New Zealand State Sector Leaders' Effectiveness 2019–2021: Navigating Through Disruption

ASK
YOUR
TEAM

Introduction

Before COVID-19, the largest disruptions to work involved new technologies and changing workforce demographics. The outbreak of COVID-19 has highlighted the physical dimension of work: the physical proximity of employees to one another and customers, the level of face-to-face interaction required and the physical environment in which work takes place. With social distancing forcing perhaps the largest social experiment of our time, the ongoing implications and disruptions of the pandemic on what, where, when and how we work will play out across the next several years. As we all look to the future, considering what we have learned over the past three years will provide leaders guidance on what's working well and where step changes should be made to help New Zealand businesses turn surviving into thriving.

This paper follows on from our leadership paper published in 2019, deriving insights from state sector organisations using AskYourTeam. It has a specific focus on where leaders are performing well and where there are opportunities to improve as they navigated the impact of the COVID-19 pandemic on their organisations. Data has been collated for June year-end for the past three years to allow comparative analysis of the pre-pandemic (2019), pandemic (2020) and post-pandemic (2021) impact on employee responses.

AskYourTeam for State Sector: A powerful organisational diagnostic system

USED BY
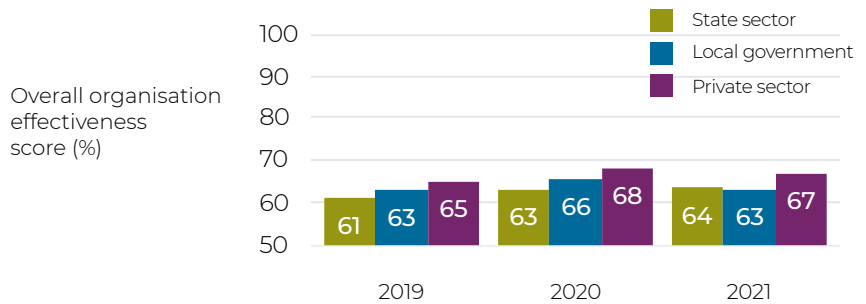
200+

organisations

OVER

30K

employees

OVER

2M

data points

AskYourTeam insights on overall effectiveness

The overall organisation effectiveness score is the average of all employees' responses to all the AskYourTeam for state sector organisational performance questions. It provides an overview of employees responding to the survey's assessment of their organisation's overall effectiveness. A score of 64% indicates that employees in New Zealand's state sector consider their organisation's overall effectiveness as OK, but there are areas that need to improve.

It's fair to say that 2020 rocked many organisations, upending plans and priorities as leaders scrambled to navigate the impact of COVID-19 on their businesses. Remarkably, despite the upheavals, New Zealand leaders in the private and state sectors have made steady inroads into improving their organisation's effectiveness over the past three years. In contrast, council employees reported significant improvement in their leaders' effectiveness in 2020, but these

How effective are New Zealand organisations?

Overall organisation effectiveness score (%)

Legend: State sector, Local government, Private sector

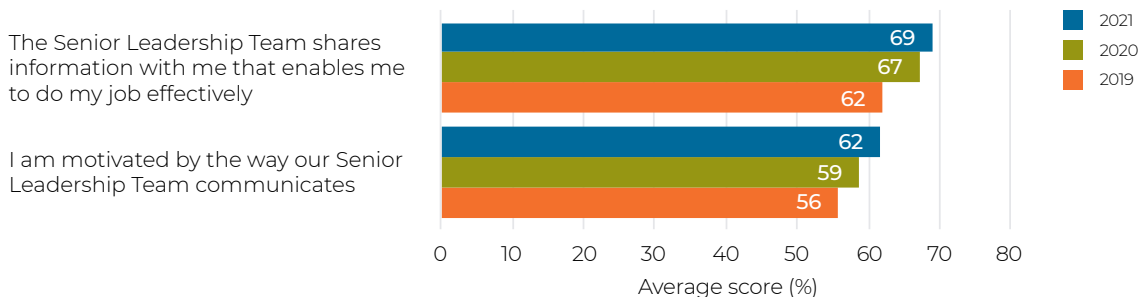|	2019	2020	2021
State sector	61	63	64
Local government	63	66	63
Private sector	65	68	67

gains were not retained in 2021. Notably, the increase in overall effectiveness scores in the state sector has been driven by significant improvements across 22 of the 72 questions.

One area critical to organisation's effectiveness during times of rapid change and uncertainty is the ability of leaders to transparently communicate to their employees what is happening at the organisational level and with customers. Encouragingly, our data indicates that this area showed the greatest improvement across the sector. We would suggest that the experience of leading teams remotely has helped leaders recognise this necessity,

as employees believe the quality and quantity of communication from their senior leaders has improved over the past two years. However, we do note that, while positive steps have been taken, employees feel there is still room for improvement as both questions retain persistent blindspots[1] (see page 10).

Leaders appear to be doing a good job focussing on individuals in terms of health and wellbeing, and on overall performance of their organisation but have not focussed as much on more traditional professional development opportunities for their teams as they would in a non-COVID disrupted world.

Most-improved questions 2019–2021

The Senior Leadership Team shares information with me that enables me to do my job effectively
- 2021: 69
- 2020: 67
- 2019: 62

I am motivated by the way our Senior Leadership Team communicates
- 2021: 62
- 2020: 59
- 2019: 56

Average score (%)

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[1] Blindspots are traits or areas we don't know about or have insufficient awareness of that may limit the way we behave, believe or react. While reasonable to expect leaders would naturally apply a positive lens to their organisation's effectiveness (typically leaders scores are 0–5% higher than employees), a blindspot is when that positive lens becomes distorted and leaders have a very different perception of their effectiveness relative to that of their employees. This misalignment risks the organisation's business objectives not being met and employee motivation and commitment being undermined.
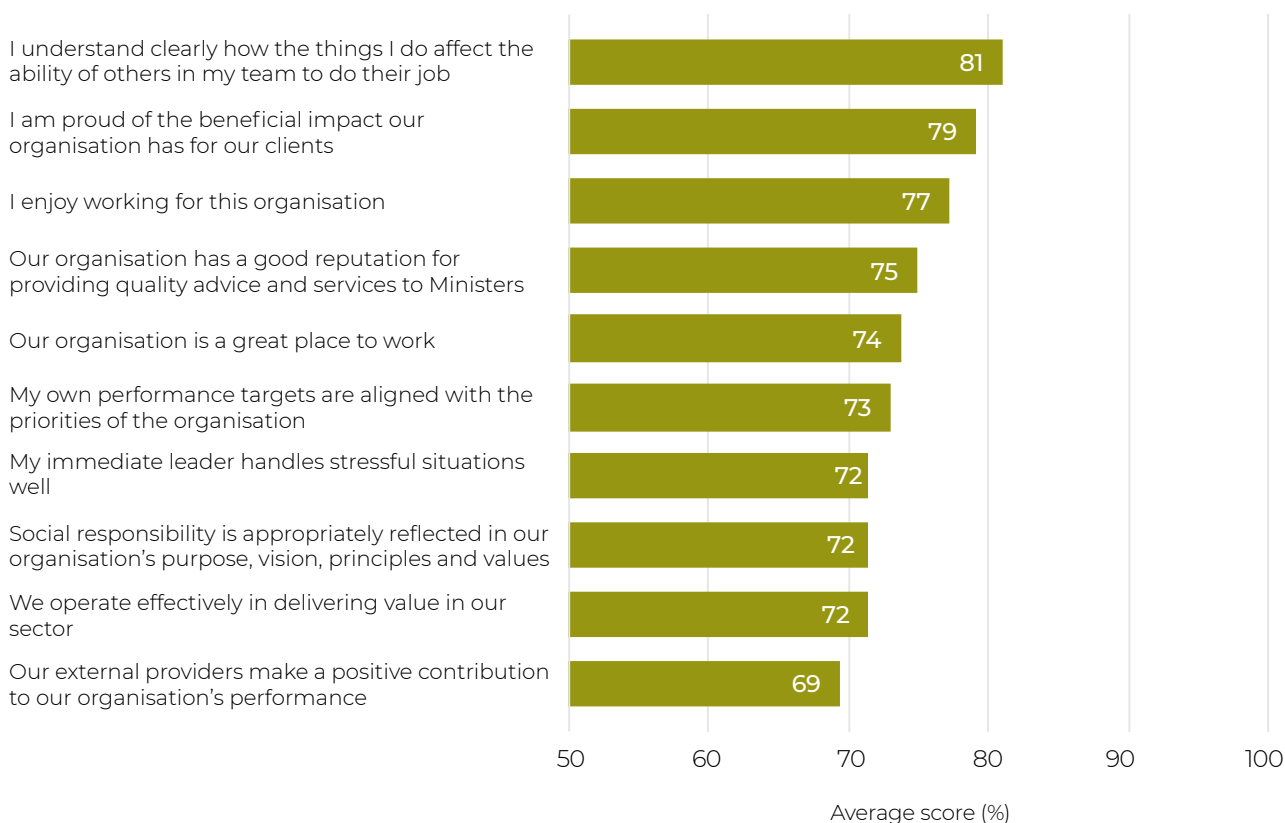
What state sector leaders are getting right

These are the highest-scoring questions of all employees and leaders from surveyed organisations using the AskYourTeam for state sector involvement system. Notably, our results indicate that leaders have provided their people with remarkable stability through the uncertainty of the past three years as there has been less than 2% movement in the top scores, with the exception of social responsibility, which appeared for the first time in 2020.

The following sections discuss these attributes under these key themes:

> Clarity and purpose
> Customer-focused leadership
> Social responsibility
> Committed to the cause

Top 10 questions in 2021

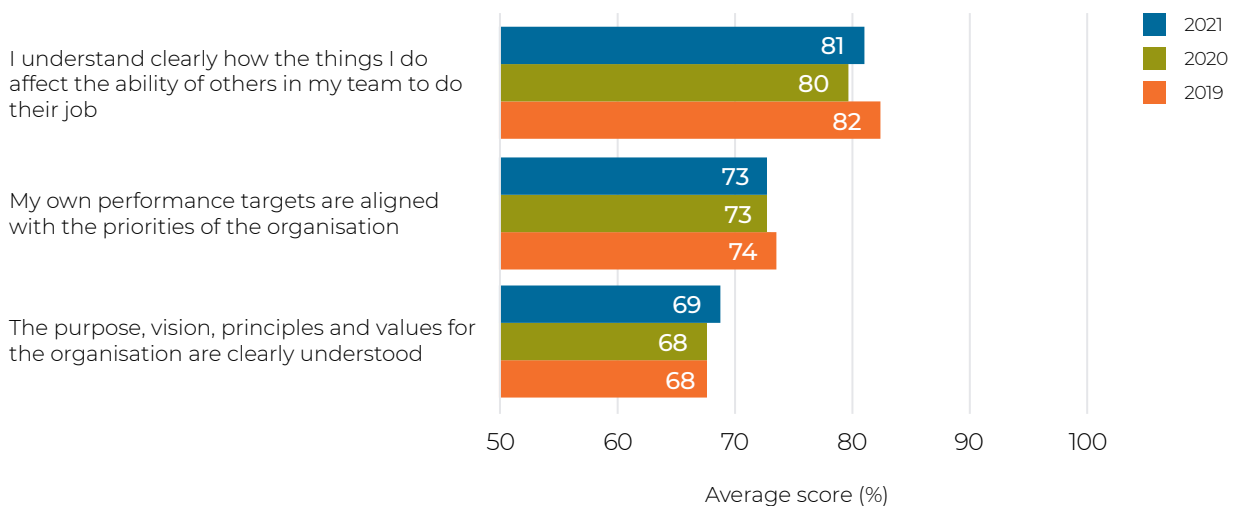| Question	Average score (%)
I understand clearly how the things I do affect the ability of others in my team to do their job	81
I am proud of the beneficial impact our organisation has for our clients	79
I enjoy working for this organisation	77
Our organisation has a good reputation for providing quality advice and services to Ministers	75
Our organisation is a great place to work	74
My own performance targets are aligned with the priorities of the organisation	73
My immediate leader handles stressful situations well	72
Social responsibility is appropriately reflected in our organisation's purpose, vision, principles and values	72
We operate effectively in delivering value in our sector	72
Our external providers make a positive contribution to our organisation's performance	69

Average score (%)

Clarity and purpose

In 2019, we reported that employees responding to the survey expressed having a clear understanding of their organisation's 'why'. They knew why the organisation exists, why it is important and how their role contributed to achieving the vision. This alignment was underpinned with employees knowing how their actions impact on their team and were confident that their colleagues also understood their roles and responsibilities for achieving the vision. In short, state sector leaders were successful at building teams of people aligned in vision and action.
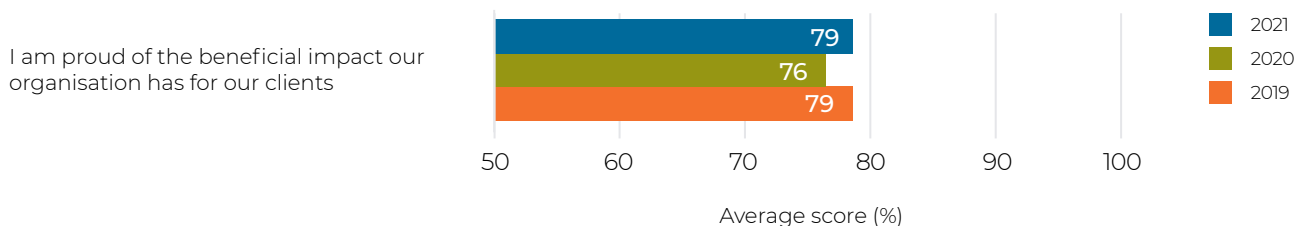
Today's results show that this foundation remains strong and likely provides valuable support to employees knowing where they're going and how they're going to get there despite the uncertainty in today's operating environment.

When it comes to the purpose, vision principles and values for organisations being clearly understood, there has been little improvement. A core focus on clarity and frequency of messaging will be key to seeing these scores increase - important as it is fundamental to organisational strategy and success.

Legend: 2021, 2020, 2019

I understand clearly how the things I do affect the ability of others in my team to do their job — 2021: 81, 2020: 80, 2019: 82

My own performance targets are aligned with the priorities of the organisation — 2021: 73, 2020: 73, 2019: 74

The purpose, vision, principles and values for the organisation are clearly understood — 2021: 69, 2020: 68, 2019: 68

Average score (%)

Customer-focused leadership

Employees report feeling highly motivated to put their customers first and believe their leaders are doing well at putting New Zealanders at the front and centre of their decisions. This has been consistently in the top three highest-ranked questions over the past three years, showing state sector leadership is doing well at developing a customer-focused business model.

Legend: 2021, 2020, 2019

I am proud of the beneficial impact our organisation has for our clients — 2021: 79, 2020: 76, 2019: 79

Average score (%)

Social responsibility

In the era of the social enterprise, people no longer believe that financial results are the only primary measure on which a business's success should be judged. They also judge organisations for the impact they have on the social and physical environment as well as on their customers and the people who work for and with them. A score of 72 per cent, an increase of five points since 2019, shows that employees feel that their organisation is putting the right amount of importance and focus on social responsibility.

Committed to the cause

Results show employees continue to feel incredibly privileged to be in a position to make a beneficial contribution to New Zealand. They enjoy working for an organisation whose purpose and culture they find both inspiring and motivating. They value the impact their roles have for New Zealanders and are proud of their reputation for providing quality advice and service to their Ministers.
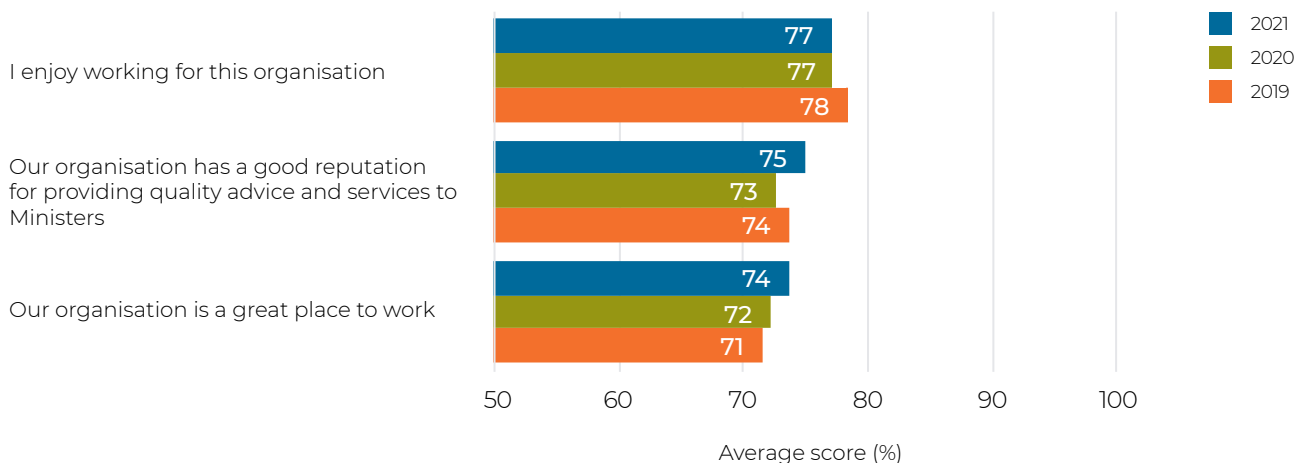
Pride in their role and alignment of purpose and action indicates that state sector employees are strongly committed to helping New Zealand respond to the challenges of the COVID-19 pandemic. This places leaders in an enviable position, as research has shown that the extent to which employees commit emotionally or rationally[2] to something or someone in their organisation influences how hard they will work and how long they intend to stay. In short, employees' strong commitment will inspire and sustain their discretionary effort to provide their leaders confidence to meet objectives and provide New Zealand businesses and communities with a degree of clarity and stability in a time of uncertainty.
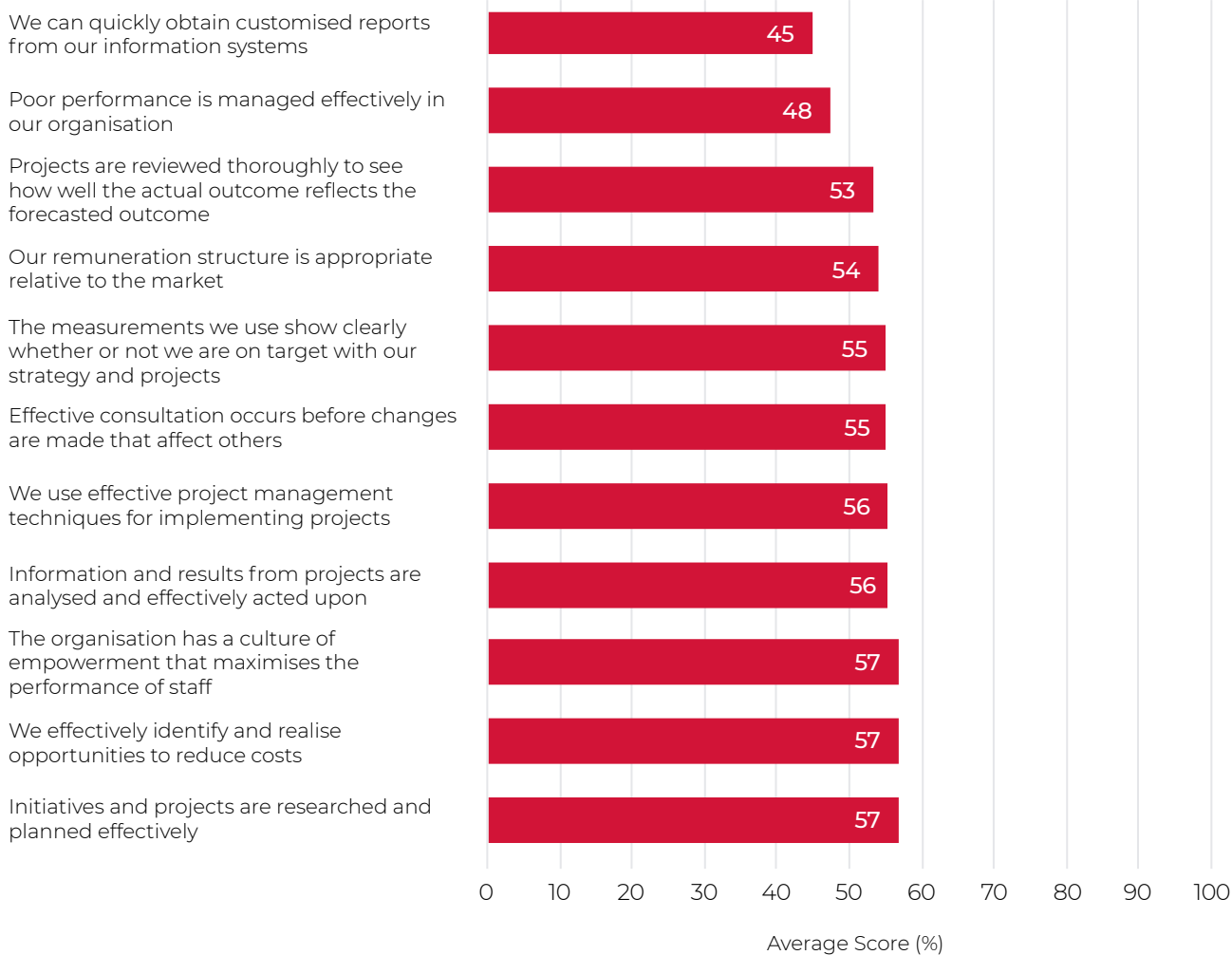
[2] Emotional commitment is the degree to which employees value, enjoy and believe in their roles, organisation, teams or manager. In comparison, rational commitment is the degree to which employees believe that someone or something within their organisation provides professional development and financial rewards that are in their self-interest. Differences emerge as employees commit, depending on the type and in varying levels, to different aspects of their workplace: their organisation, manager, team or role.

What state sector leaders are struggling with

These are the lowest-scoring attributes of all employees and leaders of surveyed organisations using the AskYourTeam for State Sector involvement system. The following sections discuss these attributes and notable blindspots under these key themes:

> Project management
> Dealing with non-performance
> Technology challenges
> Self awareness

Bottom 10 questions in 2021

| Question	Average Score (%)
We can quickly obtain customised reports from our information systems	45
Poor performance is managed effectively in our organisation	48
Projects are reviewed thoroughly to see how well the actual outcome reflects the forecasted outcome	53
Our remuneration structure is appropriate relative to the market	54
The measurements we use show clearly whether or not we are on target with our strategy and projects	55
Effective consultation occurs before changes are made that affect others	55
We use effective project management techniques for implementing projects	56
Information and results from projects are analysed and effectively acted upon	56
The organisation has a culture of empowerment that maximises the performance of staff	57
We effectively identify and realise opportunities to reduce costs	57
Initiatives and projects are researched and planned effectively	57

Average Score (%)

Self-awareness

Research suggests that, when we see ourselves clearly, we are more confident and creative. We build stronger relationships and make sounder decisions. Leaders who see themselves as their employees do are more skilled at showing empathy and understanding others' perspectives. As a result, they tend to have higher levels of trust and better relationships with their employees, who in turn see them as more-effective leaders in general. Yet by virtue of their position, leaders risk living in a good-news bubble that insulates them from warning signals, and cognitive biases can cloud their own judgements.[3]

Our data shows there are notable gaps between state sector leaders' perception of their organisation's effectiveness and that of their employees. In 2019, we reported that 96% (68 of 71 questions evaluating

Bursting leadership bubbles

Blindspot count (gaps greater than 10% difference between leaders' and employees' average scores)
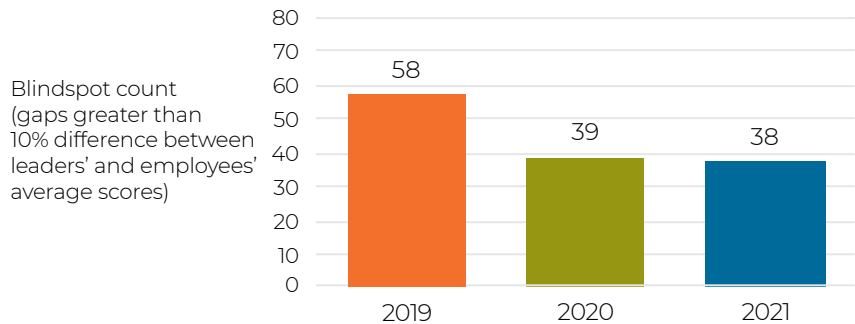
organisational effectiveness) of leader scores were 5–24% higher than their employees' scores, 58 (or 82%) of which we consider to be significant blindspots where the difference between scores is greater than 10%. Encouragingly, however, in 2020, the number and size of blindspots reduced to 60 of 71 questions (85%), 39 (or 55%) of which were greater than 10%. These improvements were retained in 2021.

We would suggest that the

reported improvement in communication from senior leaders over the past two years is having a positive impact on leader-employee alignment. However, our data shows leaders have consistently overestimated their effectiveness at communicating for the past three years. While these blindspots persist, it is unlikely that leaders' self-awareness will continue on the same bubble-bursting trajectory.
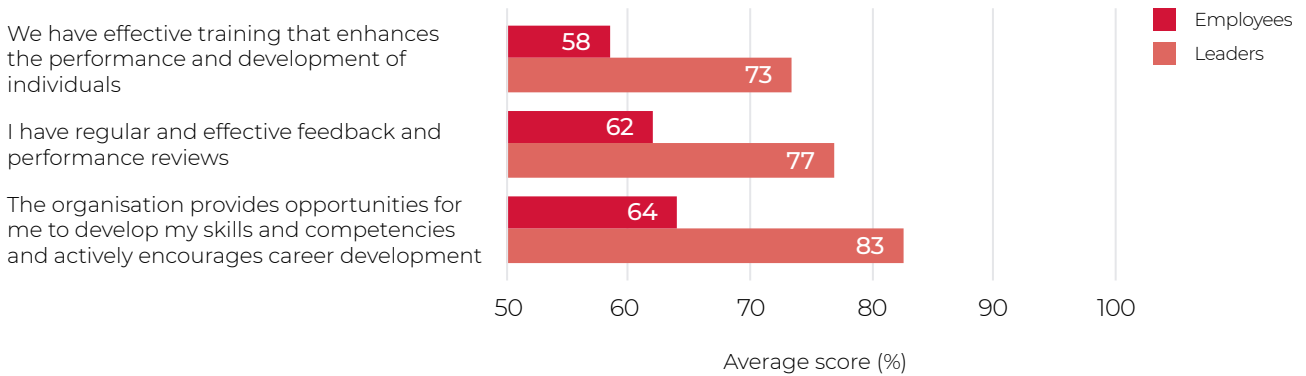
Comparing leaders' and employees' responses to two communication questions:

The emergence of three new blindspots highlights the challenges organisations have faced balancing the management of their business's response to the implications of the pandemic,and meeting the development needs and expectations of a dispersed workforce.

Three new blindspots in 2021: comparing leaders' and employees' responses

We have effective training that enhances the performance and development of individuals

I have regular and effective feedback and performance reviews

The organisation provides opportunities for me to develop my skills and competencies and actively encourages career development

Legend: ■ Employees ■ Leaders

Chart values — Employees / Leaders:
- Effective training: 58 / 73
- Feedback and performance reviews: 62 / 77
- Opportunities to develop skills: 64 / 83

Average score (%)

Our data suggests that public sector employees are not confident they are getting the feedback or training they need to be effective over the past 12 months. The risk is twofold: employees' commitment and motivation being eroded by a lack of development and career opportunities and organisations failing to retain or train needed talent.

Leaders appear to be doing a good job focussing on individuals in terms of health and wellbeing, and on overall performance of their organisation but have not focussed as much on more traditional professional development opportunities for their teams as they would in a non-COVID disrupted world.
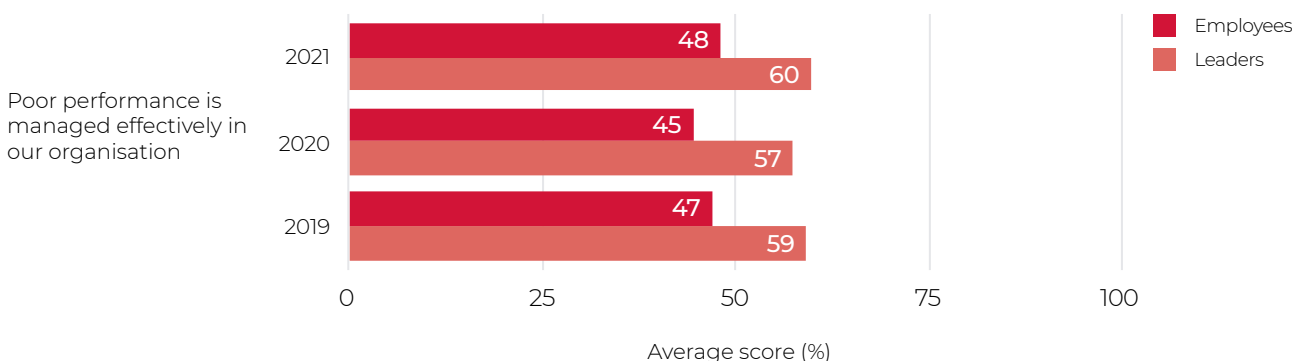
Continuing skill shortages, limited immigration and increasing remote-working opportunities mean there is fierce competition for talent. For leaders, it is more important than ever that they look after their people. Providing flexible development programmes that meet the needs of an equally flexible workforce will be key in talent management strategies and succession plans if organisations are to attract and retain needed skills.

Dealing with non-performance

Employees in the public sector are proud of their roles and the contribution they make to New Zealand. This sense of purpose and motivation to strive to do better is likely being undermined by their perception that poor performance is not dealt with efficiently or effectively. Survey findings show that this continues to be the number one issue for employees and a key concern for leaders for the past three years.

While categorised as a blindspot due to more than a 10-point difference in scores, leaders themselves also scored this question low indicating an awareness that improvement needs to be made.

Poor performance blindspots: comparing leaders' and employees' responses

Poor performance is managed effectively in our organisation

Legend: ■ Employees ■ Leaders

Chart values — Employees / Leaders:
- 2021: 48 / 60
- 2020: 45 / 57
- 2019: 47 / 59

Average score (%)

Undoubtedly, having courageous conversations and managing poor performance can be one of the most challenging parts of any leader's role. Left too long or unchecked, however, this can result in difficult and unproductive behaviours becoming entrenched, relationships deteriorating and patience being in short supply. The risk is that negative attitudes can undermine team morale and productivity, which can become more pronounced when employees perceive performance inequities within their teams.

As the disruptions and ongoing implications of the pandemic play out over the next several years, organisational and employee resilience will continue being tested. While a lack of control will deplete reserves, addressing controllable factors such as poor performance will go some way to mitigating the cumulative effect of stress on employees.

Technology challenges

COVID-19 has changed the way we work. It has impacted on our expectations and the way we interact with, access and experience business and state sector services. Yet our research suggests that the state sector's systems have not kept pace with the expectations or the needs of employees over the past 3 years.

Our data shows both leaders and employees are aligned in their frustration with their organisation's technology not meeting their business requirements. Indeed, leaders report their biggest pain point is not being able to rapidly access data from their information and communication technology platforms.

To survive, organisations are increasingly relying on their ability to gather, collate and distribute critical information to decision makers. To thrive, today's organisations are facing growing demands from their people to support remote working and facilitate innovation and communication with collaboration tools. In short, they can ill afford to fall behind in their investment in technology.
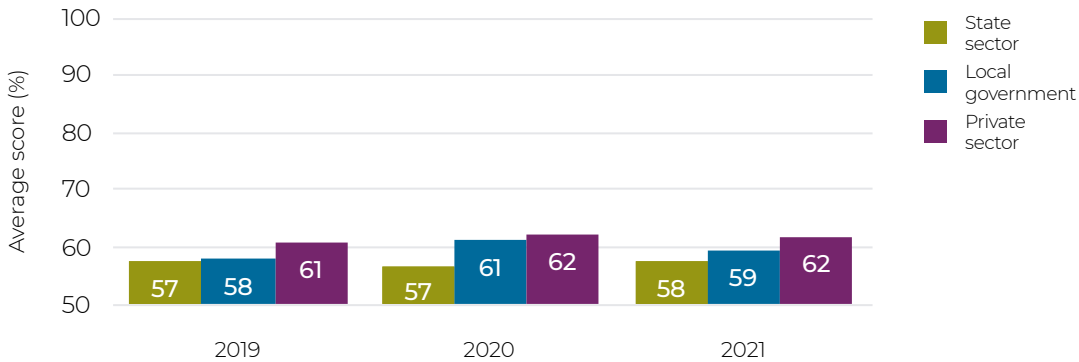
Technology blindspots: comparing leaders' and employees' responses

Average score (%)
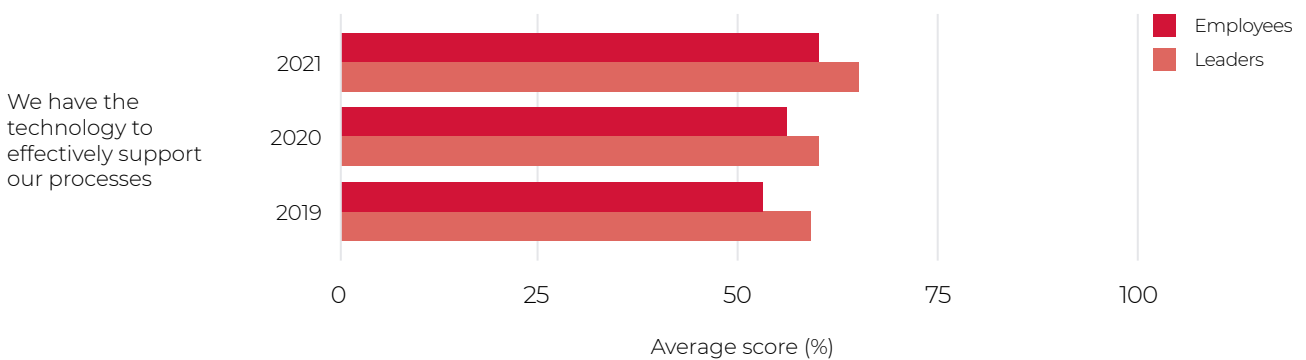
Project management

Our data shows that managing projects from concept to review continues to be a critical weakness across all sectors of New Zealand's leadership.

Comparing perceived project management effectiveness across New Zealand organisations
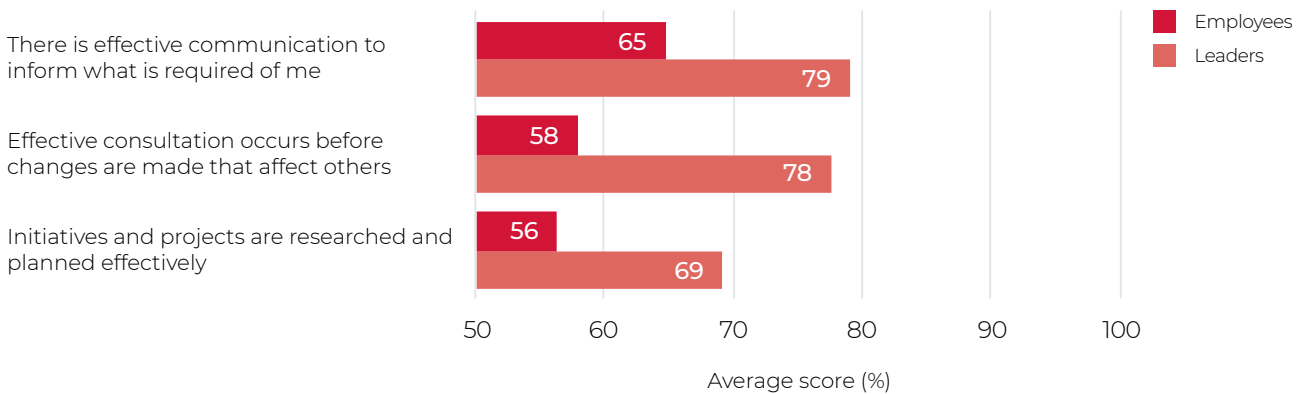

Early planning and organising of a project or initiative is key to motivating and creating a culture of involvement with the team to ensure a project's success. Leaders are continuing to fail at the first hurdle with a lack of effective planning being undertaken, project management techniques not being effective, people not being held accountable for meeting deadlines and changes to plans not being communicated well.

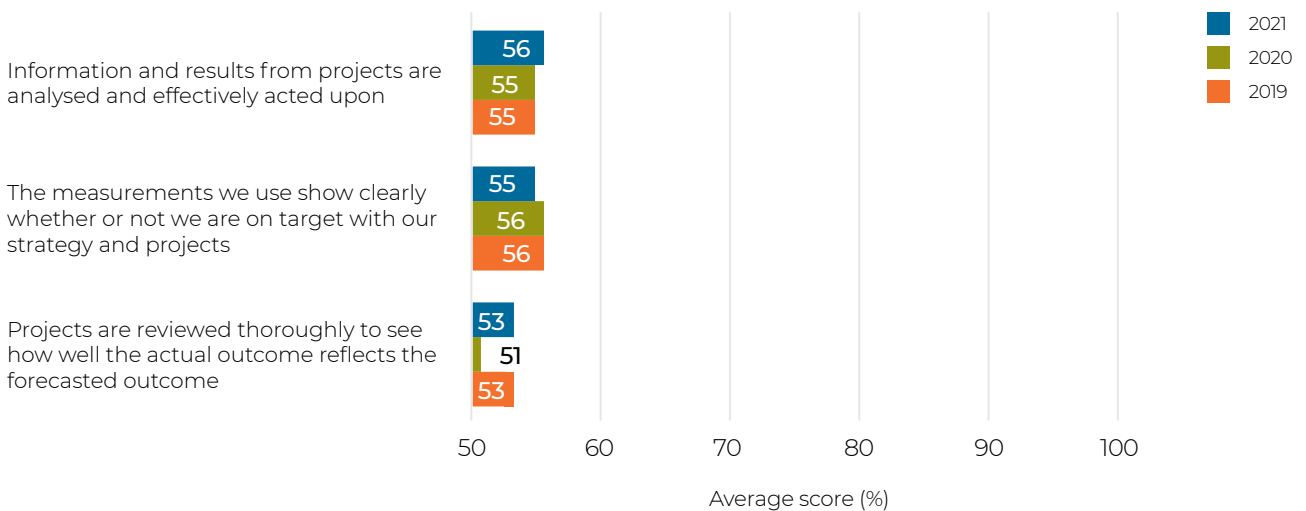**Project management: planning and review**
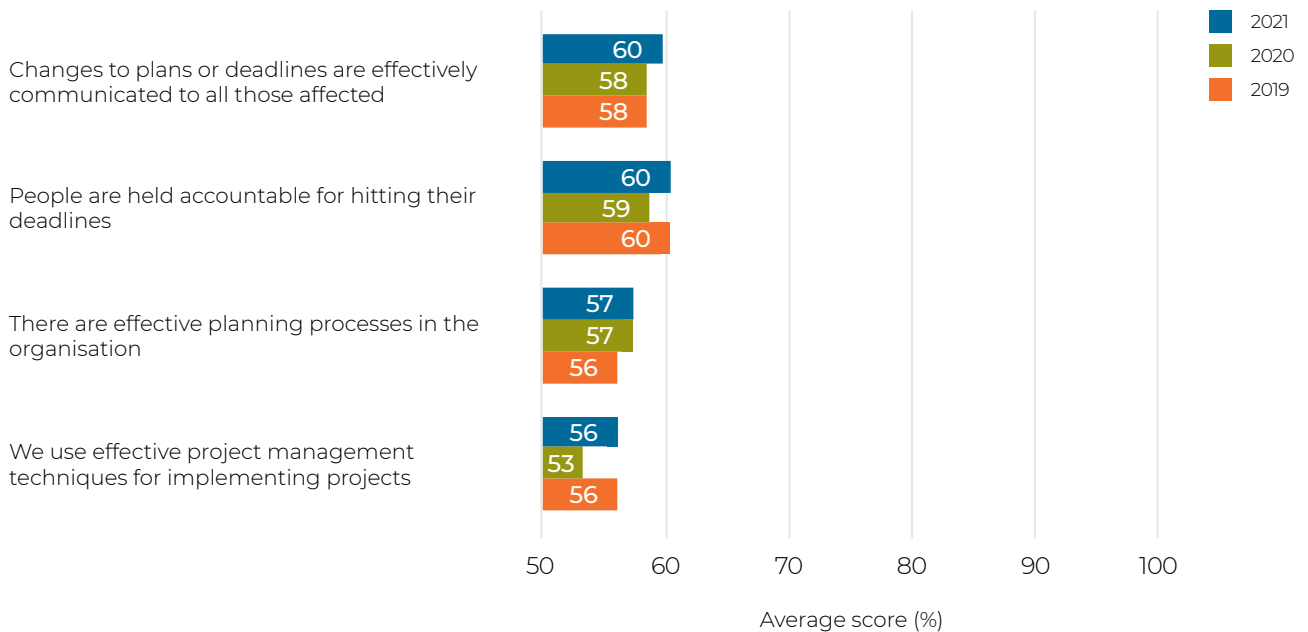
Too often, we see optimism bias creep into project planning and the level of consultation undertaken. Leaders believe they are ensuring projects are well planned and that they effectively consult and clearly communicate project expectations. Their employees disagree.

Project management blindspots in 2021: comparing leaders' and employees' responses

Legend: Employees, Leaders

- There is effective communication to inform what is required of me: Employees 65, Leaders 79
- Effective consultation occurs before changes are made that affect others: Employees 58, Leaders 78
- Initiatives and projects are researched and planned effectively: Employees 56, Leaders 69

Average score (%)

Leaders are also missing opportunities when it comes to reviewing the success of a project. Employees report that there is a lack of review process when it comes to seeing how well the actual outcomes of a project reflect the forecasted outcomes. There is a lack of information and analysis and so no actions are taken to try and improve next time round. Organisations can easily fall into a cycle of underperformance when failing to learn from previous and ongoing work.

Project management; reviewing for outcomes

Legend: 2021, 2020, 2019

- Information and results from projects are analysed and effectively acted upon: 2021 56, 2020 55, 2019 55
- The measurements we use show clearly whether or not we are on target with our strategy and projects: 2021 55, 2020 56, 2019 56
- Projects are reviewed thoroughly to see how well the actual outcome reflects the forecasted outcome: 2021 53, 2020 51, 2019 53

Average score (%)

This recognition by leaders and employees that there is a lack of project management structure and discipline might reflect skill scarcity in the area. If the state sector is going to have the capability to respond quickly to policy changes and continue to provide quality service and advice to their Ministers, it must support its people through the disruption the pandemic has brought to their roles with clear communication and upskill them in collaboration and project management. The first step may well be greater awareness and recognition that project management is a skilled discipline, not an innate capability.

Hot topic

Employee wellbeing

The social, emotional and financial reverberations of COVID-19 will leave few lives unchanged. How quickly and how well individuals and organisations recover will depend on their health, jobs and the industry they were in pre-COVID.

The overall health, safety and wellbeing (HSW) score is the average of all employees' responses to the AskYourTeam for State Sector questions relating to wellbeing frameworks that identify key workplace factors known to impact employees' physical and psychological wellbeing.[4] It provides an overview of employees responding to the survey's assessment of their organisation's overall effectiveness.

Our data shows the state sector's health, safety and wellbeing score of 66% has remained stable over the past three years. State sector employees believe the effectiveness of their organisation's HSW policies and practices are OK, but there are areas that need to improve.

Employee wellbeing across New Zealand organisations
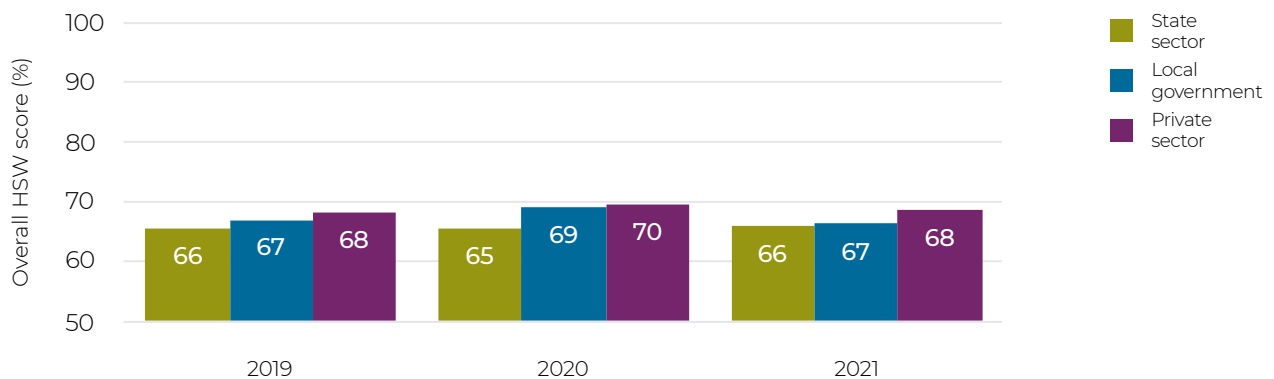
Analysis of the health, safety and wellbeing question scores suggests that state sector leaders are effectively identifying and managing health and safety hazards, providing clarity and helping their employees find purpose and meaning in their work. They are succeeding at creating inspirational cultures and giving people a sense of belonging in addition to recognising their achievements. However, leaders are failing to empower their people and create cultures of psychological safety to enable sharing of feedback, questions to be raised, ideas to be proposed and opinions to be shared without fear of ridicule or penalty. Of conce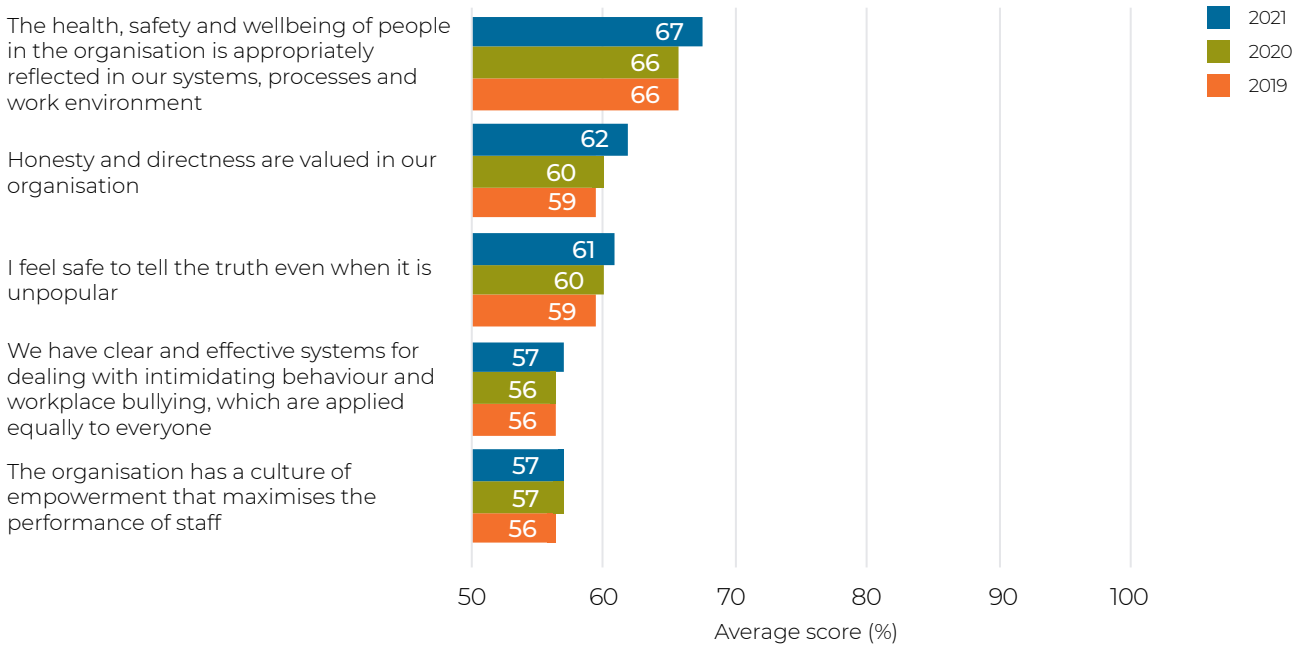rn and despite the occurrence of bullying and intimidating behaviour in New Zealand organisations being widely condemned over the past several years, little appears to have been done. Our data shows that employees continue to lack confidence in their organisation's approach to confronting such behaviour.

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[4] For example: see Leading Safety/The Business Leaders' Safety Forum (2021) Protecting Mental Wellbeing at work: A guide for CEOs and their organisations.

Wellbeing frameworks commonly group the workplace factors known to impact employees' physical and psychological wellbeing into four areas providing a useful tool for the identification and management of associated risks:
- Task - the nature and demands of the work and how its organised, e.g. work demands, autonomy, skill, and experience match.
- Individual - the impact of work on a person and its meaning to them, e.g. work-life balance.
- Social - the relationships and personal connections at work, e.g. role conflict, supportive work relations.
- Organisational - the culture, systems, and employment processes at work, e.g. leaders valuing wellbeing, effective policies and processes, communication clarity, inclusivity.

Health, safety and wellbeing

The health, safety and wellbeing of people in the organisation is appropriately reflected in our systems, processes and work environment

Honesty and directness are valued in our organisation

I feel safe to tell the truth even when it is unpopular

We have clear and effective systems for dealing with intimidating behaviour and workplace bullying, which are applied equally to everyone

The organisation has a culture of empowerment that maximises the performance of staff

Legend: 2021, 2020, 2019

Bar chart values:
- The health, safety and wellbeing... — 2021: 67, 2020: 66, 2019: 66
- Honesty and directness... — 2021: 62, 2020: 60, 2019: 59
- I feel safe to tell the truth... — 2021: 61, 2020: 60, 2019: 59
- We have clear and effective systems... — 2021: 57, 2020: 56, 2019: 56
- The organisation has a culture of empowerment... — 2021: 57, 2020: 57, 2019: 56

Average score (%)

A critical step to confronting bullying and intimidating behaviour is to ensure the organisation provides employees with the psychological and procedural safety to encourage and support their efforts to speak up. Employees were asked to respond to the statements "I feel safe to tell the truth even when it is unpopular" and "Honesty and directness are valued in our organisation". These are prime markers of inclusiveness within an organisation and a red flag to whether there is fertile ground for bullying in the organisation. Overall, employees remain reticent about speaking the truth (61%). This is potentially compounded by employees believing that, even if they do speak up, their honesty will not be valued (62%).

As we continue to respond to disruptions and the uncertainty of possible lockdowns, the cumulative effect of stress and lack of control can undermine wellbeing. It can also weaken the cognitive processes that make people capable and productive in both their personal and professional lives.

Organisations have rightly focused on finding ways to support employee wellbeing while determining how to best manage a hybrid workforce that enables employees to work productively from home, the office or an alternate third workspace. The question we are often asked is how to balance productivity against wellbeing. We would suggest it is not a question of balancing one against the other but that they are mutually beneficial.

Much research shows addressing the factors that contribute to the experience of workplace stress and physiological ill health have a direct positive impact on employees' productivity, commitment and wellbeing. Employees thrive in cultures founded on psychological safety and trust.[5] This can help people become more innovative, resilient and empowered to make positive decisions, take action and be productive even when stress becomes pervasive.[6] Therefore, now more than ever, leaders need to ensure a culture of trust and psychological safety is in place, if organisations are to successfully navigate the ongoing impact of the COVID–19 pandemic.

[5] Edmondson, A.C. & Lei, Z. (2014) Psychological safety: The history, renaissance, and future of interpersonal construct. Annual Review of Organizational Psychology and Organizational Behaviour, 1, 23–43.

[6] Lee, T.J, Sniderman, B., Marquard, B. & Galletto, N. (2020). Embedding trust into COVID-19 recovery: Four dimensions of stakeholder trust. Deloittes Insights. https://www2.deloitte.com/content/dam/insights/us/articles/6720_embedding-trust-into-covid-19-recovery/DI_Embedding-trust-COVID-recovery.pdf

[7] Resilient Organisations (2019) Building adaptive resilience. https://www.resorgs.org.nz/wp-content/uploads/2019/02/Becoming-Agile-Building-Adaptive-Resilience.pdf

Summary

The insights presented in this paper show that, despite the upheavals and ongoing challenges of adapting policies and objectives to meet rapidly changing social and economic needs, state sector leaders have made steady inroads into improving their organisation's effectiveness over the past three years.

Leaders' success is underpinned by a continuing wealth of support from their employees who firmly believe in their organisation's purpose and values. They are committed to a shared vision for New Zealand, have a strong sense of belonging and know how each can contribute to achieving their organisation's objectives.

The greatest risk, however, is that this passion and commitment is being eroded by a lack of alignment between leader and employee perspectives, frustrations with poor performance not being managed effectively, technology that is not match fit and poor project management.

It is unlikely that the next 12 months will be about stability and getting back to normal. The reality is that the ongoing disruptions of the COVID-19 pandemic on New Zealand's economy and social and organisational structures suggests, however, that this year is likely to be another year of transition and uncertainty. Leaders planning for a post-pandemic future can take a more-intentional strategic approach to establishing a 'new normal' and leverage flexibility without threatening organisational effectiveness or productivity.

They will also need to have a renewed focus on professional development and training opportunities to ensure their workforce remains motivated.

Key points

> As skill shortages and the pandemic implications play out over the next several years, leaders are well positioned to leverage their recent remote-working experiences and cohesive organisational cultures to shape a successful hybrid workforce – one that enables employees to work in the office, the home or in an alternate third workspace at least part of the time.

> Employees' strong commitment to the state sector will inspire and sustain their discretionary effort over time. However, with full employment and immigration as a source for new people being highly problematic, it's more important than ever that leaders look after their biggest asset – their people – by providing a supportive culture that values and develops talent in order to attract and retain needed skills.

> The pandemic has brought wellbeing to the forefront as leaders and employees faced unprecedented professional and personal pressure over the past 18 months. Its impact on employees wellbeing and, by association, productivity has made it clear that supporting physical and mental health is a table stake that organisations cannot afford to ignore.

> During times of rapid change and uncertainty, the ability of leaders to transparently communicate to their employees what is happening at the organisational level and with customers is critical. These results suggests that leaders have applied their lockdown learnings. The challenge today is for leaders to continue to find better ways to communicate across multiple channels to help their people remain connected to the organisation's purpose and understand the what, why and how changes that are going to impact their roles regardless of their physical location.

> To help their people adapt to the opportunities and stress of our new reality, leaders need to be cognisant of the pitfalls of micromanagement and trust their employees to work productively, regardless of their physical location. Employees, in turn, must trust their managers to provide the coordination, support and clarity they need to work effectively. The negative impact of failing to address poor performance on team motivation will be amplified in the remote environment. Leaders would be well placed to focus on providing clarity, supporting autonomy and empowering employees to make positive decisions and building trust.

Want to know more?

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