



Do Australian Leaders Have What It Takes?

A study of Australian Leaders released today by the University of Melbourne's *Centre for Workplace Leadership* has grim findings for Australia's leadership capacity.

An ABC commentator on the report said:

Australia's largest ever leadership survey has revealed drastic shortfalls in innovation and business performance, and outright failures in leadership development in organisations across the country.

<http://www.abc.net.au/news/2016-05-30/businesses-face-innovation-shortfalls-leadership-crisis-study/7457874>

The **Study of Australian Leadership (SAL)** is touted as the first major study of leadership in 20 years and was focussed on determining whether Australian leaders have what it takes to meet future challenges and opportunities.

Data to support the report's finding was gathered from 8000 people across 2700 organisations.

The full report is available at: <http://sal.workplaceleadership.com.au>

According to the report (pg.1)

If Australia is to maintain national competitiveness and generate growth and jobs, organisations need to navigate through a phase of increased uncertainty and ambiguity, disruption and change.

To survive, organisations need to innovate and adapt, and to develop new capabilities and new sources of growth.

A critical question is whether Australian organisational leaders are ready to meet these new challenges. Or whether the extended period of economic growth driven by the resources boom has made Australian organisational leaders complacent and unprepared for the future?



"Whoever pulls the sword from the stone shall lead this project."



A summary of the findings of the report is included below and drawn directly from page 8 of the executive summary.

1. Many Australian workplaces are underperforming. A significant proportion of Australian workplaces – more than 40% – are not meeting their performance targets for return on investment and profitability. Around one-third of workplaces underperform against their sales targets.

2. Many Australian organisations do not get the basics right. Many leaders and managers are not mastering basic management fundamentals such as performance monitoring, target setting and the appropriate use of incentives. Mastery of these is important for improved performance and better employee outcomes, above and beyond leadership capabilities and self-efficacy.

3. Few Australian organisations report high levels of innovation. Innovation drives growth and productivity. Yet most organisations struggle to turn knowledge and ideas into successful innovations. Too few (18%) private sector organisations report high levels of radical innovation. Surprisingly, public sector organisations were more likely than private sector organisations to have reported high levels on both types of innovation. However, findings show those organisations that do innovate successfully achieve superior performance outcomes.

4. Many Australian leaders are not well-trained for the job. Formal qualifications are not everything, but formal training provides a foundation for the diverse skills associated with leadership – from technical skills to solving problems and managing change. One in four senior leaders in private sector organisations has no formal training beyond secondary school. The same goes for majority Australian-owned, and small or medium-sized organisations.

5. Too many Australian organisations underinvest in leadership development, especially at the frontline. SAL shows that investing in leadership development is positively associated with leader capabilities and self-efficacy, which in turn significantly better workplace performance and innovation. Yet the findings reveal that many workplaces do not invest in leadership development at all, or invest very little. Those that do invest in leadership development often spend in the wrong places. SAL shows that investing in workplace and frontline leaders can be effective in improving performance through better employee outcomes and driving innovation. But recent evidence for the Asia-Pacific region (including Australia) shows that for every \$10 spent on senior leaders, only \$1 is spent on frontline leaders.

6. Leadership in Australian organisations does not reflect wider social diversity. Diversity can be good for business performance. It can lead to greater creativity and innovation, improvements in productivity, as well as higher employee commitment and engagement at work. Yet senior leadership in Australian organisations is dominated by older men from English-speaking backgrounds. Women, younger leaders, and leaders from non-English speaking backgrounds are under-represented when compared to their numbers in the broader population.



7. Many senior leaders do not draw on strategic advice in making decisions about the future. Senior leaders play a critical role in scanning the external environment and making sense of how external challenges are likely to influence the organisation. Leaders cannot do this in isolation; they require multiple sources of advice and information. Yet, the evidence presented in this report shows that few senior leaders seek advice from external sources, such as associations, consultants, experts, or other senior leaders in their industry or elsewhere. This leaves their organisations vulnerable to poor strategic insight and decision-making, especially in the current environment marked by disruption and uncertainty.

One of the most alarming findings is that *too many organisations underinvest in leadership development, especially at the frontline* with recent evidence for the Asia-Pacific region, including Australia, showing that for every \$10 spent on senior leaders, only \$1 was spent on frontline leaders.



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