Organisational Culture in New Zealand District Health Boards: Influence and Performance Implications

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ABSTRACT

Organisational culture has been recognised as a crucial element in organisational performance improvement. This paper examines the influence of healthcare system management on organisational culture, specifically the impacts of New Zealand District Health Boards (DHBs) on performance improvement within their jurisdictions. The research objectives of this study are addressed through interviews with a designed sample of DHB board chairs and members regarding their influence on DHB organisational culture. Sample quotations from the interviews supporting the findings relative to the two research questions are provided.

Keywords: healthcare management, health leadership, performance management, health policy

The aim of this paper is to examine the influence of New Zealand District Health Boards (DHBs) on organisational culture, particularly regarding this effect of performance improvement. Although organisational culture has been recognised as one of the crucial elements in organisational performance improvement, Scahill (2012) highlighted that organisational culture is still not addressed in New Zealand healthcare policy even though the country’s health care has undergone numerous reforms over the past three decades (Gauld, 2009; Quin, 2009; Laugesen & Gauld, 2012). Considering this important area, this paper initially presents the research objectives and questions then, using interview data, provides a detailed discussion of the issues and perceptions of DHB board chairs and members regarding their influence on DHB organisational culture. The last section concludes by summarising the important findings from this research study. Two research questions are used as the basis for data collection:

- How do DHBs influence organisational culture?
- How does organisational culture influence DHB performance?

Both of these research questions are used to provide a context for discussion of the relationship between DHB organisational culture and performance within a health systems environment. This paper presents data from twenty-one interviews with selected DHB board chairs, members and the
respective Chief Executive Officers (CEO). Themes and important quotes arising from the interviews were used for discussion.

**DHBS’ INFLUENCE ON ORGANISATIONAL CULTURE**

It is highlighted that quality is embedded in the culture of an organisation, and organisational culture is a crucial element in organisational performance improvement. This section initially explores the DHB board members and CEOs’ perception of the importance of organisational culture. Board members and CEOs’ values determine the extent to which the Board places an emphasis on the culture of organisation. Subsequently, this section further examines the Boards’ perceived influence on the development of the organisational culture of their affiliated organisations, and relates directly to this study’s first research question.

**The Importance of Organisational Culture**

All interviewees agreed unanimously that organisational culture is an important element in performance improvement, and thus an organisation would not be able to achieve its objectives and/or goals without the appropriate organisational culture:

“I see that [organisational culture] as a hugely influencing factor... because health is very much a people oriented delivery and service industry, so we’ve got almost 11,000 people working here and so the culture and the way people relate to each other, is a critical factor... whether you call it culture or whether you call it staff engagement, if you use the Baldrige criteria, it talks about staff engagement... very, very important.” *(CEO, DHB A)*

“If you don’t have a culture that is embedded in a process of continual improvement or a concept of continual improvement and putting the patient at the centre of everything you do, then you’re never going to improve... It’s one of the fundamental requirements that you have a culture that’s based on that. Because if you don’t, you can try your initiatives here and people will go “So what!” You know... So, yeah... it’s fundamental to the actual culture of the organisation. It’s fundamental to having an organisation that’s focused on continual improvement. If you’ve got a culture that’s not focused on that, you’re not going to get anywhere.” *(Board Chair, DHB B)*

The findings suggest that it is important to have an organisational culture that emphasises performance improvement, as without this, it would be hard to implement performance improvement
initiative(s). Furthermore, it is also suggested that organisational visions and values are important to performance improvement as they guide the operations of an organisation.

“It’s absolutely fundamental. Organisational culture is critical to how we go about our daily jobs. I mean here, this District Health Board. We’ve adopted a vision for the organisation and then, we’ve got a set of supporting values. And it’s really the values that are really important in this whole quality drive because it talks about the behaviour of the clinicians... and our expectations are all encapsulated in our values.” (CEO, DHB F)

“[on importance of organisational culture]...Yeah, yeah definitely. I think if people are, believe that they’re working in a, in a caring place and also they believe that they’re working in a place that looks upon if you do make a mistake, or there is something that goes wrong, it’s not a huge blame culture. And so it will be rather than blaming people, you’re actually saying hang on we need to learn from this and we would like you to, say, report it, and therefore that, and if your people and staff members are happy to do that and even client, patients are happy to do that, then that has to be much more beneficial for the organisation as a whole...” (Board Member 1, DHB H)

The above quotation from DHB H is an example that illustrates the importance of organisational culture in performance improvement. This shows that negative organisational culture can potentially lead to poor service delivery, and lower patient confidence in the service provided.

McLean (2011b) reported that the National Health Board requested one New Zealand Hospital to undergo an urgent system improvement due to negative organisational culture that put the services at risk, as “demoralised staff are struggling to provide safe services” (p. 1). In addition, New Zealand’s Health Minister blamed poor culture for being at the heart of one of the hospital’s problems (Goodwin, 2011).

An interviewee from DHB D described how a good organisational culture helped in gaining the confidence of the community by comparing a highly successful, well functioning Board with a not successful and not well functioning Board.

“Well it’s because of their culture, the culture of the organisation that we, we in the [DHB D] have nurtured a very positive and harmonious... culture within the District Health Board. We have very strong and affirming relationships with our community, with leaders in our community, and that is reflected in the generally positive way in which the District Health Board is viewed by everyone. [The other District Health Board] however has not been able to develop the same positivity so that the local newspaper for example,
The above quotations suggest a positive relationship between organisational culture and performance improvement. This supports the claims made by numerous scholars (Davies et al., 2000; Scott et al., 2003a; Scott et al., 2003d; Davies et al., 2007; Mannion et al., 2010; Sackmann, 2011; Ovseiko & Buchan, 2012) that there is a link between organisational culture and organisational performance. With this, we draw by implication that it is important for DHBs to nurture and cultivate the right culture for their organisations in order to improve their organisations’ performance while preserving a healthy working environment for staff members. The next section discusses the perceived influence and role of the DHBs on organisational culture.

The Influence of DHBs on Organisational Culture

Given above the importance of organisational culture in performance improvement, the first research question of this paper examines how DHBs influence the organisational culture of their affiliated organisations. This second research question provides an insight into the roles of the DHBs, at board level, in cultivating and nurturing the appropriate organisational culture for the improvement of the DHBs’ performance.

Although all interviewees agreed that organisational culture is one of the important elements to performance improvement, there were disagreements as to whether DHB board members have direct or indirect influence on the organisational culture of their affiliated organisations. Some of the interviewees suggested that the board could only influence the organisational culture indirectly, while others believed that they have greater influence on their organisation’s culture. The following quotations from the interviewees suggested that DHBs’ board members have greater influence on the culture of their organisations:

“People do look to the governing bodies as well as the delegated officers to be demonstrating and leading in an appropriate way so I have introduced a value-based culture in this organisation as part of the way we work…” (CEO, DHB A)
“We worked hard on developing a vision statement for the District Health Board. A mission statement saying what we saw as the task of the District Health Board was. So the vision was, what’s the kind of picture for our community we want to see. The mission statement was what should the District Health Board be doing to achieve that and a set of values that would drive us and guide us as we did that... those three things were all very carefully done, very and constantly referred to... we were very intentional about perpetuating that culture.” (Board Member 1, DHB D)

“Quality and values to me are really important, and they come from us [the Board]. If we’re seen to be out of tune with what we’re trying to get the staff to do, then you know the disconnect is, we’ll know, you know. We’ll top everything down... meaning nothing, and so to me it’s really important that you, you’ll see... the Board values up there on the wall... they’re everywhere and they’ve been endorsed and recommended by the Board, and they are everywhere, and so that whole thing about values and quality, and how we want people to treat each other, and those sorts of things, come with our endorsement, and I think the best way we can, sort of make sure people understand that, is being like that as well.” (Board Chair, DHB E)

However, the other interviewees perceived that their role in influencing the organisational culture was far more limited and indirect. As such, an interviewee from DHB F commented that:

“I’m not sure that the Board has in fact got a major role in terms of organisational culture. Sure, the Board appoints the Chief Executive and the Board must make sure the Chief Executive is carrying out the functions but in terms of the Board actually taking an active position in terms of that I’m not so sure that is the case.” (CEO, DHB F)

“It’s an indirect relationship... The Board has no relationship with any individuals other than the Chief Executive...” (Board Chair, DHB I)

Although there has been disagreement regarding the extent of the influence of the Board on the organisation, all interviewees believed that the board has an influence on the CEO, whereby the board articulates the appropriate values to pass on to the CEO for implementation within and throughout the organisation.

“We work through the Chief Executive, we don’t work across the management. So if the Board wants to influence, we have to do it through our Chief Executive. We can do it as well by asking questions when we have presentations... we ask in Committee meetings. But our main conduit into organisational behaviour and culture is through our relationship with our Chief Executive.” (Board Chair, DHB B)

“Well, really the CEO is the person, the Boards’ relationship really is with the CEO, it’s not directly with the organisation... there is a profile for the Board and Board members, but the relationship between the Board and the DHB needs to be strongly through the CEO.” (Board Chair, DHB D)
As a result, the working relationship between the board and CEO is another crucial element in cultivating, maintaining, and sustaining the appropriate culture for the DHBs, especially the relationship between the Board Chair and the CEO. The following quotations described the importance of the relationship between the Board Chair and the CEO:

“The relationship between the Chair and the CEO is particularly important. So if you don’t work or have a good relationship, then... the Board’s not going to get any impact in the organisation.” (Board Chair, DHB B)

“It’s quite important that the Chair and the CEO have a close relationship... and as transparent as possible...” (Board Chair, DHB D)

“The Chairman plays a huge role...” (CEO, DHB F)

“The relationship between the Chairman and the CEO is very important... it is a pivotal one.” (Board Chair, DHB G)

In order to hold the CEO accountable, DHBs have a negotiated set of Key Performance Indicators (KPIs) for their respective CEOs. These KPIs serve as the CEO’s performance indicators in their respective organisations, however it was noted that these are not standardised, and are developed specifically between the board and the respective CEO. When McLean (2011c) reported about the replacement of a CEO in one of the DHBs, she noted that the Board would review the “crucial” KPIs for the role. The implication here therefore, is that the CEO’s KPIs are not standardised, and are set according to the boards’ expectations specifically against the context and situation of the specific DHB. Interviewees commented on the process as follows:

“We had a workshop... as a Board just looking at the areas for the next three years [that] we want to see particular attention paid to, and that will end up being put into the Chief Executive’s KPIs, which will then drive the organisation’s KPIs, ’cause that’s how we do it.” (Board Chair, DHB B)

“There are 39 main [KPIs]... the Minister has decided [on] the 6 [health targets that] will be publicised [coming] from the 39. So the 6 that are publicised every quarter..., the Board sees those and they are in the Chief Executive Officer’s report...” (Board Chair, DHB G)

Based on the KPIs as given to the DHBs, they have a common set, which include quality improvement and meeting of health targets set by the New Zealand Ministry of Health (MoH). This
implies that DHBs place their emphasis on a culture of quality improvement exercised largely through the CEO’s KPIs. Besides financial achievement, another common KPI is the involvement and engagement of staff. Although different DHBs referred to this KPI differently, it emphasises the involvement and engagement of staff members at all levels of organisation. The board therefore holds the CEO accountable by reviewing the performance and trend of these KPIs. One of the interviewees from DHB H commented that:

“We personally, my position as Chair, I’m putting a fair bit of pressure on my Chief Executive to ensure that our, the health targets we’re getting from the new Director General and from the Minister so there’s, you know there’s all those pressures that sit there and they’re increasing at the moment and so we’ve got to respond to that and so from my position as Chair, I expect, you know, good, I suppose, feedback from the Board on a monthly basis and I put the pressure on… the CE, which I’ve done this month on a couple of our targets to ensure that we get them where they should be.” (Board Chair, DHB H)

From the above discussion, it has been suggested that the DHBs’ influence on organisational culture is through their CEOs since the Board is responsible only for its governance role. This is in line with the policy of the Ministry of Health (2010a), whereby it is stated that “the board must delegate to the DHB’s Chief Executive the power to make decisions on management matters relating to the DHB… The board has no role in employment decisions, beyond appointing the Chief Executive” (p. 5). There were, however, some disagreements between the interviewees about the direct and indirect influence of the Board on organisational culture – some interviewees’ perceived greater influence on the culture of their organisations than others. The next section explores the role of DHBs in cultivating the organisational culture.

The Influence of Organisational Culture Aspects on DHBs’ Performance

In the semi-structured interviews, the interviewees were asked about the quality improvement culture of their DHBs in order to identify the organisational cultural aspects and their influences on the organisations’ performance. A number of themes have been identified from the twenty-one interviews, such as blame-free culture, trust, communication, learning culture, and gaming culture.
One of the themes arising from the interviews causes concern to the author, which is the gaming culture that some DHBs appear to be practising.

**Gaming Culture**

The MoH has chosen six Health Targets to measure and publish in the news media with the rankings of all twenty DHBs in the country. As with any performance reporting, there is a tendency for DHBs to focus on improving the performance of externally published performance data, at the potential expense of overlooking some other less prominent areas of performance within the organisation. This implies there may be an external influencing factor on the culture of DHBs when board members place greater emphasis on those published areas. This external emphasis indirectly cultivates a competitive or gaming culture where by DHBs seek ways to progress up the ranks of published performance tables. This can adversely affect the overall performance if it is not well handled, and echoes Duggal’s (2011) comment that “targets can create ‘gaming’”. Gaming is defined as “reactive subversion such as ‘hitting the target and missing the point’ or reducing performance where targets do not apply” (Bevan & Hood, 2006, p. 521). The following quotations suggested the presence of gaming culture in some of the DHBs:

“*There is a risk with management that people game it and we do know that some DHBs have done that… They moved patients through a door into another room before the 6 hours [shorter stay in EDs target] ticks by to make it so that they could tick a box.*” (CEO, DHB A)

“*…there’s gaming that takes place... For instance, they [hospital management] don’t take people into the ED from an ambulance, until such time that they know they are going to be able to see them within the desired time... They also shift patients from one area in the Emergency Department to another and say that they are discharged out of the Emergency Department.*” (CEO, DHB F)

From the above comments given by the interviewees, we suggest that in order to get to the top of the ranking table, some DHBs have gone as far as to delay patients being admitted into ED just to make sure that they meet the six hours time frame set out by the Ministry of Health’s Health Target.
In one of the newspaper article, McLean (2011a) reported a Doctor’s comments suggesting that “one Hospital should be prepared to turn patients away if they turn up at the emergency department with minor ailments”. Such practice poses a risk to the patients, should they require urgent care, and hence is a violation to the “patient-centred care” (Quality Improvement Committee, 2010) value adopted by the Ministry of Health. One of the interviewees from DHB E highlighted the importance of emphasising quality while meeting the Health Targets.

“Yeah, meeting targets but ensuring that and the emphasis on quality, I mean, I would say from the time I started on the Board until now, it’s just, if you asked me just a general comment that it’s become more and more important as time’s gone on...” (Board Member 2, DHB E)

We note that many interviewees commented that their DHB focused on meeting the MoH’s Health Targets regardless of what it took or the compromises it had to make. This is a cause for concern as DHBs may place their emphasis on meeting the Health Targets without considering the quality of services that they provide to the patients or service users.

Undoubtedly, it is important for DHBs to meet the Health Targets set by the Ministry of Health as it reflects the holistic performance of the DHBs. However, if any of the Health Targets are over-emphasised, it would encourage a gaming culture that might lead to a trade-offs between meeting of Health Targets and the quality of patient care. Gaming to meet the Health Targets could in some cases lead to fatalities (Mays, 2006), especially when focusing on targets, such as the shorter stay in Emergency Department. Bonifield and Cohen (2012) reported that the Emergency Room waiting game as one of the ten shocking medical mistakes in the American hospitals. Therefore, DHBs should exercise caution when placing emphasis on meeting Health Targets in order to avoid cultivating the gaming culture in the organisations.

**Issues of Longitudinal Organisational Culture**

One aspect of interest was the development of culture over longer timeframes. The preferred organisational culture was considered difficult to measure in this study because the DHBs’ Board
members are either elected or appointed on a three-year term with possibilities of being re-elected, re-appointed or otherwise. Given the uncertainty of the re-election of Board members in the DHBs, it would be difficult to measure the preferred organisational culture in a longitudinal manner. With that, Ovseiko and Buchan’s (2012) study has been adopted as the benchmark comparison of the preferred organisational culture type for performance improvement.

Finally, we briefly consider the implications for patient safety. Given that patient safety is one of the major concerns in NZ’s healthcare (Wallis & Dovey, 2011), it is important for DHBs to reengineer their culture to emphasise positive cultures by promoting teamwork, employees’ participation, and concern for employees. In additionally a positive, culture is claimed to be highly correlated to clinicians job satisfaction (Zazzali et al., 2007). Clinicians are one of the core elements in the healthcare system and are responsible for providing high quality medical care to patients as well as making sure that patient safety is preserved. Therefore, it is crucial for DHBs to consider physicians’ job satisfaction when cultivating the appropriate cultures for healthcare performance improvement.

**SUMMARY AND CONCLUSION**

This paper has presented and discussed the qualitative findings from interviews with DHB chairs and board members, and CEOs and executive team members. These findings address the two research questions, as set out earlier in this paper. The interchangeability of terms such as ‘quality’ and ‘performance’ and the importance of organisational culture were two themes that were strongly supported by the majority of interviewees. Other themes arising from the interviews were the potential for gaming, and the critical relationship between board chair and CEO. There were different degrees of acceptance that DHB board members can directly affect organisational culture, but all agreed that a positive blame-free culture was the basis for improvements in healthcare system performance.
REFERENCES


