

Open University of Cyprus

Faculty: School of Economic Studies and Management

**Postgraduate (Master's) Programme of Study:
*Master of Business Administration***

Postgraduate (Master's) Dissertation



**Organizational Culture in the Public Sector – A Comparison of
the European Court of Auditors and the Audit Office of the
Republic of Cyprus: Likely Factors that Contribute to
Similarities and Possible Reasons for their Differences, and
the Effect on Service Delivery**

Andreas Antoniades

**Supervisor:
Dr. Epaminondas Epaminonda**

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The present Postgraduate (Master's) Dissertation was submitted in partial fulfilment of the requirements for the postgraduate degree in Master of Business Administration of the Faculty of Economic Studies and Management of the Open University of Cyprus.

May 2020

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Summary

The goal of this dissertation was to gain an insight into the organizational culture in the public sector, by comparing the European Court of Auditors (the ECA) and the Audit Office of the Republic of Cyprus (the Audit Office). Likely factors that contribute to similarities and possible reasons for their differences were analysed. This comparative analysis formed the basis for assessing the effect on service delivery in the two organizations.

A comparative analysis was performed, by preparing, circulating and analyzing the responses to a questionnaire addressed to the management and staff of the two organizations. In addition, a background research was part of an effort to collect secondary data, discuss, compare and draw conclusions on the elements of organizational culture.

Subsequently, an analysis of whether there is a difference in the responses of the ECA and the Audit Office, in each of the statement included the questionnaire, was performed, as well as in the assessment of the elements of the organizational culture in each organization.

Many similarities were identified between the two organizations, the main ones being the shared common values, the considerable number of their publications, the examination of their recommendations at parliamentary meetings, the use of a variety of electronic means to promote their work and publications, the "red tape" and the open communication channels among their employees.

However, several differences were apparent, too. These include the areas of change, the individual performance evaluation as a strict basis for promotions, and the image and reputation, in favour of the Audit Office, while the encouragement of employees to take initiative and make decisions on their own, and the variety, the tonality and reader-friendliness of its products, in favour of the ECA.

The above similarities and differences between the two organizations, for which likely factors and possible reasons were identified in the dissertation, have an effect on their service delivery and performance.

Περίληψη

Ο στόχος αυτής της διατριβής ήταν να σχηματιστεί μια εικόνα της οργανωσιακής κουλτούρας του δημόσιου τομέα, συγκρίνοντας το Ευρωπαϊκό Ελεγκτικό Συνέδριο (το ΕΕΣ) και την Ελεγκτική Υπηρεσία της Κυπριακής Δημοκρατίας (η Ελεγκτική Υπηρεσία). Αναλύθηκαν πιθανοί παράγοντες που συμβάλλουν σε ομοιότητες τους και πιθανοί λόγοι για τις διαφορές τους. Η συγκριτική ανάλυση αυτή αποτέλεσε τη βάση για την αξιολόγηση της επίδρασης στην παροχή υπηρεσιών στους δύο οργανισμούς.

Πραγματοποιήθηκε συγκριτική ανάλυση με την ετοιμασία, την κυκλοφορία και την ανάλυση των απαντήσεων σε ένα ερωτηματολόγιο που απευθυνόταν στη διεύθυνση και το προσωπικό των δύο οργανισμών. Επιπλέον, ερευνήθηκε το ιστορικό τους, ως μέρος μιας προσπάθειας συλλογής δευτερευόντων δεδομένων, συζήτησης, σύγκρισης και εξαγωγής συμπερασμάτων σχετικά με τα στοιχεία της οργανωσιακής κουλτούρας.

Στη συνέχεια, πραγματοποιήθηκε ανάλυση του κατά πόσον υπάρχει διαφορά στις απαντήσεις του ΕΕΣ και της Ελεγκτικής Υπηρεσίας, σε κάθε ερώτηση που περιλάμβανε το ερωτηματολόγιο, καθώς και στην αξιολόγηση των στοιχείων της οργανωσιακής κουλτούρας σε κάθε οργανισμό.

Εντοπίστηκαν πολλές ομοιότητες μεταξύ των δύο οργανισμών, με τις κυριότερες να ήταν οι κοινές αξίες που μοιράζονται, ο σημαντικός αριθμός των δημοσιεύσεών τους, η εξέταση των συστάσεων τους σε κοινοβουλευτικές συνεδρίες, η χρήση ποικίλων ηλεκτρονικών μέσων για την προώθηση της εργασίας και των δημοσιεύσεών τους, η "γραφειοκρατία" και τα ανοιχτά κανάλια επικοινωνίας μεταξύ των υπαλλήλων τους.

Ωστόσο, εμφανίστηκαν και αρκετές διαφορές. Αυτές περιλαμβάνουν την αλλαγή, την ατομική αξιολόγηση απόδοσης ως αυστηρή βάση για προαγωγές, και την εικόνα και τη φήμη, υπέρ της Ελεγκτικής Υπηρεσίας, ενώ η ενθάρρυνση των υπαλλήλων να αναλαμβάνουν πρωτοβουλίες και να λαμβάνουν από μόνοι τους αποφάσεις και η ποικιλία, ο τόνος και η φιλικότητα προς τον αναγνώστη των προϊόντων του, υπέρ του ΕΕΣ.

Οι παραπάνω ομοιότητες και διαφορές μεταξύ των δύο οργανισμών, για τις οποίες πιθανοί παράγοντες και λόγοι εντοπίζονται στη διατριβή, επηρεάζουν την παροχή υπηρεσιών και την απόδοσή τους.

Acknowledgments

I would like to express my very great appreciation to the Auditor-General of the Republic of Cyprus, Dr Odysseas Ph. Michaelides, as well as to the Secretary-General of the European Court of Auditors, Mr Eduardo Ruiz García, for helping make this MBA's dissertation possible.

Furthermore, I am particularly grateful for my tutor, Dr. Epaminondas Epaminonda, for his direction, support and assistance to this dissertation.

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Chapter 1

1. Introduction

1.1 Dissertation Topic and Scope

Organizational culture is dependent on several elements, such as size, people, legal structure, type, environment etc. of the organization. An important element that affects the culture in an organization is the sector where the organization operates, whether in the private or the public sector. Another element that affects its culture is the national or international identity of the organization, i.e. the country where it provides its services or whether it has a European or international presence and/ or composition of management and staff.

The above elements play a key role on the performance of the organization and the quality of its service delivery.

The scope of the dissertation was to assess the primary characteristics and compare the elements of organizational culture of the European Court of Auditors (the ECA) and the Audit Office of the Republic of Cyprus (the Audit Office).

Likely factors that contribute to similarities and possible reasons for their differences, and how these affect service delivery, were discussed, analysed, compared and conclusions were drawn.

1.2 Methodology

A comparative analysis was used. The comparison covered the national and the European public sector, in the field of audit services.

A questionnaire was prepared and addressed to the management and organizational staff in both organizations. The responses to the questionnaire are compared and used to draw conclusions on the seven primary characteristics of organizational culture, described in *Chapter 4* below.

A background research was carried out through collection of information from the websites of the organizations, their publications and their contribution in public discussions before the Parliament, and through media coverage.

1.3 Chapters

The following chapters were covered in this dissertation:

1.3.1 Dissertation Topic and Scope

The topic of this dissertation was how the special characteristics and the elements of the organizational culture in the ECA and the Audit Office affect service delivery, while its scope was to analyse the similarities and differences in the characteristics and elements of organizational culture between the two organizations, and draw conclusions on the effect on service delivery.

1.3.2 Literature Review

A literature review was included, which covered all the main areas of this dissertation.

1.3.3 Methodology

The methodology followed in this dissertation is the comparative analysis, through a questionnaire addressed to the management and staff, as well as a background research in the two organizations.

1.3.4 Assessment of the Seven Primary Characteristics of Organizational Culture

The assessment, which was a result of an analysis and comparison of the responses of the questionnaire addressed to the ECA and the Audit Office, covered the seven primary characteristics of organizational culture, being innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability.

1.3.5 Background Research, Discussion and Comparison of the Elements of Organizational Culture

Organizational culture is about corporate missions and statements. Elements of organizational culture are also business practices such as strategic decisions, response to issues and problems, and how the organization treats its employees, its management and its stakeholders. It is also about symbols, ceremonies and logos, and it consists of the stories people tell, myths and beliefs within and outside the organization. These elements were background researched, discussed and compared in the two organizations.

1.3.6 Likely Factors that Contribute to Similarities and Possible Reasons for their Differences, and the Effect on Service Delivery

A comparison of the likely factors that contribute to similarities and possible reasons for the differences between the two organizations, and how those affected service delivery, was produced. This comparison was based on both the analysis of the seven primary characteristics and the elements of organizational culture. The effect on service delivery in the ECA and the Audit Office was assessed in the framework of these similarities and differences.

Chapter 2

2. Literature Review

2.1 Definition of Organizational Culture

Organizational culture refers to '*a system of shared meaning held by members (of the organization) that distinguishes the organization from other organizations*' (Robbins and Judge, 2013)ⁱ.

2.2 Organizational Culture Measurement

Organizational culture was assessed and measured in the two organizations by analyzing the following two dimensions:

- *The seven primary characteristics of organizational culture*, being aggressiveness, outcome orientation, people orientation, innovation and risk-taking, attention to detail, team orientation, aggressiveness and stability (Robbins and Judge, 2013)ⁱ; and
- *Elements of organizational culture*, being corporate mission statements and goals, business practices, symbols, ceremonies and logos, stories people tell, values and beliefs within and outside the organization (Deal and Kennedy, 2000)ⁱⁱ and (Schein and Edgar, 1984)ⁱⁱⁱ.

2.3 Effect of Organizational Culture on Service Delivery

The results of some studies about the effect of organizational culture on its performance, and as a consequence, on service delivery and its quality are shown below:

“Competitive and innovative cultural traits are directly linked with performance while ... community and bureaucratic cultural traits are not directly related ... Competitive and innovative cultures which are sensitive to external conditions have a strong and positive impact on organizational performance.” (Ogbonna and Harris, 2000)^{iv}

‘For organizational culture to provide a source of sustainable competitive advantage, the culture must be adaptable to external contingencies.’ (Barney, 1991)^v

‘... culture is about much more than your performance in the moment: It’s about committing to service excellence for the long haul and creating brand loyalty.’ (Craig, 2017)^{vi}

‘... a healthy culture would inevitably lead to a stable of professionals who can solve problems in brand-new ways.’ (Craig, 2017)^{vi}

In addition, a study of data collected from 95 franchise automobile dealerships over 6 years indicated that culture “comes first”, i.e. it derives performance (vehicles sales in this case) and customer satisfaction. (Boyce Affiliation, 2015)^{vii}

Chapter 3

3. Methodology

A comparative analysis was used. The comparison covered the national and the European public sector, in the field of audit services.

3.1 Questionnaire

For carrying out a comparative analysis, a questionnaire was decided to be designed and used. This decision was based on the advantages of the questionnaire of being an inexpensive and practical way to gather data, a quick way to obtain results, and a way to compare and contrast the results between the two organizations. Furthermore, the questionnaire allows for easy analysis and visualization of the responses.

A questionnaire was prepared through *'Google Forms'* and addressed to the organizational management and staff in in the ECA and the Audit Office. The questionnaire was part of an effort to analyse and compare the seven primary characteristics of organizational culture^{viii} in the ECA and the Audit Office.

It consisted of 21 multiple choice questions and it was not expected to take more than 8 minutes in total to complete. The choices to each question from 1 to 18 were five: *'Strongly agree'*, *'Tend to agree'*, *'Hard to decide'*, *'Tend to disagree'* and *'Strongly disagree'*, and all of these questions were compulsory to be responded. In addition, there were 3 optional questions relevant to the demographic data: on gender, age and managerial responsibilities.

The questionnaire was circulated to the around 540 organizational management and staff of the ECA through the social media (mainly LinkedIn and Facebook), and to the 120 corresponding ones of the Audit Office via email.

The above exercise took place in the period of December 2019 to March 2020 and it was completed after having obtained the approval of the Heads of the two organizations.

The questionnaire can be found in the *Appendix*.

3.2 Background Research

The background research was part of an effort to collect secondary data, discuss, compare and draw conclusions on the elements of organizational culture.

This was carried out through collection of information from the websites of the organizations^{ix}, their publications and their contribution in public discussions before the Parliament, and through media coverage.

3.3 Limitations

One difficulty that was faced on sending the questionnaires to the management and staff of the ECA was that their personal information was not published on their website and this is the reason why they were contacted through the social media.

The fact that the dissertation was engaged during the COVID-19 period did not allow for observation to be part of the research.

3.4 Results Analysis

'*Google Forms*' automatically provided an analysis of the respondents' replies so in narrative as in diagrammatical form.

In addition, the scores from 1 to 5 were assigned to the responses of each question for each organization, awarding a score 1 for '*strongly disagree*', score 2 for '*tend to disagree*', score 3 for '*hard to decide*', score 4 for '*tend to agree*' and score 5 for '*strongly agree*' responses. After allocating the percentages of responses for each question to the scores,

the differences between the two organizations for each weighted average score in absolute values was produced. This criterion was used to sort all questions of the questionnaire on a table.

Last, an analysis of whether there was a difference in the responses of the ECA and the Audit Office, in each of the statement included the questionnaire, was performed by the use of the two sample t-test.

Concerning the comparison of the likely factors that contribute to similarities and possible reasons for the differences between the two organizations, and how those affected service delivery, summary tables of their similarities and differences were produced. These tables were based on both the analysis of the replies to the questionnaire and the background research.

Chapter 4

4. Assessment of the Seven Primary Characteristics of Organizational Culture

4.1 Seven Primary Characteristics of Organizational Culture

The questionnaire that was circulated to the management and organizational employees of both organizations consists of questions which cover the following primary characteristics of organizational culture:

4.1.1 Aggressiveness

To what degree the people in the organization are aggressive and competitive rather than cooperative?

4.1.2 Outcome Orientation

To what degree the management is focused on results rather than output and how to achieve them?

4.1.3 People Orientation

To what degree management's decisions considers the effect on employee and on people, in general?

4.1.4 Innovation and Risk Taking

How much encouraged are the employees to innovate and take risks?

4.1.5 Attention to Detail

How much expected are the employees to focus on detail and precision?

4.1.6 Team Orientation

How much are the people organized around teams rather on an individual basis?

4.1.7 Stability

How much emphasis is placed on maintaining the status quo in contrast with changes?

4.2 Who these Organizations are

European Court of Auditors

The European Court of Auditors is the European Union's external auditor.

Established in 1977, the ECA is one of the EU's seven institutions.

It is based in Luxembourg and it employs around 900 audit, support and administrative staff of all EU nationalities.

The College is composed of one Member from each EU Member State.

Box 1: Who the European Court of Auditors is

Audit Office of the Republic of Cyprus

The Audit Office of the Republic of Cyprus is the independent body which, under the provisions of the Constitution, is responsible for auditing the financial management, as practised by the executive.

Established in 1960, when Cyprus became an independent state.

It is based in Nicosia and it employs around 140 audit, support and administrative staff.

The Audit Office is headed by the Auditor General of the Republic, an independent officer appointed by the President of the Republic and remains in office until his retirement.

Box 2: Who the Audit Office of the Republic of Cyprus is

Both the ECA and the Audit Office operate in the sector of the provision of audit services.

In addition, they provide these services in the public sector and both organizations are independent from the executive service.

Nevertheless, while the ECA covers the European spectrum, the Audit Office functions at the national level of the Republic of Cyprus.

Furthermore, the size of the ECA is much bigger as compared to the size of the Audit Office (i.e. more than 6 times bigger), with appointed Members and employed staff from all the nationalities of the EU (plus from the British nationality). On the contrary, the Audit Office employees only Greek Cypriots.

Another difference is that the top management of the ECA remains office for a fixed term of six years (with option for renewal after designation from their national government), while the Auditor General (and its Deputy) remain in office until their retirement.

4.3 Summary of the Responses to the Questionnaire and Demographic Data

Out of the 540 organizational management and staff of the ECA, 56 responded to the questionnaire, representing a percentage of over 10% from the organizational management and staff.

The percentage of the respondents in the Audit Office was much higher (primarily due to the circulation method used of e-mail since this personal information is published on their website) and almost reached 30% (36 out of 120) of the organizational management and staff.

Statements	European Court of Auditors	Audit Office	Difference	Absolute Difference
	<i>Scores</i>			
17) The organization is supportive of change.	3,30	4,33	-1,03	1,03
1) The organization cares for the individual development of its employees.	3,82	4,47	-0,65	0,65
15) A comprehensive system with regulations is in existence in the organization.	4,18	3,58	0,59	0,59
7) Promotions are strictly based on individual performance evaluation.	2,45	3,00	-0,55	0,55
2) Employees are encouraged to take initiative and make decisions on their own.	3,47	2,97	0,49	0,49
11) People trust one another in the organization.	3,30	2,97	0,33	0,33
14) Communication channels are open between management and employees.	3,38	3,67	-0,29	0,29
16) People in the organization are encouraged to make suggestions for improvement and change.	3,47	3,75	-0,29	0,29
9) The nature of work requires more team work rather than individual work.	4,02	3,75	0,27	0,27
8) Promotions are also based on team performance evaluation.	2,39	2,14	0,25	0,25
18) People in the organization accept change.	3,04	3,28	-0,24	0,24
4) Employee problems and complaints are effectively handled in the organization.	3,18	3,42	-0,24	0,24
6) Employees are assessed on delivery of results rather than completing the tasks assigned to them.	3,20	3,06	0,14	0,14
12) People work well together in the organization.	3,70	3,61	0,09	0,09
10) Most managers have effective interpersonal skills.	3,23	3,19	0,04	0,04
3) Management seeks input from employees on major decisions.	3,16	3,20	-0,03	0,03
13) Communication channels are open among employees.	3,66	3,70	-0,03	0,03
5) The organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities').	2,88	2,86	0,01	0,01
Notes: The responses resulting in lower than 3 marked in red; min=1 (Strongly disagree), max = 5 (Strongly agree).				

Table 1: Summary of the differences between the ECA and the Audit Office

What was done, and presented in *Table 1* above, is to assign the scores from 1 to 5 to the responses of each question for each organization, awarding a score 1 for '*strongly disagree*', score 2 for '*tend to disagree*', score 3 for '*hard to decide*', score 4 for '*tend to agree*' and score 5 for '*strongly agree*' responses. In addition, the scores were weighted by the percentage of the respondents for every option of each response. To this end, a weighted average score was resulted for each of the 18 questions responded, for each organization. The responses in each organization which result in lower than 3 weighted average were marked in red.

Subsequently, the differences of the weighted average scores for each question responded in the two organizations were calculated. Positive differences imply that the ECA respondents reacted relatively more favourably to the statements made through the questions, while negative differences the opposite.

Last, in the last column of this table, the differences between the two organizations for each weighted average score in absolute values was produced, the criterion that was used to sort all questions of the questionnaire on the table. The questions are sorted in a descending order from the higher to the lower absolute weighted average differences.

The summary of the responses of the ECA and the Audit Office appear on the *Table 2* and *Table 3* below, respectively.

Statements	European Court of Auditors					
	Weighted average score	1	2	3	4	5
15) A comprehensive system with regulations is in existence in the organization.	4,18	0%	4%	7%	57%	32%
9) The nature of work requires more team work rather than individual work.	4,02	0%	7%	14%	48%	30%
1) The organization cares for the individual development of its employees.	3,82	4%	5%	12%	63%	16%
12) People work well together in the organization.	3,70	0%	5%	25%	64%	5%
13) Communication channels are open among employees.	3,66	0%	7%	23%	66%	4%
2) Employees are encouraged to take initiative and make decisions on their own.	3,47	2%	20%	14%	59%	5%
16) People in the organization are encouraged to make suggestions for improvement and change.	3,47	2%	13%	29%	52%	5%
14) Communication channels are open between management and employees.	3,38	2%	21%	18%	55%	4%
11) People trust one another in the organization.	3,30	2%	20%	27%	50%	2%
17) The organization is supportive of change.	3,30	2%	20%	32%	39%	7%
10) Most managers have effective interpersonal skills.	3,23	7%	23%	13%	54%	4%
6) Employees are assessed on delivery of results rather than completing the tasks assigned to them.	3,20	5%	11%	45%	38%	2%
4) Employee problems and complaints are effectively handled in the organization.	3,18	0%	30%	29%	34%	7%
3) Management seeks input from employees on major decisions.	3,16	2%	27%	27%	43%	2%
18) People in the organization accept change.	3,04	2%	32%	27%	39%	0%
5) The organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities').	2,88	7%	39%	22%	23%	9%
7) Promotions are strictly based on individual performance evaluation.	2,45	14%	43%	27%	16%	0%
8) Promotions are also based on team performance evaluation.	2,39	18%	41%	25%	16%	0%
Notes: The responses resulting in lower than 3 marked in red; min=1 (Strongly disagree), max = 5 (Strongly agree).						

Table 2: Summary of the responses of the ECA

Statements	Audit Office					
	Weighted average score	1	2	3	4	5
1) The organization cares for the individual development of its employees.	4,47	0%	8%	3%	22%	67%
17) The organization is supportive of change.	4,33	0%	3%	6%	47%	44%
16) People in the organization are encouraged to make suggestions for improvement and change.	3,75	0%	14%	22%	39%	25%
9) The nature of work requires more team work rather than individual work.	3,75	3%	11%	14%	53%	19%
13) Communication channels are open among employees.	3,70	3%	8%	19%	56%	14%
14) Communication channels are open between management and employees.	3,67	0%	19%	14%	47%	19%
12) People work well together in the organization.	3,61	3%	8%	17%	69%	3%
15) A comprehensive system with regulations is in existence in the organization.	3,58	0%	19%	22%	39%	19%
4) Employee problems and complaints are effectively handled in the organization.	3,42	6%	11%	33%	36%	14%
18) People in the organization accept change.	3,28	3%	19%	33%	36%	8%
3) Management seeks input from employees on major decisions.	3,20	3%	33%	19%	31%	14%
10) Most managers have effective interpersonal skills.	3,19	6%	22%	33%	25%	14%
6) Employees are assessed on delivery of results rather than completing the tasks assigned to them.	3,06	11%	19%	28%	36%	6%
7) Promotions are strictly based on individual performance evaluation.	3,00	22%	11%	22%	33%	11%
2) Employees are encouraged to take initiative and make decisions on their own.	2,97	11%	28%	25%	25%	11%
11) People trust one another in the organization.	2,97	6%	31%	30%	28%	6%
5) The organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities').	2,86	11%	39%	14%	25%	11%
8) Promotions are also based on team performance evaluation.	2,14	31%	39%	17%	14%	0%

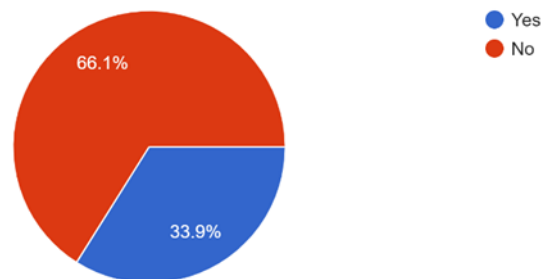
Notes: The responses resulting in lower than 3 marked in red; min=1 (Strongly disagree), max = 5 (Strongly agree).

Table 3: Summary of the responses of the Audit Office

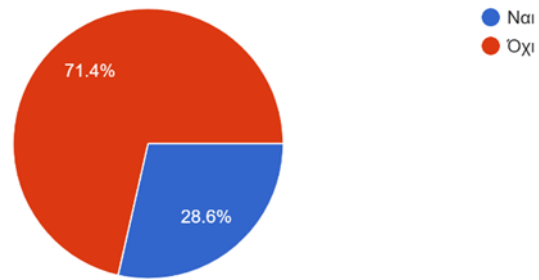
An analysis of the demographic data of the respondents to the questionnaire is produced below. The ECA responses are in English language, while the Audit Office ones are in Greek language.

I have managerial responsibilities in exercising my duties.

56 responses



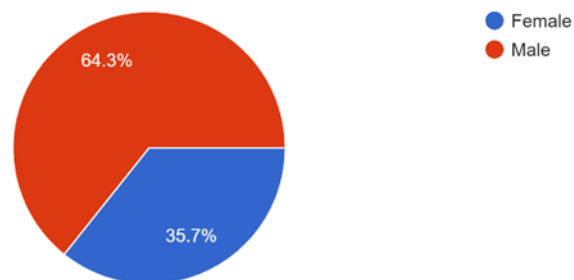
Έχω διευθυντικές ευθύνες κατά την εκτέλεση των καθηκόντων μου.
35 responses



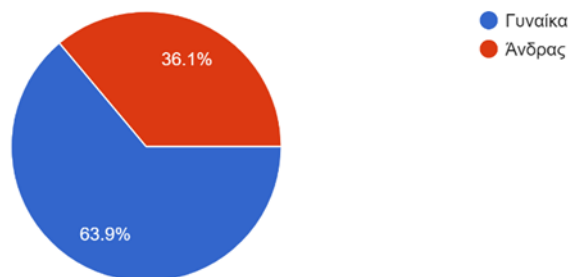
Graphs 1A and 1B: Managerial responsibilities in exercising duties in the ECA and the Audit Office, respectively

As it can be observed from *Graphs 1A and 1B* above, around 2/3 of the respondents in both organizations don't have managerial responsibilities in exercising their duties.

Gender
56 responses



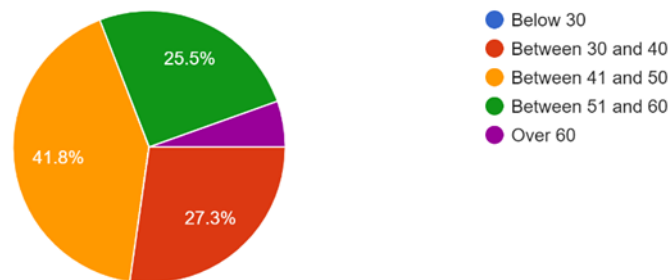
Φύλο
36 responses



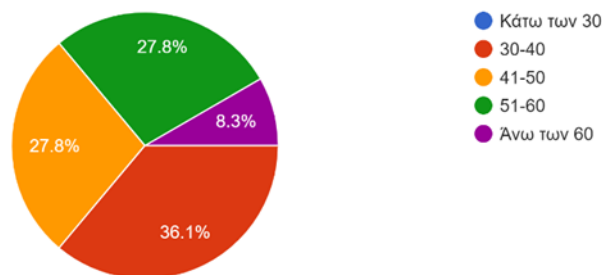
Graphs 2A and 2B: Gender distribution in the ECA and the Audit Office, respectively

From *Graphs 2A* and *2B* above, while in the ECA around 2/3 of the respondents are male, in the Audit Office the same percentage corresponds to female employees; this is mostly explained by the fact that the percentage of the female Audit Office employees is exactly 2/3 (80/120), while in the ECA, more than 55% of auditors and (audit) administrators are male.

Age range
55 responses



Ηλικία
36 responses



Graphs 3A and 3B: Gender distribution in the ECA and the Audit Office, respectively

Graphs 3A and *3B* above demonstrate that the majority of the respondents in the Audit Office (around 36%) fall in the age range of 31-40 years old, while the majority of the respondents in the ECA (around 42%) fall in the age range of 41-50 years old; 51% of the total staff of the ECA falls in the age range of 40-49^x.

4.4 Main Observations

The main observations from the analysis and comparison of the responses are the following:

4.4.1 Analysis of the Two Sets of Responses

First of all, an analysis of whether there is a difference in the responses of the ECA and the Audit Office, in each of the statement included the questionnaire, was performed.

For testing the above the two sample t-test was used, in order to test in each statement whether there is a difference between the median in the two sets of responses, i.e. to test the null hypothesis whether there is no difference between the two medians in each of the statement separately. This test is justified by the fact that this is a parametric one and can be used since the data approximate the normal distribution. This is true since both the responses of the ECA (56) and of the Audit Office (36) are more than 30. The other assumption that is met is that there are at least five levels to the likert scale (1-5).^{xi}

The level of significance of this test was at 5%.

The results of the tests described above, which are estimated by using the *Social Science Statistics calculator*^{xii} are produced on the *Table 4* below.

Statements	Difference (p-value)	Significant at 5% (Y/N)
17) The organization is supportive of change.	< 0,00001	Y
1) The organization cares for the individual development of its employees.	0,00012	Y
15) A comprehensive system with regulations is in existence in the organization.	0,00804	Y
7) Promotions are strictly based on individual performance evaluation.	0,03662	Y
2) Employees are encouraged to take initiative and make decisions on their own.	0,04550	Y
11) People trust one another in the organization.	0,06010	N
16) People in the organization are encouraged to make suggestions for improvement and change.	0,17060	N
14) Communication channels are open between management and employees.	0,17384	N
8) Promotions are also based on team performance evaluation.	0,21870	N
4) Employee problems and complaints are effectively handled in the organization.	0,23800	N
9) The nature of work requires more team work rather than individual work.	0,25428	N
18) People in the organization accept change.	0,28914	N
13) Communication channels are open among employees.	0,65272	N
6) Employees are assessed on delivery of results rather than completing the tasks assigned to them.	0,65994	N
10) Most managers have effective interpersonal skills.	0,70394	N
5) The organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities').	0,90448	N
12) People work well together in the organization.	0,91240	N
3) Management seeks input from employees on major decisions.	0,94420	N

Table 4: Results of the sample t-test of the responses in each statement

From the results of the two sample t-tests, it is implied that there are differences in 5 statements in the responses of the two organizations. These are the following:

- The organization is supportive of change;
- The organization cares for the individual development of its employees;

- A comprehensive system with regulations is in existence in the organization;
- Promotions are strictly based on individual performance evaluation; and
- Employees are encouraged to take initiative and make decisions on their own.

On the contrary, for the rest of the statements, the null hypothesis is accepted, i.e. there are no differences between the medians of the two sets of data, and as a consequence no differences appear in the responses of the ECA and the Audit Office concerning these statements.

4.4.2 Similarities

From *Tables 2 and 3* above, the response to the statement of the questionnaire that the organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities') awarded almost the same weighted average score in the two organizations of around 2,87. Nevertheless, this score is one of the lowest for both organizations.

Regarding the following statements below of: -

- Management seeks input from employees on major decisions; and
- Communication channels are open among employees,

the differences between the weighted average scores of respondents of the ECA and the Audit Office are marginal, ranging between 3 and 4.

Furthermore, there are 2 statements that the respondents of the Audit Office were slightly more favourable than the respondents of the ECA.

In specific, these statements are the following:

- People in the organization accept change; and
- Employee problems and complaints are effectively handled in the organization.

The opposite exists, in favour of the ECA, as far as the following statements are concerned:

- Employees are assessed on delivery of results rather than completing the tasks assigned to them; and
- People work well together in the organization.

A common element of the above, was that the weighted average scores in all of the above 4 statements lie between the benchmark score of 3 and 4, as well.

The most adverse reaction was on the statement that promotions are also based on team performance evaluation, by respondents of both organizations, with weighted average scores of 2,39 and 2,14, for the ECA and the Audit Office respectively.

Additionally, for the rest of the statements in the questionnaire of: -

- People trust one another in the organization;
- Communication channels are open between management and employees;
- People in the organization are encouraged to make suggestions for improvement and change; and
- The nature of work requires more team work rather than individual work,

where no significant differences were identified by the two sample t-test (please see *Section 4.3.1* above), the respondents of both organizations provided similar responses (i.e. around 0,3 units differences).

4.4.3 Differences

The highest variation between the respondents of the two organizations relates to the question on whether the organization is supportive to change. The respondents in the Audit Office were favourable of this statement with the second higher score of all questions put forward of 4,33. On the contrary, the respondents in the ECA reacted with a score of 3,30, a score which is slightly higher than the benchmark of 3.

In addition, the reactions of the respondents in four more statements in the questionnaire resulted in big differences between the two organizations.

These statements are the following:

- The organization cares for the individual development of its employees;
- A comprehensive system with regulations is in existence in the organization;
- Promotions are strictly based on individual performance evaluation; and
- Employees are encouraged to take initiative and make decisions on their own.

Regarding the first statement above, the respondents in the Audit Office were by far favourable that the organization cares for their development, i.e. with the highest weighted average score in all questions of 4,47. In contrast, even though the respondents in the ECA shared the same positive view, their weighted average score reached a lower level of 3,82.

As far as the second statement above is concerned, the situation as was found in the survey is the opposite. The respondents in the ECA were of the strong view that their organization is governed by a comprehensive system with regulations, with the highest weighted average score in all questions of 4,18. The difference with the responses being in favour of this statement in the case of the Audit Office is significant, i.e. a difference of 0,59 units.

Furthermore, even the respondents of the Audit Office were neutral (i.e. weighted average score of 3) on whether their promotions are strictly based on individual performance evaluation, they were more favourable as compared to the respondents of the ECA, where they reacted with their lowest score of 2,45.

The last significant difference of about half a unit in favour of the ECA is concerned with the statement that employees are encouraged to take initiative and make decisions on their own where the Audit Office scored slightly below the benchmark of 3, i.e. with a score of 2,97.

4.4.4 Other Observations

While the nature of work in both of the organisations requires more team work rather than individual work (high weighted average scores in the reaction of respondents in both organizations – 4,02 in the ECA and 3,75 in the Audit Office), the respondents believe that promotions are not based on team performance evaluation (only 2,39 in the ECA and 2,14 in the Audit Office believe so). To this statement, there was an adverse reaction from the 70% of the respondents of the Audit Office (31% strongly disagree and 39% tend to disagree), and a corresponding one from the 59% of the respondents of the ECA (18% strongly disagree and 41% tend to disagree).

The 2 questions with the lowest weighted average adverse reaction from the ECA respondents of are the following:

- Promotions are strictly based on individual performance evaluation; and
- Promotions are also based on team performance evaluation.

Both of them are associated with performance evaluation in the organization and are below the benchmark score of 3. They are 2,45 and 2,39 respectively.

While the Audit Office respondents reacted with a relatively low weighted average score of 2,97 on the statement that people trust one another in the organization, their reaction to the question whether they work well together in the organization, they reacted

favourably with a weighted average score of 3,61. This is a remarkable point of the survey for the Audit Office, in my opinion.

A high majority of 67% in the Audit Office respondents strongly agree that the organization cares for the individual development of its employees. At the same time, another 22% tend to agree with this statement. A similar situation exists in the case of the ECA, where 63% of the respondents strongly agree and another 16% tend to agree.

The overwhelming majority of 91% of the Audit Office respondents tend to agree (47%) or strongly agree (44%) that the organization is supportive of change.

Besides, the vast majority of 89% of the ECA respondents had the view (32% strongly agree and 57% tend to agree) that a comprehensive system with regulations is in existence in the organization.

The majority of the respondents in ECA (45%) believe that it is hard to decide whether employees are assessed on delivery of results rather than completing the tasks assigned to them. The statement for which the majority of the Audit Office respondents (33%) finds it hard to decide, accordingly, is whether most managers had effective interpersonal skills.

Chapter 5

5. Background Research, Discussion and Comparison of the Elements of Organizational Culture

5.1 Corporate Mission Statements and Goals

The corporate mission statements and goals of the two organizations can be found below:

5.1.1 Mission Statements

ECA Mission statement

To contribute to improving EU financial management, promote accountability and transparency, and act as the independent guardian of the financial interests of the citizens of the Union.

Box 3: ECA Mission Statement

It is published on the website and it is referred to in the strategy of the organization.

Audit Office Mission statement

To conduct independent, reliable and appropriately documented financial, performance and compliance audit in the public and wider public sector, for purposes of public reporting, optimal management of public resources and the fight against corruption and interference.

Box 4: Audit Office Mission statement

It is published on the website and also in its strategic plan.

5.1.2 Goals

Strategic goals for 2018-2020

- To improve the added value of the Statement of Assurance in the context of today's EU financial management
- Increased focus on performance aspects of EU action
- To get clear messages across to our audiences
- To gear our organisation to our products

Box 5: ECA's Strategic goals for 2018-2020

These are included in the strategy of the organization, which covers a 3-year time horizon. The strategy of the ECA is presented before the European Parliament and it is published on the website.

Strategic goals for 2019-2021

- To increase the audit coverage and the improvement of the quality, and efficiency, of the audit work, and of the audit recommendations
- To contribute in establishing sound management and reducing corruption

Box 6: Audit Office's Strategic goals for 2019-2021

These are included in the strategic plan of the organization, which covers a 3-year time horizon, but it is a rolling forward document which is updated every year. The strategic plan of the Audit Office is submitted to the Parliament through the Council of Ministers.

5.2 Business Practices

Some business practices of the two organizations can be found below:

5.2.1 Publications

The ECA published the following reports in the year 2018:

- 35 special reports (covering performance and compliance audits);
- 6 annual and specific annual reports (including the annual report on the implementation of the EU budget);
- 10 opinions (concerning proposals, primarily of the European Commission);
- 9 review-based products (mainly briefing papers and landscape reviews); and
- 12 audit previews.

The publications of the European Court of Auditors can be found in the latest ECA activity report (of the year 2018)^{xiii}.

The Audit Office published the following reports in the same year:

- 34 special reports (15 of the central government and 19 of the wider public sector); and
- the annual report of the Auditor-General according to article of 116 of the Constitution.

The publications of the Audit Office can be found in the website of the organisation.

5.2.2 Media Coverage

The Audit Institutions communicate openly with the media and other stakeholders about their activities and audit reports are accessible to the public. Furthermore, the reports of the Audit Institutions are accessible and understandable to the general public using various means (e.g. summaries, graphs, video presentations, press releases).

The ECA holds press conferences for the annual report and, on a selective basis, for special reports, opinions and other matters. Press releases are issued for all the ECA's published reports and specific matters of interest, and are available on its website. In addition, the ECA communicates online and through audit reports and other publications, events and the press and media. All its audit reports and opinions are available in all official EU languages on its website.

The submission of the annual report of the Audit Office before the President of the Republic is an event that is extensively covered by media, as well as the subjects of its special reports. This ensures the transparency of the Audit Office's findings and recommendations. The Audit Office uses different means to promote its work and publications, with its recently redeveloped website being the main one, as well as the organisation site on Twitter (@Audit_Office_Cy – see *Picture 1* below) and interviews of the Auditor General in the press.



Picture 1: Audit Office's site on Twitter^{xiv}

5.2.3 Relationship with the Parliament

Despite the diversity, it is a common feature that Supreme Audit Institutions (SAIs) in the EU and its Member States generally maintain close relationships with their parliaments. This relationship is principally a reporting one, in which the Supreme Audit Institution sends its audit reports to parliament. These reports are usually discussed by the Committee of Budgetary Control (in the case of the ECA) or other special committees in other member states, and sometimes, depending on the audit subject, also by committees dealing with specific topics.

The ECA's members are appointed by the Council, after consulting the European Parliament. ECA assists the European Parliament in its role of a guardian for the implementation of the EU budget, in particular through the discharge procedure, ensuring the interests of European taxpayers.

Following the May 2019 elections to the European Parliament, the ECA carried out an awareness campaign and introduced the organization and its work to the newly elected Members of the European Parliament (MEPs) and their staff. The campaign had three main components, as follows:

- a) organising a series of workshops on the subject 'Meet the EU auditors';
- b) launching a Publications Portal, a virtual application to make it easier to find ECA reports by relevant policy field and country visited; and
- c) covering various aspects of the cooperation between the European Parliament and the ECA, in the ECA Journal 04/2019^{xv}.

The recommendations and remarks of the Audit Office are examined at regular meetings of the Parliamentary Committee on Monitoring the Development and Control of Public Expenditure (i.e. the Public Accounts Committee). These sessions are used as a tool to monitor the responses of auditees to the remarks and recommendations of the Audit Office.

In addition, almost all Parliamentary Committees regularly seek the assistance of the Audit Office in matters relating to its responsibilities.

5.3 Symbols, Ceremonies, Logos

Some symbols and ceremonies, and the logos of the two organizations can be found below:

5.3.1 Symbols

ECA is officially registered with the Eco-Management and Audit Scheme, since 30 March 2017. To this end, environmental colours are used in many aspects of the organization's functions, such as its premises, its publications, its symbols etc.

One particular example are the symbols used in the ECA's publications, for several years now. In *Picture 2* below, the symbols representing the EU expenditure areas are produced, where it is obvious that "ECA goes green".



Picture 2: ECA's symbols for EU expenditure areas

On the contrary, there are no specific symbols that are used by the Audit Office, except from the logo of the Republic of Cyprus, which is used in publications together with the organization's logo, and it was part of both the legacy and the current logo of the Audit Office. The symbol of the pigeon reflects independence and indicates that the Audit Office constitutes an independent authority of the Republic.

5.3.2 Ceremonies

There are a number of events that are organised in ECA, both at the management and the staff levels. Examples of those are the Christmas and summer staff parties (see *Picture 3* below), the national day celebration receptions, the Members' working lunches etc.



Picture 3: ECA's summer staff party of 2017

The Audit Office, in turn, organises, with the assistance of the staff committee in several occasions, blood donation events (see *Picture 4* below) at regular intervals, New Year's and farewell get-togethers etc.



Picture 4: Audit Office's blood donation event of 9 March 2020

5.3.3 Logos



Picture 5: ECA's logo

The logo of the European Court of Auditors (*Curia Rationum* in latin) is based on the European flag, a symbol of unity and identity in a wider sense. The circle of gold stars represents solidarity and harmony between the people of Europe (see *Picture 5* above).



Picture 6: Audit Office's logo

The logo of the Audit Office of the Republic of Cyprus is based on the principles of the Republic of Cyprus, on which the Office's mission has been structured, namely audit, objectivity, reliability and transparency (see *Picture 6* above).

5.4 Stories, Values and Beliefs

Some stories, the values and some beliefs about the two organizations can be found below:

5.4.1 Stories

A story concerning the ECA that has been repeated for several years, outside but also in some cases inside the organization, was about an argument that the EU's accounts have never been signed-off by the auditors.

However, the story above is actually a myth. The truth is that the ECA is giving a 'clean opinion' on the EU accounts since 2007. Besides, what is true is the fact that the ECA had been always giving an adverse opinion on the 'regularity' of the payments underlying the accounts (i.e. the payments were not free from significant regularity errors) until 2016.

Another story about the auditors, in general, is that an auditor's report is rarely considered as being overall positive.

However, the ECA doesn't want to overemphasise negative findings, but rather to report things as they are, including when things go right. This is reflected in a recent project carried out inhouse by the use of AI tools to assess the tonality of ECA reports and the associated press releases. As it is reported in the ECA Journal 01/2020^{xvi}, through an interview of the Director of the Presidency, Mr Martin Weber, ' ... *the AI tools judged the tonality of the ECA's reports and press releases to be rather on the positive side, albeit by a different degree.*'

Now, is the case similar as far the Audit Office is concerned?

Here are below a number of headlines of the Cyprus News Agency (i.e. the news public agency of Cyprus) on the recent Audit Office's special reports, summarised in the *Box 7*, below:

"Auditor General: The finance policy for political parties is not objective", Cyprus News Agency, 3 March 2020

"Audit Office: The jet owner should not have been provided citizenship", Cyprus News Agency, 31 January 2020

"Weaknesses for identification and recording of sheep and goats by the Veterinary Services are found by the Audit Office", Cyprus News Agency, 8 January 2020

"Violations of procedures by the Office of the Ombudsman, the Audit Office observes", Cyprus News Agency, 14 October 2019

Box 7: Headlines of the Cyprus News Agency on the recent Audit Office's special reports

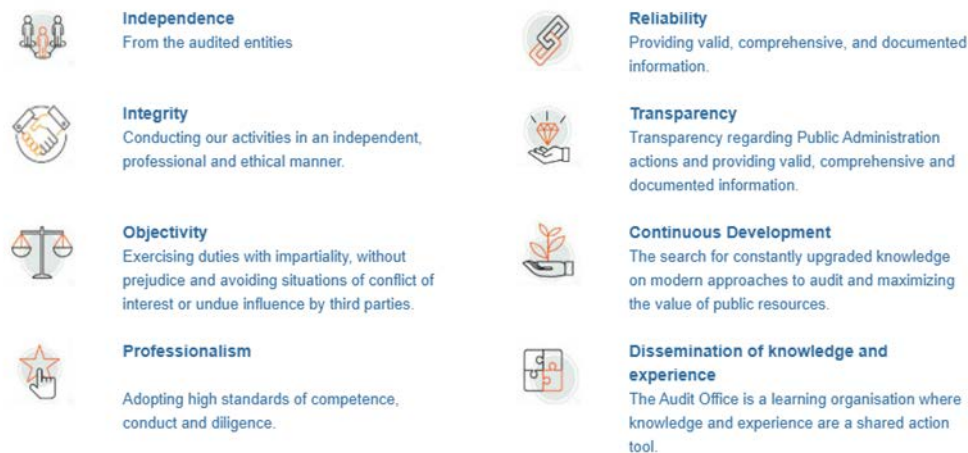
As it can be concluded from the above headlines on the audit work of the Audit Office, and it is the general public opinion, the tonality of its reports, announcements and other publications is rather negative. This by no means implies that the observations and recommendations of the Audit Office are not constructive and of added value for the Republic of Cyprus and its citizens.

5.4.2 Values

The ECA's values, as included in the organisation's strategy 2018-2020, are accountability, transparency, professionalism, integrity, impartiality and responsiveness.

The values of Audit Office are similar, as both share values of the Supreme Audit Institutions. These, as they appear and briefly explained in the organisation's website, are independence, reliability, integrity, transparency, objectivity, continuous development, professionalism, and dissemination of knowledge and experience (see *Picture 7* below).

Our Values



Picture 7: Audit Office's values

5.4.3 Beliefs

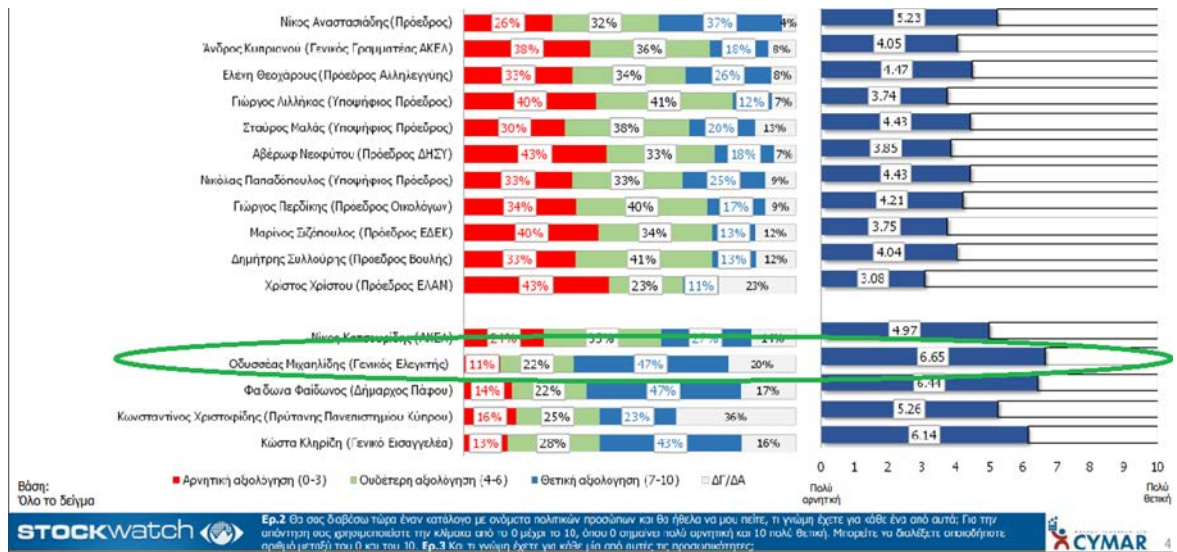
In recent years, the ECA has been engaged in making its publications more reader-friendly and accessible. Its stakeholders, including the public (represented by the informed reader), believe that this was achieved by using clearer language and introducing more infographics.

A proof of that could be found in the latest international peer review on assessing the implementation of the ECA's Strategy for 2018-2020^{xvii}, where there is a quote on pages 24-25 from a journalist stating that *"The ECA has changed its communications. It is more digestible for a bigger public, the conclusions now have more public impact."*

The image and the beliefs of citizens about the Auditor General are very favourable. This reflects the recognition of not only the role and the work that is executed by the Audit Office, but also of the integrity and the reliability of the organisation as a whole.

The above is supported by a poll conducted by Cymar (a market research company based in Cyprus), in autumn 2017, measuring the views and beliefs of Cypriot citizens, not only about the politicians of the island but other esteemed personalities. These personalities included, amongst others, the Attorney General and the Auditor General. The poll was carried out in the framework of the presidential elections of February 2018 and had

covered a sample of 1 006 citizens. Its results shown that the person with the most favourable views was the Auditor General, with a score of 6,65/ 10 (see *Picture 8* below).



Picture 8: Beliefs of Cypriot citizens about the Auditor General – Cymar’s poll in autumn 2017^{xviii}

Chapter 6

6. Likely Factors that Contribute to Similarities and Possible Reasons for their Differences, and the Effect on Service Delivery

6.1 Summary of the Main Similarities and Differences

From the analysis of *Chapters 4 and 5* above, many similarities were identified between the two organizations. The main ones are included in the *Box 8*, below.

Main similarities between the ECA and the Audit Office

- The ECA and the Audit Office share common values.
- The strategic plan of each organization covers a 3-year time horizon and it is submitted to the Parliament.
- The recommendations and remarks of the ECA and the Audit Office are examined at regular meetings of the competent Parliamentary Committees.
- Both organizations have logos which had been designed on the basis of their jurisdiction base (EU and Republic of Cyprus).
- Both organizations had been publishing a considerable number of reports each year.
- Both organizations use a variety of electronic means to promote their work and publications.
- The organizations are not free from "red tape".

- Management seeks input from employees on major decisions.
- Communication channels are open among employees.
- Both organizations organize ceremonies in the form of getting-together of their management and staff.

Box 8: Summary of the main similarities between the ECA and the Audit Office

On the other hand, it is also considered helpful for an analysis in this chapter to produce a summary of the main differences between the ECA and the Audit Office.

The summary is produced in the *Box 9*, below:

European Court of Auditors	The ECA is publishing a more variety of reports (including reviews, previews etc.), as compared to the traditional ones (annual reports and special reports) which the Audit Office mainly publishes.	Audit Office
	The ECA doesn't overemphasise negative findings, but rather reports things as they are, including when things go right; the tonality of the Audit Office's reports, announcements and other publications is rather negative.	
	The ECA is officially registered with the Eco-Management and Audit Scheme with an impact on the symbols the organization uses, whereas no specific symbols other than its logo are used by the Audit Office.	
	The ECA has been engaged in making its publications more reader-friendly by using clearer language and introducing more infographics.	
	The image and the beliefs of citizens about the Auditor General are very favourable.	
	The organization is supportive to change (3,30 /4,33).	
	The organization cares for the individual development of its employees (3,82 /4,47).	
	Promotions are strictly based on individual performance evaluation (2,45 /3,00).	
	Employees are encouraged to take initiative and make decisions on their own (3,47 /2,97).	
A comprehensive system with regulations is in existence in the organization (4,18 /3,58).		

Box 9: Summary of the main differences between the ECA and the Audit Office

6.2 Likely Factors that Contribute to Similarities and Possible Reasons for their Differences

6.2.1 Likely Factors that Contribute to Similarities

Likely factors that contribute to similarities between the two organizations, as described in *Chapter 6.1*, are analyzed below.

The activity framework of the ECA and the Audit Office, as well as of the other Supreme Audit Institutions in the public sector, is governed by the audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is an independent, non-governmental organization.

The '*Lima Declaration of Guidelines on Auditing Precepts*'^{xix} was issued by INTOSAI in 1977. This Declaration provides for the following:

- the purpose and types of audits carried out by SAIs;
- the independence of these Institutions;
- their relationship with the Parliament, the government and the public administration;
- their powers; and
- the audit methods they should apply.

Furthermore, the '*Mexico Declaration*'^{xx}, which included the basic principles on ensuring the independence of SAIs, was issued by INTOSAI in 2007. The principles of this Declaration are included in the *Box 10*, below.

The '*Mexico Declaration*' principles for SAIs' independence

1. The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework.
2. The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties.
3. A sufficiently broad mandate and full discretion, in the discharge of SAI functions.
4. Unrestricted access to information.
5. The right and obligation to report on their work.
6. The freedom to decide the content and timing of audit reports and to publish and disseminate them.
7. The existence of effective follow-up mechanisms on SAI recommendations.
8. Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources.

Box 10: The '*Mexico Declaration*' principles for SAIs' independence

Additionally, another likely factor that contributes to similarities between the ECA and the Audit Office is their functioning within the EU. The cooperation between the SAIs and the ECA takes place through a professional network within the EU, including the SAIs of countries that are subject to the EU enlargement policy. This network is named as '*Contact Committee*', which included the Heads of the ECA and of the SAIs of the EU Member States and the candidate countries for EU accession. The Audit Office of the Republic of Cyprus is actively involved in the Contact Committee, through the Auditor General (and other management).

The Contact Committee provides a forum to discuss and address matters of common interest relating to the EU.

In the context of discussing, exchanging views and addressing common interest matters, as per the Contact Committee's website^{xxi}, '*... the Contact Committee commits itself to the following:*

- fostering dialogue and co-operation in audit and related activities;*
- establishing and promoting common positions on emerging audit and accountability issues; and*
- supporting Contact Committee member SAIs and the SAIs of countries subject to the EU enlargement policy.'*

6.2.2 Possible Reasons for their Differences

Possible reasons for the differences between the two organizations, as described in *Chapter 6.1*, are analyzed below.

Under the Directorate of the Presidency, the ECA operates a '*Communication and Media Relations*' section. The ECA's spokesperson supports the President and the Members to speak for the organization on matters concerning its policies, purpose and values, the annual and special reports, and on specific subjects, too. In addition, the ECA has currently three press officers.

Therefore, the structure of the ECA, the emphasis the organization puts in communication and media relations, as well as its structured communications policy and principles (see *Picture 9* below), affect the tonality of its reports, announcements and other publications. Furthermore, the expertise that the ECA has been developing in communication led to more reader-friendliness, the use of a clearer language and the introduction of more infographics in its publications.

The ECA's communications policy and principles

The European Court of Auditors is the independent external audit institution of the European Union established by the EU Treaty. The ECA plays a crucial role in ensuring effective EU accountability to citizens for the public funds put at stake to meet EU objectives by:

- identifying risks to the financial interests of EU citizens;
- providing independent assurance on EU financial management; and
- advising policy makers on how to improve the use of EU public funds.

The ECA adds value by publishing its audit reports and opinions. They contribute to public oversight of the implementation of the EU budget and to informed decision-making on EU governance arrangements, policy and programme design and the allocation of EU funds.

Communications policy

In communicating its audit results and recommendations, the ECA helps raise public awareness of EU

Picture 9: ECA's communication policy and principles^{xxii}

The Audit Office made a self-assessment in 2016 and identified a number of weaknesses, while in an evaluation in 2017 and 2018 by experts from the UK, a series of recommendations were made, as the Auditor General stated before the Parliamentary Public Accounts Committee in June 2018. These concerned the strengthening of the accountability of the Audit Office, the promotion of its financial and organizational independence, and the interconnection of the strategic plan of the service with its operation.

Therefore, changes that would make its operation more efficient and transparent and strengthen internal control, were promoted and are being implemented by the Audit Office. This development likely constituted a reason why the management and staff of the organization believe that the organization is supportive to change.

According to the '*Public Service Law of the Republic of Cyprus*'^{xxiii}, promotions shall be determined on the basis of value, qualifications and seniority. As a result, in determining the value of the candidates for promotions (the criterion that is ranked first as per this law which governs promotions), the individual performance evaluations of the candidates (for promotion) should be seriously taken into account.

The above legal provision, as well as what is followed in practice in the public sector, are possible reasons why the management and staff of the organization fairly believe that promotions are strictly based on individual performance evaluation.

The ECA governance provides for its composition of Members, one from each Member State, and for its organization in Chambers, with a responsibility to adopt special reports, specific annual reports and opinions. In addition, Chambers have the responsibility to prepare sections of the annual report (the main product of the ECA), for adoption at the Court level. This governance structure implies that decision making is decentralized in multiple directions and dimensions and thus, the management and employees are much encouraged to take initiative and make decisions on their own.

A possible reason for the above practice widely followed in the ECA arises from the reform of the ECA, implemented with effect from 1 January 2016, converting it to a task-based organization. The success of this reform was based on the agility and the flexibility to duly and timely deliver ECA's products.

On the contrary, the governance structure of the Audit Office is a centralized one, with a root cause in the Constitution of the Republic of Cyprus. This structure follows the '*Westminster model*', as the UK National Office does. Under this structure the Audit Office is governed by the Auditor General, and assisted by the Deputy Auditor General. The reliance on the head of the organization for its governance does not allow much margin for the management and staff to take any strategic or important operational decisions on their own.

A likely factor for the ECA's sensitivity and corporate responsibility for ecology and the environment, which is demonstrated through the registration to the Eco-Management and Audit Scheme (see *Chapter 5.3.1* above), is associated with the jurisdiction (European Union) and the location (Luxembourg) of the ECA. Both the European Union and Luxembourg, as one of the three cities where EU Institutions have their base, have some of the world's highest environmental standards, which have been developed over many years now.

On the contrary, although Cyprus (the base of the Audit Office) is a Member of the European Union since 2004, and its compliance with the EU environmental policies and guidelines should be taken as granted, the development of an environmental culture for all citizens is still under way.

Cultural differences, associated with the country/ jurisdiction of operation and the nationalities of the management and employees of the two organizations, constitute possible reasons for other differences between the ECA and the Audit Office. Examples are the languages of publications of the two organizations (23 languages for the ECA, Greek language for the Audit Office), the comprehensive system with many regulations the ECA operates (connected with the European Union's bureaucracy) and possibly the use of innovative solutions in the daily work (it is less apparent in the Audit Office).

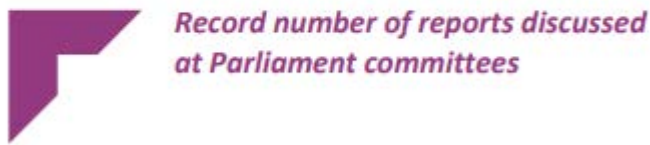
6.3 Effect of their Similarities and Differences on Service Delivery

It is clearly demonstrated from the number of publications the two organizations issued in 2008 that the volume of their output is considerable (see *Chapter 5.2.1*). For example, each organization issued around 35 special reports in 2018. Even the fact that this involves work covering a wide scope and multiple areas of interest, such a rapid development runs the risk of maintaining the appropriate product quality, ensuring that the adequate expertise and number of resources to accordingly deliver in the forthcoming years and, last but not least, that the topics covered will still have significant impact in improving financial management.

The above observation is included on page 8 of the latest international peer review on assessing the implementation of the ECA's Strategy for 2018-2020^{xvii}.

The examination of the recommendations and remarks of the ECA (see *Picture 10* below) and the Audit Office at regular meetings, and as a consequence the use made of them by the institutional stakeholders, shows an impact of the work of the two organizations.

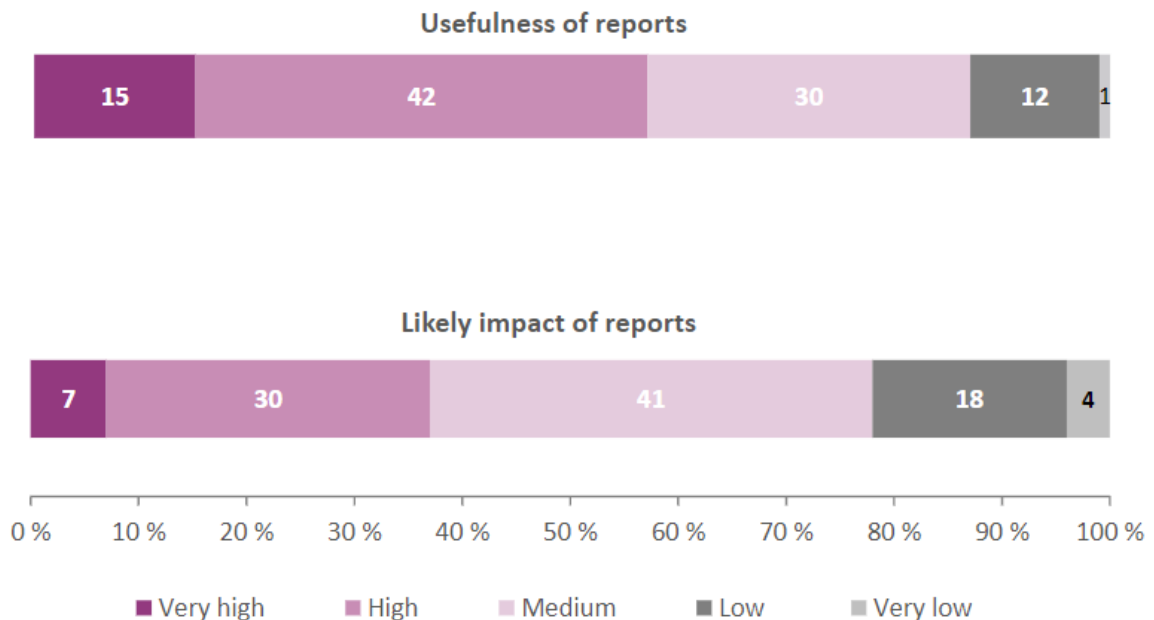
European Parliament



Picture 10: 2018 ECA activity report^x

In addition, another measurement of the service delivery or performance of audit organizations is the usefulness and the likely impact of their reports for their stakeholders and the recipients of the reports, in general. This is being measured in the case of the ECA, through anonymised electronic surveys.

As it can be induced from *Picture 11* below, which is based on the surveys carried out in 2018 and covered amongst others report recipients from the European Parliament, the Council, the European Commission, the Supreme Audit Institutions, academia, the media and other parties, an overall 87 % of respondents had considered the ECA reports useful for their work, while 78 % had found them to have impact.



Picture 11: 2018 ECA activity report^x

A further measurement of service delivery for the two organizations is the activity in the social media. The latter constitute important means of promoting their work. For instance, as both the ECA and the Audit Office use *Twitter*, the following comparative

analysis is produced on *Table 5* below, which provides an insight to this activity. Bearing in mind the audit spectrum and the size of each organization, it can be induced that both the ECA and the Audit Office have a significant activity by using *Twitter*, with a positive impact on the work they perform and the services they deliver.


	European Court of Auditors	Audit Office
Number of followers (April 2020)	10 700	287
Number of posts (January to April 2020)	160	34

Table 5: A comparative analysis of the ECA and the Audit Office in the use of Twitter

As it is also included in the *2018 ECA activity report*^x, most of the audit recommendations of the organization were implemented by the auditees, mainly the European Commission. This is supported by the analysis of the recommendations in both the 2014 annual and special reports issued by the ECA. For instance, this analysis shows that the overwhelming majority of 94% of the recommendations in the 2014 special reports had been implemented either in full, in most respects or in some respects by the auditees. This key performance indicator demonstrates how the organization is performing and the impact of its work.

As far as the Audit Office is concerned, as the Auditor General stated in an interview given in September 2016, in the context of the research of the Research Committee of Law Students of Alexander College of Cyprus^{xxiv}, there was an improvement in the degree of compliance with the audit recommendations.

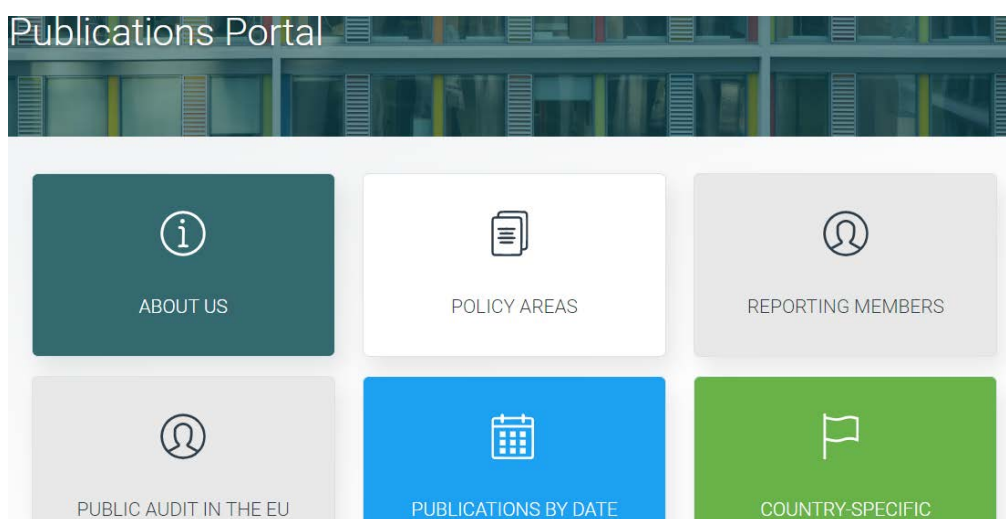
A likely factor that contributes to the high degree of audit recommendation implementation by the auditees of both organizations is the common values the two organizations share, and more specifically objectivity, integrity, reliability and professionalism. With regards to professionalism, the audit methodology followed by both organizations (which is based on the international standards of auditing in the public sector) provides for receiving and publishing the replies of the auditees on audit observations. To this end, the audit recommendations in the reports, which have as a

basis the audit observations, are sound and practical to be implemented, for the benefit of the audited organizations.

Besides, another likely reason for the high level of compliance, according to the views of the Auditor General, is publicity, and the fact that these entities would be exposed as being made public for not complying with the audit recommendations. This is further supported by the very favourable image and the beliefs of citizens about the Auditor General, covered in *Chapter 5.4.3* above.

On the other hand, another possible reason for the high implementation rate could be the tonality of the reports of the ECA, and the fact that it doesn't overemphasise negative findings but rather reports things as they are, covered in *Chapter 5.4.1* above.

The modern practice followed by the ECA to prepare and issue a more variety of reports (for instance, reviews and previews), outside the traditional area of the annual and special reports (see *Chapter 5.2.1* above), has had an objective to provide a scene-setting description and analysis, often from a cross-cutting perspective. This practice, in combination with the reader-friendliness of the publications (as covered in *Chapter 5.4.3* above), the easy access to their reports through a '*Publication Portal*' (see *Picture 12* below) and the exponential engagement of the ECA on social media, allowed the organization to establish a more direct service delivery and impact on the EU citizens. institutional stakeholders, shows the impact of the work of the two organizations.



Picture 12: ECA Publication Portal (launched in October 2019)^{xxv}

In the same framework, despite the Audit Office's practice to be mainly engaged on the preparation and publication of traditional reports, the organization has an impact on the current issues the Government is facing, through its interventions, in the form of announcements. A recent intervention (see *Picture 13* below), for instance, was the intervention of the Auditor General regarding the draft bill on the temporary framework of state aid for the economy (COVID-19 measure)^{xxvi}



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Εισηγήσεις Γενικού Ελεγκτή αναφορικά με το υπό συζήτηση νομοσχέδιο για το προσωρινό πλαίσιο κρατικών ενισχύσεων της οικονομίας

Picture 13: Intervention of the Auditor General (April 2020)

The fact that promotions are not strictly based on individual performance evaluation in the ECA, as well as that management and employees are encouraged to take initiative and make decisions on their own (see *Chapter 4.4.3* above), are motivating factors for the management and the employees of the organization to be engaged in innovative challenges.

An example of the above is the initiative in audit, the ECA launched in 2019, for a pilot scheme to automate the financial audit of the executive agencies. In addition, devices and systems for a more flexible way of working through mobile work and teleworking were provided to the management and staff, in the framework of an ambitious technological programme.

The above developments, which are part of the digital transformation of the ECA, had facilitated the delivery of better information, and an improved quality of the services provided, at the benefit of the EU citizens.

Public organizations in the Republic of Cyprus have to invest heavily on the development of their employees. This practice has to be followed by bearing in mind the stability and security public servants enjoy, a catalytic factor for the minimum staff turnover the face. To this effect, the Audit Office cares for the individual development of its employees (see *Chapter 4.4.3* above).

The professional development of the Audit Office's employees, together with the fact that the organization is supportive to change (see *Picture 14* below), are critical factors for a successful modernization and for achieving effective reforms in the organization. By meeting these challenges, the Audit Office is striving to better perform in a sustainable way for its future image and reputation.



Picture 14: From the development training of the Audit Office on change management (November 2019)

Chapter 7

7. Conclusions

Through this dissertation, an insight into the organizational culture in the public sector was gained, by comparing the seven primary characteristics and the elements of organizational culture in the ECA and the Audit Office. Likely factors that contribute to similarities and possible reasons for their differences were analysed. This comparative analysis formed the basis for assessing the effect on service delivery in the two organizations.

Many similarities were identified between the two organizations, the main ones being the shared common values, the considerable number of their publications, the examination of their recommendations at parliamentary meetings, the use of a variety of electronic means to promote their work and publications, the "red tape" and the open communication channels among their employees.

However, several differences were apparent, too. These include the areas of change, the individual performance evaluation as a strict basis for promotions, and the image and reputation, in favour of the Audit Office, while the encouragement of employees to take initiative and make decisions on their own, and the variety, the tonality and reader-friendliness of its products, in favour of the ECA.

The above similarities and differences between the two organizations, for which the likely factors and possible reasons are identified in the dissertation, have an effect on their service delivery and performance.

Future research for the two organizations could cover the effect of leadership, at both management and team levels, on their organizational culture.

Appendix: Questionnaire

This questionnaire is part of an effort to describe and compare the organizational culture in a number of organizations. It consists of 21 questions and it is not expected to take more than 8 minutes in total to complete. I would please ask you to answer accurately and honestly the questions below about your organization.

The research is strictly anonymous and confidential. Your response will be only used for the purpose of my thesis in the MBA program of the Open University of Cyprus, in full compliance with the EU General Data Protection Regulation.

Your cooperation, which has been asked after the consent of the Secretary General, is greatly appreciated.

- 1) The organization cares for the individual development of its employees.
- 2) Employees are encouraged to take initiative and make decisions on their own.
- 3) Management seeks input from employees on major decisions.
- 4) Employee problems and complaints are effectively handled in the organization.
- 5) The organization is free from "red tape" (definition of "red tape": 'excessive bureaucracy or adherence to official rules and formalities').
- 6) Employees are assessed on delivery of results rather than completing the tasks assigned to them.
- 7) Promotions are strictly based on individual performance evaluation.

- 8) Promotions are also based on team performance evaluation.
- 9) The nature of work requires more team work rather than individual work.
- 10) Most managers have effective interpersonal skills.
- 11) People trust one another in the organization.
- 12) People work well together in the organization.
- 13) Communication channels are open among employees.
- 14) Communication channels are open between management and employees.
- 15) A comprehensive system with regulations is in existence in the organization.
- 16) People in the organization are encouraged to make suggestions for improvement and change.
- 17) The organization is supportive of change.
- 18) People in the organization accept change.
- 19) Gender.
- 20) Age range.
- 21) I have managerial responsibilities in exercising my duties.

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