



# Organisational Culture

## THE ASK:

Good organisational culture can drive strong performance results, innovation, and very effective high-quality consumer-centred care. Poor organisational culture can have a direct and serious impact on consumers and can cause serious reputational damage for a provider. To drive change across the sector, governing bodies will need to take an active role in fostering culture that supports consumers being treated with dignity and respect.

**Disclaimer:** The new Aged Care Act 2024 (the Act) starts on 1 November 2025. The Act replaces existing aged care legislation. The Aged Care Rules (the Rules) are expected to be finalised before the Act starts. The Rules give more information about how the new Act will work. This resource is in draft. We will update it when both the Act and the Rules come into force.

## Covered in this topic guide

- Leading the transformation in aged care.
- Styles of leadership for a reform context.
- Fostering organisational culture.

## Where are we now?

Strategic thinking, people focused, adaptive to change, understanding of governance. These behaviours – everything goes to culture. You can have the best strategy in the world, but if you can't bring the people along the journey, it won't work.

GOVERNING BODY MEMBER

## Key concepts

The following high-level definitions are provided to assist in interpreting key concepts discussed in this Topic Guide.

- **Organisational culture** refers to the shared, attitudes, approach beliefs and values (personal and cultural) of an organisation.
- **Consumer-centred care** describes the actions that governing bodies and executives take to focus on consumer experience and strongly encourage all grades of employees to achieve consumer goals and objectives.
- **Tone from the top** refers to the character and behaviour displayed by governing body members and executives that influences the culture throughout the provider.
- **The Code of Conduct for Aged Care** aims to improve the safety, health, wellbeing, and quality of life for people receiving aged care. It also aims to build confidence and trust in aged care and bring a strong focus to a person's right to receive safe and quality services.
- **Collective leadership** describes the shared responsibilities of leaders within an organisation to work together to drive change.
- **Compassionate leadership** focuses on relationships, through listening, understanding, empathising with, and supporting the work of those you are responsible for.

## Continuous improvement in aged care

Continuous improvement is a critical process in the aged care sector that informs the approach to both clinical governance and corporate governance. Ultimately, a culture of continuous improvement and learning leads to better outcomes for consumers and the delivery of consistent, safe, high-quality and consumer-centred care. This is reflected in the *Aged Care Act 2024* and the strengthened Aged Care Quality Standards, which require providers to have continuous improvement systems and processes that assess, monitor, and improve the quality of care and services.

### Aged Care Act 2024

Subdivision C, section 147 of the *Aged Care Act 2024* (Cth) sets out that it is a condition of registration that an aged care provider must:

- demonstrate the capability for, and commitment to, continuous improvement towards the delivery of high-quality care
- have a continuous improvement plan.

### The strengthened Aged Care Quality Standards:

Standard 2 - The Organisation

- Outcome 2.1: The governing body must partner with individuals to set priorities and strategic directions for the way their aged care services are provided and to inform organisational priorities and continuous improvement.
- Outcome 2.2a: The governing body must lead a culture of quality, safety and inclusion that supports the provision of quality aged care services by focusing on continuous improvement, embracing diversity and prioritising the safety, health and wellbeing of aged care workers.
- Outcome 2.2b: The governing body must lead a culture of quality, safety and inclusion that supports the provision of quality aged care services by focusing on continuous improvement, embracing diversity and prioritising the safety, health and wellbeing of individuals.
- Outcome 2.3: The governing body is accountable for the delivery of quality funded aged care services and must maintain oversight of all aspects of the provider's operations including monitoring the organisation's performance and monitoring investment in priority areas to deliver quality aged care services.
- Outcome 2.6a and 2.6b: The provider will collect and analyse feedback and complaints data, sharing these outcomes with the governing body to inform the provider's quality system and contribute to continuous improvement.

## story from the sector



### Manage your culture or your culture will manage you

#### KEY TAKEAWAYS

- The tone set by the governing body can impact the entire organisation.
- To effectively respond to reforms, a governing body needs more than a reform agenda, it needs to encourage a culture of willingness to change and innovate.
- Teamwork, communication, and leadership are key elements of organisational culture which influences staff and ultimately consumer outcomes.

The Acme Community Services governing body is aware of upcoming reforms in the aged care sector regarding the requirement that providers demonstrate alternatives considered before restrictive practices are used. The governing body generally takes the approach of 'if it isn't broken, don't fix it' and is concerned about the work that preparing for these reforms will take.

The managing director, Tessa is eager to take a proactive approach to position the provider to respond to the reforms. Tessa finds it difficult to get the support from members of the governing body and therefore cannot dedicate the time and resources required to review and redraft the restrictive practices policy. As a result, the facility and care managers do not see it as a priority to be mindful of and ready for reforms. They express that the governing body don't know what it's like to have to provide care to consumers while managing reforms.

Soon after the reforms are introduced, the governing body implements a new restrictive practices policy. However, there was no communication strategy endorsing the changes and encouraging staff to embrace the new policy. Tessa and the executive team find it very difficult to enforce the changes which causes poor outcomes for consumers and compliance issues for the provider, including negative attention from the regulator and the broader community.

## Tips for improving culture and conduct

### Older Australians at the centre

- The governing body should have a mindset that puts the consumer at the heart of the provider's purpose and embed this mindset in decision making.

## Obligations and accountabilities

- Foster a 'compliance culture' across the organisation, in which the executive and staff act with integrity in all instances.
- Be open and transparent with each other, staff, regulators, and the community about your provider's culture.

## Knowledge, skills and experience

- Utilise appropriate mechanisms to measure and track culture at governing body level, and across the organisation.

## Leadership and culture

- Understand the importance in setting the tone from the top.
- Foster a 'speak up' culture of open communication without blame or penalty, so that staff and stakeholders feel comfortable raising concerns about behaviours they see.

## Reflecting on your practice



### Think

Below are the top things you need to be **thinking** about:

- Is our governing body and provider open to change and adopting the sector reforms?
- Am I open to possibly changing my behaviour and/or approaches to set the best example for the rest of the governing body and organisation?
- Do we have the right mix of skills and experience around our governing body and executive team to champion changes and foster innovation?
- Do we have any history or systemic barriers to change that need to be resolved so that we are able to mobilise quickly if necessary?



### Ask and say...

Below are the top questions you need to be **asking**:

- Are the purpose and values of our organisation clearly defined, embedded, and demonstrated throughout the organisation?

- Is our code of conduct comprehensive, well-understood and supported amongst staff, and reviewed regularly to ensure currency?
- Are our other policies and procedures supporting our desired culture regularly reviewed to ensure continuous improvement?
- What is the overall perception of our provider's culture amongst the workforce, our consumers, the regulators, and the broader community?



## Do...

These are the top **actions and behaviours** of leaders:

- Be conscious to set and monitor your 'tone at the top' to ensure the governing body is setting the best example of acceptable behaviours.
- Create an environment that fosters openness to reform and change, and proactive strategic and operational innovation.
- Communicate and actively encourage communication to foster a 'speak up' culture within the organisation.
- Ensure that the governing body and the executive team have appropriate and sufficient data points (both qualitative and quantitative) to measure and track provider culture (i.e. staff surveys, high-level reporting of internal complaints).

## Why is organisational culture important?

Organisational culture is sometimes considered to be an organisation's 'personality'. Positive and negative cultures are created over time through habitual behaviour and long practice. In any organisation, each work area is likely to have its own subculture (that in some cases do not align with the organisation's values, mission and philosophy).

Organisational culture focuses on how people believe they are expected to behave. This includes the norms and expectations of behaviour guiding people in terms of how they should deal with situations as they arise in their day-to-day work. The strengthened Aged Care Quality Standards 1 and 2 are integral to guiding a provider's culture:

- **Standard 1: The Individual** underpins the way that providers and aged care workers are expected to treat older people and is relevant to all standards. It reflects important concepts about dignity and respect, older person individuality and diversity, independence, choice and control, culturally safe care and dignity of risk. These are all important in fostering a sense of safety, autonomy, inclusion and quality of life for older people.

Older people are valuable members of society, with rich and varied histories, characteristics, identities, interests and life experiences.

Older people can come from a diverse range of backgrounds and groups, but a person's diversity does not define who they are. It is critical that providers recognise and embrace each person's diversity and who they are holistically as a person, and that this drives how providers and aged care workers engage with older people and deliver their funded aged care services.

- **Standard 2: The Organisation** sets out the expectations of the governing body to meet the requirements of the strengthened Aged Care Quality Standards and deliver quality funded aged care services.

The governing body sets the strategic priorities for the organisation and promotes a culture of safety and quality. The governing body is also responsible for driving and monitoring improvements to funded aged care services, informed by engagement with older people, their supporters and aged care workers, and data and information on care quality.

A provider's governance systems and workforce are critical to the delivery of safe, quality, effective and person-centred care for every older person, and continuous care and services improvement. Aged care workers are empowered to do their jobs well.

## Culture and clinical care

Culture plays a key role in the delivery of safe and high-quality care. The provision of aged care clinical services requires people working together, ideally in a culture of accountability, trust and communication to deliver the best outcomes to consumers. There can be significant consequences, not only for consumers but for the staff delivering those services, if the right systems, processes, and culture are not there to support the delivery of care.

## The impact of culture on performance

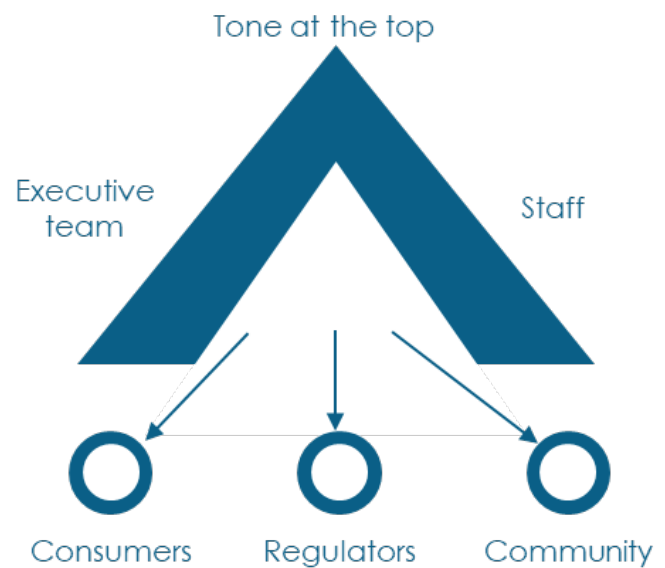
Culture is a key driver of a provider's performance and ability to meet its regulatory obligations and strategic objectives. A high performing culture is underpinned by the promotion of behaviours that align to the values of the provider, which includes open communication about mistakes or incidents so that the provider can learn and continue to improve. A culture that promotes continuous learning, safety and wellbeing, teamwork, ethical decision making, transparency and inclusion drives the provision of safe, high-quality care and services.



## The role of the governing body

The governing body sets the strategic priorities for the organisation and bears ultimate responsibility for their organisation's culture. There is an expectation to promote a culture of dignity and respect that delivers safe and quality care in partnership with the consumer and to embed this approach within the organisation's governance systems.

The 'tone at the top' refers to the character and behaviour displayed by leaders of an organisation that forms a model of appropriate conduct for every level of the organisation. Every interaction between the governing body and the executive team, between the governing body and external stakeholders, and even amongst the governing body itself is an opportunity for members to model and embed a positive culture.



## Fostering organisational culture

### Purpose and values

Fundamental to the establishment of any organisation is consideration of its purpose and its values, and these each represent the first opportunity that an organisation has to drive its desired culture. Governing bodies must not only understand a provider's purpose and values, but they should live-and-breathe them. This will translate to sincere engagement with the need to set 'tone from the top'.

Once purpose and values have been determined by a provider, the governing body and executive are then responsible for embedding these within everything that the organisation does (i.e., through its strategic plan, policy framework, stakeholder engagement approach, and internal and external reporting frameworks).

In addition to governing body members, senior executives, middle management and supervisors are all in a good position to influence the ethical climate of an organisation by promoting and enforcing its accountability controls on the frontline. Middle management and supervisors have a specific responsibility to ensure that certain standards of behaviour are applied and are seen to be applied.



## Code of Conduct

A registered provider has responsibilities under the *Aged Care Act 2024* to comply with the Aged Care Code of Conduct (the Code of Conduct) and to take reasonable steps to ensure that the aged care workers and the responsible persons of the registered provider comply with the Code of Conduct.


Governing persons of approved providers play an important role as leaders of the organisation. They not only contribute to how the organisation operates and upholds its responsibilities, but their behaviours must also be consistent with the Code of Conduct.

Registered providers must support, equip and prepare their workers and governing persons to carry out their roles in compliance with the Code of Conduct. This includes providing training, making sure policies and procedures are easily accessible, and taking action to ensure workers meet the Code of Conduct.

Governing body responsibilities under the Code of Conduct are consistent with their existing obligations under the *Aged Care Act 2024* and the strengthened Aged Care Quality Standards.

## Other ways to foster positive organisational culture

A range of other practices, tools and structures can also be used by the governing body and the executives to ensure that consideration of culture is embedded in all aspects of the provider's activities so that everyone feels accountable for fostering a positive culture. Drawing on several sources, suggestions include:



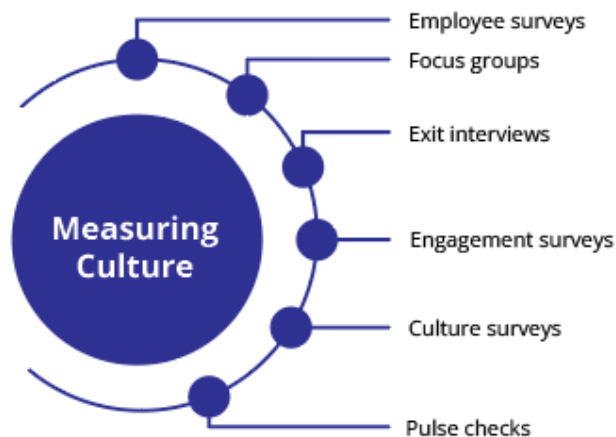
Encourage and facilitate open conversations at the governing body level on the values of the organisation.	Governing bodies and executives should engage in a selection of day-to-day provider activities to see culture in action - (i.e. attend events, speak to staff, consumers and stakeholders).
Make it safe to challenge undesirable practice and behaviour, both at a governing body level and across the organisation.	Undertake team building exercises, both at the governing body level and across the provider.
Review recruitment and performance management practices to ensure that poor behaviour is discouraged.	Change how success is rewarded / celebrated and adopt incentive policies that encourage behaviours that are in line with the provider's values and expectations.

## Monitoring organisational culture

Fostering organisational culture is not an instance of 'set and forget'. The governing body and executive team should draw from several qualitative and quantitative information sources to understand the current-state culture, and related trends. Amongst these

information sources must be feedback from consumers and their representatives where possible.

Internal audit and other external service providers also have a critical role to play in understanding and reporting on factors which can influence organisational culture. Internal audit reviews should take a risk-based approach and may include cultural aspects being undertaken using a mixture of auditing techniques such as interviews, observations, surveys, data, and documents analysis.



## Acting on instances of poor culture or misconduct

In instances where organisational culture has been declining, or specific instances of misconduct has occurred (i.e. a breach of the Code of Conduct), it is important for the governing body and the executive team to take action (whether this is a relatively small acknowledgement of the existence of the issue through a staff communication, performance management, or a larger change implemented to ensure the provider remains compliant with the responsibilities set out in the Code of Conduct).

## Commission's role in relation to the Code of Conduct

The Aged Care Quality and Safety Commission (the Commission) can take action if it finds that an aged care provider, a governing person or a worker has done something that isn't consistent with the Code of Conduct.

The Commission can also make decisions about whether a person is suitable to provide aged care. In severe cases, it can ban aged care workers or governing persons from working in aged care, apply a sanction or condition, or revoke an aged care provider's registration.

When the Commission acts, their processes and decisions need to be fair and appropriate. This is called procedural fairness.

A public Aged Care Banning Orders Register is maintained by the Commission, with information relating to individuals who have been permanently banned or banned for a specific period. This register is regularly reviewed and updated. Registered providers

should check the Register of Banning Orders to see if a potential employee has a banning order made against them.

## Transformation in aged care

### A change in perspective

If providers are to embark on a pathway of reform, governing bodies need a new lens through which to view the aged care sector. It has been noted that the aged care system in Australia was not built around the people it is intended to help and support, but around funding mechanisms, rules, processes, and procedures. The current system ignores the fact that organisations are essentially social systems, comprising networks of relationships, cultures, human interactions and emotion.

A simple yet powerful frame to apply is to re-imagine aged care as human-centred with an emotional operating system that must be nurtured, cultivated, and shaped to deliver the outcomes for whom it exists – our older Australians.

Humans and human systems do not ‘transform’, they adapt and evolve over time. Evolving and adapting the aged care system through a human-centred lens will require a purpose-driven, multi-faceted set of activities that bring humans to the centre, improving the outcomes and shaping new practices – person by person, service by service. Accelerating the pace of change will require united and collective efforts at all levels of the system fuelled by a will to deliver on a new promise.

### Leading the transformation

To lead the transformation required by planned reforms, governing bodies and executives will need to play their part in leading the change, making personal and organisational shifts to steward this important transformation of the sector.

- **Personal shifts** include developing new skills, mindsets, and capacity to facilitate improved ways of thinking and working.
- **Organisational shifts** include making the necessary structural, cultural, capability and reputational changes.

For governing bodies, some of the cultural shifts required by the reform will include:

- The safety, health, wellbeing, and interests of consumers and workers will need to inform governance structures and processes within a provider.
- A universal, shared understanding of what is high-quality care and greater clarity around the key roles and duties in discharging responsibilities.
- Transparency in systems, processes, and responses.
- Consumer-centred strategy driven by the governing body.

Making these shifts will deliver a culture of dignity and respect, and help to drive better outcomes and safe, compassionate, quality experiences for older Australians as a norm.

## Styles of leadership for a reform context

### Compassionate leadership

Compassionate leadership focuses on relationships, through listening, understanding, empathising with, and supporting the work of those you are responsible for. Governing bodies and executives should empathise with their staff, seeking to understand the challenges they face and focusing on enabling the workforce to be effective and thrive in their work.

Compassionate leaders do not have all the answers. Instead, they engage with the people they lead to find shared solutions to problems. Embracing a compassionate leadership style will lead to higher quality care, greater levels of consumer satisfaction, increased employee engagement and satisfaction and ultimately better outcomes for the provider.

### Collective leadership

Collective leadership describes the shared responsibilities of leaders within an organisation to work together to drive change. The complete dedication of the governing body and leadership team to empower all staff as leaders, and trust in the process of collaboration in the organisation as the foundation for its leadership culture are keys to success. Collective leadership offers huge opportunities for creating a culture of continuous improvement and the delivery of high-quality, compassionate care. But it requires courage, persistence, and professionalism from all leaders (formal and informal) to fully realise its potential.

Some examples of collective leadership behaviours:

- Provides supportive and constructive criticism of management.
- Encourages a culture of openness, transparency and accountability in words as well as deeds.
- Develops and adheres to a governing body charter that reflects preferred behaviours.
- Asks regular questions about the governing body's impact on culture.

## Some examples of good and poor culture

Examples of good culture	Examples of poor culture
Clearly communicated values that place older Australians at the centre of operations. These values are demonstrated prominently throughout the organisation and championed by leadership and staff.	Unmatched values between staff and the executive team, leading to disengaged staff members.
A universal, shared understanding of what high-quality care looks like. Staff work to this level of care and hold colleagues (executives and staff) to account.	Conflict between executive and staff due to confusion around what high-quality care is. Time spent delivering high-quality care for older Australians is reduced.
Governing body members and executives proactively engage with staff and consumers to identify potential areas of improvement to ensure older Australians continue to be placed at the centre of operations and receive high-quality care.	A deflective and inward-looking culture that seeks to point fingers or assign blame to staff as opposed to addressing issues, problem solving or identifying areas of improvement.
Staff and clinicians are supported in proactively seeking and implementing initiatives aimed at improving outcomes for older Australians.	Staff do not feel safe in identifying areas of improvement within the organisation.
Leaders have fostered an environment in which staff feel comfortable delivering feedback regarding process improvement, and don't fear any adverse effects (psychological safety).	A culture of blame and responsibility cultivates a fear of speaking up, retribution or being 'singled out', leading to a lack of staff psychological safety.
Staff are confident that they are supported by the governing body and executive team.	Staff feel disengaged and therefore disconnected from the organisation's governance processes and systems.
There is a transparent and timely process for dealing with complaints, issues and risks.	Staff are unsure how to manage complaints, issues and risks, leading to burnout and complaints being unactioned for long periods of time and recurrence of issues.

## Useful references and links

[Aged Care Act 2024 | Australian Government Federal Register of Legislation](#)

[Strengthened Aged Care Quality Standards | Aged Care Quality and Safety Commission](#)

[Code of Conduct for Aged Care | Aged Care Quality and Safety Commission](#)

[Responsibilities of approved aged care providers | Department of Health, Disability and Ageing](#)

[Banning orders | Aged Care Quality and Safety Commission](#)