"Creating certainty in an uncertain world"

New information to help leaders and managers deal with uncertainty and help their people do the same

Summary of key findings from the
Leadership Management Australasia (LMA)
Leadership, Employment and Direction (L.E.A.D.) Survey (June 2012)

Overview

New findings from LMA's latest Leadership, Employment and Direction (L.E.A.D) Survey reveal a potentially unhealthy disconnect between leaders and managers and their employees on some critical issues. The extent of disconnection threatens to undermine performance and productivity and exacerbate the impact of uncertainty in economic, environmental and political arenas in organisations across Australia and New Zealand.

The disconnection begins with a major difference in perception on the **growth outlook** for organisations. We then see a fundamental difference in understanding what causes **pressure on employees** with many leaders and managers missing the mark and not recognising the pressure they create for their people.

We also see a small decline in **job-seeking activity** amongst employees with around half the employees in organisations across Australia and New Zealand having considered looking for a new job in the last six months. Interestingly, during the last GFC, the level of job-seeking activity slowed to similar levels suggesting many were bunkering down for a tough ride. The signs are there for a repeat of this situation in the months ahead. Conversely, job seeking amongst managers is at the highest levels recorded – so why are they so keen to jump ship?

Finally, we look at **workplace diversity** for the first time in the L.E.A.D. Survey and discover that whilst diversity is largely seen as a positive, the desire for greater diversity in our organisations is limited and potentially limiting – we look at ways to leverage diversity and generate benefits.

These issues are among the most profound to emerge from this summary of the L.E.A.D. Survey and they present leaders and managers with an important opportunity to review their own attitudes and behaviours and assess their preparedness for the future they face.

"This wave of the L.E.A.D. Survey provides a salutary lesson for leaders and managers – to get closer to their people in the interests of ensuring their organisations are able to weather the uncertain times that many are already facing and many more will be forced to confront in the months ahead."

Grant Sexton, Executive Chairman, LMA

About the Leadership, Employment and Direction (L.E.A.D.) Survey

LMA's L.E.A.D. survey is a **year-round survey** of people working at all levels within organisations in Australia and New Zealand. It focuses on the issues, needs and expectations of employees, frontline managers, supervisors and business leaders and senior managers.

The survey has been conducted since 2000, originally as an annual survey, and provides a sound basis for identifying different perspectives from several key organisational audiences. It is now being conducted in three waves annually and entirely online to maximise the opportunity for people to be involved. Adopting a consistent approach over the last decade, supplemented by strategic evolutions and changes, the survey delivers a **comprehensive data source** and **trend information** that few other surveys can match.

In addition to providing the **most up-to-date picture** of life in today's organisations via responses from the three key audiences (Non-Managerial Employees, Frontline Managers / Supervisors, Business Leaders / Senior Managers) it identifies commonalities, differences and major gaps as well as areas for stronger connection and collaboration.

Further, it provides the **ability to predict** where organisations may need to change, evolve or simply consolidate to provide the environment that employees want to be part of into the future.

The audience for the research is drawn from organisations of all **types** (public, private, quasi-government, franchises, not for profit), **sizes** (micro, small, medium, large), **locations** (metropolitan and regional) and **industries** (20+ sectors).

The diversity and mix of those involved is one of the features of the survey and their response provides the foundation for trend analysis, gap analysis and robust assessments of the current state of play in Australia and New Zealand.

In the latest L.E.A.D. Survey, reported in this summary, the total number of participants involved was **2,139**:

- Business Leaders / Senior Managers – 246
- Middle Managers / Supervisors – 455
- Non-managerial Employees – 1,438

Sample sizes of this scale provide robust data and present a very accurate picture of the current state of play in organisations overall and within key sub-groupings. The margin of sampling error at a total sample level is less than 4%.

The profile of the audience in the latest survey is as follows:

Organisation type
- Government/quasi (11%), Public Company (32%), Private Company (44%), Franchise (3%), Not for Profit (7%), Other (3%)

Location
- Metropolitan Australia (63%), Regional Australia (27%), New Zealand (10%)

The profile of the respondents by level in the latest survey is as follows:

Gender
- Leaders – Male – 70% / Female – 30%
- Managers – Male – 65% / Female – 35%
- Non-managerial Employees – Male – 66% / Female – 34%

Age
- Leaders – U/35 years – 6%, 35-44 years – 24%, 45-54 years – 47%, 55+ years – 24%
- Managers – U/35 years – 14%, 35-44 years – 29%, 45-54 years – 41%, 55+ years – 18%
- Non-managerial Employees – U/35 years – 39%, 35-44 years – 31%, 45-54 years – 22%, 55+ years – 7%

The survey design and implementation is **overseen by an experienced, independent research practitioner** and the systems and process used to conduct the survey ensure **valid, reliable and representative samples.**

The audience is designed to replicate the structure and nature of organisations at an overall level to create an appropriate representation of the population of people working in organisations across Australia and New Zealand.

1. <u>Major disconnect – what aren't the bosses telling their people about the future they see?</u>

Non-managerial employees firmly believe that their organisations are growing – yet their Leaders and Managers have a vastly different outlook believing that growth is on the wane. The gulf between the views of employees and their leaders and managers is setting the scene for a heavy fall for a large number of organisations – unless the gap can be closed.

Growing uncertainty in relation to economic, environmental and even political conditions is widespread in a number of countries, with the ripples of offshore events already being felt in Australia and New Zealand. The looming introduction of a carbon tax in Australia is also having an unsettling effect on a number of industries. This uncertainty appears to be impacting on the perceptions and experiences of leaders and managers but they aren't necessarily sharing the reality of their outlook with their people.
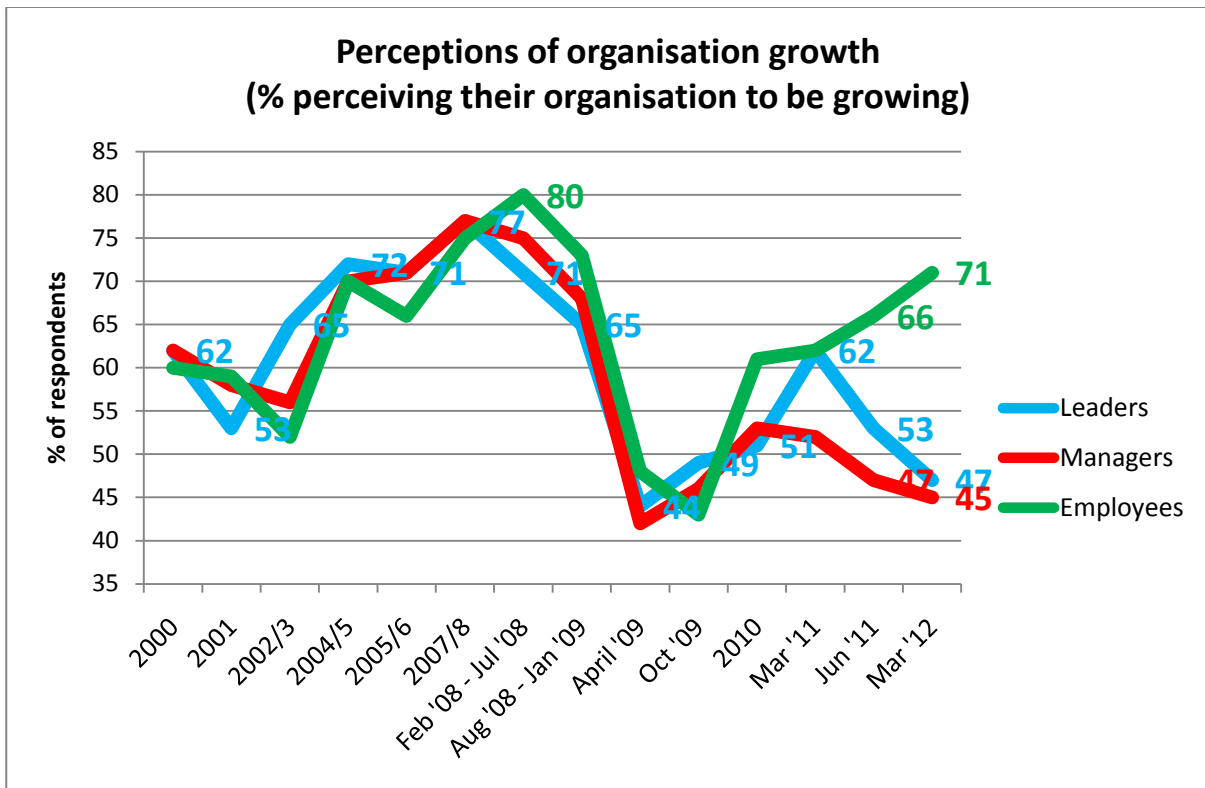
Organisation Growth Outlook

Figure 1: Q. Would you say your organisation is…(Growing, Holding Steady, Shrinking, Just surviving)?

Such a gap may leave these groups deeply disconnected until it is too late to take corrective action to prevent major negative impacts. Recent examples of organisations going into administration or receivership are clear signs that leaders and managers are not necessarily applying the prudent business practices that got many organisations through the last Global Financial Crisis.

It suggests leader and managers have failed to engage their people to help deal with changing or uncertain conditions. A lack of connection between employees, managers and leaders has the potential to detrimentally impact on performance and productivity and deliver even more disturbing outcomes. So how can organisations weather the current storms or at least deal with the clouds that are forming in so many industries? Take heed of these wise words from LMA's Executive Chairman…

"The last GFC taught many leaders and managers who had never experienced tough times that prudent business practices are essential in modern organisations. Critical reviews of staffing, budgets, costs, use of leave, operating conditions and working hours, flexibility and adopting a more collaborative approach across all levels of our organisations is the new normal.

If you're not looking at these aspects on a regular basis and taking the necessary action to deal with the circumstances, you may be creating the beginning of the end for your organisation"

Grant Sexton, Executive Chairman, LMA

What should leaders and managers do in such uncertain times?

✓ Provide as much certainty as can be given to employees – reassure them they and their organisation have a future. However if giving such reassurance is not possible or the future looks doubtful, at least offer a clearer picture of the reality of the future – what is the situation with the organisation and with them personally. Employees will generally respect honesty in communication and the power it gives them to make decisions about their future.

✓ By sharing the real situation facing the organisation, leaders and managers fulfil the expectations employees have of them as being trustworthy and open in approach and clearly communicating where the organisation is heading. Without information to the contrary, employees will have a tendency to fear the worst and believe what they read and hear in the media and the lunchroom.

✓ Provide more regular updates and information than would normally be provided – give them a periodic 'scorecard' to help generate buy-in to the strategies and approaches being taken to weather this latest storm.

2. Job seeking – steady as she goes (or considers going)

One of the key indicators of the impact of the last GFC and its consequences for organisations was the level of job-seeking activity. At the peak of the GFC, consideration of a new job and the other indicators of job seeking activity (active looking, applying) all took a dive as employees (and managers and leaders to some extent) held on for the 'ride' that they were on.

After the GFC, we saw a return to higher levels of job seeking activity, a pressure-release following tough times in many sectors. So with a second bite at the GFC cherry looking increasingly likely, it is worth noting that all job seeking measures have again taken a turn downwards. This suggests there is anxiety about job security and certainty and that many are 'bunkering down' for a rocky road ahead.

Job-seeking Behaviour

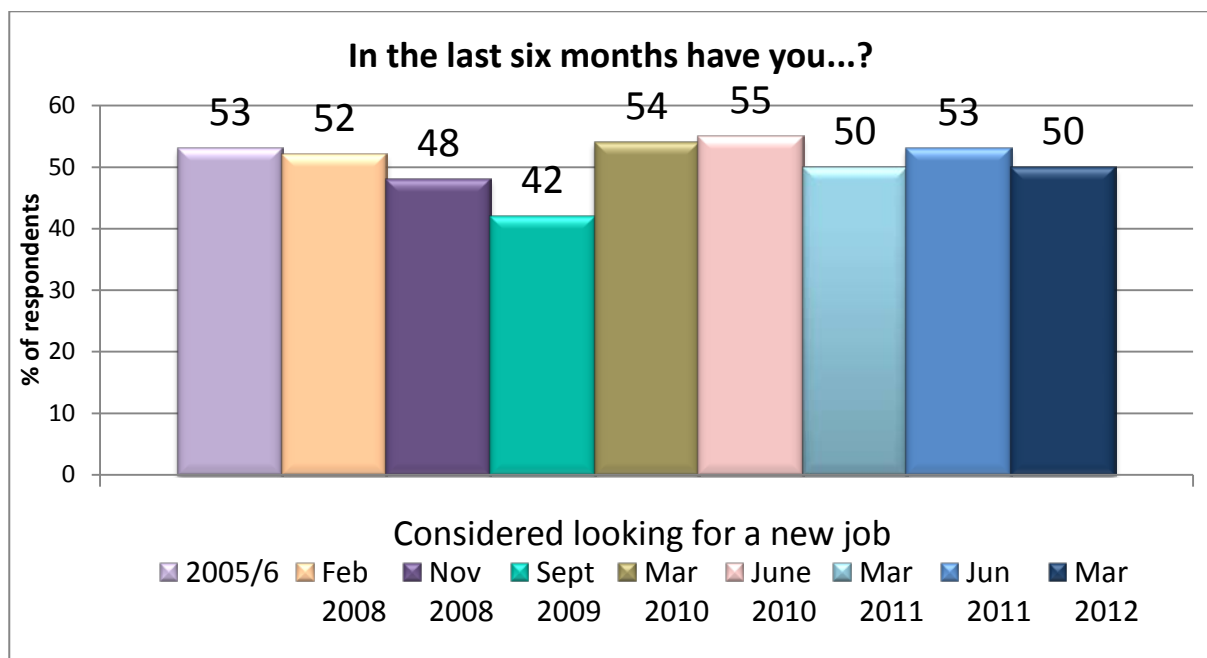**Considered looking for a new job in the last six months**

Figure 2 - *Q. In the LAST 6 MONTHS have you considered looking for a job in another organisation?*
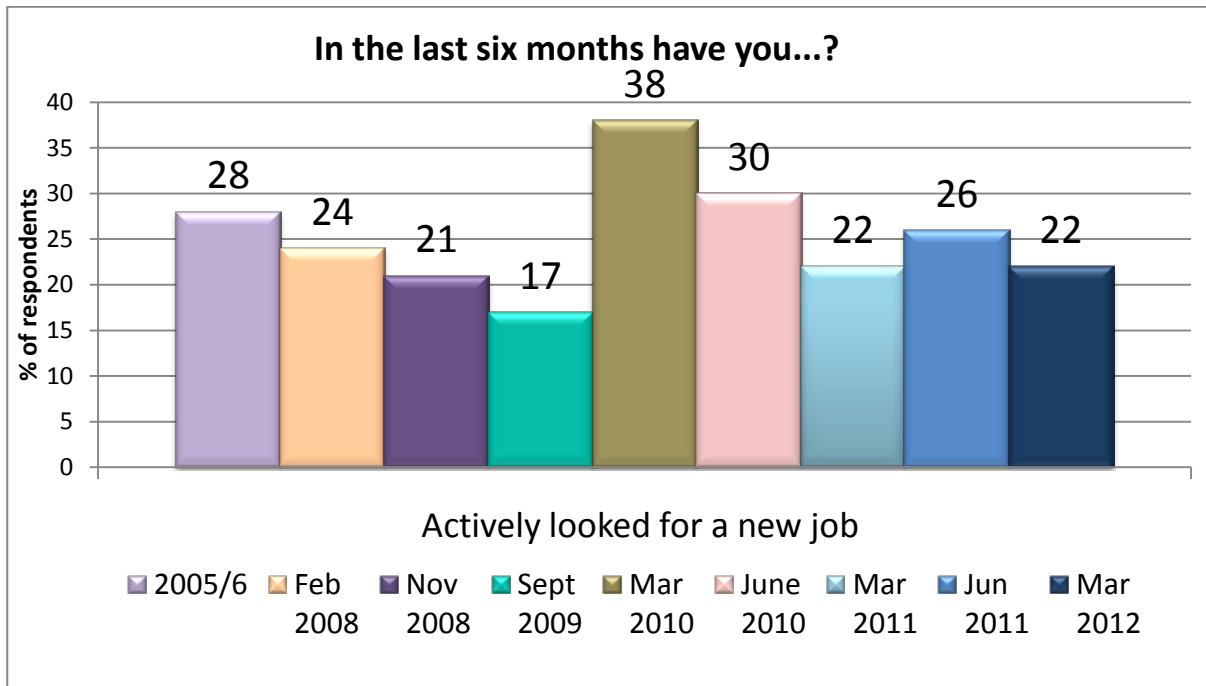
Actively looked for a new job in the last six months

In the last six months have you...?

% of respondents

Actively looked for a new job

2005/6	Feb 2008	Nov 2008	Sept 2009	Mar 2010	June 2010	Mar 2011	Jun 2011	Mar 2012
28	24	21	17	38	30	22	26	22

Figure 3 - Q. In the LAST 6 MONTHS have you actively looked for a job in another organisation?

Applied for a new job in the last six months

In the last six months have you...?

% of respondents

Applied for a new job

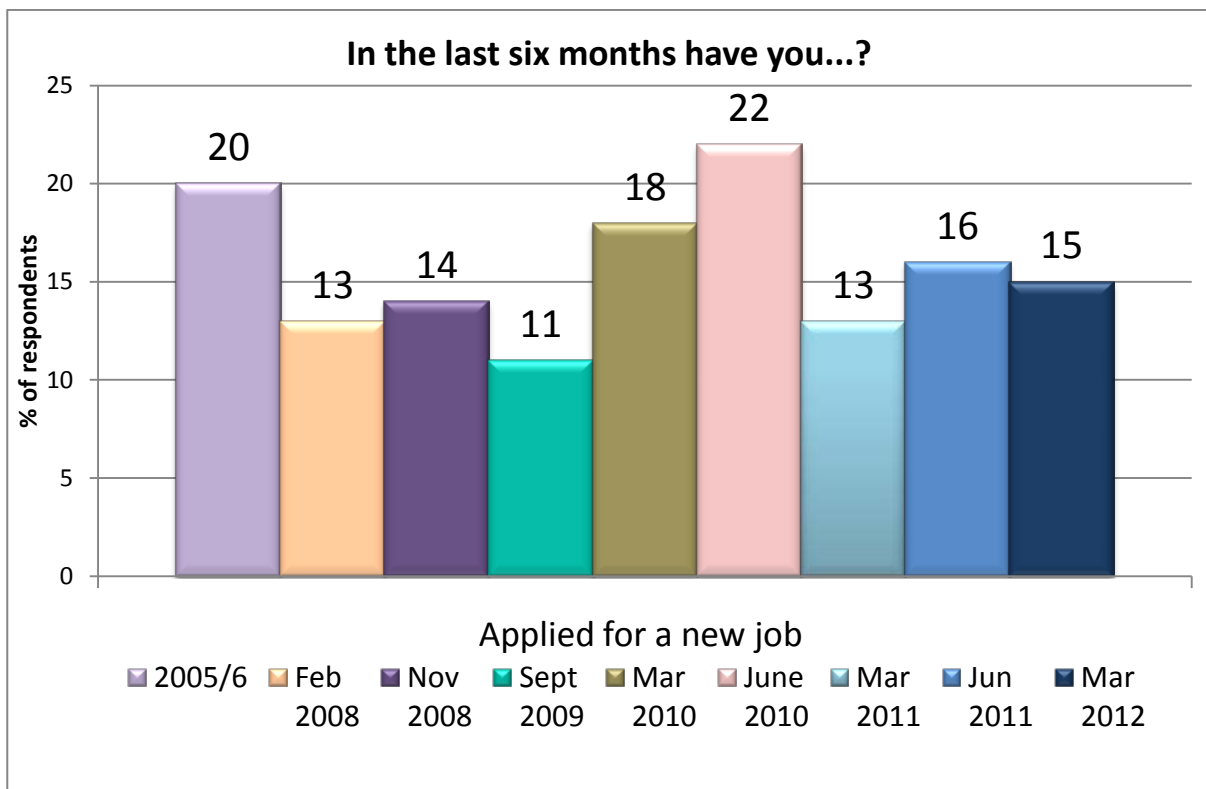| 2005/6	Feb 2008	Nov 2008	Sept 2009	Mar 2010	June 2010	Mar 2011	Jun 2011	Mar 2012
20	13	14	11	18	22	13	16	15

Figure 4 - Q. In the LAST 6 MONTHS have you applied for a job in another organisation?

What should leaders and managers do?

✓ Identify and connect with all top talent – wherever they are in the organisation – and be prepared to discuss their future with them. The key is to understand what will motivate them to stay with the organisation rather than consider leaving to go elsewhere. Some may simply be looking for reassurance, others may need greater challenge or responsibility, whilst financial aspects may need to be addressed to stabilise their intentions.

✓ Consider new or varied flexible and adaptable options to the current set of operating conditions in order to better cater for the current workforce. By demonstrating a willingness to flex to meet employee needs, the organisation may be able to head off the consideration process and secure the ongoing commitment of employees.

✓ Develop individual development and career plans for all employees to clearly signal that they have a future with the organisation and that consideration has been given to their development. By clarifying their role and purpose in the organisation, leaders and managers can increase the chances of holding onto talented people.

3. <u>Take the pressure down – what are you doing to reduce pressure?</u>

One of the potential drivers of job seeking activity would seem to be the level of pressure being felt by employees and managers in organisations. The latest L.E.A.D. Survey results suggest that leaders are apparently unaware of the major pressures on their staff and may be overlooking a ticking time-bomb that threatens to undermine performance and productivity.

Overall 70% of managers and 63% of employees believe they are under more pressure than they were three years ago (2009), while only 49% of leaders believe this to be the case for their employees and managers – the disconnect is clearly evident here.

Amount of Pressure on Employees – now compared to three years ago

Amount of pressure on employees compared to three years ago	Employees (about self) %	Managers (about self) %	Leaders (about employees) %
More pressure	63	70	49
The same pressure	28	22	42
Less pressure	8	7	8
Not sure	1	0	2

Figure 5: Q. Compared to three years ago, NOWADAYS are you (your staff) generally experiencing 'more pressure', 'the same pressure' or 'less pressure' at work?

Leaders also appear out of touch with their staff on the sources of pressure – employees rank work-life balance as the biggest source of pressure while leaders believe work-life balance is only third as a source of pressure on their employees and managers rank it fifth for employees.

Ranking of Pressures on Employees

Top 5 Rankings of Pressures on Employees	Employees (about self)	Managers (about staff)	Leaders (about staff)
Balance between work & personal life	1	5	3
Changes to or added responsibilities	2	2	4
Higher performance expectations	3	1	1
Higher customer/client expectations	4	4	2
Changing organisational structures	5	3	5
Lack of resources to delegate work to	6	6	7
Longer working hours	7	9	11
Need to develop new skills & knowledge	8	7	6
Being unclear about the goals and direction of the organisation	9	8	10
Prospects for career advancement	10	=11	12
Negative impacts of the Global Financial Crisis	11	=14	9
Lack of communication with your immediate supervisor/manager	=12	=14	=15
Conflict in work relationships	=12	10	17
Job insecurity	=14	=11	=15
Technological change	=14	13	8
Lack of communication with peers	16	16	=13
Insufficient access to resources to develop my skills	=17	17	=18
Lack of skill in delegating work	=17	18	=13
Insufficient access to management	19	19	=18

Figure 3: Q. What would you say are the top five biggest sources of pressure for you (your staff) at the present time?

So it would seem that there is a major disconnect between what employees are feeling and what managers and leaders are seeing when it comes to pressure. The gap in understanding has the potential to impact on the relationship between the different groups and prevent appropriate actions being taken to reduce the level of pressure into the future.

The perceptions of leaders about the pressures on employees are particularly interesting given the leaders themselves believe achieving work life balance is the greatest source of pressure in their own world – suggesting a distinct lack of empathy towards their people. Curiously employees also place work life balance well down the rankings as a source of pressure for their leaders and senior managers. It would seem there is a distinct lack of understanding of the pressures faced by each group by other groups.

Interestingly managers rank "continuously being in demand", "increase in personal workload" and "quality of staff in the organisation" as the major pressures they feel in their roles. Clearly they are being squeezed from both directions and are feeling the pinch as a result.

Ranking of Pressures on Leaders / Managers

Top 5 Rankings of Pressures on Leaders / Managers	Leaders (about self)	Managers (about self)	Employees (about Leaders)
Balance between personal & work life	1	4	=7
Continuously being in demand	=2	1	6
Ensuring effective communication within the organisation	=2	5	=3
Expectations of customers/clients	4	6	=1
Quality of staff in the organisation	5	=2	=3
Greater need to mentor / coach other staff	6	7	15
Increasing competition in the marketplace	7	11	=1
Increase in their personal workload	=8	=2	=7
Volatility in the market place	=8	16	11
Increasing demands in retaining good people	=8	8	5
Expectations of staff	11	9	10
Expectations of board/investors	12	=12	=7
Volume and depth of information they need to consider	13	10	=13
Negative impacts of the Global Financial Crisis	=14	15	12
Increasing competition in hiring the best people	=14	17	=13
Increase in focus on corporate governance and disclosure	16	=19	18
Their need to gain new knowledge & skills	17	=12	16
Changes caused by technology	18	18	17
Flatter organisational structures	=19	=19	20
Security of their position	=19	=12	19
Expectations their families have of them	21	21	21

Figure 4: Q. What would you say are the top five biggest sources of pressure for you (leaders and senior managers in your organisation) at the present time?

The reaction to such pressures on managers is a high level of job seeking activity, with one in three managers (33%) actively looking to change jobs and one in four (24%) having actually applied for a new job in the last six months. These are the highest levels of manager job seeking activity recorded by L.E.A.D. Survey. The previous highest were 27% and 16% respectively.

So what should leaders and managers do?

✓ Develop a clearer understanding of the pressures that managers and employees are under and look for ways to relieve those pressures. Explore avenues to reduce and minimise pressure by working collaboratively on strategies and approaches.

✓ Invest time in identifying how best to manage personal pressure and through better pressure management demonstrate the value of working to reduce pressure to a manageable level.

✓ Be prepared to review and discuss pressure regularly to ensure it remains manageable and acceptable to all levels – make achievement of work life balance a goal for all employees, managers and leaders by being prepared to flex to meet the needs of all personnel.

"When leaders and managers understand the pressures they are under AND the pressures exerted on their people, they are able to empathise and create a workplace environment that is better able to manage that pressure and ensure it does not negatively impact on performance and productivity and positively impacts on work life balance."

Grant Sexton, Executive Chairman, LMA

4. Diversity – are you making the most of it?

According to respondents to the L.E.A.D. Survey, approximately 75-80% of their workforce in Australia and New Zealand is of English-speaking background, 20-25% of Non-English speaking background.

An ethnically diverse workforce is largely seen as a positive for organisations with around two-thirds of leaders, managers and employees **believing ethnic diversity is a positive to a great or moderate extent**:

To what extent do you believe an ethnically diverse workforce is or would be a positive for your organisation?	Leaders %	Managers %	Employees %
To a great extent	31	23	21
To a moderate extent	35	38	37
To a small extent	23	25	26
Not at all	11	14	15
Total great extent/moderate extent	**66**	**61**	**58**
Total small extent/not at all	**34**	**39**	**42**

However, the positivity towards an ethnically diverse workforce starts to waver when respondents are asked about the benefits of diversity to the organisation. Only around half of the leaders, managers and employees believe **their organisation currently benefits from an ethnically diverse workforce**:

To what extent does your organisation currently benefit from having an ethnically diverse workforce?	Leaders %	Managers %	Employees %
To a great extent	17	15	14
To a moderate extent	33	35	34
To a small extent	29	27	30
Not at all	21	22	23
Total great extent/moderate extent	**50**	**50**	**48**
Total small extent/not at all	**50**	**50**	**43**

Whilst it might seem odd that diversity is a positive but yielding a lower level of benefit, this may partly be driven by limited ethnic diversity currently. On the face of it though, it appears to signal that ethnic diversity is being tolerated rather than truly embraced in many organisations.

This is further amplified by limited desire for **greater** ethnic diversity in our organisations. Just a quarter to a third of leaders, managers and employees would like to see a **more** ethnically diverse workforce in their organisation than currently exists:

Would you like to see your organisation's workforce become more ethnically diverse than it currently is?	Leaders %	Managers %	Employees %
Yes	**37**	**30**	**25**
No	34	32	30
Not sure	29	38	45

So why do respondents see positives and to a lesser extent benefits, yet have limited desire for the ethnic diversity to increase in organisations?

The answer lies in the **impact** such diversity is perceived to have.

If a diverse workforce is perceived to produce positive outcomes for the individual and the organisation, more diversity is looked upon favourably. The desire for greater diversity is substantially higher among those who believe such diversity is a positive or benefits the organisation to a great extent.

Seemingly, if the outcome is not seen as a positive one for the individual or the organisation, there is greater resistance to the notion of further diversity:

Would you like to see your organisation's workforce become more ethnically diverse than it currently is?	Total %	Those who believe ethnic diversity is a positive to a GREAT EXTENT %	Those who believe ethnic diversity benefits organisation to a GREAT EXTENT %
Leaders – Yes prefer more diversity	37	64	46
Managers – Yes prefer more diversity	30	52	47
Employees – Yes prefer more diversity	25	54	43

So the question really ought to be – how can leaders and managers leverage and harness the potential that exists in a diverse workforce to ensure positive outcomes and benefits for all – and in doing so, how can they work to create an environment that celebrates and taps into diversity rather than fearing it or resisting it?

What should leaders and managers do?

Leaders and managers need to embrace the potential that comes from a diverse workforce and look to draw maximum benefit:

✓ Start by assessing the current levels of diversity and the nature of that diversity in the organisation to identify gaps, opportunities and avenues to derive greater benefit. Analysis of the current situation is the first step in planning how best to leverage diversity.

✓ Armed with an understanding of the diversity currently in the organisation, look for opportunities to build appreciation and application of that diversity into the strategic, tactical and operational planning of the organisation. Consider not just ethnic diversity but other aspects of diversity in areas such as age, gender, experience and skills as the foundation for developing and implementing plans that make the most of the people within the organisation.

✓ Finally, celebrate the impact that diversity has on the organisation – make a feature of the wins that a diverse workforce delivers and capitalise on the impact to stimulate even greater advantage into the future. By recognising the power and impact of diversity, leaders and managers enable the organisation to continuously improve and to learn from the actions and outcomes of its operations.

Summary

The latest findings from LMA's L.E.A.D. Survey remind leaders and managers of the importance of working with and keeping informed, the people who might just hold the keys to weathering the coming round of uncertain times:

- Only by working together with their employees on common and stable ground, can leaders and managers hope to steer their organisations through rocky waters.

- Leaders and managers need to clarify the reality of the outlook facing the organisation and be realistic about the potential impact of that outlook on the individuals that make up the organisation. Look to build engagement with the organisation in the interests of ensuring the organisation's future.

- Central to provide a realistic outlook is the importance of recognising and understanding the extent and nature of pressure on your people and working towards reducing its potentially negative impact on performance and productivity. Knowing what causes pressure can help bring about a reduction in pressure and a more productive and focused workforce.

- Leaders and managers must work to reassure employees and other managers about the future of the organisation in the interests of limiting job seeking activity and the detrimental effects of staff turnover. The leaders' and managers' ability to secure and develop talent within the organisation will be a key determinant of the success of the organisation through tough times.

- Finally, leaders and managers should identify the nature and extent of diversity in their organisation and work to leverage and harness this diversity to advantage. Tapping into diversity and using it to develop and implement strategies to deal with the future will ensure the organisation makes the most of it key asset – its people.