



“Creating a sustainable workplace and workforce”

New information to help leaders and managers create and sustain the workplace of the future – and the people in it!

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

Overview

New findings from LMA’s latest Leadership, Employment and Direction (L.E.A.D) Survey reveal...

- A more consistent and disturbing **growth outlook** for organisations in the eyes of leaders, managers and non-managerial employees in Australia and New Zealand.
- Vast differences in the perceived **importance of sustainability** for the future of organisation and huge variability in the **levels of sustainability readiness** in our organisations.
- Improvements in perceived **job satisfaction** but an intractable level of job dissatisfaction for around one in four managers and employees. The sources of dissatisfaction relate in part to a lack of **work-life balance** and lack of **opportunity to develop and advance** with current organisations.
- Massive changes in the rankings of factors defining an **employer of choice** – upheaval in the top five factors across all groups suggest a much more self-interested and even selfish employee as they go shopping for their place of work.

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 the way their organisation is currently set-up – and to recalibrate for the future.

“The workplace of the future confronts us right now – uncertain times, the rise of sustainability requiring new modes of operation for most organisations and the ongoing struggle to create work-life balance. Tomorrow’s leaders and managers will need to deal with a vastly different landscape if they wish their organisations to survive and thrive.”

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 **3,831**:

- Business Leaders / Senior Managers – 261
- Middle Managers / Supervisors – 443
- Non-managerial Employees – 3,127

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 (18%), Public Company (24%), Private Company (47%), Franchise (3%), Not for Profit (5%), Other (3%)

Location

- Metropolitan Australia (65%), Regional Australia (25%), New Zealand (10%)

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

Gender

- Leaders – Male – 71% / Female – 29%
- Managers – Male – 65% / Female – 35%
- Non-managerial Employees – Male – 66% / Female – 34%

Age

- Leaders – U/35 years – 10%, 35-44 years – 26%, 45-54 years – 35%, 55+ years – 29%
- Managers – U/35 years – 21%, 35-44 years – 30%, 45-54 years – 34%, 55+ years – 15%
- Non-managerial Employees – U/35 years – 36%, 35-44 years – 31%, 45-54 years – 24%, 55+ years – 9%

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. Reality bites – the growth bubble has burst

Six months ago non-managerial employees blindly believed their organisations were on a strong growth trajectory post-GFC1. Fast forward and reality has bitten hard – a rise in redundancies, layoffs, retrenchments, the winding down of production, reduced overtime – all are the realities of an era of great uncertainty and anxiety, largely drive by off-shore events but no less frightening to large numbers of people at all levels across most industry sectors in Australia and New Zealand.

The views of leaders, managers and employees are now much more aligned (more realistic) and illustrate the importance of creating sustainable organisations and workforces for the future. It is the way in which organisations and their leaders and managers respond to such circumstances that holds the key to a sustainable future. Organisations that can capitalise on their surrounds rather capitulating will be the ones to survive and thrive.

Organisation Growth Outlook

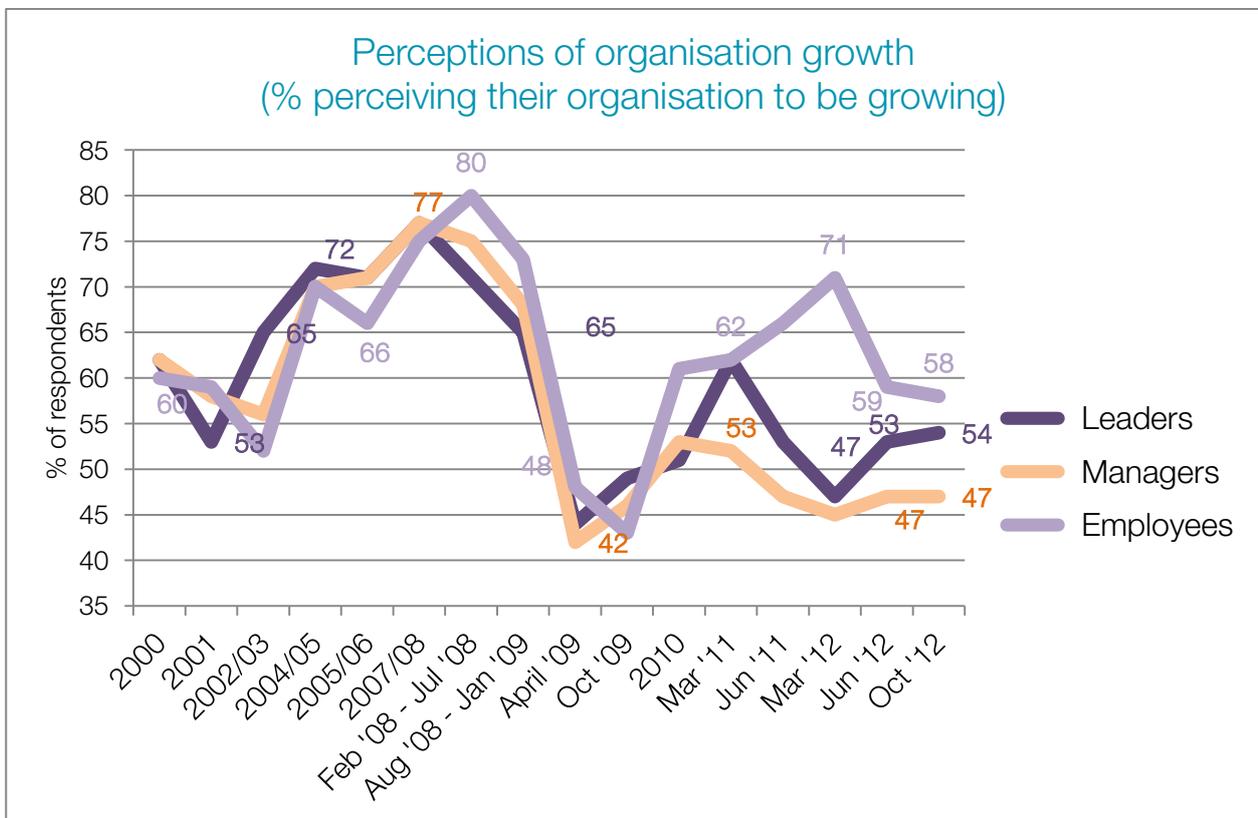


Figure 1: Q. Would you say your organisation is...(Growing, Holding Steady, Shrinking, Just surviving)?

The narrowing of the gap over the past six months highlights that employees now understand a little more clearly, the reality of where their organisations are heading and appear prepared to once again knuckle down and work shoulder to shoulder with employers to weather tough times. Recent economic growth forecasts from the International Monetary Fund suggest the world is entering what will be a prolonged period of economic stagnation – a dire warning that leaders need to ‘get their house in order’ and prepare for more difficult times ahead.

LMA's Executive Chairman, Grant Sexton, has seen these signs before and offers these thoughts for leaders and managers facing an uncertain landscape in which to operate:

“Tough times have, in the past, called for tough measures – layoffs, reductions, cost-cutting. But our recent experiences with global economic uncertainty have shown that the rules have changed. A new more prudent and collaborative approach to dealing with tricky conditions has come to the fore and has helped many organisations survive against the odds. The discipline of conducting critical and strategic reviews of staffing, budgets, leave arrangements, operating conditions, working hours and flexible workplace practices is now commonplace – an expectation in today’s organisation and the organisation of the future.”

Grant Sexton, Executive Chairman, LMA

What should leaders and managers do in such uncertain times?

- ✓ Provide as much reassurance as possible about the organisation’s future and the individual’s future. If delivering reassurance is made difficult by extreme uncertainty, at least look to provide something to look forward to in terms of information and communication once the picture becomes clearer. Employees will value the honesty that comes with knowing as much as they can about their future – they are after all people first, employees second.
- ✓ Provide regular updates and information and offer alternatives that enable the workforce to decide their future. Consider new models of work, new approaches to common or familiar issues and invite the thoughts and inputs of all to build a future that helps everyone rather than risking their outlook.

2. Sustainability – buzz word or bonanza?

The latest update on sustainability from the L.E.A.D. Survey highlights that many organisations remain ill-prepared for increased environment performance expectations. The majority also believe the new carbon tax in Australia is already having a detrimental effect on their organisations and will continue to do well into the future.

For the purposes of the research, a sustainable business has been defined as any organization that participates in environmentally friendly or green activities to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. A widely accepted definition of sustainability is to meet the needs of the present without compromising the ability of future generations to meet their own needs.

More than four in five Leaders (82%), Managers (87%) and Employees (85%) believe sustainability is important for the future of their organisation (very or quite important). Yet when asked about their status and actions in the area of sustainability, a much smaller proportion would seem to be ‘in the sustainability zone’.

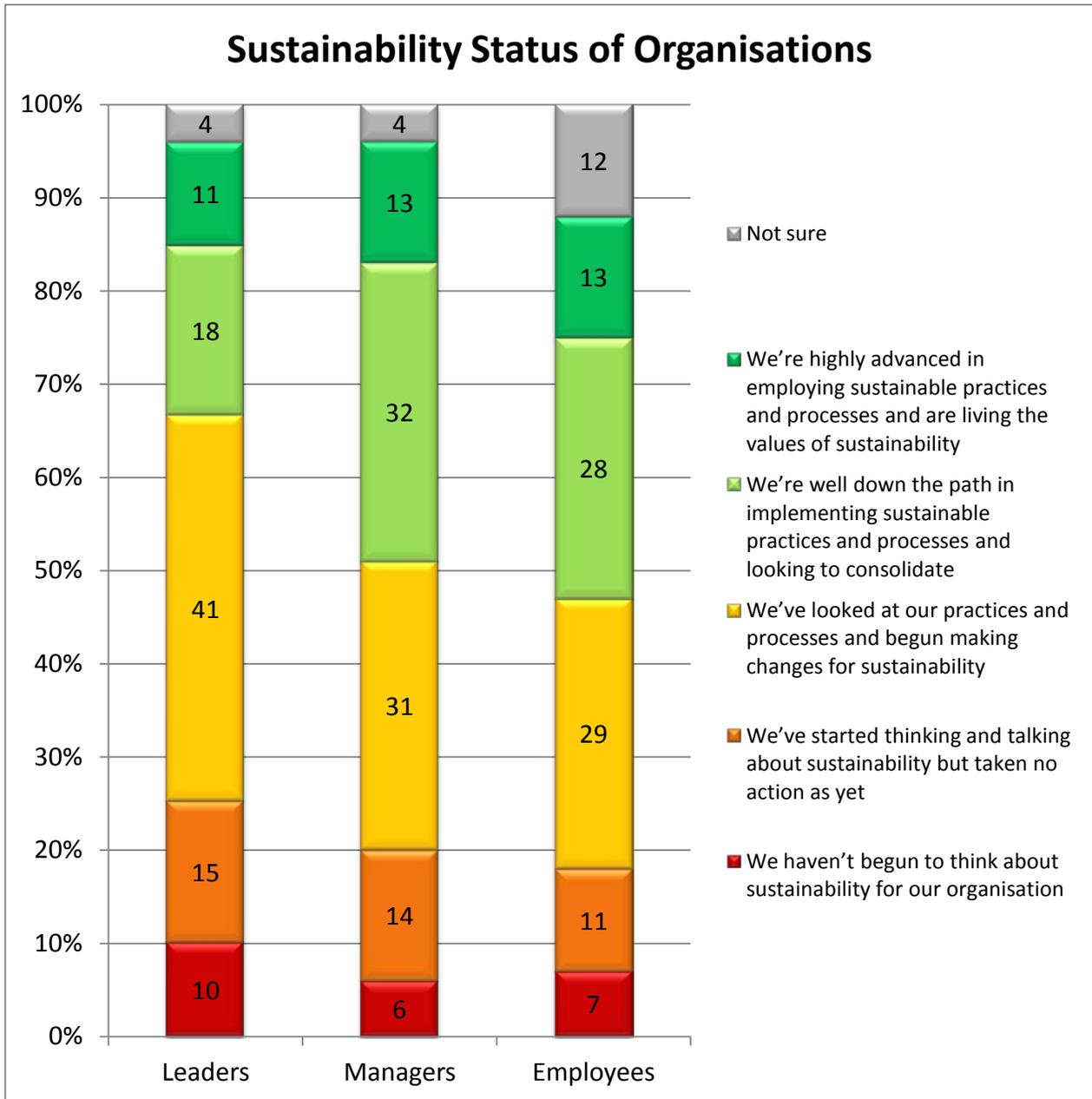


Figure 2: Q. A sustainable business is any organization that participates in environmentally friendly or green activities to ensure that all processes, products, and manufacturing activities adequately address current environmental concerns while maintaining a profit. A widely accepted definition of sustainability is to meet the needs of the present without compromising the ability of future generations to meet their own needs. Which of these statements best describes your organisation's status in relation to sustainability?

Fewer than half the employees (41%), managers (45%) and leaders (29%) in organisations participating in the current L.E.A.D. Survey are highly advanced / living the values of sustainability or well down the path in implementing sustainable practices.

The largest proportions in each group claim to have looked at practices and begun making changes but are yet to fully engage with what it means to be a sustainable organisation.

Looking more closely at the hallmarks of organisations that are well advanced on the sustainability front, we see the following:

- Organisations that are highly advanced in sustainability are more likely to be growing (72%) and less likely to be just surviving (1%) compared to those yet to start on the sustainability pathway (62% growing, 3% just surviving).
- Organisations well down path of sustainable practice or highly advanced are far more likely to be larger organisations (1000+ employees).
- As sustainability readiness increases the desire of employees to develop with their current organisation grows and the gap between those who would like to and those who believe they can develop with their current organisation narrows.

Further, sustainability is rated as important to the future of the organisations of those already highly advanced and dissipates as the level of sustainability readiness declines:

Importance of sustainability for organisation's future	Highly advanced %	Well down path %	Begun change %	Started thinking %	Yet to think %
Very important	80	55	41	31	25
Quite important	18	41	48	46	24
Total important	98	96	89	77	49

Figure 3: Q. How important do you believe sustainability is for your organisation's future?

With the **Carbon Tax** operating in Australia since July 1, 2012, the perceptions of the impact of the tax on organisations are extremely negative from all perspectives – a sign that this new tax has not been sold well nor have the implications been well explained to Australian workers:

	Leaders Net positive to negative impact %	Managers Net positive to negative impact %	Employees Net positive to negative impact %
In the short term (next 2 years)	- 64	- 59	- 52
In the medium term (next 3-5 years)	- 57	- 51	- 46
In the longer term (beyond next 5 years)	- 41	- 41	- 39

Figure 4: Q. What impact do you believe the introduction of a carbon tax in Australia will have on your organisation?

The early signs are not good for the impact of the carbon tax in that more than half the leaders, managers and employees in organisations believe the tax will have a detrimental effect in the short term. Even over the longer range, they see net negative outcomes flowing from the tax.

The pessimism evident in the eyes of leaders and managers in particular foreshadows a difficult period ahead as organisations and individuals adjust to a different workplace environment and variable market conditions to sustain their operations into the future.

Leaders and managers need to be considering the wider implications of sustainability and seeking input from their people in addressing demands and expectations in relation to sustainable business practice. With a quarter of leaders and a fifth of managers and employees admitting that they are yet to kick into gear on sustainability the pressure is on to plan and act in the interests of a better organisation 'environment report card' in the months and years ahead.

For many organisations and leaders, the consideration and application of sustainable practices strikes at the heart of productivity – Will we suffer? Will our performance and profitability decline as we introduce new, more sustainable practices?

Interestingly, when asked to identify which three areas (from a list of 15 activities plus other) would have the **biggest impact on productivity in the coming decade**, **leadership skills**, **greater client/customer focus**, **better quality people** and **investment in technology** were represented in the Top 3 rankings of all groups. Clearly productivity is deemed to derive from the people and resources available to fulfil client needs. In this instance, sustainability appears to sit very much in the background when perhaps greater consideration of and action in implementing sustainable practice would help ensure productivity improvements for the future:

Top three biggest impacts on your organisation's productivity in the decade ahead:

Q. *Which THREE of the following do you believe will have the biggest impact on your organisation's productivity over the coming decade?*

Leaders

1. Improved leadership skills
2. Greater focus on customer/client needs
3. Recruiting better quality personnel

Managers

1. Greater focus on customer/client needs
2. Improved leadership skills
3. Greater investment in technology to support operations

Employees

1. Greater investment in technology to support operations
2. Recruiting better quality personnel
3. Greater focus on customer/client needs

What should leaders and managers do?

- ✓ The starting point for creating a sustainable workplace is recognising how the organisations' operations and activities are affected by sustainable practice and planning how they will be undertaken differently in the future. Awareness is the first step to action and provides the basis on which to live sustainable values. Involving team members and colleagues in this process will aid their buy-in and provide the foundation for commitment to the principles needed to truly operate sustainably.
- ✓ Exploring the avenues for sustainable practice is the next step – pinpointing how specific changes to activities will deliver improved environmental and resource use outcomes. Again, engaging those most closely involved in the day-to-day operations of the organisation will ensure that any changes or improvements deliver fully and effectively and empower team members to “sustain the sustainability”.
- ✓ Looking closely at how productivity and profitability can be maintained against a backdrop of sustainable practice will put the icing on the cake and provide clarity and impetus to any change in practice – the better the consideration of the impact of sustainability on each part of the organisation's value cycle, the more likely the practice is to be embedded.

3. Work-life balance – getting the balance right to deliver satisfaction and retention

Updated measures of job satisfaction appear to indicate higher levels of satisfaction relative to 2010 when last explored in detail. At an overall level:

- 78% of employees are satisfied with their current job (up from 37% in 2011)
- 60% of managers are satisfied with their current job (up from 37% in 2011)
- 53% of leader are satisfied with their current job (up from 28% in 2011)

These proportions **love their job or gain a great deal of personal satisfaction from their work**. The improvement suggests people are adjusting their work to suit their needs and improve the satisfaction they derive from their work.

Interestingly, the overall level of strong dissatisfaction with work has remained steady for employees and managers – a sign that there is a residual or base level of unhappiness related to some employees and managers in some organisations. The focus here becomes identifying what is causing this malaise and taking action to address it.

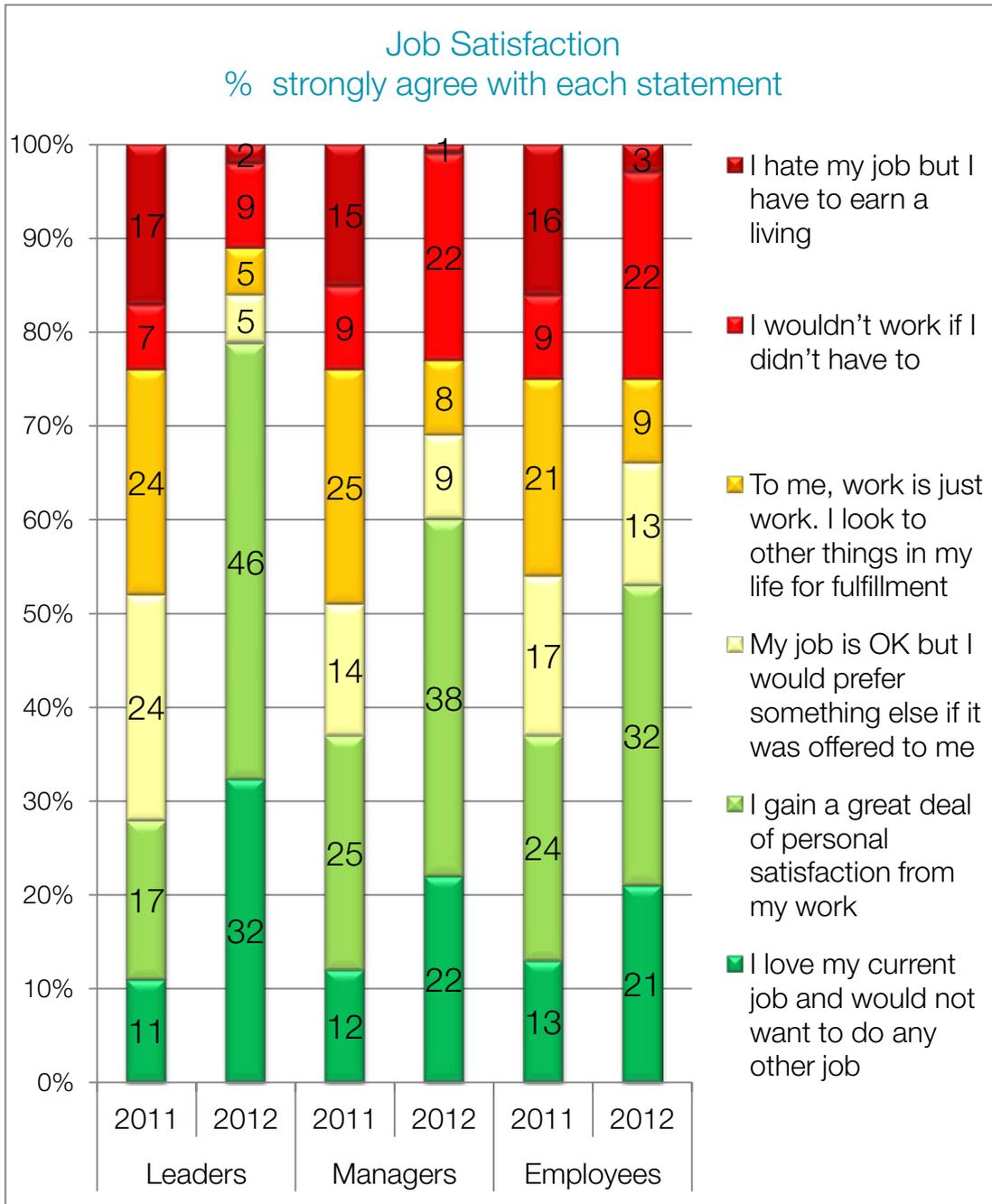


Figure 5 - Q. Below are some attitude statements about work. For each statement, please click one answer to indicate how strongly you agree or disagree with the statement.

A number of potential causes appear in the research findings, each deserving focus to identify a way back to increased job satisfaction.

The first is **achieving work-life balance**. As the greatest source of pressure on employees and managers (and number three for leaders), fitting work in with all the other aspects of life remains a constant battle for many. Currently just two-thirds of employees (64%), managers (62%) and leaders (66%) believe they have the right balance between work and other aspects of their lives.

Another is the **potential for development and growth into the future**. Through the history of the L.E.A.D. Survey, around four in five people in organisations have consistently indicated that they would like to develop and advance their career with their current organisation. Yet consistently only around two-thirds believe this is possible – suggesting their organisation does not value or support their on-going development in the interests of retaining them.

There are many other possible sources of job dissatisfaction that leaders and managers should be looking to understand and address. Much of the dissatisfaction felt in the workplace relates to a lack of connection and an underinvestment of time and energy in understanding, engaging and empowering team members. This is often exacerbated by a lack of appreciation about the key motivations of individuals and leaders and managers routinely overlooking the needs of their team members.

So what should leaders and managers do?

- ✓ Take the time to appreciate and understand each individual in the team – the more you can know about them, the more you can work to create the environment that attracts and retains the right people for the organisation – and the more likely they are to perform.
- ✓ Look for avenues to offer and create work-life balance through flexible workplace practices and policies. Demonstrate a willingness to adjust the work environment to suit individual needs and explore ways to celebrate the achievements of the team as they perform under these conditions.
- ✓ Identify the pathways and stepping stones that will enable individuals to develop, grow and progress with the organisation rather than needing to leave and join another organisation in order to develop. Tuning in to their aspirations and exploring ways to keep them progressing will significantly reduce the cost of turnover and the disruption it causes.

“A 30-40 minute discussion with each team member about their aspirations and goals, about the nature of the work they do, they enjoy and they want to continue doing and about their pathway to the future may be the difference between them staying on or moving on. Holding them and developing them will save tens of thousands of dollars all of which shows up on the bottom line.”

Grant Sexton, Executive Chairman, LMA

4. Employer of Choice – where do you rank?

A fresh look at what makes an employer of choice reveals a major shift from altruistic and principled considerations of prospective employers to one of high personal interest and self-gratification. With uncertainty in the wider economy and the global village, individuals are now shopping for their workplace on very personal grounds and have a strong focus on ensuring they look after themselves when it comes to work.

The top five employer of choice factors have changed markedly over the last couple of years to the point where prospective employers will need to carefully consider the individual needs and desires and work very hard to attract the interest of prospective employees. In an environment of low unemployment, the employee has increased power and will flex that muscle to make the most of the situation.

Employer of Choice Factors	Employees 2012	Managers 2012	Leaders 2012
Recognises and rewards staff well	1	2	2
Pays above average salaries and bonuses for excellent performance	2	=3	11
Invests in the learning and development of its people	3	1	1
Is a place where you can have fun and enjoy working	4	=7	8
Management is passionate and engaging to work with	5	=3	3

The most significant change in the past two years is the demise of “operates fairly and ethically at all times”, dropping outside the top five for all groups surveyed.

Further, the large gaps between what employees believe are the key factors in identifying an employer of choice and what managers and leaders believe to be the keys, highlights a significant challenge for employers in the near future.

The predominance of personal or self-interest factors foreshadows a period ahead where individuals will be shopping for an organisation that can fulfil their needs with much less regard for organisational or reputational factors. Gone are the days when individuals are seeking an employer on philosophical, environmental or even philanthropic grounds.

Instead we are entering an era when employees hold the balance of power and can afford to be more demanding and expectant than ever before. Employers seeking to attract and retain talent will need to put their thinking caps on in order to appeal to the talent they seek.

Employer of Choice Factors (Employee view)	2010 Rank	2012 Rank
Recognises and rewards staff well	1	1
Pays above average salaries and bonuses for excellent performance	7	2
Invests in the learning and development of its people	=4	3
Is a place where you can have fun and enjoy working	6	4
Management is passionate and engaging to work with	9	5
Operates ethically and fairly at all times	2	7

Employer of Choice Factors (Manager view)	2010 Rank	2012 Rank
Invests in the learning and development of its people	2	1
Recognises and rewards staff well	1	2
Management is passionate and engaging to work with	6	=3
Pays above average salaries and bonuses for excellent performance	8	=3
Actively seeks input and feedback from staff	=10	5
Operates ethically and fairly at all times	3	9

Employer of Choice Factors (Leader view)	2010 Rank	2012 Rank
Invests in the learning and development of its people	=2	1
Recognises and rewards staff well	=2	2
Management is passionate and engaging to work with	4	3
Has an excellent reputation in its industry	5	4
Has high quality working relationships across levels	10	5
Operates ethically and fairly at all times	1	=6

What should leaders and managers do?

- ✓ Take the time to understand what the new shopping list looks like when it comes to employees hunting for an employer of choice. Identify what is possible for the organisation to provide and what it is prepared to do to attract and retain top talent.
- ✓ Pinpoint the extent to which the organisation can trade on its offer and performance in the most important employer of choice areas. Identify strengths and make these a focus in the presentation of the organisation to prospective employees.
- ✓ Don't be afraid to showcase other employer of choice factors than just individual or personally-focused factors – in a tight contest for talent where all else may be equal, the more altruistic elements may just make the difference between getting and losing the talent.

Summary

The latest findings from LMA's L.E.A.D. Survey remind leaders and managers of:

- **The importance of sharing the outlook for the organisation and the individual's future** with employees at all levels of the organisation. If certainty or reassurance cannot be provided on either basis, at the very least look to provide a solid commitment to communicate and inform employees about their future once it is known.
- **The need to make faster and better progress on the sustainability front** – or at the very least to start thinking about how sustainable practice will be built into day-to-day operations. The future success of organisations is heavily vested in sustainable practice – whether leaders and managers like it or not. The starting point however, is generating awareness around the importance of sustainability to the future of the organisation and then identifying, through collaboration across levels, how best to introduce or adapt to the new outlook of sustainable practice.
- **The growing importance of job satisfaction** as a means of attracting and retaining talented personnel. The research suggests that increasingly employees want to work where they can have fun and enjoy their work and to work with managers and leaders who are passionate and engaging. Whilst overall levels of satisfaction are improving, the level of dissatisfaction is not declining for employees and managers, raising questions around work-life balance and opportunities to develop and advance within – the onus is on leaders and managers to create the environment in which people want to stay in order to grow and progress rather than having to leave in order to do so.
- **The fundamental changes in what defines an employer of choice** and the profound impact such changes have already had, and will continue to have, as prospective employees look after self before considering other aspects of organisations for which they may choose to work. The self-interest embedded in the prospective employees' shopping list will create a myriad of challenges for leaders and managers seeking to attract and retain talent at all levels.

Put simply, creating the successful and sustainable workplace and workforce of the future depends on the will of leaders and managers to engage with the notion of sustainability and drive initiatives and processes to deliver on it. A genuine and honest approach to outlining the organisation's future and a sincere commitment to making that outline a reality will provide employees at all levels of organisations with a solid foundation on which they can make decisions about their own future and work passionately towards achieving it.