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Induction vital for small business

New research from Chandler Macleod shows that new employees make decisions about their future much more quickly in small business than in large employers. These findings suggest that it is crucial for small business to get it right from day one.

The study showed more than 50% of new employees decide to leave within the first month of joining an SME. In fact 8% of new SME employees decide to leave on the first day of their new job, compared to just one per cent of employees from larger organisations.

But once they decided to stay, SME employees generally stay for longer than their larger company counterparts, with around a quarter of staff in larger organisations leaving in the first two years, compared to just 10 per cent of SME staff.

Key factors are delivering on the promises made to jobseekers during the hiring process, and making new employees feel welcomed and part of the team as quickly as possible.

Organisational Culture linked to share price

Organisational Culture will become a key indicator in determining a company's future share price, a leading fund management firm has predicted.

Michael Murray, senior portfolio manager of sustainable alpha funds at AMP Capital Investors, said fund managers are increasingly looking at the value of intangible assets and indicators, such as organisational culture, in assessing company performance.

“It’s fully my expectation that companies can expect that their share price will be more and more influenced by what investors perceive the culture of the company to be,” he said. “We’re always asking companies these questions: How important is the organisational culture to your business? What are you doing to transform your culture? Where are the weak spots in your culture?”

Up to 75% of a company's modern value is now comprised of intangibles such as intellectual capital, brand, human capital and culture, according to Murray, citing factors such as the significant war for talent and generational issues like young people being inclined to change jobs more often, and ageing of the population, all combining to make it much harder for companies to attract and retain good staff.

As such, Murray said the most progressive organisations are realising the strong competitive advantage they can develop through effective HR capability.

"It obviously puts HR much more in the spotlight."

Disengagement levels signal high turnover

High disengagement levels among Australian workers indicate that employers face growing staff turnover over the next few years, according to a new survey.

Right Management conducted a global survey of more than 16,000 workers including over 2000 Australians. The study found that 62% of Australian respondents were disengaged at work, with 42% of employees describing themselves as "disconnected" - neither engaged nor happy at work. 36% of Australian workers said they felt connected to their job and described their organisation as a great place to work.

The survey found that 61% of engaged workers wanted to stay with their organisation for five years or more, compared with only 33% of disengaged workers. 20% of disengaged workers wanted to leave after one year, compared to 5% of engaged workers.

Research already shows that there is a strong link between an engaged workforce and achieving positive business results.

Average turnover up to 12.6%

The Australian Institute of Management 2007 National Salary Survey shows that average staff turnover has reached 12.6%, up from 11.5% in the previous study and 9.9% the year before that.

61% of employees who left did so to pursue career progression or promotion opportunities, suggesting that factors other than improving pay and financial benefits are involved in maximising staff retention.

Annual salaries at large companies increased nationally by 4.6% in 2006/07, according to the survey. This was an increase from the previous year's figure of 4.4%.

50.8% of large companies expected permanent staff numbers to increase over the coming year, while only 8.8% of companies expected a decrease.

HR managers lack impact on company strategy

One of the reasons Australian HR managers tend to struggle to influence board decisions or senior management is that they often use an overly consultative

collaborative approach, according to a new study by OPIC group. The study found that over 70% of the 1,500 managers and professionals throughout Australia lacked key skills necessary to influence their colleagues to drive change.

The report said that while HR professionals were generally good at networking with other professionals and managers, they were less adept at getting stakeholder buy-in on HR initiatives.

OPIC concluded that this was often because they took a highly consultative approach in their dealings with people but weren't willing to risk their relationships with other executives by challenging them.

Generational focus becoming obsolete?

A leadership study that surveyed around 250 Australian business leaders and HR representatives recommends a shift away from generation x and generation y management models to one based on individual management.

The report, by DDI Australia, suggests that successful leadership is increasingly becoming dependent on a manager's ability to understand and respond to employees' individual differences and needs. The study also reported that 74% of respondents believe that employee loyalty and connection to an organisation will decrease further over the next 10 to 15 years.

Bullying leading to payouts

Bullying incidents are landing a growing number of businesses in serious legal and financial trouble, according to a workplace law firm, with awards for compensation in the hundreds-of-thousands – if not millions of dollars – becoming more commonplace.

As well as the potential financial penalties, "...bullying in the workplace can lead to unmotivated staff, staff that take more days off from work and ultimately the company will experience a high level of staff turnover," according to Shana Schreier-Joffe, a partner at Harmers Workplace Lawyers,

"If bullying is occurring in a work environment, it is up to the employer to change the culture of the workplace – or face the consequences". Schreier-Joffe said that if an employee is too scared to talk to their boss, or their boss' boss about a bullying incident, or if an employer gives any indication that a bullying incident is not their problem the employer may be liable.

The courts do not look favourably upon any organisation, regardless of size, that has an incident of bullying, but has no policy or procedure in place informing its employees how to deal with and report incidents of bullying or harassment, Schreier-Joffe said. Similarly, employers must ensure such policies are very clearly understood, and enforced.

In one recent case, an employee was awarded more than \$500,000 by the Federal Court of Australia because the employee's company had an anti-bullying policy,

which was implied in the employee's employment contract, yet the company did nothing to protect him against bullying.

In circumstances where there is a culture of bullying as a result of management behaviour, Schreier-Joffe said HR professionals should firstly educate management in the risks associated with the behaviour, and ensure that the company has policies and procedures that appropriately deal with the issue. "Thirdly, actively attempt to change management behaviour by continually educating those concerned regarding the costs to the business both financially and in lost work hours, low morale and high turnover," she said.

Litigation over bullying will increase over the coming five years, Schreier-Joffe said. "We are likely to see more litigation raising bullying as a basis for breach of the employment contract and any policies of the employer dealing with the subject matter. We are also likely to see more acceptance by the courts of bullying as an unacceptable work practice giving rise to discrimination claims."

Leadership programs should be owned by senior management

A Hudson HR insights report has found that to be effective, "high potential" programs should be "owned" by the CEO and implemented by the senior executive team, rather than by HR or divisional managers.

To be successful, the study found, high-potential programs need to be owned by a team with an overall awareness of the company's strategy as well as the strengths and weaknesses of the company leaders.

One danger in letting individual managers run high-potential programs is that they may have a vested interest in keeping their best performers to themselves. This could mean that when opportunities for high performers within that business unit are exhausted, they may be tempted to look externally for a clear career path. And while HR should be involved as thought leaders and facilitators of the program, in many cases Australian HR teams lacked the strategic depth and power within the company to ensure a program's success.

The study recommended that high-potential programs be overseen by a company-wide leadership council with membership including the CEO and senior management, and representatives from line management and the HR team.

CFOs need broader skills for success

A new research report by Korn/Ferry has found that the most successful chief financial officers are those with strong people skills and a fluid, consensus-based leadership style.

Sources: *Shortlist, Human Resources, AIM*