Leading Culture Change for Organizational Effectiveness

Professor Michael West

THE CENTER FOR LEADERSHIP AND BEHAVIOR IN ORGANIZATIONS
University of Frankfurt
24th June 2011

Culture change for effective organizations requires distributed leadership ensuring:

> Customer focus

> Clear aligned goals and objectives at every level

> Good people management

> Employee engagement

> Positive emotional environments and relationships

> Real team working

> Values based leadership

Lancaster University
MANAGEMENT SCHOOL

Leading for Effectiveness

- Searching for new ways to meet customers' needs and ensure quality

- Leadership is upbeat and self confident. There's no problem that can't be solved, no status quo that can't be bettered

- *Listening* to customers .....

- Leadership is about doing the difficult not managing the inevitable

Lancaster University
MANAGEMENT SCHOOL

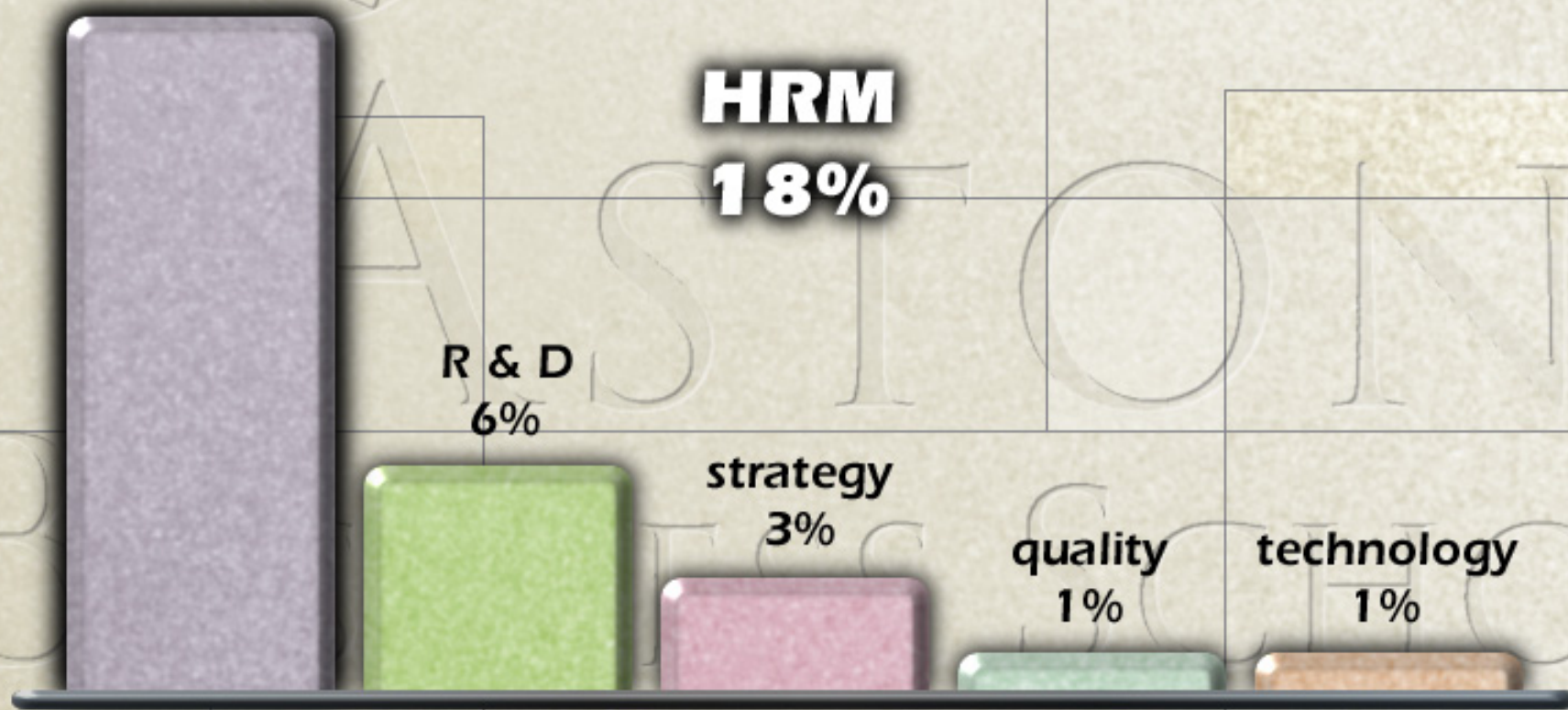# EMPLOYEE SATISFACTION & COMPANY PRODUCTIVITY (18 MONTHS LATER)

other factors (sector etc.)

employee satisfaction

23%

25%

52%
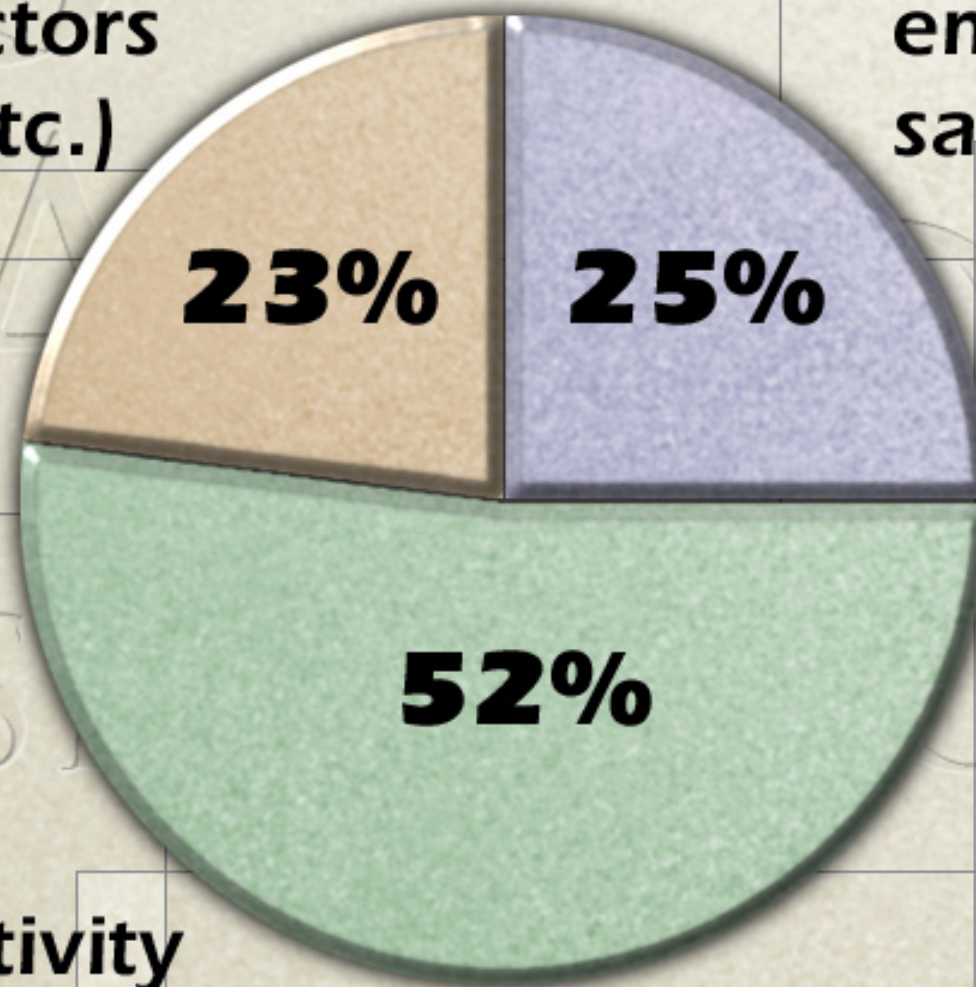
prior productivity

4

WHICH MANAGERIAL PRACTICES MOST POWERFULLY PREDICT COMPANY PRODUCTIVITY?

HRM
18%

R & D
6%

strategy
3%

quality
1%

technology
1%

ASTON
BUSINESS SCHOOL

5

•The HR system variable explains 17% of the variation between hospitals in subsequent mortality

Mortality
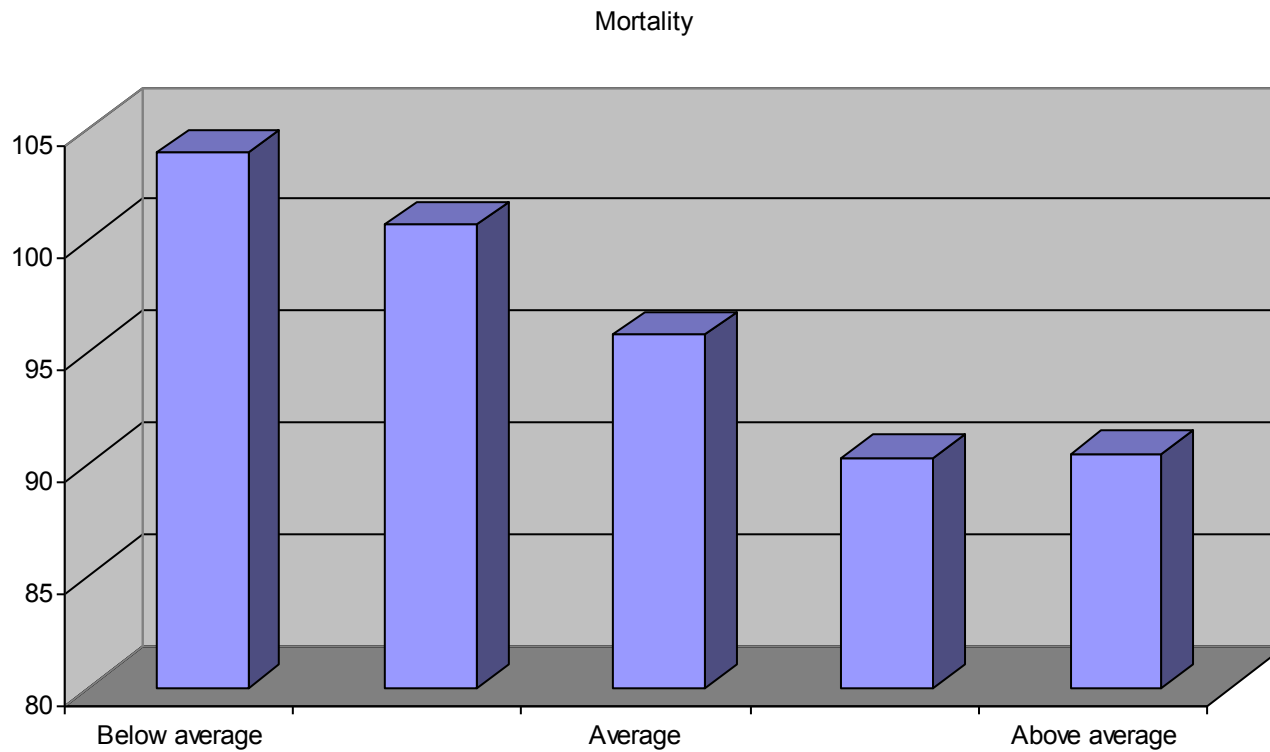
Implications

- 25% more appraisers trained, associated with a reduction of 12.3% of the number of deaths after hip fracture

- 25% more staff working in teams associated with 275 fewer deaths per 100,000 following emergency surgery or 7.1% of the total number of deaths following emergency surgery

- West et al, 2001 International Journal of HRM

- West, Guthrie, Dawson, 2006 Journal of Organizational Behavior

Lancaster University
MANAGEMENT SCHOOL

Patient Satisfaction

- Staff views of their leaders strongly related to patients' perceptions of quality of care.

- Staff satisfaction and commitment predict patient satisfaction.

- Supportiveness of immediate managers and extent of positive feeling predicts patient satisfaction.

- Poor staff well-being, work-related stress - low patient satisfaction, poor care, financial performance

Lancaster University
MANAGEMENT SCHOOL

Patient Mortality

- The best predictor of patient mortality is percentage of staff working in well structured teams

- Those working in teams have better overall health and well being and lower levels of stress

- Lower mortality where staff have opportunities to influence and contribute to improvements at work.

- Staff receiving well structured appraisals related to patient mortality

- A positive culture is associated with low and declining levels of patient mortality

Lancaster University
MANAGEMENT SCHOOL

Financial Performance

- Financial performance is in decline in health care organizations where:
  - Staff report high levels of errors
  - Staff feel stressed, under pressure and are keen to leave their jobs
  - There is little scope for learning and development such as good training
- Good appraisals and good financial management are highly correlated.

Lancaster University
MANAGEMENT SCHOOL

Absenteeism in English National Health Service

▶ 10.3 million working days per year

▶ 45,000 whole time equvalents (WTEs)

▶ 4.5% of workforce; 2 billion Euro

▶ BT and Royal Mail achieved 30-40% reductions saving 700 million Euro

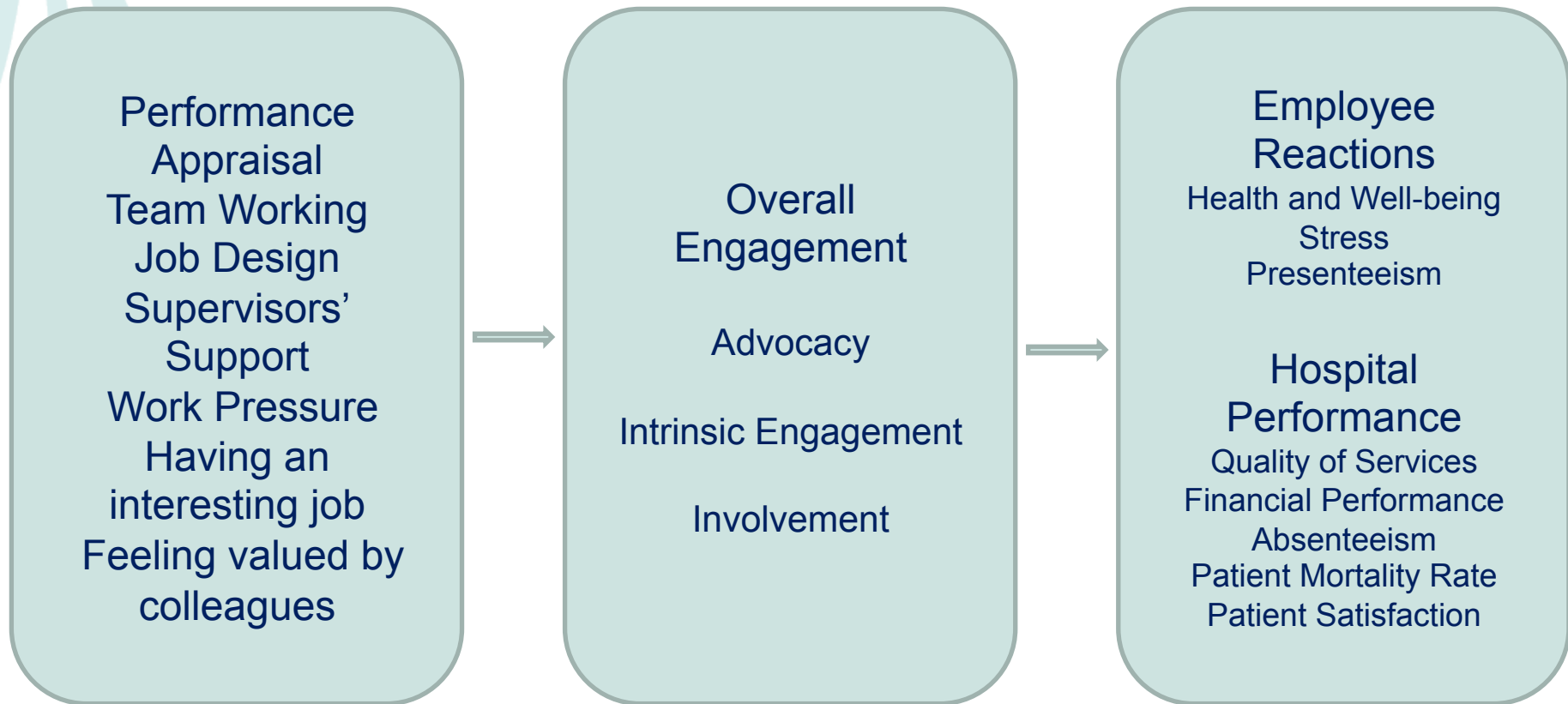**Lancaster University**
MANAGEMENT SCHOOL

NHS stress, health and well-being

> 'Presenteeism' Pressure to attend when unwell – 22%
> NHS as exemplar e.g., smoking, drinking, diet
> Mobbing, bullying and harassment (14% report bullying by managers and colleagues in 2010)
> A move from average to good staff health well being would save 840,000 staff days per year 17 million Euro)
> Use of agency staff to cover absence costs 1.8 billion Euro; recruitment costs to cover turnover; ill health retirement

Lancaster University
MANAGEMENT SCHOOL

Employee Engagement

Performance Appraisal
Team Working
Job Design
Supervisors' Support
Work Pressure
Having an interesting job
Feeling valued by colleagues

→

Overall Engagement

Advocacy

Intrinsic Engagement

Involvement

→

Employee Reactions
Health and Well-being
Stress
Presenteeism

Hospital Performance
Quality of Services
Financial Performance
Absenteeism
Patient Mortality Rate
Patient Satisfaction

Positivity builds resilience

> Barbara Fredrickson www.positiveemotions.org

> Positivity ratio > 3:1; Maximum 11>1

• Fredrickson & Losada, *American Psychologist* (2005) 60, 678-686

> (... and negativity is necessary)

MANAGEMENT SCHOOL

"It's Monday morning, Miss Berstresser. Let the merriment commence."

Positive affect

- Job satisfaction is associated with better performance – individual and organizational levels

- CEO positive affect, climate and company performance

Lancaster University
MANAGEMENT SCHOOL

Cultures are undermined by chronic conflict ....

> Relationships are one of the most potent sources of human misery

> Chronic conflict and hostility damage the immune system

> Modelling positive relationships in organisations

> Feedback is key

Reis and Gable, 2003

Lancaster University
MANAGEMENT SCHOOL

What else enables staff engagement?

- Employees have:

  > the information they need to do their jobs well

  > learning opportunities

  > feedback which builds confidence

  > support and safety to innovate

  > leaders who value, respect and support them

  > trust in their leaders

-

Lancaster University
MANAGEMENT SCHOOL

A culture and all leaders focused on customer needs

> A culture of trust - in leaders, managers and system

> What leaders pay attention to, monitor, model and resource

> The criteria for recruitment, selection, promotion and disciplinary action

> Flat hierarchies, rituals and rites; celebrations of accomplishment and innovation

> The focus of the organisation's systems and procedures is on meeting customers' needs

Lancaster University
MANAGEMENT SCHOOL

Team working in organizations promotes productivity, innovation and staff well being

Team Based Working

- Team based working is a philosophy or attitude about the way in which organisations work – where decisions are made by teams rather than by individuals and at the closest possible point to the customer

Four conditions for effective teams:

- Having a real team - bounded, stable, interdependent with a real team task

- Having a clear team purpose, challenging and consequential with clear objectives

- Making the right choices about who should be on the team - skills and roles, enablers not derailers

- Developing through regular coaching and self-coaching

Real Teams

- Having a real team - bounded, stable, interdependent with a real team task

- Bounded?
  - Team A CEO: 11; Members 7-84;
  - Team B CEO 5; Members 5-9.
  - Only 11/120 agreed on the size of the team

- Team size?

- Team stability?

- *Wageman et al, Senior Leadership Teams, Harvard University Press*

Lancaster University
MANAGEMENT SCHOOL

Four conditions for effective teams:

- Having a real team - bounded, stable, interdependent with a real team task

- Having a clear team purpose, challenging and consequential with clear objectives

- Making the right choices about who should be on the team - skills and roles, enablers not derailers

- Developing through regular coaching and self-coaching

Lancaster University
MANAGEMENT SCHOOL

Compelling Purpose

- Clear objectives? What does this team uniquely bring?
  - Defining the strategy
  - Acquiring and deploying capital
  - Building organizational capability
  - Managing mission critical initiatives
  - Monitoring the organization's performance
  - Integrating major acquisitions

Business School Management Team Objectives

1. Improve collaboration with central services and the other schools in the university

2. Balance the budget and ensure strategic investment ambitions are met

3. Increase staff and student satisfaction

4. Successfully implement Executive MBA for successful introduction in 2011

5. Focus efforts of the whole organization to ensure increase in high quality employment of students

Lancaster University
MANAGEMENT SCHOOL

Aston Business School
Centre for Executive Development

Three things we must always do

1. Provide leadership by focusing on what is difficult and important rather than inevitable or unimportant

2. Encourage and reward risk and innovation to create a climate of engagement and excitement

3. Share responsibility for management team decisions and support each other

Aston Business School
Centre for Executive Development

Three things we must never do

1. Lose sight of our common purpose

2. Intentionally mislead each other or staff

3. Neglect promoting, learning from and supporting the whole organization

The Top Team

- Commitment – team versus individual roles

- Transparency – if it affects more than one of us it's on the table

- Participation

- Integrity

- Clarity of objectives

Lancaster University
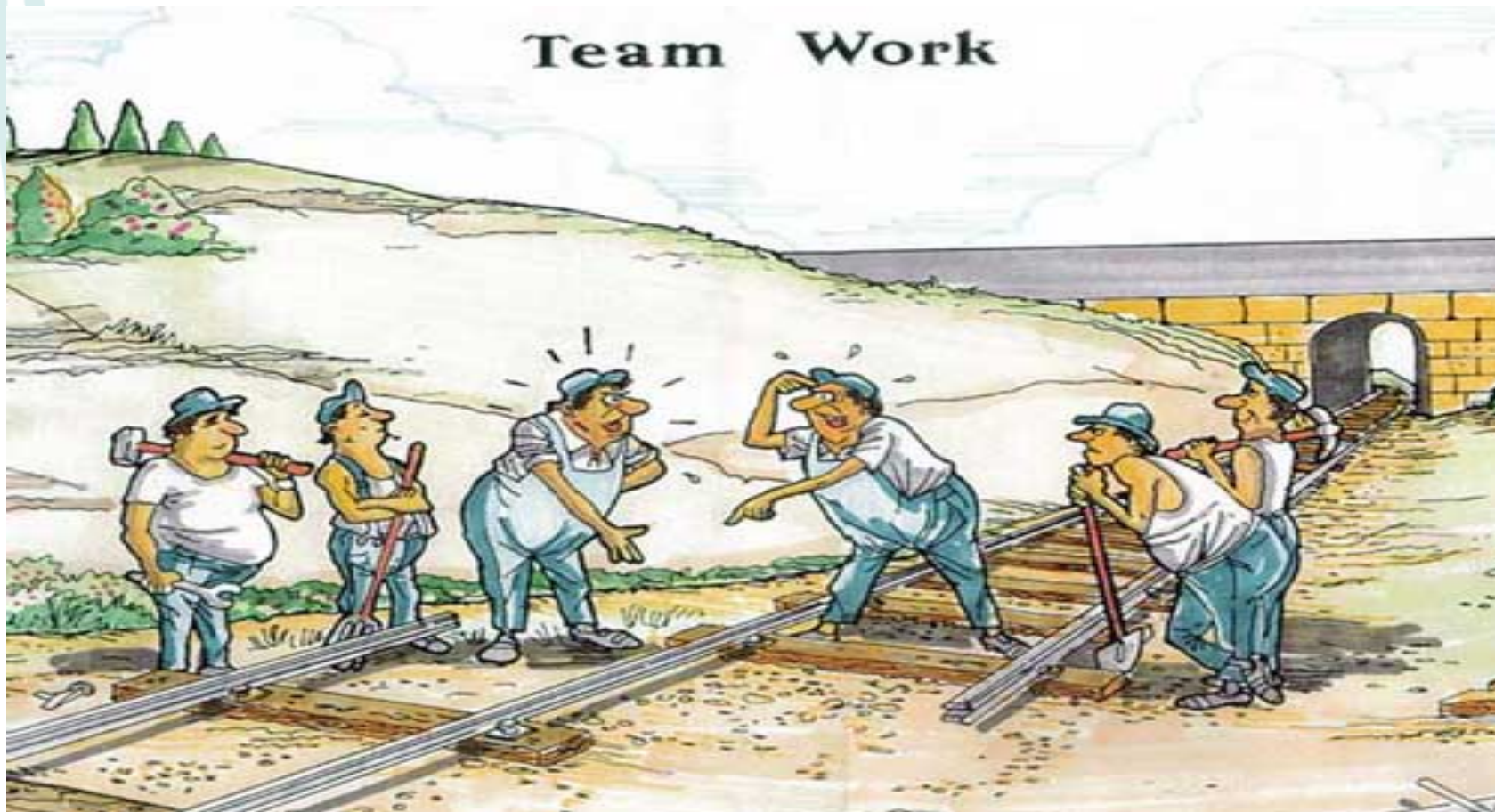MANAGEMENT SCHOOL

Four conditions for effective teams:

- Having a real team - bounded, stable, interdependent with a real team task

- Having a clear team purpose, challenging and consequential with clear objectives

- Making the right choices about who should be on the team - skills and roles, enablers not derailers

- Developing through regular coaching and self-coaching

Lancaster University
MANAGEMENT SCHOOL

Are the right people on the team - skills and roles?

- Needed skills and experience
- Conceptual thinking
- Empathy and Integrity
- Executive leader self image
- Eliminate derailing

Lancaster University
MANAGEMENT SCHOOL

"Where do good new ideas come from? That's simple! From differences. Creativity comes from unlikely juxtapositions. The best way to maximize differences is to mix ages, cultures and disciplines."

Nicholas Negroponte

Lancaster University
MANAGEMENT SCHOOL

Four conditions for effective teams:

- Having a real team - bounded, stable, interdependent with a real team task

- Having a clear team purpose, challenging and consequential with clear objectives

- Making the right choices about who should be on the team - skills and roles, enablers not derailers

- Developing through reflexivity and regular self-coaching

Lancaster University
MANAGEMENT SCHOOL

Regular honest review and feedback

- Developing through regularly taking time out to review performance and how to improve

Coaching the team
Reflexivity

Lancaster University
MANAGEMENT SCHOOL

Reflexivity

- Teams are more effective and innovative to the extent that they routinely reflect upon their objectives, strategies, processes and environments and make changes accordingly.

Dream Team Leadership

- Offer an inspiring vision

- Ensure regular and positive team meetings

- Encourage positive, supportive relationships in teams

- Resolve and prevent intense conflicts

- Be attentive and listen carefully to the team

- Inquiry plus advocacy

- Lead inter-team cooperation and model organisational loyalty

- A high degree of autonomy in achieving objectives

- Positive group attitudes towards diversity

Lancaster University
MANAGEMENT SCHOOL

Top Team Leader

- Narcissistic
- Paranoid
- Neurotic
- Aggressive
- Charismatic

Lancaster University
MANAGEMENT SCHOOL

Meetings

- Start with the most important issues
- Face the future
- Prepare and participate
- Challenge questionable tasks
- Delegate
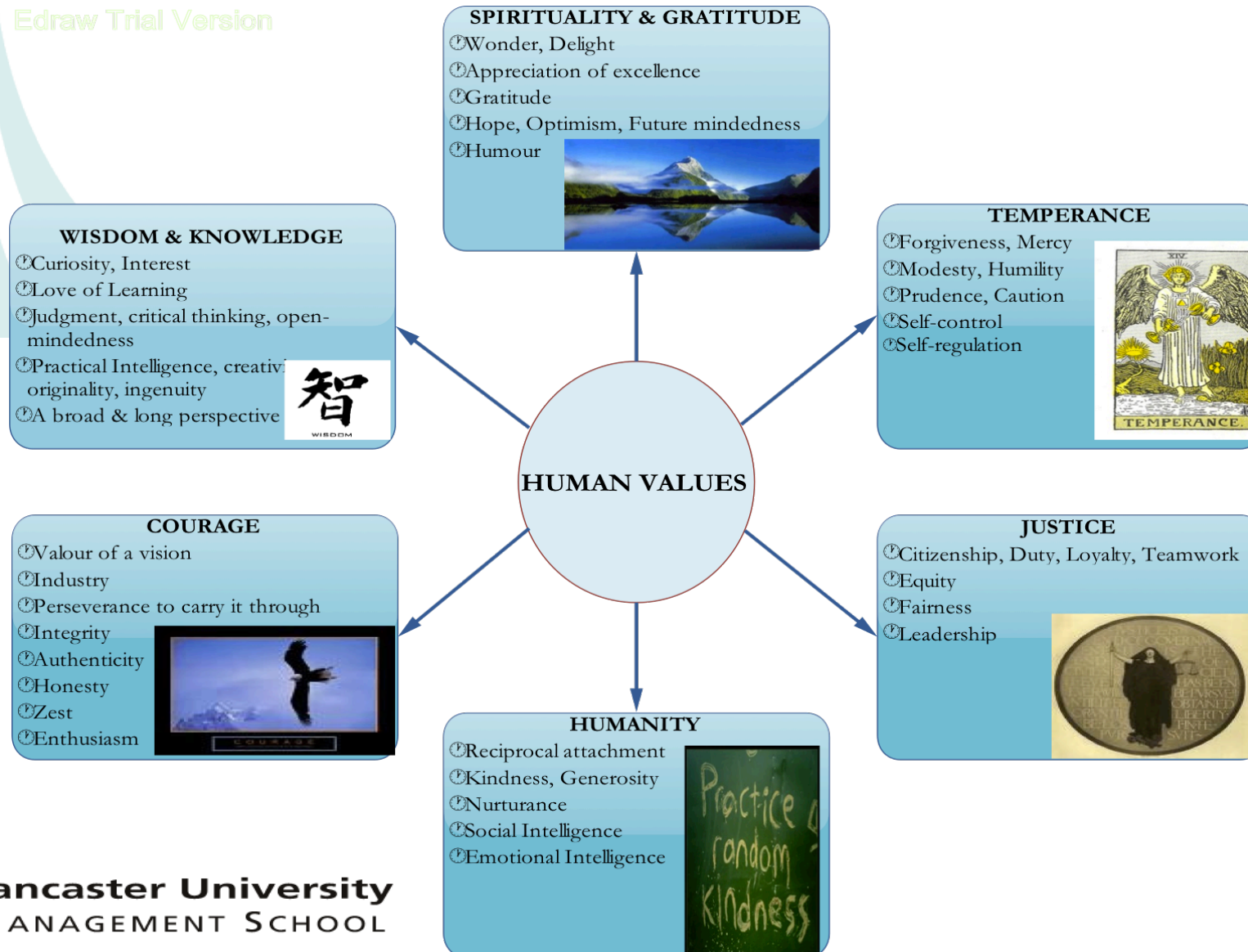- Keep the large tasks large
- Review

Distributed leadership – key principles

> Customer focus

> Clear aligned goals and objectives at every level

> Good people management

> Positive emotional environments and relationships

> Employee engagement

> Real team working

> Values based leadership

Lancaster University
MANAGEMENT SCHOOL

Leadership must come from value congruence

SPIRITUALITY & GRATITUDE
- Wonder, Delight
- Appreciation of excellence
- Gratitude
- Hope, Optimism, Future mindedness
- Humour

WISDOM & KNOWLEDGE
- Curiosity, Interest
- Love of Learning
- Judgment, critical thinking, open-mindedness
- Practical Intelligence, creativi originality, ingenuity
- A broad & long perspective

智
WISDOM

TEMPERANCE
- Forgiveness, Mercy
- Modesty, Humility
- Prudence, Caution
- Self-control
- Self-regulation

XIV
TEMPERANCE.

HUMAN VALUES

COURAGE
- Valour of a vision
- Industry
- Perseverance to carry it through
- Integrity
- Authenticity
- Honesty
- Zest
- Enthusiasm

COURAGE

JUSTICE
- Citizenship, Duty, Loyalty, Teamwork
- Equity
- Fairness
- Leadership

HUMANITY
- Reciprocal attachment
- Kindness, Generosity
- Nurturance
- Social Intelligence
- Emotional Intelligence

Practice random Kindness

Lancaster University
MANAGEMENT SCHOOL

Questions