

Excellence Through Leadership

Linking Leadership, Employee Motivation and Performance

Introducing Organisational Health

insight **SRC**

leadability

Auckland, 16 September 2003

Seminar Format

Introducing Organisational Health

In Part I, participants will be introduced to the organisational health framework. We will consider the relationship between occupational stress and morale, and will gain an understanding of the major personal and organisational factors which contribute to employee motivation and organisational performance.

The Critical Role of Leadership

In Part II, participants will explore the critical role of leadership in driving employee motivation and organisational performance. We will consider the relationship between leadership and organisational climate, and examine ways in which leaders can build a high-performing work environment that engages and motivates all employees.

Achieving Sustained Improvements

In Part III, participants will have an opportunity to discuss the material and key learnings that result from the seminar, and will have an opportunity to utilise the shared expertise of the group to address issues or concerns about how best to improve leadership and managerial capability in ways that lead to sustained improvements in employee motivation and organisational performance.

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(enquiries@insightsrc.com.au)

Dr Peter M Hart

Director, Insight SRC and Honorary Senior Fellow, University of Melbourne

Dr Peter Hart holds a Ph.D. in industrial and organisational psychology. He is currently the Director of Insight SRC Pty Ltd, and an Honorary Senior Fellow in the School of Behavioural Science at the University of Melbourne. Peter has worked with a range of organisations throughout Australia, the United Kingdom and North America in the areas of leadership, organisational climate, staff satisfaction, and performance.

In particular, Peter has pioneered the development of new diagnostic techniques that provide organisations with information about the key drivers (i.e., causes) of staff motivation and performance. He has been instrumental in helping organisations to integrate these diagnostic systems into the operating practices that are used for enhancing leadership and managerial capability, staff motivation, and organisational performance.

Peter has published extensively in international scientific journals, including the *Academy of Management Journal*, *Journal of Occupational and Organizational Psychology*, and the *Journal of Applied Psychology*, has been the recipient of Australia's most prestigious research awards, and is a regular presenter at key international conferences in the fields of management and organisational psychology.

Insight SRC

providing you with the certainty to improve

Insight SRC provides a unique blend of skills and expertise in the areas of management and leadership development, HR diagnostics, program evaluation, and the assessment of organisational culture and climate, employee motivation, and organisational performance. We also actively participate in research projects of international standing and regularly publish in leading text books and the world's top scientific journals.

We are leading providers of organisational diagnostic and development systems, specialising in the use of organisational surveys and other performance indicators to optimise employee satisfaction and business outcomes. Our consultants are experts in the design, conduct, analysis, and implementation of organisational diagnostic and development programs, and have worked extensively with a range of private and public sector organisations throughout Australia, the United Kingdom and North America.

We regularly contribute to international journals and conferences on topics related to management practices, organisational behaviour, and the use of organisational surveys in bringing about sustained improvements in employee satisfaction and core business performance. We have received numerous national and international awards for the quality of our diagnostic and development programs, and have assisted some of Australia's premiere organisations to implement development programs that have been recognised for reflecting international best practice.

Critical Issues in Quality Management

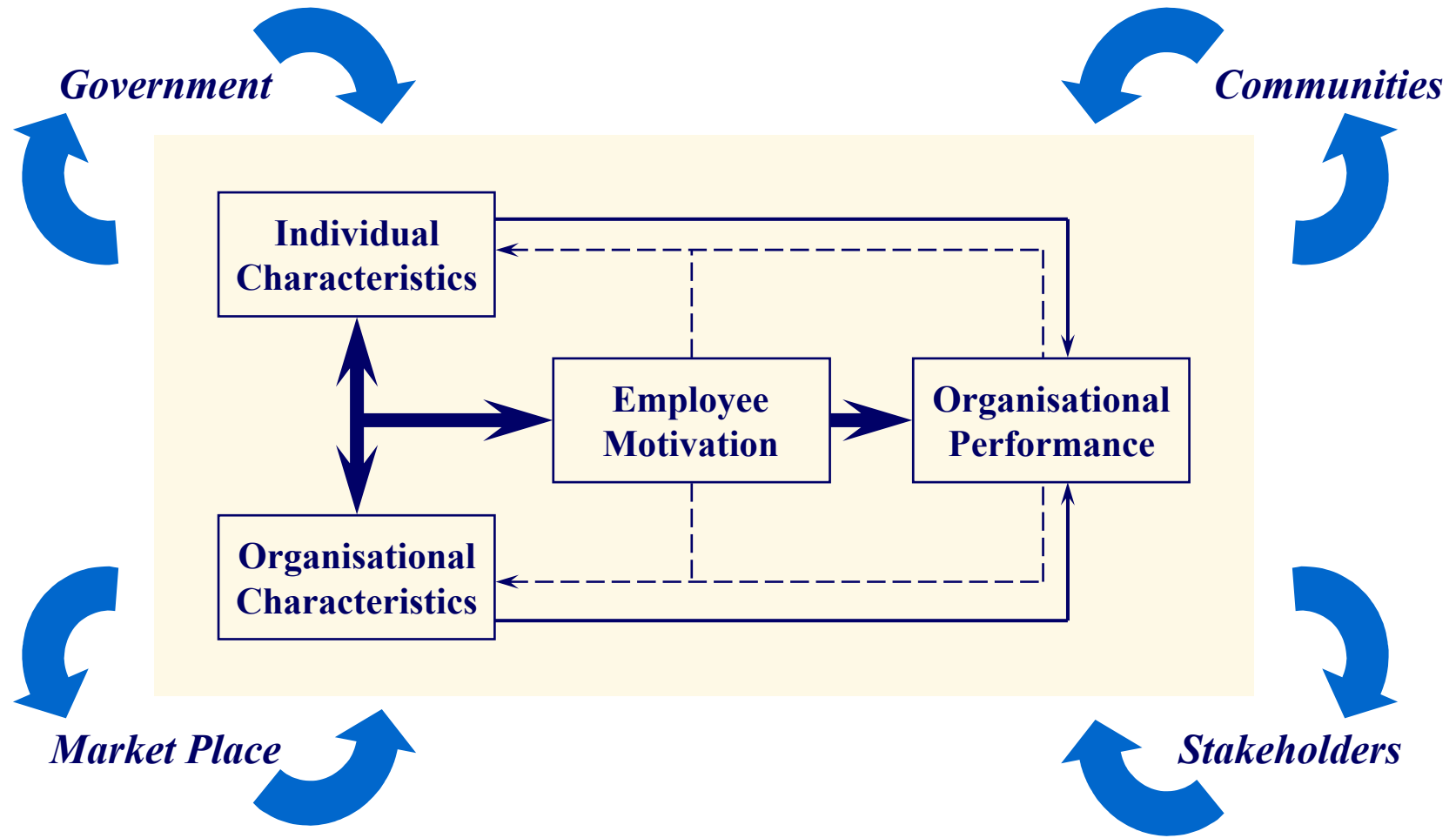
In most organisations, people are the most important resource. This is especially important in customer oriented industries, where the capability and motivation of employees is central to service delivery and customer experience.

- ▶ **How do you develop a culture that harnesses the enthusiasm and commitment of staff?**

- ▶ **How can you deliver sustained improvements in:**
 - ▶ **leadership and managerial performance**
 - ▶ **core business outcomes, such as innovation, service deliver and customer experience**
 - ▶ **the status and attractiveness of your organisation**

- ▶ **How do you improve the leadership culture within your organisation at the same time as ensuring it reflects ‘evidence-based’ best practice?**

Organisational Health Framework



Information on Organisational Health

Through a range of scientific and commercial projects, we have examined the key drivers of organisational health with data from over 450,000 employees world-wide.

Public Sector

Accountants and Economists
Community Services Workers
Emergency Services Workers
Hospital Staff
Local Government Employees
Police Officers
Primary & Secondary Teachers
TAFE Employees
Transport Workers

Private Sector

Airline Employees
Engineering Employees
Finance Sector Employees
Information Technology Employees
Insurance Employees
Resource Industry Employees
Retail Employees
Telecommunications Employees
Utilities Employees

Is Conventional Wisdom Misleading?

Are the people issues across organisations really that different?

Are conditions, resources, and structures more important than culture in motivating and retaining staff?

Is there really a link between employee satisfaction and service delivery in your organisation?

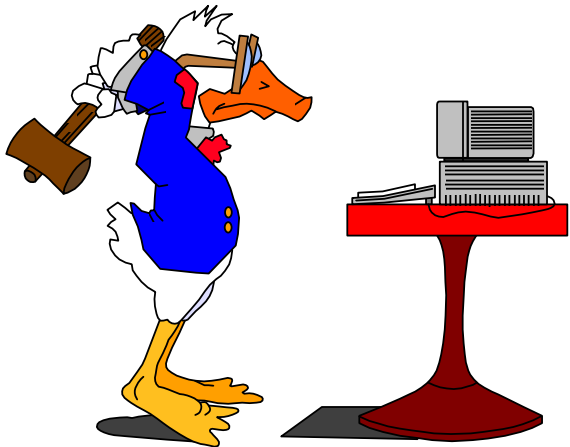
Is working in a service delivery environment really stressful?

Are stress and morale really the opposite sides of the one coin?

Are younger and older employees really that different?

Humorous Definition

***Stress* can be defined as the conflict created when one's mind overrides the body's basic desire to choke the living daylights out of some !#@ \$! who desperately deserves it!**

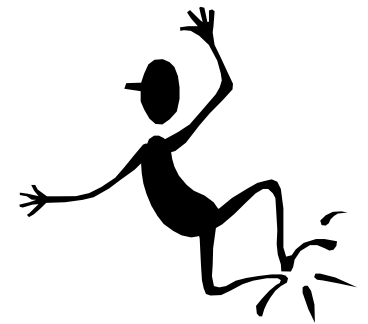


Practical Definition of Distress and Morale



Distress refers to the negative feelings that people experience as a result of their work
(e.g., anxiety, depression, frustration, worry)

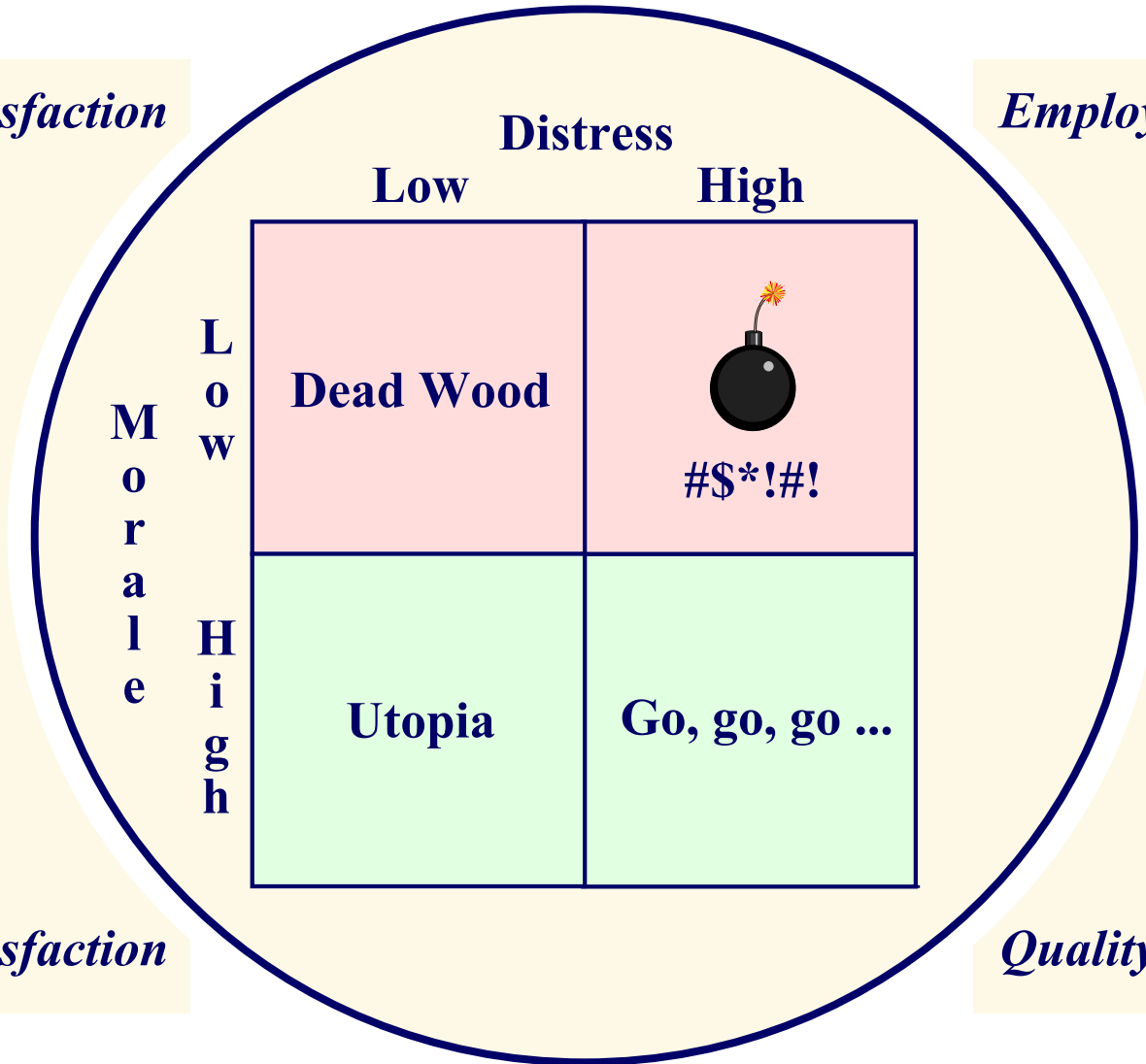
Morale refers to the positive feelings that people experience as a result of their work
(e.g., energy, enthusiasm, pride, team spirit)



Emotion is the Key to Staff Motivation

Employee Satisfaction

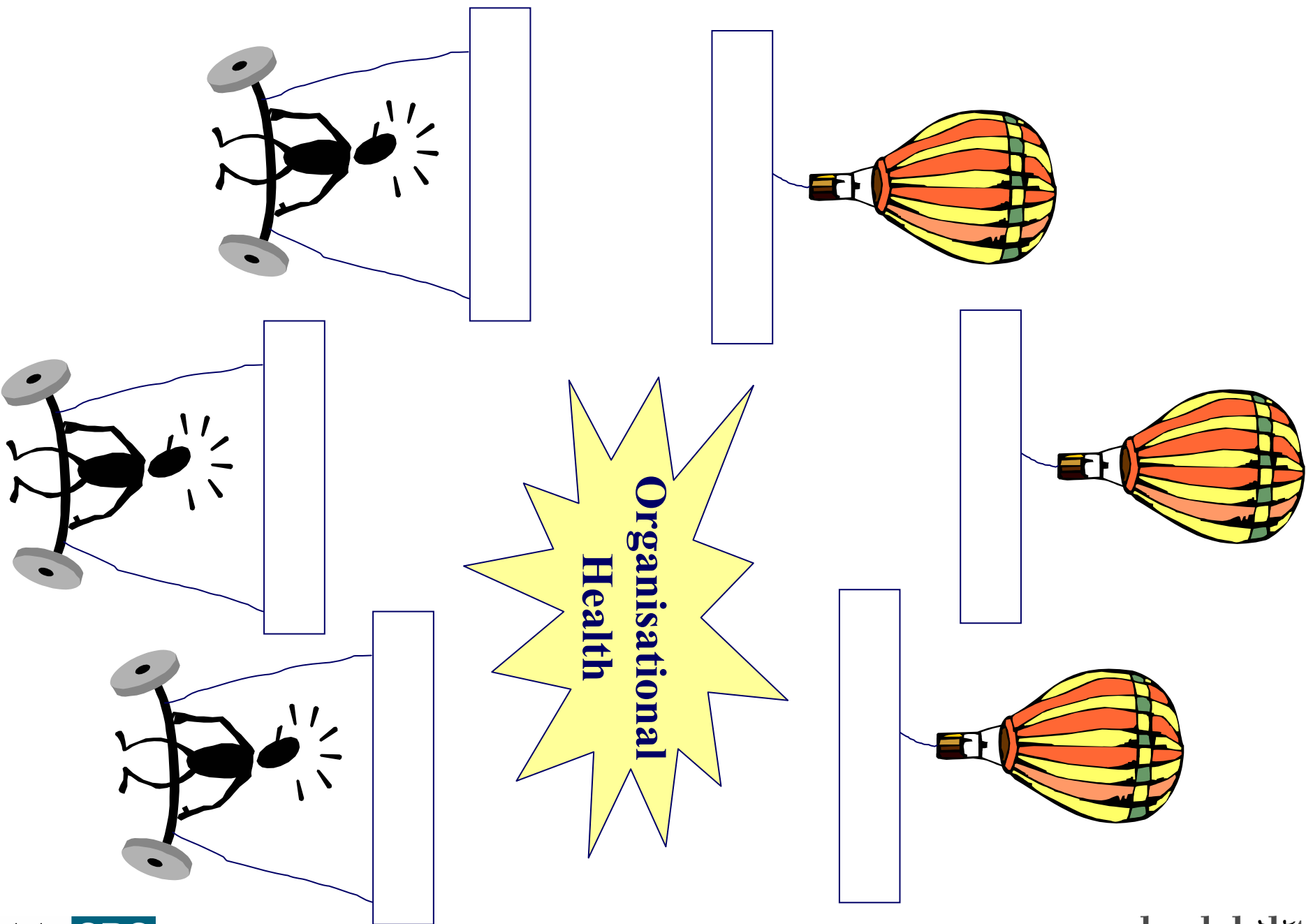
Employee Well-Being



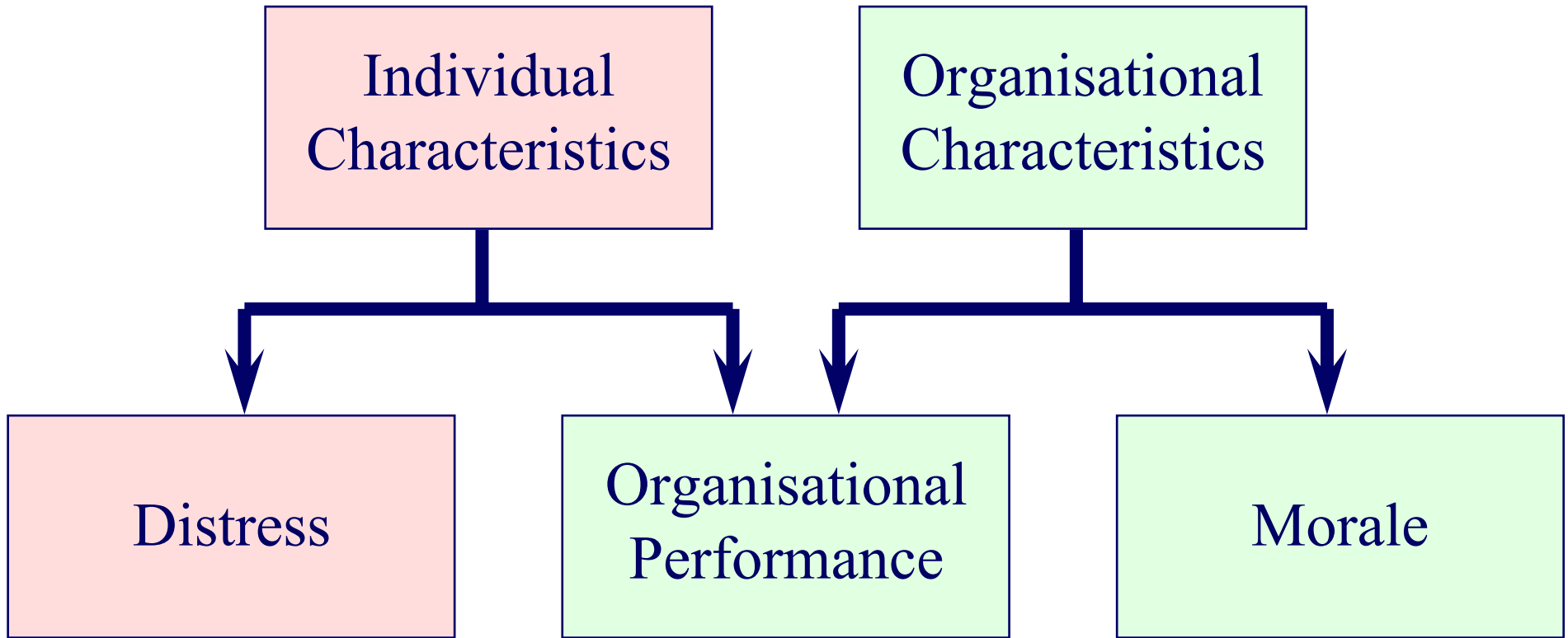
Job Satisfaction

Quality of Work Life

Organisational Health



Key Drivers of Organisational Health



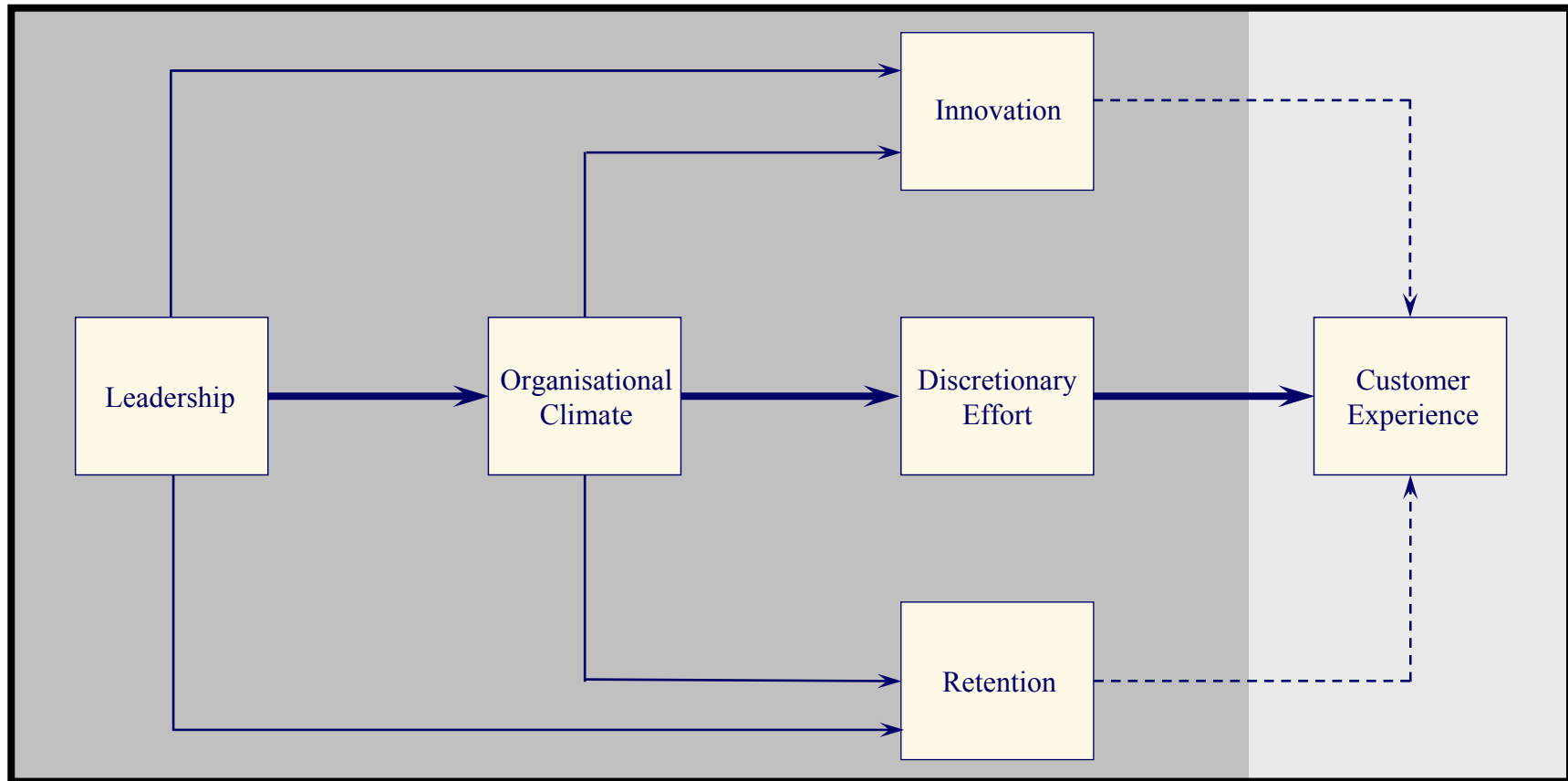
Based on Hart & Cooper (2001)

Research Evidence Identifies the Real Issues

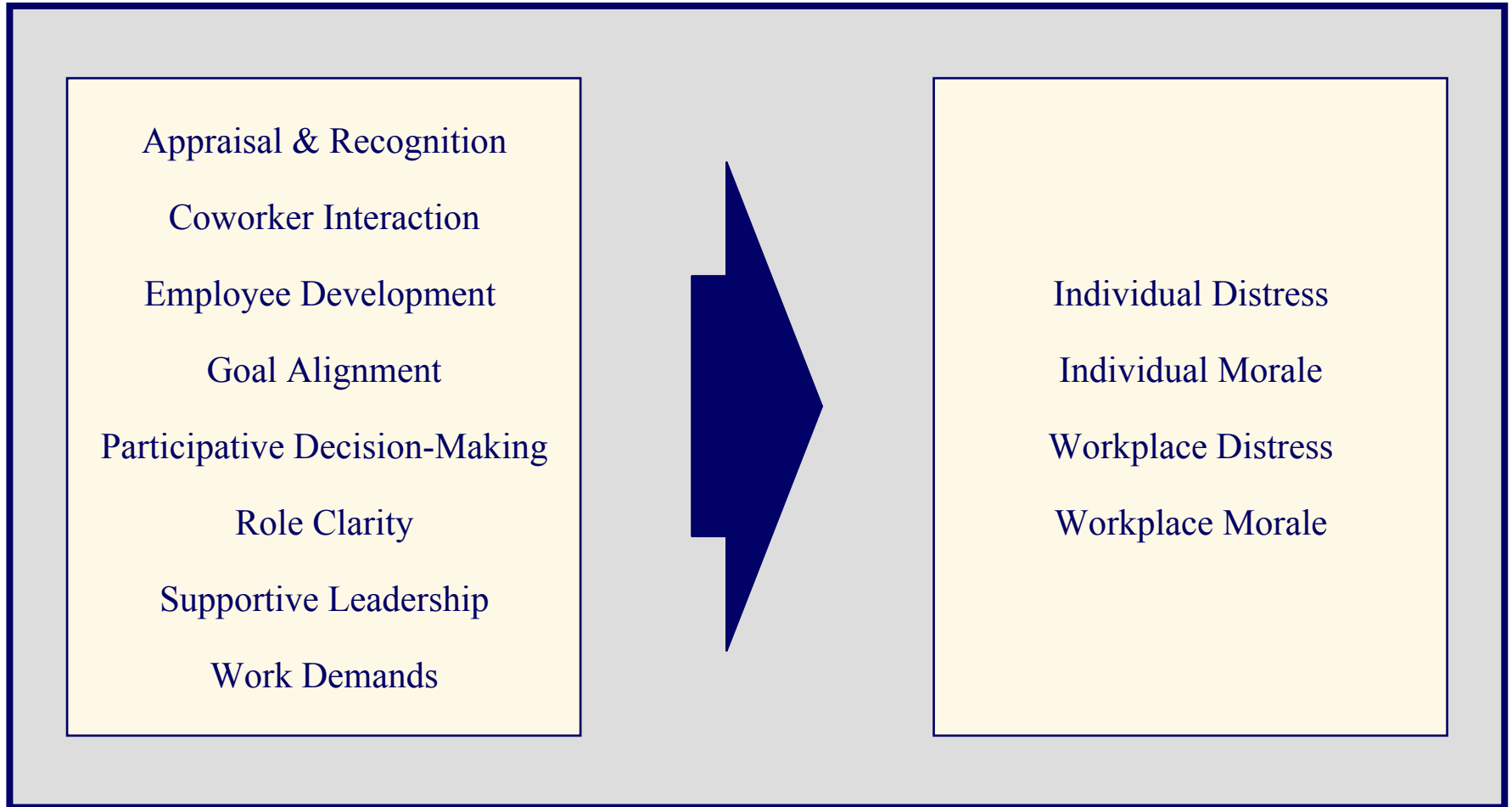
<i>Individual Morale</i>		<i>Individual Distress</i>		<i>Workplace Morale</i>		<i>Workplace Distress</i>	
Organisational Climate	51	Emotionality	67			Organisational Climate	-60
Sociability	30	Organisational Climate	-36	Organisational Climate	85	Emotionality	45
Emotionality	-30	Negative Work Experiences	23	Emotionality	-29	Negative Work Experiences	25
Positive Work Experiences	28	Positive Work Experiences	-10	Sociability	15	Emotion Focused Coping	04
Negative Work Experience	-18	Sociability	05				
		Emotion Focused Coping	03				

Linking Leadership to Service Delivery

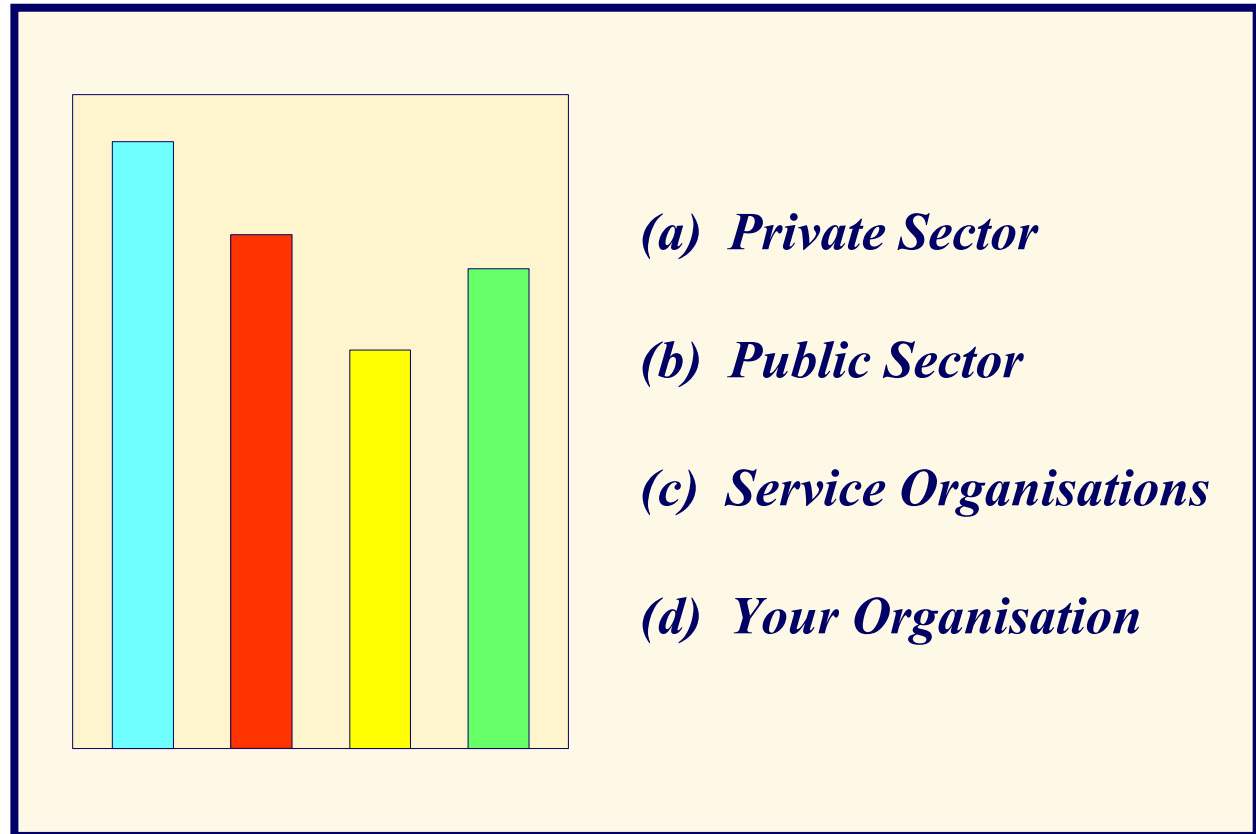
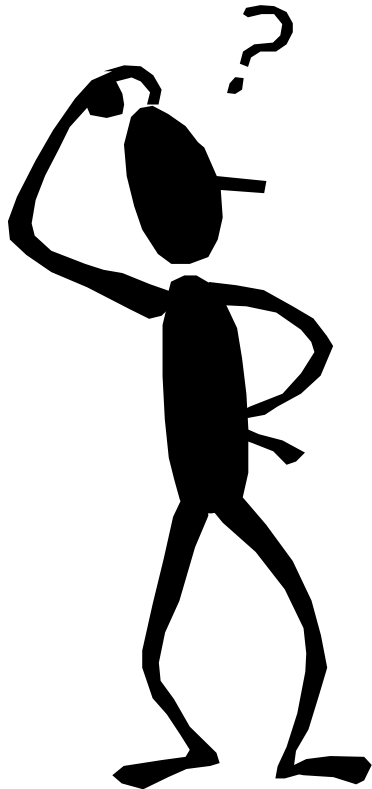
Core business outcomes are not necessarily driven by those factors that are typically believed to be important!



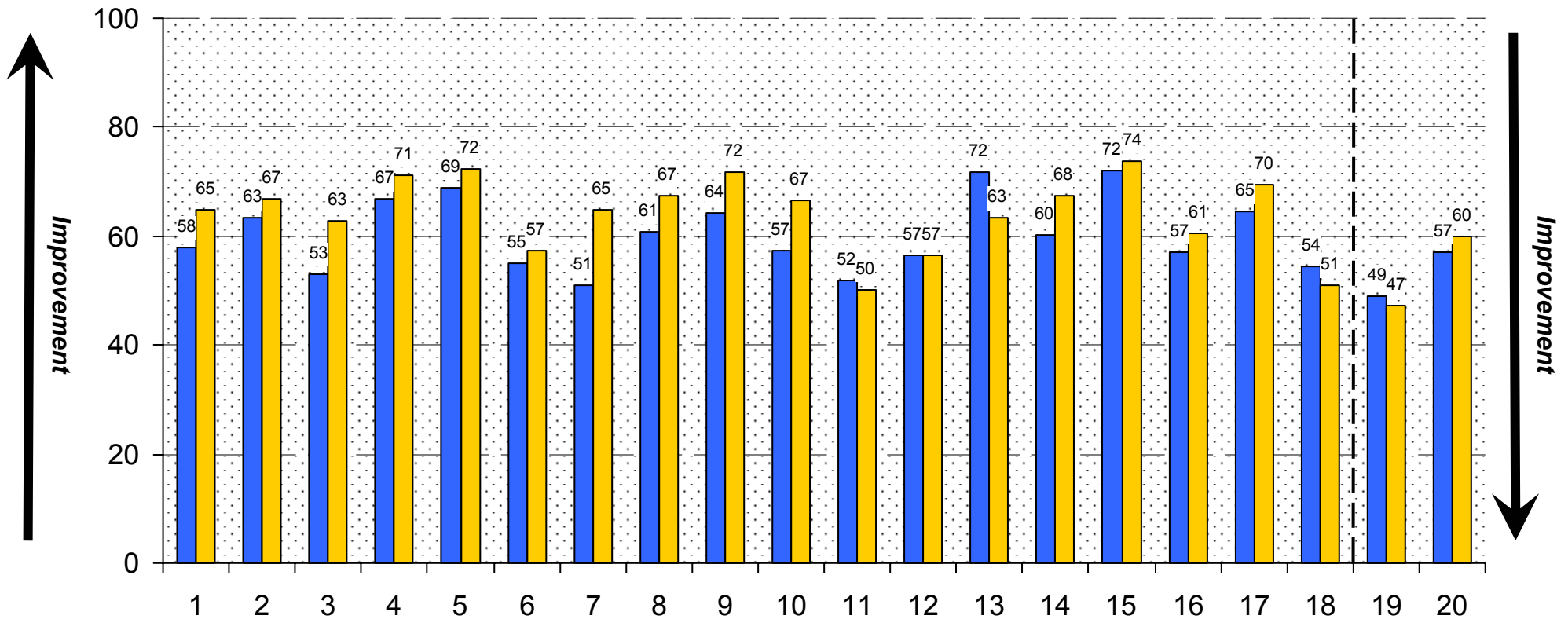
Critical Aspects of Team Climate



Levels of Organisational Health



External Benchmark Comparisons

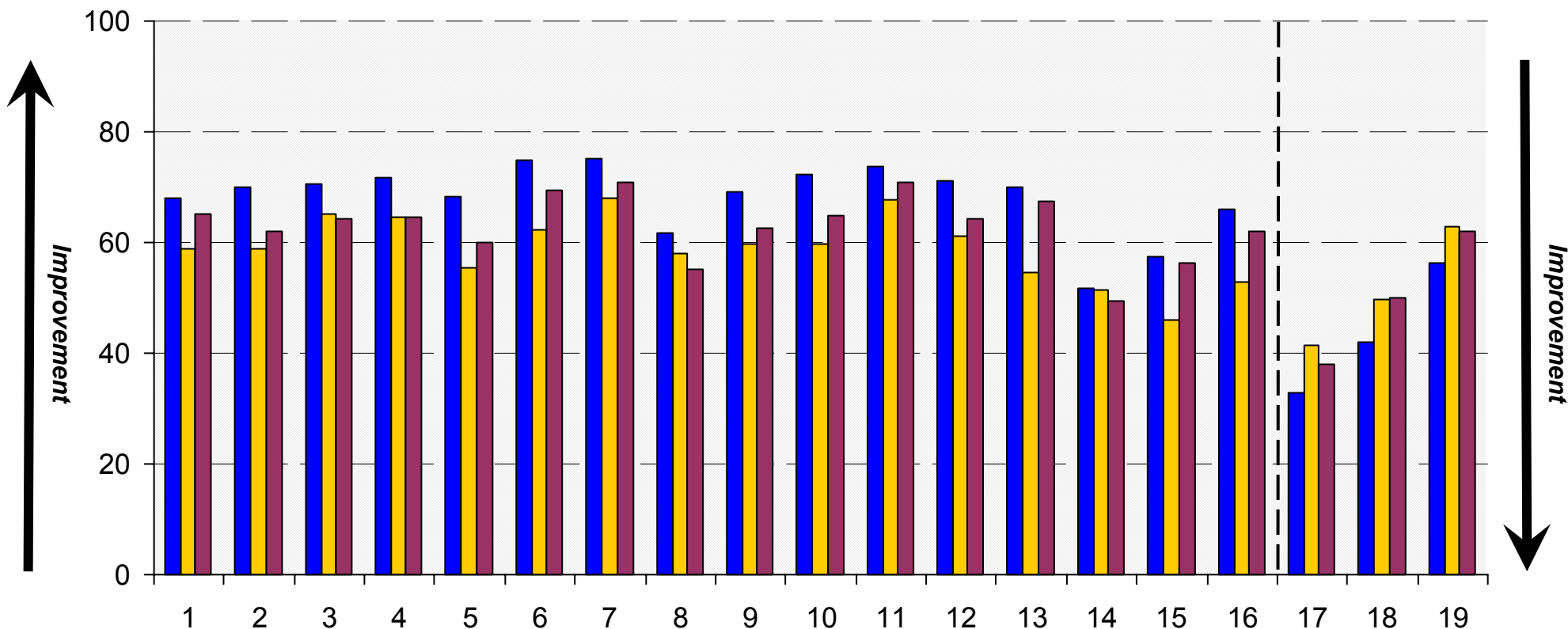


LEGEND

- | | | | |
|----------------------------------|----------------------------|------------------------|------------------------------|
| 1. Individual Morale | 6. Appraisal & Recognition | 11. Career Opportunity | 16. Organisational Direction |
| 2. Supportive Leadership | 7. Employee Development | 12. Resources | 17. Performance Monitoring |
| 3. Participative Decision-Making | 8. Goal Alignment | 13. Ethical Behaviour | 18. Change Management |
| 4. Role Clarity | 9. Quality Orientation | 14. Innovation | 19. Workplace Distress |
| 5. Coworker Interaction | 10. Information Sharing | 15. Customer | 20. Excessive Work Demands |

■ Australian Benchmark Norm ■ Victorian Public Sector

Organisational Health in Victoria

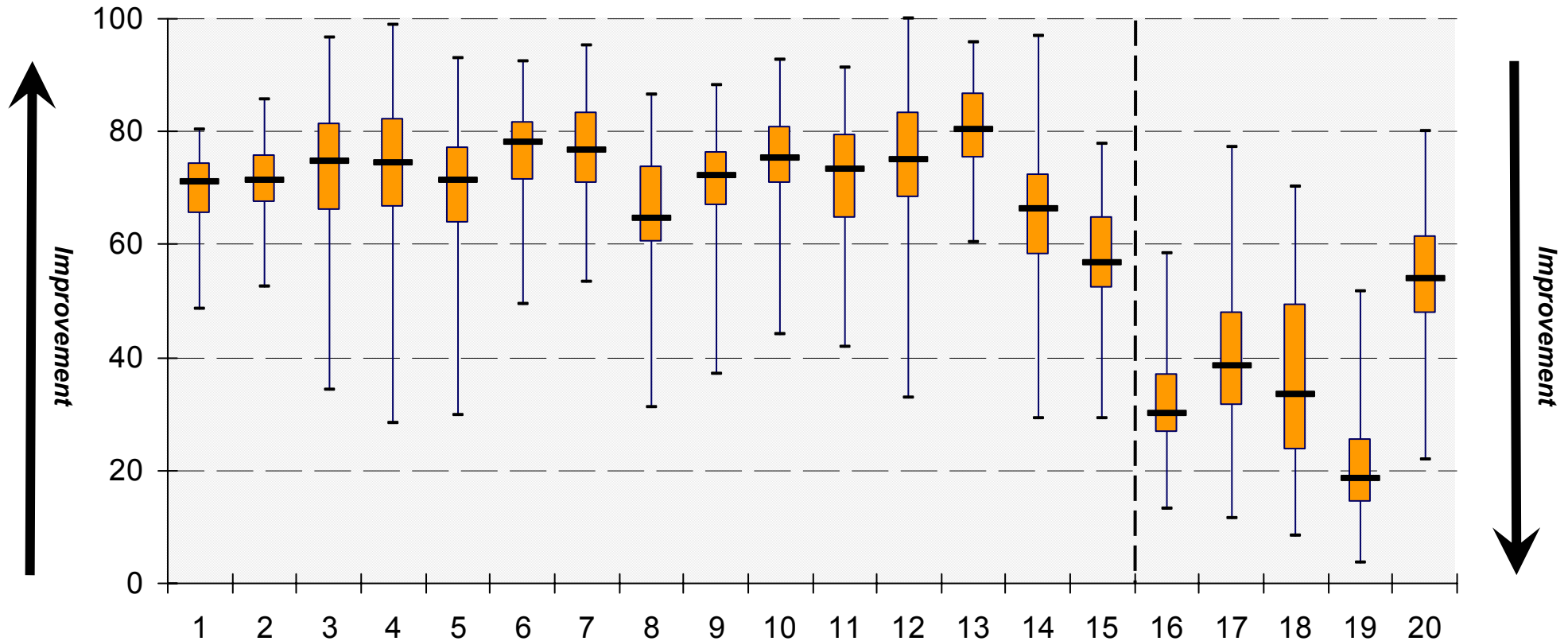


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|----------------------------------|----------------------------|-------------------------|----------------------------|
| 1. Job Satisfaction | 6. Role Clarity | 11. Quality Orientation | 16. Ethical Behaviour |
| 2. Individual Morale | 7. Coworker Interaction | 12. Information Sharing | 17. Individual Stress |
| 3. Workplace Morale | 8. Appraisal & Recognition | 13. Safety | 18. Workplace Stress |
| 4. Supportive Leadership | 9. Employee Development | 14. Career Opportunity | 19. Excessive Work Demands |
| 5. Participative Decision-Making | 10. Goal Alignment | 15. Resources | |

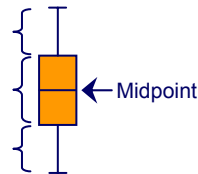
■ Victorian Government Schools
 ■ DE&T Central Offices
 ■ Victorian Public Sector

Range of Government School Performance



LEGEND

25% of schools
50% of schools
25% of schools



- | | | |
|----------------------------------|---------------------------------|-----------------------------|
| 1. Job Satisfaction | 8. Appraisal & Recognition | 15. Student Decision-Making |
| 2. Individual Morale | 9. Professional Growth | 16. Individual Distress |
| 3. School Morale | 10. Goal Congruence | 17. Workplace Distress |
| 4. Supportive Leadership | 11. Curriculum Coordination | 18. Student Misbehaviour |
| 5. Participative Decision-Making | 12. Effective Discipline Policy | 19. Classroom Misbehaviour |
| 6. Role Clarity | 13. Student Orientation | 20. Excessive Work Demands |
| 7. Professional Interaction | 14. Student Motivation | |

Excellence Through Leadership

Linking Leadership, Employee Motivation and Performance

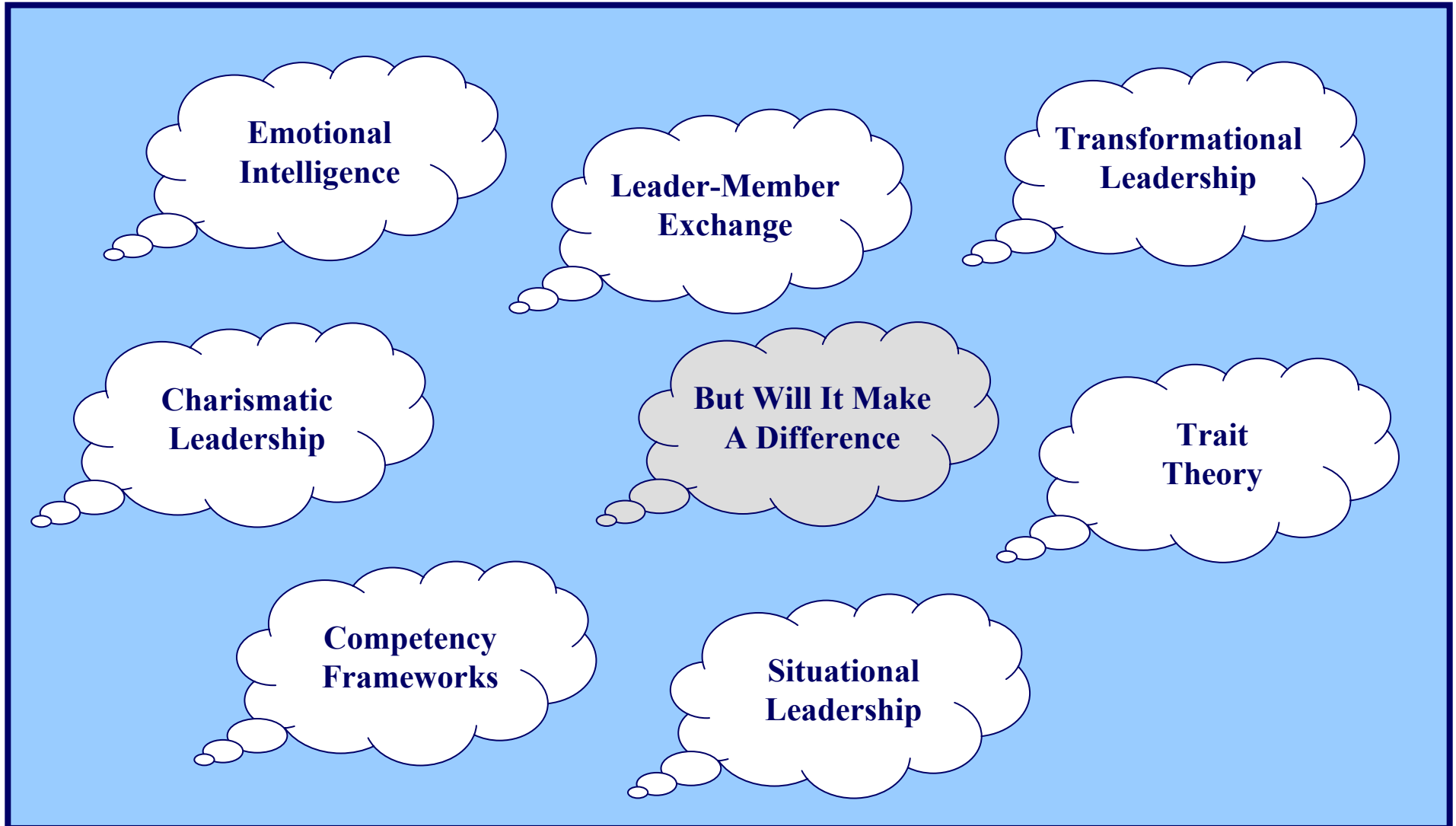
The Critical Role of Leadership

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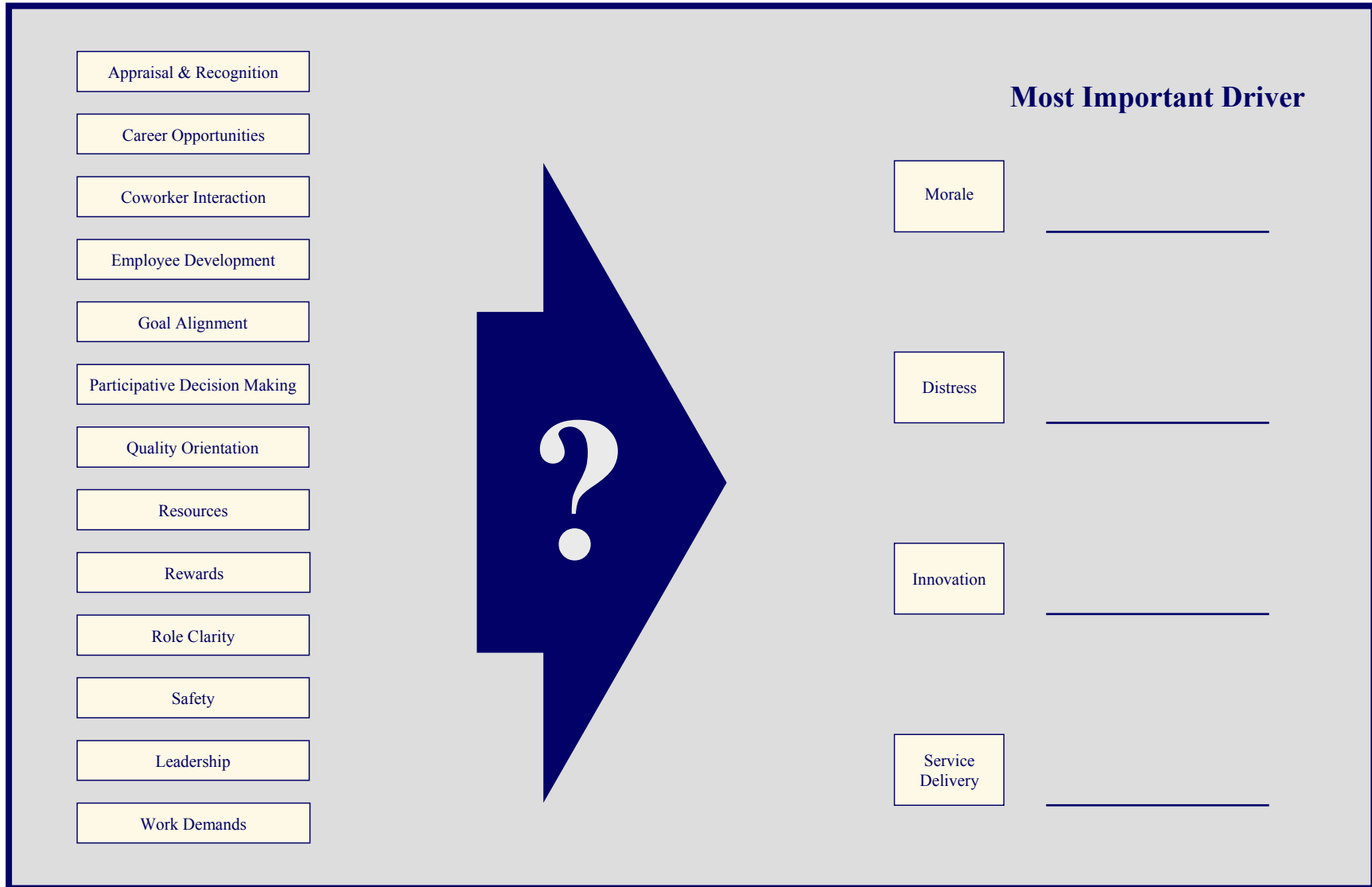
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Can Theories of Leadership Guide Us?

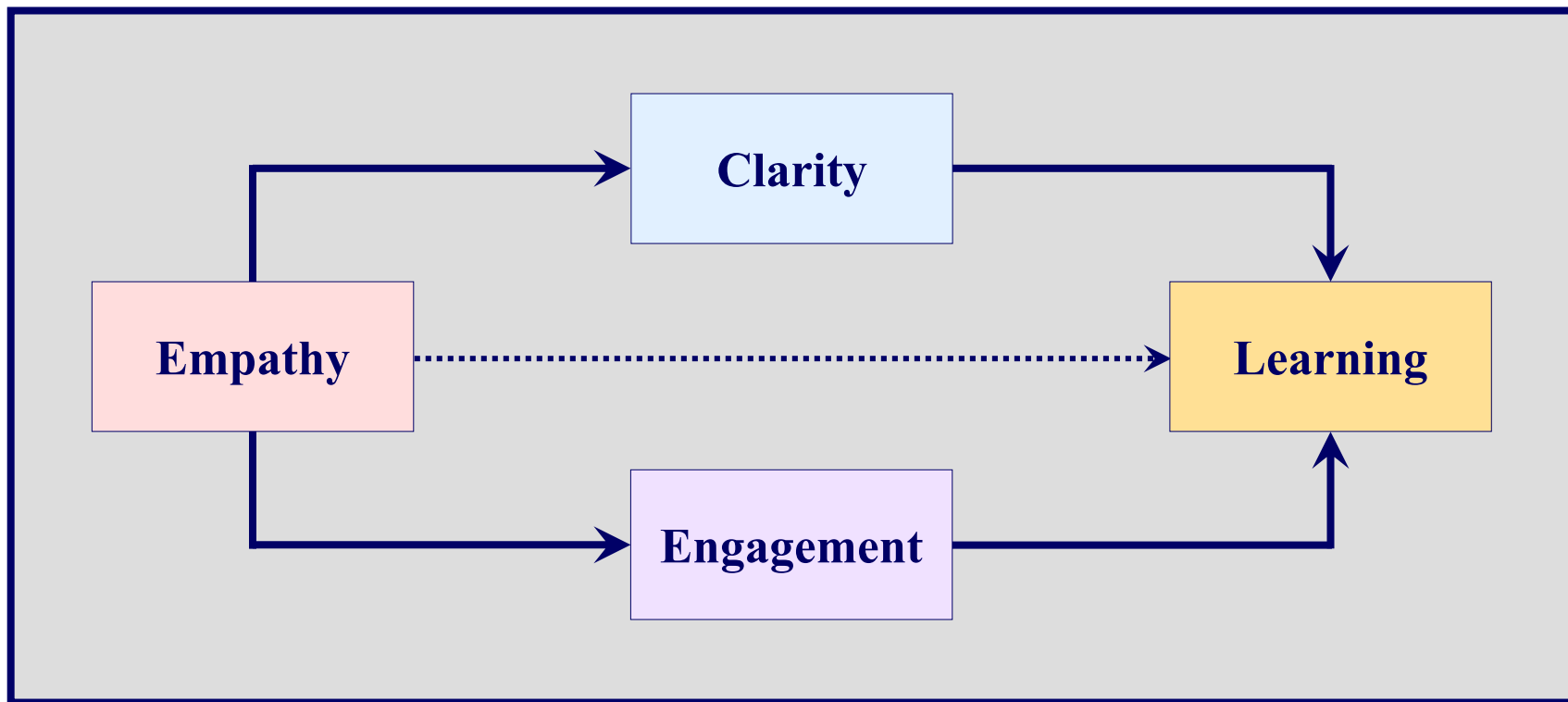


What Drives Key Outcomes?

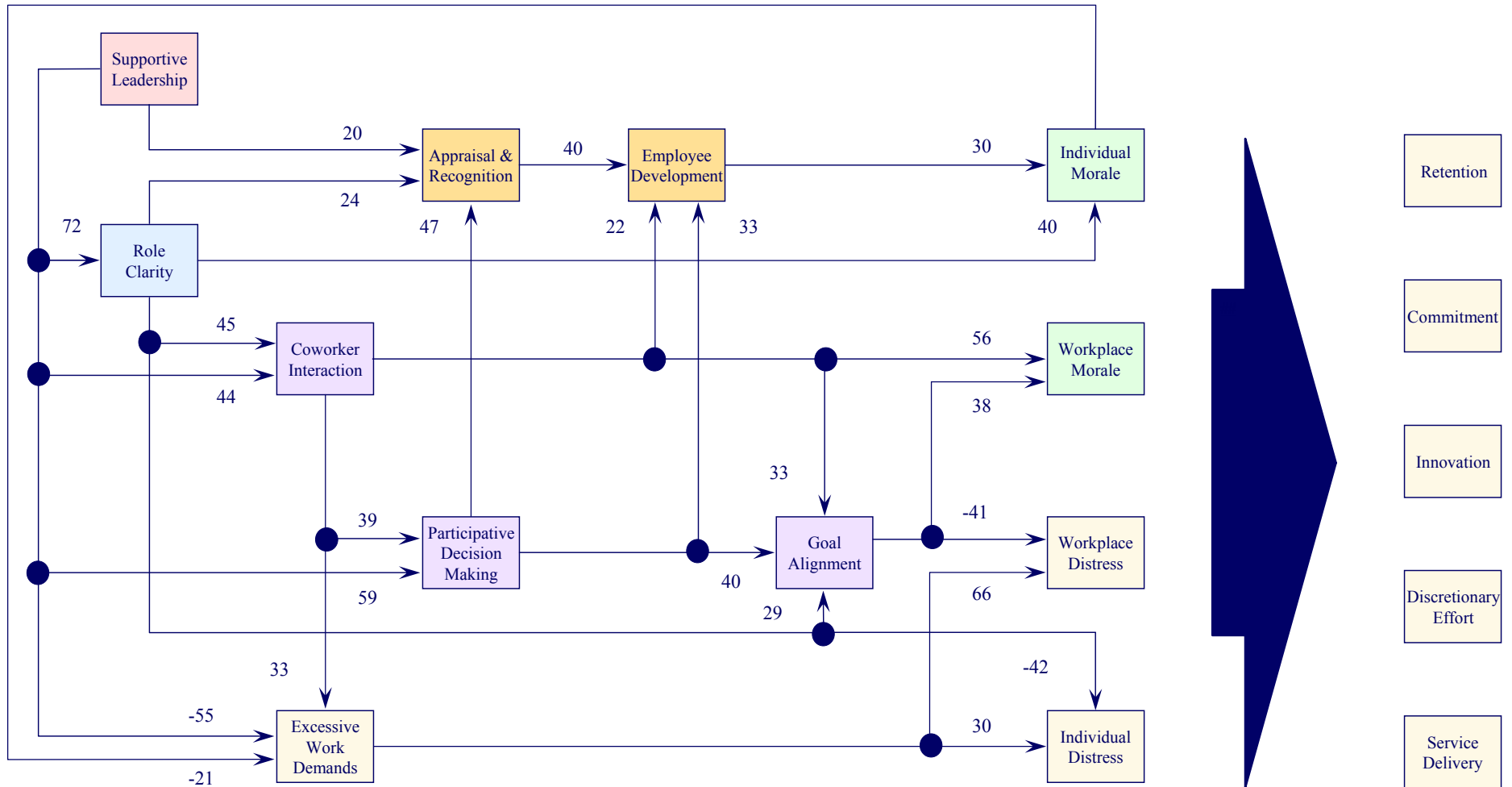


Building a Quality Team Environment

Research in a wide variety of private and public sector organisations, demonstrates that the four key elements of Empathy, Clarity, Engagement and Coaching underpin the quality of the team environment. More importantly, the evaluation of development practices in a range of organisations has shown that these key elements underpin employee motivation, discretionary effort, and customer experience.



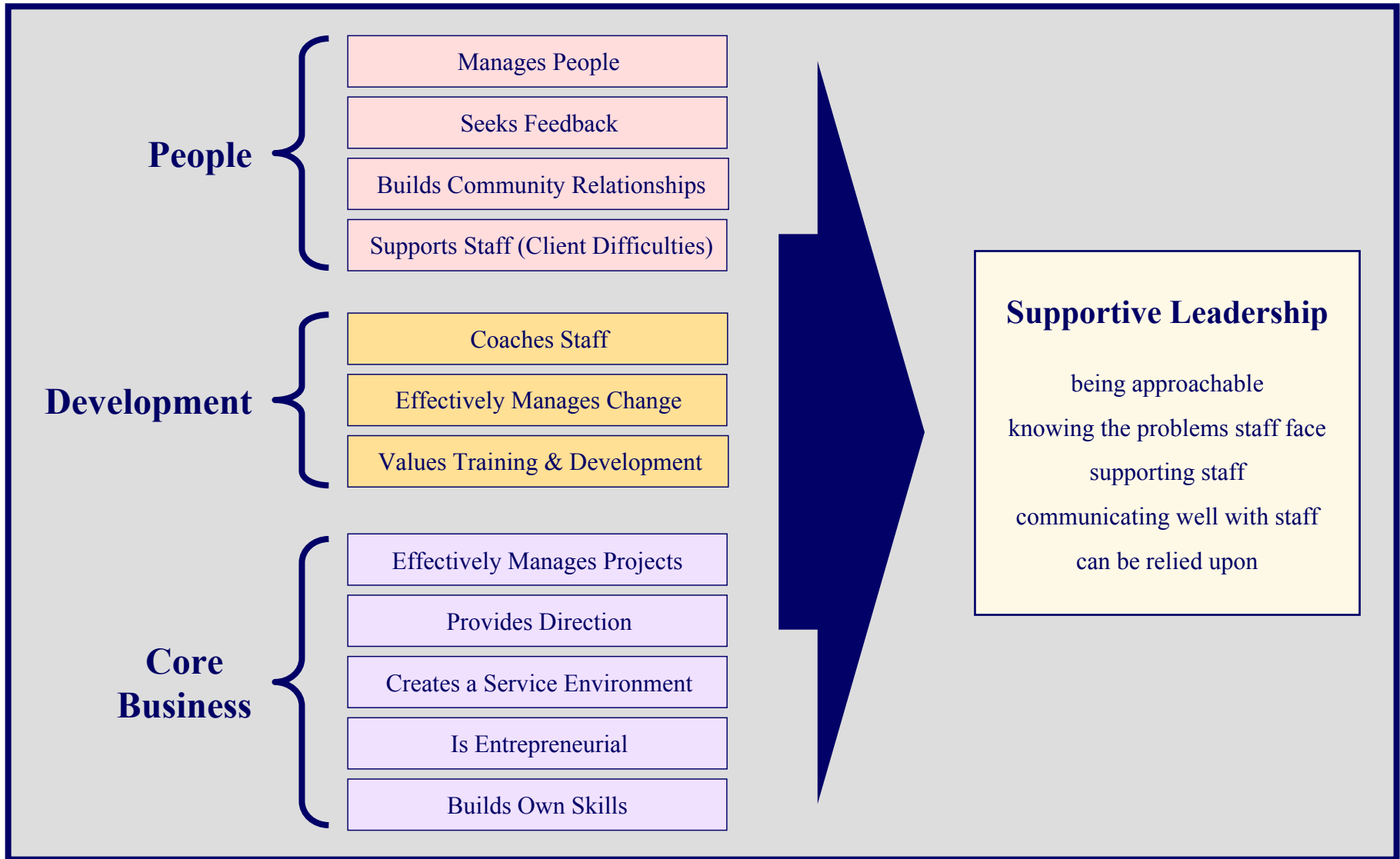
Best Practice in People Management



Key Drivers of Satisfaction & Motivation

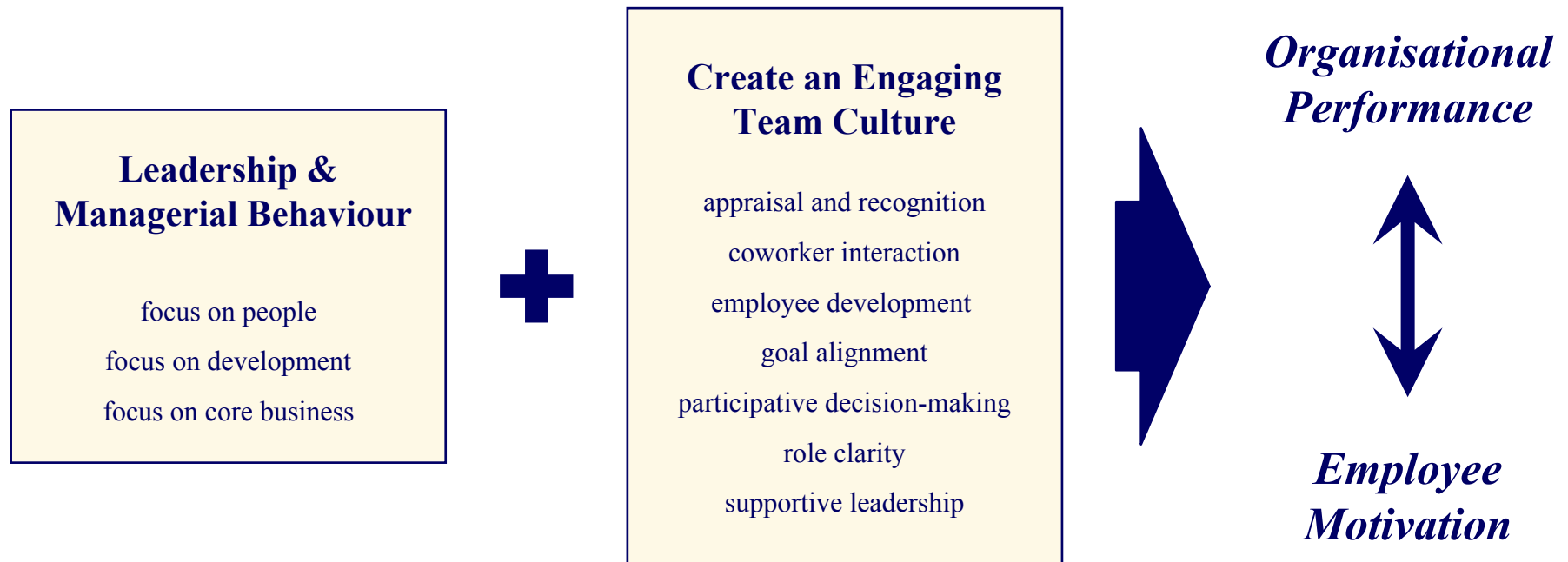
<i>Workgroup Morale</i>		<i>Workgroup Distress</i>		<i>Individual Morale</i>		<i>Individual Distress</i>	
Supportive Leadership	74	Excessive Work Demands	66	Supportive Leadership	52		
Coworker Interaction	74	Supportive Leadership	-60	Role Clarity	48	Supportive Leadership	-42
Role Clarity	45	Goal Alignment	-41	Employee Development	30	Role Clarity	-41
Goal Alignment	39	Participative Decision-Making	-19	Participative Decision-Making	16	Excessive Work Demands	30
Participative Decision-Making	15	Individual Morale	-14	Coworker Interaction	13		
		Role Clarity	-18	Appraisal & Recognition	12		

What is Behind Supportive Leadership



Implications for Continued Improvement

Improving performance is an ongoing process that requires integration of many data sources and the implementation of holistic action learning programs. However, a crucial element in developing improved capability is the creation of a team environment that engages and motivates all staff.



Excellence Through Leadership

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Achieving Sustained Improvements

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Sustained Improvements Are Possible

It is possible to bring about sustained improvements in leadership and managerial capability, staff motivation, and core business outcomes. However, ongoing improvements can only be achieved by:

- ▶ **Linking leadership to the creation of quality team environments**
- ▶ **Ensuring everybody ‘models’ excellence in all three areas of leadership:**
 - ▶▶ **focus on people**
 - ▶▶ **focus on development**
 - ▶▶ **focus on core business**
- ▶ **Ensuring that all development activities are ‘evidence-based’**
- ▶ **Ensuring that development activities focus on the root causes (i.e., key drivers), rather than just the symptoms**

Case Study

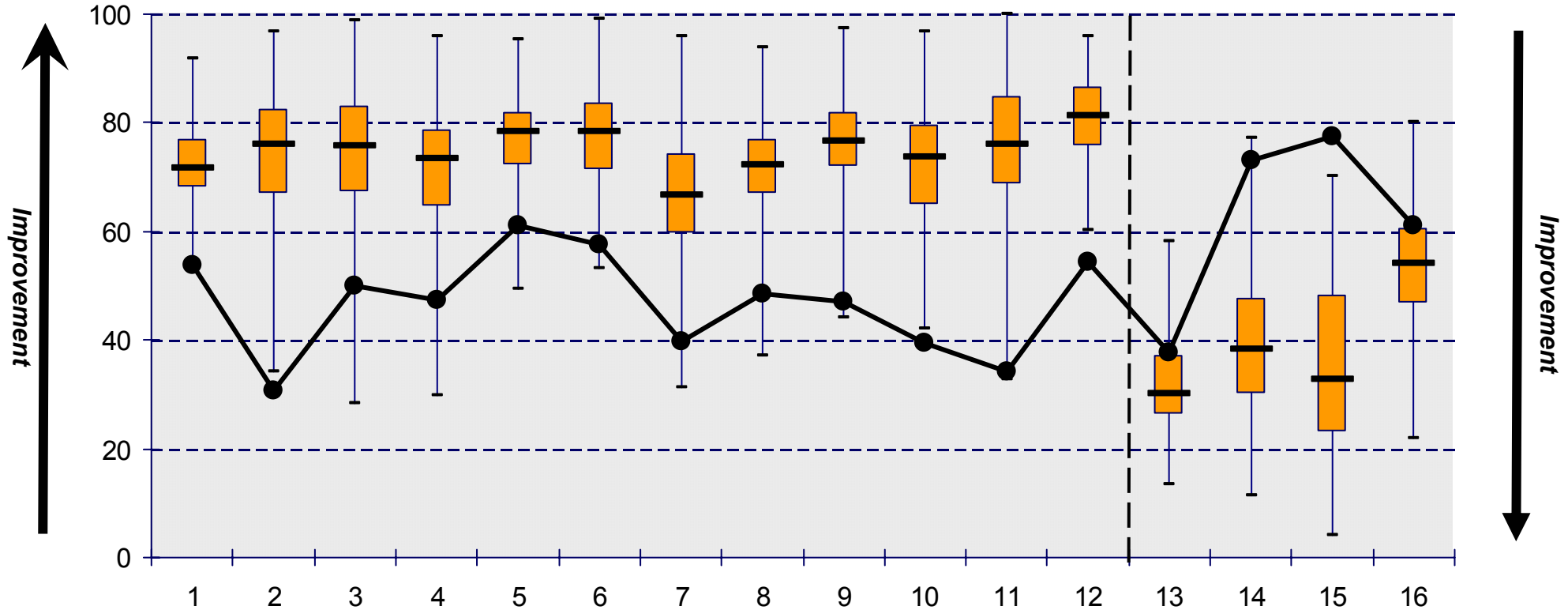
A public sector organisation that is responsible for delivering a community service in one of the 'toughest' urban areas of a major capital city was experiencing serious problems with its organisational health. The following points illustrate the context of the organisation and highlight some of the critical issues:

- ▶ **Created through an amalgamation of several branch offices:**
 - ▶▶ **Clients from diverse cultures and communities**
 - ▶▶ **Staff declared 'in excess' and redeployed**
 - ▶▶ **Declining community perception of the effectiveness of the service delivery**
- ▶ **Staff with high levels of workers' compensation claims and absenteeism**
- ▶ **Statutory clients that were disengaged and are happy to avoid contact whenever possible**
- ▶ **Lowest performance results for core business outcomes**
- ▶ **High numbers of aggressive and abusive clients, causing staff to feel 'shell shocked' and focus on the clients as 'the problem'**
- ▶ **The organisation has tried many 'programs' that have not worked, and the staff are now at a loss about what to do**

ORGANISATIONAL HEALTH

XYZ Branch Office

External Benchmark Results



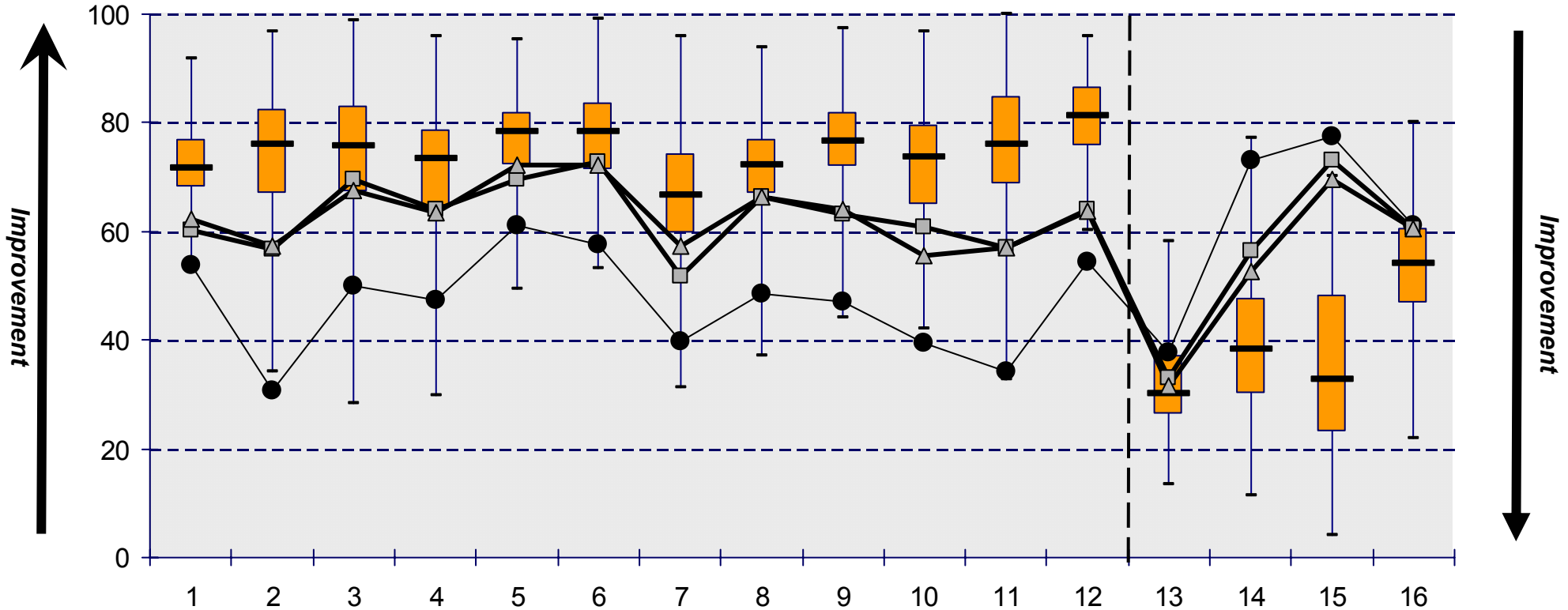
LEGEND

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|----------------------------------|------------------------------|-----------------------------|
| 1. Individual Morale | 7. Appraisal & Recognition | 13. Individual Distress |
| 2. Workplace Morale | 8. Employee Development | 14. Workplace Distress |
| 3. Supportive Leadership | 9. Goal Alignment | 15. Client Incident Reports |
| 4. Participative Decision-Making | 10. Program Coordination | 16. Excessive Work Demands |
| 5. Role Clarity | 11. Client Management Policy | |
| 6. Coworker Interaction | 12. Client Orientation | |

● XYZ Branch Office (63)

ORGANISATIONAL HEALTH

XYZ Branch Office Evaluation Results



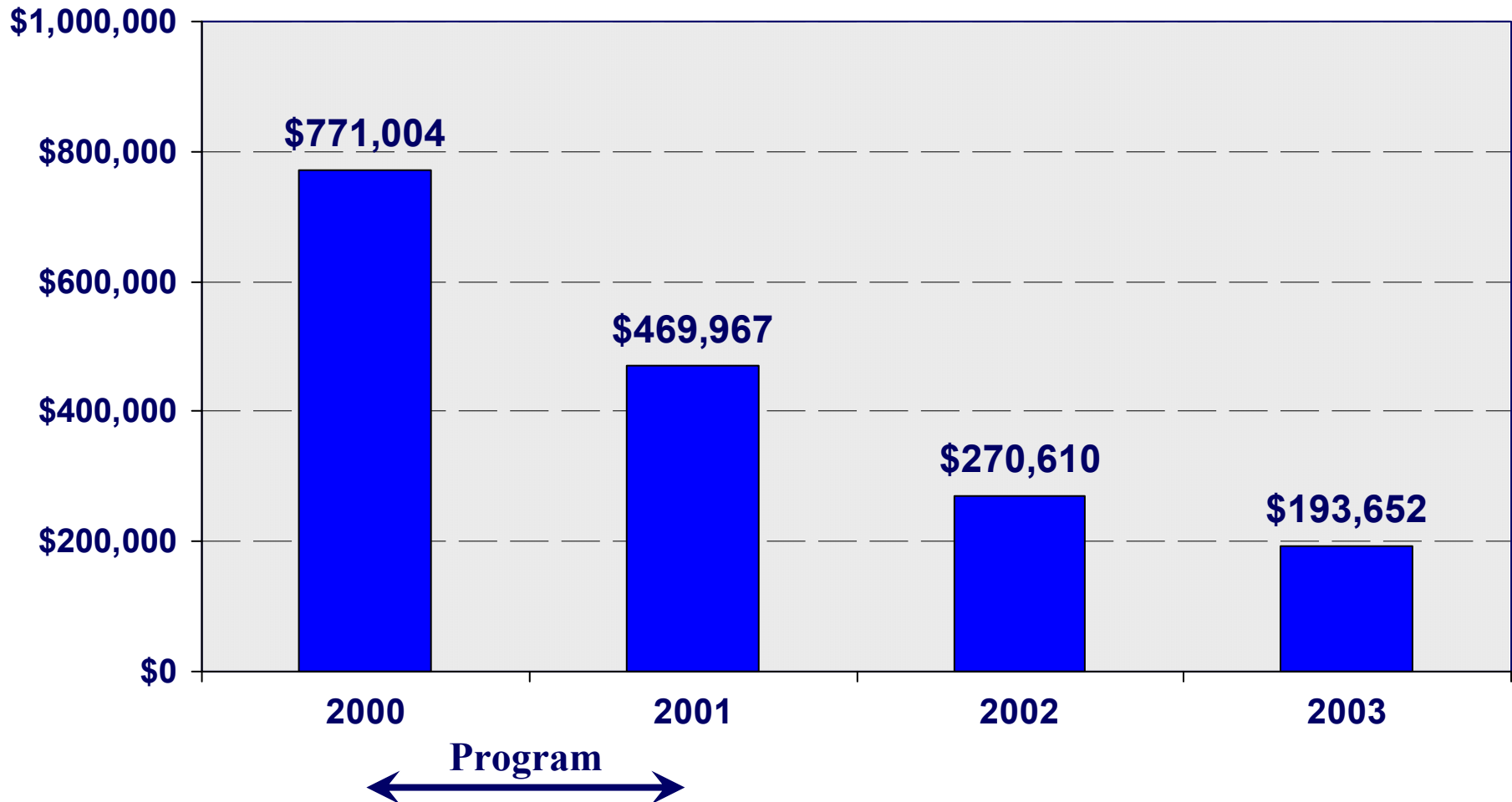
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|----------------------------------|------------------------------|-----------------------------|
| 1. Individual Morale | 7. Appraisal & Recognition | 13. Individual Distress |
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| 6. Coworker Interaction | 12. Client Orientation | |

● XYZ Branch Office (63) ■ XYZ Branch 2001 (1 yr later) ▲ XYZ Branch 2002 (2 yrs later)

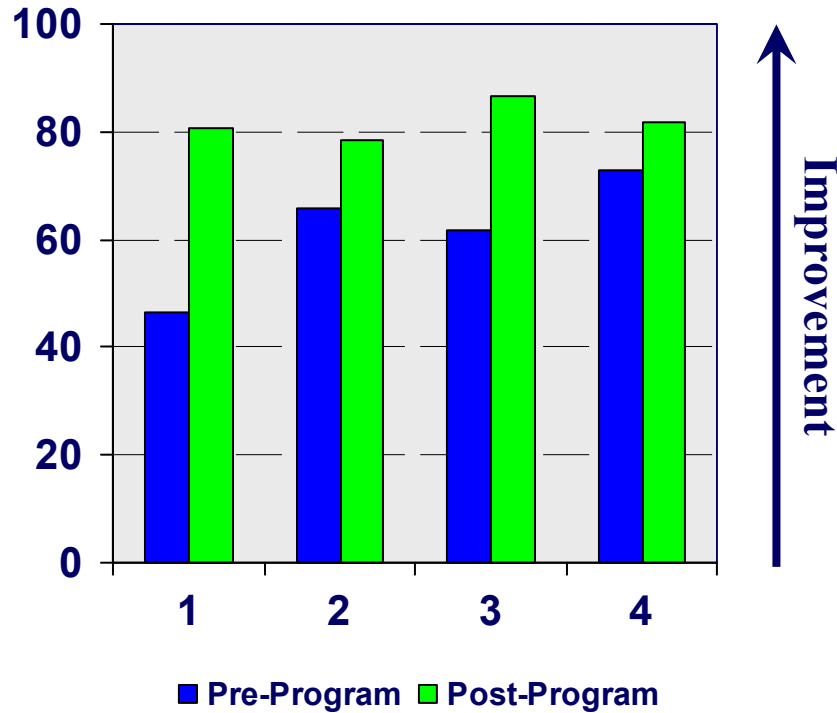
Reducing Workers' Compensation Premiums

\$577,352 reduction in three years in one worksite of 80 people!

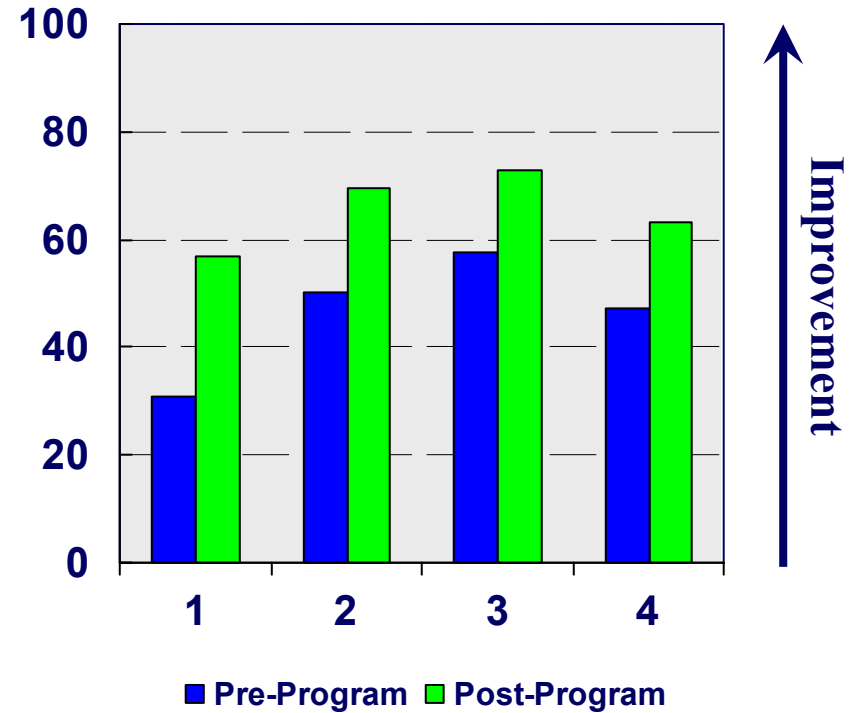


Work Team Improvements

Team 1



Team 2

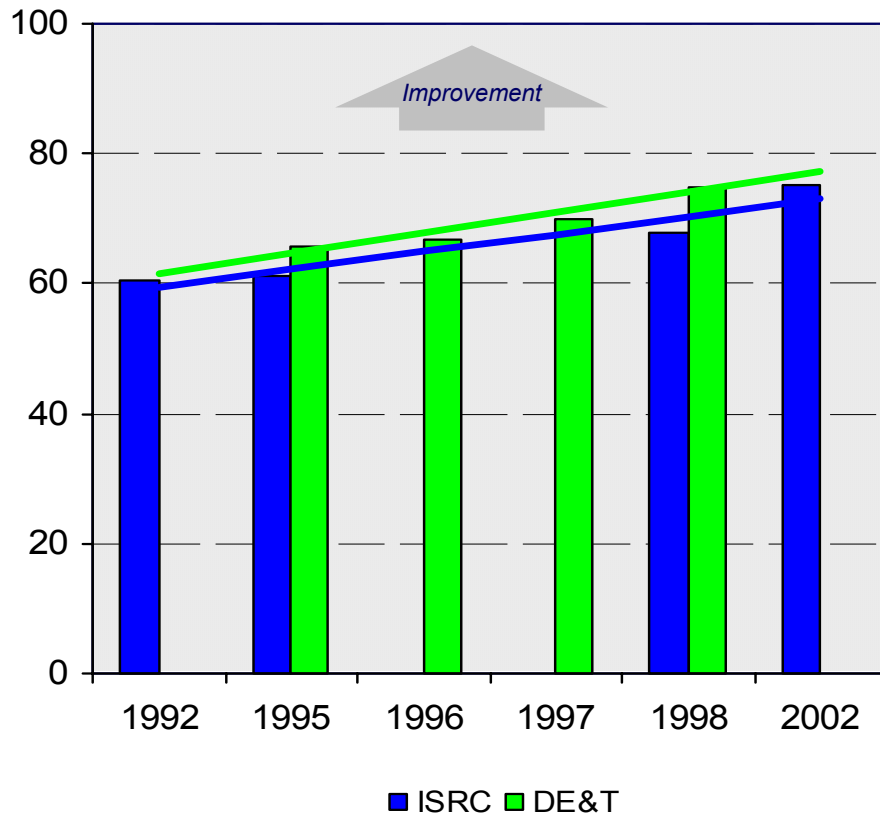


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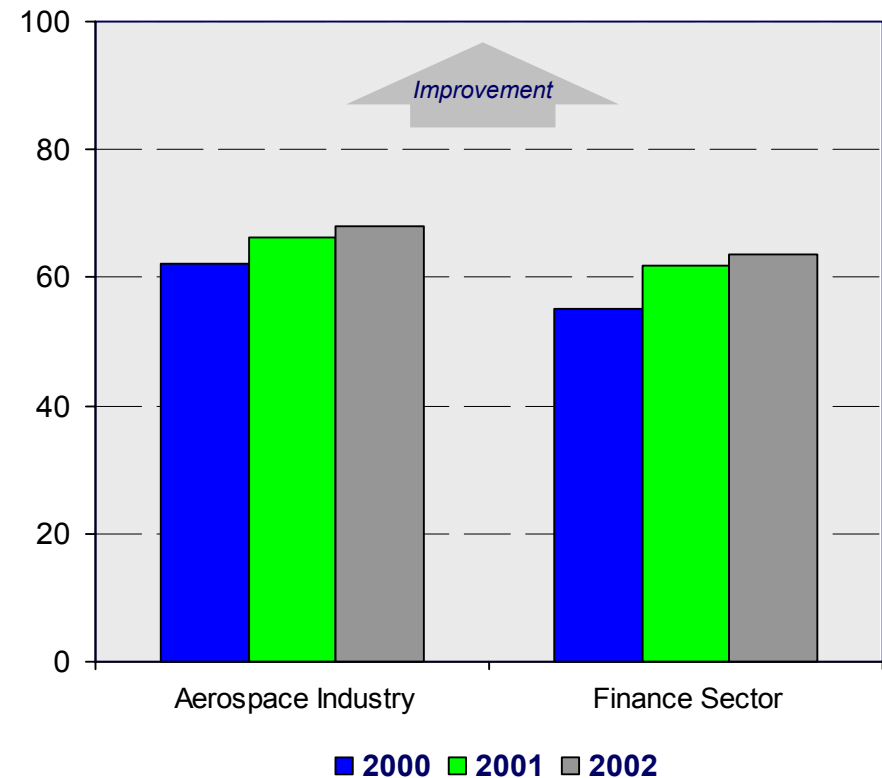
1. Morale 2. Supportive Leadership 3. Coworker Interaction 4. Goal Alignment

Organisation-Wide Improvements in Morale

Public Sector Organisation



Private Sector Organisations



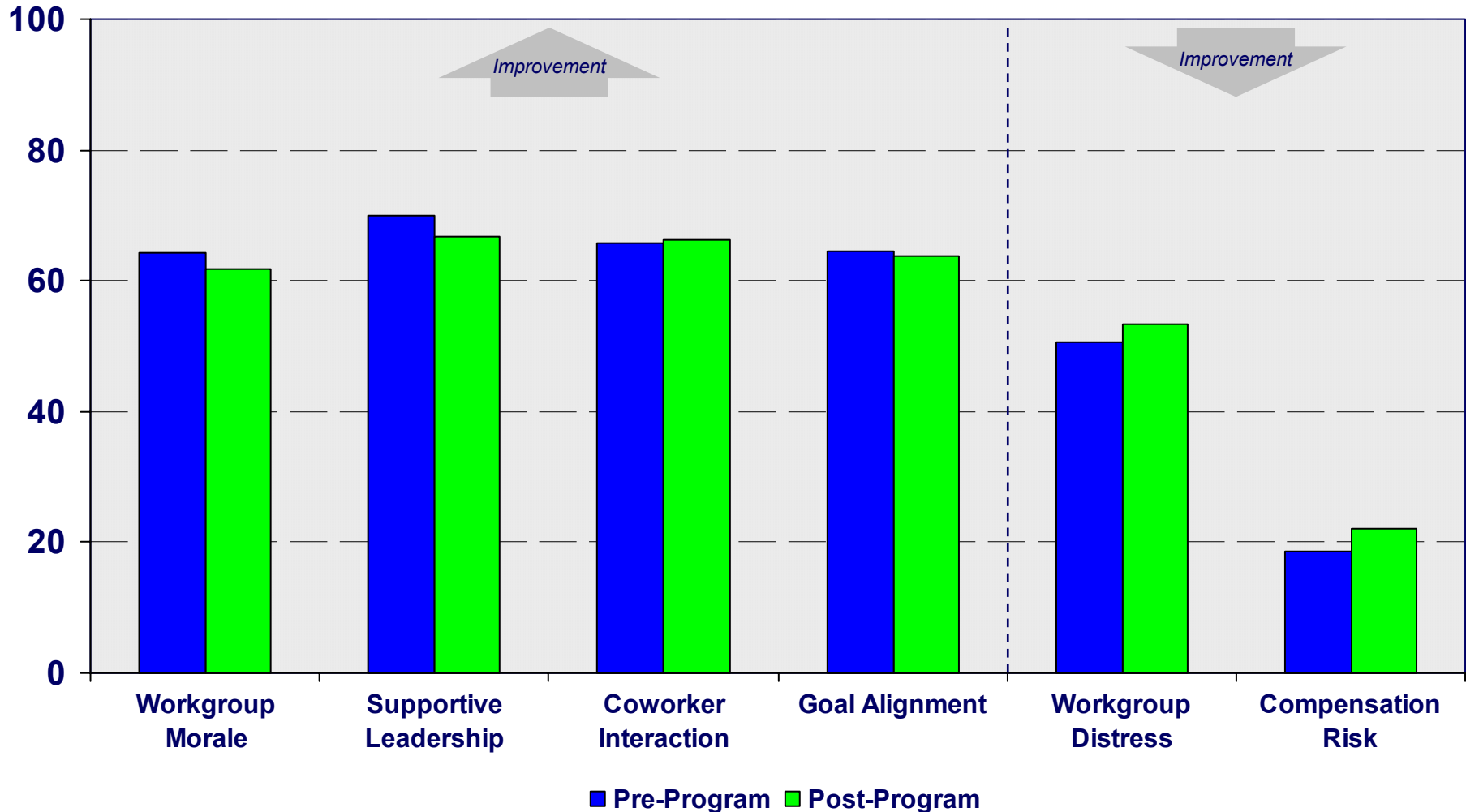
Achieving These Gains

Organisational surveys are merely tools or decision-aides in the change process and will not automatically lead to improvements:

- ▶ Properly diagnose the real issues
- ▶ Leaders must be champions for change
- ▶ All employees must be involved in the diagnostic and change process
- ▶ Appropriate support must be provided to ‘poorer performing’ work teams
- ▶ Appropriate support must be provided to ‘disaffected’ employees
- ▶ There must be accountability at all stages of the change process

Failing to Focus on the Real Issues

An organisational health program across 20 worksites – what went wrong!



Bringing About Sustained Improvements

Pre-Program

Presenting Issue 1

Presenting Issue 1

Presenting Issue 1

Stage 1 → Stage 2 → Stage 3



Critical Program Design Elements



Enhancing Leadership & Managerial Capability

Questions ...

What questions do you have about:

- ▶ **The organisational health framework**
- ▶ **Assessment of Organisational Health:**
 - ▶▶ **Accuracy of survey tools**
 - ▶▶ **Completion of organisation surveys**
 - ▶▶ **Acceptance in the workplace**
- ▶ **The role of organisational health in delivering better service delivery**
- ▶ **The use of organisational health data as part of the accountability and development process**
- ▶ **Anything else of interest and/or concern ...**