

The Insync Surveys

Alignment Update

A series of five organisational updates on: leadership; engagement and retention; corporate social responsibility and risk management; reward and recognition; and market responsiveness.

Update one: Leadership

September 2008



Further information:

Insync Surveys Pty Ltd

Melbourne: Level 7, 91 William Street, Melbourne VIC 3000

Perth: Level 3, 1060 Hay Street, West Perth WA 6005

Sydney: Level 2, 110 Pacific Hwy, North Sydney NSW 2060

info@insyncsurveys.com.au

Phone: +61 3 9909 9222

Phone: +61 8 6461 6485

Phone: +61 2 8081 2000

www.insyncsurveys.com.au

Table of contents

Introduction.....	3
Methodology	3
Leadership: key findings	4
About the sample.....	4
Bosses don't always stack up as role models	6
Performance appraisals are always important and delicate	7
Spreading the word, sharing the dream.....	8
Lending an ear	9
Avoiding silos	10
Familiarity breeds contempt	11
Tips to tackle leadership issues.....	11
About Insync Surveys.....	12
Contact us	12

Introduction

The Insync Surveys Alignment Update is a series of five easy to digest reports which will confirm or challenge common perceptions held by CEOs and HR leaders.

This first update is on leadership - you'll gain an insight into what employees think of their leaders depending on tenure with the organisation. The effectiveness of communication is explored, depending on organisation size. Performance appraisal effectiveness is shown based on employees' age. The extent to which the organisation's vision statements are shared is analysed by industry.




Subsequent updates are on engagement and retention, reward and recognition, corporate social responsibility and risk management, and market responsiveness.

Subscribe to the full series of The Insync Surveys Alignment Update at www.insyncsurveys.com.au, email: gboyd@insyncsurveys.com.au or call: +613 9909 9222.

Methodology

Data gathered from the Insync Surveys Organisation Alignment Survey has been used as a basis for the five reports in The Insync Surveys Alignment Update. The Organisation Alignment Survey measures the connection of an organisation's vision and strategy with the actions, attitudes and outcomes of its employees. Organisations going through significant management change or adapting to new market pressures use the tool to take stock and then devise the best path for the future. The survey has 120 statements measured on a seven point scale where 'one' represents strongly disagree and 'seven' represents strongly agree.

This study highlights differences among demographic groups. To do this, the seven rating options are aggregated under the titles of 'disagree', 'neutral' and 'agree' as follows:

Disagree = 	Neutral = 	Agree = 
Strongly disagree (1)	Slightly disagree (3)	Agree (6)
Disagree (2)	Neither agree nor disagree (4)	Strongly agree (7)
	Slightly agree (5)	

Leadership: key findings

- Managers lose credibility with their staff over time
- While 71% of new employees agree that the person they report to sets a good example, this level of agreement decreases the longer employees remain at the organisation.
- Managers are interested in the employee's job satisfaction, according to newer staff, while longer serving staff lose faith
- Employees with less than one year of service provide the lowest levels of disagreement (5%) and highest levels of agreement (67%) for their manager being interested in their job satisfaction. This level of agreement drops almost 15% for employees who've been at the organisation for over five years, with only 53% believing their manager is interested in their job satisfaction.
- Small and large organisations connect with their people but those in the middle struggle
- Individuals employed in medium organisations (20-49 staff) indicated the highest percentage of disagreement around being kept informed of key developments in other areas (14%).

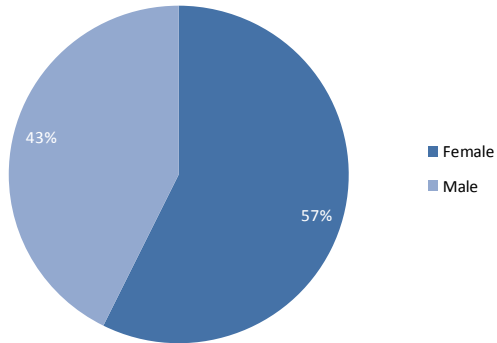
About the sample

A sample of over 14,000 employee responses from more than 70 organisations was drawn from Insync Surveys' international benchmark databases, which collectively contain the responses of more than 750,000 people. The responses used were submitted between 2004 and 2008.

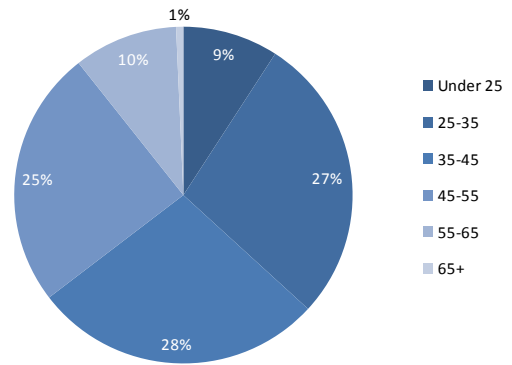
Most industries are represented, including logistics, health care, education, government, not for profit, resources, finance, tourism, services, manufacturing and research. Data were collected in line with the privacy policy of Insync Surveys. This policy informs survey invitees that their responses may be used for the purposes of research. It also guarantees that their identity will not be linked to their responses.

The below pie charts illustrate the distribution of respondents across the various demographic groups.

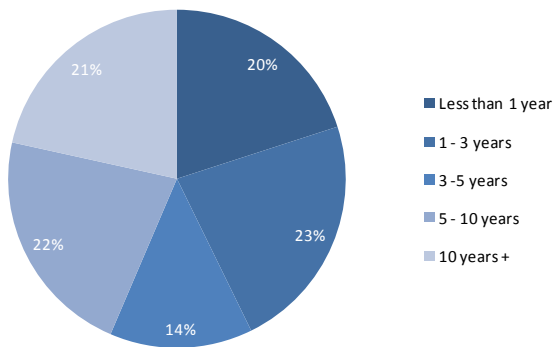
Population distribution by gender



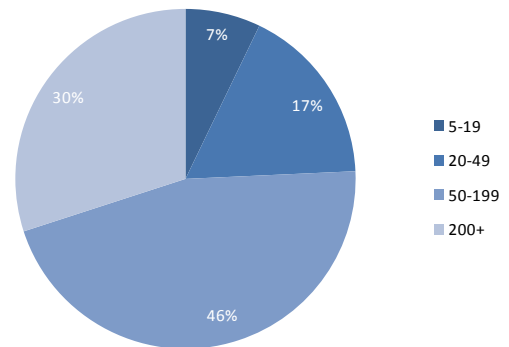
Population distribution by age



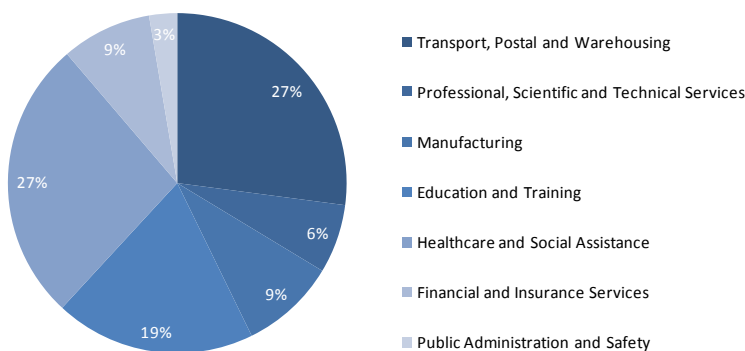
Population distribution by tenure



Population distribution by organisation size



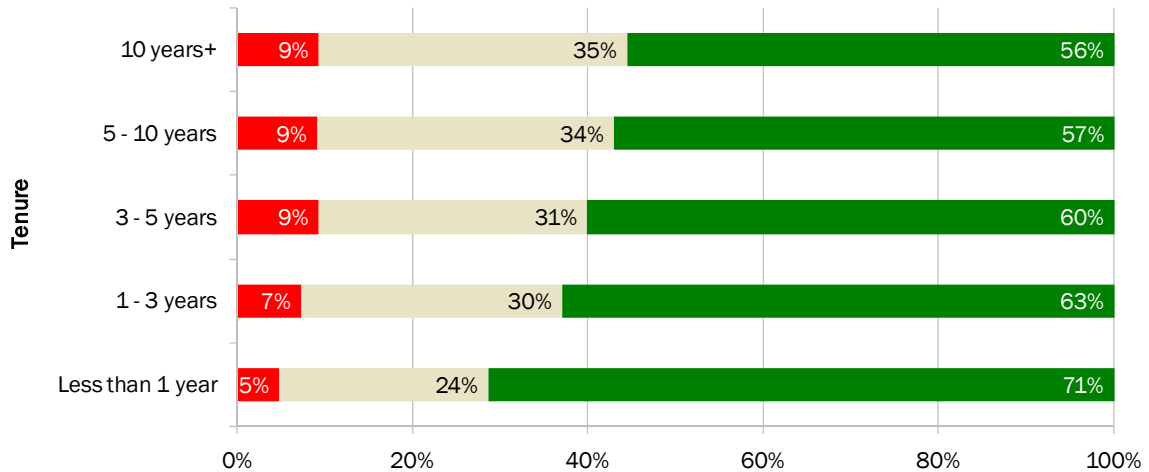
Population distribution by industry



Note: Industry breakdown based on the Australian Bureau of Statistics' ANZSIC 2006 codes.

Bosses don't always stack up as role models

Figure 1 – “The person I report to sets a good example for me”

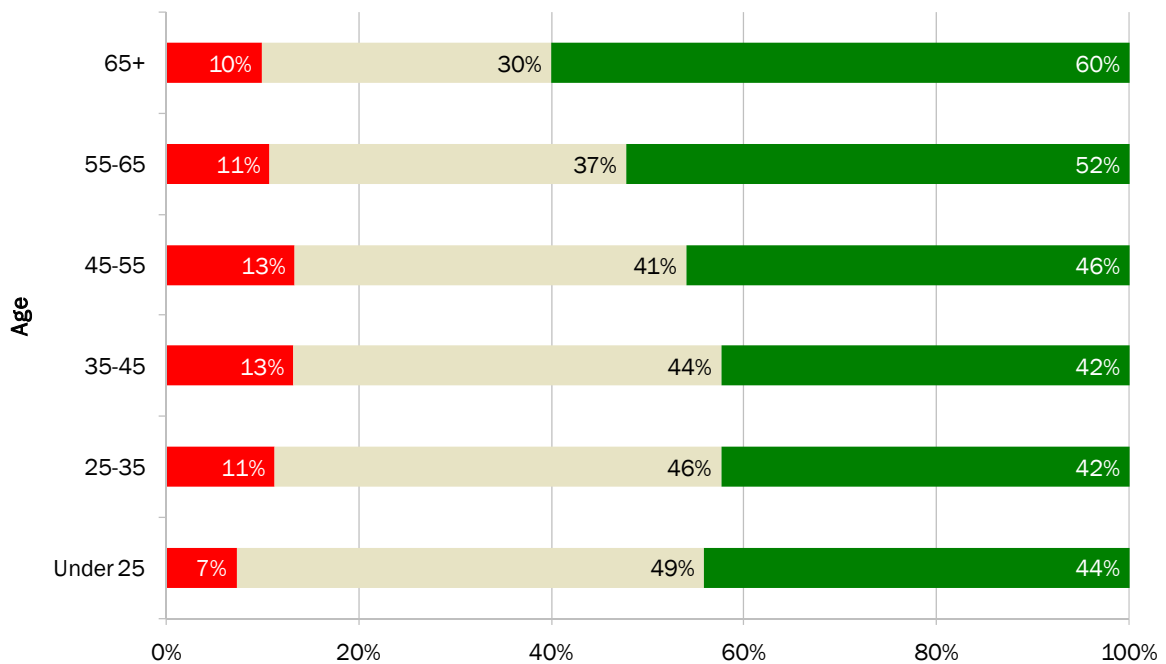


The highest percentage of employees who agree that the person they report to sets a good example have under one year of service (71%). As time goes by, fewer employees believe that their manager models positive behaviour. After 10 years or more working at an organisation, only 56% of employees believe that their manager does so. As tenure progresses and the honeymoon period ends, employees need leaders who accommodate the changing landscape of the workplace and the changing needs of employees.

These results are an important reminder that effective leadership is always a challenge, and that leaders need to be modeling desired behaviours even after the first year of employment.

Performance appraisals are always important and delicate

Figure 2 – “The appraisal of my performance is handled effectively”



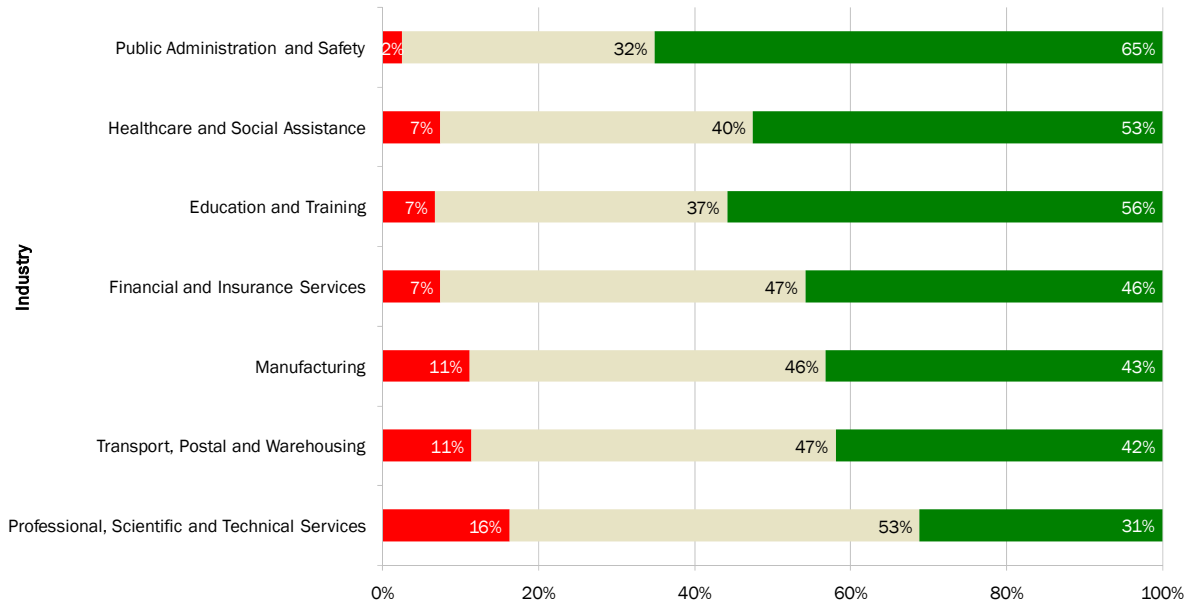
Employees aged between 35 and 55 are most likely to be dissatisfied with the way their performance appraisal is handled. But after 55 the level of satisfaction begins to improve. The findings are also interesting because although satisfaction increases over time, dissatisfaction rises with age and then falls. The likely explanation is career stage.

Employees under 25 are starting out in their career and may have little to compare their performance appraisal to. Even when they have a performance appraisal they’re likely to be improving in their job as they begin to fulfill their potential. Managers are less likely to be threatened by younger staff and more likely to be encouraging. In short, the appraisal is more likely to meet the expectations of the younger worker.

At the other end of the scale, older workers may have lower expectations of appraisals. Many of them may have begun their careers 40 years ago in organisations where management set stricter rules. New style managers may be exceeding older workers’ expectations while at the same time, as their hunger for career progression subsides, their expectations may be declining. Another aspect of career progression that workers aged between 35 and 55 may be experiencing is failure, disappointment and frustration for the first time in their careers. The dissatisfaction reported may therefore be with their own performance rather than the way it is appraised.

Spreading the word, sharing the dream

Figure 3 – “I have access to documents/statements setting out the sort of organisation we hope to become”



Employees from the Public Administration and Safety industry were the most likely to have vision documents or statements with agreement levels of 65% for this statement; this may be unexpected by some readers. Conversely, employees in the Professional, Scientific and Technical Services industry recorded the highest levels of disagreement at 16%. Furthermore, only about a third of Professional, Scientific and Technical Services workers agreed with the statement. Performance without clarity can be compared to a chicken without its head. It can run quickly, but often ends up going around in circles, and its speed isn't sustainable. Documents and statements about where an organisation is heading are fundamental to a shared sense of direction and are necessary for sustainable high performance. It's surprising that Professional, Scientific and Technical Services firms are so far behind other industries in achieving clarity around vision statements.

One explanation is that the Professional, Scientific and Technical Services industry is more agile than other industries in the sample. Public Administration and Safety, Healthcare and Social Assistance and Education and Training are all bound to a specific vision and purpose because of their area of operation. Many of these organisations are not required to return a profit and may be immune to economic cycles.

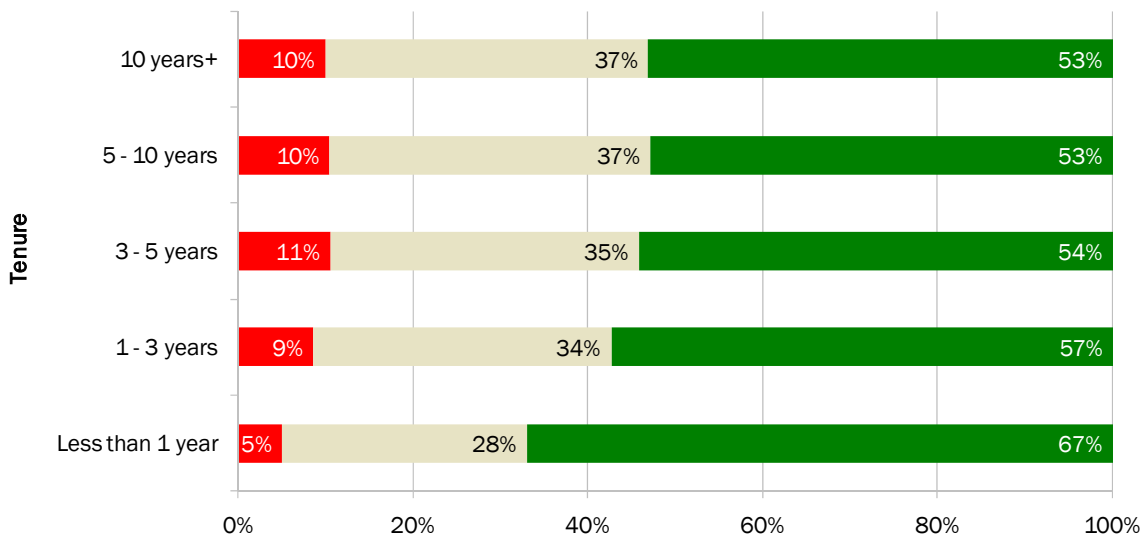
Financial and Insurance Services, Transport, Postal and Warehousing and Manufacturing companies are profit driven but are tied to a less flexible vision of the future due to their investments in equipment and brand. An airline, for example, cannot change its vision overnight and can therefore rally its entire staff around a set of meaningful statements about the future.

Professional, Scientific and Technical Services firms, on the other hand, tend to sell a short-lived commodity: knowledge. As market conditions change they can respond immediately by tweaking their product offering and directing talent to different ventures. Furthermore, as different business lines adapt to client demands, a universally relevant vision may be difficult to articulate.

As such, Professional, Scientific and Technical Services firms may have a bigger challenge than other industries in defining a unifying vision.

Lending an ear

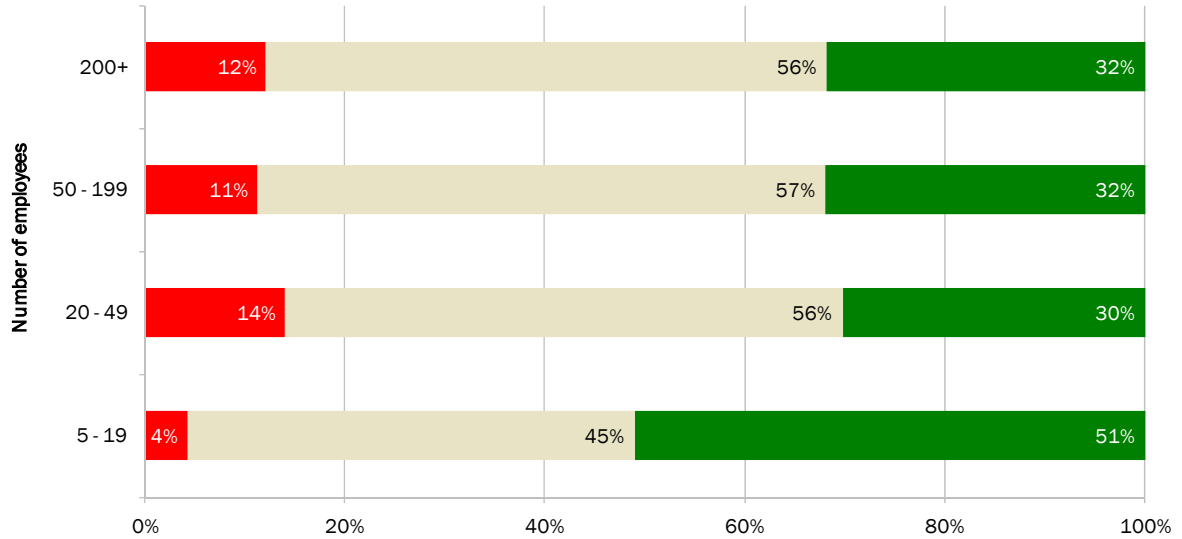
Figure 4 – “The person I report to is interested in my job satisfaction”



Employees who’ve been with the organisation for less than a year believe their boss is more interested in their job satisfaction compared to employees who’ve been around for longer. Employees with less than one year of service provide the lowest levels of disagreement (5%) and highest levels of agreement (67%). Levels of agreement appear to decrease until after three years of service when it levels out at 53-54%. This reminds us that taking the time to listen, show an interest and really care is always important no matter how long the employee has been with the organisation.

Avoiding silos

Figure 5 – “I am kept informed of key developments in other areas of our organisation”

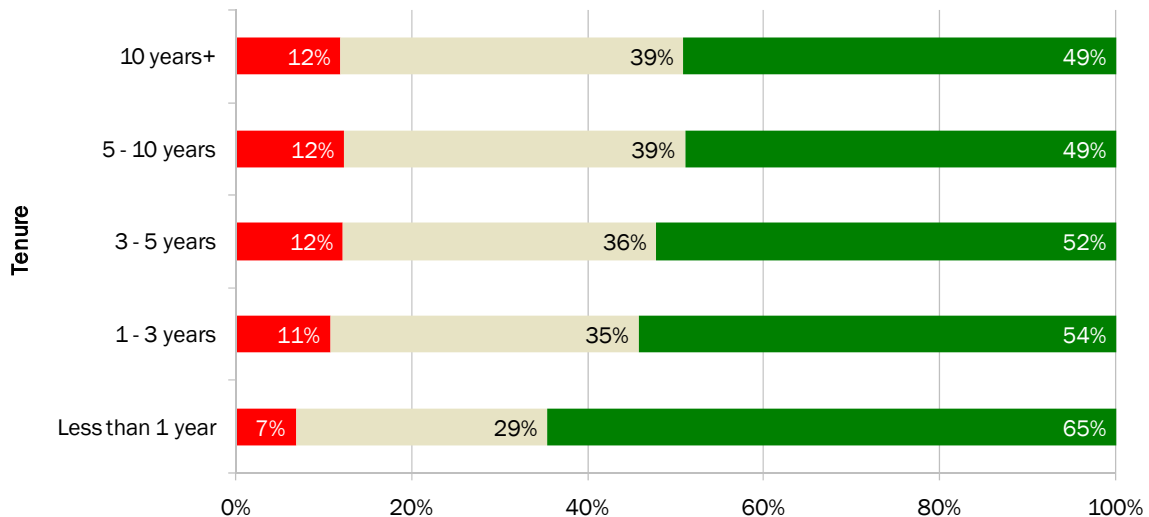


Employees in medium sized organisations (20-49 staff) displayed the highest levels of disagreement with being kept informed of key developments in other areas of the organisation (14%). Alternatively, employees in organisations with 5-19 staff are the most content with this area, with 51% in agreement and only 4% in disagreement.

These findings make intuitive sense. Generally speaking, the bigger an organisation, the less each person knows about what’s going on. However, the disagreement spike at the 20–49 person level is interesting. This bracket is typically at the stage in an organisation’s growth where a third layer of management is introduced. Instead of being in a single team led by the founder/entrepreneur, the organisation is typically divided into functional teams with middle managers. The expectations of front line employees, who’ve until now known about everything that’s gone on, aren’t met as the organisation grows. To avoid these frustrations, leaders of medium sized organisations should acknowledge the feelings of their staff and articulate the benefits of growth as well as its drawbacks. While formalised knowledge management structures may be too much for fast growing organisations; intranets, knowledge sharing sessions and opportunities for casual interaction can be provided.

Familiarity breeds contempt

Figure 6 – “The person I report to is a good business coach for me”



In relation to the statement above, new employees are most likely to agree that the person they report to is a good business coach (65%). The belief that their boss is a good business coach decreases as time goes by and after five years, less than half of all employees believe their direct manager is a good business coach (49%). The findings suggest that people can be taken for granted once they are competent in their roles. The challenge of leadership and duty of care however, do not diminish with time.

Tips to tackle leadership issues

- It's easy to forget what it's like on the receiving end of a performance appraisal so handle them delicately
- A clear, unifying and energising vision is necessary for sustainable high performance
- People learn in different ways and messages should be packaged to help staff retain them and make meaningful connections to the organisation's strategy
- Be a situational leader to give people what they need rather than what you've got
- Don't rely on the "need to know" principle; consider what staff want to know and tell them before anyone else has a chance
- Provide coaching as tenure progresses, not only during initial years of employees' service

About Insync Surveys

Insync Surveys is a 2009 *BRW* Fast 100 company. With offices in Melbourne, Sydney and Perth, we deliver customer, employee, board and other stakeholder surveys for some of the largest organisations in Asia Pacific, including: Cathay Pacific, Foster's, Toll, AXA, Medibank Private, WorleyParsons, the New South Wales Department of Community Services, the Victorian Department of Primary Industries, Tourism Western Australia, iiNet, Fairfax Digital, QLD Department of Emergency Services, TT-Line (Spirit of Tasmania), Melbourne Cricket Club, many local councils, most university libraries and Mission Australia. This experience allows us to benchmark your results. Insync Surveys' organisational psychologists help your organisation to improve performance and the working lives of your people.

Contact us

To discuss your organisation's alignment needs or to subscribe to the subsequent reports in The Insync Surveys Alignment Update contact:

Genevieve Boyd

Insync Surveys Pty Ltd

gboyd@insyncsurveys.com.au

Melbourne: Level 7, 91 William Street, Melbourne VIC 3000

Perth: Level 3, 1060 Hay Street, West Perth WA 6005

Sydney: Level 2, 110 Pacific HWY, North Sydney NSW 2060

info@insyncsurveys.com.au

Phone: +61 3 9909 9222

Phone: +61 8 6461 6485

Phone: +61 2 8081 2000

www.insyncsurveys.com.au