

# WHITE PAPER

## Local Government Leaders in Australia

How do they compare with  
their Private Sector  
counterparts?



Peter Berry Consultancy (PBC) was founded by Managing Director Peter Berry in 1990. In the decades since, PBC has grown into a leading provider of human capital consulting services and we are the Australian distributor of Hogan Assessments.

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# Executive Summary

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- This paper provides evidence that local government leaders and private sector leaders differ with respect to personality when viewed from three different perspectives: day-to-day personality, personality under stress and pressure, and core values and drivers.
- Depending on the level of leadership being considered, unique differences exist which offer different challenges and considerations for those looking to optimise leadership and organisation-wide outcomes.
- Compared to private sector leaders, local government leaders as a whole are more likely to demonstrate resilience, though may focus less on strategic networking, career advancement, commercial matters, and pushing the boundaries to maximise value for their organisations.
- When looking at sector differences at the Executive level only, local government executives are more likely to focus on operational matters and stakeholder service, though may be less interested in performance management and maximising their impact by setting ambitious goals.
- When looking at sector differences at the Manager level only, local government managers tend to be less confident, more content with staying in their comfort zones, and less focused on delivering high quality outcomes. They are likely to be perceived as less leaderlike and driven, and may be less likely to have the self-confidence to demonstrate leadership on important work-related issues.
- The implications of the sector differences are discussed in the context of organisational effectiveness.

# Background

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Among the most enduring and prevalent comparisons drawn about the world of work are that of the differences between public and private sector employees. While many arguments have highlighted the differences in commercial objectives, remuneration and grievance policies, as well as culture, the majority of these arguments lack definitive empirical evidence (Van der Wal, De Graaf, & Lasthuizen, 2008). Given the popularity of these comparisons and the growing research literature on the matter, this white paper aims to compare the personality characteristics of local government leaders in Australia, and understand how they are similar to, and different from, private sector leaders in Australia.

## Public and Private Sector Employee Differences

Though there has been much speculation about the individual differences of public compared to private sector employees, few studies have examined specific differences in psychological characteristics like personality. A common approach that existing research has taken has been to compare employees from different sectors in terms of their motivations, beliefs, and values.

For instance, when compared to private sector employees, public sector workers tend to: have a lower need for growth and challenge at work, be more intolerant of ambiguity, be less commercially oriented, and feel less confident that they can have a personal impact on end results and organisational outcomes (Bourantas & Papaalexandris, 1999). In terms of values, research has looked at the importance of employee values in the context of significant organisational change (Karl & Sutton, 1998). When looking at the values of employees, research evidence indicates that public sector employees are more likely to value work that contributes to society and revolves around relationships, while private sector employees are more likely to value work that is prestigious, financially-incentivised, and status-driven (Lyons, Duxbury, & Higgins, 2006; Gkorezis & Petridou, 2012).

Recent research has, however, begun to explore sector-based psychological differences between employees. Furnham, Hyde, and Trickey (2014) discovered that public sector employees were more likely to deal with stress and pressure by withdrawing from others and becoming overly cautious and self-doubting. On the other hand, private sector employees were more likely to cope with stress and pressure through direct engagement, persuasion, influence, and self-belief.

## Public and Private Sector Leadership

Leadership within public and private sector organisations remains a critical area of focus given the important role leaders play in determining organisational outcomes (Higgs, 2009). Interestingly, while leaders in public and private sectors have unique beliefs about the most effective leadership styles to employ, their team members may not (Hooijnerg & Choi, 2001), with public sector leaders identifying the importance of more facilitative, supportive and “hands-off” leadership, whereas private sector leaders highlighted the utility of more goal-oriented and “hands-on” directive leadership. According to the authors, however, both public and private sector team members equally preferred goal-oriented leadership. Additional more recent research supports these results, showing that public sector managers prefer to employ more participative and collaborative leadership, whereas private sector managers prefer more directive leadership (Hansen & Villadsen, 2010).

Some research evidence points to the fact that more traditionally private sector leadership styles can also be effective in public sector organisations. A study by Voon, Lo, Ngui, & Ayob (2011) indicates that transformational leadership (i.e., inspirational, challenging, and strategic) has a positive influence on public sector employee job satisfaction. Research into sector-based differences in the motivations and behaviours of leaders also suggests that while public sector managers are more motivated by mastery and more likely to focus on processes and results, private sector managers are

## Background cont.

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more motivated by power and more likely to focus on people management (Andersen, 2010).

Notwithstanding research efforts thus far, there is clearly opportunity to further explore the impact of public and private sector leadership styles on tangible and important organisational outcomes. Within today's increasingly dynamic and complex workplaces, regardless of sector, effective leadership is vital to organisational success (Longenecker, Neubert, & Fink, 2006). By understanding sector-based differences, work environments can be optimised to get the most out of leaders (Hansen & Villadsen, 2010) and those who report to them.

# This Research

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The present study seeks to extend existing research into sector differences between public and private sector employees by examining whether meaningful personality-based differences exist between local government leaders and private sector leaders in Australia. This is intended to build on previous studies that have begun to examine psychological differences between sectors, and aims to make a novel contribution to the literature by drawing out such differences in a local Australian sample of leaders.

## Participants

A sample of local government leaders (N = 1081, gender = 68% male, average age = 48 years), and private sector leaders (N = 22,350, gender = 66% male, average age = 41 years) from Australia were used in this study. The breakdown of leadership level is summarised below in Table 1.

Table 1.

*Sample Breakdown by Leadership Level*

Sector	Leadership Level		
	Manager	Executive	Total
Public	687	394	1,081
Private	16,349	6,001	22,350

Local government leaders worked in a range of roles in local council placements across Australia (e.g., finance, engineering, town planning). Private sector leaders came from a range of industries (e.g., accounting, building and construction, information technology). Data was collected from the leaders between September 2011 and December 2016.

## Measures and Statistical Procedure

Leaders from both public and private sectors completed the following measures as part of an assessment of personality:

- the Hogan Personality Inventory (HPI; Hogan & Hogan, 2007), which measures day-to-day personality characteristics and provides information about individuals' typical preferences and behavioural tendencies;
- the Hogan Development Survey (HDS; Hogan & Hogan, 2009), which measures personality when under stress and pressure, and assesses individuals' strengths which, when overplayed, can potentially derail performance; and
- the Motives, Values, Preferences Inventory (MVPI; Hogan & Hogan, 2010), which provides insight into individuals' core values that motivate and drive their behaviour.

Personality assessment results were summarised and average percentile scores for each personality scale were calculated from raw score data. A series of independent sample t-tests were carried out to assess for differences between local government leaders and private sector leaders. Statistical significance used to assess sector differences was Bonferroni-adjusted using a family-wise error rate of  $p < .002$  (based on an initial error rate and significance level of  $p < .05$ ). This process was conducted to ensure only statistically valid and meaningful differences were identified.

# Research Findings

Significant sector-based differences were found between local government leaders and private sector leaders across all three personality assessments. A discussion of differences at the sector level are presented first, followed by a breakdown by leadership level for more specific insights. An examination of how these differences might impact on the strategies used by organisations in either sector to enhance leadership impact is also provided.

## Local Government Leaders and Private Sector Leaders

These results summarise the personality-based differences between the overall sample of local government leaders and private sector leaders in Australia.

### HPI Results

As reflected in Figure 1, significant differences were discovered between local government leaders and private sector leaders on the following HPI scales:

- Adjustment
- Sociability

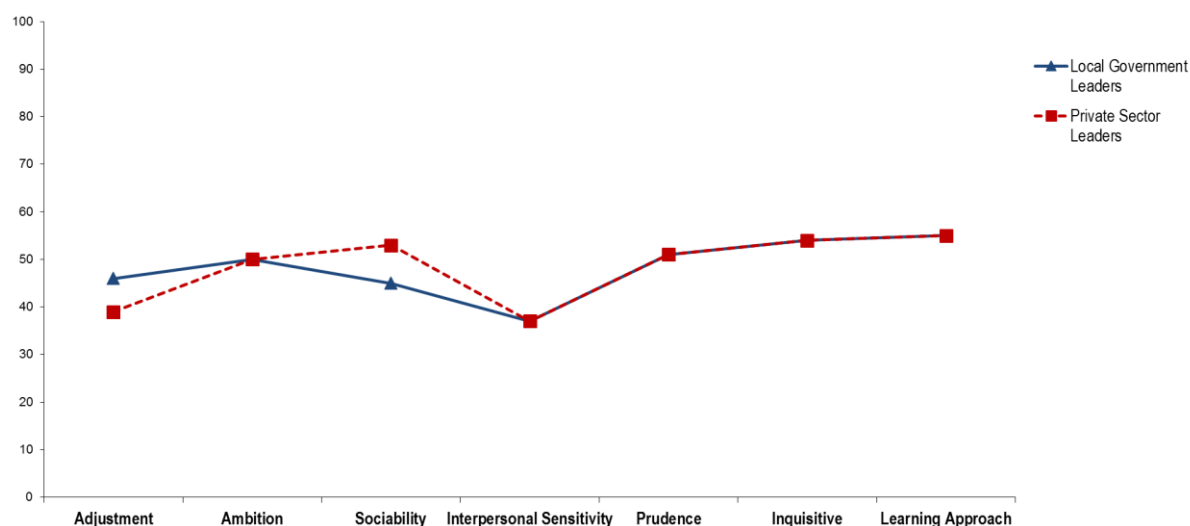


Figure 1. HPI Percentile Scores of local government leaders ( $n = 1,081$ ) and private sector leaders in Australia ( $n = 22,350$ ).

Compared to private sector leaders, local government leaders scored significantly higher on Adjustment, and scored significantly lower on Sociability. This suggests that on a day-to-day basis, local government leaders are more likely to seem:

- Stable, composed and resilient during stressful periods; and
- Task-focused and modest.

This also suggests that local government leaders are less likely to seem:

- Attentive to others' stress levels and emotions; and
- Interested in seeking out opportunities for social interaction.

# Research Findings cont.

## HDS Results

As reflected in Figure 2, significant differences were discovered between local government leaders and private sector leaders on the following HDS scales:

- Reserved
- Diligent

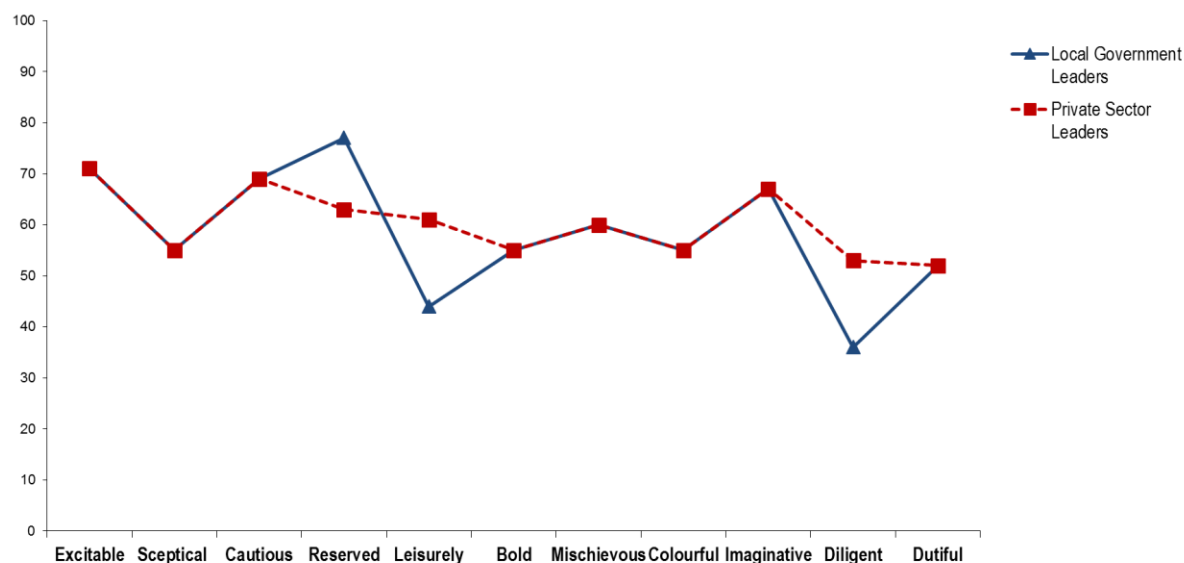


Figure 2. HDS Percentile Scores of local government leaders (n = 1,018) and private sector leaders in Australia (n = 18,620).

Compared to private sector leaders, local government leaders scored significantly higher on Reserved and lower on Diligent. This suggests that, when under stress and pressure, local government leaders are more likely to seem:

- Self-reliant, modest and independent, but may also be perceived as uncommunicative, reserved, and keeping others at a distance.

This also suggests that local government leaders are less likely to seem:

- Perfectionistic and nit-picky, but may also be perceived as less stringent with performance standards and work quality.

Although Figure 2 indicates a difference between local government leaders and private sector leaders on the Leisurely scale, this difference was not statistically significant.



# Research Findings cont.

## MVPI Results

As reflected in Figure 3, significant differences were discovered between local government leaders and private sector leaders on the following MVPI scales:

- Recognition
- Power
- Hedonism
- Affiliation
- Tradition
- Commerce

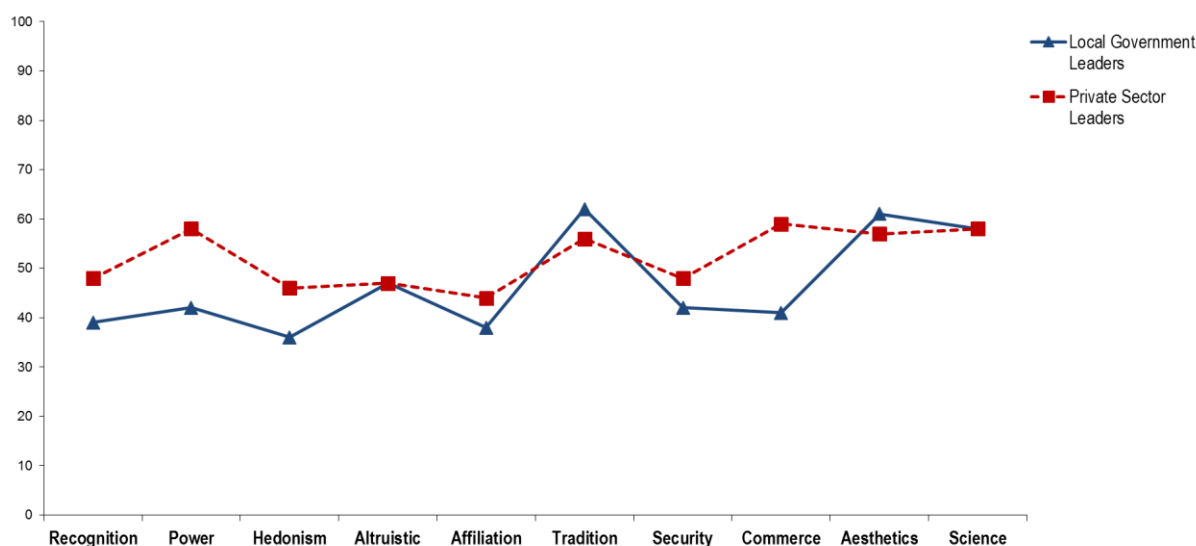


Figure 3. MVPI Percentile Scores of local government leaders (n = 1,002) and private sector leaders in Australia (n = 15,831).

Compared to private sector leaders, local government leaders scored significantly higher on Tradition, and scored significantly lower on Recognition, Power, Hedonism, Affiliation, and Commerce. This suggests that local government leaders are more likely to value and be motivated by:

- Conforming with tradition and conventional work experiences and environments.

This also suggests that local government leaders are less likely to value and be motivated by:

- Opportunities to be recognised and receive credit for their individual contributions;
- Status, competition, and ambitious and results-oriented environments;
- An informal, lively, and pleasure seeking work culture;
- Frequent teamwork, networking, and building strategic alliances at work; and
- Commercial and financial matters such as the bottom line.

Although Figure 3 indicates a difference between local government leaders and private sector leaders on the Security and Aesthetics scales, these differences were not statistically significant.

## Local Government Executives and Private Sector Executives

The following results summarise the personality-based differences between a subset of the overall sample that focuses on executives only. Leaders within this subset occupied roles including executive, partner, director, and chief executive officer.

### HPI Results

As reflected in Figure 4, significant differences were discovered between local government executives and private sector executives on the following HPI scales:

- Adjustment
- Prudence
- Inquisitive

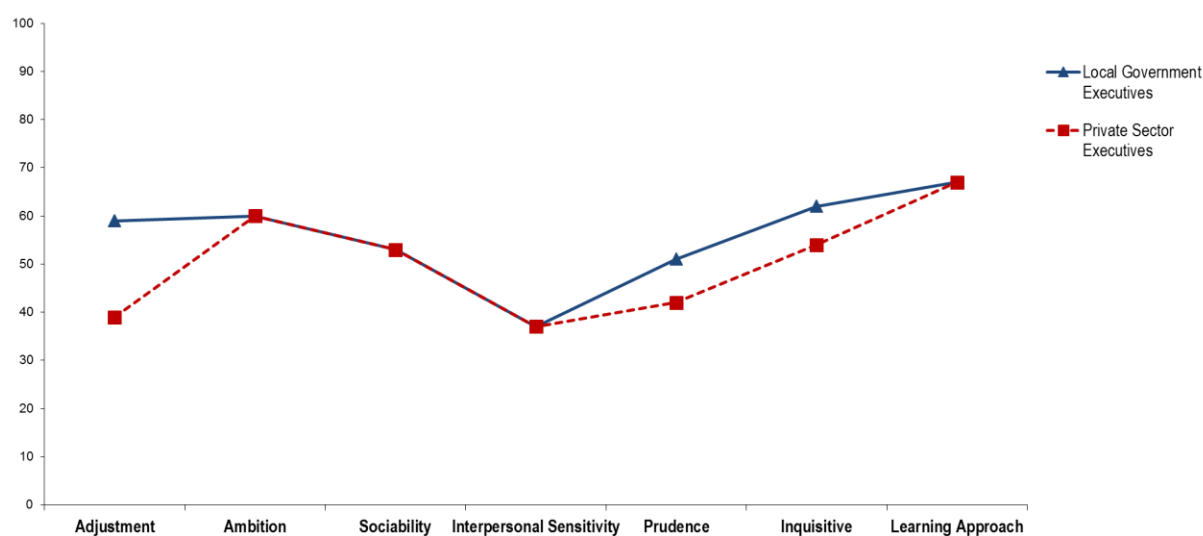


Figure 4. HPI Percentile Scores of local government executives ( $n = 394$ ) and private sector executives in Australia ( $n = 6,001$ ).

Compared to private sector executives, local government executives scored significantly higher on Adjustment, Prudence and Inquisitive. This suggests that on a day-to-day basis, local government executives are more likely to:

- Be composed under pressure and set an example for overcoming setbacks;
- Focus on operational and process matters in the organisation; and
- Be open-minded to new ideas and the bigger picture.

This suggests that on a day-to-day basis, local government executives are less likely to:

- Pick up when others might be feeling stressed;
- Delegate tasks to others and refrain from engaging in micromanaging behaviour; and
- Take a hands-on approach to solving problems and addressing issues.

# Research Findings cont.

## HDS Results

As reflected in Figure 5, significant differences were discovered between local government executives and private sector executives on the following HDS scales:

- Excitable
- Sceptical
- Mischievous

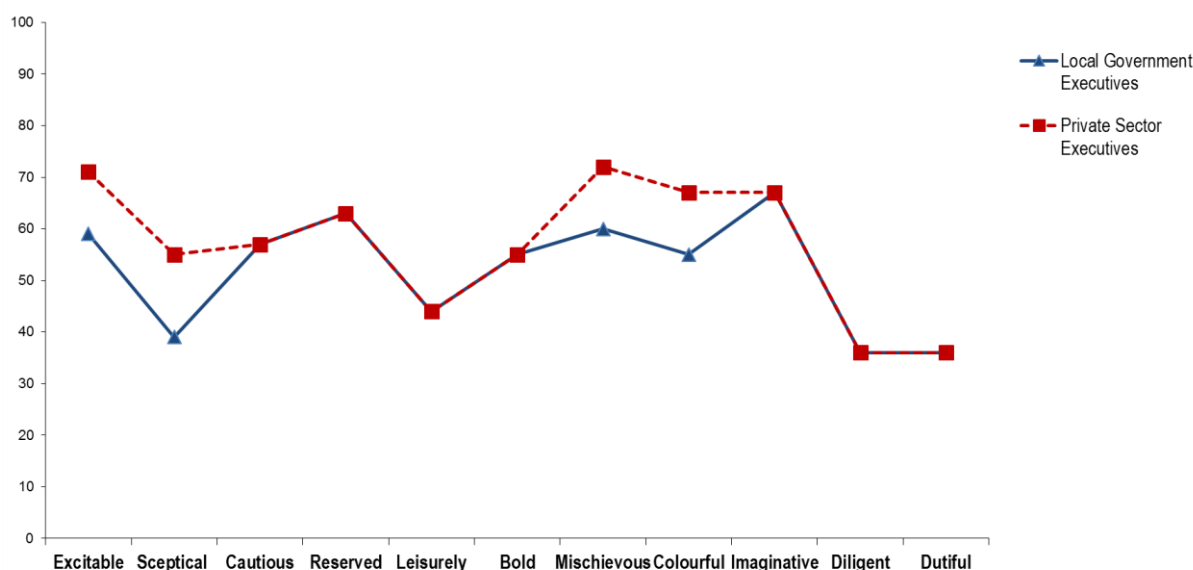


Figure 5. HDS Percentile Scores of local government executives ( $n = 392$ ) and private sector executives in Australia ( $n = 5,555$ ).

Compared to private sector executives, local government executives scored significantly lower on Excitable, Sceptical, and Mischievous. This suggests that, when under stress and pressure, local government executives are less likely to seem:

- Intense, emotional and moody, but may also be seen as lacking enthusiasm and drive needed to inspire others around opportunities;
- Mistrustful and suspicious of others, but may also be less likely to question initiatives and understand the intentions and details of strategy;
- Willing to take risks and push boundaries, but may also be perceived as unwilling to take chances to grow the organisation.

Although Figure 5 indicates a difference between local government executives and private sector executives on the Colourful scale, this difference was not statistically significant.

# Research Findings cont.

## MVPI Results

As reflected in Figure 6, significant differences were discovered between local government executives and private sector executives on the following MVPI scales:

- Recognition
- Power
- Hedonism
- Altruistic
- Affiliation
- Tradition
- Commerce

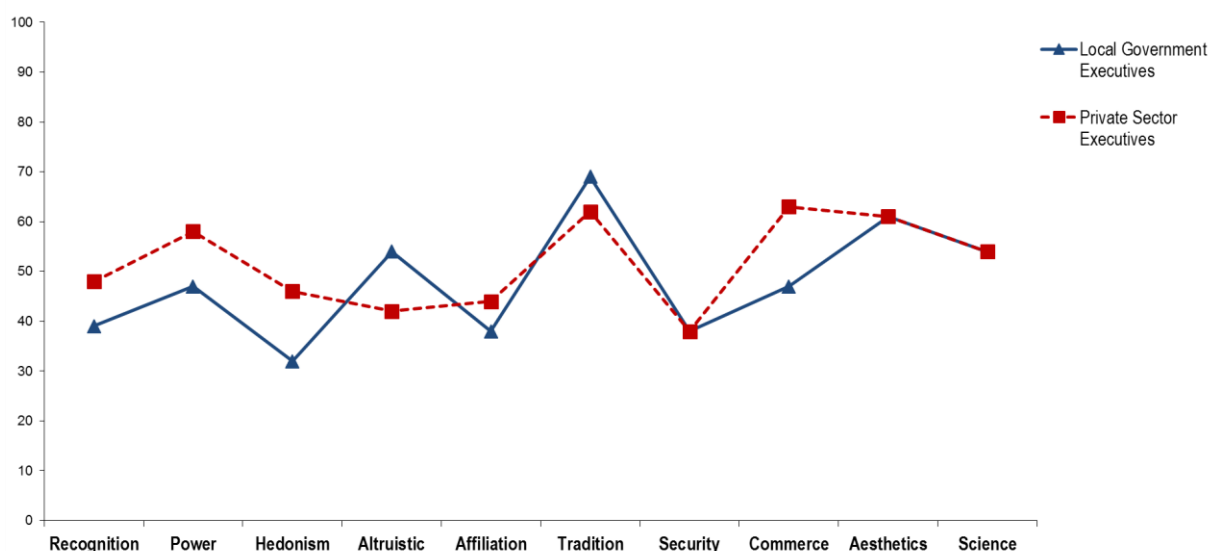


Figure 6. MVPI Percentile Scores of local government executives ( $n = 388$ ) and private sector executives in Australia ( $n = 4,917$ ).

Compared to private sector executives, local government executives scored significantly higher on Altruistic and Tradition, and scored significantly lower on Recognition, Power, Hedonism, Affiliation, and Commerce. This suggests that local government executives are more likely to value and drive a culture around:

- Stakeholder service and making a difference for others; and
- Conforming with tradition and conventional work experiences and environments.

This also suggests that local government executives are less likely to value and drive a culture around:

- Recognition and celebrating success for individual contributions;
- Status, competition, and setting stretch targets;
- An informal, lively, and pleasure seeking work culture;
- Stakeholder and relationship management in terms of strategic networking and growing relationships; and
- Focusing on the bottom line and staying up-to-date with commercial and industry trends.

# Research Findings cont.

## Local Government Managers and Private Sector Managers

These results summarise the personality-based differences between a subset of the overall sample that focuses on managers only. Leaders within this subset occupied roles including team leader, manager, senior manager, and division manager.

### HPI Results

As reflected in Figure 7, significant differences were discovered between local government managers and private sector managers on the following HPI scales:

- Ambition
- Sociability

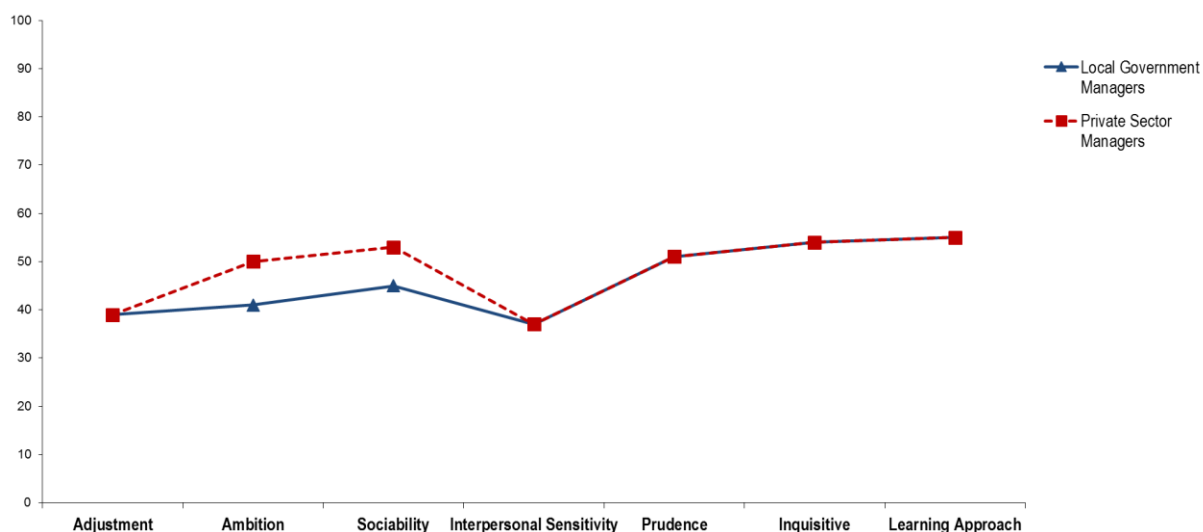


Figure 7. HPI Percentile Scores of local government managers ( $n = 687$ ) and private sector managers in Australia ( $n = 16,349$ ).

Compared to private sector managers, local government managers scored significantly lower on Ambition and Sociability. This suggests that on a day-to-day basis, local government managers are less likely to seem:

- Confident, leader-like and driven to succeed; and
- Interested in seeking out opportunities for social interaction.

This suggests that on a day-to-day basis, local government managers are more likely to seem:

- Modest and preferring to share leadership rather than take charge on their own; and
- Task-driven and focused on completing their work.

# Research Findings cont.

## HDS Results

As reflected in Figure 8, significant differences were discovered between local government managers and private sector managers on the following HDS scales:

- Reserved
- Colourful
- Diligent

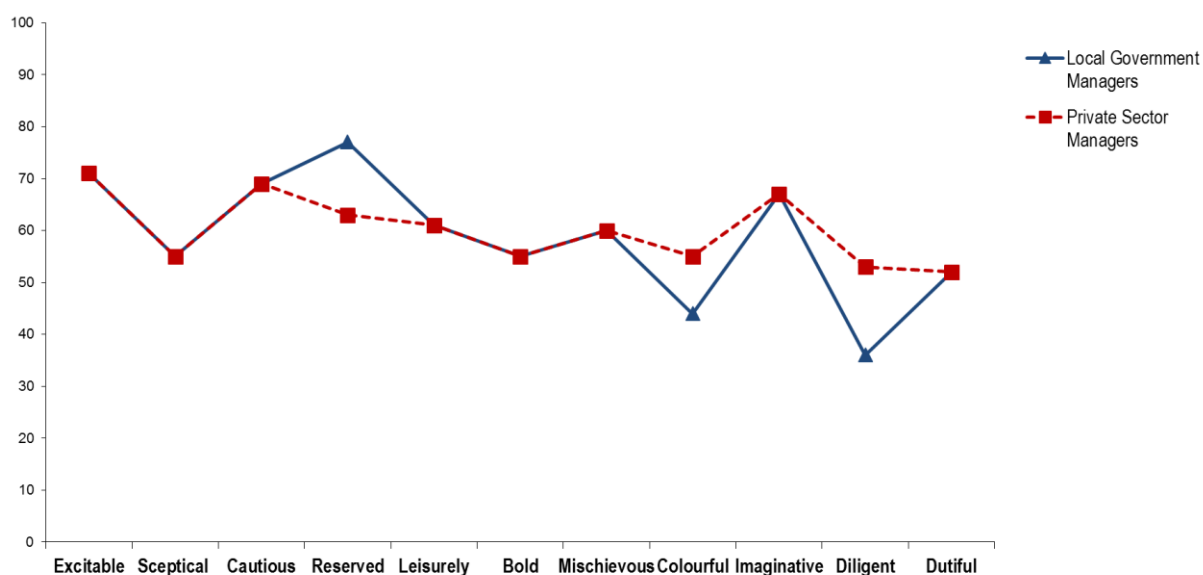


Figure 8. HDS Percentile Scores of local government managers (n = 626) and private sector managers in Australia (n = 13,065).

Compared to private sector managers, local government managers scored significantly higher on Reserved, and scored significantly lower on Colourful and Diligent. This suggests that, when under stress and pressure, local government managers are more likely to seem:

- Self-reliant, modest and independent, but may also be perceived as uncommunicative, reserved, and keeping others at a distance.

This also suggests that local government managers are less likely to seem:

- Attention-seeking and self-promoting, but may also be perceived as less engaging and socially confident.
- Perfectionistic and nit-picky, but may also be perceived as less stringent with performance standards and work quality.

## Research Findings cont.

### MVPI Results

As reflected in Figure 9, significant differences were discovered between local government managers and private sector managers on the following MVPI scales:

- Recognition
- Power
- Hedonism
- Affiliation
- Commerce

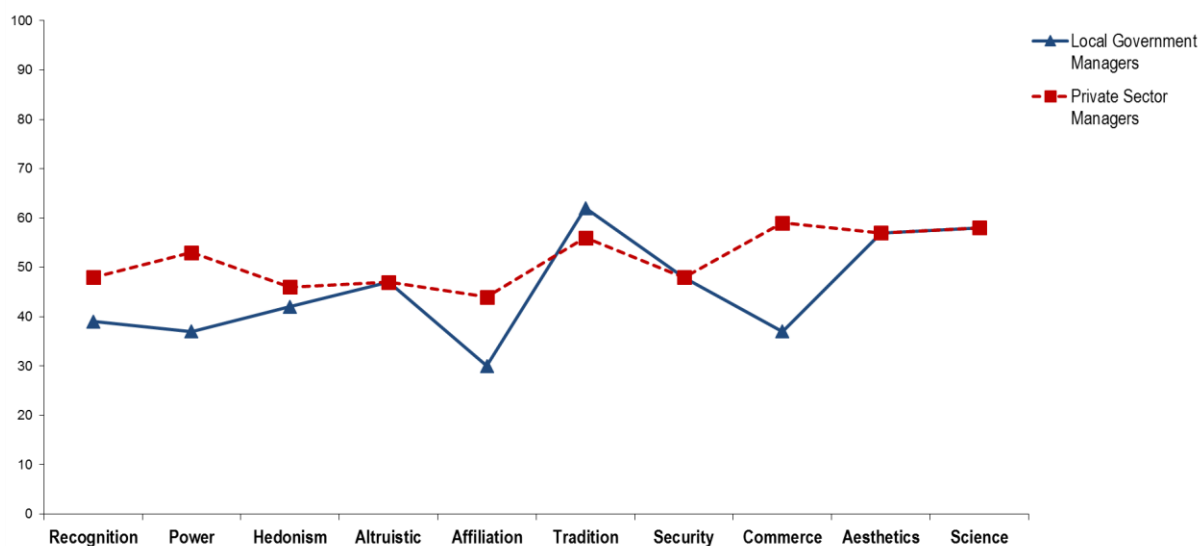


Figure 9. MVPI Percentile Scores of local government managers (n = 614) and private sector managers in Australia (n = 10,914).

Compared to private sector managers, local government managers scored significantly lower on Recognition, Power, Hedonism, Affiliation and Commerce. This suggests that local government managers are less likely to value and be motivated by:

- Opportunities to be recognised and receive credit for their individual contributions;
- Status, competition, and ambitious and results-oriented environments;
- An informal, lively, and pleasure seeking work culture;
- Stakeholder and relationship management in terms of strategic networking and growing relationships; and
- Commercial and financial matters such as the bottom line.

Although Figure 9 indicates a difference between local government managers and private sector managers on the Tradition scale, this difference was not statistically significant.

# Implications

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The findings outlined in this white paper provide strong evidence that local government leaders and private sector leaders differ with respect to personality when viewed from three different perspectives: day-to-day personality, personality under stress and pressure, and core values and drivers. It is also clear that depending on the level of leadership being considered, unique differences may exist which offer different challenges and considerations for those looking to optimise leadership and organisation-wide outcomes.

Specifically, local government leaders tended to be more stable and resilient, less sociable and confident, and less likely to push the boundaries and take risks than private sector leaders. In terms of values, local government leaders were less likely to value status and acquiring influence through strategic career advancement, and less commercially oriented. Consistent with previous research, local government leaders were also more conservative in their motivations (Lyons et al., 2006).

When looking at sector differences at the executive level, local government executives tended to be more stable, sensitive, operationally-focused, and content with the status-quo. When compared with private sector executives, local government executives also seemed to prioritise helping others and making a difference above status interests, commercial matters, and strategic networks. These results build on existing research around leadership styles in different sectors by highlighting the role of personality in determining leadership potential (Andersen, 2010).

Local government managers tended to be less self-assured, people-oriented, and fussy about quality and standards. In addition, compared to their private sector counterparts, they were more likely to prefer modest work environments that don't focus too heavily on driving financial outcomes.

## Implications of the findings:

- Looking at sector differences, local government leaders as a whole are more likely to demonstrate resilience, though may focus less on strategic networking, career advancement, commercial matters, and pushing the boundaries to maximise value for their organisations.
- For strategic initiatives where these characteristics may be required to encourage success, it is likely that private sector leaders may present greater potential in driving key organisational initiatives like organisational change.
- Looking at sector differences at the executive level, local government executives are more likely to focus on operational matters and stakeholder service, though may be less interested in performance management and maximising their impact with ambitious goals. As a result, they may be less inclined to attend to the development needs the organisation and its employees or focus on setting ambitious goals and targets that will help enhance the organisation's performance. They may also be less likely to ensure that performance management systems and processes are in place to ensure progress is being made towards the achievement of the organisation's strategic and operational objectives.
- Looking at sector differences at the manager level, local government managers tend to be less confident, more content with staying in their comfort zones, and less focused on delivering high quality outcomes. They may be perceived as less leaderlike and driven, and may be less likely to have the self-confidence to take leadership on important work-related issues. This may have important implications for their level of influence as a manager as well as how effectively they engage and motivate others. Local government managers may also seem less willing to make tough decisions and take on difficult challenges. As a result, private sector managers may tend to be perceived as more suited to managing others during periods of change or crisis.



This research builds on a growing body of literature examining the psychological differences and similarities between public and private sector leaders (Furnham et al., 2014). Though the goal of leadership is likely not to change depending on sector, these findings suggest that greater focus could be given to understanding how these leadership differences translate into positive and meaningful organisational outcomes.

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