

“Good managers + good people = good times”

Vital information to stop leaders and managers falling asleep at the wheel

*Summary of key findings from the latest wave of the
Leadership Management Australasia (LMA)
Leadership, Employment and Direction (L.E.A.D.) Survey
December 2010*

Overview

New findings from the latest Leadership, Employment and Direction (L.E.A.D) survey reveal an improved outlook for organisations in Australia and New Zealand. But even with a better outlook, there are some major challenges on the organisational horizon – such as the need for new management styles focused around trust and openness, being able to attract and retain quality staff in an increasingly buoyant economy, and in refocusing on investing in people for growth through human resources and training and development activity.

These issues are among the most profound to emerge from the latest wave of the L.E.A.D. Survey and they present leaders and managers with an important opportunity to tune their organisations and their own approaches to engage employees and improve performance and productivity in a post-GFC world.

“As the world emerges from the toughest times in recent memory, now is not the time for leaders and managers to be caught asleep at the organisational wheel. Take note that having lived through these times, employees have some new and very clear expectations for the future – for themselves AND for their managers and leaders.”

Grant Sexton, Managing Director, LMA

This paper discusses where employees are at, what leaders and managers need to be aware of and how they should set about engaging their people to make the most of the opportunities that are currently presenting themselves.

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 (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 wave of L.E.A.D. reported in this summary, the total number of participants involved is 3006 Employees at all levels with sub-groups of:

- Business Leaders / Senior Managers – 353
- Middle Managers / Supervisors – 725
- Non-managerial Employees – 1,928

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 overall employee audience in the latest wave is as follows:

Organisation type

Government/quasi (13%), Public Company (29%), Private Company (46%), Franchise (2%), Not for Profit (4%)

Location

Metropolitan Australia (61%), Regional Australia (25%), New Zealand (14%)

Gender

Male – 67% / Female – 33%

Age

Under 35 years – 35%, 35-44 years – 32%, 45-54 years – 24%, 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 – a corner turned, new challenges ahead...

Is the worst of the Global Financial Crisis truly over? Can we all take a breath now and get back to some type of normality? The latest results of LMA's L.E.A.D. survey indicate that our organisations have turned a corner and are looking forward to better times ahead.

Perceptions of organisations as growing have continued to improve over the past 18 months after a profound decline in the preceding two years. The percentage of respondents saying their organisation is growing has risen to around two-thirds of leaders, managers and employees in the last six months:

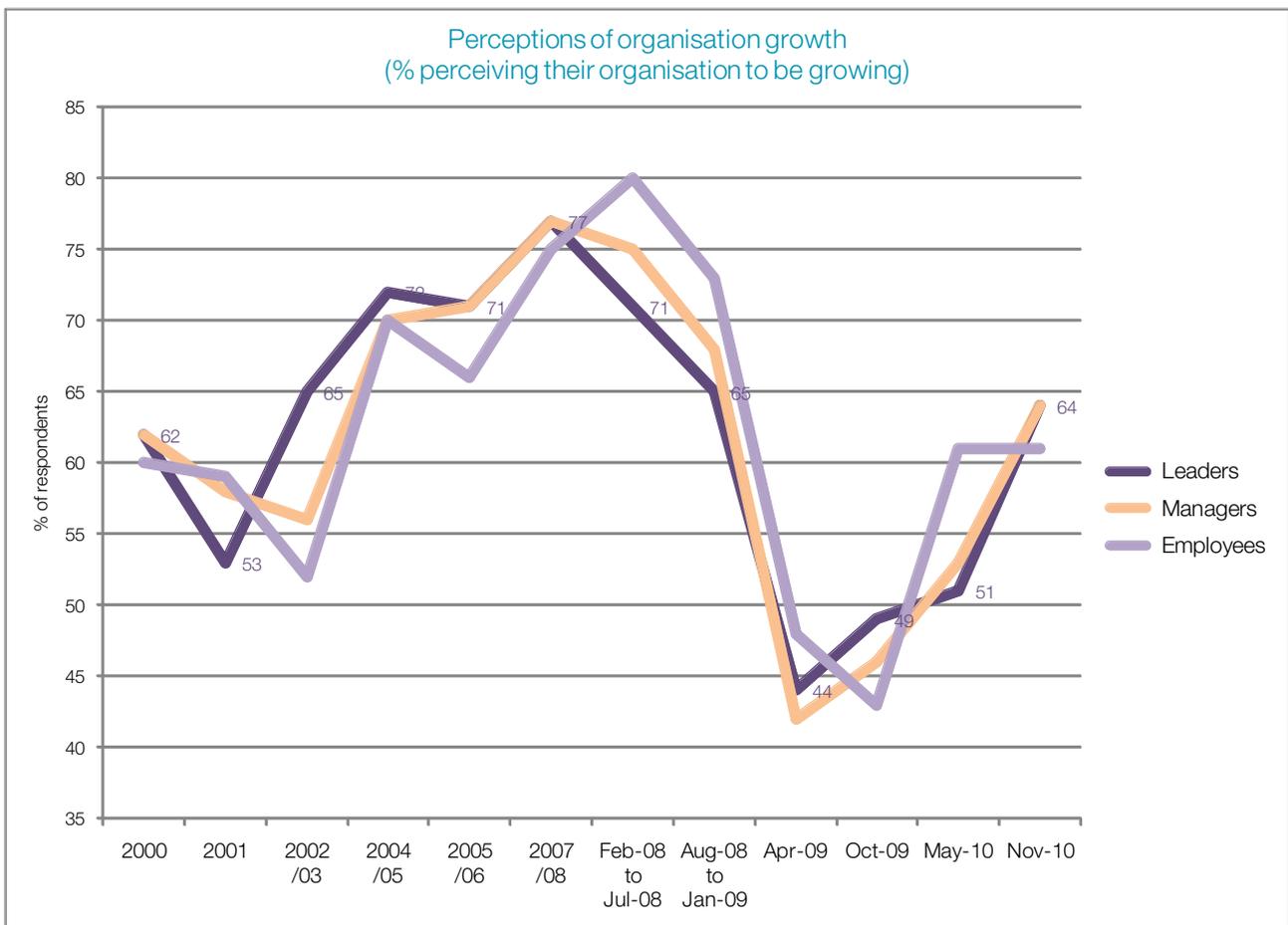


Figure 1: Q. Would you say your organisation is growing, holding steady, shrinking or just surviving?

But even with a better outlook, there are some big challenges on the organisational horizon – a new perspective on what makes a good manager, what it will take to attract and retain quality staff and the importance of refocusing on investing in people for growth.

These important issues have emerged from the latest wave of L.E.A.D. and they present leaders and managers with an opportunity to review their organisations and their own approach to engage employees in the new economy, post-GFC.

So let's understand these key issues through a closer look at the L.E.A.D. survey results with a view to equipping leaders and managers with some strategies and actions to address emerging issues and make the most of the opportunities on offer.

The survey highlights that the majority of employees are ready and willing to take on new challenges and to embrace their own and their organisational future. Further, it suggests that right now, organisations need managers who can instill trust and create an engaged and motivated workforce. So how should leaders and managers be working to draw on this willingness to the advantage of their organisations? Let's look at each of these areas in turn...

1. Need for new management style

What employees expect of their managers has changed dramatically over the past year. A new number one characteristic and major changes in the Top 10 from just a year or two ago presents managers with new challenges in fulfilling the needs and expectations of their employees.

Whilst having managers who clearly communicate about the future remains important at equal second, the number 1 characteristic of good managers is now being trustworthy and open in their approach. Employees are increasingly looking to managers to be worthy of employee trust and open in their approach to management. This means managers need to demonstrate to employees that they are willing to listen to employees and their input in order to earn their trust.

<i>Top 10 Characteristics Of Good Managers (Employee view)</i>	<i>Rank 2009</i>	<i>Rank 2010</i>	<i>% with this characteristic in their Top 5 Characteristics of a Good Manager 2010 (%)</i>
Is trustworthy and open in approach	7	1	41
Clearly communicates where we are going	1	=2	37
Gives me the "space" to do my work, but supports me	5	=2	37
Listens to and respects my input into decisions	4	4	36
Gives regular and honest feedback on how I am going	2	5	35
Is fair and even handed/makes reasonable demands	3	6	30
Provides the resources I need to do my job	=11	=7	29
Recognises me for extra efforts/results	10	=7	29
Coaches and develops me	9	9	28
Trusts me with challenging work	8	10	26

Table 1: Q: A person's working relationship with their immediate manager or managers with whom they have frequent contact, can have a significant impact on their performance and satisfaction in their role. 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?

This new perspective on the characteristics of a good manager is echoed in the growing importance of managers giving their people the space to do their work and at the same time supporting them (up from 5th to equal 2nd) and providing the resources employees need to do their job (up from equal 11th to equal 7th). *The full list of 22 characteristics appears in the Appendix.*

The underlying message is that if managers are to be trusted by their employees, they will increasingly need to allow their employees the space to manage their own work, provide the support and resources to do so and be willing to provide feedback and recognition regularly.

Why might this be occurring?

A number of factors are likely to be behind the changing characteristics of good managers and the growing importance of managers being trustworthy and open in their approach:

- During recent tough times, employees in many organisations were expected to work shoulder to shoulder with their managers and leaders to 'get through'. They simply had to trust that their employers would look after them, protect their interests and help to ensure everyone lived to tell the tale.
- Recent tough times also saw organisations embracing vastly different work models (job sharing, changed operational arrangements, creative use of leave periods) to weather the storm. Again, employees had to trust their employers in their decisions about the structure of their organisations. Employees appear to be saying that they would like that atmosphere of trust to be able to continue – for them to continue to work productively under the guidance of their managers to achieve for their organisation. Trustworthiness and openness in approach have clearly become key manager characteristics in creating productive and flexible workplaces.
- The foundation of effective relationships and high performance working environments is trust. Managers, through their management style, must therefore be seeking to develop an open environment which encourages trust in them by their employees. Employees have clearly indicated that this type of management approach will induce a positive influence on their performance at work. Employees have indicated a willingness to perform so long as they have appropriate resources, support and feedback from their managers.

What should managers do?

The message is clear for managers:

- ✓ Realise that employees would like to be able to place their trust in you and reward that trust with a genuine appreciation of, and response to, their needs. Only an open and honest approach will work to identify and address ever-changing needs and expectations. But adopting such an approach has the potential to pay dividends in the form of a loyal, stable and highly effective workforce.
- ✓ Look to develop strong foundations for a trusting environment in the workplace through the provision of resources, support, encouragement and recognition. By living up to the expectations employees have of their managers, employees will feel better able to trust managers, and in doing so, be better placed to improve their performance over time.

- ✓ Reflect on the new and evolving expectations and identify one or two areas where a small change would make a big difference – a difference not just to you but to your team and how they look at you. There is clear evidence that employees would like their managers to create the environment that maximises their performance and then let them go about their work – enabling the managers to do their job more effectively also.

“Effective managers recognise the need for their people to trust them and they set about earning that trust through an open approach and a commitment to listening and action. They seek to create environments that people can see themselves being part of.”

Grant Sexton, Managing Director, LMA

2. Being able to attract and retain quality staff

Creating the right environment is particularly important to attracting and retaining quality people for an organisation. Consistently, around four in five employees at all levels have indicated that they would prefer to advance their career and develop with their current organisation (83%). Yet, only around two-thirds (59%) feel it is likely that they will be able to do so – creating a gap of around one in four employees (24%) who feel they need to move on to advance and develop:

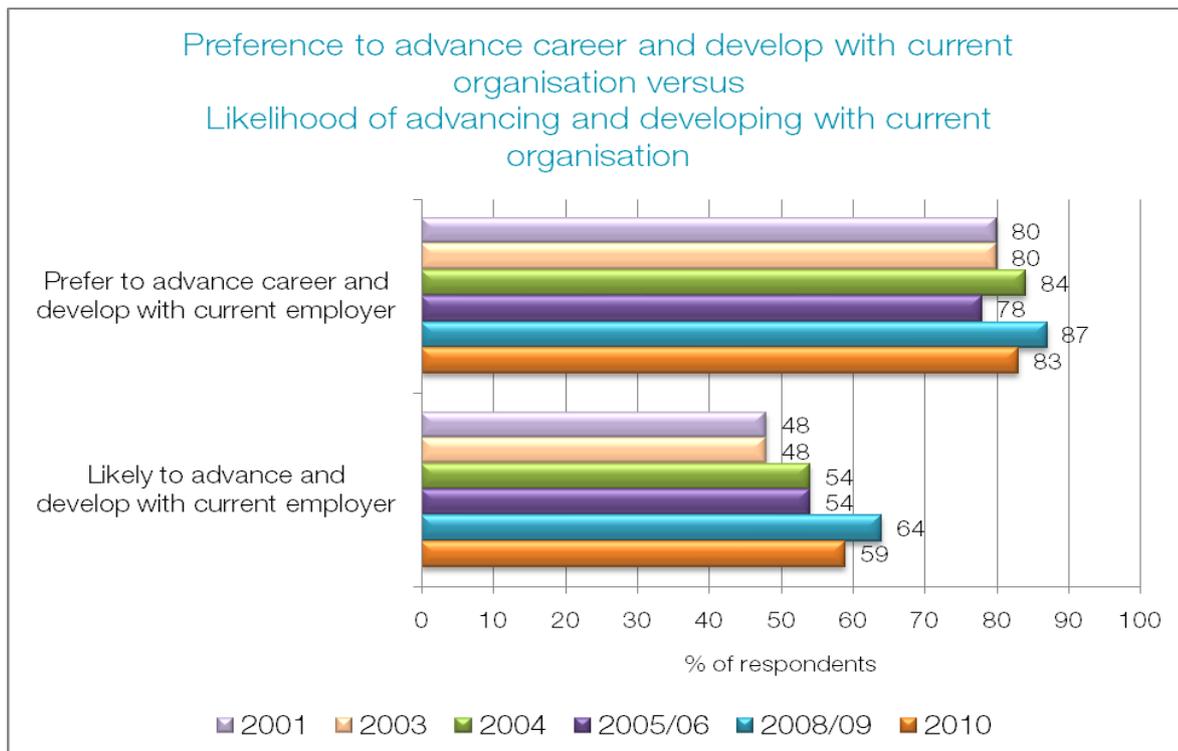


Figure 2:

- Q. Looking to the future, would you prefer to see your career advancement and development occur with your current employer or by moving to a different employer or employers?
- Q. Are you more likely to achieve advancement by staying with your current employer or moving to a different employer or employers?

So how long will it take for these people who would like to develop and advance but feel unable to do so to move on?

Based on current intentions, nearly all of this audience (20% of the 24%) anticipate working with their current organisation for a maximum of only another two years (41% anticipate working for longer periods whilst 40% are uncertain about their longevity with the organisation).

In addition, the extent to which employees are actively looking for new jobs in other organisations is around the same level as those who feel unable to develop and advance with their current organisation (22%):

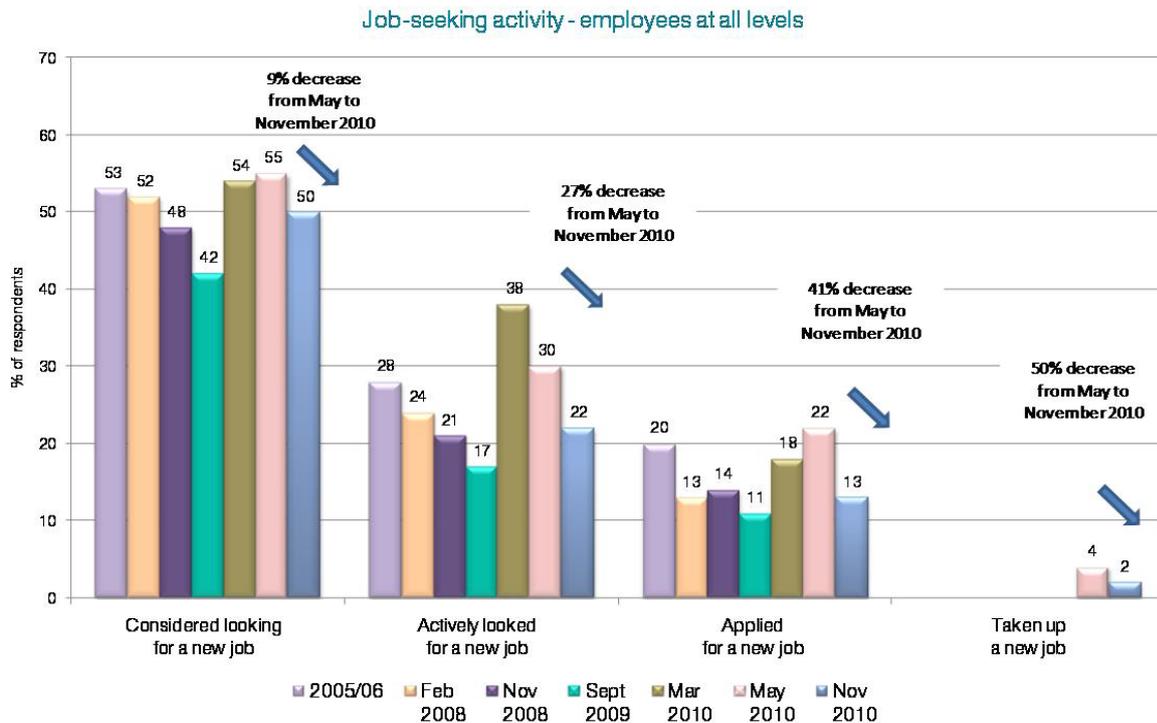


Figure 3: Q. In the LAST 6 MONTHS have you...?

Even though the level of unrest and job seeking activity in the marketplace has eased since May 2010, around one in five continue to feel sufficiently ill at ease with regard to their future to actively look at the market.

Much of this unrest is likely due to the fact that 37% of all employees have had little (21%) or no reassurance (16%) about their future with their current organisation.

Why might this be occurring?

Among the many possible reasons for considering or actively looking for a new job in another organisation the following are cited most prominently:

Reasons for considering a new job in another organisation	2010 %
Better salary/pay	51
Better opportunities for career development/growth	32
More interesting or challenging position/role/work	30
Lost interest in previous position/role/work	23
Lack of reassurance about career path	14
More flexible working conditions	11
Don't/didn't like my manager	9
Better opportunities for training and professional development	8
Don't/didn't like my current organisation	5
Another reason	16

Table 2: Q: Which TWO of the following would you say were the main reasons for considering, looking for, applying for or taking up a job in another organisation?

Clearly the workplace environment is a critical element in the decision to stay or go. The latest statistics on the aspects that are likely to retain staff or attract them to another organisation are a clear reminder of the multi-dimensional nature of the modern organisation:

Things that would encourage you to stay with current employer	2008 %	2010 %
Salary increases	69	65
Opportunities for career advancement	58	59
Opportunities for training and development	52	50
Flexible work hours	37	45
Flexible leave arrangements	15	19
Special arrangements to suit your lifestyle	17	18
Opportunities to travel	14	15
Provision of personal days	7	9
Salary sacrifice options	11	8
Other monetary rewards	6	5
Other non-monetary rewards	2	8

Table 3: Q: What three key things are most likely to encourage you to stay with your current employer?

Salary increases, opportunities for career advancement and training and development are the top elements that will encourage employees to stay put. Flexibility in work hours has also increased enormously as a consideration in staying or going over recent years.

Things that would attract you to a new employer	2008 %	2010 %
Salary increases	78	77
Opportunities for career advancement	57	59
Flexible work hours	40	47
Opportunities for training and development	37	37
Opportunities to travel	20	21
Special arrangements to suit your lifestyle	22	20
Flexible leave arrangements	12	14
Provision of personal days	7	8
Salary sacrifice options	9	7
Other monetary rewards	5	4
Other non-monetary rewards	0	6

Table 4: Q. What would be the top 3 key things that would attract you to a new employer?

Salary increases, opportunities for career advancement and flexible work hours are the main attractions to new employers, signalling that employers will need to be in tune with the needs of prospective employees in order to awaken their interest.

What should managers do?

Some clear actions flow from the results pertaining to staff:

- ✓ Identify what employees are looking for and work to deliver what they seek. Beyond salary increases (which are not always possible), look for ways to provide challenge, opportunity for growth, advancement and development.
- ✓ Explore avenues to create flexibility in the workplace, in particular, flexibility that enables employees to work in ways that suit the rest of their lives – not the other way around. The benefits of flexibility will encourage the employee to feel valued and create greater commitment to the organisation.
- ✓ Recognise that most employees would like to develop with their current organisation – look for ways to tap into that desire – in training and development opportunities, through structured / formal mentoring and coaching activities and through individual career planning and review.

“The key to making the most of opportunities in a post-GFC employment market will be an organisation’s (and hence its leaders’ and managers’) ability to retain and attract the workforce it needs – doing so will require new thinking and new approaches to harness the power of the individual.”

Grant Sexton, Managing Director, LMA

3. Refocusing on investing in people for growth

Reflecting on the desires of employees to develop in their current organisation, it would seem one key player in making this possible has suffered through GFC. The human resources areas of organisations in Australia and New Zealand appear to have been trimmed or flattened somewhat through tougher times:

- 77% of employees indicated that they have a human resources department or section or manager (down from 86% in 2008)

Yet HR departments appear to be holding up by maintaining their awareness of issues of importance to employees – 57% of employees believe the department has very good or good awareness of their issues (compared to 59% in 2008).

And they appear to be acting to address the issues of importance almost as well (49% believe HR is addressing issues to a great or moderate extent (compared to 53% in 2008).

The importance of HR personnel in tuning into and responding to evolving needs cannot be overstated – they are lightning rods for the employees in organisations – and the early warning devices leaders and managers as they seek to stay in touch with emerging issues that require the attention of the organisation.

One key area where HR is typically heavily involved is in training and development. Again, through difficult times for many organisations, it would seem this aspect of operations was impacted negatively, in many cases being used as a means to manage limited or constrained resources:

- 90% of employees indicated that their organisation currently invests in the training and development of its staff (down from 96% in 2008)
- 87% of employees reported have received some form of training and development opportunity in the last 12 months (down from 90% in 2008)

But the provision of training and development opportunities is as important as ever in the decision of employees to stay with their current organisation – being developed remains a critical decision-making criterion when it comes to career planning and action.

Overall, nearly four in five (77%) employees say the provision of training and development is very or quite important in their decision to stay with their current organisation:

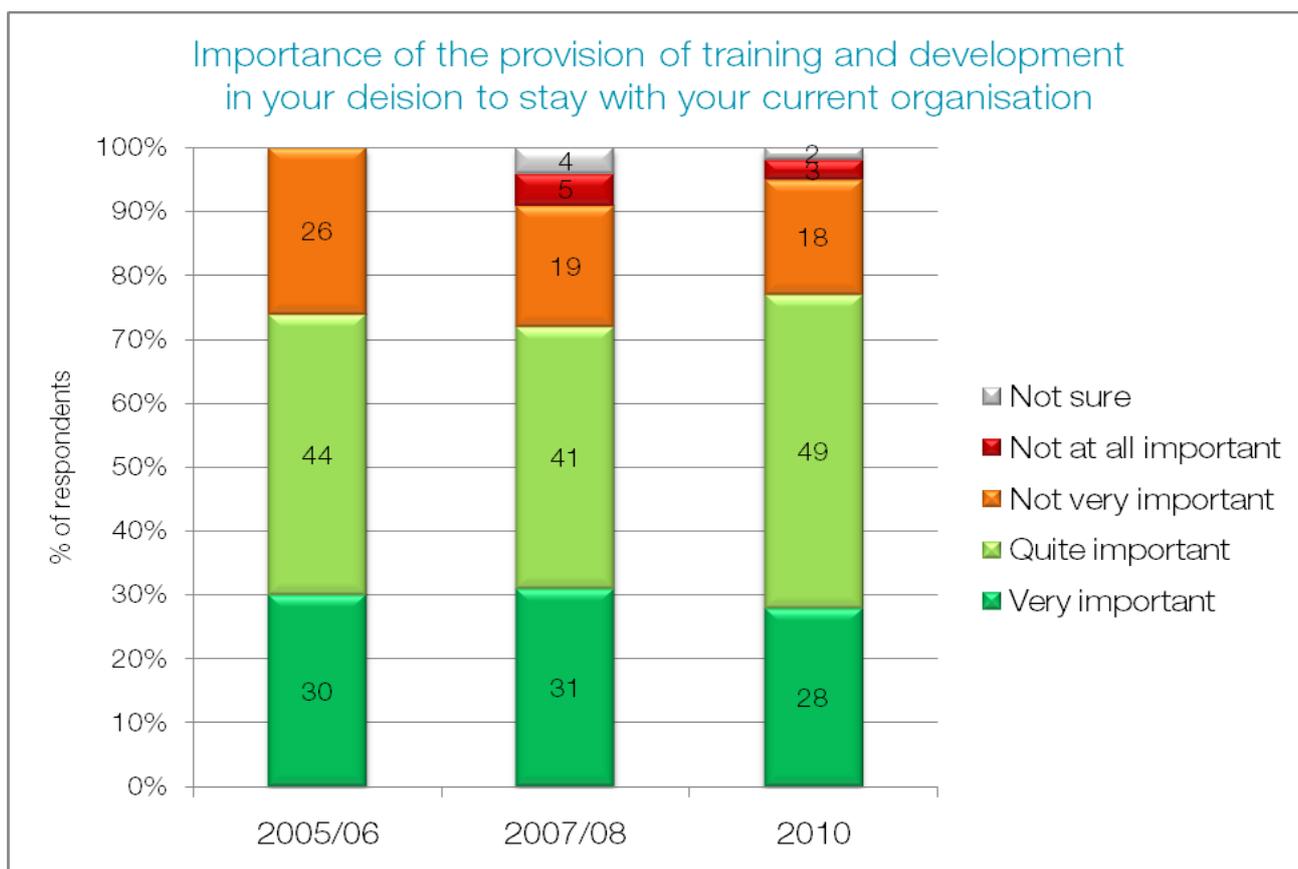


Figure 3: Q. How important is / would be the provision of training and development in your decision to stay with your current organisation?

In the context of providing growth and development opportunities, the provision of effective training is critical. Unfortunately, the ratings of satisfaction with access, amount and quality of training being offered to employees at all levels has also dipped during the period since 2008:

Ratings of training	2008 %	2010 %	Difference (% points)
Satisfied with access to training	69	66	(3)
Satisfied with amount of training	66	61	(5)
Satisfied with quality of training	73	67	(6)

Table 4:

Q. How satisfied are you with the ACCESS to training and development for yourself in your current organisation?

Q. How satisfied are you with the AMOUNT of training and development you receive in your current organisation?

Q. How satisfied are you with the QUALITY of training and development that you have received in your current organisation?

At a time when organisations need to be aware of the needs of their employees, respond to those needs and provide effective learning and development opportunities, managers should rely on those closest to the employees – the HR personnel – to advise and direct appropriate action.

What should managers do?

- ✓ Managers need to look critically at their organisation's approach to HR and training and development and ensure that they are receiving appropriate attention and focus in this critical period.
- ✓ Establishing the nature and extent of training and development needs for each and every individual and setting about fulfilling those needs will help to retain and strengthen commitment to the organisation. A clear signal about their future with the organisation will enable many employees to feel secure and content to grow with the organisation.
- ✓ Reflecting on earlier L.E.A.D. findings, managers should be seeking to better understand the motivations of their employees and creating environments that challenge and support people as they go about their work. The culture of the organisation should reflect management commitment to learning and development at all levels.

“An organisation that doesn't take time out to explore the needs of its people and then act to address those needs will fail to hold key people and will ultimately struggle to develop and grow organisationally.”

Grant Sexton, Managing Director, LMA

Summary

The latest findings from L.E.A.D. remind us that the sustainability and success of organisations ultimately rests with the quality of the people in the organisation – the leaders, the managers and the employees. Knowing what is expected at each level, knowing what makes each level tick and being able to fine-tune the organisation to fulfil the various needs is the starting point for creating workplace environments that reach out and hold on to people.

Invest the required time and energy to know how to be a good manager, how to develop your people and how to make the most of the organisation's investment in human resources and training and development

Such a wise investment represents a key way to secure a quality workforce and set the organisation on a course towards longevity and success.

Appendix

List of 22 Characteristics of Good Managers

- Is trustworthy and open in approach
- Clearly communicates where we are going
- Gives me the “space” to do my work, but supports me
- Listens to and respects my input into decisions
- Gives regular and honest feedback on how I am going
- Is fair and even handed/makes reasonable demands
- Provides the resources I need to do my job
- Recognises me for extra efforts/results
- Coaches and develops me
- Trusts me with challenging work
- Supports me in the decisions I make
- Takes responsibility for their actions
- Helps me with my career development
- Has a sense of humour
- Provides guidance on how to meet expectations
- Sets a good example of work/family/life balance
- Respects what is personally important to me
- Sees their own job as different but not more important
- Involves me in determining my performance measures
- Takes my talents into account when assigning work
- Openly helps me to resolve workplace conflicts
- Helps me prioritise my work

Ref: LMA LEAD Wave 1 2010 White Paper Summary_AG.doc