

Inside the Minds of Australian Executives

What Australian Leaders Want

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Here is the proposition...to achieve sustainable success (however that is measured), Australian leaders must learn to create an environment conducive to different thinking and different leadership. That means drawing on the principals of innovation, outstanding communication, managing in complexity and virtuous behaviour.

That may seem by some to be a “tall order”, given the every day suffocation that leaders often find themselves experiencing - that is working *in* the business, not *on* the business.

Managers need to be able to talk as competently and freely in everyday organisational life about the “soft skills”, as they do about other aspects of the organisation (such as finance, IT or operations) – often called ‘the hard skills’ of management.

Intellectually, we recognise that effective leadership has a direct and positive relationship with the bottom line...this is implicit in the articles we read, the interviews we hear and the peer to peer discussion that takes place. But in practice, it could be proposed that Australian leaders in government, business and industry are still coming to terms with the concept of transformational leadership and how to ensure that it is present at all levels of the organisation.

That’s why it is so important to try and get behind **what Australian leaders want**. What is important to them in their everyday lives and in their organisations given the context of the Australian culture.

Four years ago, the Australian Institute of Management decided that it needed to explore this context more closely. As such, a major study of Australian managers, a joint project with Monash University, was conceptualised. Named the Australian Business Leadership Survey (ABLS), it represents the largest practical management research initiative since the work undertaken for David Karpins Enterprising Nation Report in the mid 1990s.

The ABLS allows AIM to “**get inside the minds**” of Australian managers, it is the most recent analysis of the outputs from Phase 1 that form the basis of this paper.

In 2002, 1,918 Australian managers participated in Phase 1 of the leadership study. The study was not concerned with specific leadership tactics, but with the “kinds” of

leadership that Australian executives practice. Those leadership approaches were categorised into two predominant leadership styles...**transactional leadership** and **transformational leadership** – but neither style was specifically pre-revealed in the questionnaire.

Transactional leadership “**is based on a transaction that occurs between leaders and followers such as agreements, communication and work exchanges**”. In other words “working in the business.”

Transformational leadership is based on motivating others to do more than they originally intended and often more than they thought possible. It is based on guiding, influencing and inspiring people.

Transformational leadership is future orientated and change orientated, generating followership by personalised interactions, consistency and situation specific motivation (Parry K 1996).

The types of behaviors that transformational leaders exhibit are:

- act as role models for the image they want to encourage
 - behave with consistency at all times
 - constantly reinforce their visions of the future
 - do not voice hollow or insincere platitudes
 - communicate effectively via the spoken word
 - adjust language to be consistent with their audience
 - get to know their followers personally
 - encourage others to think of new and better ways to do things
 - encourage initiative by not punishing unsuccessful attempts
 - cut red-tape occasionally
- If the view is taken that *leadership is the*

engagement of followers in the pursuit of shared goals, then generally Australian managers **reported they** used aspects of transformational leadership, particularly focusing on the individual, providing coaching and leading through a visionary approach and raising expectations through appeals to emotion.

Respondents self reported that active and passive management by exception – that is taking action by concentrating on mistakes and failure to meet standards, or only when things go wrong, was **much less frequently** used.

Phase 2 examined the written comments made by 524 managers from the total sample of 1,918 (27% of all respondents). **It revealed the most important issues occupying the minds of our leaders in business, government and industry, right now.**

10 issues emerged and these are listed.

<i>Priority</i>	<i>Issues</i>	<i>Frequency</i>
1	Continuing Professional Development	13%
2	Communication	11%
3	Personal Skills	10%
4	Values and Ethics	7%
5	Support Structures for Leadership	7%
6	Strategy	7%
7	Inspiring Others	7%
8	Managing in Complexity	6%
9	Poor upward satisfaction	6%
10	Clear goals and vision	6%

Four core themes emerged from the top 10 issues and these are:

- **Professional Development** which includes the issues of ‘continuing professional development’ and ‘support structures for leadership’;
- **Strategic Leadership** which includes the issues of ‘strategy’, ‘managing in complexity’, and ‘personal skills’;
- **Communication Skills** which includes the issues of ‘communication’, ‘inspiring others’, and ‘clear goals and vision’;
- **Values and Ethics** which includes the issues of ‘values (personal and organisational)’, and ‘poor upward satisfaction’.

Professional Development – the first theme

This section refers to the issues of ‘continuing professional development’, and ‘support structures for leadership’.

The one million dollar question posed by strategy guru Gary Hamel succinctly captures this concern: **“Are we learning as fast as the world is changing?”** (Bennis, 2001). This finding is important and timely, for it shows an increasing

awareness in managers to become formally credentialed and to hone and continually update their management and leadership skills. This is in stark contrast to the findings from the Karpin Report (1995) which found Australian managers were poorly credentialed and trained compared to their US and UK counterparts.

As one manager (male, executive level, 100-499 employees, Government/Public Service) noted, “a significant challenge for organisations is to identify and develop future leaders, when it is known that considerable corporate knowledge will disappear in the next three to five years through retirement of many senior managers”.

Commitment to a management development program is seen as essential and needs to include managers **at all levels**. “There needs to be clear and concise plans from introductory management, with a major focus on management development” (male, executive level, 100 - 4999 employees, finance industry).

Top managers in small business also recognise the need to develop professionally, but are not always able to balance competing priorities: “I no longer have adequate time for personal development, reading and reviewing. This affects my ability to keep up with current management issues and I’m sure [it] also impacts on the time I have to consider the ‘smaller’ management issues, [but] I’m sure many managers now experience this problem” (male, top level, less than 100 employees, non-profit organisation).

Today’s Australian leaders are expected to stretch and grow, to learn and unlearn for themselves. At the same time, managers are seeking support from those above and below them in the chain of command. As a female CEO of a medium-sized (100-499 employees) non-profit organisation stated: “I couldn’t have achieved it without a board which allowed me to take risks and ‘grow the business’, and the management team that supported my vision, shared the goals as well as the responsibility and accountability. I have worked very hard with my team to make sure they know how strongly I value them [and] all this together with the ability to take risks and accept new challenges have made us what we are today”.

As these comments reveal, professional development is a key feature on the leadership landscape, and it is becoming strategically more important and more valued. Leaders are beginning to realise that executive and professional

development keeps them abreast of changes in the way things are done in a decade that is not described by change but by velocity.

Strategic Leadership – the second theme

This section deals with the issues of ‘strategy’, ‘managing in complexity’, and ‘personal skills’.

The focus on professional development is understandable. The ripple effects of increasing competitive pressures in the global and national landscape have been tremendous in recent years and have struck at the core of Australian corporate leadership.

‘Strategy’ and ‘managing in complexity’ are now a part of a leader’s daily routine. One executive (male, upper middle level, 500-999 employees, mining industry) remarked that the notion of “if it ain’t broken, don’t fix it” is a thing of the past. The new era requires a new leadership attitude: “if it ain’t broken, break it.” And we had better get comfortable with it.

Consistent themes on strategic leadership that emerge throughout the written comments include the ability to focus on strategic planning without sacrificing short term outcomes, dealing with the pace of change, and having the capacity to influence the organisation’s vision and mission.

In short, there exists a need among Australian executives to become strategic leaders who are able to foster corporate **flexibility, agility, innovation, and employee commitment** in a highly competitive economy in order to exploit emerging growth opportunities. As one executive suggests, “it is essential to continually plan and develop the organisation’s policies and strategies for success, it is not enough to change when subjected to crisis, it needs to be an ongoing process” (female, top level, 100-499 employees, manufacturing industry).

A leader’s personal skills, often now referred to emotional intelligence, **and** people management abilities are also sharply in focus. As one manager argued, “you need to be of a certain type, assertive and confident, in order to influence outcomes, particularly those of a strategic nature” (female, upper middle, 10, 000 plus employees, government/public sector). At the same time one must be able to stand in another’s shoes.

Communication Skills – the third theme

This section deals with the issues of ‘communication’, ‘inspiring others’, and ‘clear goals and vision’.

Communicate, communicate, communicate! The highly strategic role communication plays in improving the performance of teams and organisations as a whole has never been more critical. As one manager commented, “recent times have been quite turbulent with respect to mergers, growth and changing culture [and] as organisations grow and change, the challenge is to maintain stability with senior and key staff by clearly articulating vision amidst the chaos” (executive level, 500-999 employees, consulting/engineering, gender not given).

As “**dealers of hope**”, leaders must be superb communicators inside and outside of their organisations...using different levels of interaction, as indicated by the following comments: “To succeed we must have good internal communication, which then extends to others, [such as] clients, suppliers, contractors” (male, top, less than 100, consulting).

Another manager put it differently: “Effective communication at the individual and organisational level is needed to maximize the benefits to the organisation” (male, upper middle level, 1,000-4,999 employees, government/public sector).

In the words of management philosopher Charles Handy, ‘the E-factors’ (a different type of ‘e’) within people: **energy, enthusiasm, excitement, excellence, and endurance** are the key. In E-Leadership the five e’s drive, as well as create, organisational vision and values.

One senior manager commented that, “The importance of being able to effectively focus on individual higher level needs while maintaining a strong sense of vision that motivates the group towards a collective excellence cannot be underestimated” (male, upper middle, 100-499, government/public sector). An executive in the manufacturing sector adds, “Without a clear and well articulated vision, mission and values, how can any leader hope to galvanise his or her colleagues to achieve corporate goals” (male, executive, less than 100, manufacturing sector).

The capacity to articulate a shared vision and values in appealing ways is a necessity for today's leaders. To 'reach' employees and persuade them to move in a preferred direction often requires relentless effort **because vision is not contagious**, as some people claim it to be. But to do nothing also has its consequences.

Inspiring others is crucial to attaining corporate objectives. As one executive suggests, "leading by example is just as important as it has ever been. Recognition, encouragement and reward are the greatest motivators. Talk the walk, walk the talk, and do what you promise" (male, executive level, 1000-4999 employees, consulting).

Values and Ethics – the fourth theme

This section deals with the issues of 'values and ethics', and 'poor upward satisfaction'.

Like vision, values are very hard to disseminate. As a critical component of culture, organisational values define what the organisation stands for and what its people believe in, particularly in difficult situations. When we talk about culture here is a handy definition - **the deep structure of organisations which is rooted in the values, beliefs and assumptions held by organisational members.**

While executives use other words interchangeably in the **survey (Integrity, honesty, ethics, empathy, values, mutual trust, morale, credibility, respect)**, they all highlight the critical importance of values to business performance.

The single most critical thing in internalising values is that a leader makes sure their behaviour reflects and lives up to those values. For example, organisational values such as 'speed in action' are nothing but lip service if leaders procrastinate on certain complex decisions. Similarly, 'open and direct communication' is merely a misnomer if leaders do not give people permission to disagree with them.

While ethical dilemmas are an avoidable consequence of doing business, it does not necessarily mean that organisational members must sacrifice their ideals by acting unethically or illegally while on the job. One executive lamented, "It becomes a 'dog-eat-dog' world. Loyalty and morale seem to be of lesser importance and this affects the way in which middle management make decisions. It's sad, isn't it?" (male, upper middle level, 100-499 employees, non-profit organisation). And another echoes it: "Ethical leadership seems to now be dominated by money and the self-oriented [who]

‘look after themselves to climb the corporate ladder’” (male, upper middle level, less than 100 employees, non-profit organisation).

Often leaders learn the following lesson the hard way: “Without values between the leader and work peers, the structure of teamwork fails, problems escalate, performance targets fluctuate, and harmony is ruined by constant badgering/arguments” (male, upper middle level, 100-499 employees, manufacturing sector).

Sadly, the survey reinforced the prevalent perception of corporate bullying in Australia. When executives are, in the words of one respondent, “feathering their own nests at the expense of their staff” (male, upper middle, 10,000 plus, government/public sector), the performance of the whole organisation is inhibited. Another respondent put this strongly when he described senior management as “rapists of the company” (male, upper middle level, 1000-4999 employees, finance sector). **The longing for good leadership is essentially the longing for leadership with integrity.**

Closely related to the issue of integrity is trust, which lies at the heart of leader-follower relationship. Again, this is not an area of strength for business leaders. The following captures the mood well: “We are in the decade of deceit where deception from high levels has become an art form” (male, top level, less than 100 employees, consulting sector).

Leaders must be strong proponents of ethical values throughout their organisations. A good starting point is to stop treating profit and wealth as their sole motivation. It helps to remind ourselves of Peter Drucker’s adage: **Profit is to a company is what oxygen is to our body.** We need oxygen, but that’s not the reason we exist. Leaders must demonstrate their commitment to ethical practices in order to change the prevalent mindset that “business ethics” is an oxymoron. It is anything but that.

When trust is absent, particularly trust from the top down, people will divert their energy from their main tasks to cover up reality. And organisations eventually suffer. “When people are afraid to speak out for fear of retribution by some above, there will be a culture of suspicion in the organisation” (male, upper middle, 1,000-4,999, banking/finance sector).

The level of trust is often measured by the extent to which leaders and other organisational members are willing to disclose and share vital information, admit mistakes, and give and receive constructive, honest feedback. One executive provides this insight well: “My leadership performance is contingent upon the degree of flexibility, trust, delegation/autonomy given to me by senior executive management” (male, upper middle level, 100-499 employees, government/public sector).

Trust is the emotional glue that binds followers and leaders together (Bennis, 1985). The accumulation of trust is a measure of the legitimacy of leadership. It cannot be mandated or purchased; it must be earned. And it takes some time to earn just that.

In describing what managers really think, in essence **transformational leadership – future and change oriented, generating followership by virtue of personalised interactions and situation specific motivation** – is being described.

In summary, there are ten burning issues that managers tell their Institute are most important to them. These are further organised into the four themes of **professional development, strategic leadership, communication skills and values and ethics** and provide an excellent framework for practicing Australian managers to benchmark the way in which they lead their organisations.

The quotes of respondents are quoted verbatim from “*Inside the Minds of Australian Executives*” A Survey of Australian Corporate Leadership, a paper by Professor James C. Sarros, Dr Judy Gray, Dr Iain L. Densten, Sen Sendjaya and Elvira Luca

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