection practices for new leaders. If silos are an issue, don't select leaders who prefer to compete with others, or who are motivated by individual reward. Instead, select new leaders who prefer to collaborate with others and work across organisational divisions to meet shared objectives.

Generally, silos can inhibit, rather than aid, organisational efficiency and effectiveness. They can increase the risk of delivery failure. Silos also make organisational flexibility, change, innovation, and knowledge management much more difficult.[13]

what practical steps can I take to break down silos?

establish standard business processes and a shared business vocabulary

Shared operational protocols and language helps to minimise the emergence of silos and 'battle lines'. It is useful to encourage the adoption of standard templates across the whole organisation, and to foster a common organisational vocabulary. You can, for example, ensure that all staff and divisions use common templates for shared processes such as procurement and staff performance planning and development. As far as practical, access to information portals such as an intranet should be provided to all staff, regardless of their functional division or operational responsibilities.

13   T Fenwick, E Seville & D Brunsdon, *Reducing the impact of organisational silos on resilience: a report on the impact of silos on resilience and how the impacts might be reduced*, March 2009, Foundation for Research Science and Technology of New Zealand, viewed 25 June 2012, <http://www.resorgs.org.nz/pubs/Silos.pdf>.

create hybrid teams

If silos have emerged as a result of an organisational structure that discourages or actively prevents collaboration across functional groups, an antidote can be to promote collaboration through the formation of teams with members drawn from across the organisation.

Cross-divisional or hybrid teams can be used to complete a discrete, time-bound project, or for ongoing business activities. They provide an opportunity for staff to understand the perspective and operational imperatives of others. Individual secondments and 'job-swaps' across divisions can also produce the same results. When the right people are selected to participate in hybrid teams and secondments, they will share their understanding with others within their substantive workgroup.

It is important to be clear about the expected behaviours and acknowledge staff—either formally or informally—on the basis of their contribution to the whole organisation, over and above their contribution to one division.

mix up the management team

Managers and leaders at the middle ranks of an organisation play a key role in influencing culture.

It can be helpful to allocate responsibility for whole-of-organisation functions, such as corporate services, information technology and knowledge management to individual managers who are also responsible for a functional division. Provided that this does not create onerous workloads, this approach helps to break down silos because it exposes managers to the dynamics of other divisions, and requires that managers collaborate meaningfully and constructively.

It can be useful to encourage managers to undertake short-term 'exchanges' or 'job-swaps' with other managers to promote a better understanding of other divisions

use physical space

Provide an opportunity for staff to observe and learn from, the ways in which other groups within the organisation actually go about their day-to-day work. This can be achieved through co-locating staff from different reporting lines. Providing spaces for informal interaction—for example, common staff areas—can also help to break down silos.

subcultures and countercultures

Subcultures are different to silos. Members of subcultures broadly share the same values as the rest of the organisation, but differ in ways unique to their members. In contrast, members of cultural silos have a value set that is different to, and does not integrate with, the broader organisational culture. Often these differences are based on occupation, organisational unit, or unique challenges faced by members. Subcultures do not necessarily threaten the broader culture; they can enhance it by providing a level of reassurance and a sort of 'community' to members, and can sometimes even be motivating. A subculture of long-serving members of an organisation, for example, may demonstrate a fierce commitment to the organisation and its values, providing a good example to others, particularly newer recruits whose bonds may not be as strong.[14]

In contrast, countercultures, for example, where one group mocks or derides the values, lifestyles, personal style or work of others, present a direct challenge to the maintenance of a functional organisational culture. A counterculture is dangerous because it can foster a toxic organisational dynamic, and can encourage 'battle lines' between peers or between staff and leaders.

14   J Martin & C Siehl, 'Organizational culture and counterculture: an uneasy symbiosis', *Organizational Dynamics*, Autumn 1983, p. 52–64.

THE BENEFITS AND PITFALLS OF SOCIAL AND PROFESSIONAL CLUBS IN ORGANISATIONS

Social clubs—whether broad-based, occupational or discipline specific—can be a useful way of cutting across organisational silos. When they work well, they can help staff to build relationships outside the boundaries of their workgroup. Often these relationships carry through into the work context.

However, any club is, by definition, exclusionary and can itself provide the catalyst for the emergence of silos, and can undermine trust in the organisation. A club for members of the legal profession, for example, will necessarily exclude those who aren't members of that profession. Social clubs based around after work drinks also tend to exclude those with family obligations, or those who do not drink alcohol.

It is important that there are a range of options on offer so that, should they wish to, staff of any age, culture, profession, or religion can be welcomed into at least one such club or association.

bringing
it together

{ For organisational culture to work, individuals within the organisation need to be able to understand how their personal values—what they hold to be most important—align and intersect with what the organisation needs to value the most.

Culture has a significant influence on organisational performance, productivity and reputation. When a culture is dysfunctional, excellence is replaced by mediocrity, and 'good enough' becomes the acceptable standard. Ultimately, the organisation runs the risk of failing in its role by neglecting the expectations of its stakeholders and those that rely on the services it provides. In contrast, organisations with functional cultures tend to be less 'stressed' when faced with complexity and challenge, collaborate successfully with external stakeholders, and deliver a higher quality of service.

It is sometimes mistakenly assumed that culture is something that HR does, when in fact it is something that good leaders do. Sometimes leaders inadvertently contribute to cultural dysfunction by attempting to establish a cultural identity on the basis of separateness or rivalry with others. But most commonly, leaders perceive organisational culture in a comparatively positive light, and cultural dysfunction emerges because leaders don't see it coming.

The work of influencing organisational culture shouldn't be compartmentalised as a separate business activity. It isn't distinct from other business activities like strategy, operations or stakeholder management. Culture change does demand consistency from you and your management team, not just in the way you make weighty and significant business decisions, but in the way you relate to your staff.

That said, the actions you can take as a leader don't have to be high-minded or esoteric. They are simple:

- assess your organisation's culture by listening to staff and observing workplace behaviours, keeping in mind that your perceptions may be different to others;

- look out for silos and countercultures, and use practical, everyday management actions to dissipate them;

- consider cultural alignment when making recruitment decisions;

- take the time and make the effort to acknowledge staff who exemplify what needs to be valued; and most importantly

- lead by example, and help your staff to understand what needs to be valued through open, honest and direct communication.

Although the actions you can take are relatively straightforward, they can nonetheless demand a lot of you because they require consistency, mindfulness and perseverance.

Appendix a provides an historical overview of changes in thinking about organisational culture. Appendix b provides a list of further references and resources.

{ appendices }

appendix a: ideas
changes in thinking about culture over time

A focus on organisational culture emerged in the second half of the twentieth century.

In the 1940s, researchers undertook anthropological and sociological work on culture within groups and societies. Business organisations became one of the social units on which they focussed. Following this initial interest, the focus of organisational studies moved from organisational culture to organisational psychology, but organisational culture re-emerged as a focus in the 1970s. This occurred as thinking about organisational design and operations moved away from the traditional, scientific, and mechanist models (organisations as machines) and towards thinking about organisations as a collection of negotiated relationships. Organisational culture theory became a business phenomenon in the early 1980s, where researchers suggested that corporate culture:

- is the essential ingredient to organisational performance; and
- could be managed to improve an organisation's competitive advantage.[15]

Organisational culture was identified as a significant contributing factor to an organisation's strategy, structure and methods of control, and ultimately to its productivity, sustainability and competitive edge. This consideration of organisational culture represented a shift in thinking from the previous view of organisational culture as an organically emergent phenomenon. In the 1980s view, an organisation's culture was seen as something that is manipulable and manageable as a competitive asset.[16]

Writing in the late 1990s, influential organisational cultural theorist Edgar Schein argued that culture had become more important than ever to organisations. Increased competition, globalisation and mergers had led to a greater need for cross-cultural management, workforce diversity strategy innovation and integration across organisational units. Another reason cited was that intellectual assets, rather than material assets, now constituted the main asset of many organisations. Maximising intellectual assets requires a culture that promotes intellectual participation and facilitates both individual and organisational learning, new knowledge creation, and the willingness to share knowledge with others.[17]

what has happened in the public sector

Changes in the nature of the public sector, formation of public sector structures and community expectations of the public sector over time has inevitably had an impact on the cultural composition of public sector organisations.

The following table summarises cultural attributes (as they relate to people management considerations) of three common paradigms for public sector organisations.[18]

values	bureaucracy to 1980s	new public management 1980s–2000s	network/new public service 2000s onwards
individual motivation	equity and devotion to public office	extrinsic—individual reward	intrinsic—public service
reward system	merit	outcome based—individual	outcome based—collective, intangible, relational
attraction	public duty	corporate reputation	issue, communal
retention	public service motivation	responsibility	commitment to network, members, constituents
employer branding	model employer	employer of choice	model employer
emotion	duty	accountability	service

15   KA Baker, 'Organisational culture', 2002, chapter 11, <http://www.au.af.mil/au/awc/awcgate/doe/benchmark/ch11.pdf>, viewed 2 July 2012.

16   ibid.

17   ibid.

18   From R Beattie & JM Waterhouse, 'Human resource management in the public sector: getting the mix right', in proceedings *11th international research symposium of public management, 2007*, Potsdam, Germany.

theoretical ideas

assessing culture

While cultures can vary from organisation to organisation, they are expressed through similar means. It can be helpful to keep the following attributes in mind when observing and assessing organisational culture.

- **cultural artefacts:** These are the outward expressions of culture that provide signals—either explicit or implied—to others about what is valued. Cultural artefacts include:

  – *behavioural patterns,* such as ceremonies and celebrations. These may include staff birthdays and other important personal milestones, staff award ceremonies, and other events that may have their origins outside the organisation. It is useful to consider not only *what* is celebrated, but *how* it is celebrated because this provides an indication of the behavioural norms at play. For example, the culture and values of an organisation that regularly hosts well-attended morning teas as fund raisers for social causes is likely to be quite different to one where such activities are frowned upon as frivolous.

  – *material objects,* including documents such as annual reports, brochures, press releases or the organisation's web page. These documents reveal not only what is valued within the organisation, but about how the organisation wishes to be perceived by others.

  – *physical space,* including the general appearance of buildings, and the quality and functionality of work areas. The ways in which space is used can offer important clues to the culture of an organisation. For example, an open-plan office may reflect a culture where informal communication is encouraged, as can the existence and use of communal areas such as tea rooms. In non-uniformed organisations, styles of clothing and dress provide a visible indicator of culture. For example, a workplace with a relaxed and open culture may permit staff to dress casually; conversely, a culture that values the external appearance of professionalism may require its staff to wear formal business attire at all times.

- **cultural lexicon:** This is the common language, stories, myths and sayings that circulate throughout an organisation. Cultural lexicon provides a vehicle through which what is valued the most in an organisation is created, shared and reinforced. Organisational stories and myths often have 'heroes' or 'villains' and are often told and retold throughout the organisation. The cultural lexicon also includes sayings that are repeated within the organisation, such as 'less is more' or 'the customer is always right'.

- **cultural strength:** Just as there is never a total absence of values and motivations in an individual, there is never a total absence of culture in an organisation. But cultures can be strong or weak. Weak cultures can be characterised by inconsistency amongst staff about what is valued the most, and by a proliferation of subcultures, which makes it difficult to identify any common elements. In contrast, a strong culture is one where there is widely-held and deeply felt alignment between individual values and organisational values. A strong culture will be clearly evident through celebrations, ceremonies, stories and interactions between staff. It benefits staff—and the organisation—by promoting consistency and the support of well-established values in times of uncertainty.[19]

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19   EH Shein, *Organizational culture and leadership* (3rd edn), The Jossey-Bass Management Series, John Wiley & Sons, San Francisco, 2004.

Presented below is a very succinct summary of research into the key themes and advice provided in this resource. It should be noted that some of the research and ideas presented here can overlap or contradict others. They are presented as perspectives rather than prescriptions, and it is not intended that they are 'correct' or 'best practice'.

four types of culture[20]

Four types of culture based on structural and governance decisions:

- **power culture:** Power is concentrated within a small group or a single leader who commands and controls the organisation by making all key decisions.

- **role culture:** Hierarchical organisations where power is vested in particular roles and control is asserted through formalised mechanisms such as policy and procedure manuals, highly articulated position descriptions and formal delegations.

- **task culture:** Teams are assembled to address particular problems or produce particular outcomes. Team members are selected on, and their authority to act is based on, their technical expertise. Task cultures are typically controlled through a matrix management structure.

- **person culture:** A situation where the individual is more important than the organisation, akin to a professional partnership, which is a collective of individual experts who employ and manage themselves.

cultural dimensions theory[21]

Identifies differences in organisational culture in different societies, with variations on four dimensions.

- **power distance:** The extent to which there is an expectation that a great deal of power will rest with a few individuals, or that power will be shared with a large number of people equally.

- **uncertainty avoidance**: The extent to which people are comfortable with or threatened by ambiguity, and take steps to create certainty where none exists (through rational or non-rational means).

- **individualism versus collectivism:** The extent to which the individual or the collective is considered more important than 'the other' in, for example, decision making.

- **masculinity versus femininity:** The extent to which stereotypically masculine or feminine traits dominate in terms of values, roles and relationships.

In 1992 and 2010 respectively, two additional dimensions were added:[22]

- **long-term versus short-term orientation:** Characteristics of short-term orientation include normative thinking and a great respect for traditions, comparatively little propensity to save for the future, and a focus on quick results. Long-term orientation indicates an ability to adapt traditions to changed conditions, propensity to save and invest, and perseverance in achieving results.

- **indulgence versus restraint:** Indulgence indicates an inclination towards freedom in satisfying human drives such as enjoying life and having fun. Conversely restraint indicates a propensity to suppress and regulate the gratification of needs through strict social norms.

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20   CB Handy, *Understanding organisations*, Oxford University Press, New York, 1976.

21   G Hofstede, *Culture's consequences*, Sage Publications, California, 1980.

22   <http://geert-hofstede.com/dimensions.html>, viewed 21 January 2013.

organisational cultural model[23]

The dimensions of culture identified by Hofstede provide the basis for the eight dimensions of the organisational cultural model, developed by Hofstede and Bob Waifisz.

- **means versus goal orientation:** means-oriented cultures focus on how work is to be carried out. Goal-oriented cultures focus on specific results, or what work is to be carried out.

- **internally driven versus externally driven:** At the extreme, internally-driven cultures perceive that they know what the customer or client wants. Ethics and honesty in business dealings dominate. In externally-driven cultures, the focus is on meeting (and therefore understanding) the clients' requirements. There is a tendency towards pragmatism.

- **easy-going work discipline versus strict work discipline:** The characteristics of an easy-going work discipline are a loose internal structure with little control or discipline, and room for improvisation and surprises. A strict work culture is the opposite of this.

- **local versus professional:** Local cultures tend towards conformity, and staff identify strongly with their manager or work unit. In a professional culture, the employee's identity is determined by profession or role.

- **open versus closed:** Newcomers are welcomed in an open culture. There is a belief that almost anyone would 'fit' with the organisation. The reverse is the case for a closed culture.

- **employee-oriented versus work-oriented:** Employee-oriented cultures tend to take responsibility for the welfare of employees, and employees feel that their personal circumstances are taken into account. In work-oriented cultures, the task takes priority regardless of the personal circumstances of the employees.

- **degree of acceptance of leadership style:** the degree to which a manager's leadership style aligns with subordinates' preferences.

- **degree of identification with your organisation:** indicates the degree to which employees identify with the organisation in its totality.

cultural web[24]

Seven interconnecting and overlapping elements that collectively shape an organisation's culture:

- **the paradigm:** the organisation's purpose, function, mission and role;

- **control systems:** the extent to which, and the different ways in which the behaviours and performance of people who are working in the organisation are directed and controlled;

- **organisational structures:** relationships and work flows;

- **power structures:** how decisions are made and who is involved;

- **symbols:** what, within the organisation, is given symbolic power (for example, the different spaces within the office building that are ascribed with a particular status) and the meanings attached to these symbols;

- **rituals and routines:** repeated practices whose form and practice honours history, habit and convention, rather than demonstrated needs and strategy; and

- **stories and myths:** the events and people that have gained the status of folklore within the organisation, and the basis on which they have gained this status.

23   <http://geert-hofstede.com/organisational-culture-dimensions.html>, viewed 21 January 2013.

24   G Johnson & K Scholes, *Exploring corporate strategy*, Prentice Hall, 1992.

organisational profile model[25]

The organisational profile model identifies seven values, which collectively create an organisation's culture:

- innovation
- stability
- respect for people
- outcome orientation
- attention to detail
- team orientation
- aggressiveness.

four cultures model[26]

Identifies four different types of organisations differentiated on the basis of feedback, rewards and risks, and where, within the culture, the greatest stress is felt:

- **work-hard, play-hard culture:** An organisation characterised by rapid feedback and reward, and low risk. This type of organisation becomes vulnerable when there is a high volume of work, which can lead to burnout.

- **tough-guy macho culture:** An organisation characterised by rapid feedback and reward, and high risk. This type of organisation is vulnerable regarding its long-term future, as there is an orientation towards dealing with immediate problems (figuratively, if not literally, fighting fires).

- **process culture:** An organisation characterised by slow feedback and reward, and low risk. This type of organisation is oriented towards security, stability and the status quo, and risks paying too much attention to doing, rather than to achieving.

- **bet-the-company culture:** An organisation characterised by slow feedback and reward, and high risk. This type of organisation is oriented towards the very long term, and has to wait a long time to ascertain whether its actions have been successful or not.

three levels of organisational culture[27]

Considers culture from the perspective of the visible to the invisible elements, arranged in three levels:

- attributes that are immediately obvious to an outsider, including tangible attributes of the office space, how people dress, social interactions, and the language used;

- the professed culture in terms of values and codes of conduct that are established overtly by the organisation's leadership; and

- tacit (or hidden) cultures, evident from subjects that are taboo within the organisation, unspoken rules, and unspoken power relationships.

25   C O'Reilly III, J Chatman & D Caldwell, 'People and organisational culture: a profile comparison approach to assessing person–organisation fit', *The Academy of Management Journal*, Academy of Management, Briarcliff Manor, vol. 34, no. 3, September 1991, pp. 487–516.

26   TE Deal & AA Kennedy, *Corporate cultures: the rites and rituals of corporate life*, Addison-Wesley Publishers, 1982.

27   EH Shein, *Organizational culture and leadership* (3rd edn), The Jossey-Bass Management Series, John Wiley & Sons, San Francisco, 2004

seven dimensions of culture[28]

Primarily used to describe different national cultures within globalised organisations, and the fit between the culture of global organisations and the markets in which they operate. Describes culture on seven dimensions of cultural tendency:

- **universalism versus pluralism:** whether rules or relationships are valued most;

- **individualism versus communitarianism:** whether the group or the individual is valued most;

- **specific versus diffuse:** whether good relationships are considered necessary or peripheral to work performance;

- **affectivity versus neutrality:** whether emotional display or emotional suppression is valued most;

- **inner directed versus outer directed:** whether working with or working on the operating environment is valued most;

- **achieved status versus ascribed status:** whether status that is earned or status that is given is valued most; and

- **sequential time versus synchronic time:** whether focusing on one thing at a time or on many things at once is valued most, and whether the past, the present or the future is valued most.

four culture types from the competing values framework[29]

Four culture types based upon two sets of competing values: flexibility versus stability, and internal versus external focus:

- **clan culture:** characterised by prizing flexibility and an internal focus, and operating as if a family;

- **adhocracy culture:** characterised by prizing flexibility and an external focus, leading to a dynamic and ever-changing organisation;

- **market culture:** characterised by prizing control, results and an external focus, leading to a competitive hard driving workplace; and

- **hierarchy culture:** characterised by prizing control and an internal focus, leading to a structured and formalised workplace where there is a clear hierarchy of coordination.

28   C Hampden-Turner & F Trompenaars, *The seven cultures of capitalism: value systems for creating wealth in Britain, the United States, Germany, France, Japan, Sweden and the Netherlands*, Doubleday, 1995; and Hampden-Turner & Trompenaars, *Riding the waves of culture: understanding diversity in global business*, Nicholas Brealey, 1997.

29   K Cameron & R Quinn, *Diagnosing and changing organisational culture: based on the competing values framework*, Addison Wesley Longman, Massachusetts, 1999.

organisational culture inventory[30]

Twelve different behavioural traits that combine to form three general types of cultures:

- **constructive cultures:** characterised by achievement, self-actualising, humanistic and affiliative behaviours. In these organisations, there is high value placed on social interaction and fulfilment of higher-order needs.

- **passive/defensive cultures:** characterised by approval, conventional, dependence and avoidance behaviours. In these organisations, interaction between people is predicated on protecting their own security.

- **aggressive/defensive cultures:** characterised by oppositional, power, competitive and perfectionistic behaviours. In these organisations, people work to ensure their security and protect their status.

Tools to assess culture and provide insights into the type of culture exhibited by your organisation are commercially available.

16 basic desires theory

Professor of Psychology and Psychiatry at Ohio State University, Professor Steven Reiss, has identified 16 intrinsic motivations and desires that make up our personalities and inform our behaviour.[31] They are:

- **acceptance:** the need for approval

- **curiosity:** the need to learn

- **eating:** the need for food

- **family:** the need to raise children

- **honour:** the need to be loyal to the traditional values of one's clan/ethnic group

- **idealism:** the need for social justice

- **independence:** the need for individuality

- **order:** the need for organised, stable environments

- **physical activity:** the need for exercise

- **power:** the need for influence of will

- **romance:** the need for sex and beauty

- **saving:** the need to collect

- **social contact:** the need for friends (peer relationships)

- **social status:** the need for social standing/importance

- **tranquillity:** the need to be safe

- **vengeance:** the need to strike back and to compete.

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30   R Cooke & J Szumal, 'Measuring normative beliefs and shared behavioural expectations in organisations: the reliability and validity of the organisational culture inventory', *Psychological Reports*, vol. 72, iss. 3 part 2, 1993, pp. 1299–1330.

31   S Reiss PhD, *Who am I? The 16 basic desires that motivate our actions and define our personalities*, Berkley Trade New York, 2002.

psychological contracts

Psychological contract theories recognise that employees tend to develop a set of expectations about the relationship with their employer, which extend beyond a formal employment contract. Psychological contracts are perceived but unwritten promises or obligations, which influence employee attitudes and behaviour. Charles Handy identifies three types of psychological contract:

- **coercive:** There is no choice but to act.

- **calculative:** Actions are undertaken on the basis of personal reward to be gained.

- **cooperative:** The individual adopts the organisation's goals as their own.[32]

A further three types of contract have been identified in more recent research. These are summarised and explained in terms of their implications for employee loyalty by David Hart and Jeffrey Thompson.[33]

- **transactional:** These are characterised by self-interest. Employees are mindful of, and monitor, the fulfilment of their obligations vis-a-vis the obligations of their employer. The nature of transactional psychological contracts is summed up by the motto, 'a fair day's pay for a fair day's work'.[34]

- **relational:** These are psychological contracts where group interest and 'socio-emotional exchange' (e.g. professional development or membership of an identity group) are the primary drivers.[35]

- **ideological:** These are psychological contracts where the feelings associated with contributing to a noble cause act as a primary motivator. Individuals are drawn towards organisations that contribute to a cause or uphold a set of principles that is consistent with what the individual holds to be of most value.[36]

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32   CB Handy, *Understanding organisations*, Oxford University Press, 1976.

33   DW Hart & JA Thompson, 'Untangling employee loyalty: a psychological contract perspective', *Business Ethics Quarterly*, vol. 17, iss. 2, 2007, pp. 297–323.

34   DM Rousseau & J McLean Parks, 'The contracts of individuals and organizations', in LL Cummings & BM Shaw (eds) *Research in Organizational Behaviour*, 1993, vol. 15, pp. 1–47.

35   ibid.

36   JA Thompson & JS Bunderson, 'Violations of principle: ideological currency in the psychological contract', *Academy of Management Review*, vol. 28, 2003, pp. 571–586.

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the *leading public organisations* series

The *leading public organisations series* is a set of resources produced by the State Services Authority (SSA). They offer prompts, thought starters, practical ideas, and reminders for leaders and managers working in Victorian Public Sector organisations. They focus on:

- **making considered decisions about organisational design.** Organisational design is the art of dividing an organisation into operational parts and then connecting those parts together to optimise organisational performance. It involves considerations about what work needs to be done, how the work is supported, how roles are defined, and the governance arrangements that establish direction, control, co-production and accountability.

- **using the organisation's culture as a component of productivity.** Organisational culture is the collective values, beliefs, customs and behaviours of the majority of people who work for a particular organisation. A 'functional culture' is one in which there is alignment between the values held by the individuals who work for the organisation and between the values required to achieve organisational performance.

- **facilitating change within an organisation.** Organisational change is the process of moving from old structures, ways of working, values or ways of thinking to adopt new structures, ways of working, values or ways of thinking. Change management is the act of directing and controlling this process in a systematic way.

The advice and ideas presented in each guide draw upon research in the relevant field, insights from Victorian Public Sector leaders, and insights gained through organisational reviews and consultation work that the SSA has conducted at the request of the Premier, various ministers or organisational heads.

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