Driving Passion and Performance in Local Government

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For the last 10 years Voice Project at Macquarie University has been investigating what drives employee engagement (what we label ‘Passion’) and performance in organisations, and measuring and benchmarking those work practices and systems. In research with more than 1000 organisations, work practices were found to cluster together in discrete work ‘systems’ and outcomes – the ‘7 Ps’.

Of these workplace systems, three have consistently emerged as critical for engaging employees: Purpose, Participation and Progress. They reflect the fundamental needs of employees to:
- believe in a purpose for what they do, why the organisation exists and the values it operates by
- belong to a group in which they experience participation, recognition, and growth, and
- achieve progress towards the goals of their group, to make a meaningful and significant difference.

Is this the case in councils? And how effective are councils at managing these systems? Voice Project compared survey results from nine councils to data from both public and private sectors. Public and private organisations differed in some important areas, and these differences were magnified in councils. For example, compared to both sectors, more council staff report that they like their work and would like to continue working in their council. Councils also outperform other industries in the areas of safety and work-life balance.

Consistent with research across all industries, Purpose, Participation and Progress were again identified as the most important work systems in the council data.

Purpose

In the purpose system, the biggest positive driver of passion was alignment of staff with council mission and values. Councils sit alongside other public sector organisations in having an inherently engaging purpose to serve the community, and in councils, 90% of staff understand how they contribute to that mission. They are perceived as ethical and socially responsible, and stand out particularly for being “green” with 77% of staff rating councils as environmentally responsible, compared to 61% in the public sector.

There are some Purpose practices which councils do not implement as effectively. Less than half of staff were aware of the vision and strategy management had for their council. Councils were less likely to be perceived as results focused, and fewer staff in councils were encouraged to improve their performance.

Participation

A few Participation practices were important for engagement, yet also areas of least satisfaction: opportunities for career development; trust in leadership; and rewards and recognition. Only 28% of council staff said there were enough opportunities for their career to progress in their council, 14% less than other public sector organisations. These opportunities were also less likely to be perceived as equally available to all staff.

Progress

Perhaps the most startling difference was in regard to the Progress system, which in councils was the strongest of all engagement drivers. Yet staff rated the success and future viability of their councils well behind the rest of the public sector, and held poorer perceptions of customer satisfaction. Only 41% of staff thought their council had made improvements in the last year.

The 3 Ps in action

Although councils are starting from a unique position with a naturally engaging purpose, staff lack confidence in councils, pride in the services they provide, and suffer a deficit in performance focus. They need visionary leaders to bring a customer focus, drive change and innovation, and link rewards and opportunities to individual accountability.

Tamworth Regional Council is one council to have taken on this challenge. They implemented a deep culture change program aimed at changing the perceptions of council workers, encouraging pride in their work and in the council as an organisation. They chose core values to acknowledge the strength and value of safety and teamwork, and to bring about change in equity, accountability and...continued on page 32
How are you building a performance culture?

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- Benchmark your performance against other councils
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- **We have a national presence** with our HQ on campus @ Macquarie University and a second office in Melbourne
- **Our research grounding** means we are genuine thought leaders, and we continue to publish in scientific journals and regularly present at professional and academic conferences
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Looking out for the fraud red flags

In recent years, there have been a number of instances of fraud and corruption in local government. Tony Harb and Mitchell Morley, risk management, audit and governance specialists from InConsult, identify elements of an effective fraud management program, list some of the fraud red flags to look for and provide an overview of the fraud triangle.

Fraud and corruption are alive and well
In 2007, the NSW Audit Office estimated the potential fraud risk at $2.6B or 2-5% of turnover.

In May 2010, an Independent Commission Against Corruption (ICAC) report concluded that local councils are highly vulnerable to corruption yet did not use adequate risk controls such as audits.

12 months later, ICAC found that a council’s Community Services Manager solicited a payment of $10,000 from a supplier for his own benefit.

In June 2011, ICAC found that a council employee corruptly exercised his official functions in favour of various business owners within the council area in return for money, gifts, free meals and free visits to massage parlours.

In October 2011, ICAC held a public inquiry to examine an alleged $1.5m fraud concerning councils. Between 2006 and 2008, a NSW council paid invoices for safety mesh totalling 444.33 kilometres, enough to line the Great Western Highway between Bathurst and Sydney both ways... the problem was that none of the safety mesh was delivered and the invoices were false, part of a corrupt scheme whereby the council was ripped off to the tune of $757,000.

At present, ICAC is investigating allegations that between September 2009 and February 2010, a councillor accepted a cash payment from a developer to secure assistance to expedite approval for a development application lodged for a restaurant/karaoke bar.

Elements of an effective fraud and corruption management program
An effective fraud and corruption management program requires five elements working together in harmony to be effective.

1. Fraud Prevention Policies: that set the tone of expected behaviour for councillors, staff, suppliers and the community are the foundation of a good fraud management program. Examples include Code of Conduct, Public Interest Disclosure/Whistle-blower Policy, Complaints/Grievance Procedures, Gifts and Benefits Policy and Statement of Business Ethics. In line with best practice, a formal Fraud and Corruption Strategy should be developed to reinforce council’s position.

2. Communication and Training: is essential for ensuring all people are aware of the various policies, structures and responsibilities so council’s position is clear. Regular communication, well written job descriptions and fraud awareness training is required.

   Good policies are necessary elements, but alone, they’re far from sufficient.

   According to the Association of Fraud Examiners, an effective internal audit function, surprise audits, fraud awareness training and whistle-blower hotlines will reduce median fraud losses by half.

3. Fraud Risk Assessments: are designed to identify specific fraud risks, their causes and assess level of risk.

   In these workshops, participants are proactively thinking like fraudsters and developing scenarios to perpetrate the fraud asking how can the controls be over-ridden?

4. Fraud Control: involves designing and implementing specific fraud risk controls i.e. Internal controls that prevent, detect and correct fraud risks.

   The best organisations monitor and record all incidents of fraud (minor and major) and formally report statistics to the Risk and Audit Committees.

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customer orientation. They extensively involved staff in defining what these core values looked like ‘on the ground’, and are seeking feedback from staff about areas in which practices are not matching the values.

In an alternative approach, Ryde City Council has particularly focused on developing their leadership capability, providing 360 assessment for development, executive coaching, a tailored management training program, and mentoring for female leaders. Having taken baseline measures in 2010, they are planning to survey again later this year to assess the impact of initiatives.

Both these councils are striving to achieve that ‘virtuous circle’ in which employee engagement not only drives performance, but progress in turn ignites staff passion.


2 Based on 1260 employees in equal size samples from 9 councils, 1128 public sector employees and 845 private sector employees.

3 Staff wellness is also enhanced as important for engagement in councils.