**Hafod’s Organisational Culture – September 2019 analysis**

**Background**

There is a global consensus that the culture of an organisation is a powerful determinant of its success, effectiveness, influence, governance and sustainability. There is comparatively little consensus, however, around the concept of culture and how organisations can codify, monitor and change it. But for Hafod – and its wider sector - the need to do so is more pressing than ever, given the regulatory focus on culture and its role in supporting large-scale change.

Hafod has opted for an evidence-led approach to tracking cultural change, adopting a Harvard Business School method developed by Boris Groysberg and others (2018)[[1]](#endnote-1). The organisational culture survey was introduced in March 2018 and this report outlines the most recent wave of survey findings, gathered in September 2019.

**Methodology**

The Grosyberg method is perception-based. Participants are invited to rank on a five-point scale how well they thought each of 16 statements described Hafod. The statements are then paired and organised into eight themes. Mean scores for paired questions were produced to give an overall score for the attribute, *e.g.* the ratings out of five for the statements “the organisation is focused on collaboration and mutual trust” and “the organisation feels like a big family” add together to form a score out of ten for the attribute of “Caring”.

*Table 1: Statements and attributes*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **The organisation is focused on** | **+** | **The organisation feels like** | **=** | **Total** |
| Collaboration & mutual trust | + | A big family | = | Caring |
| Compassion & tolerance | + | An idealistic community or cause | = | Purpose |
| Exploration & creativity | + | A dynamic project | = | Learning |
| Fun & excitement | + | A celebration | = | Enjoyment |
| Achievement & winning | + | A meritocracy | = | Results |
| Strength & boldness | + | A competitive arena | = | Authority |
| Planning & calculation | + | A meticulously planned operation | = | Safety |
| Structure & stability | + | A smoothly running machine | = | Order |

In line with the Groysberg method, the selection criteria for colleagues is based on their exposure to the transformation taking place across the business and, by extension, their ability to comment from a position of experience. The sample of colleagues invited to take part in the survey has gradually expanded since its first iteration. The original survey was distributed to 86 members of staff, drawn from the Operational Leadership Group, the Housing & Care Change Lab Workshops, attendees at a series of change management workshops, and managers from across the organisation. These groups of staff were chosen as they were most likely to be able to comment on the current culture of the organisation, and had a role in cascading current developments to others.

The invitation lists for the September 2018 and March 2019 surveys were expanded to include a sample of frontline colleagues, including neighbourhood coaches, maintenance surveyors, care home managers and support managers. In September 2019, a group of colleagues who had attended the Leading Edge and Learning to Lead programmes were added to the sample, expanding the number of colleagues to 134.

In September 2019, 134 surveys were returned out of a sample of 185 giving an overall response rate of 72.4%. This sample included 14 Board/Committee members and 120 Hafod colleagues. The response rate for Board/Committee Members was 87.5% (14 from 16) and for colleagues the response rate was 71% (120 on 169). This is in line with previous iterations of the survey.

**Findings**

The top three cultural attributes, summarised in Table 2 and Figure 1, give a good indication of the dominant culture of an organisation and the latest results show some notable changes.

*Table 2 – Comparison of top three cultural attributes*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **First** | **Second** | | **Third** |
| Overall | **Learning** | | **Purpose** | **Authority** |
| **Caring** |
| Board/Committee Members | **Learning** | **Order** | | **Purpose** |
| Colleagues | **Learning** | | **Purpose** | **Caring** |
| **Results** |

The results show a clear leaning towards learning as the dominant cultural attribute, for colleagues and Board/Committee Members alike. Overall, learning, purpose and authority remain dominant, and in the same rank-order, as in 2018, when the survey was first carried out. However, caring features as a top-three attribute for the first time, jointly with authority in the overall sample and in its own right amongst colleagues.

For colleagues results features in the top-three attributes for the first time, scoring joint-second with purpose. For Board and Committee members, learning replaces purpose as the dominant attribute and order features in place of results.

*Figure 1 – top-three cultural attributes*

|  |  |  |
| --- | --- | --- |
|  | FLEXIBILITY |  |
| INDEPENDENCE | Board/Committee | INTERDEPENDENCE |
|  | STABILITY |  |

The charts in Figure 2 show that Board and Committee Members consistently rate all attributes higher than colleagues, as in previous waves of the survey. This probably represents ‘regression to the mean’ in the much larger sample of colleagues, rather than a systematic difference in perception.

For the first time, however, there are some statistically significant differences between groups. Members rate learning, safety and order higher than colleagues and we can be confident that these differences are not due to chance or characteristics of the sample.

*Figure 2 – Organisational profile charts*

Changes over time within groups are also important to consider. Only changes which are statistically significant, however, should be taken seriously in terms of formulating conclusions about cultural change. Other changes occur due to chance and differences between samples over time. The changes are illustrated in Figure 3.

*Figure 3 – changes in cultural attributes over time (September 2019 compared to March 2018)*

In overall terms the scores for every attribute have increased over time, while Board and Committee Members have seen decreases in relation to caring and results. For colleagues, only authority has shown a decrease over time. However, the only significant (and therefore meaningful) changes are in relation to purpose and enjoyment, which have increased significantly for both colleagues and overall.

There are no significant changes when comparing the data from March 2019 with September 2019, suggesting no measurable cultural change over the six-month period.

**Discussion**

Groysberg *et al* ascribe advantages and disadvantages to each of the eight attributes, when featured strongly in an organisation’s culture. These are outlined in Table 3, together with Hafod’s combined scores for these attributes. This offers a useful framework for discussion.

*Learning, purpose and authority*

The continued prominence of learning, which is now shared as the dominant characteristic for both Board and Committee Members and colleagues, is a welcome finding. Moreover the significant change in learning for Board and Committee Members (+1.1 points over the period and +1.0 points compared to colleagues) is particularly encouraging. Groysberg and colleagues associate this attribute with innovation, openness, agility and responsiveness to change, all of which are positive attributes for a transforming organisation. Although it is impossible to isolate contributing factors, several are likely to have reinforced the emphasis on learning:

* The rollout of the leadership programme and the various frameworks and methods that have flowed from it and been shared;
* The re-organised Research and Innovation function and the introduction of the transformation function, which are tightly focused on experimentation and learning;
* The reflective practices, learning opportunities and increased personal development focus for Board and Committee Members, driven through the Transforming governance Improvement Plan;
* Reflective and exploratory pieces of work around stakeholders and Hafod’s legacy, which large numbers of colleagues have been exposed to.

Combined with a strong focus on purpose, these attributes emphasise flexibility, adaptability and receptiveness to change, which are necessary attributes when undergoing deep transformation and responding to mounting external pressures, as Hafod has been since mid-2017.

Purpose also remains a prominent focus, which Groysberg and colleagues associated with being driven by a shared purpose, idealistic and tolerant. This reflects positively for Hafod, suggesting that the vision and purpose of the organisation remains well understood, visible and shared, despite attention being diverted by ongoing regulatory challenges, resource pressures and compliance issues, which necessarily draw in resources and energy.

The findings in relation to authority are of particular interest. While it has decreased in prominence for colleagues, it has remained high for Board and Committee Members, so much so that it makes the top-three attributes overall. This is not unexpected, given the emphasis of authority is on decisiveness, speed of decision-making and responsiveness to threats or crises. The Board and Committees, it could be argued, have been in an ongoing state of hyper-alertness around regulation and compliance and have been required to make higher-than-usual volumes of decisions with far-reaching implications.

The expectation would be that, in time, the Board’s emphasis on authority will decrease as stronger governance and risk management are fully embedded and regulatory pressures are relieved.

*Results, order and safety*

Although the Groysberg research cautions against loss of focus and overemphasis on long-term goals in organisations where innovation and social responsibility are drivers (as they are at Hafod), the emergence of results as a top-three characteristic for colleagues is a useful counterbalance. Results emphasises goal achievement, delivery, execution and focus, which counteract the negative tendencies or purpose and learning.

This is a welcome finding at this time, as the Executive’s focus shifts towards developing a business plan for year 2 of the strategic plan. The shift reflects a compound of factors, but capability-building around transformation, increased focus on strong leadership and management and responsiveness to external pressures in care and housing services likely played a part. Also, communications from the executive have increasingly emphasised the value of external collaboration and forging new partnerships to deliver the vision for integration, which are also correlated with a results focus.

Order was a top-three characteristic for the Board and Committee Members, which is associated with rule-abiding, cooperation, respectfulness and improved efficiency. Safety, however, is only 0.1 points adrift of Order for Members, suggesting these are a shared characteristic. Both of these attributes were rated higher for Members compared to colleagues and the differences are significant, meaning we can be confident they are true differences. Safety emphasises risk management, stability, preparation and realism, which Members clearly perceive to be prominent. Although this naturally reflects the nature of the Board/Committee’s roles in holding the Executive to account, there are particular factors which may have heightened their perceptions in recent months, including:

* Their exposure to the Transforming Governance Improvement Plan and the large-scale governance changes made on the back of it;
* the HR Governance and Schedule 1 governance processes, which have become more embedded since the previous survey was conducted;
* strengthened performance reporting and visibility of data;
* The formation of the Audit and Risk Committee and its role in formulating the organisation’s internal audit programme
* The volume of work around landlord compliance, procurement and other key areas of governance which report regularly to Board.

Although these characteristics are less prominent for colleagues, the narrow distribution of scores should again be noted – with only 1.2 points separating the highest and lowest scores.

*Caring and Enjoyment*

Colleagues’ perceptions of caring have changed considerably since March 2018, but very little over subsequent surveys. The change between March and September 2019 was only 0.1 points. The corresponding decrease in authority was responsible for caring featuring in the top-three attributes for colleagues. Nevertheless this is a positive and certain factors should contribute to ongoing positive perceptions around caring. These include:

* The work of the Engagement and Well-being team, which has emphasised the caring, collaborative and transparent leadership style the organisation is aiming to embed;
* The openness and transparency of communications around the regulatory situation and other challenges
* The inclusive approach to work placements
* The shared values and approach being embedded through the leadership programme

Enjoyment is also an interesting attribute for Hafod. It was rated lowest for Board and Committee Members and second-from-lowest for colleagues. But, for colleagues the increase of 0.7 points was the largest increase since March 2018 and the largest since March 2019. Moreover, the change is significant, meaning it is not due to chance or sampling error. As such, it is reasonable to say enjoyment is increasing quickly and consistently. Better morale, engagement, creativity and playfulness are all associated with enjoyment, which are positive attributes if counter-balanced by results, authority and order.

It is difficult to speculate what is driving this increase in enjoyment, but the wider literature cites improved colleague engagement, transparency, trust and innovation as key drivers for job satisfaction and happiness at work. It seems reasonable to speculate that these attributes are becoming increasingly visible to colleagues. The wider evidence also suggests that happiness at work is a longer-term outcome of transformation, which tends to lag behind the embedding of governance, policies procedures and is strongly correlated with learning.

*Table 3: Advantages & disadvantages*

| **Ave score** | **CULTURE STYLE** | **ADVANTAGES** | **DISADVANTAGES** |
| --- | --- | --- | --- |
| **7.2** | **Learning**  Open, innovative, exploring | Improved innovation, agility, and organisational learning | Overemphasis on exploration may lead to a lack of focus and an inability to exploit existing advantages |
| **7.1** | **Purpose**  Purpose driven, idealistic, tolerant | Improved appreciation for diversity, sustainability, and social responsibility | Overemphasis on a long-term purpose and ideals may get in the way of practical and immediate concerns |
| **6.8** | **Authority**  Bold, decisive, dominant | Improved speed of decision making and responsiveness to threats or crises | Overemphasis on strong authority and bold decision making may lead to politics, conflict, and a psychologically unsafe work environment |
| **6.8** | **Caring**  Warm, sincere, relational | Improved teamwork, engagement, communication, trust, and sense of belonging | Overemphasis on consensus building may reduce exploration of options, stifle competitiveness, and slow decision making |
| **6.7** | **Results**  Achievement driven, goal focussed | Improved execution, external focus, capability building, and goal achievement | Overemphasis on achieving results may lead to communication and collaboration breakdowns and higher levels of stress and anxiety |
| **6.4** | **Safety**  Realistic, careful, prepared | Improved risk management, stability, and business continuity | Overemphasis on standardisation and formalisation may lead to bureaucracy, inflexibility, and dehumanisation of the work environment |
| **6.2** | **Order**  Rule abiding, respectful, cooperative | Improved operational efficiency, reduced conflict, and greater civic-mindedness | Overemphasis on rules and traditions may reduce individualism, stifle creativity, and limit organisational agility |
| **6.1** | **Enjoyment**  Playful, instinctive, fun loving | Improved employee morale, engagement and creativity | Overemphasis on autonomy and engagement may lead to a lack of discipline and create possible compliance or governance issues |

**Conclusions**

This fourth wave of data from the organisational cultural survey does three important jobs. 1) it confirms and reinforces the emerging trends in previous waves of the survey, notably the continued dominance of learning and purpose; 2) it demonstrates, for the first time, increasing divergence between Board and Committee and colleague perceptions in the important areas of learning, safety and order; and 3) it identifies new features of organisational culture, such as the significant rise in enjoyment amongst colleagues and the emerging prominence of caring, in place of authority.

As such, the survey is fulfilling its purpose. Although reading too much into changes over time and between groups is not advisable, due to sample size differences and natural variation, the findings provide useful discussion points and broad areas of focus for colleague engagement and communication. In summary these discussion points are:

1. How can we ensure a continual focus on learning and purpose and bring colleague perceptions into line with those of Members, which are significantly more positive in this respect?
2. Are the areas of divergence between Board and Committee Members and Colleagues useful and healthy ones or do they signal instability in the culture?
3. What in particular has contributed to the significant increase in enjoyment and how can that be nurtured?
4. We have speculated on the positive influence of the leadership programme, but what can we do to validate this and scale the benefits to a wider segment of the organisation?

While a survey of this nature will have obvious limitations, there are reasons to be confident in its validity. Intuitively, the areas of agreement and differences and the changes over time make sense and can be tentatively linked to areas of work and focus in the organisation. Continued data collection, with another wave planned for March 2020, will enlighten us further on how cultural change is evolving in response to the changing environment and organisational practices.

**Research and Innovation**

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1. Groysberg, Boris, J Lee, J Price, J Yo-Jud Cheng, Harvard Business Review, Jan-Feb 2018, 44-57 [↑](#endnote-ref-1)