



# GLOBAL LEADERSHIP FORECAST 2008 | 2009

## NEW ZEALAND HIGHLIGHTS

> Ann Howard, Ph.D. > Richard S. Wellins, Ph.D.



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### A Welcome from DDI

We are pleased to present this profile of the current status of leadership and leadership development within the Australia and New Zealand business communities. This report grew out of a larger study, the *Global Leadership Forecast 2008|2009*, the fifth in DDI's research series on global leadership issues and practices. The results presented here contrast the responses from HR professionals and organisational leaders in Australia and New Zealand with their counterparts on the world stage.

This research could not be more timely. As organisations extend their reach around the globe and the pace of work life quickens, leadership has become an increasingly complex and demanding responsibility. Worldwide, executives in the study identified improving and leveraging talent as their top business priority. Never before has the development of the highest quality leaders been more important to organisational success.

The current *Global Leadership Forecast* and this report address several issues in addition to the state of leadership today: What's working and what's not in developing tomorrow's leaders? How are

organisations managing their leadership pipeline and planning for successions? How well are managers prepared to lead across national borders?

Although no single approach to leadership development is right for every organisation or every country, DDI believes that there are sound practices that work in most situations. We are confident that this report will offer you new ideas and insights into leadership development. Hopefully, it will also stimulate your own ideas about ways that you can significantly enhance the capabilities of the leaders in your organisation.

As the exclusive licensee for DDI in New Zealand, together with DDI's Australian subsidiary, we actively encouraged regional participation in this significant international study. This has enabled an extensive Australasian benchmark report, which we are sure you will find of real interest.



Christien Winter

Managing Director, Sheffield Ltd—DDI New Zealand Licensee

## ABOUT DDI



In today's grow-or-die marketplace, having the right talent strategy is crucial for an organisation's success.

Development Dimensions International will help you systematically and creatively close the gap between today's talent capability and the people you will need to successfully execute tomorrow's business strategy.

We excel in two areas:

- Designing and implementing selection systems that enable you to hire better people faster.
- Identifying and developing exceptional leadership talent critical to creating a high-performance workforce.

DDI is all about giving you the kind of business impact you want over the long term—that's what we call realisation. The work we do together is tied to your organisation's strategies and becomes part of your business and your culture.

If your business is multinational, DDI has precisely the kind of global resources needed to implement your talent initiatives effectively and consistently worldwide.

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([www.mgsm.edu.au](http://www.mgsm.edu.au)) specialises in the delivery of a comprehensive suite of postgraduate management MBA and doctoral programs. Acknowledged as a leader in the delivery of short-term executive education programs as well as customised degree and non-degree programs

for organisations, MGSM is internationally recognised for excellence in management education and consistently ranks as a leading business school throughout Asia-Pacific. It is EQUIS accredited. MGSM's mission is to enable people of high potential to become successful business leaders who bring lasting prosperity to organisations and communities.

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## EXECUTIVE SUMMARY

Australasian leaders are operating in an increasingly challenging global market where ever-growing stakeholder expectations, commoditisation of products, global competition, and complexity are making the leader's role increasingly difficult. Once-reliable leadership crutches of positional influence and technical excellence are no longer sufficient enablers of leadership success.

Australia is enjoying its seventeenth year of consecutive economic growth. Much of this growth is linked to the resources boom that is feeding the insatiable international appetite for materials, particularly in the rapidly expanding Asian markets. China, one of Australia's most critical export locations, is building a city the size of Brisbane from the ground up every month. However, despite this success and the view of many that Australia remains one of the most resilient economies in the world, confidence in Australian leadership is not strong. Furthermore, there is little evidence to suggest that Australian organisations are responding adequately to the significant challenge of identifying and preparing their leadership talent.

Recently, doubts have surfaced concerning the sustainability and certainty of Australia's economic performance. Australian Treasurer Wayne Swan, in the 2008 budget speech, announced, "these are challenging times. Countervailing forces are creating high inflation at home and economic turbulence abroad.... Potent forces in the global economy are pushing Australia in opposite directions". A stark reminder

of how sensitive Australia remains to international fortunes occurred in January of this year. The exposure of the U.S. credit crisis wiped \$147 billion off Australia's share market in the first three weeks of 2008. Net foreign liabilities also have steadily risen since the 1980s to the point where, whilst foreign assets have steadily increased, net foreign debt has risen from 15 percent of GDP in 1985 to more than 50 percent in 2007.

If confidence in leadership through good times is not high, what does this mean for the tougher times?

Australia and New Zealand have a relatively small leadership pool to draw from, and demand for that pool continues to grow both locally and abroad. If organisations are to adequately fuel the demand for leadership talent, they must embrace a more disciplined and rigorous approach to identifying and developing leadership talent. They must begin to manage the critical asset that is talent in the same way they manage other hard assets of the organisation.

Organisations in Australia and New Zealand must proactively take on these challenges and ensure their leaders are prepared to meet the demands of a shifting global business environment. Those organisations with leaders that fail to manage the risks of complacency—that miss opportunities to diversify and position themselves strategically to cope with fluctuations in global fortunes and the impacts upon business operations at a local level—will quickly fall behind the pace of change.

## STUDY PARTICIPANTS

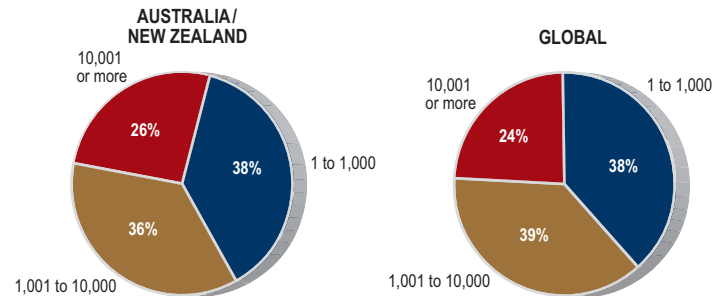
This report is based on survey responses from human resource professionals and leaders based in Australia and New Zealand. An HR professional filled in a survey for each organisation or major organisational business unit. The HR professionals then invited representative samples of their organisation's leaders to complete leader surveys. In this report the Australian and New Zealand respondents are compared to the total group of HR professionals and leaders from 76 countries in the *Global Leadership Forecast* (see **Table 1**). In order not to have individual organisations dominate the results, we selected a random sample from any organisation that exceeded 100 leaders.

**TABLE 1** Sample Size

	AUS	NZ	AUS/NZ	Global
HR Professionals	100	30	130	1,493
Leaders	591	46	637	12,208
<b>TOTAL</b>	<b>691</b>	<b>76</b>	<b>767</b>	<b>13,701</b>

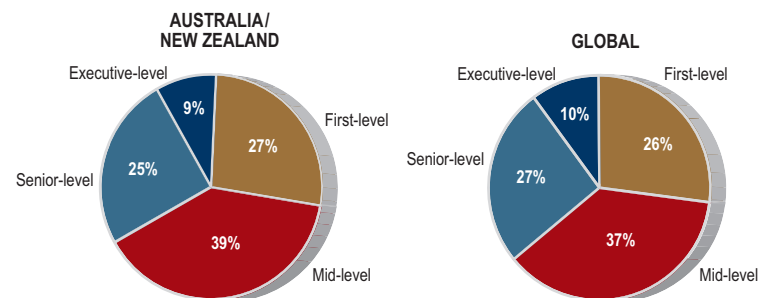
The Australia and New Zealand organisations were approximately the same size as those in the global sample (see **Figure 1**).

**FIGURE 1** Organisation Size



The Australia and New Zealand sample also was very similar to the global average with respect to leaders' management levels (see **Figure 2**). All levels of management were well represented, with the most typical being mid-level (leaders of first-level leaders). Additional information about the Australia and New Zealand organisations and leaders is in the Demographics section of this report.

**FIGURE 2** Management Level of Leaders



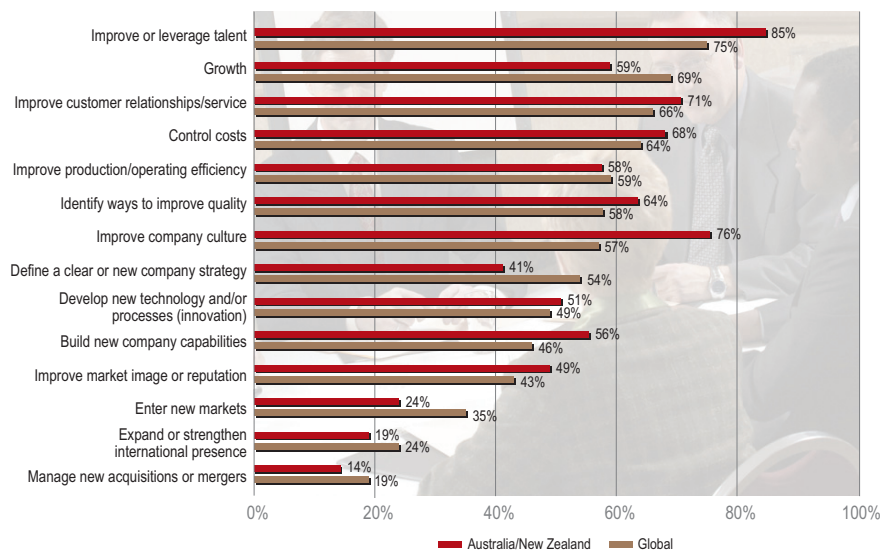
*Australia and New Zealand have a relatively small leadership pool to draw from, and demand for that pool continues to grow both locally and abroad.*

# LEADERSHIP TODAY

## Business Priorities

Leaders were asked to identify the most important business priorities for their organisation; they could check any of the items that applied. We focused on the perspectives of executives, who best represent where their organisations are headed. **Figure 3** lists the items in order from highest to lowest priority according to executives worldwide.

**FIGURE 3** Executives' Business Priorities



The top priorities identified by Australasian executives reflect the more mature nature of these markets, where emphasis is placed on generating competitive advantage through talent and customer service.

The number one priority for Australian and New Zealand executives, as for those elsewhere, was improving and leveraging talent. This issue appeared to have more urgency in Australia and New Zealand; 85 percent indicated it was one of their top priorities. This finding starkly reflects the impact that low unemployment and higher numbers of senior

leadership talent being lost to offshore opportunities are having on leaders in the Australasian market. The fact that this is a key focus for so many leaders indicates that this competition will only exacerbate the challenges currently being experienced in securing talent to deliver on organisational objectives. It also suggests that the power balance between applicant and organisation will further tip in the candidate's favour, leading to inflated remuneration packages—an unwelcome reality for many executives tasked with ever-increasing expectations around bottom-line performance. For many organisations, developing internal talent rather than bringing in from outside has truly moved from an option to the modus operandi. The rigour around how this is being achieved, however, is in question, as will be discussed later in this report.

The second highest priority for Australia and New Zealand executives was improving their company's culture. Organisations are recognising that this is not simply a positive business practice for their people, but a fundamental requirement for retaining their employees as a means to maintain competitive advantage or even survive in a hypercompetitive market. The need to select people who fit with the desired company

culture, to provide ongoing and enjoyable challenges, and (for leaders) to drive activities which will enhance the perception of cultural engagement is likely to become an increasingly prominent characteristic of successful organisations.

Improving customer service was the third priority. Aided by technology and competitive environments, customers have more choice, greater accessibility, and more control over products and prices than ever before. Increasingly, organisations are using customer service to create differentiation in the marketplace.

There was not as much emphasis on growth in Australia and New Zealand as in other countries. This may reflect a sense (in Australia) that 17 years of consecutive growth are drawing to a

close, that the talent might not be available to support growth intentions, or that the smaller size and maturity of the market in some instances have led to a “capping” on opportunity. Consistent with this, executives in Australia did not give as much priority as other nations to entering new markets or expanding their international presence, potentially missing out on opportunities, particularly in the Asian market.

A particular point of note is Australasia’s comparatively lower level of focus in defining a new company strategy. As part of this research, leaders were asked what gains them respect in their organisation. In Australia and New Zealand, only 7 percent rated innovation in their top three areas, significantly lower than all other continental regions (see **Table 2**).



**TABLE 2** Leader Qualities Ranked in the Top Three for Getting the Most Respect

	North America	Latin America	Asia	Australia/ New Zealand	Western Europe
Ability to work across other cultures and countries	4%	7%	13%	6%	12%
Developing organisational talent	11%	16%	18%	11%	10%
Integrity or ethics	32%	37% ②	33% ③	27%	17%
Ability to take a stand and make tough decisions	28%	30%	30%	36% ①	31%
Ability to mobilise or motivate a team	31%	39% ①	36% ①	36% ②	40% ②
Ability to facilitate change	27%	15%	18%	22%	19%
Creativity or innovation	13%	16%	18%	7%	12%
Interpersonal skills	36% ①	26%	29%	34%	28%
Ability to create a strategy or vision for success	34% ②	32% ③	34% ②	34% ③	34% ③
Technical expertise	20%	26%	18%	23%	17%
Ability to “bring in the numbers”	33% ③	28%	25%	34% ③	50% ①
Ability to execute a strategy	24%	23%	24%	24%	24%

Ratings by leaders

Higher than others

Lower than others

*The top priorities identified by Australasian executives reflect the more mature nature of these markets, where emphasis is placed on generating competitive advantage through talent and customer service.*

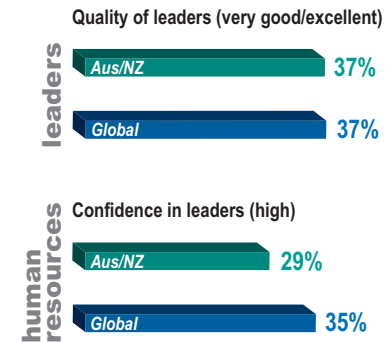
Whilst innovation is a focus for many organisations in Australasia, these results suggest that their talk is often not backed up at the leadership level. In a relatively mature market, the risk is that too many businesses will become complacent and lose sight of the constant need to drive change and innovation. Over the last 20–30 years, and with the emergence of a low-cost manufacturing environment in Asia, Australia has moved toward knowledge- and service-based industries. Whilst the mining boom is driving a lot of its current prosperity, Australia must continue to explore its place in the world economy; innovation and knowledge are likely to be central to this. However, this lack of focus on innovation and creativity, combined with DDI's executive assessment data that indicates attributes such as risk taking and entrepreneurship as not being recognized strengths of Australian leaders, creates serious obstacles to change.

## Evaluating Leaders

When Australian and New Zealand leaders were asked to rate the overall quality of leaders in their organisations, a disappointing 4 percent rated them excellent, though another 33 percent rated them very good. The sum of these two ratings was the same as that for the global sample (see **Figure 4**). This finding, whilst suggesting a competitive level of leadership quality by global standards, indicates there is much room for improvement across Australian organisations.

The bottom finding of Figure 4 shows the percentage of HR professionals indicating they had high confidence in their leaders' ability to assure the success of the organisation. Confidence in Australian and New Zealand leaders was not quite as strong as elsewhere. This may reflect a genuine

**FIGURE 4** Evaluating Leaders



gap in leadership capability, higher expectations, or a more developed sense of the true requirements of leaders in Australian HR professionals.

HR professionals' confidence in leaders from Australia and New Zealand did not change substantially from the previous *Leadership Forecast* (28 percent had high confidence in 2005, 29 percent in 2007). However, the global level of leader confidence dropped from 40 percent in 2005 to 35 percent in 2007. The global drop in confidence may reflect increasing levels of competition, the natural growing pains that many developing nations are experiencing, or the increasingly prevalent challenges of global leadership.

These results are not very satisfying in an era when developing and leveraging leadership talent is considered critical to organisational success. There is clearly much room for improvement. Considering the consistently lower ratings in Australian and New Zealand since 2005, recent efforts to develop leadership talent seem to be failing to achieve their expectations.

## DEVELOPING LEADERS

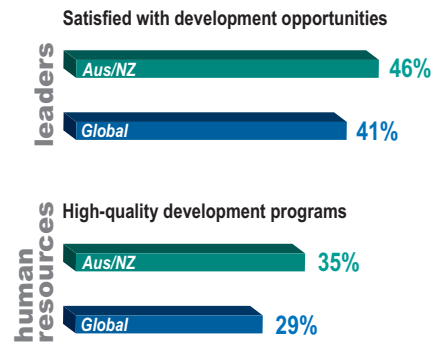
This section looks at how Australian and New Zealand organisations approach developing leadership skills and how well they execute leadership development programs.

### Evaluating Leadership Development Programs

Less than half (46 percent) of the Australian and New Zealand leaders were satisfied with what their organisation offered to develop their leadership capabilities (see **Figure 5**). This was a greater percentage than the global norm but is not a strong endorsement for leadership development. Slightly more than one-third of the Australian and New Zealand HR professionals (35 percent) gave high ratings to the quality of their leadership development programs. This proportion likewise was slightly higher than the global sample; however, it represents a drop from the 2005|2006, *Leadership Forecast*, in which 42 percent of the Australian and New Zealand leaders described their development programs as high quality.

These findings might reflect a tightening of the leadership development belt in light of lower growth expectations or an anticipation of harder economic times ahead. Alternatively, many organisations have invested significantly in leadership development, and the natural reaction for many senior leaders is to believe that the “box has been ticked” and their attention can switch elsewhere. Successful leadership development programs are ongoing and consistent. Strong leadership is

**FIGURE 5** Evaluating Leadership Development Programs



even more important during times of adversity and should be a high priority during times of famine as well as feast. This reduced emphasis on investment in leadership development, whilst effective in achieving shorter-term cost savings and ensuring leaders remain focused from operational matters, might be shortsighted. Organisations lessen their concentration upon leadership development at their peril, given the level of competition for talent and the need for leaders to drive a positive culture to succeed.

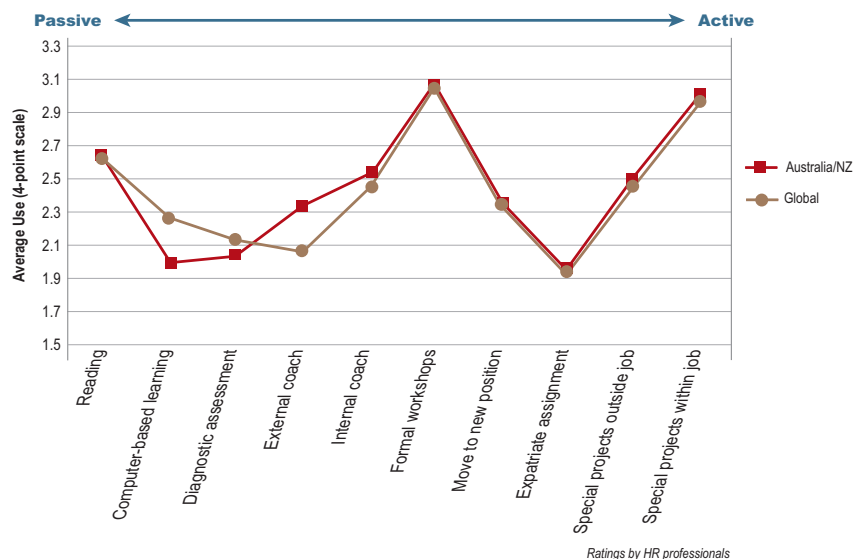
### Development Methods

HR professionals were asked to review a list of development methods and indicate how often they used them on a four-point scale ranging from “not at all” to “extensively”. **Figure 6** shows the average ratings for each method for the Australian/New Zealand and global respondents. The methods are arranged

*Slightly more than one-third of the Australian and New Zealand HR professionals (35 percent) gave high ratings to the quality of their leadership development programs.*

on a continuum that ranges from passive, external activities (i.e., reading) to active methods integral to the job (i.e., special projects within job). Leaders in the global sample typically found the active methods on the right side of the graph more effective than the passive ones on the left. This doesn't mean that the off-site activities are not helpful, only that they are unlikely to ensure development on their own. Essentially, leaders find on-the-job development opportunities most effective. The challenge is to ensure that leaders are aware of their specific development needs and are equipped with the fundamental skills, support, structure, and focus to achieve the best results from these learning experiences.

**FIGURE 6** Use of Leadership Development Methods



With two exceptions, the Australian and New Zealand organisations were similar to organisations elsewhere in their use of development methods. The exceptions were more use of external coaches and less use of computer-based learning. Coaching is an increasingly popular method of executive support and development, particularly given that many executives and leaders report being asked to sink or swim in their new responsibilities. The quality of coaching and the level of focus they provide are, of course, critically important.

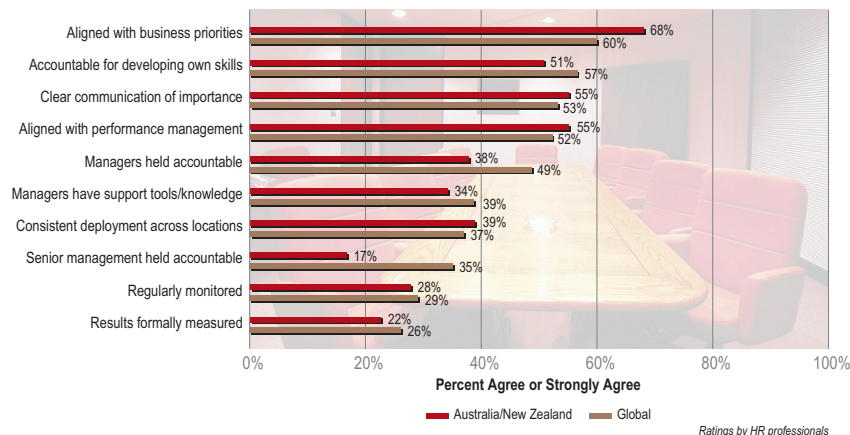
In a geographically dispersive environment such as that in Australia, technology-based methods like computer-based learning may offer an alternative delivery medium to traditional classroom-based methods. Despite having a track record as early adopters of technology, Australian organisations appear to underutilise these methods.

## Executing Leadership Development Programs

DDI advocates actions in five key areas to assure that a program is executed in a manner that will lead to desired business results. Items relating to each of these five areas (communication, accountability, skills, alignment, and measurement) were included in the *Global Leadership Forecast* surveys. Respondents indicated whether important steps to assure sound execution were taken; they rated each item on a five-point scale ranging from “strongly disagree” to “strongly agree”.

**Figure 7** shows the percentage of Australian and New Zealand HR professionals and those in the global sample who agreed or strongly agreed with key questions around execution. The items are listed in order from the highest to lowest endorsement by the global sample.

**FIGURE 7 Executing Leadership Development Programs**



The Australian and New Zealand organisations, like those elsewhere, performed best at sending a clear and consistent message about their leadership development program. More than half of the organisations, and somewhat more than the global average, aligned their programs with business priorities and with their performance management system. This suggests that too many leadership development offerings are not focused in a manner which will best benefit the business or deliver the strongest return on the investment. Many development initiatives are likely to be seen as discretionary activities rather than pivotal to business success, a view that is likely to damage their perceived value, further reducing the likelihood that leadership development initiatives will receive executive sponsorship and be ongoing.

Most organisations were less effective at holding management accountable for leadership development, and those in Australia and New Zealand were weaker than average. This may represent a complacent attitude toward leadership development or the fact that many leaders aren't grasping the opportunities laid out for them. There is opportunity here for greater clarity on the requirements and a sense of contractual obligation for leaders, equivalent at least to the level of investment required to support their development. That said, to be fair to leaders, most are not equipped with the necessary support tools or knowledge to fully capitalise upon organisational leadership development initiatives.

Besides being less inclined to hold managers accountable, only 17 percent of Australia and New Zealand organisations held senior management accountable. This finding is even more surprising given the high emphasis executives placed upon developing and retaining talent (see Figure 3). This likely will have a significant impact on the attention that leadership development receives in Australia and New Zealand.

Most Australian and New Zealand organisations failed to monitor their leadership programs or measure their results. Without concrete knowledge of the outcome of their efforts, organisations will not be able to determine how well they have achieved their objectives and whether aspects of their



programs need to be redirected. This finding further indicates the likelihood that leadership development initiatives will be short-lived, even when they are inherently successful.

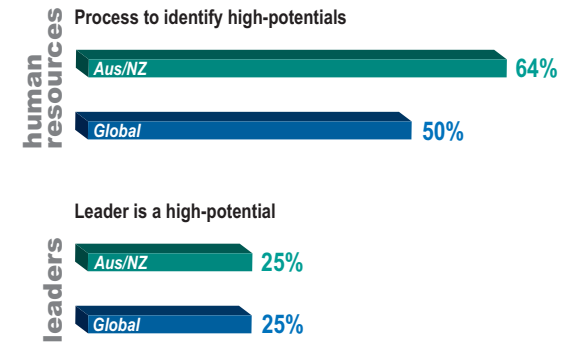
## HIGH-POTENTIAL LEADERS

High-potential employees were defined as those designated by the organisation as having the potential to assume high-level leadership roles and put into a special pool. Typically, these employees are placed in accelerated development programs to prepare them for their future roles.

### Identifying High-Potential Leaders

Compared to the global sample, a larger proportion of Australian and New Zealand organisations (64 percent) had a process for identifying high-potential leaders (see **Figure 8**). The proportion of Australian and New Zealand leaders in a high-potential program (25 percent) was the same as in the global sample, suggesting that the current ratio of leaders in high-potential programs has reached a natural equilibrium. Whilst the ratios may have stabilised, many organisations still are selecting talent into their high-potential pools based upon performance and unstructured measures of potential. DDI's research in this area suggests that enhanced calibration against critical leadership-potential factors creates more accurate nomination decisions, enhances leadership diversity, and helps to unleash hidden talent.

**FIGURE 8** Identifying High-Potential Leaders

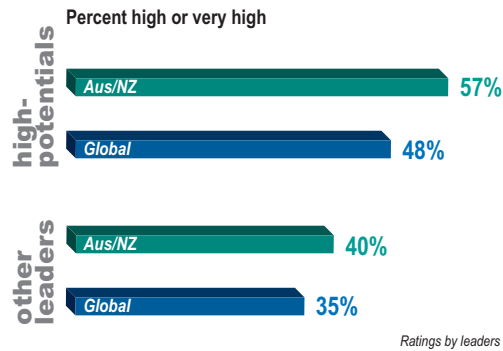


### Evaluating High-Potential Development Programs

About the same proportion of Australian and New Zealand organisations (37 percent) had a program to accelerate the development of their high-potential leaders, as did the typical organisation in the global sample (39 percent). However, considering that 64 percent of these organisations identified high-potentials, the implementation of leadership development programs appears to be lacking.

Worldwide, those in high-potential programs were much more positive about their developmental experiences than leaders who were not in such a special group. This finding also held true in Australia and New Zealand (see **Figure 9**). However, the Australia and New Zealand groups were more positive about their programs than their counterparts

**FIGURE 9** Quality of Leadership Development Programs

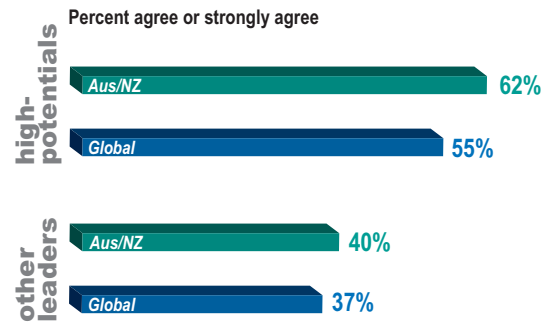


Ratings by leaders

elsewhere. This finding suggests that work remains to be done with existing high-potential programs and, more notably, for the 75 percent of leaders who are not selected for or able to commit to a high-potential pool. In Australia's and New Zealand's tight labour markets, it is critical to ensure that as many leaders as possible are engaged, challenged, and developing in their careers in line with the pace of change.

When asked about how satisfied they were with their leadership development offerings, the Australian and New Zealand leaders were somewhat more favourable than their counterparts in other regions (see **Figure 10**). Also, the high-potential leaders were significantly more pleased than those who were not in the special program. Despite comparing favourably with the global benchmark, there was not a high level of satisfaction with development offerings amongst the Australian and New Zealand leaders.

**FIGURE 10** Satisfaction with High-Potential Development Offerings



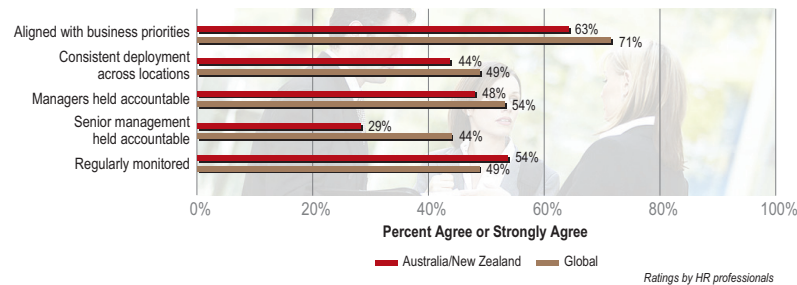
Ratings by leaders

*In Australia's and New Zealand's tight labour markets, it is critical to ensure that as many leaders as possible are engaged, challenged, and developing in their careers in line with the pace of change.*

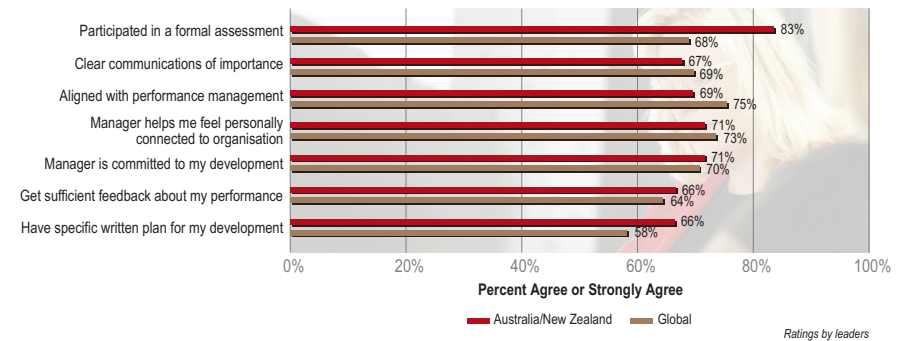
## Executing High-Potential Development Programs

Perhaps one reason leaders are more satisfied with high-potential programs is that they perceive them to be much better executed than programs designed for typical leaders. A comparison of Figure 11 (below) with Figure 7 (Executing Leadership Development Programs) shows that Australian and New Zealand organisations do a better job of holding management accountable for their high-potential programs than their regular programs; however, they do not do this as often as organisations elsewhere (Figure 11). They do exceed other organisations in monitoring their high-potential programs, the greatest area of difference between the execution of high-potential and regular programs in Australia and New Zealand.

**FIGURE 11** Executing High-Potential Development Programs



**FIGURE 12** Executing High-Potential Development Programs



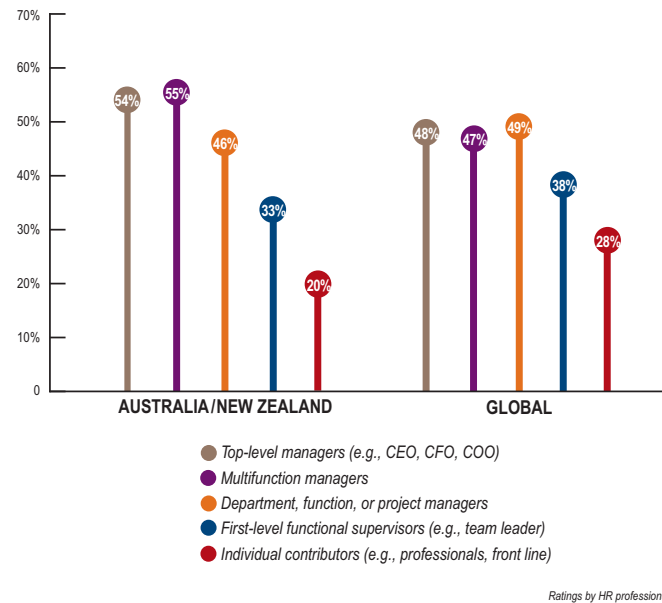
Generally, the Australian and New Zealand leaders described the execution of their high-potential programs similarly to leaders from other countries (see Figure 12). One advantage leaders in Australia and New Zealand have is that they are more likely than their global counterparts to be formally assessed on their strengths and development needs and to have a specific written plan for development. Perhaps the most alarming result is the lower levels of senior management accountability reported by HR professionals (Figure 11). At a time when executives consistently cite talent management as a significant priority, this finding suggests that their words may not be supported by their actions.

## Succession Planning

High-potential programs are often one aspect of organisations' succession-planning process. Australian and New Zealand organisations were more likely than those elsewhere to have succession plans at the top two levels of management (see **Figure 13**). Still, a significant proportion appeared to be placing themselves at unnecessary risk by having no clear succession strategy.

Australian and New Zealand organisations were less likely to develop plans for first-level managers or individual contributors, which is shortsighted. Given that only 60 percent of succession decisions were considered successful in Australian and New Zealand organisations, the best way to manage the risk of failure is to identify and begin development of potential leaders early in their careers.

**FIGURE 13** Prevalence of Defined Succession Plans



*One advantage leaders in Australia and New Zealand have is that they are more likely than their global counterparts to be formally assessed on their strengths and development needs and to have a specific written plan for development.*

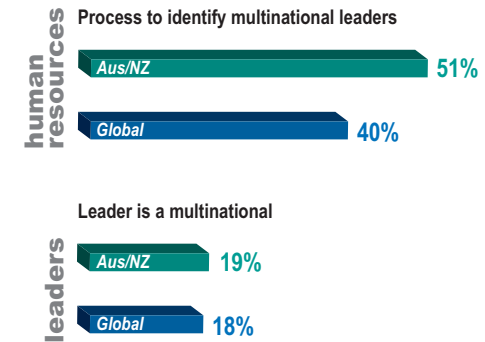
## MULTINATIONAL LEADERS

Multinational leaders were defined as leaders who work on projects, assignments, or business units that require a great deal of collaboration with associates in multiple countries. Multinational leaders may be located outside the home office country (i.e., expatriates) or inside the home office country. Multinational leaders include regional, international, and global leaders. Although national organisations claimed to have a small proportion of multinational leaders, we focus here on the experiences of those in multinational organisations.

### Identifying Multinational Leaders

Amongst global multinational organisations, only two in five had a formal process for identifying potential multinational leaders. This proportion was larger (51 percent) for organisations in Australia and New Zealand (see **Figure 14**). DDI's research into the elevated requirements and challenges of multinational leaders suggests that this targeted focus is indeed warranted. About one in five (19 percent) Australian and New Zealand leaders identified themselves as having multinational responsibilities, comparable to the global average.

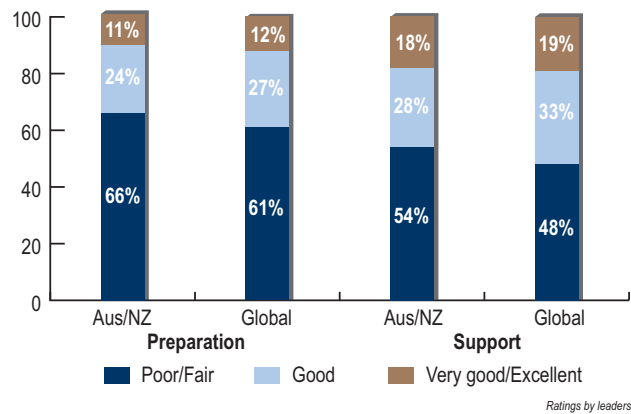
**FIGURE 14** Identifying Multinational Leaders



### Treatment of Multinational Leaders

Although 51 percent of Australian and New Zealand multinational organisations had a process to identify multinational leaders, only 21 percent had a process to develop them (compared to 29 percent worldwide). Development of multinational leaders appears to be a universal problem. Two-thirds (66 percent) of the Australian and New Zealand multinational leaders described their preparation for their assignments as fair or poor. This was slightly worse than the worldwide sample of multinational leaders (see **Figure 15**).

**FIGURE 15** Preparation and Support of Multinational Leaders



DDI, amongst others, has researched the specific requirements of multinational leaders. However, it appears few organisations are leveraging this knowledge to prepare their leaders for these inherently challenging assignments. It could be assumed that the lesser priority executives place upon expanding or strengthening international presence (see Figure 3) is affecting the level of focus upon multinational leadership development. Given that approximately one-fifth of leaders take on such a responsibility, this is obviously a situation that needs to be addressed.

Support for multinational leaders in their assignments also was found wanting. More than half (54 percent) of Australian and New Zealand multinational leaders rated their experience as poor or fair. Organisations in these two countries seem to be taking a strong hands-off approach with their multinational leaders, which might make it extremely difficult for those leaders to succeed. Given the level of competition in the marketplace and the requirements of multinational leaders, an organisation that prepares and supports these leaders should greatly reduce the risk of international assignment failure. Well-prepared and supported leaders can quickly create a distinct competitive advantage, especially when organisations expand into undeveloped markets.



*Two-thirds (66 percent) of the Australian and New Zealand multinational leaders described their preparation for their assignments as fair or poor.*

## CONCLUSIONS AND RECOMMENDATIONS

Improving or leveraging talent was the top business priority for leaders in Australia and New Zealand, where there was even more consensus than elsewhere in the world. This may be driving their concern with improving organisational culture. They were less oriented toward growth, perhaps because of the maturity of their marketplace. Yet, it might be argued that an emphasis on growth could drive opportunities and engagement for employees. Moreover, neglecting growth could result in missed opportunities in new markets in Asia and elsewhere.

Leaders in Australian and New Zealand organisations rated the quality of their leadership about the same as the global average, although HR professionals had somewhat less confidence in their leaders than did their counterparts elsewhere. Even meeting the global average is uninspiring, for there was clearly much room for improvement worldwide.

The focus on developing talent in Australia and New Zealand might be narrow. Succession planning was focused on the top two levels of the organisation, whilst there was substantial neglect of the bottom of the leadership pipeline, where inappropriate promotion decisions could leave organisations with a less than optimal pool of candidates for key high-level positions. Lesser focus upon succession planning at nonexecutive levels also might leave notable gaps when there is turnover in critical specialist roles.

By some indicators Australian and New Zealand organisations are doing better than the global average in developing leaders. HR professionals rated the quality of their programs slightly higher than those elsewhere, and leaders indicated they were somewhat more satisfied with their development offerings. This favourable comparison held for both regular leadership development and programs for high-potentials. However, the same cannot be said for multinational leaders, two-thirds of whom claimed their preparation for overseas responsibilities was fair or poor.

In several other ways the Australian and New Zealand organisations showed more awareness of the need to develop talent than the will to make it happen. Although they were more likely than organisations elsewhere to have processes to identify high-potentials or multinational leaders, they were considerably less likely to have the programs to develop them. They sent a consistent message that leadership development was important, but at the same time they were particularly remiss in holding senior management accountable for it. In addition, few organisations monitored or formally measured the results of leadership development.

Execution of development programs was better for high-potential leaders than regular leaders. The major difference was that nearly twice as many Australian and New Zealand organisations monitored their high-potential programs compared to their regular programs. This might be a reflection of the common practices of sending high-potentials through an assessment center to determine their strengths and development needs and creating individual development plans for them. Yet, only 29 percent

of senior managers were held accountable, even for these special programs. Although executives apparently recognise the importance of talent management, they might need guidance and support in defining their proper role in making it happen.

Organisations in Australia and New Zealand need to sharpen the focus and content of their leadership development practices, not only to ensure succession and remain competitive, but also to retain their leaders. Their educated workforce and prominent position in the Asia-Pacific market

make them particularly desirable sources of talent for new and emerging markets, such as China. As these markets continue to grow, many of Australia's and New Zealand's top executives—particularly those in industries like property, information services, and engineering—are being lured offshore by greater career opportunities, unique experiences, and higher compensation. If Australia and New Zealand continue to be net exporters of talent, they will seriously limit their ability to grow or even survive should global economic fortunes take a negative shift.

*Organisations in Australia and New Zealand need to sharpen the focus and content of their leadership development practices, not only to ensure succession and remain competitive, but also to retain their leaders.*

## APPENDIX

### Demographics

#### Organisations

130 Number in sample

Number of Employees	
1%	1–10
0%	11–50
1%	51–100
7%	101–200
16%	201–500
13%	501–1,000
22%	1,001–5,000
14%	5,001–10,000
10%	10,001–20,000
7%	20,001–50,000
9%	50,001 or more

#### Presence in the Global Market

37%	National
63%	Multinational (own, operate, or have affiliate offices outside own country)

#### Leaders

687 Number in sample

##### Management Level

27%	First-level (supervisor, team leader, foreman, etc.)
39%	Mid-level (leader of first-level leaders)
25%	Senior-level (leader/manager of mid-level leaders)
9%	Executive-level (leader in a policy-making position)

##### Organisational Tenure

4%	Less than 6 months
4%	6–11 months
14%	1–2 years
26%	3–5 years
20%	6–10 years
10%	11–15 years
23%	More than 15 years

#### Age

0%	Less than 25
17%	26–35
39%	36–45
31%	46–55
7%	56–65
6%	More than 65

#### Gender

71%	Male
29%	Female

NOTE: Numbers may not add up to 100 percent because of rounding.

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