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# Agenda

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## Has the world really changed? Leadership post GFC

In July 2009, with much relief, Treasurer Wayne Swan announced that Australia's labor market had survived the worst effects of the downturn, following the global recession that rocked many of the world's most stable economies.

Though Australia has emerged in relatively good shape, the question on the lips of many of our leaders remains: Where to now? The labour market may have survived, but many of the issues that dogged the Australian labour market for decades prior to the GFC

are back in abundance. A shortage of skilled labour, the return of many of our brightest and best to overseas markets don't bode well for Australian-based businesses.

Some, including psychologist and business coach Jamie Ford say now is the time to 'press the pedal to the metal'. And certainly, we don't want to pause or look backwards. So what should we now be expecting of our managers, and how should they frame the opportunities that lie ahead?

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Firstly, we need to keep the lessons learned during the GFC close at hand. We also need to remember that the recovery is as much human as it is economic.

A survey of business leaders in Australia and New Zealand (conducted by recruitment and HR specialists Randstad in 2009) found the major human capital challenges for 2009 was 'managing internal change, people, productivity and costs'. But that was in the depth of the GFC.

This year, the same survey sought the views of more than 3000 business leaders across Australia, New Zealand and, for the first time, Asia with analytics pointing to a new challenge for the year ahead: Employee Engagement and Satisfaction.

The Randstad 2010 World of Work Report points out that: "With the green shoots of recovery now apparent, a positive shift in economic circumstances is being welcomed throughout Asia Pacific, with most employers now expecting to hold or lift their headcount in anticipation of growth.

23% feel the need to attract top talent is the major human capital challenge for 2010 – closely followed by the need to retain key staff who sacrificed pay, hours and conditions during the worst of the GFC.

Employers can be encouraged by the general loyalty of their employees, with most saying they intend to remain in their current jobs. The survey finds only 23% plan to leave their employer, 61% expecting not to change at all and the remainder predicting a change of role within their existing employer.

The majority of employees surveyed say that a key motivator is knowing the part they play in achieving organisational goals. More than 71% feel they are encouraged to work to their full potential and are happy, or very happy in their jobs.

Such a vote of confidence does not mean employers are out of the woods. The report reveals that the single biggest cause of employee turnover in the coming twelve months will be the allure of better opportunities elsewhere.

To take the lead successfully, managers will need to keep their best people for the push ahead. Managers seeking to retain their top talent need strategies to address the larger and more complex issues of career

opportunities, internal growth strategies and succession planning.

Studies show the talent tide is already at play - with top performers in short supply.

Very few companies now report the ability to recruit 'as and when' required. For most, the talent shortage shows as soon as they look for top performers, and for others – like the mining sector – the talent shortage has never gone away.

With most companies planning to increase their headcount in the year ahead, the talent shortage will be top of mind and the rapid introduction or improvement of retention strategies will be needed to defend against potential raiders.

Employees want to be part of the action. And the best way to retain them is to make sure they play a part – and understand the part they play – in achieving organisational goals.

Now, as we move forward, strong leaders will:

#### **Identify mentors at all levels of the organisation**

Hear the people – all the people. Identify mentors senior to yourself, inside and outside the organisation. Take the advice of your peers and collaborate on new ideas and initiatives.

Even if only one-in-five makes it all the way to implementation, you're doing well. Find mentors in the lower ranks. Collect views and opinions to build a 360° view of resources views and opportunities.

#### **Include employee satisfaction surveys**

Only half (52%) of the respondents in the survey conduct regular employee satisfaction surveys in their organisation, despite 86% noting such surveys would be of benefit! Check the temperature of your organisation, check it regularly and respond to the results.

#### **Start thinking of emotional intelligence**

Company results can be measured in statistics. People are a lot more complicated. Studies by the Harvard Business School suggest we're dealing with a new balance sheet that includes financial intellectual, and emotional capital.

Leaders today are called upon to build an emotional enterprise, not just a rational one. Customers want to buy from organisations they like and who are like them. Staff want to

be recognised as intellectual and emotional investors. Relationships represent a unique strategic resource. In today's competitive environment relationships often signify the only real competitive advantage of many businesses.

The key challenge for a leader is to engage hearts and minds, the emotions and intellects of their people to deliver superior service and business performance. Establishing, building and maintaining well-planned and managed relationships are fundamental to the success of any business.

It is not simply about being 'Mr Nice Guy'. It's about consciously managing and developing the most valuable asset a company or person possesses.

#### **Get a life!**

While it's true that salary and standard benefits remain 'must haves' by one-in-two job seekers, benefits can feed into the number one priority for many staff - a work/life balance. Flexible working options are now the second reason why employees stay with an organisation. Be willing to tailor work arrangements to match the changing needs of employees and staff retention will improve. Many organisations continue to offer flexible work options, such as working from home, part-time work and career breaks/sabbaticals in order to ensure employees are happy and satisfied. By offering this flexibility, employers are providing a long-term balance for employees, while demonstrating understanding and commitment.

#### **Keep your talent happy**

When leaders appeal to their employees' strengths, they engage the primary driver of human performance - values. The real drivers of performance are not sticks and carrots but values and vibes. The things that really matter to people are: respect, trust, feeling valued and having the opportunity to contribute!

In many ways, Australian businesses have returned to pre-GFC concerns about talent, retention and engagement. The key to leading successfully in this environment will be listening, responding and providing employees with opportunities to invest in themselves and the organisation.

# So you think you're mentally tough?

There was a time in the boom years of the 1980s when greed and ruthlessness were considered a measure of success. Aggressive acquisitions, devastating deals and tough talk marked a decade that ended in tears – the recession that followed Black Monday, October 19, 1987.

It was around that time that Martin Seligman, a gifted American psychologist, began to study the relationship between the way people think and their success as leaders.

Putting their qualifications to one side, he found that those who thrive in the face of adverse circumstances share a central set of characteristics. They are pliable, emotionally resilient and most of all – optimistic. And it comes down to the way you learned to rationalise before the age of seven!

“The mentally tough have a well-developed optimistic explanatory style” says Jamie Ford, a New Zealand-based human resources development specialist who discovered Seligman's work some 15 years ago.

“They begin with the view that good conditions are the norm. Their businesses are composed of many parts that all run well, and they are positively engaged with all of them,” he said.

The mentally tough may appear laid back, but when the pressure is on, their state of mind becomes invaluable.

“Because they think that good times are the norm, they are amongst the first to recognise that even the most serious events don't last forever. They are also quick to partition problems: Yes the GFC is serious – but it's not going to last forever and while it's going to flood the engine room, it's not going to sink the ship.

“Even more important, those with mental toughness never take it personally. They know it's not their fault entirely, that there are many factors contributing to setbacks, and they seldom seek to apportion blame. Others may have a tendency to delve into forensics, but by then our happy campers have moved on to the creative problem solving space that's really going to save the day.

“By contrast”, says Ford, “those with a negative – or pessimistic – explanatory style find it difficult to recover and move on because they take it personally. The

GFC is the beginning of the end. The world economy's stuffed. The business is stuffed. We're all stuffed. Even our superannuation's stuffed! There's no way out from here...”

“They are so busy internalising their misfortune e.g. “How could I be so stupid!”, that they find it very difficult to step back and move onto problem solving – and that's a major problem.”

Ford says that there is a subtle difference between the “explanatory style” optimism that Seligman has researched so thoroughly, which is highly considered and rational; and the common perception of optimists, who have rose-tinted views, whatever the weather.

In over 1,000 global studies using Seligman's methods, a direct connection was found between optimistic explanations for why things have happened and superior business results.

Jamie Ford tested friendships himself in 2008 when he forecast that the New Zealand national netball team, the Silver Ferns, would lose against Australia. Fellow New Zealanders were not amused, but as he says: “New Zealand sport was on a ‘downer’ at the time and it caught up with the Silver Ferns. The ‘mirror neuron transfer effect’ was in full swing. So of course they lost.

“By contrast, someone asked the Australian Cricket Team which team was second best in the world, and they immediately answered: Australia B. That's not arrogant. It's just really positive.”

While companies continually look for staff and leaders with a ‘positive attitude’, mental toughness goes much deeper, he says. “It's like comparing the interior decoration of a house with the foundations. Decorative style is pleasing. But good foundations are more useful in an earthquake.

## So how's it done?

Ford says we learn to be either optimistic, or pessimistic, in our very early years – before the age of seven – from the attitudes of those around us

Our attitudes are neither genetic, nor hard-wired. They are learnt. So if you can learn to take a pessimistic view, you can also be taught to improve your resilience and become an optimist.

## The difference being positive makes is significant

“Sales people who have a genuine optimistic explanatory style are far more effective than their opposites. Our testing shows the optimists will have sales figures anywhere from 30 and 300% better than others. This is because they are willing to accept NO without feeling crushed, and will happily keep trying and eventually succeed. They step back, problem solve, and return without ever feeling that the NO will last forever.”

In a study of the influence of positive attitudes on 60 corporations Dr. Marcial Losada PhD. uncovered significant differences between the high and low performing enterprises. The three indicators used in the study were profitability, customer satisfaction, and 3600 evaluations by superiors, peers, and subordinates.

In the high performing enterprises, with what Seligman refers to as flourishing teams, there was a much higher ratio of positive comments (showed support, encouragement, or appreciation) to negative comments (disapproval, sarcasm, or cynicism). In the high performing enterprises the positive outweighed the negative by a margin of between three, and eleven to one.

When Ford asks groups he works with, “What's it like at your place?”, the response is often, “There's more negative than positive around here.”

Still, nothing's ever perfect, and Jamie Ford warns leaders need to stay engaged.

“Conditions are improving as the GFC comes to an end,” he said. “And as things get better there's a tendency for leaders, especially those with a less optimistic explanatory style, to lift their foot off the accelerator – when now's the time to really push the pedal to the metal.”

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Jamie Ford directs the Foresight Institute – [www.foresight.co.nz](http://www.foresight.co.nz) He is a charter associate member of the International Positive Psychology Association and a founding member of the New Zealand Association of Positive Psychology.

Professor Martin Seligman is the Fox Leadership Professor of Psychology at the University of Pennsylvania. He has written more than 20 books on positive psychology. In 1996 he was elected president of the American Psychological Association by the largest vote in modern history.