

The Impact of Organisational Culture and Leadership on Performance Improvement in Iraq

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Abstract

In 2013, the World Bank ranked Iraq 165 out of 185 countries in its overall “ease of doing business” category. Transparency International ranked Iraq 169 out of 176 in its 2012 Corruption Perception Index (BEBA, 2013). This reflects the poor performance of the public sector organisations responsible for the delivery of the various services in Iraq. By looking at the literature, it is clear that organisational culture and leadership have a significant impact on the performance of organisations. Thus, this makes them important factors that need to be taken into consideration when reforming public sector performance in the developing world. However, there has not been any research that discusses this relationship from the context of the public sector in Iraq. Therefore, this paper aims at expanding the base of knowledge and empirically tests the impact of leadership, people and organisational culture on a public sector organisation’s performance in Iraq.

The study has used a public service “Practices & Performance” Benchmarking tool called PROBE, which stands for PROMoting Business Excellence, to assess the current organisational leadership and people practices of a government organisation and has benchmarked them to best practices of world-class organisations. Interviews have also been conducted, first with the staff members to gain consensus on the assessment results. Then the organisation’s customers (who are mainly contractors) have also been interviewed to understand their level of satisfaction with the current practices of the organisation. The result derived from the interviews accord with the results generated by the PROBE tool. The assessment result has showed how poor leadership and people practices have led to a weak overall organisational performance. This result supports previous studies and confirms the impact of organisational culture, people and leadership on the performance of organisations.

Keywords – Organisational Culture and leadership, Organisational Performance, Benchmarking, PROBE

1. Introduction

"Elephant and the public organisations both are saddled with inaccurate stereotypes. Elephants are believed to be slow and insensitive creatures, when in fact they can run very fast and are very sensitive. Similarly, public organisations are believed to be low-performing and unresponsive, when in fact many public organisations perform very well and are models of responsiveness" (Brewer and Selden, 2000: 685). A successful example of such a premise is when comparing the organisational performance of the public and private sector. Despite, both sectors follow the same values of good leadership, management and governance. However, what separates the two are the quality and style of leadership, and the amount of bureaucracy and government interference that often undermine leadership (Dartey-Baah, Amponsah-Tawiah and Sekyere-Abankwa, 2011).

There are number of organisational factors that researchers have investigated to understand their connection and impact on organisational performance, factors such as leadership and organisational culture. In terms of leadership, according to (Bryman, 1992) the thinking in the area of leadership is mainly focusing on the role of leaders in either; maintaining an existing organisational culture or in changing it to implement a new vision. Bass (1985) for example, argues that transformational and transactional leader have different ways when dealing with the existing culture of an organisation. Transformational leaders normally tend to change the existing culture so that their vision can be realised, however transactional leaders focus more on how they can achieve their vision within the boundaries of an existing culture. Other researcher such as Avolio, Waldman and Yammarino (1991) concluded that organisational culture, more than any other factor, can significantly affect an organisation ability to change, improve and prosper. Therefore, leaders who maintaining an organisational culture that encourages innovation and support professional development, can improve organisational creativity (Yukl, 2002) and thereby organisational performance. Schein (1992) believed that organisations that have strong or weak performance have different type of cultures. This is because organisational cultures represent the way in which organisations are dealing with the internal or external factors that are being imposed on them. In other words, the performance of an organisation is influenced by the culture of that organisation. This is truly the case of most public sector organisations that are being seen as inefficient and ineffective because of their poor culture and the overwhelming bureaucracy. This fact has led for governments, especially those in developing world, and international development agencies, such as the World Bank, to conduct number of public sector reforms to improve their performance (Dartey-Baah *et al.*, 2011).

However, in spite of the vast body of research in this area, there appears to be no research that investigates the impact of leadership and culture on the performance of public organisations from the context of Iraq. Thus, this study will investigate the effect of organisational leadership and culture on the performance of a public sector organisation in Iraq. The study uses the data generated from the PROBE for public service tool that has been used to benchmark the practices and performance of an organisation within a local authority in Iraq against best-practices of world-class organisations working in the same sector. It will detail and discuss the impact of the current leadership and people practices on the overall performance of the organisation. It provides knowledge on the relevance of leadership, people and organisational culture on performance which could lead to positive changes and practices that can result in a reformed and more efficient public sector, especially in developing countries like Iraq.

2. Literature Review

2.1 Leadership and Performance

Cohen and Levinthal (1990) believes that success is directly related to the effectiveness of the organisation, which is a reflection of the leadership and organisational culture. More or less, every industry and profession demands leadership first and management second given that leadership is so fundamental to organisational effectiveness (Covey, 1989). Several researchers have defined leadership as a process by which a person influences others to accomplish an objective and directs the organisation in a way that makes it more cohesive and coherent. This definition is similar to Northouse (2003) definition - Leadership is a process whereby an individual influences a group of individuals to achieve a common goal.

Burns (1978) identified two types of leadership styles, transformational and transactional leadership. Transformational leadership leaders begin the leader/follower relationship with a sense of responsibility for the growth and development of followers (Szewczak and Snodgrass, 2002, p15). Transformational leaders seek to enhance the relationship by arousing and maintaining trust, confidence and desire, (Szewczak and Snodgrass, 2002, p15-16). A key objective of transformational leaders is bringing and developing followers to a level where they can successfully accomplish organisational tasks without the direct intervention of the leader Einstein and Humphreys (2001).

Bass (1985) stated that transformational leadership leads to performance beyond expectations. Number of studies on leadership has compared 'transactional' leadership with 'transformational'. Transactional leaders are believed to be 'instrumental' and frequently focus on exchanging relationship with their subordinates (Bass and Avolio, 1993). However, transformational leaders are argued to be visionary and enthusiastic, with an inherent ability to motivate subordinates (Howell and Avolio, 1993, Bycio, Hackett and Allen, 1995). However, Bass and Avolio (1993) believed that transformational and transactional leadership were complementary and not mutually exclusive, and that the same leader could exhibit both patterns of leadership. Commonly, transformational leaders are purported to inspire followers to contribute beyond expectation (Yukl, 1994, Bass and Avolio, 1993).

This research study is inspired by Yukl (1994) definition of transformational leadership that it is the process of influencing major changes in the attitudes and assumptions of organisational members, and building commitment for the organisation's mission, objectives, and strategies.

2.2 Organisational culture and performance

Three types of culture has been identified by Trompenaars and Hampden-Turner (1998) which are national, corporate and professional culture. National culture is the way of how people lives. Corporate culture refers to the behaviour and attitudes within specific organisations. However, professional culture reflects the way of interaction between people in certain professions or functions when sharing certain professional and ethical orientations. (Schein, 1992) stated that the ways in which organisations adapt to the external environment and ensure internal integration, are the ways of creating the culture and corporate identity. It is the product of the organisation's collective process of learning and problem solving in its effort to survive. In the process some organisations develop cultures that support, encourage and reward high performance, whereas others adopt a culture that perpetuates poor performance (Dartey-Baah *et al.*, 2011). Owusu (2005) referred to organisational culture as "the underlying assumptions, beliefs, values, attitudes, and expectations shared by an organisation's members including unwritten codes of conduct and behaviour such as practices which are rewarded and those which are reprimanded". Hofstede (1980) also defined organisational culture as the "collective programming of the mind that distinguishes the members of one organisation from others".

According to Xenikou and Simosi (2006) organisational culture and transformational leadership have been theoretically and empirically linked to organisational effectiveness. The main argument of the organisational culture-performance link is the belief that certain organisational cultures lead to superior organisational performance (Ogbonna and Harris, 2000). Scholz (1987) argued that the claim that organisational culture is linked to performance is founded on the perceived role that culture can play in generating competitive advantage. This is done by the culture defining the boundaries of the organisation in a manner which facilitates individual interaction and or by limiting the scope of processing information to the appropriate levels (Krefting and Frost, 1985). Avolio *et al.* (1991) noted that organisational culture holds the key to increased commitment, productivity and profitability. Ogbonna (1992) argued that those widely shared and strongly held values enable management to predict employee reactions to certain strategic options thereby minimising the scope for undesired consequences. Bass and Avolio (1993) also argues that leadership and culture are so well interconnected that it is possible to describe an organisational culture characterised by transformational qualities.

In a study of the link between leadership and organisational culture, (Block, 2003) found that employees who rated their immediate supervisor high in transformational leadership were more likely to perceive the culture of their organisation as adaptive, involving, integrating, and having a clear mission. (Lim, 1995) has proposed that

culture might be the filter through which other important variables, such as leadership, influence organisational performance. Ogbonna and Harris (2000) also found that the relationship between leadership style and performance is mediated by the organisational culture present. This mediating role has also been supported by Xenikou and Simosi (2006). Shahin and Wright (2004), found that although the transactional and transformational leadership model presented by (Bass and Avolio, 1994) has a universal potential. Such model would require some changes so that it suits the various cultures, especially non-Western cultures.

Since most of the literature on the culture, people and leadership and their link to organisational performance are from Western context. Thus, there is a need to expand the literature base to cover more studies on this link from the context of countries in the developing world such as Iraq.

2.3 Successful example of organisational leadership and culture

Interesting example of quality leadership presented by Heskett, Jones, Loveman, Sasser and Schlesinger (2008) who described that top-level executives of outstanding service organisations spend little time setting profit goals or focusing on market share, the management mantra of the 1970s and 1980s. Instead, they understand that in the new economics of service, frontline workers and customers need to be the centre of management concern. Successful service managers pay attention to the factors that drive profitability in this new service paradigm: investment in people, technology that supports frontline workers, revamped recruiting and training practices, and compensation linked to performance for employees at every level. And they express a vision of leadership in terms rarely heard in corporate America: an organization's "patina of spirituality," the "importance of the mundane." A growing number of companies know that when they make employees and customers paramount, a radical shift occurs in the way they manage and measure success.

Heskett *et al.* (2008) added that the new economics of service requires innovative measurement techniques. These techniques calibrate the impact of employee satisfaction, loyalty, and productivity on the value of products and services delivered so that managers can build customer satisfaction and loyalty and assess the corresponding impact on profitability and growth. In fact, the lifetime value of a loyal customer can be astronomical, especially when referrals are added to the economics of customer retention and repeat purchases of related products.

There have been some arguments and disagreement over the drivers or determinants of customer loyalty. For instance, Clottey, Collier and Stodnick (2008) disagrees with Heskett *et al.* (2008) by arguing that service quality, product quality and brand image are those factors that drive customer loyalty. Clottey *et al.* (2008) backs his argument by stating that Jones and Sasser (1995) have "found that brand image and product quality were more important drivers of customer loyalty". However, Clottey *et al.* (2008) did not seem to clearly understand Jones and Sasser point since the latter have clearly stated that "Except in a few rare instances, complete customer satisfaction is the key to securing customer loyalty and generating superior long-term financial performance". Clottey *et al.* result is quite interesting however, he missed the point that service quality, product quality and brand image are actually factors that drive to customer satisfaction and depending on the level of satisfaction comes the level of loyalty. Also there are root causes for service quality, product quality which go back to the internal service quality and the capability of the organisation to provide the services and/or products that are valued by customers.

Heskett *et al.* (2008) have clearly explained this root cause in their conceptual model shown in Figure (1) that the service-profit chain establishes relationships between profitability, customer loyalty, and employee satisfaction, loyalty, and productivity. The links in the chain (which should be regarded as propositions) are as follows: Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers.

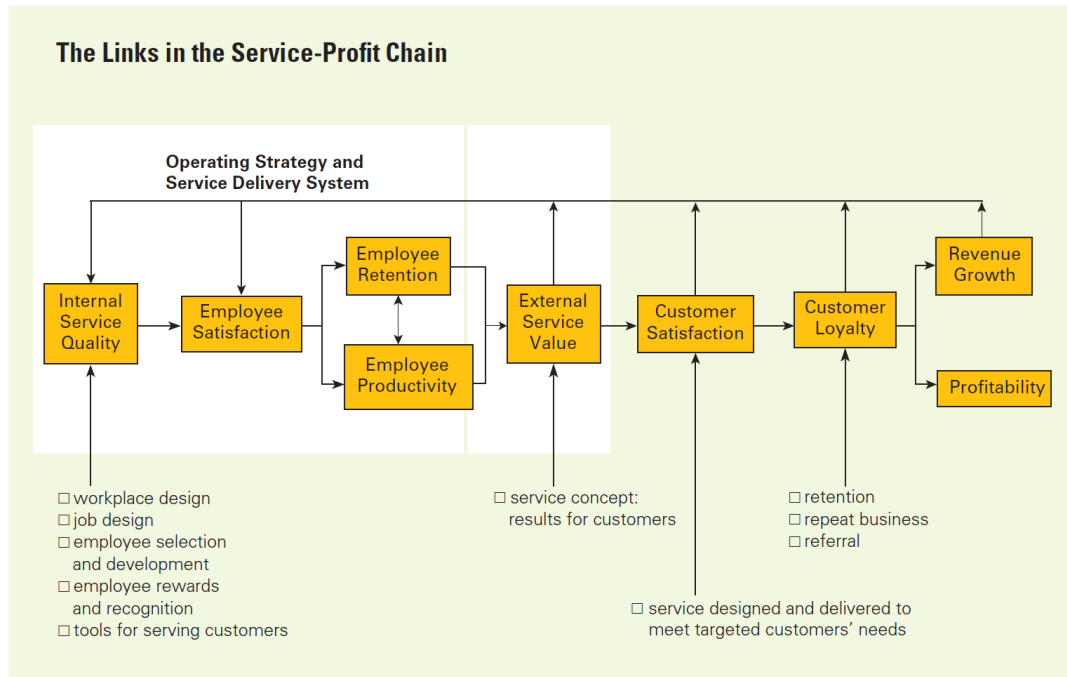


Figure 1: The Links in the Service-Profit Chain (Heskett et al., 2008)

High-quality support services and policies reflect the quality of the organisation’s leadership that is capable of creating a service culture that is able to drive customer satisfaction and loyalty. Therefore, in order to evaluate the quality of an organisation’s leadership and culture we need to assess the quality of the organisation practices that have been put in place to drive the growth and profitability the organisation pursue. This concept has been used by the PROBE for public service benchmarking tool when assessing public sector practices and performance and compare it to those best practices of world class public organisations as explained in the following section.

2.4. Benchmarking Organisational Practices and Performance

Benchmarking is the comparison of existing practices in an organisation to best practice used elsewhere (within or outside the organisation) and is used as a management tool for change Reider (2000). Benchmarking is used in management and particularly strategic management (WFE, 2014). It is the continuous process of measuring products, service, and practices against the toughest competition or those companies recognised as industrial leaders. Benchmarking is a never-ending discovery and learning experience that identifies and evaluates best processes and performance in order to integrate them into an organisation's present process to increase its effectiveness, efficiency, and adaptability. It provides a systematic way to identify superior products, services, processes, and practices that can be adopted to reduce costs, decrease cycle time, cut inventory, and provide greater satisfaction to the internal and external customers (Harrington, 1991).

Although the impact of organisational leadership and culture on performance have been studied over the past decades and considered as an immersed topic for achieving organisational excellences. There has not been any research conducted on the effect of organisational leadership and culture on organisation’s performance particularly from a developing country perspective like Iraq. Therefore, this research will expand the base of knowledge and empirically test the impact of leadership, people and organisational culture on a public sector organisation’s performance in Iraq. The study will benchmark the current leadership and people practices adopted by a public organisation and identify their weaknesses and strengths along with their impact on the overall performance of the organisation using PROBE tool.

4. Methodology

This paper is concerned with assessing the impact of organisational culture and leadership on the performance of a public organisation in Iraq. As discussed earlier, leadership, especially transformational leadership, and organisational culture have been theoretically and empirically linked to organisational performance however, there is a lack of research of such nature from the context of Iraqi public sector. To construct the methodology, this research has adopted the triangulation (mixed) research approach since it will be using both qualitative and quantitative data collection methods to better assess the current practices of the sampled Public Organisation to identify its weaknesses and strengths, in terms of its leadership and people using a standard benchmarking tool called PROBE for public service. PROBE tool is widely used around the world including the developing countries such as Saudi Arabia, India, Malaysia, China and South Africa. PROBE is a simple tool to use however, effective and on top of that the researcher is a qualified PROBE facilitator for benchmarking public service organisations.

The sampled public organisation is a department within a Local Council of a city in Iraq, (The name of the council was kept anonymous for the sake of confidentiality), which is considered the biggest public sector organisation in the city. This department is responsible for all the public procurement contracts in the city which are funded by the Local Council. This organisation has the bigger share in: first, providing the goods, services and construction services in the Province; as well as, second, the public funds dedicate from the central government. It has a significant impact on the economy and the building of the city, compared to the other organisations, since its responsibility cover the provision of wide range of services in different areas including, but not limited to, health and education sectors, road and bridges sectors, water and sanitation sectors port and airport sectors as well as other important infrastructures.

The benchmarking process will identify and prioritise the weaknesses in the organisational practices and their impact on the overall performance of the organisation. Besides, the benchmarking results will be presented to, and verified with, senior and middle managers through interviews to make sure they understand the status quo of their organisation. The researcher will also conduct interviews with clients of this organisation (in this case they represent the companies dealing with the organisation in question) and inquire about their overall level of satisfaction with the current organisational practices in order to verify the identified performance weaknesses with those who actually in contact with the current organisational practices.

4.1 Data collection

4.1.1 PROBE for public service benchmarking tool

According to PROBE there are number of models that can assess the overall organisational leadership and people practices and show their impact on the overall performance of an organisation including Baldrige criteria and the EFQM Excellence Model. The 'Made in Europe' findings have exerted significant influence on public policy and business support strategies, and the studies' original research tools have subsequently developed into a leading-edge suite of benchmarking tools known collectively as PROBE – 'PROmoting Business Excellence' (Yarrow, Hanson and Robson, 2004). The PROBE for Public Service model is based upon more than a decade of applied research that began with the findings of a ground-breaking best practice study conducted during the 1990s by Professors Chris Voss, Aleda Roth and Richard Chase. It assessed the management practices of individual service organisations from four main aspects which are leadership, people, processes and performance management and the resulting indicators of performance outcomes which are service quality, customer growth, result for stakeholders and business performance. The study's findings inform the model of world-class standards which sits behind PROBE for Public Service, which has been refined and enhanced by ongoing research driven by the deployment of PROBE tools internationally.

A key conclusion which has stood the test of time is confirmation that the adoption of best practice leads to superior business performance. PROBE is a powerful best practice benchmarking and assessment tool and a world leader in the field of organisational diagnosis and improvement Powered by data from over 7,000 business users in over 40 countries, PROBE continues to be used to engage and drive economic growth across regions, sectors, public and private organisations. There are many different perspectives on the 'Journey to

Excellence'. Clear evidence of the PROBE tools' ongoing effectiveness and broad applicability lies in their resonance and compatibility with the principles embedded in definitive frameworks such as the Baldrige criteria and the EFQM Excellence Model, and in contemporary implementation methodologies such as Lean Thinking, Six Sigma and Best Value (PROBE, 2014). It will be a very good tool for those organisations willing to identify their practice weaknesses and understand their impact on performance so they could set action plans for improvement.

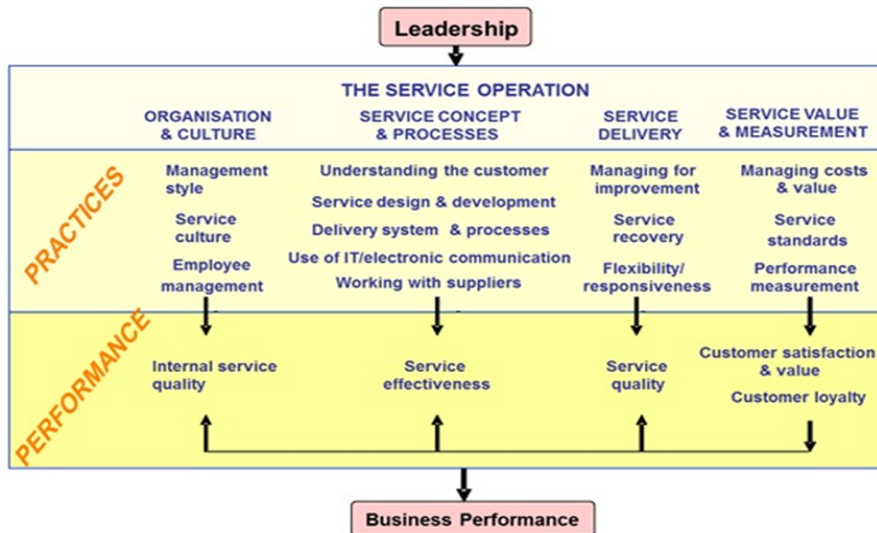


Figure 2: PROBE for Public Service – Practice & Performance Model (Sources: PROBE)

4.1.2 PROBE Benchmarking Process (Sources: PROBE)

PROBE for Public Service is a diagnostic process designed to measure the key practices, those that drive the organisation and its services forward, and to show how, by improving these key practices, it will impact on the organisation performance levels. It does this using the four key stages of:

- Measurement through self-assessment
- Analysis against a World class Best Practice Framework
- Comparison with other organisations in the same sector and globally against a relevant subset of the 6,000+ organisations and businesses that are on the PROBE database
- Action Planning to build on the findings and to identify practical steps towards improvement

PROBE for Public Service can be applied at the level of an entire organisation or organisational unit, and/or at the level of an individual service. The following describes the main stages of PROBE assessment process:

Stage 1: Measurement and Team Selection

PROBE for Public Service is a team process. The organisation has been asked to pick a group of people within the organisation (or service) to participate. The selected team members represent different levels and functions, including different departments and teams. A team that represents the whole organisation (or service) in terms of seniority and functionality will be able to generate results that reflect the reality of the current situation and as such provide the best possible basis for relevant and pertinent improvement activity.

For most situations a team of 5-6 people is appropriate. Ideally, the team should consist of;

- 1 Director or equivalent
- 1 Senior Manager
- 1-2 Middle Managers
- 1-2 Others

➤ PROBE for Public Service questionnaire

Once the team has been selected, each team member has been given a copy of the PROBE for Public Service questionnaire. This version contains 52 questions each asking for a rank of 1-5 (5= Best Practice) for each question. Each team member asked to spend a minute understanding the question and giving an answer in

pencil. If, after a minute, the question does not make sense or does not apply leave it unanswered until the facilitator workshop.

➤ **Pre-meeting:**

Before the facilitated workshop the team leader has been asked to get the team together for a short pre-meeting so that he can explain what the organisation/service wants to achieve from the PROBE exercise, the role the team will play, and the PROBE process. Whilst explaining the process, encourage open and honest debate, and explain that he wants all of the team members to contribute and to consider the points of others. The main purpose of this meeting is to have a general discussion about the questions to ensure that there is a broad agreement on what they mean and whether there is already a consensus view on what a particular score should be. It is intended to serve as an introductory session where the team can further familiarise itself with the questionnaire and as a mechanism to save time where consensus scores that require no discussion on the facilitation day can be logged. At the end of this meeting the team members has kept a record of their individual scores and the team leader should keep a record of any scores where there is already a consensus view and score.

Stage 2 and 3: Analysis and Comparison

➤ **The Facilitated Workshop**

At the time of agreeing to undertake a PROBE for Public Service there have been an agreement on a date for the PROBE facilitator (who is in this case the researcher himself) to meet with the CEO of the organisation and the team in a group session. Each team member should bring their completed questionnaire and perhaps some notes on why they have a certain score logged on their questionnaire to this workshop. The PROBE for Public Service facilitator will lead the team through the questionnaire and keep a log of the consensus scores achieved during this discussion.

During this workshop the facilitator will analyse the team’s consensus scores and provide feedback. The feedback will be in the form of a presentation and discussion based upon a number of graphical outputs. These will show how their scores compare against the World Class Best Practice Model that underpins PROBE for Public Service and how their organisation or service compares with others in their own sector and globally against a relevant subset of the 6,000+ organisations and businesses that are on the PROBE database

➤ **The PROBE for Public Service written report**

Within 2 weeks of the facilitated session, the organisation has been sent a report written by the facilitator that summarises the findings from the facilitated workshop. It has included narrative explaining the PROBE for Public Service world class best practice model, the organisation’s comparative position against this model and against the organisation’s peers already contained on the PROBE database. The report has also provided a record of the consensus scores from the team and a copy of the graphical outputs used by the facilitator to provide feedback at the end of the facilitated meeting.

The Overall Practice and Performance chart breaks the scores into five themes as shown below, the first four, namely Leadership, People, Service Processes, and Performance Management being practice themes and the fifth, Overall Performance, being a performance theme.

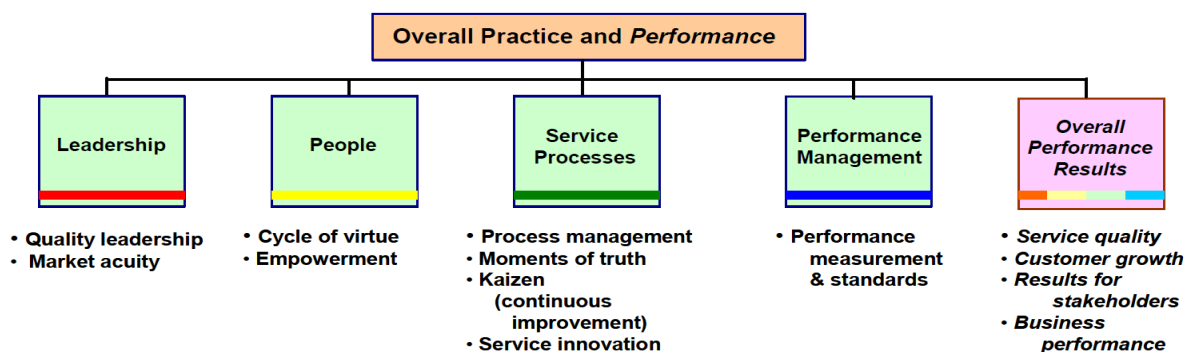


Figure 3: themes of the overall practice and performance quartiles (Source: PROBE report)

This paper discusses the first two themes, namely leadership and people and the rest will be discussed in other papers/journals. It will assess the resulted impact of the current practices that reflect the organisation leadership and culture adopted by the case study public sector organisation on its perceived performance.

5. Results and Finding

5.1 Leadership assessment results and findings

In the PROBE for public service the 'Leadership' is measured through two sub-themes, namely **Quality Leadership** and **Market Acuity**. The following is a brief explanation of the aspects of best practice and performance that are included in each sub-theme.

a. Quality Leadership

- The senior management of the organisation demonstrate their leadership through communicating and reinforcing clear values and performance orientation, and exert personal leadership of the organisation's quality programmes
- Quality values are actively promoted throughout the organisation
- There are shared vision and goals
- Managers are leaders of empowered people
- Openness inside the organisation is encouraged
- There is a problem solving culture
- Customers are the focus of business planning.

b. Market Acuity

- The organisation listens to customers, understands what drives value for them, and builds strong customer relationships
- It listens to the employees as well and uses teams and teamwork effectively
- It benchmarks itself against other organisations to understand better how they serve customers.

During the facilitated workshop, the facilitator assesses these two sub theme of the organisation against best practices by asking and getting feedback from the team about the following aspect of their organisation:

- In terms of the **Quality leadership** the member of the team has been asked about the following:

- **Role of leadership in developing a service culture**

The team responded that there is a "little attention paid by top management". The leadership team does not communicate and reinforce clear values and high performance culture. The team emphasize that the leadership team do not develop a service mindset throughout the organisation or drive service culture by example such as focusing on anticipating and exceeding needs that actively drive up the ambition of the community. Moreover, the executive and non-executive/members do not reach to a solid consensus on priorities for best use of resources for best possible service to the community. The team awarded this question a score of 1 which was approximately 2.25 points below the sector average.

- **Leadership style**

The team has awarded this question a score of 1 agreeing that their managers are a bit autocratic with little cross functional communication. The team added that the employees perceive that the organisation does not encourage an open atmosphere, where staff can debate areas for improvement without feeling threatened. Moreover, they mentioned that their organisation is bureaucratic and slow to take and turn decisions into actions. This score was approximately 1.4 points below the sector average.

- **Shared vision, mission and goals**

PROBE team responded to this question by mentioning that there is "no shared plan or vision statement" in their organisation. They were never been asked to involve in such a process and if there was one it has not been communicated and understood at all levels in the organisation. The team were not able find and therefore

provide any documentation to support such communication and any methods employed. Therefore, the team find no answers when the facilitator has asked them about how these organisation-wide statements have been translated into practical operational goals for departments and individuals. Or whether their priorities deflected by political pressures? Or whether the employees believe managers can deliver on the vision? The team awarded this question a score of 1 which was way below the sector average.

- **Customer orientation**

In terms of the service culture, when the team has been asked how customer oriented is their organisation, their response was that “Customers service expectations and satisfaction not known”. The team define their main customers as those contractors who responses for their advertised projects and their secondary customers as those city directorates representatives whose requirements are being sponsored as projects. The team clarify that their organisation is not customer-oriented as there is no process for understanding customers’ requirements and expectations which mainly because the organisation is more internally focused. There is no process for measuring customer expectations and satisfaction and thereby to incorporate them into the organisation plans. Moreover, the organisation does not adopt the concept of internal customer/supplier relationship where each department/section considers each other as a valuable customer and that their needs have to be met on time so as to improve the overall performance of the organisation. The team awarded this question a score of 1 which was way below the sector average.

- **Quality values**

The team believed that the Quality values are not quite part of the core values of the organisation’s employees which clearly because that the organisation itself has not either defined its quality values such as customer focus in its mission and goals nor are quality values embedded in the organisation culture. Therefore, they are not part of the way the organisation works - for both management and staff. The team awarded this question a score of 2 which was approximately 1.2 points below the sector average.

- **Problem solving**

The team has awarded this question a score of 2 admitting the presence of a crisis mind-set and finger pointing. The blame culture is a barrier to the gathering of facts and solutions to the problems tend to be “quick fixes”. The team mentioned that there is no formal team approach to identifying causes and developing solutions, as opposed to escalation to management. Sometimes employees or individuals penalised when problems arise as there is no belief that procedures are at fault and may need revision to become “fail-safe”. Furthermore, employees are no being given training to enable them to solve problems as there is a desire from them to learn from problems instead of the application of a quick fix. This is also not surprising given the low score of “Q28 Quality Procedure and framework-0.5 below sector average” and “Q17 Management of services and support processes-0.8 below sector average” (the result of these two question has been mentioned here only for justification purposes and will not be discussed in details as they are out of the scope of this paper) This score was approximately 0.9 points below the sector average.

- **Quality mindset**

The team was realistic to award a score of 1 for this question “What steps have been taken to move from a “checking” mindset to a view that quality is everybody’s responsibility?”. Their response was that current culture is like if “Problems will happen... we’ll deal with customer complaints...” There is no training is being provided to equip employees with required tools and skills. The score was way below the sector average.

➤ In terms of the **Market Acuity** the members of the team has been asked about the following:

- **Measurement of employee satisfaction**

The team responded that there is No measurement of employee satisfaction, except of relying instead on informal means to assess morale. There has not been introduced any methodology for employee satisfaction measurement. The employee surveys have never been used to assess morale within the organisation nor there any indicators that are used to assess employee satisfaction and morale. There has not been an understanding to the linkages between employee satisfaction, absenteeism, workforce performance and customer satisfaction. The team awarded this question a score of 1 which was way below the sector average.

- **Listening to the customer**

The team has awarded this question a score of 1 agreeing that the only customer interactions are those associated with the provision of the service and no direct customer input to the development of new services.

Neither the organisation captures the voice of the customer nor their informal means such as employee feedback and customer complaints are being exploited. There have not been any formal mechanisms such as research into user needs, customer surveys and focus groups to identify current and future expectations. This is also not surprising given the low score of “Customer orientation” and “Quality values”. This score was approximately 2.3 points below the sector average.

- **Customer relations**

The facilitator explained to the team that many organisations are investing in developing customer relationships. These relationships can provide the ability to offer customer-specific solutions, with service often customised to individual needs. The team has been asked “What does the customer receive from and provide to relationships? Do your customers perceive you as being easy to work and interact with?”. The team responded that “relationships with customers limited and often dissolve. There is little attention is paid to using relationships in service provision. The team awarded this question a score of 1 which was way below the sector average.

- **Electronic communication/commerce**

The team has been asked about how they are exploiting electronic communication & E-commerce opportunities. The rapid growth of the web, electronic data interchange and customer relationship management (CRM) presents multiple opportunities for organisations to interact with their customers/suppliers and to create new service opportunities (e-payment, distance learning etc). Information technology has the potential both to make service and support processes more effective and to create totally new ways of working. A score of 2 was the product of a lively debate; the team felt that this was the best score that they could justify. The team agreed that IT is being used in some areas within the organisation such as to easily track their projects and the information related to their customers however, there is no method of electronic communication/commerce currently being used. The team also agreed that the organisation is not providing the necessary human and other resources to contain the tasks related to it. This would suggest that there is no targeted investment in IT to support and improve the key processes of the department. The score was approximately 1.1 points below the sector average.

- **Systematic use of benchmarking**

During the workshop, the facilitators discuss the term benchmarking with the team and how it is that many organisations benchmark products and services or compare metrics/measures with those of their peers. Where these approaches can help pinpoint shortfalls, but are limited in their contribution to learning and improvement. Best practice (or “diagnostic”) and process benchmarking use comparisons with what others are doing. Afterward the team has been asked “Does your organisation/unit make effective use of process benchmarking – the search for and implementation of best practice – from any sector? If this activity exists, how is it formally incorporated into improvement activities and what has it achieved?” the team responses that “there has not been any benchmarking activity other than the current use of PROBE benchmarking process”. A score of 1 was all that the team felt could be justified for this question which was way below the sector average.

5.2 People assessment results and findings

People are central to the effective delivery of service. In PROBE for public service there are two key aspects:

- a. **The Cycle of Virtue**

- This is a set of three activities, each of which mutually reinforces the others. The first is training and education. Whether there is a strong focus and resource invested in developing the knowledge and skills of employees
- This is supported by employee involvement, for example in improvement programmes and ongoing contributions to the organisation’s development
- Recognition and reward of exceptional performance, in both front office and support roles, reinforce the virtuous cycle. This in turn leads to motivated and retained employees, ready and willing to continue to develop their knowledge and skills, raising the overall standards within the organisation.

- b. **Empowerment**

- Empowerment has many aspects; the first is giving employees the discretion to act within a wide range, often supported by self-managed teams. This leads to and is supported by widening the flexibility of employees

- A key area where employees can effectively exploit empowerment is in handling problems and complaints – ‘service recovery’.

During the facilitated workshop, the facilitator assesses these two sub theme of the organisation against best practices by asking and getting feedback from the team about the following aspect of their organisation:

- In terms of **The Cycle of Virtue** the member of the team has been asked about the following:

- **Recognition and reward**

In terms of the “Recognition and reward” issue although the team understood that recognition and reward of exceptional individual performance can reinforce and promote outstanding service, the team agreed that there is no feedback or recognition of service performance at employee level in their organisation. They weren’t aware of neither formal process for getting external and internal feedback on individual service performance against expectations nor there 360 ° (including upwards) appraisals is used in the organisation. The team was realistic to award a score of 1 for this question which was way below the sector average.

- **The development of people**

The team awarded this question a score of 1 agreeing the absence of a formal people-development plan that is linked to organisational/service needs. The score confirms that the development of people is ad hoc and likely to be limited in range, content and effectiveness.

The team felt that this area was worth the attention of top management as the organisation is engaging with a number of new/advanced aspects of service delivery that requires special knowledge and skills. The score was approximately 2.25 points below the sector average.

- **Employee involvement**

A score of 2 was the product of a lively debate; the team felt that this was the best score that they could justify. They have been asked the following questions “How do staff contribute to the operation of the service and decision-making process? What systems exist to involve staff? (For example, quality programmes, suggestion schemes, quality circles). What measures exist to assess the success of these schemes? In what ways, if any, do staff exhibit empowerment? Is action taken on issues raised or identified by staff?”. Their response was that “Involvement is almost blocked by attitudes of both management and employees

- In terms of the **Empowerment** the member of the team has been asked about the following:

- **‘Real time’ employee handling of service problems/failures**

The team responded to this question and agreed that the service problems/failures are not identified or responded to. The employees have not been explicitly and appropriately empowered to deal with these, and to take immediate decisions to resolve problems without recourse to supervisors. There hasn’t been any evidence of training and support given to them to do such thing. A score of 1 was all that the team felt could be justified for this question which was way below the sector average.

- **Employee discretion**

A score of 2 was the product of a sparkling debate; the team felt that this was the best score that they could justify. The team has been asked in terms of giving staff the discretion to act within a wide range, where are you on the pendulum of tight control, limited procedures or complete freedom to act? Are staff working effectively in self-managed teams? What policies and training do you have to support this?. The teams agreed that staff have very limited discretion within tightly defined limits and some are actively discouraged from challenging procedures.

The result from analysing the gathered data can be seen in the figure below. The red line represents the result of this benchmarking process while the blue line refers to the comparison group average of the organisation’s sector.

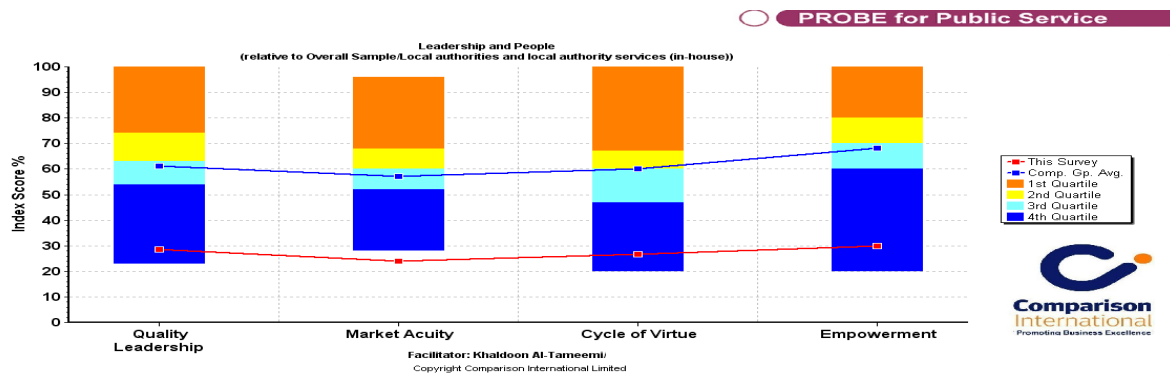


Figure 4: Leadership and People results (Source: PROBE report)

On the other hand the results show that the impact of the above practices adapted by this organisation, in general, have led to a tremendously negative impact on the overall performance of the organisation when compared to the performance of the world-class organisations, working in the same sector. As appears in the figure below, the overall performance of the organisation is below the sector average, this is in terms of the service quality, customer growth, result for stakeholders and business performance by approximately 26%, 30%, 35% and 8% respectively. The details of each of the performance indices are not within the scope of this paper.

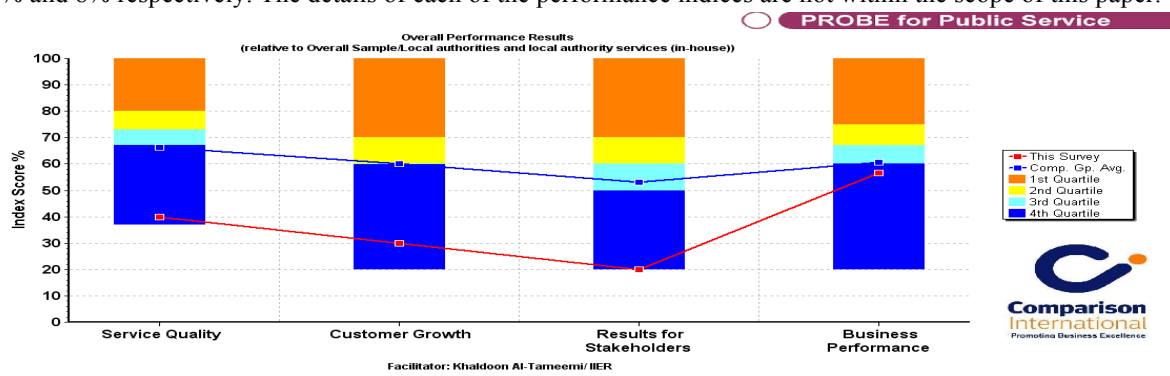


Figure 5: overall performance results (Source: PROBE report)

Conclusion and Recommendation

This paper discussed the impact of organisational culture and leadership practices on organisational performance. It has drawn evidence from the literature about the connection between the leadership and culture to the performance of the organisation and has proven that in a real case study scenario of a public sector organisation in Iraq. The PROBE for Public Service benchmarking tool is a facilitated self-assessment process completed by a representative team, which attempts to show the position of an organisation in relation to a sample of other organisations, based on a model of World Class service provision. The results of the assessment process are designed to highlight strengths and areas for improvement for the organisation, but also to identify potential opportunities for sharing ‘best practices’ and learning with other organisations through more in depth ‘process benchmarking’. According to the scope of this study, the paper has only discussed the results of the leadership and people indices generated from the benchmarking tool. It is recommended that the findings and discussion presented in this paper should be studied and discussed within the organisation, with a view to prioritising areas that are likely to deliver significant benefits and can therefore be made the subject of action planning. As attention turns to action planning, particular emphasis should be placed on the ‘practice weakest elements’, since it will generally follow that improved performance can only be achieved via improved practices. Those practices which are candidates for action may need to be discussed in more depth, so that actions can be planned with confidence that they will deliver the anticipated benefits. PROBE benchmarking usually helps to stimulate enthusiasm and momentum for improvement within the organisation. Harnessing this enthusiasm can be an invaluable opportunity, and it is important to progress from benchmarking to action within a reasonably short timescale, before the momentum is lost. Benchmarking once can be a beneficial exercise for any organisation, but benchmarking’s full benefits will be realised when it becomes part of a regular cycle of ‘plan-do-study-act’ – in other words, a cycle of continuous improvement.

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