

“Bright people, bright future – are you making the most of the current outlook?”

New information to help leaders and managers tap into employee positivity, build and leverage generational harmony and manage their way through looming skills and talent shortages

***Quarterly summary of key findings from the
Leadership Management Australasia (LMA)
Leadership, Employment and Direction (L.E.A.D.) Survey (June/July 2011)***

Overview

New findings from LMA’s latest Leadership, Employment and Direction (L.E.A.D) Survey reveal a surprisingly positive and healthy employee outlook following an extended period of concern and uncertainty for many in Australasian workplaces. Coupled with greater confidence in their control over their lives, employees are primed to make the most of apparently improving economic opportunities. Yet leaders and managers are expressing a different, more pessimistic view of the future creating an awkward gap that may detrimentally affect performance and productivity.

This latest summary also focuses for the first time on **skills shortages** in Australasian organisations and provides some important information for leaders and managers as they grapple with near full employment and a looming reincarnation of the talent war observed in the middle of last decade. Some clear insights and implications are presented with a focus on building skill levels in a number of key functional areas in organisations.

The summary also delivers new information on **generational harmony** in our workplaces. We take a closer look at generational perspectives on a range of measures including positive influences on performance, characteristics of a good manager and critical leadership competencies.

Finally, we take a peek at **how HR is viewed** in organisations – how is this function regarded, are they aware of the issues facing employees and are they addressing those issues effectively? These issues are among the most profound to emerge from this quarterly 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.

“After a period of worry and angst for many, there are clear signals that employees are ready to take on the future with confidence and positivity – what a great foundation for leaders and managers to build upon and leverage to strengthen the future of their organisations.”

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, predominantly as an annual survey, and provides a sound basis for identifying different perspectives from several key organisational audiences. It is now being conducted 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 **2,601**:

- Business Leaders / Senior Managers – 365
- Middle Managers / Supervisors – 668
- Non-managerial Employees – 1,568

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 (17%), Public Company (29%), Private Company (43%), Franchise (3%), Not for Profit (5%), 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 – 73% / Female – 27%
- Non-managerial Employees – Male – 66% / Female – 34%

Age

- Leaders – U/35 years – 5%, 35-44 years – 25%, 45-54 years – 45%, 55+ years – 26%
- Managers – U/35 years – 12%, 35-44 years – 24%, 45-54 years – 41%, 55+ years – 22%
- Non-managerial Employees – U/35 years – 35%, 35-44 years – 34%, 45-54 years – 22%, 55+ years – 8%

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.

The Big Picture...The Future Looks Bright (at least in the eyes of employees)...

After a steady rise in the perceptions of leaders, managers and employees in relation to the perceived growth of organisations in Australia and New Zealand, the latest results suggest the outlook remains strong in the eyes of employee, but is wavering with managers and leaders.

Concerns around the political, environmental and economic future of Australia and New Zealand appear to be clouding the perspectives of leaders and managers. Meanwhile, employees appear to be blissfully unaware of the uncertainty of their organisational future:

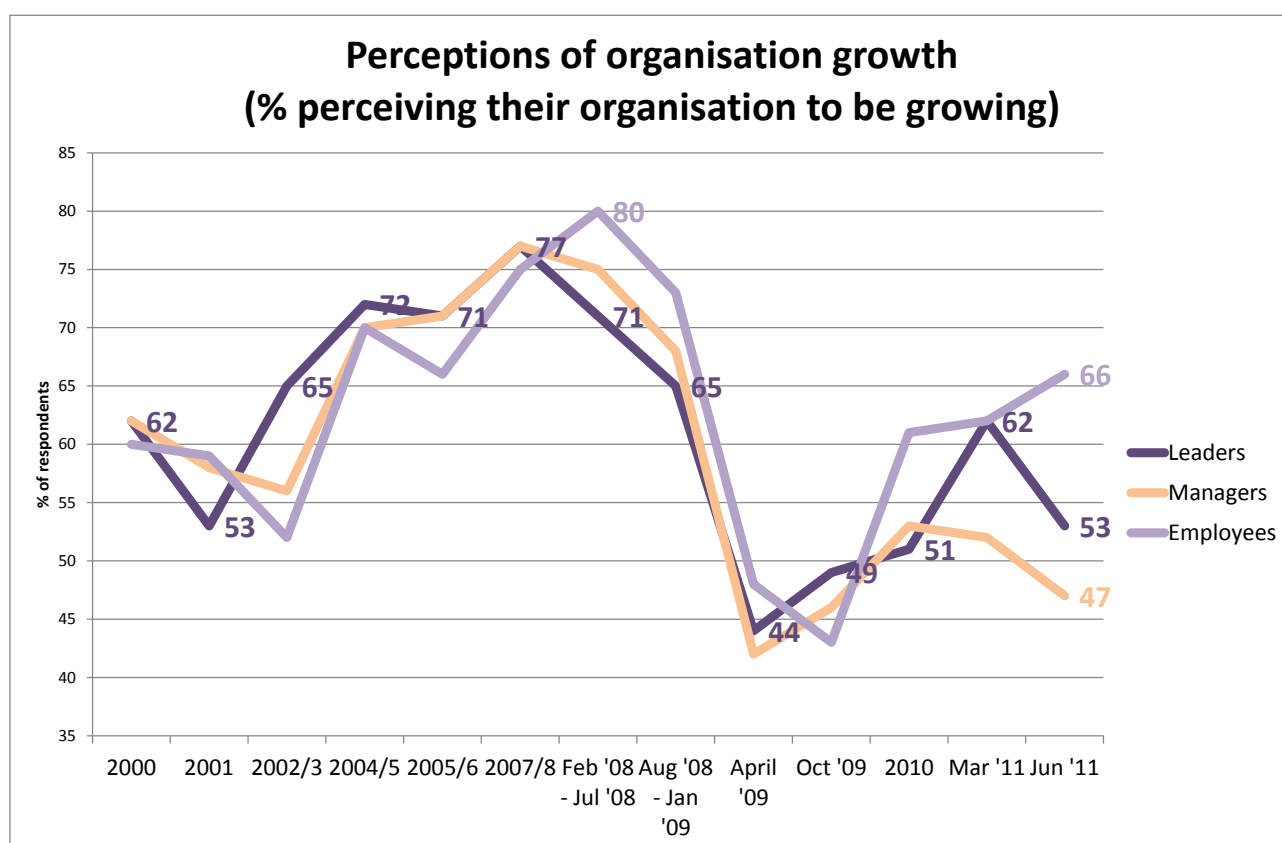


Figure 1: Q. Would you say your organisation is...(Growing, Holding Steady, Shrinking, Just surviving)?

Such a gap in the realities of the three key audiences addressed by the L.E.A.D. Survey creates an awkward situation and the potential for miscommunication and misunderstanding. If the typical employee has an extremely positive outlook and his/her managers and leaders don't share that outlook major gaps will appear and contradictions between perception and reality have the potential to negatively impact on performance and productivity.

The perceptions of growth evident in the eyes of employees are echoed in their confidence in the strength of the economy at present – which has risen from 5.2 to 7.6 out of 10 over the last year or so and confidence in the individual’s control over his/her life (up from 7.1 to 7.5):



Figure 2: Q. On a scale from 1 to 10 where 1 means you have no confidence at all and 10 means you are completely confident, please indicate how confident you are currently about the following aspects of your personal and working life?

“The big risk in employees having one view of the organisational world and their leaders and managers having a contrary view is that employee expectations will exceed the organisation’s will and potential to deliver their anticipated future – in effect, the gap will perpetuate to the point of self-destruction and lead to excessive and costly staff turnover.”

Grant Sexton, Executive Chairman, LMA

So let’s explore and understand these key issues through a closer look at the current L.E.A.D. survey results with a view to equipping leaders and managers with some strategies and actions to address the key issues evident in this quarter’s results.

1. Skill shortages – are you likely to be caught short?

Lately a lot has been said and written about skills shortage in organisations. But until now, little has been said or written about the reality of the nature and extent of such shortage. Around two-thirds of leaders, managers and non-managerial employees in Australasian organisations recognise skills shortages in their organisations currently:



Figure 3: Q. Is your organisation currently experiencing a skills shortage in any areas?

But where does the skill shortage rear its head most obviously? Beyond technical skill gaps and shortages (which are largely industry-specific and therefore require specific industry-based training), two of the top six are areas that should be of immense and immediate interest to leaders and managers in our organisations – the areas of **leadership and management**.

Clearly there is a need for leaders and managers to look not only at their own skill base but to the future skill base for their organisations in these two critical areas. Identifying and developing talent in these two areas provides not only succession planning options for current leaders and managers but also help to spread the load and build capacity for growth and a more certain future.

Consider the following areas of skill shortage that are currently being reported in Australasian organisations:

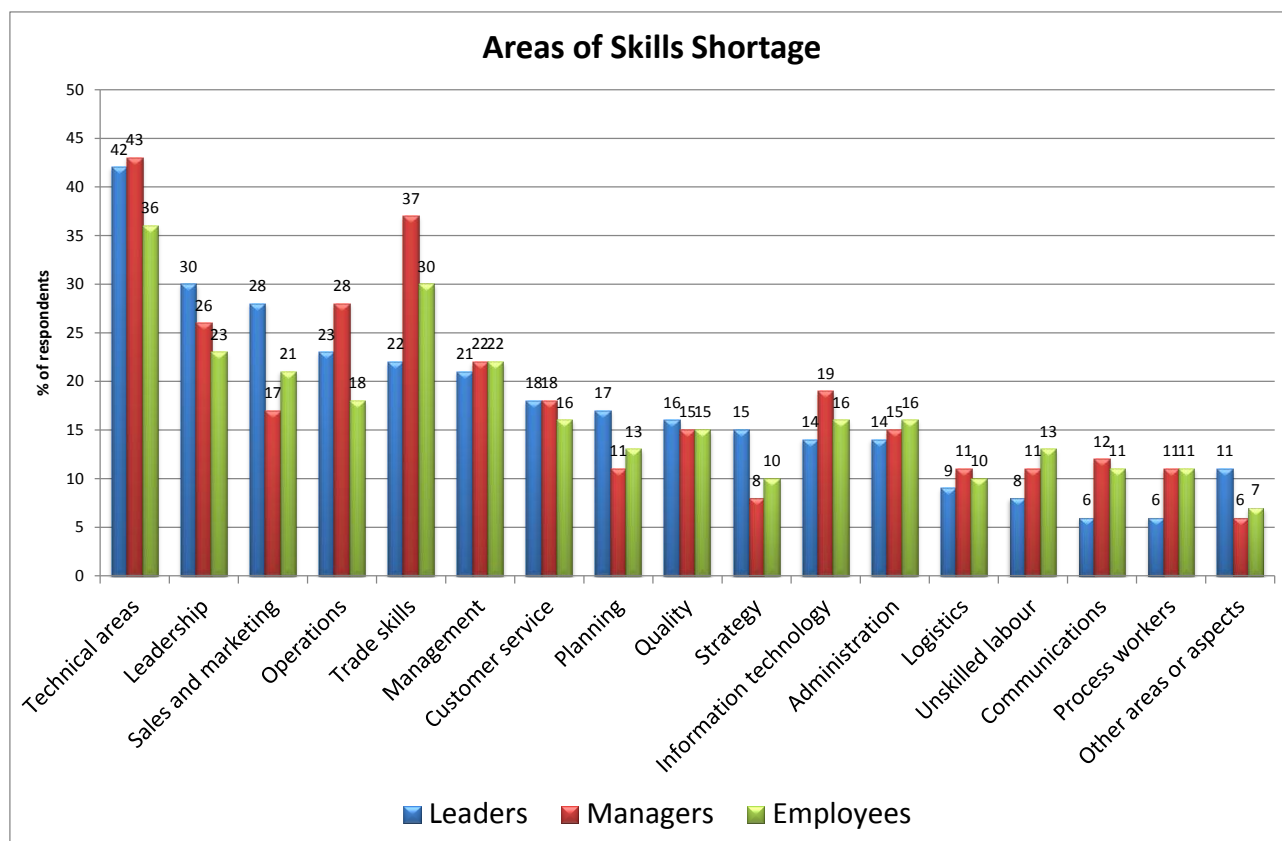


Figure 4: Q. In what areas or aspects of the organisation are there current skills shortages?

What should leaders and managers do?

- ✓ Leaders and managers clearly need to look at their own skillset and their own need for skill development. Leaders and managers need to take concrete action to improve their skills in these critical areas through formal training and mentoring – and be willing to take on new ideas and new thinking as it relates to their leadership and management approaches.
- ✓ Equally important is their identification of and investment in leaders and managers of the future within their organisations. If today’s leaders and managers aren’t spotting and developing tomorrow’s leaders and managers, organisations will suffer a double impact from the apparent skills shortage and the lack of strategic planning.
- ✓ Central to building skills in organisations is the commitment of leaders and managers to the growth of themselves and their teams. The critical importance of providing career pathways and development opportunities to people at all levels of the organisation is evident in the factors that drive their performance and secure their continued engagement with the organisation.

2. Building a better generational understanding – more information

Adding to the snapshot of LMA's Generations Survey in our previous quarterly summary, further information and insight is provided to help leaders and managers understand their role in developing and leveraging generational harmony in the workplace.

Importantly, a critical and profound finding from the survey has surfaced – a sleeper issue that threatens to undermine the stability of the workforce into the future. The looming fact is that:

- Only 17% of Baby Boomers would most like to work with other Baby Boomers (40% would most like to work with Generation X and 27% with Gen-Y)
- Only 41% of Baby Boomers would most like to report to other Baby Boomers (33% would most like to report to Generation X and 18% would not like to report to anyone else).

And in stark contrast, very few in Generation X or Y wish to work with or report to Baby Boomers in the future. With at least another decade of Baby Boomers running organisations to come, the pressure is on Baby Boomer leaders and managers to reinvent themselves so that those of their own generation, and the other generations to follow, feel comfortable working with and reporting to them in future:

<i>Who would you most like to work with in future ...?</i> (Base – n=730)	<i>Baby boomers</i> (born between 1945 and 1962) %	<i>Generation X</i> (born between 1963 and 1980) %	<i>Generation Y</i> (born between 1981 and 1995) %
<i>Pre-boomers</i>	1	-	-
<i>Baby boomers</i>	17	4	4
<i>Generation X</i>	40	57	29
<i>Generation Y</i>	27	32	53
<i>Generation Z</i>	3	2	6

Table 1: Q. Who would you most like to work with in future ...?

Disturbingly, only 4% of Generation X and Gen-Y would most like to work with Baby Boomers in the future – a sign that the relationships between these generations will require a serious investment of time and energy to improve their impact on performance and productivity.

Likewise, very few people from these generations would most like to report to Baby Boomers in future – a worrying outlook given leaders and managers in the next decade or so will be Boomers:

<i>Who would you most like to report to in future ...? (Base – n=730)</i>	<i>Baby boomers (born between 1945 and 1962)</i>	<i>Generation X (born between 1963 and 1980)</i>	<i>Generation Y (born between 1981 and 1995)</i>
	<i>%</i>	<i>%</i>	<i>%</i>
<i>Pre-boomers</i>	1	-	1
<i>Baby boomers</i>	41	14	8
<i>Generation X</i>	33	71	50
<i>Generation Y</i>	5	6	24
<i>Generation Z</i>	2	-	3

Table 2: Q. Who would you most like to report to in future ...?

The key to addressing this situation appears to be the ability for leaders and managers to identify the needs, expectations and motivations of the different generations in the workplace and set about bridging any gaps that exist. Only through closing the gap between Baby Boomers and other generations will cross-generational harmony be achieved.

Some other key results highlight the importance of understanding the different needs and expectations of the younger generations if better relationships are to be developed and nurtured:

Influences on Performance by Generation

A range of perspectives across the generations are evident in relation to the positive influences on employee performance. Gen-Y seeks greater training/new skill development, better feedback/communication and flexibility. Generation X believes employees are motivated more by flexibility and the nature of the work (interesting/challenging) and responsibility and independence:

Top 5 Influences on Employee Performance (2011)	Gen-Y	Generation X	Baby Boomers
Reasonable salary/pay	1	1	2
Good relationships with other staff	2	6	3
Interesting/challenging work	3	=3	4
Training and new skill development	=4	12	14
Flexible work arrangements	=4	2	11
Receiving good feedback and communication	=4	=7	=6
Being entrusted with responsibility/independence	7	=3	1
Job security	8	5	5

Table 3: Q. Looking at this list, please nominate which five factors you feel have the most positive influence on your performance at work TODAY.

Characteristics of a Good Manager

Some differences in perspective of what makes a good manager are also evident as we look across the generations with a greater expectation of hands on support through coaching and development needed by Gen-Y. Even so, the top characteristics are understood and generally similar across all three generations:

Top 5 Characteristics of a Good Manager (2011)	Gen-Y	Generation X	Baby Boomers
Gives honest feedback on how I am going	1	4	=5
Coaches and develops me	2	=8	=12
Is trustworthy and open in approach	3	1	3
Clearly communicates where we are going	=4	2	2
Recognises me for extra efforts/results	=4	=8	=7
Listens to/respects my input into decisions	=6	5	1
Gives me 'space' to do my work, supports me	8	3	4

Table 4: Q. What would you say are the top five most important characteristics for a good manager to have, in order to positively influence your performance in your role at work?

Leadership Competencies

Encouragingly, the top leadership competencies are commonly understood and appreciated by all generations with the order varying only marginally by group. Interestingly, Gen-Y places coaching and development lower down as a leadership competency, suggesting this is more a part of a manager's role rather than a leader's role:

Top 5 Critical Leadership Competencies (2011)	Gen-Y	Generation X	Baby Boomers
Communication skills	1	1	1
Planning and organising	=3	4	2
Problem solving and decision-making	2	3	3
Developing and coaching others	6	2	5
Building relationships (external and internal)	5	5	=6
Teamwork	=3	6	4

Table 5: Q. Looking at this list of leadership competencies, please nominate which you believe are the five most critical competencies that leaders and senior managers need to do their job well today?

So what should managers do?

- ✓ Identify the needs, expectations and motivations of the generations that exist within your workplace. Explore what creates and sustains effective relationships within and between each generation – what makes each generation work most effectively with their own and other generations, what drives their performance and motivates them to deliver at the highest level?
- ✓ Explore avenues to close observed gaps and bring generations into the same space – what can be done for and with each generation that will allow different perspectives to co-exist and enhance productivity and performance? What leadership and management action is needed to make generations work more harmoniously with each other?
- ✓ Maintain close contact with each generation to ensure the organisation is able to keep responding to evolving needs and expectations. Seek regular feedback from the formal and informal leaders of the different generations to provide a ready source of ideas and initiatives to help strengthen bonds between and within generations. Responsiveness to employees sends an important signal that the organisation values them and is willing to work collaboratively to hold them in an environment of scarce talent.

“When generations are working with each other effectively, organisations hum. They take on an aura of productivity and performance within an environment of growth and development for each and every employee – and they inevitably experience the joy of very low or zero staff turnover.”

Grant Sexton, Executive Chairman, LMA

3. HR – knights in shining armour or maids in waiting?

A key player in seeking to attract, retain and develop talent in an environment where talent is scarce is the HR function or department in the organisation. Not only can HR act to support and address the needs of employees, they can be the conduit between different levels and different generations – providing pathways and building bridges towards a more productive and connected organisation.

Encouraging is the perspective of leaders in particular who claim to hold HR in high regard, despite managers holding a slightly less positive view of HR:

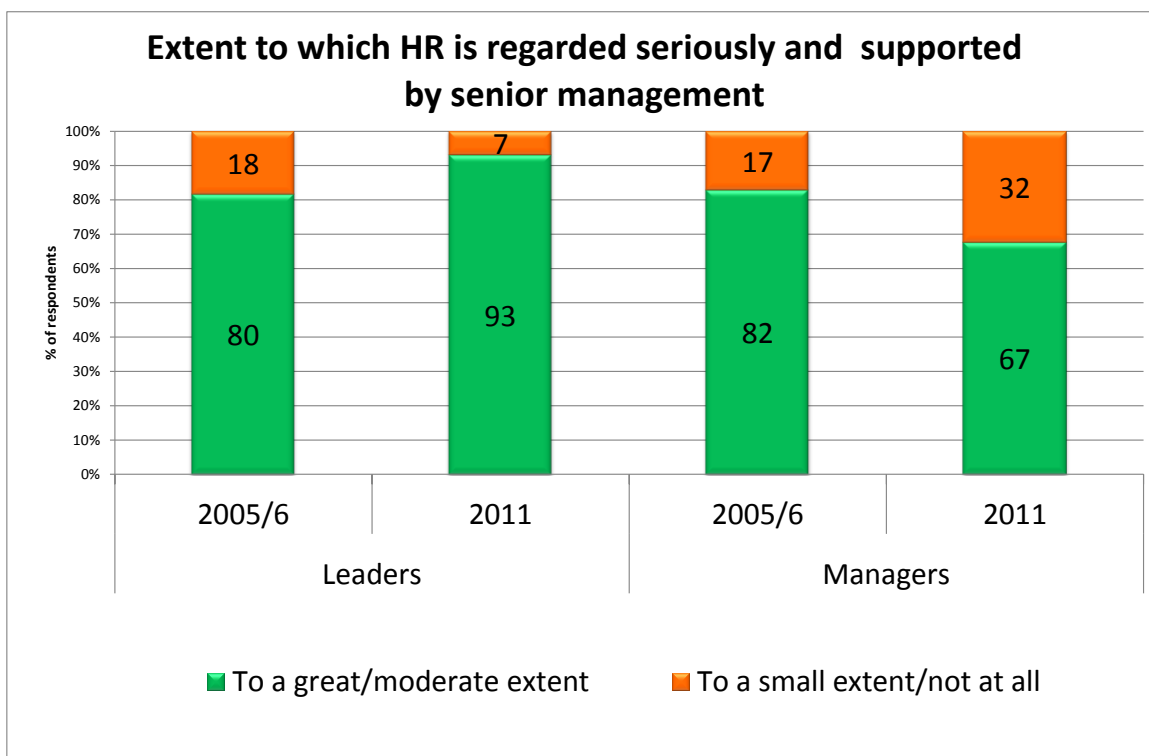


Figure 5: Q. Do you regard the department/section/manager seriously and support its/their endeavours?

But beyond how well the HR department is viewed by senior management, the importance of HR being aware of issues of importance to employees and acting to address those issues is where the real test of HR effectiveness comes.

The charts overleaf illustrate that whilst leaders and, to some extent managers, believe HR is effective in terms of awareness and action, from an employee perspective there is still much work to be done. Large gaps exist between what leaders believe is happening and what is truly experienced by managers and employees.

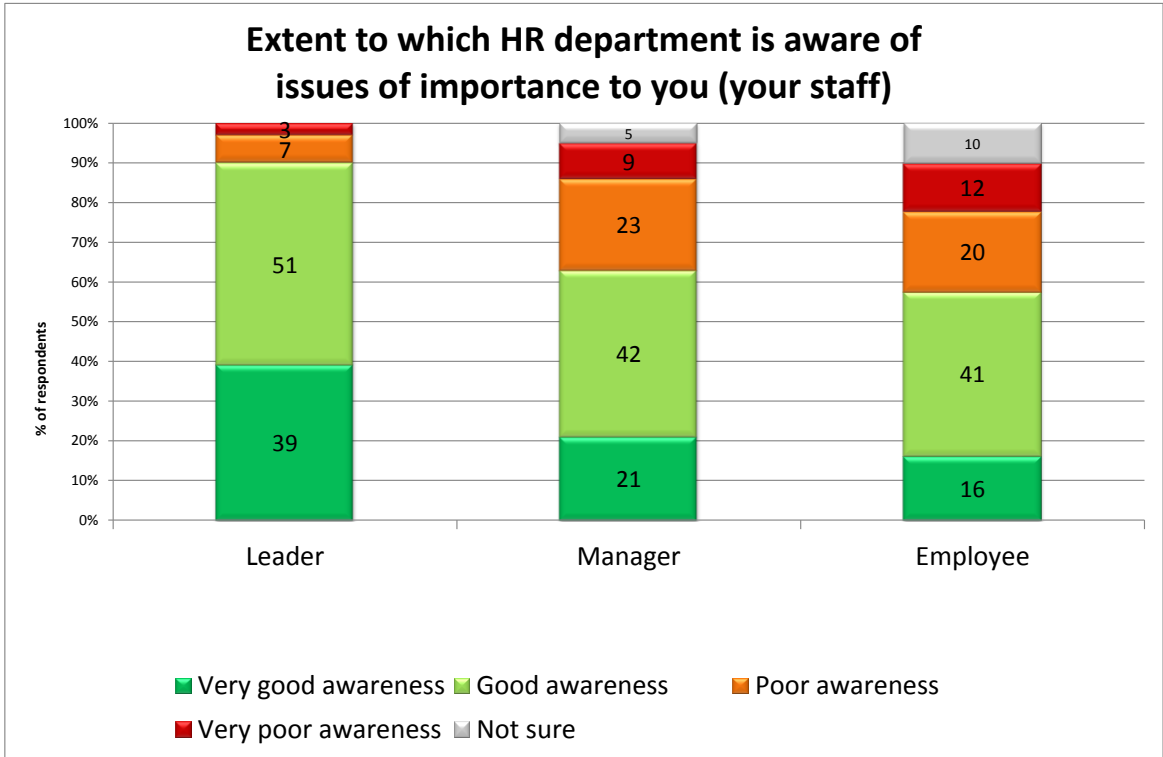


Figure 6: Q. How would you rate this department's/section's/manager's awareness of issues of importance to you?

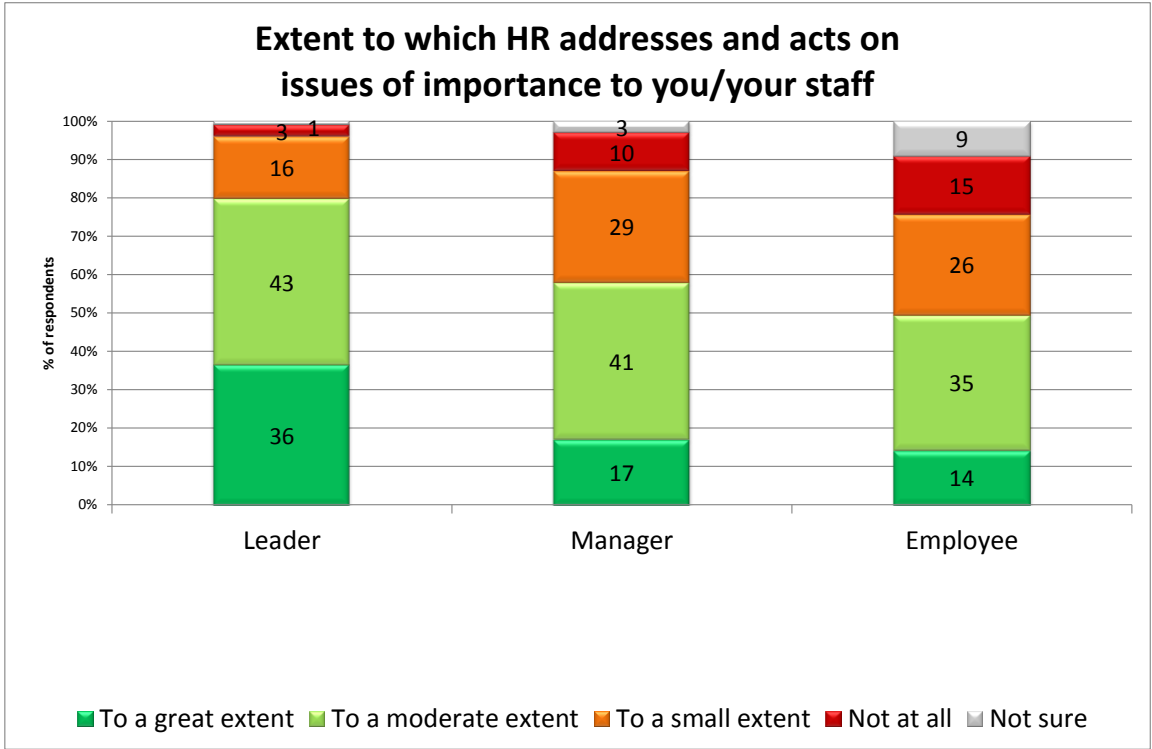


Figure 7: Q. To what extent do you believe this department/section/manager is addressing and acting upon issues of importance to you?

What should leaders and managers do?

Leaders and managers need to be aware that HR can only become aware of and act in relation to employee issues if the environment for raising these issues is open and accepting. If employees feel able to discuss their needs and issues, they will be far more likely to do so openly and willingly.

Consider the following actions to enhance the extent to which HR can work in support of the employees in the organisation and, in doing so, build connections between levels and generations to the advantage of the organisation:

- ✓ Discuss with HR the prospect of creating a suitable forum for gathering input and feedback about employee needs and issues. Support and endorse this as a regular activity to create an environment that welcomes the contributions of its people.
- ✓ Recognise and reward employee input through such forums to demonstrate that feedback is valued and contributes to the success of the organisation. Be prepared to follow through and follow-up input to complete the loop and encourage further contributions in future.
- ✓ Work towards a collaborative and constructive relationship between senior and middle management and the HR function in order to build an effective means of holding and developing good people whilst securing the future of the organisation.

Summary

The latest findings from LMA's L.E.A.D. Survey remind leaders and managers of the importance of observation and analysis – in areas such as generational harmony, skills shortages and the collaboration and relationship with HR.

By focusing on some of these areas, leaders and managers will be better equipped to deal with emerging issues such as talent shortage, learning and development commitments and resourcing the organisation to make the most of its future opportunities.

Taken seriously, these issues offer avenues for organisations to leverage their organisations and their people to provide advantage to the organisation and provide certainty to employees at all levels in an environment that increasingly unsettling and to some extent uncertain.

Ref: LMA LEAD Quarter 2 2011 Quarterly Summary_AG