



AUSTRALIAN
SCHOOL OF BUSINESS™
THE UNIVERSITY OF NEW SOUTH WALES



Leadership, Culture and Management Practices of High Performing Workplaces in Australia

Indicative Guidelines through Case Studies of High and Mid Performing Workplaces



Society for Knowledge Economics

A study funded by the Department of Industry, Innovation, Climate Change,
Science, Research and Tertiary Education

Draft for Consultation and Feedback

Published by the Society for Knowledge Economics.

April 22, 2013



Authored by Boedker C., Bogg, P., Chong, K.M. and Mouritsen J.
Draft Published April, 2013.

The text, data and content in this online report may be reproduced providing that it is appropriately represented and referenced and not used in a misleading context. If any material in this document is reproduced, it must be fully referenced, the authors of the document listed in full, the title of the document specified, and the UNSW copyright acknowledged.

Where any third party material has been referenced you will need to obtain permission from the parties concerned.

For any other use of this material please write or e-mail the authors of the report, as follows:

The University of New South Wales
Australian School of Business
Kensington, New South Wales 2052
Sydney, Australia
Email: paulb@unsw.edu.au
Website: www.unsw.edu.au

This project has been funded by the Australian Government Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education through the Workplace Innovation Program and the Society for Knowledge Economics, 2009.

This is a peer reviewed publication. This publication is published for free as an online report.

Published by the Society for Knowledge Economics, Sydney, Australia, 2013.

ISBN: 978-0-9775436-4-9

© University of New South Wales, 2013.

CONTENTS

1. INTRODUCTION AND BACKGROUND	4
2. HIGH PERFORMING WORKPLACES	4
3. DRIVERS OF WORKPLACE PERFORMANCE	5
4. FIVE AUSTRALIAN ORGANISATIONS: IMPROVING WORKPLACE PERFORMANCE	6
5. LEADERSHIP – CASE STUDY OF STATE WATER CORPORATION	7
AUTHENTIC LEADERSHIP	7
HOW DO YOU RATE AS AN AUTHENTIC LEADER?.....	8
DEVELOPMENTAL ORIENTATION	9
HOW DO YOU RATE IN THE AREA OF DEVELOPMENTAL ORIENTATION?.....	10
PEOPLE MANAGEMENT	11
HOW DO YOU RATE IN THE AREA OF PEOPLE MANAGEMENT?	12
6. INNOVATION – CASE STUDY OF ACQUIRE TECHNOLOGIES	13
WHAT IS INNOVATION?	13
HOW DOES YOUR ORGANISATION RATE IN THE AREA OF MEASURING INNOVATION?.....	14
SUPPORTING INNOVATION – TRANSFORMING NEW IDEAS INTO PRACTICE.....	15
HOW DOES YOUR ORGANISATION RATE IN THE AREA OF INNOVATION SUPPORT?	16
7. CUSTOMER ORIENTATION – CASE STUDY OF MICROSOFT	17
WHAT IS CUSTOMER ORIENTATION?.....	17
DEVELOPING A CUSTOMER CENTRIC CULTURE: NEW MENTAL MODELS	17
INSTILLING LONGEVITY OF CUSTOMER-ORIENTATION	19
HOW DOES YOUR ORGANISATION RATE IN THE AREA OF CUSTOMER ORIENTATION?	20
8. FAIRNESS	21
WHAT IS FAIRNESS?.....	21
HOW DOES YOUR ORGANISATION RATE IN THE AREA OF FAIRNESS?	22
9. EMPLOYEE EXPERIENCE – CASE STUDY OF SERVICE SKILLS AUSTRALIA	24
EMPLOYEE COMMITMENT.....	24
HOW COMMITTED ARE YOU TO YOUR ORGANISATION?	26
EMOTIONS AT WORK	28
HOW DO YOU FEEL ABOUT YOUR ORGANISATION?.....	29
10. THE PARTICIPANT ORGANISATIONS: WORKPLACE PERFORMANCE.....	31
APPENDIX A: RESEARCH METHODS.....	34
APPENDIX B: FIRM PARTICIPATION IN THIS STUDY	35

1. Introduction and Background

The High Performing Workplace (HPW) Index report released by the Society for Knowledge Economics in October 2011 surveyed 77 Australian organisations and identified key attributes of workplace leadership, culture and management practices that impact on firm productivity and profitability. This and previous studies have suggested that to lift Australian productivity in forthcoming decades, executives, policy makers and others need to direct more focus at the leadership and management practices of Australian workplaces.

The third and final phase of the 3 year HPW project tracks five organisations surveyed in the initial phase in their progression towards improving performance. This document:

1. Identifies drivers of workplace productivity and performance.
2. Illustrates using case studies what organisations can do to lift workplace performance.
3. Provides check lists with questions that managers and employees can ask to assess performance.
4. Reports on performance improvements in five participating organisations.

These Guidelines are indicative in the sense that they offer opportunity for further testing and development. This is a draft publication and we welcome your feedback on the content. Please email paulb@unsw.edu.au.

2. High Performing Workplaces

The 2011 High Performing Workplace Index report found that:

- 1) High performing workplaces are 12% more productive than low performing workplaces.
- 2) High performing workplaces are nearly 3 times more profitable than low performing workplaces.

High performing workplaces earn on average \$40,051 more in profit per full time employee, per annum (see Table 1).

Table 1: Profit Margin Difference between Low and High Performing Workplaces

	Profit Margin (%)	Profit (\$) Per FTE
Low performing workplaces	5.44%	\$37,634
High performing workplaces	15.62%	\$77,684
Profit margin differences between LPWs and HPWs	10.18%	\$40,051

3. Drivers of Workplace Performance

The key drivers of profitability and productivity identified in the 2011 HPW Index report in order of strength of correlation are:

- Leadership
- Innovation
- Customer Orientation
- Fairness
- Employee Experience

Each of these drivers has positive correlations with workplace performance. The correlations with profitability and productivity are shown in Table 2. These correlations are *associations*, and these should not be interpreted as cause and effect relationships.

Table 2: Correlations with Profitability & Productivity

	Innovation	Employee Experience	Fairness	Leadership	Customer Orientation	Profitability and Productivity
Innovation	1					
Employee Experience	.306** (p = .007)	1				
Fairness	.284* (p = .012)	.781*** (p < .001)	1			
Leadership	.437*** (p < .001)	.787*** (p < .001)	.758*** (p < .001)	1		
Customer Orientation	.343** (p = .002)	.735*** (p < .001)	.689*** (p < .001)	.649*** (p < .001)	1	
Profitability and Productivity	.396*** (p < .001)	.268* (p = .018)	.286* (p = .012)	.424*** (p < .001)	.300** (p = .008)	1

4. Five Australian Organisations: Improving Workplace Performance

We followed five Australian organisations over 12 months as they implemented change initiatives with the aim to lift workplace performance. All organisations participated in the original 2011 HPW Index study (see Section 10 for an overview of the original results).

These organisations include a large, multi-national organisation, a smaller Australian-owned organisation, a membership association and two public sector organisations, as follows:

- Microsoft Australia
- Acquire Technologies
- Association of Superannuation Funds of Australia
- Service Skills Australia
- State Water Corporation

Figure 1 below summarises the change initiatives implemented by the five organisations.

Figure 1: Change Initiatives Implemented by the Participating Organisations

Organisation	Change Initiatives	
Microsoft Australia	Developing a customer-oriented culture	
acQuire Technologies	Process innovation for better sales forecasting	
Association of Superannuation Funds of Australia	Improving customer-orientation	
Service Skills Australia	Improving employee experiences through leadership and culture strategy	
State Water Corporation	Improving employee participation and leadership	

**Improving
Workplace
Profitability &
Productivity**

What follows are case studies of the participating organisations. Each case includes a checklist with questions that managers and employees may ask to assess their own performance.

5. Leadership – Case Study of State Water Corporation

Leadership is a process whereby one person exerts influence over another in an attempt to guide, influence and facilitate activities and relationships in a team or in an organisation. Nevertheless, there are differences in opinion among scholars over a number of leadership aspects, such as, who exerts the influence, the intended beneficiary of the influence, the manner in which the influence is exerted, and the outcome of the influence attempted.

In HPWs, leaders are *authentic*, have a strong *developmental orientation* and *prioritise people management* as a key priority.

Authentic Leadership

Authentic leaders are understood to know the goals for the future, to be clear about the importance of those goals, and to show integrity in how they conduct themselves and carry out their leadership activities. This concerns a leader's ability to formulate and communicate a compelling vision and persuade the workforce that the organisation's direction into the future is promising and convincing. When authentic leadership is in place, employees trust their supervisors and their ability to realise compelling visions of the future. Authentic leaders also focus on increasing people's belief in shared goals and values. They come across as credible individuals, who "walk the talk", "live the values" and "practice what they preach". Authentic leaders are receptive to feedback, even criticism, and see this as a learning opportunity to improve their leadership skills.

State Water Corporation's New Strategy

New Chief Executive Officer, Brett Tucker, called for change to unite the organisation. As an authentic leader, Brett inspires employees towards embracing change:

- *Compelling Vision* – State Water was in threat of returning to government ownership. Now the organisation works to solidify its independence and stimulate growth into the future.
- *Metaphors and Living the Values* – Brett's motto is "*let's stand on the balcony and look into the future.*"
- *Credible and Competent Leader* – Brett was once one of State Water's biggest customer. He understands the customer's perspective.
- *Receptive to Feedback & Criticism* – on talking about the new corporate plan, Brett encourages employees to speak up: "*If you believe it is the wrong approach or strategy, speak up*", "*The only stupid comment is the one that you don't make*".

How do You rate as an Authentic Leader?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your performance as an authentic leader.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your performance.
3. Record your score for each question in the column to the right.
4. Add up your scores to get a total score.

Questions:

	Strongly disagree			Strongly Agree				
	1	2	3	4	5	6	7	Score
I have a clear vision or goal for the future of this organisation								
I am clear about my values and demonstrates the values								
I am highly competent in my role as a leader of the organisation								
I respond well to feedback and criticism								
Your Score								/ 28

Developmental Orientation

Leaders in HPWs have a high level of *developmental orientation* with clear preferences for experimentation and the delegation of responsibility and leadership opportunities. Such leaders focus on increasing staff involvement in decision making and on fostering collaboration. Leaders provide intellectual stimulation by encouraging creative problem-solving and by giving employees at all levels the opportunity to champion and lead change. HPWs are in this regard workplaces where not only managers implement initiatives; instead, there is significant delegation along this path. In other words, the role of leadership is to provide a collective future where it is possible for many to participate in its realisation.

Leaders in networked organisations recognise that they are not omniscient and that they require input from followers to maximise decision and performance effectiveness. There is a persuasive argument that higher performing workplaces are those where all employees are encouraged, enabled and motivated to contribute to their full potential. As such, a leader is not necessarily determined by his or her position in the organisational hierarchy but rather by his/her capacity to champion a given

State Water Corporation – Involving staff in decisions

The CEO and senior management foster employee involvement in the new corporate plan:

- *Fusion Day* – workshops where employees are involved in defining strategies and actions for the new corporate plan, fostering collaboration and enabling many voices to be heard.
- *Roadshow* – executives travel to employee sites for Q&A sessions and receive feedback on the new corporate plan from all employees.
- *Yamma* – an internal social network is created for all employees to engage in open discussion about the new corporate plan.
- *Casual Social Events* – before the Fusion Day workshop, an informal social dinner is held allowed employees to feel at ease with discussing their thoughts and feelings.

agenda, have a vision and implement this to affect change for the benefit of the organisation and its customers. Staff who are supported in their innovation ambitions are likely to be more creative because they are given support to “try out new things”.

Importantly, leaders with a high degree of developmental orientation provide ample recognition to, and acknowledge employees who excel at work. This might be in the form of accolades, prizes, or by simply saying thank you or by sharing success stories with the rest of the organisation.

How do You rate in the area of Developmental Orientation?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your performance as an authentic leader.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your performance.
3. Record your score for each question in the column to the right.
4. Add up your scores to get a total score.

Questions:

	Strongly disagree			Strongly Agree				
	1	2	3	4	5	6	7	Score
I support and encourage staff development and learning								
I give recognition and acknowledgement to staff								
I foster involvement and cooperation among staff								
I am innovative and encourage thinking about problems in new ways								
I give people opportunities to lead work assignments and activities								
Your Score								/ 35

People Management

People management is a key priority of leaders in HPWs. This is related to a leader's ability to support all employees (regardless of seniority, gender, religion and race) to "be the very best they can at work". Such a leader provides continuous feedback and mentoring. He or she spends much time in face-to-face conversations with staff and teams and is commonly available for "1-on-1 time". He or she is a person who shows genuine interest in and care for another person's growth opportunities and who truly cares about the members of their team. It is also a person who respects diversity and who is not afraid to provide frank feedback when necessary. Employees who perceive their leaders to provide individualised support generally trust their leaders more and are more committed and productive because they feel valued and experience less role conflict than do employees who receive less individual support.

People Management at State Water Corporation

State Water sought to build better people management capabilities in a couple of ways:

- *Developing leadership capabilities was made a focus areas in the new corporate plan*
- *Inspiring people to achieve* - State Water institutionalised new practices that inspired people to achieve
- *Face-to-face* - Brett Tucker CEO engaged in face-to-face discussions with employees about the new corporate plan
- *Dedicating time* - the executives dedicated time to this process and made it a strategic priority

Leadership undoubtedly has one of the biggest impacts on an individual's performance at work. It is in many cases the relationship between a supervisor and a staff member that determines the individual's performance at work, including his or her efforts, level of commitment to the organisation, intention to stay or leave, etc. Of a broad range of possible contributors to an individual's performance at work, strong leadership skills have consistently been recognised to be amongst the most important factors to consider.

How do You rate in the area of People Management?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your performance as an authentic leader.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your performance.
3. Record your score for each question in the column to the right.
4. Add up your scores to get a total score.

Questions:

	Strongly disagree			Strongly Agree				
	1	2	3	4	5	6	7	Score
I prioritise people management as a number one priority								
I spent most of my time at work motivating my staff								
My priority is to help my staff be the best they can be								
I support each individual to achieve his/her potential								
Your Score								/ 28

6. Innovation – Case Study of acQuire Technologies

What is Innovation?

When organisations innovate, they seek to develop new:

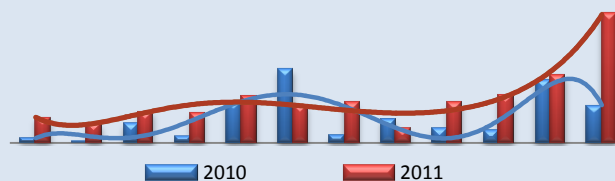
- 1) Services and products
- 2) Operational processes
- 3) Managerial methods and structures; and
- 4) Marketing methods.

Service and product innovation is often said to be associated with building new revenue sources and sustaining existing ones. Process and procedural innovations make the organisation more productive, whilst innovations in management methods (e.g. new strategies, organisational structures, joint ventures, etc.) can benefit the organisation in the long haul, for example, by repositioning the organisation in a competitive market space. Innovation in marketing methods concerns attempts by management to find new and novel ways to take services and products to market and new ways to communicate with and to customers.

acQuire Technologies – Operational Process Innovation

In 2010 and 2011, environmental market factors led to rapidly increasing sales demand at acquire Technologies. At end of each financial year, sales rapidly peaked, creating difficulties within the company:

“You can see that we had a massive risk problem in 2011, ... we ended up doing well, but look at that disproportion in that one month. What this caused was an enormous amount of problems in our implementation group because all of a sudden they had a tsunami of work.”



Their solution at acQuire was to improve their sales forecasting processes. An “agile project management methodology” was applied to their sales forecasting team to improve communication and information flows. Principles of Scrum Development were used (see the third break out box).

“The beauty of the agile project management methodology is that it’s fantastic with dealing with intangible outcomes”

After the success with forecasting and sales, they decided to implement this approach organisation-wide and “give it a go”. The changes proposed became part and parcel of how the organisation operates and engages people from the top right through to the front-line employee.

How does your Organisation rate in the area of Innovation?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your organisation innovation performance.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your organisation's innovation performance.
3. Record your organisation's score for each question in the column to the right.
4. Add up your organisation's scores to get a total score.

Questions:

**Strongly
disagree**

**Strongly
Agree**

	1	2	3	4	5	6	7	Score
Innovation - For each of the following categories, indicate the extent to which your organisation introduced innovations during the past 12 months								
Product or services - New or significantly changed products or services or a combination of these were introduced in our organisation								
Operational processes - New or significantly changed methods of producing or delivering goods or services (including changes in techniques, equipment, software etc) were introduced in our organisation								
Organisational/managerial processes - New or significantly changed strategies, structures, routines or change programs were introduced in our organisation								
Marketing methods - New or significantly changed design, packaging or sales methods were introduced in our organisation								
Your Organisation's Score								/ 28

Supporting Innovation – transforming new ideas into practice

Innovation succeeds in organisations that make an effort to support innovation. This rarely comes automatically and in HPWs there is more investment in innovation, more resources are used, and mechanisms are put in place to capture and encourage ideas from employees. Innovation sometimes requires organisations to take a chance and make mistakes.

In HPWs, innovation processes are organised from idea generation all the way through to prototyping/trialing new service development and commercialisation. Innovation is taken seriously and is granted management attention and commitment.

Innovation can be the result of trialing new ideas, which will sometimes fail and other times end up as a new service or process. The evolution of an idea into a new service process takes time. Investments into innovation do not guarantee positive effects. Therefore, it is noteworthy that HPWs not only have procedures and processes in place to manage their innovation and development activities; they also have cultures and leadership styles that support innovation ambitions and creativity.

acQuire Technologies

Process innovation at acQuire was only made possible because of the support of management:

- *Embrace change* – the CEO Bill Withers openly embraces and is committed to change in response to a dynamic environment.
- *“Give it a go” attitude* from management who are all prepared to take a chance on a new business process or idea.
- *Culture for ideas* – employees are constantly encouraged to come up with new ideas for improving the business.

acQuire Technologies – an Innovative Operational Process

acQuire new financial planning process follows the principles of Scrum Development (an adaptation from Rugby sports). Sales forecasts are populated at so-called ‘*Sprint Meetings*’ which take place between:

- *The Scrum Master* (leader) – who controls the meeting proceedings.
- *4 Global Managers* (Business Development & Sales, Implementation, Support, and Administration/Finance) who are responsible for different areas of business.

Sprint Meetings are held at the beginning and end of each month, and three “stand-up” sprint meetings are held each week. Here, sales forecasts are made about changes in licensing revenue, support revenue etc.

There are benefits associated with this new form of planning.

1. Rather than using historical data, forecasting is based on current processes and future activities.
2. Job roles and processes are explicitly defined so that employees can more easily shift between roles.
3. Communication between departments improves and there is ongoing feedback.

How does Your organisation rate in the area of Innovation Support?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your organisation’s level of support for innovation.

Instructions:

1. Read the questions below.
2. For each question, record your score with an ‘X’ in the field that you believe best reflects your organisation’s level of support for innovation.
3. Record your organisation’s score for each question in the column to the right.
4. Add up your organisation’s scores to get a total score.

Questions:

	Strongly disagree				Strongly Agree			
	1	2	3	4	5	6	7	Score
There are significant resources at the discretion of management to fund new strategic initiatives.								
The organisation has mechanisms in place for capturing ideas from employees (e.g. Town Hall Meetings, Innovation Zones, online forums)								
The organisation has formal processes in place for systematically assessing and responding to innovation ideas from employees								
The organisation is effective at transforming ideas into new products, processes or services								
Your Organisation’s Score								/ 28

7. Customer Orientation – Case Study of Microsoft

What is Customer Orientation?

Customer orientation involves taking the customer seriously and concerns efforts by the organisation to continuously develop and adapt its offers and activities to the needs and interests of its customers.

HPWs spend significant amounts of time and resources in attempts to understand the needs and desires of their customers. They encourage customers to provide feedback and employ staff who actively listen to them. In other words, HPWs seek dialogue and are curious to learn new things.

Microsoft Australia – Competitive Advantage through a Customer Centric Culture

At Microsoft in Australia, around 90% of revenue comes from sales that are made to Australian-based customers:

“We are in a competitive market... the most important thing in this market, when I realise this is sales management, you know, people buy at the end of the day, the customers, from people they like to work with and deal with”

Microsoft sought to address the desire for greater revenue growth with a strategy that seeks to improve the customer experience. Change was sought that would have employees in sales seek greater understanding of customers’ needs and desires.

An intervention strategy was introduced called “All Sorts” with the aim of inducing behavioural and cultural change in all 900 employees throughout Australia. There was a serious investment of time and resources, doing whatever it took to achieve the outcome that provided value to customers.

To Microsoft, their culture is a competitive advantage and a key enabler of their growth strategy. Culture is a business issue and opportunity:

“You impact culture and culture impacts performance.”

Developing a Customer Centric Culture: Having the Right Mindset

HPWs spend resources to transform knowledge about customer needs into new service and product offerings. Customer orientation also requires investment in processes that reveal to the organisation what customers want and need. This requires a customer-oriented culture where employees take the customer seriously and actively participate in coming up with novel ways to better meet customer needs. An organisational culture where employees are customer-oriented can provide a competitive advantage above organisations that do not have this culture.

Microsoft Australia – Building a Customer Centric Culture for Competitive Advantage

The existing culture in Microsoft is oriented towards high performance and embracing change.

Microsoft seeks to further strengthen this culture with a new set of new “mental models”. The 4 mental models are an adaptation and amalgamation of Conscious Business principles and Microsoft’s own values and definitions. They are:

- **Response Ability** is recognising that we can’t always control our environment, but we can own how we respond by adopting an attitude of empowerment not innocence.
- **Genuine Curiosity** is pausing to test assumptions and judgments to keep our points of view current and relevant so that we enquire first and advocate second.
- **Authentic communication** is communicating what is important to us in a way that is both honest and respectful.
- **Absolute Integrity** is putting as much focus on the means as on the end, and being true to our values in the process.

Overall, the employee responses to these four new mental models were highly positive:

“Important to still make the customer believe that they are in touch with people who are genuinely interested in their business, passionate in what they are doing.”

The mental models have already had a positive impact on the way in which Microsoft Australia is doing business:

“You can see that some people when they live those values already and they have great satisfaction scores with their customers, and I think I’m a big believer that there’s a very strong correlation between satisfaction and revenue and I think that that will also improve that”

Instilling Longevity of Customer-Orientation

A stronger customer orientation is only beneficial if longevity exists in the minds of employees. When introducing a new customer oriented strategy, organisations should take steps to ensure employees use and retain the content from the strategy in their minds. By ensuring the strategy remains “alive” in employees on a day-to-day basis, this can create greater customer focus over a longer period of time and in a sustained fashion.

Microsoft Australia – Tools and Techniques Used

Microsoft delivered its 4 new mental models to employees via a series of workshops over a period of 4-6 months. Different tools and techniques were used by facilitators to ensure understanding and longevity of the mental models in the minds of employees:

- *Change Agents / Champions* – dedicated agents of change were appointed who were to actively apply and encourage other employees to adopt the new mental models.
- *Role plays / Real plays* – using employees’ real world experiences, role plays and real plays was used to practice customer centric behaviour.
- *Trust and Empowerment* – Microsoft puts a great level of trust in its employees, and employees reflect this in the effort they put into applying the new mental models:

“In order for us to get that discretionary effort from employees, what we offer in return is trust and empowerment.”

- *Customer Based Incentive Bonus* – part of an employee’s salary is based on employee living the mental models, values and behaviours.

How does your Organisation rate in the area of Customer Orientation?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate your organisation's customer orientation.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your organisation's customer orientation.
3. Record your organisation's score for each question in the column to the right.
4. Add up your organisation's scores to get a total score.

Questions:

	Strongly disagree			Strongly Agree				
	1	2	3	4	5	6	7	Score
My organisation spends a great deal of effort trying to understand customer needs and desires								
My organisation does whatever it takes to create value for our customers								
My organisation acts on suggestions and feedback received from customers								
Your Organisation's Score								/ 21

8. Fairness

What is Fairness?

To many people, fairness is an outcome in its own right. Concerns over fairness in the workplace underpin today's industrial relations frameworks and have contributed to the foundation of trade unions and aspirations for equity for employees at work. Fairness is a key characteristic of a high performing workplace alongside other performance outcomes, such as innovation or financial performance.

In addition to industrial relations legislation and frameworks, employees' sense of fairness is very much determined by the leadership, culture and management practices of the organisation.

Traditional measures of fairness fall into two major categories: *procedural fairness* and *distributional fairness*. Procedural fairness refers to how supervisors implement procedures and processes in the organisation and whether these are implemented in a fair and equitable manner. Distributed fairness concerns the extent to which rewards and recognition are fairly distributed relative to a person's efforts, responsibilities and contributions.

Fairness should be nurtured within any organisation. Fairness is important not only for relationships between owners and employees, but also for the development and maintenance of effective and lasting customer relationships. Organisations with higher levels of fairness generally outperform those with lower levels of fairness.

How does your Organisation rate in the area of Fairness?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate the level of fairness in your organisation.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects the level of fairness in your organisation.
 Note: There are two sets of questions; one set about *distributive fairness* and one set about *procedural fairness*.
3. Record your organisation's score for each question in the column to the right.
4. Add up your organisation's scores to get a total score.

Questions – Distributive Fairness:

	Strongly disagree			Strongly Agree				
To what extent are you fairly rewarded:	1	2	3	4	5	6	7	Score
For the investments in time and energy that you have made to support your company?								
For the roles assigned to you?								
For the amount of effort you put into your work?								
Compared to what your company earns from your efforts?								
Compared to the contributions you make?								
Considering the responsibilities you have?								
Your Score								/ 42

Questions – Procedural Fairness:

Strongly disagree

Strongly Agree

My Immediate Supervisor:	1	2	3	4	5	6	7	Score
Treats all employees the same when implementing company policy								
Follows different rules when dealing with different employees								
Does not favour one employee over another								
Applies standards consistently to all employees								
Follows fair procedures in decision making								
Treats all employees equally								
Your Supervisor's Score								/ 42

9. Employee Experience – Case Study of Service Skills Australia

In HPWs, the employee experience is a critical aspect of performance. Employees who have positive experiences at work can be identified as those that are strongly *committed* to the organisation and those who express positive feelings about their workplace.

Employee Commitment

Commitment is defined as the relative strength of an individual's identification with and involvement in a particular organisation. In particular, commitment is characterised by three factors: a willingness to exert considerable effort on behalf of the organisation; a strong desire to maintain membership in the organisation; and a strong belief in and an acceptance of the organisation's goals and values:

Committed employees exert higher levels of discretionary effort and consistently go beyond their formal job description to satisfy customers or develop novel solutions and responses to emerging problems.

Subsequently, they generate more ideas and seek out more opportunities to improve performance.

Committed employees also have higher levels of motivation to do a good job and exert more effort to be productive and creative.

Employee commitment is often connected to the organisation as a whole rather than a specific task. Pride in the organisation, advocating the organisation to friends, and considering the organisation the 'best possible' employer, is more pronounced in HPWs than in LPWs. This is also where job satisfaction is highest.

Service Skills Australia – Improving Commitment with Culture-based workshops

Service Skills Australia is a not-for-profit, independent organisation, funded by the Australian Government to support skills development.

Service Skills Australia identified opportunities for improvement in the areas of employee experience and employee commitment to the organisation. With the assistance of Nous Group Consulting, a culture-based intervention strategy was implemented to lift performance.

Three organisation-wide workshops were carried out over a period of 6 months to gradually change the culture of the organisation. Areas of focus included:

- *Strength finder activities* – activities to identify individual employee and team strengths and weaknesses. Focus was on the positive aspects of their working culture.
- *Mindset matrix* – introducing a language to identify an employee's current mindset in the working culture, and tips to helping other employees who are struggling towards a more positive mindset.
- *Group-work games* – getting employees to work together in a game situation and reflect on each other's roles and responsibilities in the game. This improved employees' ability to work together.

The employee responses towards this change initiatives were largely positive:

“People stayed behind afterwards for a good 20 minutes or half an hour while eating their sandwiches, just starting to think about how we all work together rather than just the individual strength finders, about how they can be utilised in a team”

How Committed are You to your Organisation?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate how committed your (or they) are to the organisation.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects your level of commitment to your organisation.
3. Record your score for each question in the column to the right.
4. Add up your scores to get a total score.

Questions:

	Strongly disagree				Strongly Agree			
	1	2	3	4	5	6	7	Score
Commitment								
I am willing to put a great deal of effort beyond that normally expected to help this organisation be successful								
I tell my friends that this organisation is a great place to work								
I would accept almost any type of job assignment in order to keep working for this organisation								
My personal values and the organisation's values are very similar								
I am proud to tell others that I am part of this organisation								
This organisation really inspires the very best in me in the way of job performance								

For me this is the best of all possible organisations to work for								
I really care about the fate of this organisation								
I believe in the overall purpose of this organisation								
I do not plan on leaving this organisation soon								
Your Score								/ 70

Emotions at Work

Workplaces are emotional places. People's emotions and feelings are not restricted to their homes or private and family lives. Rather, employees experience a wider range of emotions (such as joy, love, fear and anxiety) as part of their everyday working lives. Interactions with colleagues, customers and others provoke emotional responses as do the relationship with the supervisor. Positive emotions (such as feeling proud, valued, loved, cheerful and optimistic) are much more prevalent in HPWs whereas negative emotions (e.g. feeling anxious, inadequate, worried, depressed and fearful) are more prevalent in LPWs.

Service Skills Australia – Shifting Employee Emotions at Work

The employee workshops facilitated by Nous Consulting provided many opportunities for employees to share how they felt about the workplace:

- *Independent facilitator* – a workshop facilitator created a safe environment within which employees could discuss their thoughts and openly share their feelings.
- *Creating a positive atmosphere* – the workshops left employees with positive emotions about working in the organisation:
 - *“Now that the workshops are on their way, I am a lot more enthusiastic and positive”*
 - *“We were talking about it in the office and shared our experiences and also, I think that generated a bit of energy and interest for people who haven't done the workshop yet.”*

How do You feel about your Organisation?

Below is a set of questions that you may ask yourself, or ask your staff to complete to rate how your (or they) feel about your organisation.

Instructions:

1. Read the questions below.
2. For each question, record your score with an 'X' in the field that you believe best reflects how you feel about your organisation.
3. Record your score for each question in the column to the right.
4. Add up your scores to get a total score.

Questions:

	Strongly disagree				Strongly Agree			
	1	2	3	4	5	6	7	Score
In general, how have you felt about your organisation In the past few months:								
Optimistic								
Proud								
Valued								
Loved								
Cheerful								
Anxious								
Inadequate								
Worried								

Depressed								
Fearful								
Your Score: 5 Positive Emotions								/ 35
Your Score: 5 Negative Emotions								/ 35

10. The Participant Organisations: Workplace Performance

The 2011 HPW Index survey results for the five participating organisations are shown in Table 3. The results are from two surveys conducted; the first in 2010, and the second in 2013 after the change initiatives were implemented by the participating organisations. The results derived from employee responses across four levels: senior executives, middle managers, front line managers and non-managerial staff.

In the first survey, the results were used by the organisations to identify weaknesses, opportunities for improvement and to decide on which areas to direct change. In the second survey, the survey results reported on performance improvements during the period of the change initiatives. The identities of the organisations have been anonymised for confidentiality reasons.

It is hard to say from this small sample, if the change initiatives have made an impact in and by themselves, although there seem to be an indication that this is the case for Organisation A and Organisation D. Whilst the change initiatives have made positive improvements to some organisations for others these initiatives may take a longer time to show positive effects. Performance improvements can depend on how entrenched the old culture is, the size of the organisation and external factors, such as shifts in the competitive landscape.

Commentary on Table 3:

Organisation A

This organisation invested in leadership and culture change strategies. External consultants were contracted to do workshops with staff. The organisation experienced an improvement in performance in 4 out of 6 categories.

This includes:

- A drop in Innovation of 9 points.
- An increase in Employee Experience of 4 points.
- An increase in Fairness of 4 points.
- An increase in Leadership of 5 points.
- An increase in Customer Orientation of 9 points.
- A xx in productivity and profitability performance (awaiting June 2013 financial results).

Table 3: Position of the Five Organisations on the HPW Index (2010 and 2013)

	Overall score (rank)		Innovation		Employee Experience		Fairness		Leadership		Customer Orientation		Profitability and Productivity	
	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013	2010	2013
Org A	63 (34)	N/A*	69	58	64	68	62	66	64	69	72	81	46	
Org B	60 (53)	N/A*	57	47	70	67	62	60	65	63	61	64	43	
Org C	73 (10)	N/A*	80		70		66		73		70		78	
Org D	69 (15)	N/A*	75	84	72	80	68	70	77	75	76	79	46	
Org E	62 (40)	N/A*	59		65		56		70		73		50	

** The HPW Index was calculated in 2011 with 77 participants. The HPW Index was not re-calculated in 2013 as only 5 organisations participated in the interventions phase and 4 organisations chose to re-survey.*

Organisation B

This organisation invested in strategies to improve employee experiences and participation in decision making processes. External consultants were contracted to do workshops with staff. This organisation experienced an improvement in performance in 1 out of 6 categories. The organisation saw:

- A drop in Innovation of 10 points.
- A drop in Employee Experience of 3 points.
- A drop in Fairness of 2 points.
- A drop in Leadership of 2 points.
- An increase in Customer Orientation of 3 points.
- A xx in productivity and profitability performance (awaiting June 2013 financial results).

Organisation C

This organisation chose not to re-survey due to employee survey fatigue due to a large number of internal staff surveys.

Organisation D

This organisation invested in strategies to improve its responsiveness to its customer. This organisation experienced an improvement in performance in 5 out of 6 categories. The organisation saw:

- An increase in Innovation of 9 points.
- An increase in Employee Experience of 8 points.
- An increase in Fairness of 2 points.
- An increase in Leadership of 2 points.
- An increase in Customer Orientation of 3 points.
- A xx in productivity and profitability performance.

Organisation E

This organisation is still in the process of re-surveying.

Appendix A: Research Methods

A variety of research methods were used to research the change strategies implemented at the five organisations. These include:

- Interviews – a series of interviews were conducted with randomly selected employees in each of the organisations. Interviews were confidential, semi-structured, lasted on average around 45 minutes, and focused on organisational aspects pre-intervention, during, and post-intervention.
- Observations – researchers participated in seminars, workshops, and other initiatives to introduce and sustain organisational change.
- Document analysis – documents used for each aspect of the change strategies were acquired and analysed to further understand the nature of the intervention undertaken by the organisation.

Appendix B: Firm Participation in this Study

All 77 organisations that participated in the original 2011 High Performing Workplace Index were invited to be part of this study into implementing interventions for lifting performance. Five organisations agreed to participate in the intervention process.

Some of the reasons why other organisations did not participate in the study:

- Management-driven decision not to release the HPW results due to e.g. fearfulness of inadequacy and failure; an identity issue.
- Investments had been made into performance improvements, but the results were yet to come through.
- Lack of knowledge or willingness to address the areas of underperformance.
- Resource constraints and inability to invest.
- Inertia.
- Lack of senior management support.