A Decade of L.E.A.D.
Looking Forward, Looking Back
Executive Summary

Reflections and projections from a decade of Australasia's leading workplace survey – the Leadership, Employment and Direction (L.E.A.D.) Survey

This Executive Summary is from the book, *A Decade of L.E.A.D. – Looking Forward, Looking Back*, published by Leadership Management Australasia, July 2010

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With a ten-year history, and research involving thousands of organisations and more than 28,000 employees, managers and leaders, the Leadership, Employment and Direction (L.E.A.D.) Survey has set the benchmark for understanding and dealing with the ever-changing Australasian workplace.

Along the way it has been the definitive reference for managers and organisational leaders seeking to increase their effectiveness. The observations, predictions and prophecies of early years have become the realities of later years. Trends that started as trickles became torrents.

Armed with the insights and projections from this summary of the research, and available through the complete book, leaders and managers can confidently tackle current challenges and make the changes necessary to secure their own future and that of their organisation.

What Does L.E.A.D. Tell Us?
Biggest challenge, greatest opportunity

Never before have Australasia's organisational leaders and managers faced the situations they do today. Never before has the outlook for the road ahead been as confronting and challenging as it currently is. Conversely, never before have leaders had such a unique opportunity to develop a substantial competitive advantage.

Through a decade of major world-changing events that began with 9/11 and culminated in a Global Financial Crisis (GFC), we've seen remarkable and sustained success and growth in our economies and in most of our organisations.

Increased global demand, supported by improved performance and productivity, has led many organisations to new levels of prosperity. We've also seen organisations reinvent themselves in very different ways to deal with new competitive forces and new realities.

Yet, at the same time, **we're seeing the highest ever levels of disillusionment** amongst employees at all levels. In the last six months more than half our workforce has considered leaving their current organisation and more than a quarter of employees have actually applied for jobs elsewhere. This phenomenon is occurring despite the fact that 87% of employees are declaring a heartfelt desire and preference to develop and advance their careers with their current employers. **Why is this happening? What are we missing here?** What is it that employers are not providing to engage their employees with the organisation and its goals?

In the decade ahead, our leaders and managers face their biggest challenge ever. They will have to discover how to create the workplace of the future – a workplace that effectively caters for increasingly diverse groups such as Generation X, Generation Y, Generation Z and Baby Boomers.

How do we develop workplaces that deliver on the wide-ranging and ever-changing expectations of different genders, ethnicities and life stages? How do we provide environments that individuals want to connect and stay with?

The answers lie in understanding the importance of people to an organisation's success. We are in a unique position – we can respond to the challenge, capitalise on the opportunities and build organisations that retain and attract good people, or we can bury our heads in the sand and hope that the challenges go away. We are at a critical crossroads. The bold and forward-thinking will prosper in the next few years while others may not survive.

Reflecting on the decade's events

The incredible and tumultuous events of the first decade of the 21st century changed forever the nature of our workplaces and, subsequently, our management practices. We started strongly. A new millennium fuelled our optimism, promising a new era, strong growth and a new maturity as global citizens.

And then the sky literally fell in. The 9/11 attacks struck deeply at our humanity, our values and most keenly at the constructs of our personal worlds. Many abandoned expectations and beliefs that had served them so well for so long. The Bali bombings, barely a year later and much closer to home, cemented a belief that 'the world has changed forever'. These incidents arrested much of the positive momentum of the time. Having experienced these most devastating public atrocities, many were confronted with the need to live life more fully, to enjoy the company of friends and family more completely and to put work 'in its proper place'. For some, work and career ceased to offer the same appeal or solace that it had previously provided.

Simultaneously, the insatiable hunger for resources and modernisation from the emerging giants, China and India, fuelled global demand and growth. Continuous local economic growth produced exceptionally low unemployment levels in the middle of the decade. The demand for top talent saw the emergence of an employment market where talent was king for several years. Organisations were more afflicted by the staggering direct and indirect costs of significant staff turnover and, in the face of increasing costs of hiring competent people, they looked internally to identify, select and train talented people and leaders for the future.

Unprecedented economic growth during the first seven years was followed by the looming effects of the US financial meltdown and the resultant GFC. Organisations of all types faced multiple and varying challenges. Some were driven into extinction while others simply adapted and moved on. An entire generation of business leaders and managers who had never operated in a recession or tough economic times were forced to respond quickly and demonstrate their learning agility, just to survive.

Fluctuating economic conditions and the changing expectations of society created a more demanding market place. The increasing expectations of both shareholders and employees and the effects of globalisation and new technology, created a far more complex and competitive environment in which leaders and managers had to function.

Organisations are now aware of the changing work environment. They have become increasingly focused on the need to attract and develop leaders and managers who can thrive and achieve high performance in their areas of responsibility. The events of the past decade have undoubtedly and indelibly shaped the decade ahead.

So what have we learned from a decade of L.E.A.D. Surveys?

A critical analysis of ten years of L.E.A.D. Surveys identifies profound and disturbing findings for leaders and managers. While there is plenty of good news and much to be proud of in the progress made over the past decade in our organisations, there is also much to be concerned about looking forward. In this executive summary we briefly review:

- Where we have made progress

- Where we haven't made progress

- Suggestions for the future

Throughout the summary, we reference key findings, observations expressed and suggestions offered to assist those leading organisations; however, this is only the summary. The full book (available through LMA) investigates this information in much greater detail.

Where we have made progress

Substantial progress and gains have been made in our workplaces in a number of areas, producing positive outcomes. However, in some areas, the progress isn't enough to keep up with the need:

- **Coping better with change and pressure.** We have come to accept change as a part of our everyday lives. It's now the norm, not the exception. L.E.A.D. shows that throughout the decade, employees believe they are coping very well with change in the workplace. It also shows that leaders and managers still underestimate their employees' ability to adapt and cope. This gap could lead to misunderstanding and miscommunication, creating lost opportunities for innovation and change initiatives.

  We entered the new decade in 2000 believing we were experiencing more pressure than in the years before. Ten years later, we still feel the same way. Employees expect pressure to continue to increase in the future, yet they are unfazed by this. Organisations that make the effort to identify and reduce pressures on employees can expect to experience higher retention levels as people at all levels pursue a balance between work and other areas of life.

- **Successfully implementing family friendly workplace policies and practices.** The increased adoption of new models and the wide range of approaches to deal with employees' changing family lives and needs are very encouraging. Organisations are now beginning to pitch their offer to prospective employees in family friendly terms, a world away from the workplaces of a decade ago. Progress, however, needs to be sustained into the future, otherwise companies will risk losing many experienced and valuable employees.

- **Creating more flexible and adaptable workplaces.** Over the decade, organisations became more focused on helping their employees at all levels achieve work-life balance by creating more flexible working policies and options. However, although great strides have been made by organisations towards becoming an employer of choice, more effort is required.

Employee expectations continue to reflect the importance of implementing more flexible work practices and options in the future.

- **Improving work-life balance for some, but not for all.** Work-life balance has improved for leaders and managers. But for employees, even with more flexible and family friendly options, little has changed. The paradox of work-life balance as both an influence on performance and as a source of pressure also increased over the decade. Reconciling this situation and creating the right environment is critical to retaining good people in the near future. In particular, employers who create flexible and family friendly policies and practices are more likely to be seen as an employer of choice. The importance of these issues to employees can be found in the full book.

- **Better understanding of the aging workforce and its impacts.** By 2012 more than half of all Australian workers will be aged over 45. Do we have a plan for managing this unprecedented situation? The increased number of organisations providing multiple options for workers approaching retirement indicates that our business leaders are starting to understand and appreciate the potential impact of an aging workforce.

  However, L.E.A.D. shows that there is a disconnect between the leaders' views and the views of managers and employees. Managers and employees are not convinced that their leaders really understand the impacts of an aging workforce.

  They don't believe leaders have implemented remedies and appropriate practices to the degree they claim they have. Addressing this awareness and belief gap will create opportunities to extend the effective working life of older employees.

- **Improving training and development access, amount and quality.** There has been a gradual improvement in the type, quality, quantity and delivery of training and development needed to up-skill workers, though there is still room for improvement. An employer of choice must reassess their attitudes and approaches to providing their people with the training and development they seek. Correctly implemented, training and development yields a return on investment to the organisation and provides an extremely positive impact on staff retention and attraction.

- **Increasing benefits from mentoring and coaching.** L.E.A.D. identifies a major increase in the extent to which mentoring and coaching activities are now taking place in organisations. Almost 50% more employees now benefit from having a mentor or coach than was the case in 2005. All parties are recognising the benefits for the individual and the organisation. This activity is a key avenue for improving future performance and productivity as well as increasing staff retention.

- **Growing levels of engagement and trust.** Currently, employees have a relatively high degree of trust in their leaders' abilities to achieve organisational goals. They don't have the same degree of trust and confidence in what is being communicated to them. Increasing this trust and confidence is essential if organisations are to prosper in the future. The findings also show that leaders must continue to provide clear direction to engage people.

The progress we have made has been solid and commendable. The analysis, however, raises a serious question – 'Is the progress we have made sufficient to satisfy the changing needs of today's modern employee?'

Quite simply, while noticeable progress has been made on many of the most important workplace issues, in most cases the progress has not kept pace with the changing expectations and developing needs of today's employee.

Where we haven't made progress

In many of the areas measured by L.E.A.D., progress has been insufficient or too slow. The organisation is simply not responding adequately to the signs. Employees' responses suggest that their own position and future with their present employer is unclear. This lack of reassurance provides them with the catalyst to look elsewhere.

Add to this the numerous areas where little or no progress has been made, or where the situation has worsened and the immediate challenges become very clear. Leaders and managers who want to keep their organisations competitive must respond to these challenges quickly.

The clear lack of progress is evident in the following areas:

- **Increasing difficulty in finding and retaining good people.** Finding and retaining quality people has become increasingly difficult over the decade. This is the greatest of challenges facing today's leaders and managers. What will be required to attract the necessary talent to support the growth goals of the organisation? The employer of choice information provided in the full book gives insights into what employees are and will be seeking. Retaining good people will also be a challenge. The survey shows that gaining employees' trust and engagement will become the core management skill of our time. Leaders with this skill are vital for the future sustainability of a high-quality workforce.

- **Not being able to provide the right environment for employees to further their careers**. A 20-30% gap persists between those who would prefer to develop and advance in their current organisation and those who believe this is possible. Why is it that at least a quarter of all employees don't believe they can advance their careers and futures with their current employers? Whether or not this relates to the organisation's own viability, its structure, general communication or lack of training or reassurance doesn't really matter. These organisations must endeavour to identify what has caused this potential problem and find a solution for the future.

- **Experiencing a continued lack of reassurance about the future**. A consistent one-third of employees have had little or no reassurance about their organisation's future and, by definition, their own future. These are likely to be the same people who are looking at the door right now. It's little wonder that 25-30% of employees are ready to walk.

- **Communicating ineffectively.** Around a quarter of employees (22-27%) state that they have managers who seldom or never:

  - Listen to them

  - Understand the issues they face

  - Show interest in their views

  - Support them to resolve those issues

It's arguable that these employees don't feel appreciated. They may be the ones currently thinking about their future and how their organisations value them. Leaders and managers who instigate practices to ensure regular communication and reassurance about employee's future in the organisation can bridge this gap, benefiting everyone. Consider the saying *'People go where they are wanted but only stay where they are appreciated.'*

- **Struggling to satisfy the very different workplace needs of Generations Y and Z.** With a different attitude to work, fewer commitments, financial or otherwise, and less defined job or career pathways, these generations are highly adaptable and free-flowing. They are harder to engage and less convinced of the merits of 'putting it all on the line for the organisation'.

  To date, many organisations have experienced difficulty in achieving consistent performance or long term commitment from these younger workers. Yet leaders and managers will have to work them out in order to sustain a workforce over the next ten years. Those who can harness the ambition and thirst for new experiences displayed by these younger workers will prosper.

- **Not progressing on gender equality**. Despite numerous high profile examples of women reaching senior management positions in our workplaces (including Australia's first woman Prime Minister), the prevalence of 'glass ceiling' hasn't changed. There's no apparent improvement in gender equality in terms of pay, opportunity and training and development opportunities have not improved for women. All questions asked in the survey have substantial proportions of respondents believing men are still favoured over women.

  The apparent lack of commitment to creating workplace environments that reach out to women as much as men means an enormous resource is being overlooked in many organisations. Almost half the talent pool is being overlooked or is not catered to because current attitudes, policies and practices remain in place. Not surprisingly, a higher percentage of women than men are applying for jobs elsewhere in the current environment.

- **HR departments not fulfilling their role**. Little has changed over the last five years in how aware employees and managers feel HR departments are of employee issues or are addressing and acting on those issues. For example, less than two-thirds feel HR departments are aware of employees' issues, and only around half feel they act to address those issues to a great or moderate extent.

  All of the issues, challenges and opportunities covered so far relate to people, the domain of HR departments. Yet every indication in the survey points to the urgent need for improved management of the organisation's greatest resource – its people. Organisations that empower effective and professional HR specialists to make a difference should experience substantial benefits over the coming decade.

- **Increasing pressure of the growing demand on mentors and coaches.** The growing prevalence of mentoring and coaching mentioned earlier has resulted in increasing demands on mentors' and coaches' time. In seeking to develop and grow with the organisation, employees are looking for more from their mentor or coach. But in many instances, those mentoring or coaching have not been trained to do so. Increasing demand on the time of leaders and managers is becoming the most predominant pressure for them and identifying ways to free

leaders and managers from other tasks and skilling them to mentor and coach effectively is essential to leveraging this opportunity in the decade ahead.

- **Not being an employer of choice.** The term 'employer of choice' describes organisations that people prefer or most desire to work for in an industry or sector. Providing environments that reach out to increasingly diverse age groups in the workforce is essential for organisations in the future. As each year passes and a higher proportion of the workforce marches towards retirement age, the pressure increases on organisations to respond. The potential loss of intellectual property and experience is staggering. The need to adapt the organisation and offer flexible approaches to deal with an aging workforce is set to continue and grow in the decade ahead.

    Likewise, dealing with the very different motivations and expectations of the generations, particularly the younger generations (Generations Y and Z), will continue to create different challenges for older leaders and managers who hold a different mindset. The younger worker's vastly different perspective on things like job security and their commitment to work (often thought to be missing when in fact it reflects a lack of engagement or meaning in their work) will provide ongoing challenges to those who manage and lead them.

Together, these forces present a set of operating conditions very few leaders and managers have experienced previously, let alone attempted to deal with. These challenges are unprecedented; however, where there's a challenge there's always an opportunity.

It appears that currently many leaders and managers are not in the right 'headspace' to create an employer of choice environment. Some are simply unaware of the important characteristics required to be an employer of choice, while others appear unwilling to implement the changes needed to increase the appeal of their organisation.

At a time when talent is king and employees see themselves as volunteers, free to stay or to go, becoming an employer of choice seems to be an important organisational initiative to act on. Quality people are becoming the strongest competitive advantage in a highly competitive market place. As mentioned repeatedly, attracting, retaining and engaging quality talent must be a priority taken on by organisations who want to succeed in the decade ahead.

Suggestions for the future

The overall awakening of leaders and managers to new employee attitudes to work, the workplace and life more broadly has been encouraging. There is a sense, though, that this increasing awareness is far too gradual and certainly not sufficient to arrest the growing threat of employees looking outside the organisation, rather than inside, for growth and development.

As people's needs evolve, their attention shifts to workplaces that can meet those needs. If the major ongoing challenge for organisations is talent management, they must focus their efforts and resources to answer that challenge.

The notion of employer of choice, and the elements that define what an employer of choice is, will increasingly feature in the considerations and decisions of employees as their needs evolve. Employees are indicating a desire to link their future to longer term careers with employers.

They are looking for the right fit – one that provides interest, challenge, growth, fulfilment and a match with their values. Employers who fail to exhibit employer of choice characteristics face an extremely uncertain future as prospective employees assess their options and align their futures with employers who do. The current situation creates the greatest opportunity for organisations to kick-start the decade.

A talent drive, supported by the right package, could set the organisation up for its fastest and most profitable growth period ever. If so much good talent is looking to move, why not offer people what they are looking for?

The top five characteristics (of 20 characteristics including other) identified from the L.E.A.D. Survey are as follows:

Top five employer of choice characteristics	2010 %
1. Recognises and rewards staff well	57
2. (=) Invests in the learning and development of its people	53
2. (=) Operates ethically and fairly at all times	53
4. Has family/life friendly workplace practices	42
5. Management is passionate and engaging to work with	40

Whether companies accept the challenge and pursue opportunities during the next 12-24 months remains to be seen. During this small window of time, companies can act to shape their future to gain positive effects for years to come, or can simply try to hold steady.

For those looking to become an employer of choice, consider the following suggestions:

- **Capitalise on the impending talent war by providing more of what people need and expect from their employer.** By working to project and deliver the characteristics of an employer of choice, your ability to keep the best people and poach others like them from elsewhere, increases dramatically.

- **Recognise and reward employees for working collaboratively through tough times.** Reassure them of their future, be prepared to 'loosen up the reins' a little with regard to pay and conditions post-GFC, shine a light on their successes and publicly thank them. Fulfil their expectation of appreciation and recognition – that is, let them know that having 'toughed it out' with this organisation, the leaders and managers have noticed and do appreciate the employees' efforts.

- **Provide career and training and development pathways to fulfil the expectations of employees.** A key element of being an employer of choice is the creation of opportunities that help employees to develop, grow, advance and succeed. The creation and implementation of individual career pathways and training and development plans for each person in the organisation provides greater certainty and reassurance about the future.

- **Develop a better and deeper understanding of the needs and expectations of your key people.** Talk to your top three most important people now, then talk to another three tomorrow. Spend time with your key people to understand their career aspirations, professional development ambitions and personal goals. Continue these discussions until you really understand their individual needs and motivations. Then set about creating the workplace that fulfils their needs. Provide direction, challenge and support to engage them.

- **Develop flexible, family friendly policies and practices that deliver work-life balance.** When you understand the needs and motivations of employees, creating or adapting flexible workplace practices that deliver work-life balance is much easier to do. The key expectations of employees and the ways in which the organisation can adapt to support them (rather than the other way around) will be evident. All leaders and managers have to do is to listen, to take on the challenge, and to implement.

- **Expand and evolve mentoring and coaching activities as a means to developing and nurturing individuals.** Make the most of this powerful opportunity to develop others and, in doing so, improve the performance and productivity of the organisation. Orient your thinking about mentoring and coaching to enable you to see it as one of the most compelling ways to develop individuals.

- **Plan for and manage the expected loss of experience and intellectual property flowing from an aging workforce.** Recognise that there is much to be lost when older and more experienced people leave. Consider and implement policies that extend and embed that knowledge and limit the loss by adopting comprehensive mentoring, coaching and knowledge management processes.

- **Become more passionate.** Employees of the future are looking for longer careers, working with leaders and in organisations with which they can engage. Show your interest in them and your excitement about the organisation's direction and goals. Share with them your confidence about the future. When you and they become excited about the path you are taking together, enthusiasm, teamwork and passion flourish.

Leaders and managers respond to these challenges quickly, effectively and comprehensively will find their own people engaging and committing to the organisation more strongly and consistently. They will also be in a position to attract the best talent from elsewhere. The benefits you reap from keeping the best people and attracting even more of them from other organisations will flow freely. Put simply, leaders and managers need to reinvent and redefine their organisations to become employers of choice.

To obtain a copy of the full book please call Leadership Management Australasia or visit the website:

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