

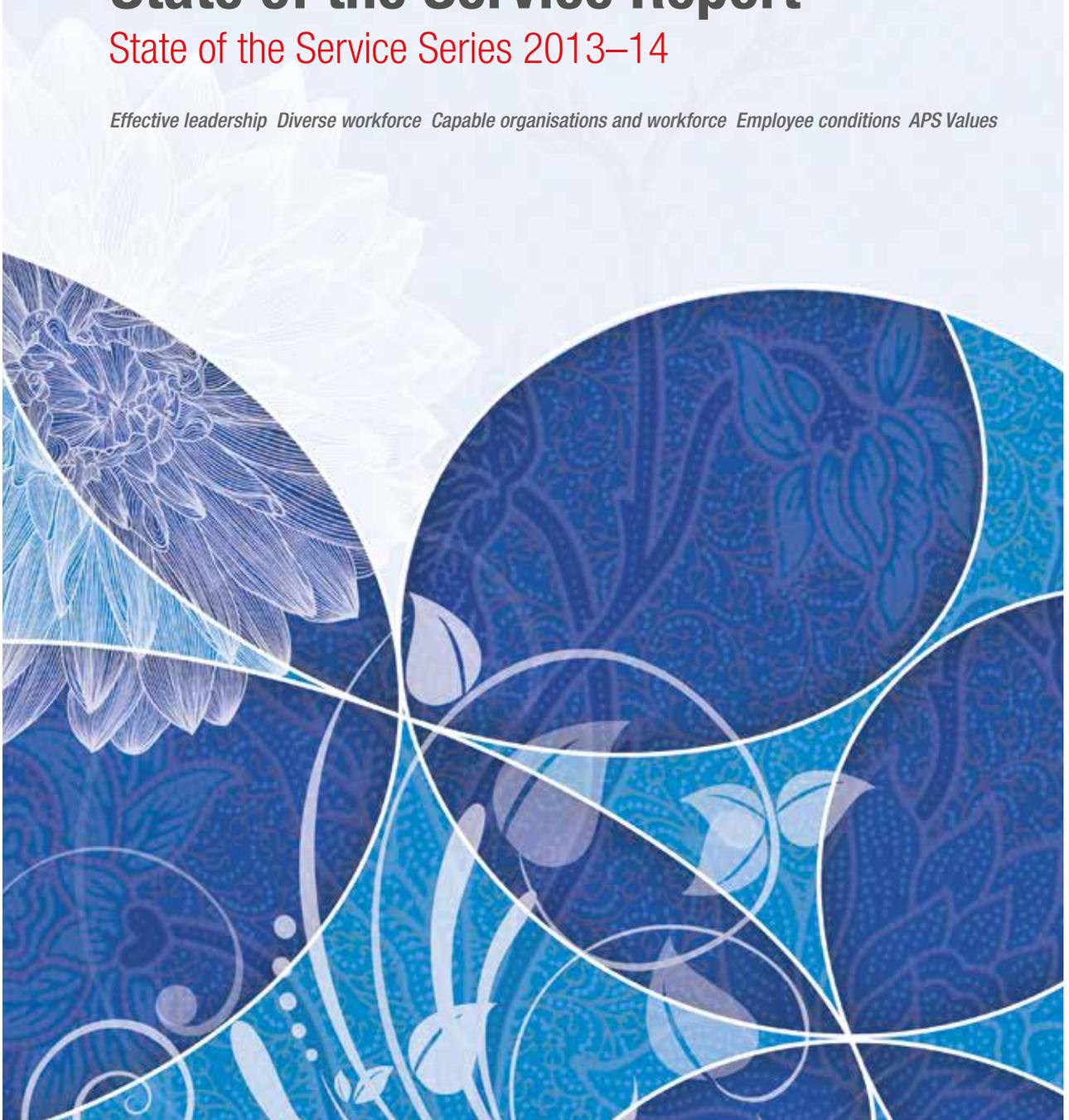


**Australian Government**  
**Australian Public Service**  
**Commission**

# State of the Service Report

State of the Service Series 2013–14

*Effective leadership Diverse workforce Capable organisations and workforce Employee conditions APS Values*



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# 5

## **Building leadership capability**

**The Australian Public Service (APS) grapples daily with the complexity of modern society and the implications this has for government and administration. Complexity of government administration is not new. In 1927, American philosopher John Dewey, reflecting on the complexity of modern society, wrote<sup>1</sup>:**

The ramification of the issues before the public is so wide and intricate, the technical matters involved are so specialized, the details are so shifting, that the public cannot for any length of time identify and hold itself.

Complexity in government involves making progress on complex policy challenges that lack straightforward solutions. It also involves the complexity of public administration itself, which is characterised by interdependencies between agencies where the work in one agency can have significant flow-on effects or unintended consequences for another agency and its clients and stakeholders.

Complexity and interdependence in the APS has deepened over time leading most recently to the National Commission of Audit's role in rethinking the role and scope of government. This included examining whether existing activities should continue, whether there is a case for government's direct involvement in an activity or whether it could be undertaken more efficiently by other sectors or jurisdictions, and the principle that government should only do for citizens what they cannot do for themselves. Any re-positioning of government's role has a direct impact on what the APS does, how it does it and how it is organised to achieve government objectives.

The emphasis on rethinking government's role and the tight fiscal environment, which demands that the APS strive for ever greater efficiency and effectiveness in every aspect of its work, points to the need for transformational change across the APS. The size of the APS and its activities are, however, determined by the way in which government approaches the complexity of public administration and how it chooses to achieve its policy objectives.

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<sup>1</sup> Dewey, J 1927, *The public and its problems*, Swallow Press, Denver, p. 137.

The Secretary of the Department of the Prime Minister and Cabinet has summarised the role of the APS in adapting to change<sup>2</sup>:

It is up to us [the APS] to adapt to the expected leaner operating environment. To do so we need to boost our productivity ... [including by] investing in systems and cultures that ensure effort is applied in line with changing priorities, that the contribution of each employee is as high as it can be, and that we are proficient in planning for and managing change. Ensuring our workplaces are open to ideas and routinely generate innovations both in policy work and in delivery systems ... Building a culture that is up for transformational change—one which readily accepts that what may have seemed previously unthinkable is not only thinkable but achievable.

The quality of APS leadership is central to successfully navigating complexity and mobilising the APS to undertake the transformational change required to adapt to new circumstances. Recognising this, the APS Secretaries Board has placed considerable emphasis on investing in the development of leadership practices and management expertise across the APS. This investment is guided by the *APS Leadership and Core Skills Strategy 2012–13* (the leadership and core skills strategy), which outlines the collective leadership capability and management expertise required for the APS to serve government and citizens to the highest standard.

This chapter examines the state of leadership practice and management expertise in the APS. It focuses on the way leadership and management contribute to APS effectiveness, performance and productivity.

## Senior leadership in the APS

The importance of senior leaders in the APS has been well documented in previous State of the Service reports. Leaders are central in establishing both the strategic direction of the APS as a whole and the strategic direction of their agencies. Leaders are also essential in mobilising the change necessary to achieve the best results. Critically, leaders have a stewardship role. They look beyond the immediate and beyond their own organisations to build the long-term capability of the APS as an institution.

### Senior leadership collaboration

Sophisticated leadership practice is a key requirement for organisations seeking to transform or make progress on complex challenges. Highly effective leadership is an enabler of genuine collaboration—testing assumptions and values, drawing out competing perspectives and helping groups see one another as problem-solving resources.

The Secretaries Board and APS 200 Group were created to support the strengthening of leadership collaboration across the APS; in particular with APS reform. The Secretaries Board sets the overall direction for the APS, drives collaboration, prioritises collective resource use to achieve cross-boundary solutions and gives priority to the creation and maintenance of a

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<sup>2</sup> Watt, I 2013, *Address to the APS: The Path Forward for the APS*, Department of the Prime Minister and Cabinet, Canberra, viewed 2 October 2014, <[http://www.dpmc.gov.au/media/speech\\_2013-12-06.cfm](http://www.dpmc.gov.au/media/speech_2013-12-06.cfm)>.

One-APS shared culture. The APS 200 Group brings together Secretaries, Deputy Secretaries and their equivalents to collaborate on crosscutting issues and undertake strategic projects as cross-portfolio teams.

The case study on the establishment of the APS Diversity Council demonstrates how collaborative leadership is being harnessed to address challenging issues across the APS. Detailed diversity data is included at Appendix 5.

## Across the APS: The Diversity Council



### DIVERSITY COUNCIL

**The APS Diversity Council (the Council) was established in 2012 to provide visible, strategic leadership on diversity issues and to motivate APS agencies to improve outcomes for employees in diversity groups. The Council is chaired by the Secretary of the Department of the Prime Minister and Cabinet and the Australian Public Service Commissioner serves as deputy chair. Council membership includes nine other Secretaries and agency heads.**

The Council's priority since 2012 has been to improve employment outcomes for Indigenous Australians and people with disability. Despite the commitment of the APS to build a workforce that is representative of the broader Australian community, these two groups continue to be under-represented in the APS.

The Council has made diversity issues more visible by championing new employment measures, leading improvements across the APS and encouraging APS agencies to share and promulgate good practice.

Key achievements include:

- established Indigenous and Disability Champions Networks to act as visible and influential links between the Council and employee networks and forums
- secured funding for APS-wide Indigenous employment programmes ('Pathways')
- introduced APS-wide entry and exit surveys and a comprehensive research programme to inform understanding of why employees in some diversity groups leave APS employment at higher-than-average rates and develop more effective retention strategies
- established a set of principles to better support reasonable adjustment for people with disability
- endorsed a set of recommendations around Information and Communications Technology (ICT) accessibility to improve access to assistive technology
- re-established the APS Diversity Awards to motivate agencies to develop innovative and creative diversity programmes and celebrate and share successes.

The Council's 2014–15 agenda aims to develop more creative diversity strategies and accelerate actions across the APS to improve employment experiences, recruitment and retention of Indigenous Australians and people with disability.

## Senior leadership collaboration within agencies

Capability Reviews<sup>3</sup> have also highlighted the need to build broader, united, collaborative leadership within agencies. A more unified senior cohort, ‘speaking with one voice’, with clarity of vision and with a strategy to deliver on agency objectives and priorities, will assist to motivate employees, manage limited resources more effectively and efficiently, and strengthen external stakeholder relationships.

The importance of improved collaboration among the senior APS cohort is evident in the frequency with which the issues have been raised in Capability Review reports. These three quotes from published reports provide a sense of the findings agencies have been asked to consider and address through the Capability Review process.

### Capability Reviews: Collaborative leadership

**‘It is clear to the review team that group identity and a siloed approach dominates at the group manager level. Executive Board members—along with the leadership generally—need to take steps to ensure greater collegiality and collaboration across group boundaries.’**

**‘The Senior Executive Service (SES) work well together as a team on policy matters. However, there is a need for this group to take a greater leadership role on broader organisational matters.’**

**‘Staff are highly committed and a major asset to the organisation. All SES officers need to explicitly act as a team and as an exemplar to staff of a leadership group working to achieve a single vision.’**

Broadly, the barriers to collaborative leadership identified through the Capability Reviews include lack of understanding of agency vision, immediate and particular demands of day-to-day management, limited opportunities to build relationships in larger agencies, and performance management regimes that have been task-oriented and are only now beginning to consider behaviours. In response to the findings of Capability Reviews, departments are focusing on enhancing leadership skills through increased use of the services offered by the Australian Public Service Commission (the Commission) as well as other training courses, mentoring programmes and on-the-job experience.

<sup>3</sup> Agency Capability Reviews are independent, forward-looking, whole-of-agency reviews that assess an agency’s ability to meet future objectives and challenges.

## Australian Customs and Border Protection Service: Strengthening leadership capability and culture

### **The ability of senior executives to engage with staff and leadership at all levels was identified as an area for improvement in the 2013 Australian Customs and Border Protection Service (ACBPS) Capability Review.**

The ACBPS has also started a major programme of reform to build new border control capabilities, against a backdrop of increasingly sophisticated serious and organised crime, growing trade and travel volumes, and complex cargo supply chains and passenger travel routes. Strengthened leadership capability was both an objective and an enabler of this reform.

While the ACBPS will cease to exist as it consolidates with the Department of Immigration and Border Protection by 1 July 2015, programme implementation will continue and will form the capability platform of future portfolio arrangements. This will include establishing an operationally focused Australian Border Force.

Initiatives undertaken to improve leadership capability and culture within the ACBPS include:

- expansion of invitations to leadership forums to include the Executive Level 2 cohort
- introduction of the Core Service Behaviours, developed as a mechanism to operationalise the APS Values

- development of *A Professional Service: my responsibilities* to guide employees in modelling the Core Service Behaviours and acting professionally
- introduction of a new operating model to improve agility and accountability
- establishment of the new Chief Executive Officer Awards and Recognition Framework, recognising outstanding leadership qualities of officers
- release of the ACBPS Giving and Receiving Feedback course, designed to develop organisational capability regarding effective communication and understanding of the Core Service Behaviours influence on performance; 899 employees completed the course during the initial training sessions held between April and June 2014
- empower employees to manage their own careers through the introduction of formalised career plans; 4,750 ACBPS officers have such plans in place.

A dedicated approach to leadership is driving reform and creating an environment where senior leaders are 'leading by example'. Furthermore, Senior Executive Service (SES) leadership behaviours, responsibilities and accountabilities are clearly defined with leadership charters developed for all SES employees.

## Senior women in the APS

Overall, the majority of the APS workforce is female (58.0% of the total workforce and 57.6% of the ongoing workforce). As noted in previous State of the Service reports, however, this representation declines the more senior the position. As at 30 June 2014, women comprised 39.6% of the total Senior Executive Service (SES) (up from 39.2% in 2013) and 40.1% of ongoing SES (up from 39.7% in 2013).

Similar to 2013<sup>4</sup>, agencies were asked in 2014 to report on the representation of women in the most senior ranks of their organisation in a manner similar to that recommended to

<sup>4</sup> Data in this section may differ slightly from that published in the *State of the Service Report 2012–13* due to post publication data corrections.

Australian Securities Exchange (ASX) 200 companies by Male Champions of Change.<sup>5</sup> Rather than reporting by classification level, such as SES Band 2 or SES Band 3, agencies reported by level of hierarchy:

- agency head
- direct report to agency head (AH –1)
- direct report to those who direct report to the agency head (AH –2).

Of the 98 agencies with an independent agency head, 29% were women, up from 27% last year.<sup>6</sup> This compares favourably with the percentage of women on ASX 200 boards (18.3% as at 31 August 2014).<sup>7</sup>

Considering agency size, small and medium agencies were slightly more likely to have a female agency head (30% and 29% respectively), than large agencies (26%). Large agencies, however, increased their representation of women in their senior leadership groups at agency head and AH –1 levels, with a notable increase in the proportion of female agency heads of large agencies. Table 5.1 shows this data for all three leadership groups by agency size, for 2012–13 and 2013–14.

Agency size	Agency head (% female)		AH –1 (% female)		AH –2 (% female)	
	2013	2014	2013	2014	2013	2014
Small	28	30	42	38	57	49
Medium	30	29	43	41	51	50
Large	18	26	30	35	42	41

This data is included by agency in Appendix 5 and, similar to last year, shows female agency heads were more likely than their male counterparts to have direct reports that were also women. That is, of the 29 female agency heads, 44% of their direct reports were women (compared to 45% in 2013). The proportion of women reporting directly to male agency heads was 36% (compared to 37% in 2013).

<sup>5</sup> The Male Champions of Change is a group of Australian Chief Executive Officers and chairpersons brought together by the Human Rights Commissioner to elevate the issue of women's representation in leadership to the national agenda.

<sup>6</sup> In 2013, there were 101 agencies with an independent agency head.

<sup>7</sup> Australian Institute of Company Directors 2014, *Appointments to S&P/ASX 200 Boards*, Statistics, Director Resource Centre, Australian Institute of Company Directors, viewed 2 October 2014, <<http://www.companydirectors.com.au>>.

## Department of the Treasury: Women in leadership

**Beginning in May 2011, the Department of the Treasury (Treasury) Executive Board considered the results of analysis of the recruitment, retention and progression of women in the department, including the results of widespread staff consultations. The work found that a range of subtle, cultural and behavioural issues were impeding women's progress in Treasury and that time and leadership committed to change were needed to tackle this. It was apparent that action on multiple fronts was needed, driven from the top.**

The Treasury launched the *Progressing Women initiative* in early 2012, which includes:

- developing a comprehensive suite of strategies aiming to build an inclusive culture and workplace for women and men, encourage greater diversity and ensure all employees of merit were given opportunity to progress
- positioning *Progressing Women* as a mainstream business imperative
- making the Secretary and Executive Board accountable for the initiative's success
- establishing a formal Inclusive Workplace Committee comprising Treasury internal members and two non-APS members
- adopting innovative approaches to flexible work, job design and work allocation
- providing appropriate training and development, including on topics such as 'unrecognised bias'
- reviewing the performance management system

- establishing and implementing key performance indicators; including a target of 35% female representation in the Treasury's Senior Executive Service (SES) by 2016 (with a longer-term target of 40%).

The Secretary has also played a key role in the Male Champions of Change group and has been a public advocate for organisational change across the economy. By raising public attention on women's success, the Secretary also communicated the cost of failure for the Treasury if it fails to deliver sustained change.

### 2014 progress updates

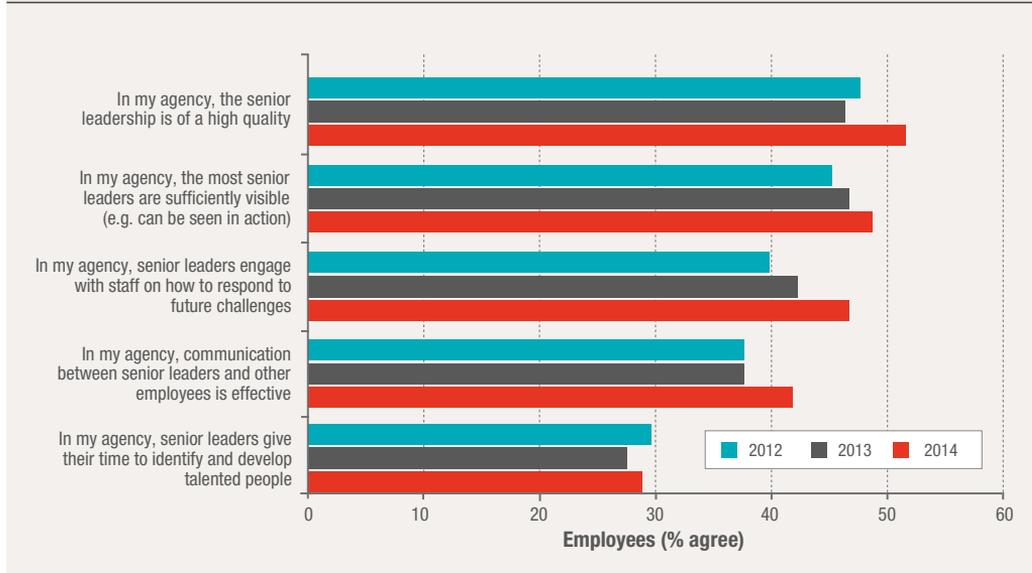
- Periodic reporting by each of the Treasury's five groups has led to deeper, more mature analysis and open conversations ('calling behaviour') and shared accountability for outcomes across and within each group.
- The 'If not, why not' flexible work policy was launched earlier in 2014.
- The rollout of unrecognised bias training continued.
- A cultural audit began in August 2014 to assess progress, including on removal of barriers to career progression of women in the department.
- Changes to the Treasury's performance management system are underway to refresh the behaviours to reward and recognise.
- Broader conversations about inclusiveness and diversity, beyond the lens of gender, are evolving.

## Employee perceptions of senior leadership

Using the APS Employee Census (employee census), employee perceptions of their senior leaders can be tracked over time. Figure 5.1 shows three years of employee census data relating employee satisfaction with senior leader behaviours. While there remains room for improvement, results for 2014 show significant gains in some areas.

**Figure 5.1.** Employee perceptions of senior leader behaviours, 2012 to 2014

Source: Employee census



In previous State of the Service reports, the positive relationship between senior leadership behaviour and employee engagement was clearly demonstrated; in particular in relation to senior leader visibility and engaging with employees on future challenges.<sup>8</sup> Given this relationship, the continuing increases in employee satisfaction with these aspects of senior leader behaviour are positive.

## Leadership and employee engagement

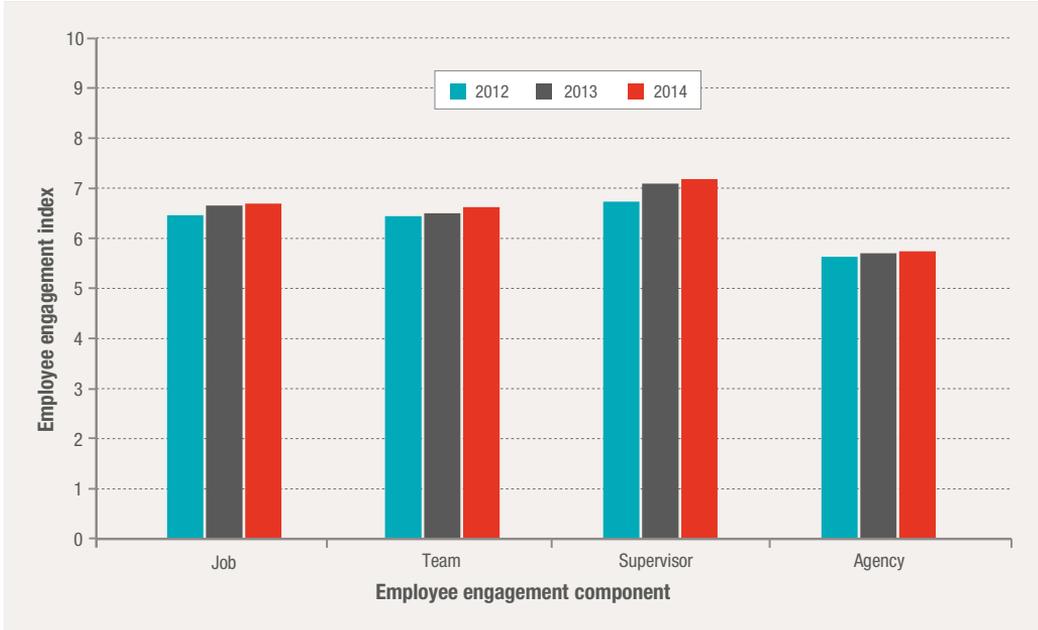
The positive relationship between leadership and employee engagement has been established over the past three years through the APS Employee Engagement Model. The way leadership is practiced and management expertise is applied can have a substantial positive or negative effect on employee engagement with the workplace.

Figure 5.2 compares employee engagement scores from 2012 to 2014. Overall, 2014 levels of workforce engagement were slightly higher than 2013 and results show a positive trend over the three years. Importantly, the marked rise in supervisor engagement reported in 2013 has increased slightly.

<sup>8</sup> See, for example, Australian Public Service Commission 2013, 'Chapter 2 Leadership and culture' in *State of the Service Report 2012–13*, Commonwealth of Australia, Canberra.

Figure 5.2. APS employee engagement, 2012 to 2014

Source: Employee census



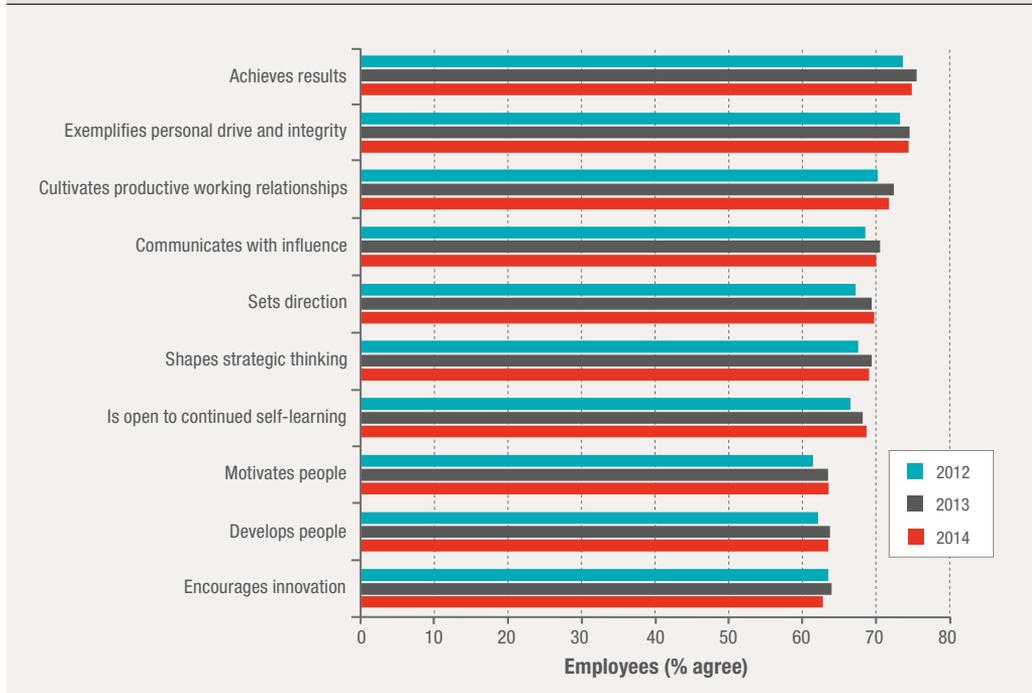
### Perceptions of immediate supervisor performance

Overall, employee satisfaction with immediate supervisors remained high in 2014. Seventy-eight per cent of employees agreed with the statement ‘I have a good immediate supervisor’, up from 73% in 2013.

Figure 5.3 shows employee satisfaction with immediate supervisor capabilities over three years. The improvements made across all immediate supervisor capabilities in 2013 were largely maintained in 2014. These results were achieved in an environment of considerable structural and functional change across the APS, and when considered with the improvements in satisfaction with senior leadership reported earlier, this is a positive result.

**Figure 5.3.** Employee perceptions of immediate supervisor behaviours, 2012 to 2014

Source: Employee census



This year, for the first time, the employee census tested a measure of transformational leadership.<sup>9</sup> Thirty years of research has shown that leadership, and specifically whether leadership is transformational or transactional, predicts a wide variety of performance outcomes, including individual, group and organisational-level variables.<sup>10</sup> Transformational leaders inspire those around them to change expectations, perceptions and behaviour and work together toward a common goal. The behaviours associated with transformational leadership include identifying and articulating a vision, providing an appropriate model, fostering the acceptance of group goals, setting high performance expectations, providing individualised support to employees and providing intellectual stimulation. These behaviours formed the basis of the measure of transformational leadership included in the 2014 employee census.

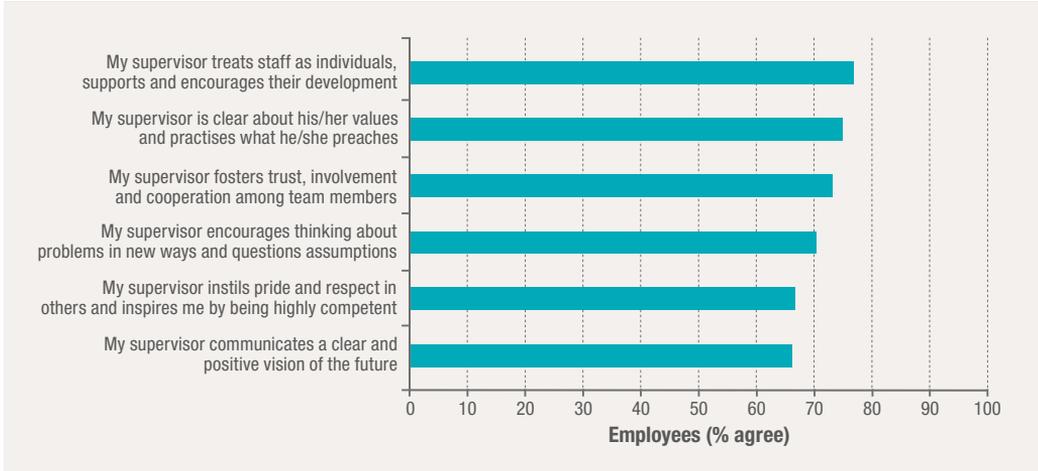
While more work is required to refine the measures of transformational leadership tested in this year’s employee census and better align them with the leadership model used in the APS, Figure 5.4 shows that more than two-thirds of APS employees agreed their supervisors demonstrate transformational leadership behaviours.

<sup>9</sup> Burns, JM 1978, *Leadership*, Harper and Row, New York.

<sup>10</sup> Bass, B & Bass, R 2008, *The Bass Handbook of Leadership: Theory, Research, and Managerial Applications*, (4th edn), Free Press, New York.

**Figure 5.4.** Employee perceptions of supervisor transformational leadership behaviours, 2014

Source: Employee census



The measure of transformational leadership included in the employee census shows a strong positive relationship with all four components of the APS Employee Engagement Model—job, team, supervisor and agency—with the strongest of these being the supervisor and team components.<sup>11</sup> This suggests that leadership practices reflecting transformational behaviours can have a positive impact on employee engagement and, thereby, performance and productivity.<sup>12</sup>

The measures of transformational leadership tested across the APS are broadly consistent with the leadership behaviours highlighted in the leadership and core skills strategy. For example, the leadership and core skills strategy emphasises leadership practices such as diagnosing challenges, testing assumptions, encouraging divergent thinking, and demonstrating moral courage and independent judgement.

Leadership in the APS is not just the responsibility of senior public servants. All APS employees are responsible for practicing leadership, whether having the courage to raise a missing perspective, point out contradictions and/or reinforce the APS Values. In the current environment especially, the APS requires sophisticated leadership practice at all levels. The results presented in Figure 5.4 suggest a good foundation from which to continue to develop this requirement.

## APS performance culture

Organisational capability arises from the way in which an agency's culture, structures, systems and processes combine to deliver productive outcomes. When practising leadership in the APS, the key is to create and sustain agencies with a productive culture, within the framework of the APS Values. The APS Values implemented on 1 July 2013 are a mix of performance and

<sup>11</sup> Job 0.421; team 0.587; supervisor 0.683; and agency 0.448.

<sup>12</sup> Australian Public Service Commission 2011, 'Appendix 3: The development of the Australian Public Service Employee Engagement Model' in *State of the Service Report 2010–11*, Commonwealth of Australia, Canberra.

ethically-based values. They recognise the multiplicity of duties of public servants as well as accountability to the Australian Government and the broader public interest.

The APS has a long history of emphasising high standards of professionalism and ethical behaviour as a central component of public service culture. Public servants exercise authority on behalf of the Australian Government and in doing so manage significant financial resources. The actions of those working in the APS have a direct impact on the lives of the Australian public and the confidence they have in government. Government and the public, quite rightly, demand high standards of behaviour and ethical conduct from the people entrusted with this responsibility. It is partly in recognition of this that Section 35 of the *Public Service Act 1999* requires SES employees to promote the APS Values and Employment Principles and comply with the Code of Conduct—by personal example and other means.

The *State of the Service Report 2012–13* included discussion on leadership and ethical behaviour, highlighting that APS employees consistently support the view that their senior leaders, immediate supervisors and colleagues act in accordance with the APS Values. Results from the 2014 employee census show the trend continuing, with the large majority of employees agreeing their peers (91%), supervisors (90%) and senior leaders (74%) often or always act in accordance with the APS Values.

These results notwithstanding, it is clear that inappropriate agency cultures have contributed to performance shortcomings in the recent past in the APS (as evidenced by reviews such as those conducted by the Australian Commission for Law Enforcement Integrity and the Royal Commission into the Home Insulation Program [HIP]).<sup>13</sup> The HIP Royal Commission, which reported in August 2014, found that many of the shortcomings in the programme were the result of failures by senior APS managers, including failure to provide candid advice to Ministers, a lack of subject-matter expertise and failure to provide the necessary leadership.

Despite the attention given to managing culture in the APS, there have been few attempts to describe or measure it; rather, the practice has been for agencies to adopt and adapt models developed predominantly for the private sector. The APS has unique cultural characteristics and private sector models are often not a good fit as a descriptive or explanatory tool. For example, in the 2013 employee census, the Commission tested a commonly used organisational culture model and found that the measurement framework was not a good indicator of culture in a public service context. This year, the Commission developed a model for understanding and assessing performance culture in the APS that adapted a well-known framework but relied on a measurement approach that is consistent with the APS environment.

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<sup>13</sup> Australian Commission for Law Enforcement Integrity 2013, *Operation Heritage—a joint investigation of alleged corrupt conduct among officers of the Australian Customs and Border Protection Service at Sydney International Airport (Interim Report)*, Investigation Report 02/2013, Commonwealth of Australia, Canberra; Hanger, I 2014, *Report of the Royal Commission into the Home Insulation Program*, Commonwealth of Australia, Canberra; Scales, B 2014, *Independent Audit NBN Public Policy Processes*, Audit report presented to the Hon Malcolm Turnbull MP. Documents presented out of sitting (Senate) and tabled 4 August 2014.

## Understanding APS performance culture

Culture, often referred to colloquially as ‘the way we do things around here’, is among the most difficult organisational attributes to measure and change. The idea of organisational culture carries within it underlying assumptions that are often so deeply embedded as to be unconscious, hidden and taken for granted.<sup>14</sup> Consequently, any measurement of organisational culture tends to reflect the extent to which employees share a common perception of the policies, practices, procedures and behaviours through which culture is revealed.

In the APS, the APS Values provide a set of unifying themes that, regardless of organisational differences, bind the service in the way work is approached and delivered. Indeed Parliament saw them as providing the philosophical underpinning of the APS, articulating its culture and operating ethos.<sup>15</sup>

The Competing Values Framework offers a perspective on organisational performance culture that reflects the competing and sometimes contradictory pressures on employees to ensure organisational objectives are achieved.<sup>16</sup> While the APS Values are not explicit in this model of performance culture, they are implicit in all four main components and provide a reference point for choices between the possible responses to competing pressures.

The organisational Performance Culture Model (Figure 5.5) draws on the foundations of the Competing Values Framework. The elements of the model reflect the APS workplace and the underlying measurement in the model has been tested and validated through data collected in the 2014 employee census. Appendix 4 fully explains the model and methodology used to adapt it for use in the APS context.

The model uses two main dimensions to capture competing demands within an agency. The first describes the tension between meeting external delivery expectations and internal management; the second describes the tension between maintaining stability and adapting to changing circumstances. Within this structure, the model describes four areas of focus for organisational performance—task, innovation, process and people.

In relation to understanding the factors that improve organisational effectiveness, the model allows the APS to explore the relationships between agency culture, leadership and other outcome measures related to organisational performance. In this way it is useful in making sense of organisational culture in the APS as a whole and in its individual agencies. It is also useful for understanding, diagnosing and framing strategies to improve agency performance and productivity.

This is the first iteration of the model. The Commission will continue to refine the underlying measurement framework and expand the range of explanatory analysis over the coming year.

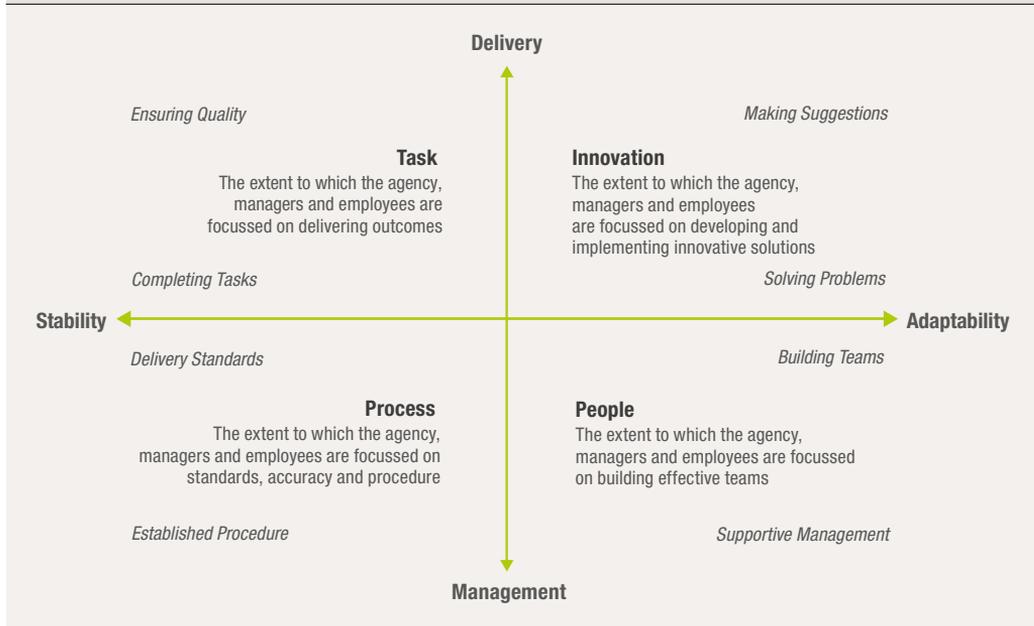
<sup>14</sup> Schein, EH 2004, *Organizational culture and leadership*, Jossey-Bass, San Francisco.

<sup>15</sup> Explanatory memorandum accompanying the Public Service Bill 1999, House of Representatives, 30 March 1999, para. 3.4, p. 19.

<sup>16</sup> Quinn, RE 1988, *Beyond Rational Management: Mastering the Paradoxes and Competing Demands of High Performance*, Jossey-Bass, San Francisco; Cameron, KS & Quinn, RE 2006, *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*, Revised Edition, Jossey-Bass, San Francisco.

**Figure 5.5.** A model for understanding APS performance culture

Source: The Commission

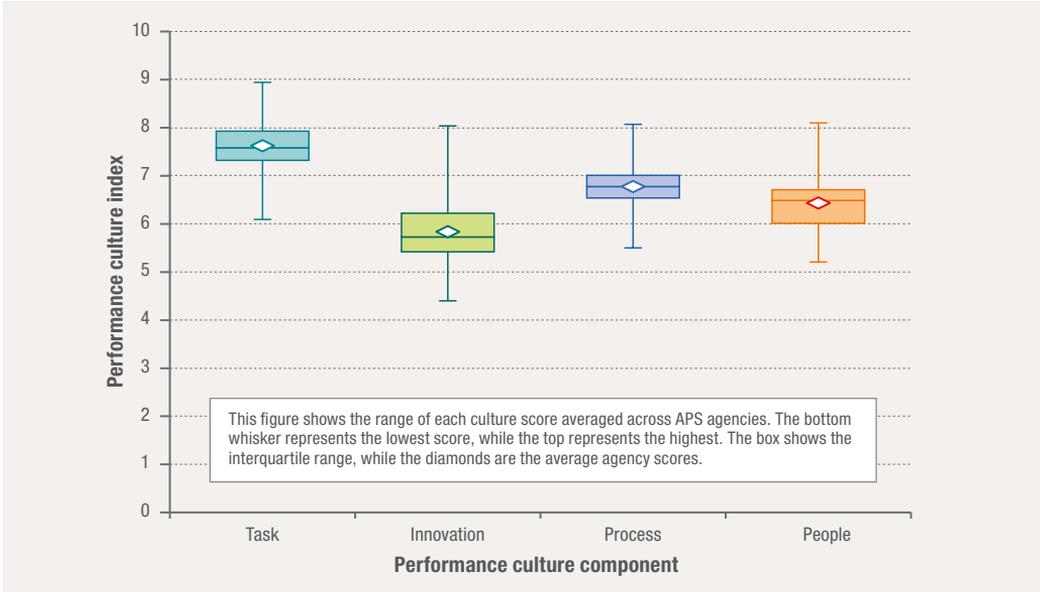


## Performance culture and leadership practice

Using the performance culture model, Figure 5.6 shows an APS performance culture profile averaged across all agencies for 2014. It shows that the APS overall places high emphasis on process and task. The people and innovation areas show slightly lower scores, but are broadly comparable. It also shows that, across agencies, the greatest variation in emphasis is on innovation while the emphasis on process is the most consistent. It should be noted, this model of APS performance culture provides neither a 'good' nor a 'bad' profile of organisational performance culture. It simply provides a view of employee perceptions of the extent to which each area is emphasised across the APS.

Figure 5.6. APS performance culture, 2014

Source: Employee census

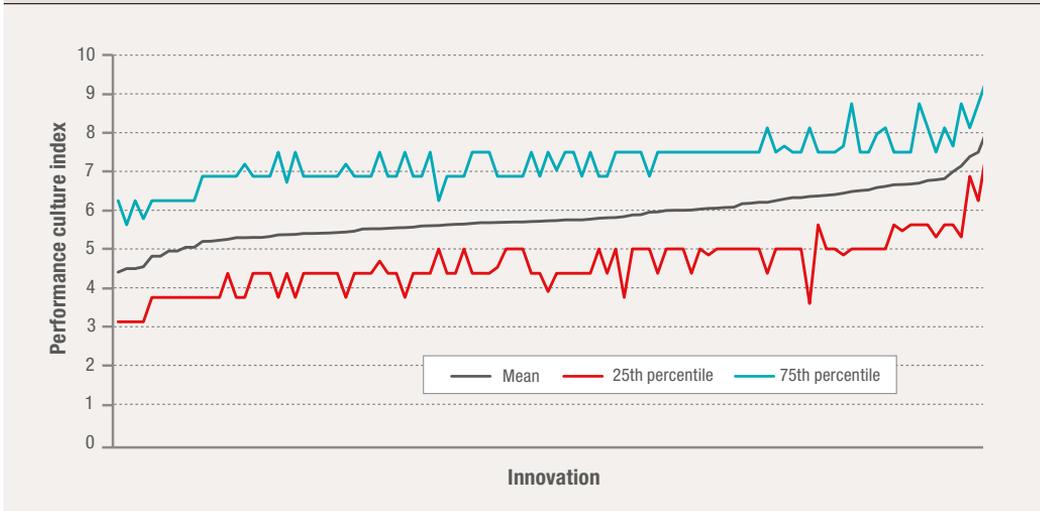


Caution is needed in drawing definitive conclusions from the results presented in Figure 5.6. The APS comprises 113 individual agencies that vary considerably in terms of function. Descriptions at the agency level are likely to be more valid.

For example, Figure 5.7 shows results for all agencies against one area of the performance culture model—innovation. Agencies were ranked lowest to highest in terms of the emphasis employees believe the agency places on innovation. Results show a high degree of variability across the APS but also considerable variability in employee perceptions within individual agencies.

Figure 5.7. APS performance culture—Innovation for all agencies, 2014

Source: Employee census

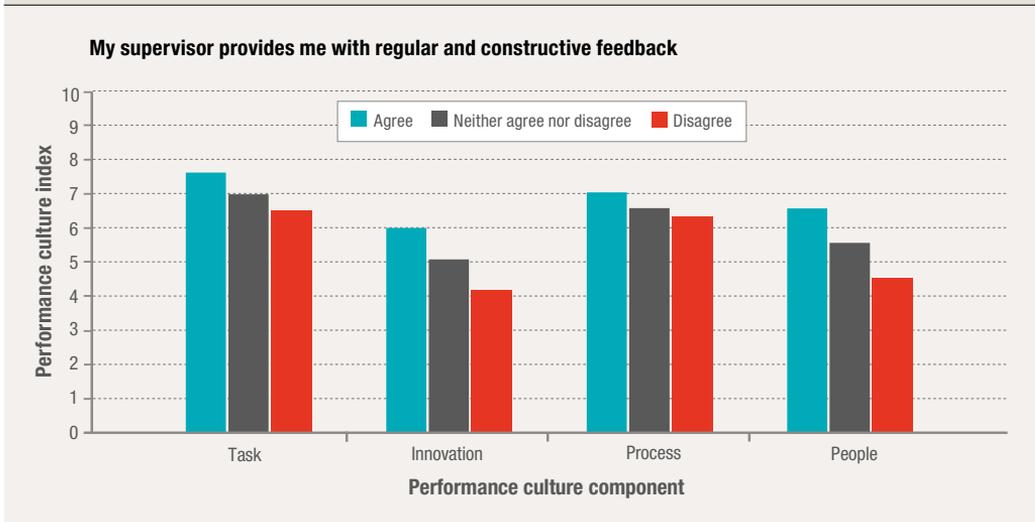


## Leadership practice and performance culture

The quality of leadership practice and management expertise in an organisation has a substantial positive (or negative) effect on workforce performance. Sophisticated leadership can substantially enhance employee engagement, influencing the extent to which employees contribute to team and organisation productivity through the effort applied to completing tasks and contributing to building positive relationships within the team. Moreover, leadership that supports innovation has been positively related to productive team behaviours and negatively related to absenteeism.<sup>17</sup>

Figure 5.8 shows the positive relationship between immediate supervisors providing regular feedback and all four focus areas of performance culture for 2014. Employees who agreed their immediate supervisor provided regular feedback on performance had a more positive view of their agency’s culture than those who disagreed. Importantly, the largest effect was on the areas of people and innovation.

**Figure 5.8.** The relationship between performance culture and feedback from immediate supervisors, 2014 Source: Employee census

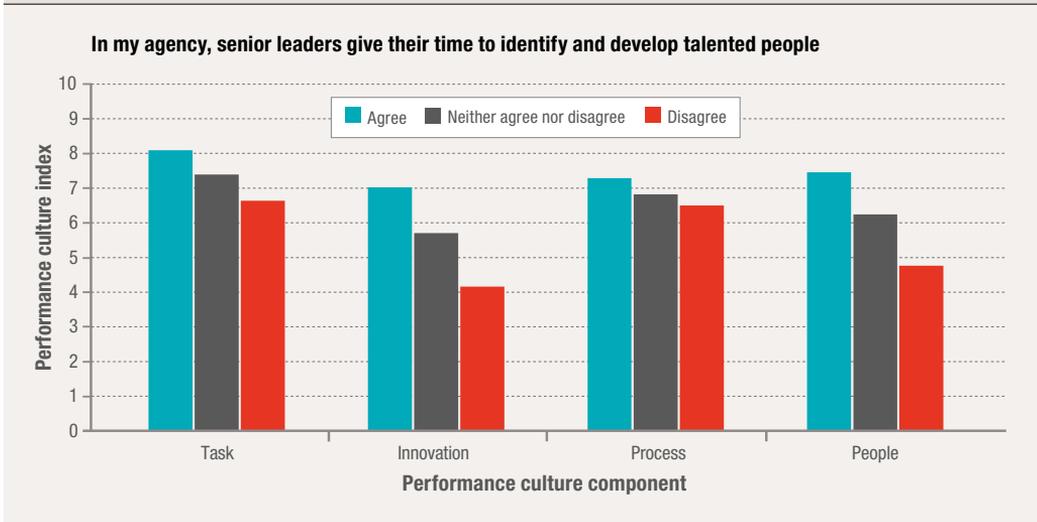


A similar effect can be seen in the extent to which senior leaders invest time in developing employees. Figure 5.9 shows a strong positive effect overall with the largest effect demonstrated in the extent to which the agency is seen to prioritise the focus areas of people and innovation, in particular, innovation.

<sup>17</sup> Richardson, HA & Vandenberg, RJ 2005, 'Integrating managerial perceptions and transformational leadership into a work-unit level model of employee involvement', *Journal of Organizational Behavior*, vol. 26, no. 5, pp. 561–589.

**Figure 5.9.** The relationship between performance culture and development from senior leaders, 2014

Source: Employee census



These two leadership behaviours demonstrate the very strong relationship between leadership practice and the areas of organisational performance culture measured using the model described in this chapter. Significantly, people and innovation relate to the broader dimension of adaptability. The strong positive relationship between leadership and the cultural dimension of organisational adaptability seems to confirm the direction and investment in leadership across the APS through the leadership and core skills strategy.

## APS leadership and core skills strategy

The Strategic Centre for Leadership, Learning and Development (the Strategic Centre) was established in July 2010 to improve leadership development and talent management across the APS, enhance core and management skills learning, and improve the efficiency of the APS learning and development system. In implementing its agenda, the Strategic Centre works on behalf of the entire APS. It uses a collaborative whole-of-APS approach that draws on the expertise and experience of agencies to achieve outcomes.

The Strategic Centre's programme of work is informed by an APS-wide learning strategy, which identifies capability and skills development requirements that are common across APS agencies. The most recent iteration, the *APS Leadership and Core Skills Strategy Refresh 2014–15* (the leadership and core skills strategy refresh) builds on work started in 2011 and continued in 2012–13, including an emphasis on personal responsibility and accountability (Chapter 9). It emphasises:

- leadership practices—mobilising employees to make progress on challenges and thrive
- management expertise—the use of formal authority and processes to complete tasks
- core skills—specific skills essential to the public service and of relevance to all public servants.

While the leadership and core skills strategy refresh distinguishes between management and leadership for the purposes of capability development, in daily practice leadership and management are applied in tandem. To date, SES leadership and talent development programmes have been implemented. These aim to build a common leadership culture and practice at the most senior levels of the APS. In 2014–15, the focus on leadership practice will be extended to the Executive Level 2 group. Significant progress has also been made in implementing management expertise and core skills priorities.

## Implementing the APS leadership and core skills strategy

The Strategic Centre's programme of work is performed on behalf of the Secretaries Board. Its investment in leadership practice, management expertise and core skills has always been guided by learning strategies (the *APS Leadership Development Strategy 2011*, the leadership and core skills strategy and the leadership and core skills strategy refresh).

The 2014 State of the Service Agency Survey (agency survey) was used to provide a baseline against which the implementation of the leadership and core skills strategy could be assessed. Agencies were asked to indicate if their investment in leadership, learning and development was linked to the leadership and core skills strategy. Forty per cent (covering 48% of the workforce) indicated that learning and development investment was linked to the leadership and core skills strategy for the whole agency, while 18% (covering 39% of the workforce) indicated it was linked to part of the agency. Forty-two per cent of agencies (covering 12% of the workforce) indicated that learning and development investment was not linked to the leadership and core skills strategy.

Agencies were also asked to indicate if the leadership and core skills strategy influenced their internal approach to learning and development. Sixty per cent of agencies (covering 73% of the workforce) influenced by the leadership and core skills strategy indicated they had aligned internal leadership development approaches to the leadership and core skills strategy. Another 33% (covering 30% of the workforce) had adopted the leadership and core skills strategy's frameworks and 31% (covering 41% of the workforce) had developed a complementary internal strategy or realigned an existing one.

Agencies also reported reduced effort on the development of internal learning programmes to leverage APS-wide learning materials being made available for core and management skills programmes. Forty per cent of agencies (covering 40% of the workforce) indicated reduced effort in developing core and foundations skills programmes to make use of APS-wide programmes, while a further 24% (covering 37% of the workforce) reported reduced effort developing management expertise programmes to use APS-wide products.

The Strategic Centre is in the early stages of implementing APS core and management skills offerings, with a number of APS-wide programmes available to agencies. As APS-wide products continue to be progressively designed, developed and released, it is expected that additional agencies will reduce or redirect their internal programme development efforts over time.

The agency survey also asked agencies to indicate the greatest challenges they faced implementing and/or progressing APS core skills learning programmes. Key challenges identified were internal agency learning and development capability and difficulties mapping leadership and core skills strategy capabilities to local agency requirements. In addition, a number of agencies are undertaking rigorous strategic planning processes to consider how core skills learning materials can be used as a strategic capability development tool following the 2013–14 machinery-of-government changes.

To assist agencies to overcome the challenges of implementing APS-wide core and management skills learning programmes internally, the Strategic Centre is providing direct implementation support. This includes support on mapping APS-wide programmes to agency capability requirements, tailoring APS-wide products to individual agency contexts and assisting agency learning and development areas to transition internal arrangements to support contemporary learning programmes that require multiple interventions.

Support offered to agencies is tailored to their individual circumstances and coordinated across the Commission's Panel Services and Strategic Centre resources. Opportunities also exist for agencies to be connected where they are facing similar implementation challenges.

## What does this tell us about the state of the service?

The quality of leadership practice and management expertise in the APS is central to the delivery of the transformational change required by government and citizens. There is a strong positive relationship between leadership practice and engagement that has been maintained over the year. Additionally, there has been a trend increase in employee engagement and satisfaction with immediate supervisors over the past three years.

While this year has also seen improvements in satisfaction with senior leader capabilities, the findings of the Capability Reviews indicate there remains considerable work to be done in fostering collaboration amongst APS senior employees and across the service.

The HIP Royal Commission reported shortcomings in senior APS leaders in relation to good governance and providing 'frank and fearless' advice, particularly in relation to risk management. The APS Values bind the service in the way work is approached and delivered. All APS employees have the responsibility to practice leadership; in particular, having the courage to raise a missing perspective or to point out contradictions. So, while satisfaction with senior leaders has improved in some key measures, other concerns have been raised that must be addressed.

The leadership and core skills strategy refresh provides a focus on the leadership practice and management expertise required across the APS in a period of transformational change. The findings reported here reinforce the central direction of the leadership and core skills strategy and offer areas for further consideration. Overall, in a period of considerable uncertainty and change for the APS, the quality of leadership practice remains high but there are some important areas of weakness that must be addressed.