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# Australian Management Capability Index **2015**

## Acronyms

<b>AAMO</b>	Asian Association of Management Organisations
<b>AIM</b>	Australian Institute of Management
<b>AMCI</b>	Australian Management Capability Index
<b>CEO</b>	Chief Executive Officer
<b>FAIM</b>	Fellow of the Australian Institute of Management
<b>MCI</b>	Management Capability Index
<b>MD</b>	Managing Director
<b>NZIM</b>	New Zealand Institute of Management

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AIM Research

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# 1. FOREWORD

The Australian Institute of Management is pleased to present its latest findings from the fourth Australian Management Capability Index (AMCI 2015).

The AMCI provides Australian business leaders with the opportunity to assess their management capability across a range of areas to benchmark performance against like organisations. Excellence in management capability is an integral marker of strong organisational performance, increasing business productivity and boosting staff retention rates.

The latest findings reveal a further decline in the headline performance rating, with Australian businesses only operating at 67.7% of what they could be achieving. This supports the latest Productivity Commission update which suggests business productivity in Australia remains well below historical rates.

While Australian CEOs and managers score their organisations most capable on integrity and corporate governance related factors, most alarmingly the findings indicate that some of the least capable factors include the application of technology and knowledge and visionary and strategic leadership. The results also call into question the effectiveness of hierarchical structures, which were viewed by many as detrimental to building organisational capability and innovate working environments.

Interestingly, there was a distinct divergence in the AMCI scores reported for CEO's and middle manager job levels. This may indicate a deficiency to articulate a clear and inspiring vision that is well understood among employees and that resonates across the different generational expectations of managers.

What the AMCI findings clearly convey is that there is an urgent need for increased investment in building management capability right across the business, most acutely at the middle manager level. Organisations must ensure that learning and development remains an integral component in the empowerment of managers.

A commitment by leaders to raise management capability, supported by appropriate strategic initiatives, will help deliver the productivity lift our organisations and nation dearly requires.

**David Pich, FAIM**  
**Chief Executive, Australian Institute of Management**

A photograph of three business professionals in an office setting. A man with curly brown hair and a beard, wearing a light blue button-down shirt, is seated at a desk and smiling while looking at a laptop. To his left, a woman with blonde hair, wearing a grey blazer over a pink shirt, is also smiling and looking towards the laptop. To his right, a woman with curly red hair, wearing a grey cardigan over a yellow top, is standing and looking at the laptop. The desk has a laptop, a tablet, a glass of water, and a pair of glasses. The background is a blurred office environment with shelves and lights.

## **2. INTRODUCTION TO THE AMCI**

## 2.1 Why Management Capability Matters

With Australian organisations under pressure to deliver productivity growth, understanding management capability is becoming increasingly critical to enterprises and the economy alike.

Management capability refers to how effectively an organisation puts its collective competencies to work to deliver business results. Excellence in management capability is an integral marker of strong organisational performance. Having a clear understanding of management capability enables leaders to accurately focus attention and resources in order to lift areas of management under-performance.

## 2.2 About the AMCI

The Australian Management Capability Index<sup>1</sup> (AMCI) provides a benchmark against which we can assess and track performance against a series of key categories of management capability at a company, industry or national level. It has been conducted annually for the last four years in Australia and (less frequently) in other countries in the Asia region as well.

The AMCI compares results by ownership type, industry, employee numbers, annual \$ turnover, managerial level and gender. It tabulates and averages survey responses and uses prescribed weightings to generate a score out of 100.

The current AMCI contains the views of 429 CEOs and senior managers from across the breadth of Australian organisations. Managers completed the AMCI Survey online (in early 2015) and self-assessed ten categories of management capability that contribute to sustainable performance and, where relevant, profitable growth.

Definitions for each of the ten categories that make up the AMCI are listed in Appendix 8.3.

The weighting of the ten categories (indicating their degree of importance in the final index) are as follows:

**Table 1.2.1: Weighting of Ten Categories of AMCI**

CATEGORY <sup>2</sup>	WEIGHTING (%)
1 Visionary and Strategic Leadership	15
2 Performance Leadership	10
3 People Leadership	10
4 Financial Management	10
5 Organisation Capability	5
6 Application of Technology and Knowledge	5
7 External Relationships	5
8 Innovation — Products and Services	10
9 Integrity and Corporate Governance	5
10 Results and Comparative Performance	25
<b>TOTAL</b>	<b>100</b>

<sup>1</sup> The AMCI is adapted from the Management Capability Index (MCI) established by the New Zealand Institute of Management (NZIM).

<sup>2</sup> Definitions for each of the categories are listed in Appendix 8.3

## 2.3 Key Findings

This year's research reveals scope for Australian Managers to lift their performance. The overall AMCI is **67.7** of a potential rating of 100, down from last year's result (69.0) – refer Table 4.1.1.

Australian CEOs and managers assess their organisations as being **most capable** in:

- Integrity and Corporate Governance (82.9)
- Financial Management (74.8)
- External Relationships (71.5).

They assess their organisations as **least capable** in:

- Organisational Capability (62.9)
- Application of Technology and Knowledge (64.4)
- Visionary and Strategic Leadership (64.6).


Organisation Capability has recorded the lowest category score in all of the preceding AMCI Surveys (refer Table 4.1.1.).

Further disaggregation shows that (as was the case in the previous year's Survey) the lowest subcategory score (of 56.1) across all ten categories is '*Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking*', which sits in the category *Visionary and strategic leadership* (refer Figure 4.2.1).

Of significance, the gap between overall AMCI scores reported for CEO/MD's and middle manager job levels (while smaller than in the previous year's Survey) is still quite wide (refer Table 4.7.1).

Specifically, CEO/MD's rated AMCI at 72.4, compared with middle managers self-reporting capability at 63.9. The engine room for delivering results is calling for investment to boost their capability.

Significant variations also exist between overall AMCI scores recorded across industry sectors (refer Table 4.4.1).

A young woman with long brown hair, wearing a grey blazer over a light blue shirt, is smiling at the camera. She is sitting at a desk, holding a pen in her hands. In the background, two other people, a man and a woman, are also smiling and looking towards the right. The setting appears to be a modern office or meeting room with large windows.

# **3. SURVEY PARTICIPANT PROFILE**

**The 2015 AMCI online survey was conducted in early 2015. The questionnaire (refer Appendix 8.2) was completed by 429 organisation leaders throughout Australia, representing a range of organisation sizes and ownership types.**

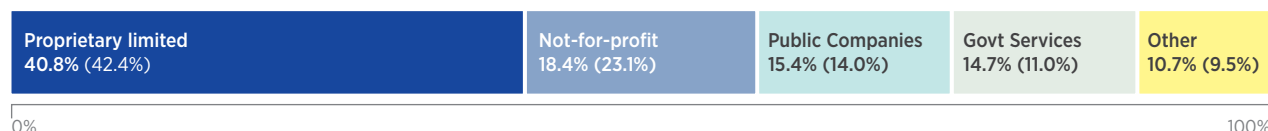
This section details the profile of survey participants by:

- Ownership type
- Industry
- Number of employees
- Annual \$ turnover
- Managerial level.

### 3.1 Ownership Type

Figure 3.1.1 indicates that the largest proportion of respondents by ownership type are from *Proprietary Limited* (40.8%), followed by *Not for Profit organisations* (18.4%).

**Figure 3.1.1: Ownership Type\***

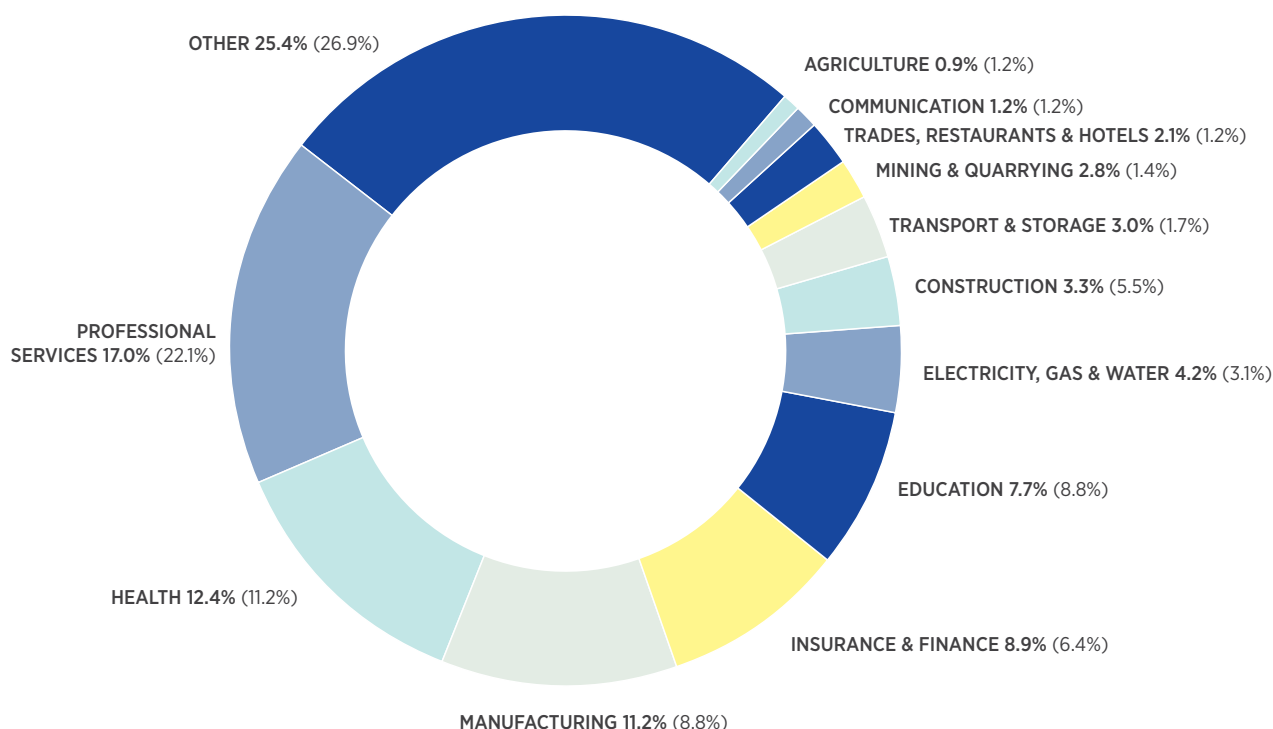


\* 2014 result in brackets

### 3.2 Industry

Figure 3.2.1 indicates that the largest proportion of respondents by industry are from *Other* (those organisations not specifically categorised) comprising 25.4% of the Survey group, followed by organisations in the *Professional Services* industry (17.0%).

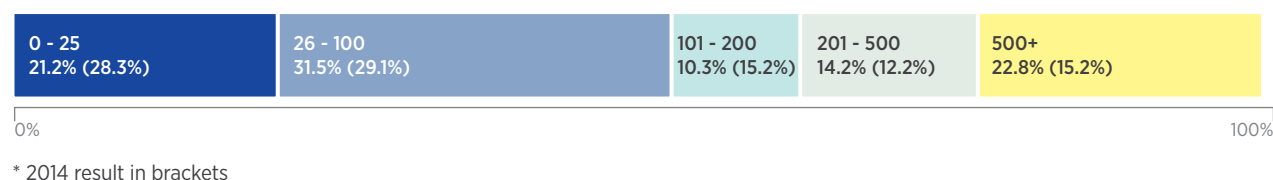
**Figure 3.2.1: Industry**



### 3.3 Number of Employees

Figure 3.3.1 indicates that the majority (63%) of organisations that participated in the AMCI are small and medium enterprises with up to 200 employees. The balance of respondents (37%) are from large organisations.

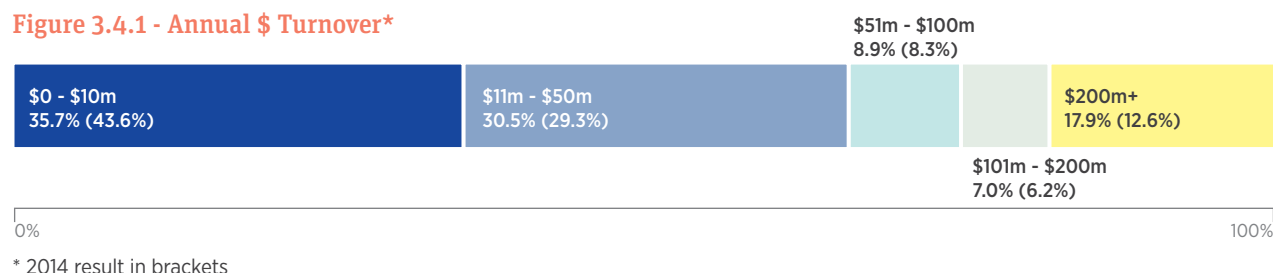
Figure 3.3.1 - Number of Employees\*



### 3.4 Annual \$ Turnover

Figure 5.4.1 indicates that the majority (66.2%) of organisations that participated in the AMCI generate \$50 million or less in annual turnover. The balance (33.8%) of organisations generate more than \$50 million in annual turnover.

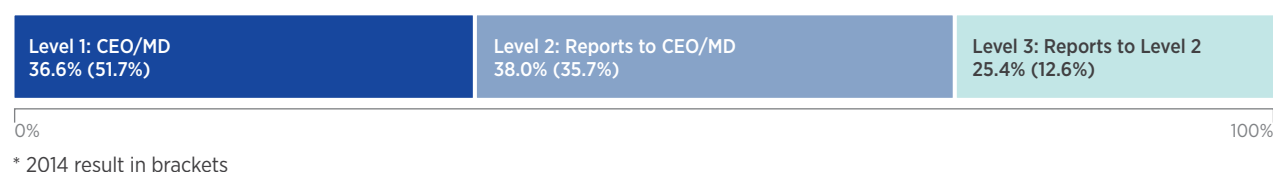
Figure 3.4.1 - Annual \$ Turnover\*



### 3.5 Managerial Level

Figure 3.5.1 indicates that the largest group of respondents (38%) to the AMCI Survey were in a position that reports to a Chief Executive Officer or a Managing Director (Level 2), while the next largest group (36.6%) were either a Chief Executive Officer or a Managing Director (Level 1).

Figure 3.5.1 - Managerial Level




### 3.6 Gender

Figure 3.6.1 indicates that of the 429 participants, 289 (67.4%) were female, and 140 (32.6%) were male. These results are very similar to the gender profile recorded in the 2014 AMCI.

Figure 3.6.1 - Gender



A professional business meeting in a modern office. A man with a beard, wearing a light blue shirt and dark tie, is seated at a wooden table, looking up at a woman standing. The woman has blonde hair, wears glasses, a white shirt, and a grey blazer. She is smiling and has her hands clasped. On the table is a silver laptop, a tablet, two glasses of water, and a pair of red-rimmed glasses. The background is a blurred office interior with large windows and modern lighting.

## **4. SURVEY RESULTS**

## 4.1 Overall Results

The overall Australian Management Capability Index was registered at **67.7**.

This result suggests that, on average, Australian organisations are performing at only around two-thirds of their potential 100 per cent capacity and have notable opportunity for improvement in specific areas.

Of particular concern is that the results show a continued gradual decline in the overall management capability results recorded since the inaugural AMCI Survey was conducted in 2012.

Table 4.1.1 shows that, as was the case in previous years, the highest individual AMCI category result was recorded for *Integrity and Corporate Governance* (82.9), followed by *Financial Management* (74.8) and *External Relationships* (71.5). The lowest index was recorded for the *Organisation Capability* (62.9) and *Application of Technology and Knowledge* (64.4) categories.

*Organisation Capability* has recorded the lowest category score in all of the preceding AMCI Surveys.

When compared to last year's (2014) Survey results, the greatest variation occurred in the *Application of Technology and Knowledge* category, with a score of 69.1 in 2014 and 64.4 in 2015 (a variance of -4.7).

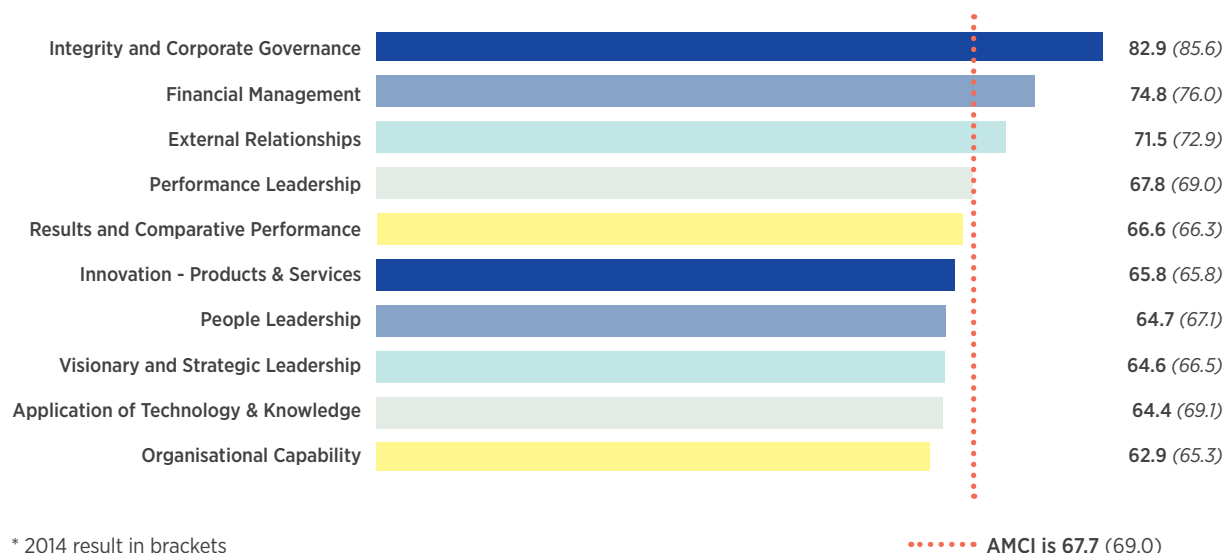
**Table 4.1.1 - Overall AMCI Results**

CATEGORY	AMCI (2012)	AMCI (2013)	AMCI (2014)	AMCI (2015)
1 Visionary and Strategic Leadership	68.0	68.4	66.5	64.6
2 Performance Leadership	70.5	70.5	69.0	67.8
3 People Leadership	69.1	66.8	67.1	64.7
4 Financial Management	76.8	76.1	76.0	74.8
5 Organisation Capability	66.2	65.3	65.3	62.9
6 Application of Technology and Knowledge	70.4	68.9	69.1	64.4
7 External Relationships	74.1	75.1	72.9	71.5
8 Innovation — Products and Services	67.3	67.2	65.8	65.8
9 Integrity and Corporate Governance	85.7	85.6	85.6	82.9
10 Results and Comparative Performance	70.9	68.9	66.3	66.6
<b>AMCI (overall)*</b>	<b>71.1</b>	<b>70.3</b>	<b>69.0</b>	<b>67.7</b>

\* Weighted (refer to Table 1.2.1 for weightings applied)

Figure 4.1.2 illustrates the ranking of AMCI results by individual categories and compares them against the (overall) AMCI.

**Figure 4.1.2 - Ranked AMCI Results by Category**



**Table 4.1.2 - AMCI Results – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
1 Visionary and Strategic Leadership	66.5	64.6	-1.9	-2.8%
2 Performance Leadership	69.0	67.8	-1.2	-1.8%
3 People Leadership	67.1	64.7	-2.4	-3.6%
4 Financial Management	76.0	74.8	-1.2	-1.6%
5 Organisation Capability	65.3	62.9	-2.4	-3.7%
6 Application of Technology and Knowledge	69.1	64.4	-4.7	-6.8%
7 External Relationships	72.9	71.5	-1.4	-2.0%
8 Innovation – Products and Services	65.8	65.8	0.0	0.0%
9 Integrity and Corporate Governance	85.6	82.9	-2.7	-3.2%
10 Results and Comparative Performance	66.3	66.6	0.3	0.4%
<b>AMCI (overall)*</b>	<b>69.0</b>	<b>67.7</b>	<b>-1.3</b>	<b>-1.9%</b>

\* Weighted (refer to Table 1.2.1 for weightings applied)

## 4.2 Results by Sub Categories

Each of the ten survey categories is comprised of several statements or subcategories (refer to *Appendix 8.2*) against which respondents scored their organisation's performance.

As was the case in last year's (2014) Survey, the lowest subcategory score (of 56.1) across all ten categories is 'Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking', which sits in the category *Visionary and strategic leadership* (refer figure 4.2.1).

The overall scores (across all survey respondents) for each subcategory are represented in the figures below.

Notes are provided to highlight subcategory results with a variance of greater than 5 (+ or -) to the overall category score.

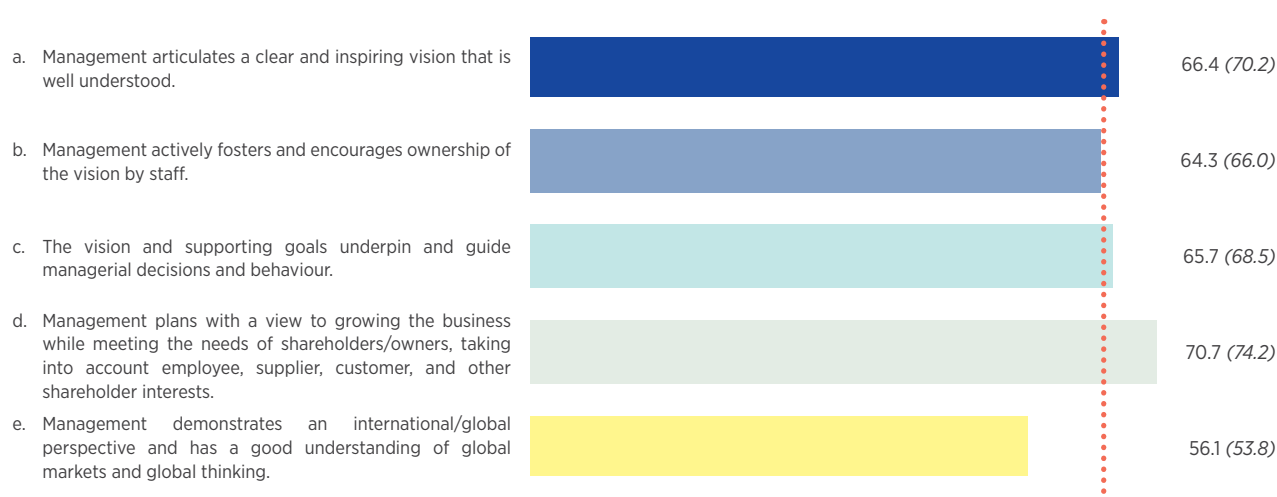
### Visionary and Strategic Leadership

Figure 4.2.1 shows that subcategory d) 'Management plans with a view to growing the business while meeting the needs of shareholders/owners, taking into account employee, supplier, customer and other shareholder interests', has a score of 70.7 (variance + 6.1), which is relatively high compared to the overall category score.

Subcategory e) 'Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking' has a score of just 56.1 (variance: -8.5), well below the overall category score of 64.6, although is slightly higher than last year's subcategory score (53.8).

As was the case in last year's (2014) Survey, this subcategory score is the lowest subcategory score across all ten categories, including those with the lowest category index, *Organisation Capability and Innovation – Products and Services*.

**Figure 4.2.1 - Subcategory Results–Visionary and Strategic Leadership\***



\* 2014 result in brackets

Visionary and Strategic Leadership overall category score is 64.6 (66.5)

Table 4.2.1 - Visionary and Strategic Leadership Results - Changes Since 2014

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management articulates a clear and inspiring vision that is well understood.	70.2	66.3	-3.8	-5.5%
b) Management actively fosters and encourages ownership of the vision by staff.	66.0	64.3	-1.7	-2.5%
c) The vision and supporting goals underpin and guide managerial decisions and behaviour.	68.5	65.7	-2.8	-4.1%
d) Management plans with a view to growing the business while meeting the needs of shareholders/owners, taking into account employee, supplier, customer, and other shareholder interests.	74.2	70.7	-3.4	-4.6%
e) Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking.	53.8	56.1	2.3	4.3%

## Performance Leadership

Figure 4.2.2 shows that all subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score. The overall category score of 67.8 has decreased slightly from the 69.0 overall category score recorded in the last year's (2014) AMCI.

**Figure 4.2.2 - Subcategory Results—Performance Leadership\***



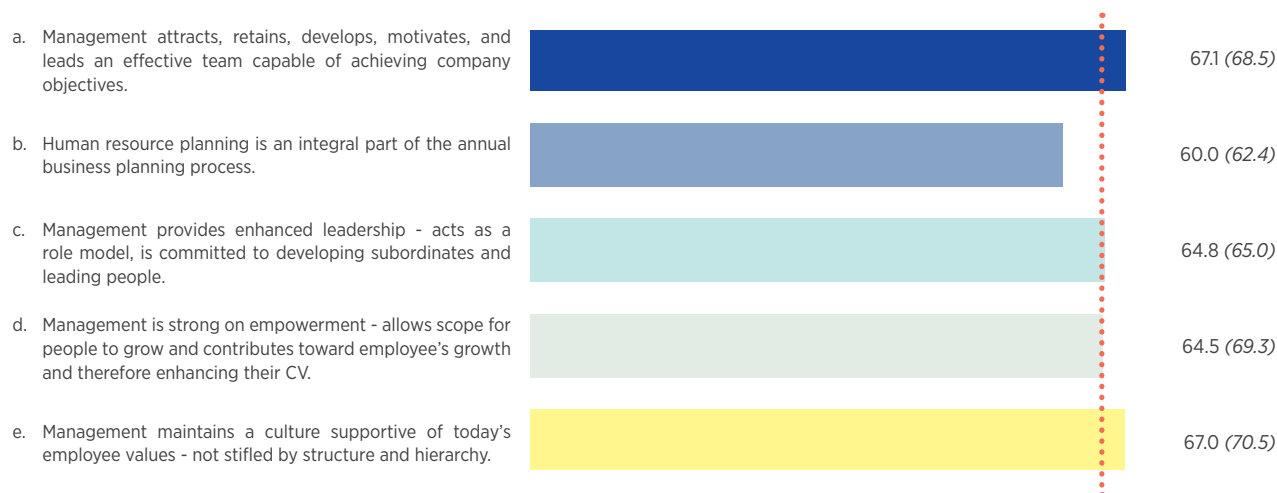
**Table 4.2.1 - Visionary and Strategic Leadership Results - Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management ensures the organisation is strongly goal, performance, and achievement focused.	71.3	70.1	-1.2	-1.7%
b) Management demonstrates the ability and attitude to lead the achievement of challenging goals and change.	70.7	66.6	-4.1	-5.8%
c) Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse).	69.0	65.7	-3.3	-4.8%
d) The organisation consistently meets its performance goals and has a performance track record of growth and of continually improving performance.	66.5	67.6	1.1	1.6%
e) The organisation consistently performs better than its competitors or other comparable organisations.	67.5	68.8	1.3	2.0%

## People Leadership

Figure 4.2.3 shows that all subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score. The overall category score of 64.7 is notably lower than the score of 67.1 that was recorded in last year's (2014) AMCI.

**Figure 4.2.3 - Subcategory Results—People Leadership\***



\* 2014 result in brackets

People Leadership overall category score is 64.7 (67.1)

**Table 4.2.3 - People Leadership Results - Changes Since 2014**

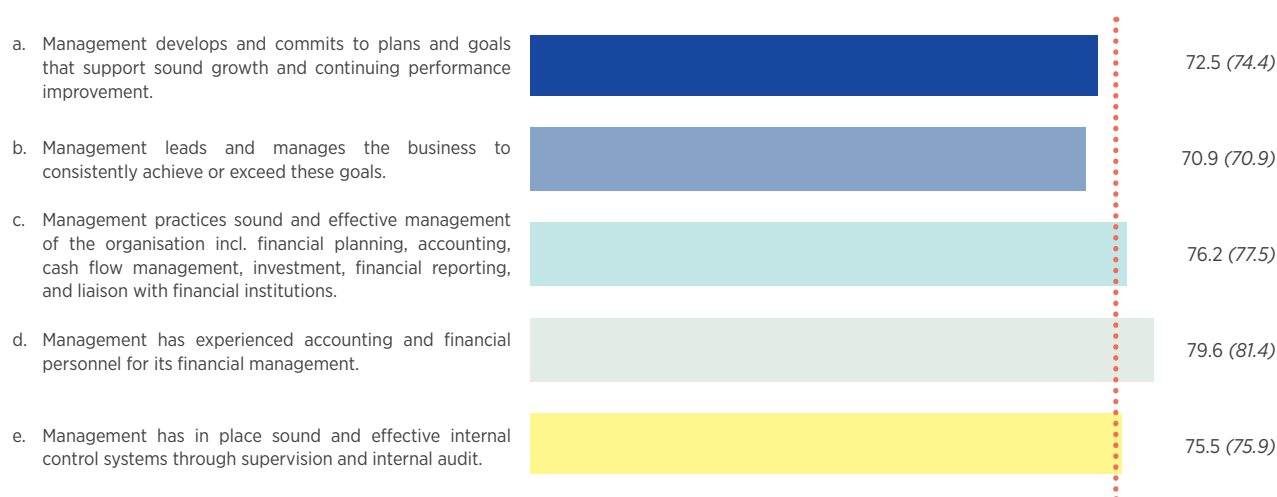
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management attracts, retains, develops, motivates, and leads an effective team capable of achieving company objectives.	68.5	67.1	-1.4	-2.0%
b) Human resource planning is an integral part of the annual business planning process.	62.4	60.0	-2.4	-3.8%
c) Management provides enhanced leadership - acts as a role model, is committed to developing subordinates and leading people.	65.0	64.8	-0.2	-0.3%
d) Management is strong on empowerment - allows scope for people to grow and contributes toward employee's growth and therefore enhancing their CV.	69.3	64.5	-4.8	-6.9%
e) Management maintains a culture supportive of today's employee values - not stifled by structure and hierarchy.	70.5	67.0	-3.5	-4.9%

## Financial Management

Figure 4.2.4 shows that all subcategories are within a variance of less than or equal to + or – 5 in comparison to the overall category score.

The overall category score of 74.8 is slightly lower than the score of 76.0 recorded in last year's (2014) AMCI.

**Figure 4.2.4 - Subcategory Results—Financial Management\***



\* 2014 result in brackets

Financial Management overall category score is 74.8 ( 76.0)

**Table 4.2.1 - Visionary and Strategic Leadership Results - Changes Since 2014**

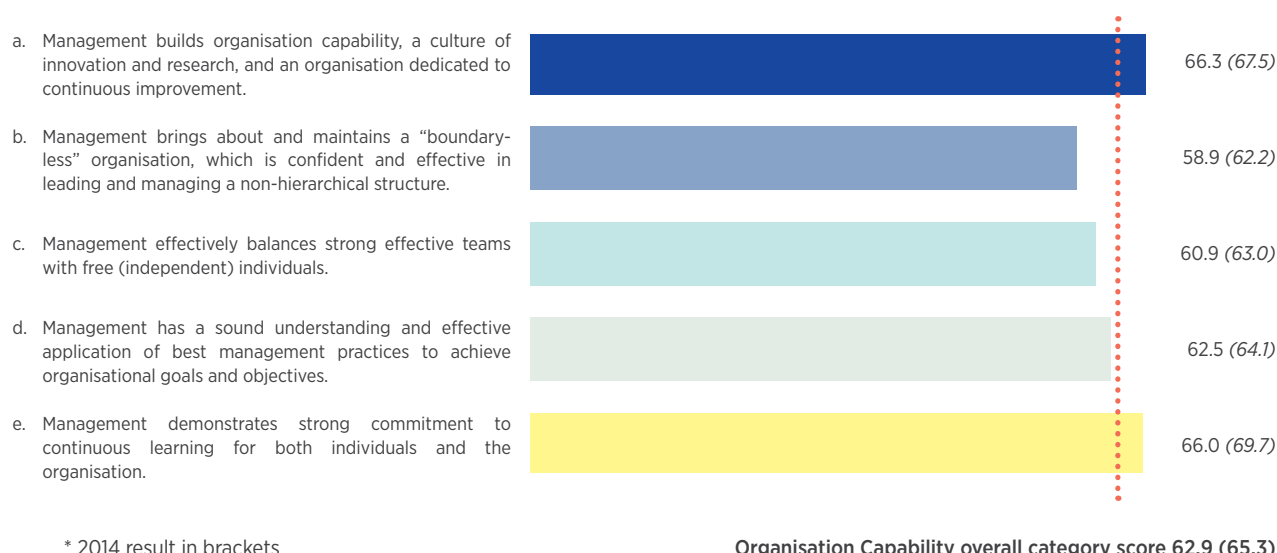
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management develops and commits to plans and goals that support sound growth and continuing performance improvement.	74.4	72.5	-1.9	-2.6%
b) Management leads and manages the business to consistently achieve or exceed these goals.	70.9	70.1	-0.8	-1.1%
c) Management practices sound and effective management of the organisation incl. financial planning, accounting, cash flow management, investment, financial reporting, and liaison with financial institutions.	77.5	76.2	-1.3	-1.7%
d) Management has experienced accounting and financial personnel for its financial management.	81.4	79.6	-1.7	-2.1%
e) Management has in place sound and effective internal control systems through supervision and internal audit.	75.9	75.5	-0.5	-0.6%

## Organisation Capability

Figure 4.2.5 shows that all subcategories are within a variance of less than or equal to + or – 5 in comparison to the overall category score.

The overall category score of 62.9 is lower than the score of 65.3 that was recorded in last year's (2014) AMCI.

**Figure 4.2.5 - Subcategory Results—Organisation Capability\***



**Table 4.2.5 - Organisation Capability Results - Changes Since 2014**

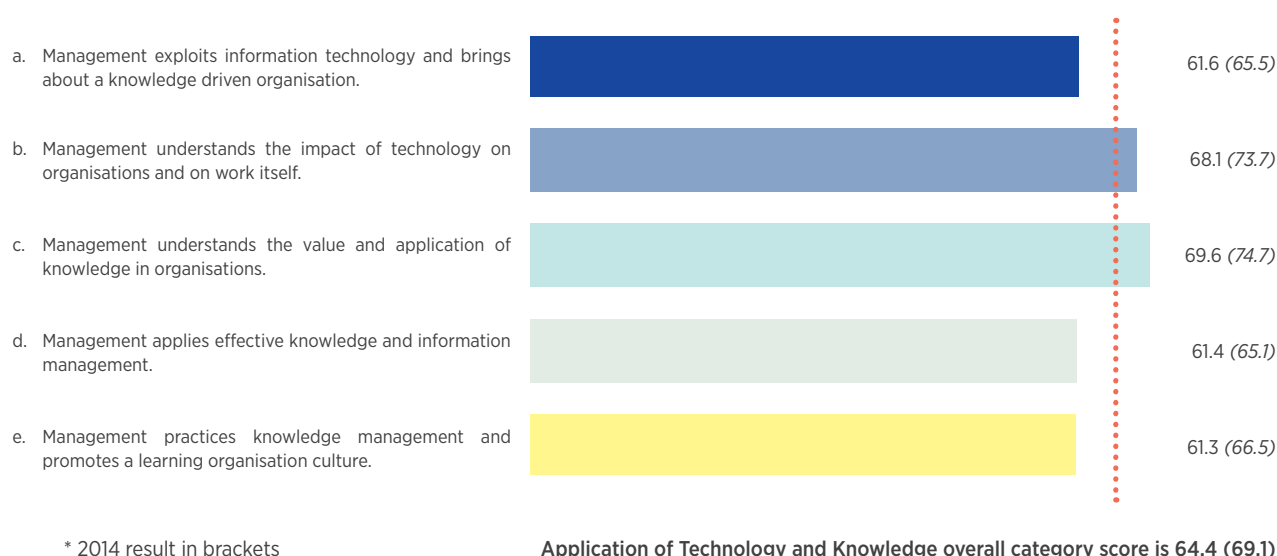
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management builds organisation capability, a culture of innovation and research, and an organisation dedicated to continuous improvement.	67.5	66.3	-1.2	-1.7%
b) Management brings about and maintains a "boundary-less" organisation, which is confident and effective in leading and managing a non-hierarchical structure.	62.2	58.9	-3.3	-5.3%
c) Management effectively balances strong effective teams with free (independent) individuals.	63.0	60.9	-2.1	-3.3%
d) Management has a sound understanding and effective application of best management practices to achieve organisational goals and objectives.	64.1	62.5	-1.7	-2.6%
e) Management demonstrates strong commitment to continuous learning for both individuals and the organisation.	69.7	66.0	-3.7	-5.4%

### Application of Technology and Knowledge

Figure 4.2.6 shows that subcategory c) 'Management understands the value and application of knowledge in organisations', has a score of 69.6 which is notably lower than the overall category score (variance of -5.2).

The overall category score of 64.4 is lower than the score of 69.1 that was recorded in last year's (2014) AMCI.

**Figure 4.2.6 - Subcategory Results—Application of Technology and Knowledge\***



**Table 4.2.6 - Application of Technology and Knowledge Results - Changes Since 2014**

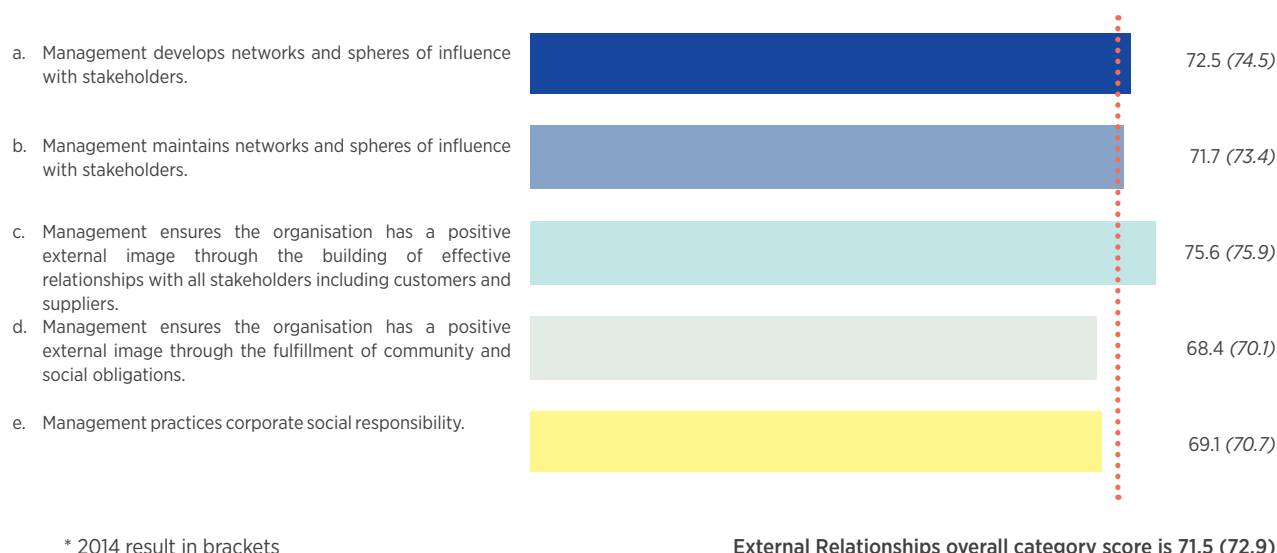
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management exploits information technology and brings about a knowledge driven organisation.	65.5	61.6	-3.9	-6.0%
b) Management understands the impact of technology on organisations and on work itself.	73.7	68.1	-5.6	-7.6%
c) Management understands the value and application of knowledge in organisations.	74.7	69.6	-5.1	-6.8%
d) Management applies effective knowledge and information management.	65.1	61.4	-3.7	-5.7%
e) Management practices knowledge management and promotes a learning organisation culture.	66.5	61.3	-5.2	-7.8%

## External Relationships

Figure 4.2.7 shows that all subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score.

The overall category score of 71.5 has decreased slightly from the score of 72.9 recorded in last year's (2014) AMCI.

**Figure 4.2.7 - Subcategory Results—External Relationships\***



**Table 4.2.5 - External Relationships Results - Changes Since 2014**

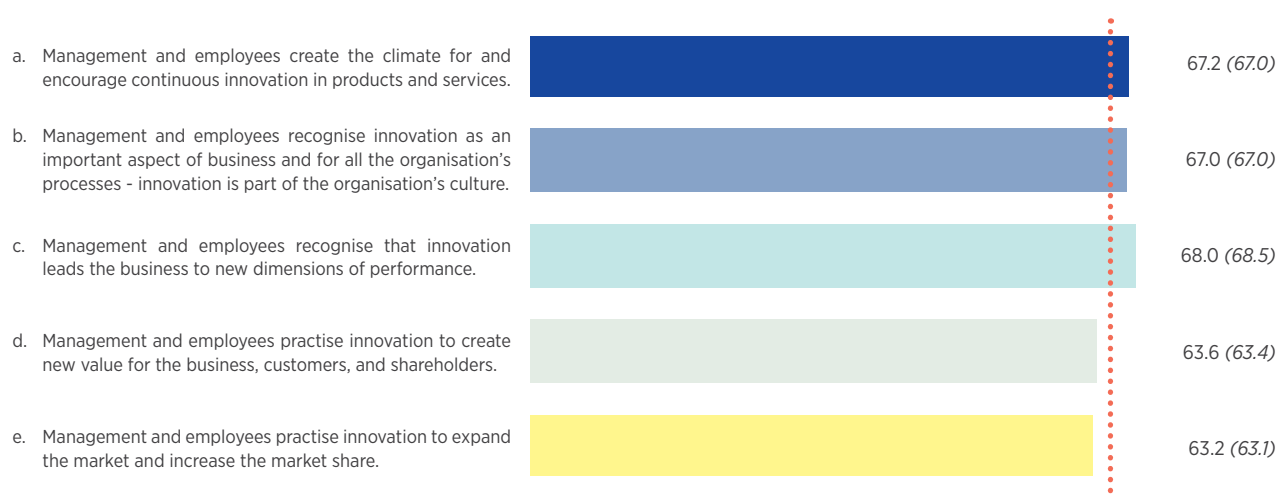
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management develops networks and spheres of influence with stakeholders.	74.5	72.5	-2.0	-2.6%
b) Management maintains networks and spheres of influence with stakeholders.	73.4	71.7	-1.6	-2.2%
c) Management ensures the organisation has a positive external image through the building of effective relationships with all stakeholders including customers and suppliers.	75.9	75.6	-0.3	-0.4%
d) Management ensures the organisation has a positive external image through the fulfilment of community and social obligations.	70.1	68.4	-1.8	-2.5%
e) Management practices corporate social responsibility.	70.7	69.1	-1.6	-2.3%

## Innovation – Products and Services

Figure 4.2.8 shows that all subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score.

The overall category score of 65.8 has remained unchanged since last year's (2014) AMCI.

**Figure 4.2.8 - Subcategory Results – Innovation – Products and Services\***



\* 2014 result in brackets

Innovation - Products and Services overall category score is 65.8 (65.8)

**Table 4.2.8 - Innovation – Products and Services Results - Changes Since 2014**

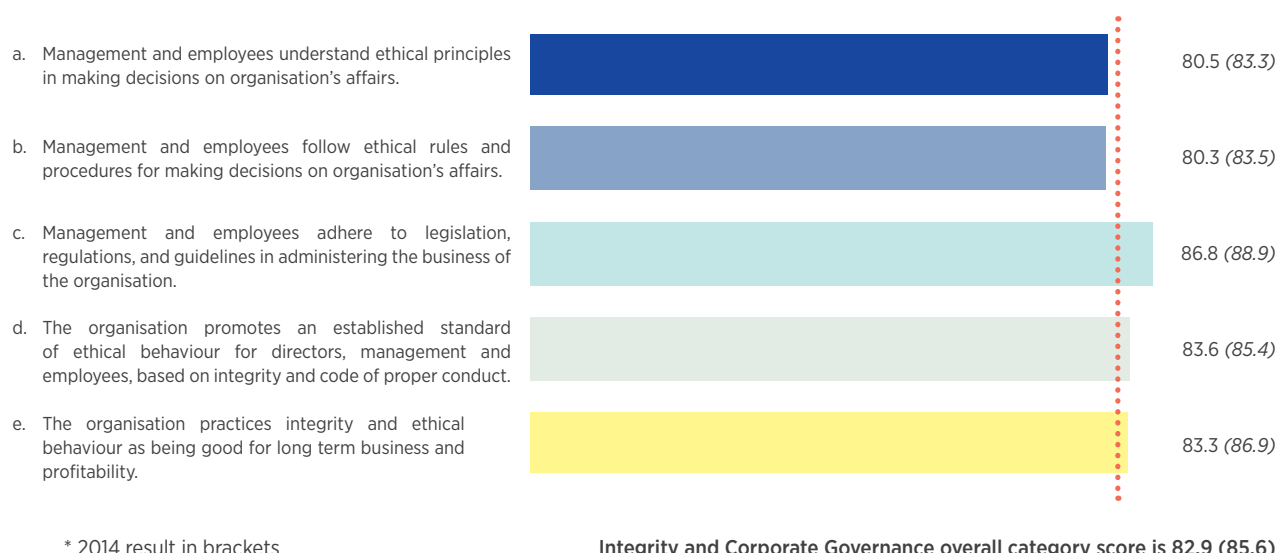
CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management and employees create the climate for and encourage continuous innovation in products and services.	67.0	67.2	0.2	0.2%
b) Management and employees recognise innovation as an important aspect of business and for all the organisation's processes - innovation is part of the organisation's culture.	67.0	67.0	0.0	0.0%
c) Management and employees recognise that innovation leads the business to new dimensions of performance.	68.5	68.0	-0.5	-0.7%
d) Management and employees practise innovation to create new value for the business, customers, and shareholders.	63.4	63.6	0.2	0.3%
e) Management and employees practise innovation to expand the market and increase the market share.	63.1	63.2	0.1	0.2%

## Integrity and Corporate Governance

Figure 4.2.9 shows that all subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score.

The overall category score of 82.9 is lower than the score of 85.6 recorded in last year's (2014) AMCI.

**Figure 4.2.9 - Subcategory Results—Integrity and Corporate Governance\***



**Table 4.2.9 - Integrity and Corporate Governance Results - Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
a) Management and employees understand ethical principles in making decisions on organisation's affairs.	83.3	80.5	-2.8	-3.4%
b) Management and employees follow ethical rules and procedures for making decisions on organisation's affairs.	83.5	80.3	-3.2	-3.8%
c) Management and employees adhere to legislation, regulations, and guidelines in administering the business of the organisation.	88.9	86.8	-2.1	-2.3%
d) The organisation promotes an established standard of ethical behaviour for directors, management and employees, based on integrity and code of proper conduct.	85.4	83.6	-1.9	-2.2%
e) The organisation practices integrity and ethical behaviour as being good for long term business and profitability.	86.9	83.3	-3.5	-4.1%

Performance Results and Organisation’s Management Capability\*

Figure 4.2.10 indicates that the Performance Results and Organisation’s Management Capability category score (of 66.6) is slightly lower than the **overall** (all categories) AMCI score of 67.7.

The category score (of 66.6) is slightly higher than the score of 66.3 recorded in last year’s (2014) AMCI.

Figure 4.2.10 - Performance Results and Organisation’s Management Capability\*



Table 4.2.10 - Performance Results and Organisation’s Management Capability Results - Changes Since 2014

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
The performance results are the most important measures of management capability. Please reflect on the key measures your organisation uses to quantify performance results (for example, growth in revenue over the past 5 years) and rate your organisation’s current position.	66.3	66.6	0.3	0.4%

### 4.3 Results by Ownership Type

Table 4.3.1 indicates that *Not for Profit* organisations and those organisations not specifically categorised, that is *Other sub-category*, scored the highest AMCI's of the different ownership types (67.7 and 70.2 respectively).

*Public Companies* and *Other* ownership type sub-categories recorded scores that were higher than last year's (2014) Survey.

*Government Services*, *Not for Profit* and *Pty Ltd* ownership type sub-categories recorded scores that were lower than last year's (2014) Survey.

The *Government Services* ownership type sub-category recorded the lowest sub-category score amongst the group, it also recorded the most significant decline amongst the group when compared to last year's (2014) Survey (down from 68.3 to 59.8).

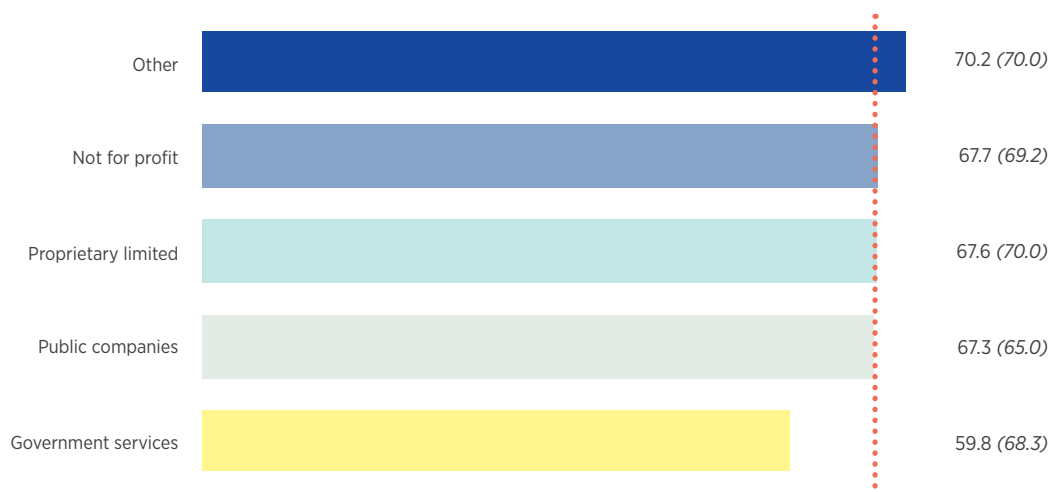
**Table 4.3.1 - Results by Ownership Type**

CATEGORY	Govt. services 14.7%	Not for Profit 18.4%	Public Companies 15.4%	Pty Ltd 40.8%	Other 10.7%	AMCI 100%
1. Visionary and Strategic Leadership	56.1	62.8	66.3	64.3	69.4	64.6
2. Performance Leadership	59.4	68.2	67.6	67.1	73.4	67.8
3. People Leadership	55.1	65.8	63.0	64.5	72.7	64.7
4. Financial Management	70.6	75.7	74.6	74.1	73.4	74.8
5. Organisation Capability	49.8	62.7	60.4	64.4	70.7	62.9
6. Application of Technology and Knowledge	56.0	63.8	59.3	65.7	67.6	64.4
7. External Relationships	67.4	75.8	70.8	68.2	74.6	71.5
8. Innovation – Products and Services	53.2	63.4	65.9	67.6	67.6	65.8
9. Integrity and Corporate Governance	75.9	81.6	84.7	82.7	82.7	82.9
10. Results and Comparative Performance	60.5	67.1	65.9	66.2	65.1	66.6
<b>AMCI (overall) 2015</b>	<b>59.8</b>	<b>67.7</b>	<b>67.3</b>	<b>67.6</b>	<b>70.2</b>	<b>67.7</b>
AMCI (overall)* 2014	68.3	69.2	65.0	70.0	70.0	69.0

\* Weighted (refer to Table 1.2.1 for weightings applied)

Figure 4.3.1 illustrates the ranking of AMCI results by Ownership Type and compares them to the (overall) AMCI.

**Figure 4.3.1 - Ranked Ownership Type Results\*\***



\*\* 2014 result in brackets

Overall AMCI score is 67.7 (69.0)

**Table 4.3.2 - Results by Ownership Type – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Government Services	68.3	59.8	-8.5	-12.4%
Not For Profit	69.2	67.7	-1.5	-2.2%
Public Companies	65.0	67.3	2.3	3.5%
Proprietary Limited	70.0	67.6	-2.4	-3.5%
Other	70.0	70.2	0.2	0.3%

## 4.4 Results by Industry<sup>1</sup>

Table 4.4.1 shows organisations from the Trade, Restaurant & Hotels industry recorded the highest AMCI score (74.7) and also the greatest improvement in scores when compared to last year's (2014) Survey (up from 69.0 to 74.7).

Organisations from the Construction industry recorded the lowest AMCI score and also the greatest decline in scores when compared to last year's Survey (down from 67.6 to 56.5).

**Table 4.4.1 - Industry**

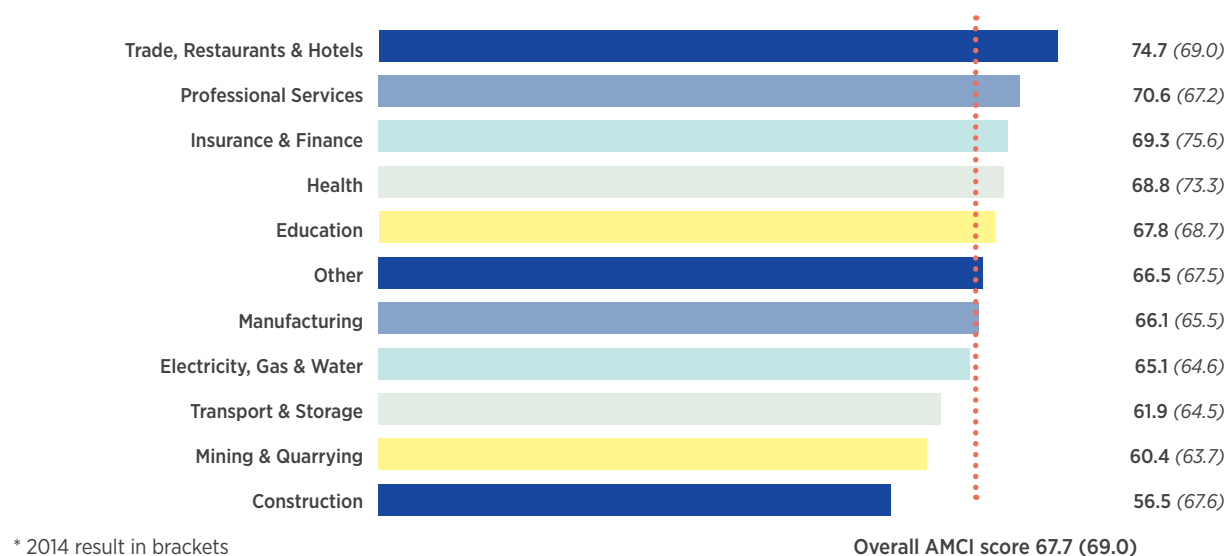
CATEGORY	Visionary & Strategic Leadership	Perf. Leadership	People Leadership	Financial Mgt.	Org. Capability	Tech. & Knowledge	External Relationships	Innovation Products & Services	Integrity & Corporate Governance	Results & Comparative Performance	2015 AMCI (Overall)	2014 AMCI (Overall)
Agriculture* (0.9%, n=4)												
Communication* (1.2%, n=5)												
Construction (3.3%, n=14)	49.3	57.8	46.2	64.2	55.2	50.7	54.4	62.0	71.3	58.0	56.5	67.6
Education (7.7%, n=33)	68.9	67.7	66.0	72.2	66.6	69.1	74.6	63.5	80.5	63.9	67.8	68.7
Elect. Gas & Water (4.2%, n=18)	57.3	65.7	59.1	77.5	50.5	57.4	72.9	51.2	82.6	71.7	65.1	64.6
Health (12.4%, n=53)	62.1	71.2	64.6	78.1	61.9	62.5	75.7	63.9	84.1	69.8	68.8	73.3
Insure. & Finance (8.9%, n=38)	67.3	69.9	62.9	75.1	61.3	67.7	71.8	63.9	87.6	70.4	69.3	75.6
Manufacturing (11.2%, n=48)	64.6	63.6	60.3	74.4	60.0	61.1	63.3	64.5	83.7	66.7	66.1	65.5
Mining & Quarrying (2.8%, n=12)	62.3	57.0	51.2	67.9	55.0	54.1	73.3	51.6	74.0	61.7	60.4	63.7
Prof. Services (17.0%, n=73)	71.3	70.1	73.4	76.2	71.4	70.0	71.9	74.5	85.1	62.4	70.6	67.2
Trade, Restaurant & Hotels (2.1%, n=9)	71.5	75.7	70.4	82.2	68.1	69.0	78.4	68.8	84.7	77.2	74.7	69.0
Transport & Storage (3.0%, n=13)	53.5	63.0	56.1	68.8	54.6	58.0	65.6	61.7	76.7	64.8	61.9	64.5
Other (25.4%, n=109)	61.9	66.9	63.6	74.3	60.3	62.8	73.4	64.3	83.2	65.5	66.5	67.5
<b>AMCI</b>	<b>64.6</b>	<b>67.8</b>	<b>64.7</b>	<b>74.8</b>	<b>62.9</b>	<b>64.4</b>	<b>71.5</b>	<b>65.8</b>	<b>82.9</b>	<b>66.6</b>	<b>67.7</b>	<b>69.0</b>

\* Insufficient data in 2015

<sup>1</sup> An in-depth analysis of the Professional Services sector is included in Section 6.

Figure 4.4.1 illustrates the ranking of AMCI results based on industry groups and compares them against the (overall) AMCI.

**Figure 4.4.1 - Ranked Industry Results\*\***



**Table 4.1.1 - Results by Industry – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Agriculture	68.3	*	N/A	N/A
Communication	81.5	*	N/A	N/A
Construction	67.6	56.5	-11.1	-16.4%
Education	68.7	67.8	-0.8	-1.2%
Electricity, Gas & Water	64.6	65.1	0.5	0.7%
Health	73.3	68.8	-4.6	-6.2%
Insurance & Finance	75.6	69.3	-6.3	-8.3%
Manufacturing	65.5	66.1	0.6	0.9%
Mining & Quarrying	63.7	60.4	-3.4	-5.3%
Professional Services	67.2	70.6	3.4	5.1%
Trade, Restaurants & Hotels	69.0	74.7	5.7	8.3%
Transport & Storage	64.5	61.9	-2.6	-4.1%
Other	67.5	66.5	-0.9	-1.4%

\* Insufficient data in 2015

## 4.5 Results by Number of Employees

Table 4.5.1 shows organisations in the 26 - 100 employee size group recorded the highest overall AMCI (at 71.4), when compared to organisations in other employee size groups.

Organisations in the 101 - 200 employee size group recorded the greatest improvement in scores since last year's (2014) Survey (up from 65.5 to 70.1). Organisations in the 101 - 200 employee size group also reported the strongest performance for any one category. This was recorded for the *Integrity and Corporate Governance* category (with a score of 85.4).

Organisations in the 500+ employee size group recorded the lowest overall AMCI (at 62.0).

Organisations in the 0 - 25 employee size group recorded the greatest decline in scores since last year's (2014) Survey (down from 71.2 to 67.8).

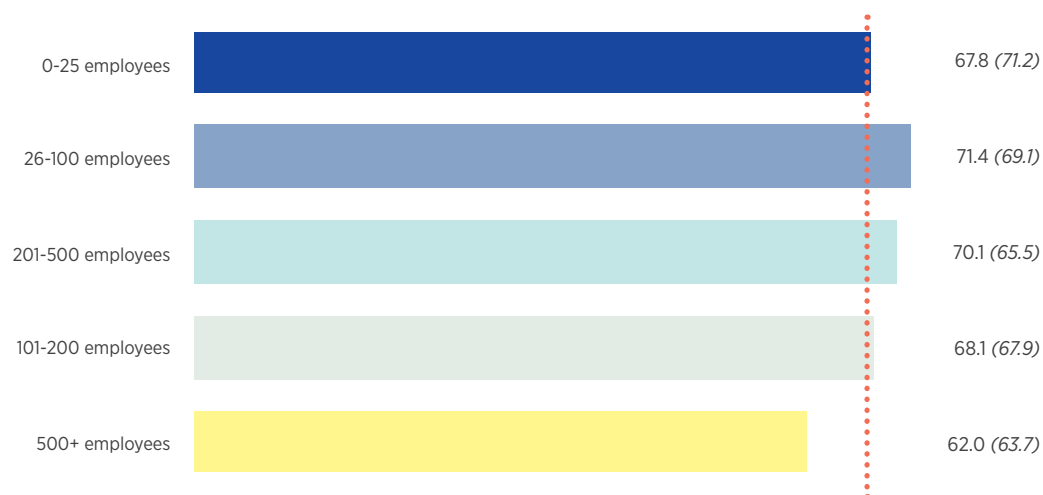
**Table 4.5.1 -Number of Employees**

CATEGORY	0-25 (21.2%)	26-100 (31.5%)	101-200 (10.3%)	201-500 (14.2%)	500+ (22.8%)	AMCI (100%)
1. Visionary and Strategic Leadership	66.2	67.3	67.3	64.9	58.7	64.6
2. Performance Leadership	68.1	72.5	69.4	67.2	60.7	67.8
3. People Leadership	70.8	69.5	67.9	63.7	53.1	64.7
4. Financial Management	72.2	79.2	75.6	74.6	70.4	74.8
5. Organisation Capability	70.2	68.9	63.4	60.8	50.3	62.9
6. Application of Technology and Knowledge	69.1	68.4	65.3	64.7	54.6	64.4
7. External Relationships	70.6	73.1	71.1	73.2	69.1	71.5
8. Innovation – Products and Services	71.0	68.4	66.2	65.2	57.7	65.8
9. Integrity and Corporate Governance	85.0	84.2	85.4	85.1	78.4	82.9
10. Results and Comparative Performance	59.8	70.2	71.5	68.3	65.6	66.6
<b>AMCI (overall)* 2015</b>	<b>67.8</b>	<b>71.4</b>	<b>70.1</b>	<b>68.1</b>	<b>62.0</b>	<b>67.7</b>
AMCI (overall)* 2014	71.2	69.1	65.5	67.9	63.7	69.0

\* Weighted (refer to table 1.2.1 for weightings applied)

Figure 4.5.1 illustrates the ranking of AMCI results based on employee size groups and compares them against the (overall) AMCI.

**Figure 4.5.1 - Ranked Number of Employee Results\*\***



\*\* 2014 result in brackets

Overall AMCI score is 67.7 (69.0)

**Table 4.5.2 - Results by Number of Employees – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
0 - 25	71.2	67.8	-3.4	-4.7%
26 - 100	69.1	71.4	2.3	3.3%
101 - 200	65.5	70.1	4.6	7.1%
201 - 500	67.9	68.1	0.2	0.3%
500+	63.7	62.0	-1.7	-2.6%

## 4.6 Results by Annual \$ Turnover

Table 4.6.1 shows organisations in the *11 – 50m* annual \$ turnover group recorded the highest overall AMCI (at 70.1), when compared to organisations in other annual \$ turnover groups, they were also the only group to record an improved score since last year's (2014) Survey (up from 66.8 to 70.1).

Organisations in the *100 – 200m* annual \$ turnover group recorded the lowest overall AMCI (at 63.1).

Organisations in the *51-100m* annual \$ turnover group reported the strongest performance for any one category. This was recorded for the *Integrity and Corporate Governance* category (with a score of 85.3).

Organisations in this turnover group however, recorded the greatest decline in scores since last year's (2014) Survey (down from 68.2 to 65.4).

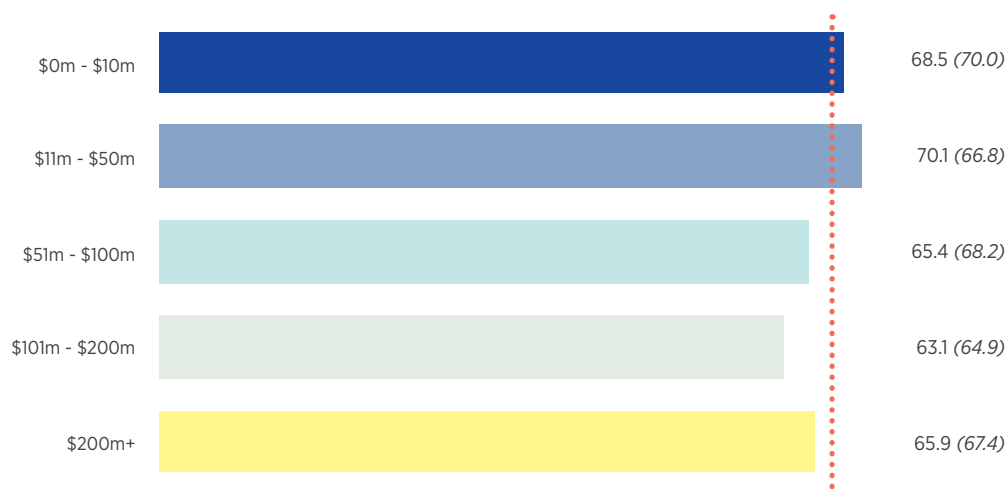
**Table 4.6.1 - Results by Annual \$ Turnover**

CATEGORY	\$ millions					AMCI (100%)
	0-10 (35.7%)	11-50 (30.5%)	51-100 (8.9%)	101-200 (7.0%)	200+ (17.9%)	
1. Visionary and Strategic Leadership	65.7	66.7	63.8	56.7	64.0	64.6
2. Performance Leadership	68.8	70.4	63.6	61.1	66.3	67.8
3. People Leadership	70.0	66.0	62.3	51.7	58.8	64.7
4. Financial Management	74.0	77.1	71.3	73.3	74.7	74.8
5. Organisation Capability	68.6	65.5	59.0	52.9	55.0	62.9
6. Application of Technology and Knowledge	68.7	65.3	61.0	57.3	60.6	64.4
7. External Relationships	73.0	72.1	67.8	66.7	71.5	71.5
8. Innovation – Products and Services	69.7	66.9	65.5	54.8	62.0	65.8
9. Integrity and Corporate Governance	83.1	85.2	85.3	75.6	80.9	82.9
10. Results and Comparative Performance	62.7	70.7	63.5	71.6	66.9	66.6
<b>AMCI (overall)* 2015</b>	<b>68.5</b>	<b>70.1</b>	<b>65.4</b>	<b>63.1</b>	<b>65.9</b>	<b>67.7</b>
AMCI (overall)* 2014	70.0	66.8	68.2	64.9	67.4	69.0

\* Weighted (refer to table 1.2.1 for weightings applied)

Figure 4.6.1 illustrates the ranking of AMCI results by Annual \$ Turnover groups and compares them to the (overall) AMCI.

**Figure 4.6.1 - Ranked Results Annual \$ Turnover\*\***



\*\* 2014 result in brackets

**Table 4.6.2 - Results by Annual \$ Turnover – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Up to 10m	70.0	68.5	-1.5	-2.2%
11 - 50m	66.8	70.1	3.3	-5.0%
51 - 100m	68.2	65.4	-2.8	-4.1%
101 - 200m	64.9	63.1	-1.8	-2.8%
200+m	67.4	65.9	-1.5	-2.2%

## 4.7 Results by Managerial Job Level

Table 4.7.1 shows individuals within the *CEO/MD* managerial job level recorded the highest overall AMCI (at 72.4), when compared to individuals at other managerial job levels. As was the case in last year's (2014) Survey, the higher the managerial job level the greater the overall AMCI recorded.

Individuals within the *CEO/MD* managerial job level also reported the strongest performance for any one category. This was recorded for the *Integrity and Corporate Governance* category (with a score of 88.0).

Individuals within the *Level 3: Reports to Level 2* managerial job level recorded the lowest overall AMCI (at 63.9). Individuals within this group however, recorded the greatest improvement in scores compared to last year's (2014) Survey (up from 58.0 to 63.9).

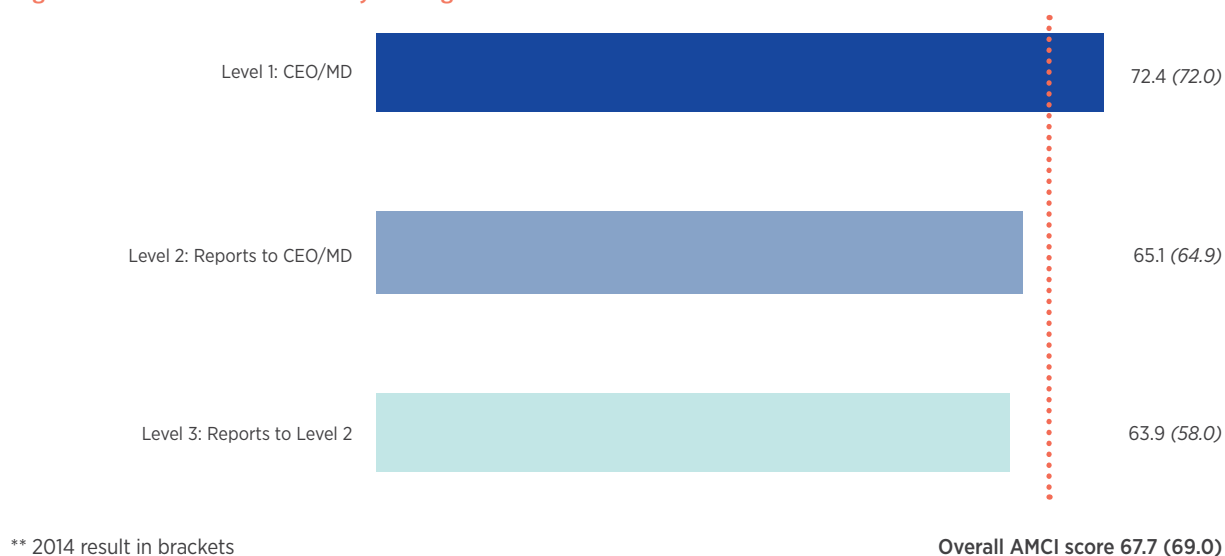
**Table 4.7.1 - Results by Managerial Level**

CATEGORY	Level 1: CEO/MD (36.6%)	Level 2: Reports to CEO/MD (38.0%)	Level 3: Reports to Level 2 (25.4%)	AMCI (100%)
1. Visionary and Strategic Leadership	69.6	61.3	62.5	64.6
2. Performance Leadership	73.7	64.6	63.1	67.8
3. People Leadership	74.2	61.5	54.3	64.7
4. Financial Management	78.8	72.9	70.9	74.8
5. Organisation Capability	72.0	59.9	52.6	62.9
6. Application of Technology and Knowledge	71.4	61.3	57.5	64.4
7. External Relationships	74.8	69.2	68.9	71.5
8. Innovation — Products and Services	72.5	62.8	58.7	65.8
9. Integrity and Corporate Governance	88.0	80.3	78.8	82.9
10. Results and Comparative Performance	66.8	64.7	67.7	66.6
<b>AMCI (overall)* 2015</b>	<b>72.4</b>	<b>65.1</b>	<b>63.9</b>	<b>67.7</b>
AMCI (overall)* 2014	72.0	64.9	58.0	69.0

\* Weighted (refer to table 1.2.1 for weightings applied)

Figure 4.7.1 illustrates the ranking of AMCI results by Managerial Level and compares them to the overall AMCI.

**Figure 4.7.1 - Ranked Results by Managerial Level\*\***



**Table 4.7.2 - Results by Managerial Level - Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Level 1 - CEO/MD	72.0	72.4	0.4	0.5%
Level 2 - Report to CEO/MD	64.9	65.1	0.2	0.3%
Level 3 - Report to Level 2	58.0	63.9	5.9	10.2%

## 4.8 Results by Gender

Table 4.8.1 shows that there is very little difference between scores recorded for *Males* and *Females*, particularly between the overall (all category) AMCI scores (only 0.1 variation).

*Males* reported a slightly improved overall AMCI score when compared to last year's (2014) Survey (up from 67.2 to 67.9), while *Females* reported a slightly lower score than in last year's Survey (down from 69.0 to 67.8).

The greatest variation in scores between Males and Females was recorded in the *External Relationships* category (a variation of 3.1).

**Table 4.8.1 - Results by Gender**

CATEGORY	Male (67.4%)	Female (32.6%)	AMCI (100%)
1. Visionary and Strategic Leadership	65.1	63.8	64.6
2. Performance Leadership	68.3	66.7	67.8
3. People Leadership	65.0	64.2	64.7
4. Financial Management	74.8	75.1	74.8
5. Organisation Capability	63.5	62.4	62.9
6. Application of Technology and Knowledge	64.9	63.8	64.4
7. External Relationships	70.5	73.6	71.5
8. Innovation — Products and Services	66.1	65.6	65.8
9. Integrity and Corporate Governance	83.5	82.1	82.9
10. Results and Comparative Performance	66.2	67.7	66.6
<b>AMCI (overall)* 2015</b>	<b>67.9</b>	<b>67.8</b>	<b>67.7</b>
AMCI (overall)* 2014	67.2	69.0	69.0

\* Weighted (refer to table 1.2.1 for weightings applied)

Figure 4.8.1 illustrates the ranking of AMCI results by Gender and compares them to the overall AMCI.

Figure 4.8.1 - Ranked Results by Gender

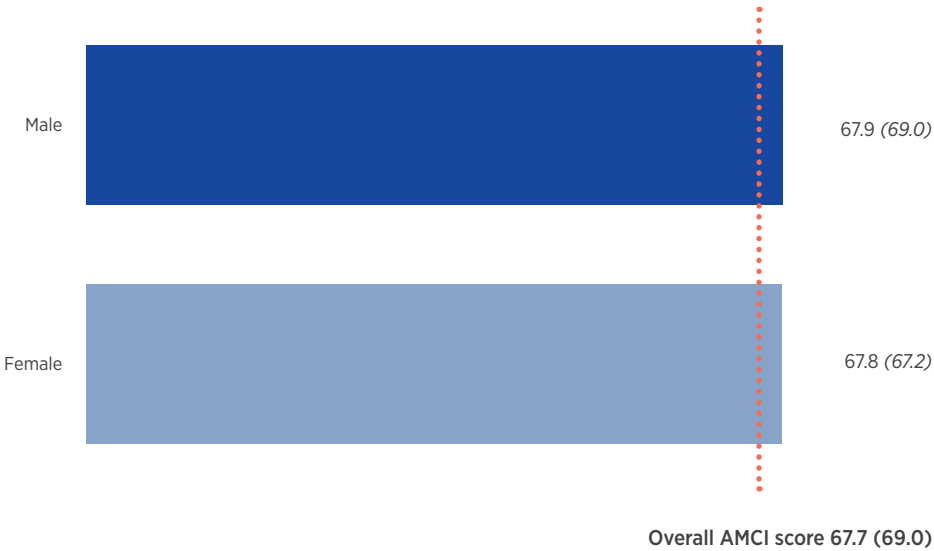


Table 4.7.2 - Results by Managerial Level - Changes Since 2014

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Male	69.0	67.9	-1.2	-1.7%
Female	67.2	67.8	0.6	0.8%

A photograph of two men in business suits sitting at a desk, looking at a document. The man on the left is wearing glasses and a striped tie. The man on the right is also wearing a striped tie. They are both looking down at the document. In the foreground, there is a pen and some papers. The background shows a large window with a view of a city.

# **5. BENCHMARKING PERFORMANCE**

## 5.1 Benchmark your organisation

The Australian MCI findings can be used by individual organisations to benchmark their own performance. Further analysis can be done to compare against other comparative groups (such as ownership type or organisation size).

The following table illustrates how an organisation's results can be compared to the AMCI and to identify the gaps in each of the ten individual categories.

Company A's performance compared to overall performance is as follows:

**Table 5.2.1 - Individual Organisation Comparison Example**

CATEGORY	AMCI	Company A Average Scores	Variance	% Variance
1 Visionary and Strategic Leadership	64.6	80.0	15.4	23.8%
2 Performance Leadership	67.8	72.0	4.2	6.2%
3 People Leadership	64.7	68.0	3.3	5.1%
4 Financial Management	74.8	92.0	17.2	23.0%
5 Organisation Capability	62.9	64.0	1.1	1.7%
6 Application of Technology and Knowledge	64.4	64.0	-0.4	-0.6%
7 External Relationships	71.5	72.0	0.5	0.7%
8 Innovation — Products and Services	65.8	52.0	-13.8	-21.0%
9 Integrity and Corporate Governance	82.9	100.0	17.1	20.6%
10 Results and Comparative Performance	66.6	60.0	-6.6	-9.9%
<b>AMCI*</b>	<b>67.7</b>	<b>70.4</b>	<b>2.7</b>	<b>4.0%</b>

\* Weighted (refer to Table 1.2.1 for weightings applied)

As indicated in Table 7.2.1, the MCI for Company A is 70.4. This suggests that Company A is performing at 70.4 of its potential 100 capability. Company A's AMCI of 70.4 is higher than the Australian MCI of 67.9.

Company A registered its highest score in *Integrity and Corporate Governance* followed by *Financial Management*. It recorded its lowest score in *Innovation — Products and Services*.

In its strongest areas, Company A could continue its efforts to set industry standards in these areas.

Company A could now focus on improving performance in those areas identified as having a wide **negative** variance from the AMCI: *Innovation - Products and Services* which has the widest (negative) gap (variation: -13.8), followed by *Results and Comparative Performance* (variation: -6.6).

Company A could address these areas by examining each relevant criteria and implementing various improvement initiatives to strengthen organisation performance.

Company A could also compare its performance with the AMCI results for organisations of the same ownership type and size.



## **6. PROFESSIONAL SERVICES**

## 6.1 Introduction

Every sector and industry in the economy makes a contribution to Australia's future. While focus for the last decade has been captivated by the sheer scale of investment in the resources sector, other sectors have also had an impact.

Provided below is an example of the contribution made by organisations in the *Professional Services*, which was the *identified* Sector from which the greatest number of data contributions were received for this year's (2015) Survey. Respondents from the Professional Services sector comprised 17.0% of the 2015 AMCI Survey respondents (Figure 3.2.1).

If you work or run a business in this sector, the following results may provide useful insights for your investment in the engine room of growth, human capital.

## 6.2 About the Sector

The Organisation for Economic Co-operation and Development (OECD) defines Professional Services as "Services independently performed by members of the liberal professions (i.e. physicians, lawyers, accountants, etc.) and other activities of an independent character." A central feature of professional services is the provision of human capital obtained through high standards of education and training.

## 6.3 Overall Results for Professional Services

The overall Australian Management Capability Index for Professional Services was registered at **70.6**, which was higher than the overall (all industries) AMCI of 67.7 and also higher than the AMCI score recorded by the Professional Services sector in last year's (2014) Survey (at 67.2).

The highest category score for Professional Services was 85.1 for *Integrity and Corporate Governance*, followed by *Financial Management* (76.2). Similarly, the highest overall AMCI category scores were recorded for *Integrity and Corporate Governance* (82.9), followed by *Financial Management* (74.8).

As was the case in last year's (2014) Survey, the lowest category score for Professional Services was recorded for *Results and Comparative Performance* (62.4). This differed to the overall AMCI category scores, which recorded *Organisation Capability* as the lowest category score (62.9).

The greatest variation between the Professional Services AMCI and the overall (all industries) AMCI was recorded for the *People Leadership and Innovation Products & Services* categories, each with Professional Services recording +8.7 above the respective overall AMCI category scores.

The greatest improvement in scores since last year's (2014) Survey was recorded for the *People Leadership* category (up from 64.8 to 73.4).

The greatest decline in scores since last year's (2014) Survey was recorded for the *Application of Technology and Knowledge* category (down from 72.0 to 70.0).

<sup>2</sup> OECD, [www.oecd.org/ctp/glossaryoftaxterms.htm](http://www.oecd.org/ctp/glossaryoftaxterms.htm)

Table 6.3.1 - Professional Services - Category Results

CATEGORY	Professional Services	ACMI
1. Visionary and Strategic Leadership	71.3	64.6
2. Performance Leadership	70.1	67.8
3. People Leadership	73.4	64.7
4. Financial Management	76.2	74.8
5. Organisation Capability	71.4	62.9
6. Application of Technology and Knowledge	70.0	64.4
7. External Relationships	71.9	71.5
8. Innovation – Products and Services	74.5	65.8
9. Integrity and Corporate Governance	85.1	82.9
10. Results and Comparative Performance	62.4	66.6
<b>AMCI (overall)</b>	<b>70.6</b>	<b>67.7</b>

Table 6.3.2 - Professional Services Category Results – Changes Since 2014

CATEGORY	Professional Services (2014)	Professional Services (2015)	Change in Score	Percentage Change
1. Visionary and Strategic Leadership	65.9	71.3	5.4	8.2%
2. Performance Leadership	66.4	70.1	3.7	5.5%
3. People Leadership	64.8	73.4	8.5	13.2%
4. Financial Management	71.4	76.2	4.8	6.7%
5. Organisation Capability	68.0	71.4	3.4	5.0%
6. Application of Technology and Knowledge	72.0	70.0	-2.1	-2.9%
7. External Relationships	69.1	71.9	2.8	4.1%
8. Innovation – Products and Services	68.5	74.5	6.0	8.8%
9. Integrity and Corporate Governance	86.2	85.1	-1.2	-1.3%
10. Results and Comparative Performance	61.8	62.4	0.6	1.0%
<b>Professional Services (overall)</b>	<b>67.2</b>	<b>70.6</b>	<b>3.4</b>	<b>5.1%</b>

## 6.4 Professional Services by Ownership Type

As indicated in Table 6.4.1, the majority (61.6%) of *Professional Services* organisations were recorded as *Proprietary Limited*.

The ownership type *Public Companies* recorded the highest overall AMCI (71.9), while the ownership type *Other* (i.e. those organisations not specifically categorised), recorded the lowest overall AMCI (63.1).

The highest individual category score was 86.5, recorded by the ownership type *Proprietary Ltd* for the *Integrity and Corporate Governance* category. The lowest individual category score was 48.7, recorded by the ownership type *Other* for the *Results and Comparative Performance* category.

**Table 6.4.1 - Professional Services by Ownership Type**

CATEGORY	Govt. Services (4.1%)*	Not for Profit (2.7%)*	Public Companies (12.3%)	Pty Ltd (61.6%)	Other (19.2%)	Professional Services (100%)
1. Visionary and Strategic Leadership			77.5	70.8	65.5	71.3
2. Performance Leadership			72.4	70.5	64.4	70.1
3. People Leadership			70.8	74.4	69.8	73.4
4. Financial Management			78.1	76.4	66.7	76.2
5. Organisation Capability			68.4	73.0	71.7	71.4
6. Application of Technology and Knowledge			56.7	74.5	64.9	70.0
7. External Relationships			79.2	71.5	66.9	71.9
8. Innovation — Products and Services			74.1	75.3	69.2	74.5
9. Integrity and Corporate Governance			79.7	86.5	77.9	85.1
10. Results and Comparative Performance			66.1	62.6	48.7	62.4
<b>2015 Professional Services (overall)</b>			<b>71.9</b>	<b>71.2</b>	<b>63.1</b>	<b>70.6</b>
2014 Professional Services (overall)	62.3	72.5	61.7	67.6	63.7	67.2

\*Insufficient data in 2015

Figure 6.4.1 - Ranked Professional Services by Ownership Type\*



\* The Government Services and Not for Profit ownership types had less than 5 cases, therefore they are not included in the individual category analysis.

Table 6.4.2 - Professional Services by Ownership Type – Changes Since 2014

CATEGORY	Professional Services (2014)	Professional Services (2015)	Change in Score	Percentage Change
Government Services	62.3	*	N/A	N/A
Not For Profit	72.5	*	N/A	N/A
Public Companies	61.7	71.9	10.2	16.5%
Pty Ltd	67.6	71.2	3.6	5.4%
Other	63.7	63.1	-0.6	-1.0%

\*Insufficient data in 2015

## 6.5 Services by Annual \$ Turnover

As indicated in Table 6.5.1, the majority (63.0%) of *Professional Services* organisations were in the 0-10m Annual \$ Turnover group.

Survey organisations in the 51-100m Annual \$ Turnover group recorded the highest overall AMCI (75.8), while Survey organisations in the 0-10m Annual \$ Turnover group, recorded the lowest overall AMCI (68.6).

The highest individual category score was 90.3, recorded by organisations in the 51-100m Annual \$ Turnover group for the *Integrity and Corporate Governance* category. The lowest individual category score was 56.5, recorded by organisations in the 0-10m Annual \$ Turnover group for the *Results and Comparative performance* category.

**Table 6.5.1 - Professional Services by Annual \$ Turnover**

CATEGORY	\$ millions					Professional Services (100%)
	0-10 (63.0%)	11-50 (21.9%)	51-100 (6.8%)	101-200 (2.7%)	200+ (5.5%)	
1. Visionary and Strategic Leadership	68.3	72.1	83.0			71.3
2. Performance Leadership	68.6	69.8	76.9			70.1
3. People Leadership	73.7	70.2	79.5			73.4
4. Financial Management	73.6	80.7	84.0			76.2
5. Organisation Capability	72.1	71.2	69.7			71.4
6. Application of Technology and Knowledge	73.7	61.0	60.0			70.0
7. External Relationships	71.6	68.1	74.6			71.9
8. Innovation — Products and Services	75.2	72.2	72.6			74.5
9. Integrity and Corporate Governance	84.9	85.3	90.3			85.1
10. Results and Comparative Performance	56.5	70.9	69.1			62.4
<b>2015 Professional Services (overall)</b>	<b>68.6</b>	<b>72.1</b>	<b>75.8</b>			<b>70.6</b>
2014 Professional Services (overall)	69.2	63.8	N/A	N/A	54.2	67.2

\* Insufficient data in 2015

**Figure 6.5.1 - Ranked Professional Services by Annual \$ Turnover\***

\*The \$101 – 200m and \$200m+ Annual \$ Turnover ranges had less than 5 cases (each), therefore they are not included in the individual category analysis. The \$51 – 100m and \$100 – 200m annual turnover ranges were not reported in 2014.

**Table 6.5.2 - Professional Services by Ownership Type – Changes Since 2014**

CATEGORY	Professional Services (2014)	Professional Services (2015)	Change in Score	Percentage Change
Up to 10m	69.2	68.6	-0.6	-0.9%
11 - 50m	63.8	72.1	8.3	13.0%
51 - 100m	*	75.8	N/A	N/A
101 - 200m	*	*	N/A	N/A
200+m	54.2	*	N/A	N/A

\* The \$101 – 200m and \$200m+ Annual Turnover ranges had less than 5 cases (each), therefore they are not included in the individual category analysis. The \$51 – 100m and \$100 – 200m annual turnover ranges were not reported in 2014.

## 6.6 Professional Services by Number of Employees

As indicated in Table 6.6.1, the greatest proportion (45.2%) of *Professional Services* organisations were in the 0-25 Number of Employees group. Survey organisations in the 201-500 Number of Employees group recorded the highest overall AMCI (79.2), while Survey organisations in the 0-15 Number of Employees group, recorded the lowest (67.2).

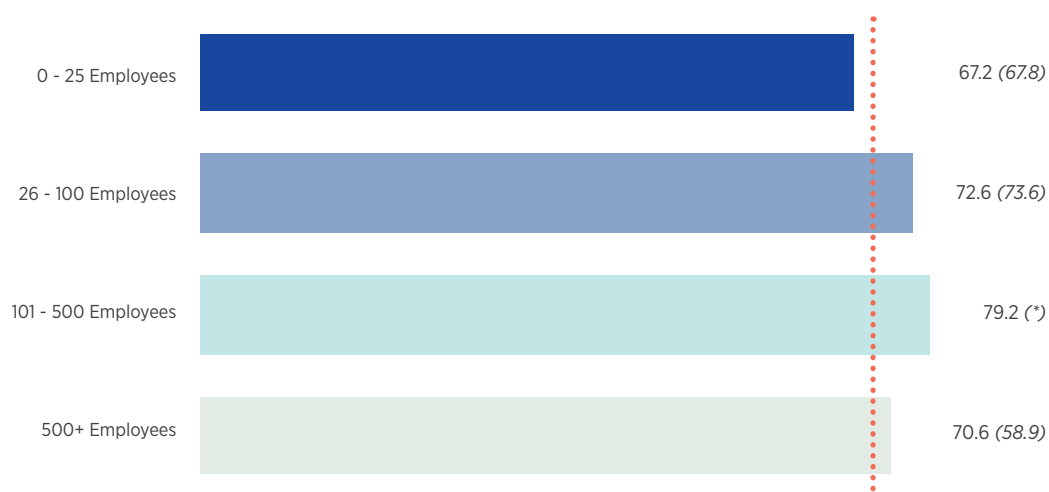
The highest individual category score was 94.3, recorded by organisations in the 201-500 Number of Employees group for the *Integrity and Corporate Governance* category. The lowest individual category score was 47.6, recorded by organisations in the 0-25 Number of Employees group for the *Results and Comparative Performance* category.

**Table 6.6.1 - Professional Services by Annual \$ Turnover**

CATEGORY	0-25 (45.2%)	26-100 (32.9%)	101-200 (5.5%)*	201-500 (8.2%)	500+ (8.2%)	Professional Services
1. Visionary and Strategic Leadership	69.8	68.6		86.4	72.2	71.3
2. Performance Leadership	69.6	70.1		78.3	66.3	70.1
3. People Leadership	71.3	72.7		76.7	64.1	73.4
4. Financial Management	75.7	76.9		89.0	72.6	76.2
5. Organisation Capability	73.4	71.8		73.7	59.1	71.4
6. Application of Technology and Knowledge	73.7	70.3		69.8	65.5	70.0
7. External Relationships	71.7	70.7		75.3	74.2	71.9
8. Innovation — Products and Services	77.1	72.2		76.0	72.1	74.5
9. Integrity and Corporate Governance	90.9	81.1		94.3	74.1	85.1
10. Results and Comparative Performance	47.6	73.7		74.3	74.3	62.4
<b>2015 Professional Services (overall)</b>	<b>67.2</b>	<b>72.6</b>		<b>79.2</b>	<b>70.6</b>	<b>70.6</b>
2014 Professional Services (overall)	67.8	73.6	61.6	**	58.9	67.2

\*The 101 – 200 employee group had less than 5 cases, therefore it is not included in the individual category analysis.

\*\*The 201 – 500 employee group was not reported in 2014.

**Figure 6.6.1 - Ranked Professional Services by Number of Employees\*\***

\* The 101 – 200 employee group had less than 5 cases, therefore it is not included in the individual category analysis. The 201 – 500 employee group was not reported in 2014.

\*\* 2014 result in brackets

**Table 6.6.2 - Professional Services by Number of Employees – Changes Since 2014**

CATEGORY	Professional Services (2014)	Professional Services (2015)	Change in Score	Percentage Change
0 - 25	67.8	67.2	-0.6	-0.8%
26 - 100	73.6	72.6	-1.0	-1.4%
101 - 200	61.6	*	N/A	N/A
201 - 500	*	79.2	N/A	N/A
500+	58.9	70.6	11.7	19.8%

\*The 101 – 200 employee group had less than 5 cases, therefore it is not included in the individual category analysis. The 201 – 500 employee group was not reported in 2014.

## 6.7 Professional Services by Managerial Job Level

As indicated in Table 6.7.1, the majority (53.4%) of *Professional Services* organisations were in the Level 1 - CEO/MD managerial job level.

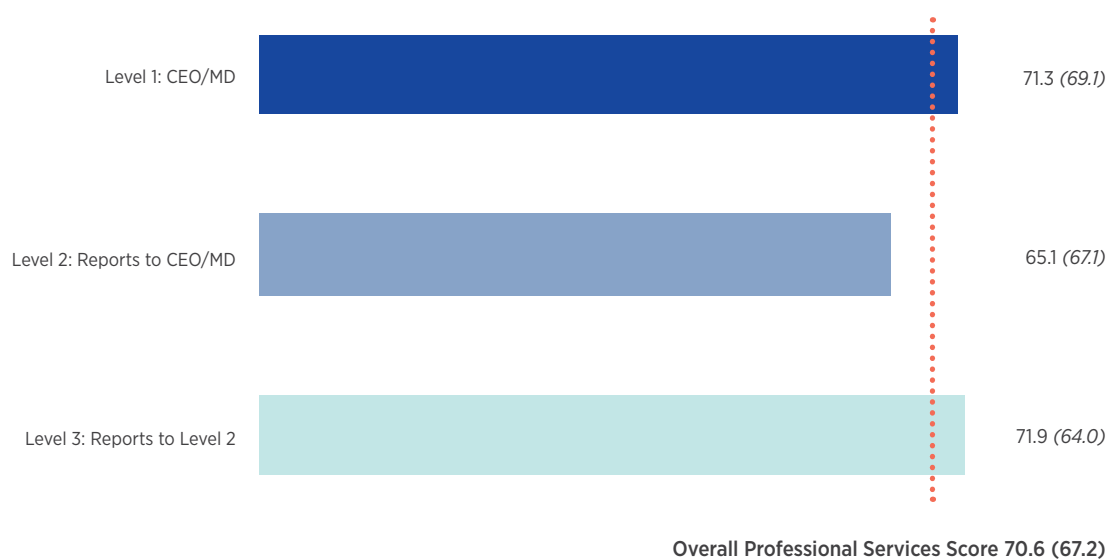
Individuals from within the Level 3 – Report to Level 2 managerial job level recorded the highest overall AMCI (71.9), while individuals from within the Level 2 – Report to CEO/MD managerial job level, recorded the lowest overall AMCI (65.1).

The highest individual category score was 88.8, recorded by individuals from within the Level 1 - CEO/MD managerial job level for the *Integrity and Corporate Governance* category.

The lowest individual category score was 57.0, recorded by employees in the Level: CEO/MD managerial group for the *Results and Comparative Performance* category.

**Table 6.7.1 - Professional Services by Managerial Level**

CATEGORY	Level 1: CEO/MD (53.4%)	Level 2: Reports to CEO/MD (30.1%)	Level 3: Reports to Level 2 (16.4%)	AMCI (100%)
1. Visionary and Strategic Leadership	73.0	62.5	74.2	71.3
2. Performance Leadership	71.7	62.5	71.1	70.1
3. People Leadership	78.1	70.6	65.0	73.4
4. Financial Management	75.6	69.6	76.2	76.2
5. Organisation Capability	76.7	64.6	66.7	71.4
6. Application of Technology and Knowledge	73.8	64.3	65.1	70.0
7. External Relationships	73.2	67.2	76.5	71.9
8. Innovation – Products and Services	78.9	64.8	72.3	74.5
9. Integrity and Corporate Governance	88.8	74.5	79.3	85.1
10. Results and Comparative Performance	57.0	61.8	71.8	62.4
<b>2015 Professional Services (overall)</b>	<b>71.3</b>	<b>65.1</b>	<b>71.9</b>	<b>70.6</b>
2014 Professional Services (overall)	69.1	67.1	64.0	67.2

**Figure 6.7.1 - Professional Services by Managerial Level****Table 6.7.2 - Professional Services by Managerial Level – Changes Since 2014**

CATEGORY	AMCI (2014)	AMCI (2015)	Change in Score	Percentage Change
Level 1 - CEO/MD	69.1	71.3	2.2	3.2%
Level 2 - Report to CEO/MD	67.1	65.1	-2.0	-3.0%
Level 3 - Report to Level 2	64.0	71.9	7.9	12.3%

## 6.8 Conclusion

The overall AMCI for *Professional Services* (70.6) is higher than the aggregated overall AMCI (67.7).

Unlike last year's (2014) Survey, *managerial job level* does not appear to influence the AMCI scores provided.

When disaggregated according to Annual \$ Turnover, small *Professional Service* organisations fared better than larger *Professional Service* organisations (refer Figure 6.5.1) however, this pattern was not as clear when comparisons were made based on Employee Number size bands (refer Figure 6.6.1).

A photograph of three business professionals in a modern office setting. Two women and one man are gathered around a laptop. One woman is seated and typing on the laptop, while the other woman and the man are leaning over her, looking at the screen. They are all smiling and appear to be in a collaborative work environment. The man is standing and pointing at the screen. The women are seated. The background shows large windows and modern office decor.

# **7. WAY FORWARD**

## 7.1 Conclusions

The 2015 AMCI confirms the insights into Australia's management capabilities that were revealed for the first time in 2012, and highlights areas that would benefit from development.

AMCI respondents comprised a broad cross section of Australian organisations reflecting a range of ownership types and organisation sizes.

The overall AMCI for 2015 is **67.7** (of a potential 100 capacity). This overall score is less than the 69.0 score recorded in last year's (2014) Survey, as well as the overall scores reported in the previous two annual Survey periods.

The highest overall category score was recorded for *Integrity and Corporate Governance* (82.9). The second highest was recorded for *Financial Management* (74.8) (refer Table 4.1.1).

*Insurance and Finance* industry organisations had the strongest performance in a single category, with a score of 87.6 for *Integrity and Corporate Governance*, while organisations in the *Construction* industry recorded the lowest single category score (46.2) for *People Leadership* (refer Table 4.4.1).

Australian Chief Executive Officers and Managing Directors (Level 1 respondents) continue to rate management capabilities higher than other managers (Level 2 and Level 3 respondents) (refer Table 4.7.1)<sup>3</sup>. A scan of the literature suggests this finding is consistent with other studies, which show Chief Executive Officers' perceptions are more optimistic than those of lower level managers.<sup>4</sup>

The results show, however, that overall Australian Chief Executive Officers and Manager Directors assess their management capabilities at less than 75 per cent of their potential and could benefit by focusing on areas for improvement highlighted by the 2015 survey.

The lowest overall category score was recorded for *Organisation Capability* (62.9). The second lowest was recorded for *Application of Technology and Knowledge* (64.4) (refer Table 4.1.1). Both categories recorded lower scores in 2015 than in last year's (2014) Survey.

Though slightly improved from last year's Survey, the lowest subcategory score (of 56.1) across all ten categories was again recorded for the *Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking* (in the category *Visionary and Strategic Leadership*) subcategory – refer Figure 4.2.1.

This result is of concern, particularly in light of the Australian Government's White Paper, *Australia in the Asian Century* (October 2012) which highlights the need to understand the Asian—and, we suggest, broader global environments. Our future success in Asia will depend on sound and globally responsive management.

The second lowest subcategory score (of 58.9) was recorded for *Management brings about and maintains a "boundary-less" organisation, which is confident and effective in leading and managing a non-hierarchical structure* (in the *Organisation Capability* category) – Refer Figure 4.2.5.

The subcategory *Human resource planning is an integral part of the annual business planning process* (in the category *People Leadership*) also scored low (60.0) and has fallen since last year's (2014) Survey (refer Figure 4.2.3). This is of concern given that, as the labour market is projected to tighten over the coming decades<sup>5</sup>, it is critical that human resource management and succession planning is central to business planning. *People Leadership* and the effective management of our human capital will play a critical role in keeping Australian organisations sustainable and ensuring productivity levels rise in the future.<sup>6</sup>

<sup>3</sup> The 2013 and 2014 AMCI produced similar results.

<sup>4</sup> See for example, Parry, K., & Proctor-Thomson, S., (2002), 'Do our chief executives have their finger on the pulse?', in *Business Review*, Vol. 4, no. 1, University of Auckland.

<sup>5</sup> Commonwealth Treasury, 2010, *Australia to 2050: future challenges (The Intergenerational Report)*, Canberra: Commonwealth Government.

<sup>6</sup> According to a study by the Society for Knowledge Economics, high-performing workplaces position people management as a key priority (Boedker, C., Vidgen, R., Meagher, K., Cogin, J., Mouritsen, J., and Runnalls (2011), *Leadership, Culture and Management Practices of High Performing Workplaces in Australia: The High Performing Workplaces Index*, Sydney.

## 7.2 Looking Ahead

With four AMCIs now completed, the results are compelling. Across the breadth of organisations, business leaders continue to show confidence in the areas of corporate governance and financial management, suggesting the focus on corporate governance in recent years has yielded positive results.

The outcomes of the AMCI indicate, however, that Australian organisations are still less confident about their capacity to meet some of the challenges that characterise the twenty-first century environment: adaptive leadership (*Organisation Capability*);<sup>7</sup> the capacity to keep pace with change through innovative practice (*Innovation — Products and Services*) and overall results and performance of the organisation (*Results and Comparative Performance*).

The focus on corporate governance in recent years has paid off, but other management capabilities to meet contemporary challenges need attention:

- Organisation Capability
- Application of Technology and Knowledge
- Visionary and Strategic Leadership.

These are critical aspects of management capability. The Australian Institute of Management encourages Australian organisations to target improvements in these areas.

## 7.3 Contact for Further Information

Email: [research@aim.com.au](mailto:research@aim.com.au)

Web: [www.aim.com.au](http://www.aim.com.au)

<sup>7</sup> On the importance of innovation and organisational agility see for example the Australian Government's 2009 report, *Powering Ideas: An Innovation Agenda for the 21st Century*, [www.innovation.gov.au/Innovation/Policy/Documents/PoweringIdeas.pdf](http://www.innovation.gov.au/Innovation/Policy/Documents/PoweringIdeas.pdf)

A photograph of three business professionals in a modern office setting. Two men and one woman are seated around a table, engaged in a discussion. The man in the foreground is seen from the back, wearing a light blue shirt. The woman on the right is wearing a light green top. The man on the left is wearing a white shirt. They are in a room with large windows in the background, a wooden door on the right, and a clock on the wall. The floor is covered with a grey carpet. The text "8. APPENDIX" is overlaid in white, bold, sans-serif font in the center-right of the image.

## 8. APPENDIX

## 8.1 Calculation of Overall AMCI 2015

CATEGORY	Assessed	Weighting	Weighted Score
1. Visionary and Strategic Leadership	64.6	15%	9.7
2. Performance Leadership	67.8	10%	6.8
3. People Leadership	64.7	10%	6.5
4. Financial Management	74.8	10%	7.5
5. Organisation Capability	62.9	5%	3.1
6. Application of Technology and Knowledge	64.4	5%	3.2
7. External Relationships	71.5	5%	3.6
8. Innovation — Products and Services	65.8	10%	6.6
9. Integrity and Corporate Governance	82.9	5%	4.1
10. Results and Comparative Performance	66.6	25%	16.6
All Categories			67.7

\* Weighted

## 8.2 Survey Questionnaire

### QUESTIONS ABOUT YOUR ORGANISATION:

Which of the following best describes your managerial level?

☐ Level 1 – CEO/MD

☐ Level 2 – Report to CEO/MD

☐ Level 3 – Report to Level 2

What is your gender?

☐ Female

☐ Male

Please select your organisation's head office location:

☐ ACT

☐ NSW

☐ VIC

☐ QLD

☐ SA

☐ WA

☐ TAS

☐ NT

Which of the following, best describes your organisation's ownership type?

☐ Federal Government Service

☐ State Government Service

☐ Local Government Service

☐ Not for profit

☐ Co-operative

☐ Partnership

☐ Public Listed

☐ Public Unlisted

☐ Proprietary Limited

☐ Self Employed

☐ Other

**Which of the following, best describes your organisation's industry?**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Agriculture           | <input type="checkbox"/> Communication              | <input type="checkbox"/> Construction                  |
| <input type="checkbox"/> Education             | <input type="checkbox"/> Electricity, gas and water | <input type="checkbox"/> Forestry and logging          |
| <input type="checkbox"/> Health                | <input type="checkbox"/> Insurance and finance      | <input type="checkbox"/> Manufacturing                 |
| <input type="checkbox"/> Mining and quarrying  | <input type="checkbox"/> Professional services      | <input type="checkbox"/> Trade, restaurants and hotels |
| <input type="checkbox"/> Transport and storage | <input type="checkbox"/> Other                      |  |

**Which of the following, best describes the current number of employees in your organisation (for your most recent end-of-year reporting period)?**

- |                                 |                                   |                                    |                                    |                               |
|---------------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------------------|
| <input type="checkbox"/> 0 - 25 | <input type="checkbox"/> 26 - 100 | <input type="checkbox"/> 101 - 200 | <input type="checkbox"/> 201 - 500 | <input type="checkbox"/> 500+ |
|---------------------------------|-----------------------------------|------------------------------------|------------------------------------|-------------------------------|

**Which of the following, best describes your organisation's annual \$ turnover (for your most recent end-of-year reporting period)?**

- |   |  |   |  |                                  |
|---|--|---|--|----------------------------------|
| <input type="checkbox"/> \$0 - \$10 mil | <input type="checkbox"/> \$11m - \$50m | <input type="checkbox"/> \$51m - \$100m | <input type="checkbox"/> \$101m - \$200m | <input type="checkbox"/> \$200m+ |
|---|--|---|--|----------------------------------|

This survey is divided into ten categories each containing several statements. For each statement, please tell us what you consider to be your organisation's current position. In the space provided, please enter a number from 0-100.

For the first nine categories, please use the following scale (as a guide) when rating your organisation's position:

SCORE	CURRENT POSITION OF THE ORGANISATION
100	Yes, fully practiced throughout the organisation. Continually refined and improved as 'The way things are done around here.'
80	Yes, being practiced consistently across the organisation with further improvements being made.
60	Yes, being practiced across most of the organisation most of the time.
40	Yes, being practiced, but only in parts of the organisation, part of the time.
20	Yes, this has just started.
0	No, this is not in place.

**1. VISIONARY AND STRATEGIC LEADERSHIP****SCORE 0-100**

Management articulates a clear and inspiring vision that is well understood	
Management actively fosters and encourages ownership of the vision by staff	
The vision and supporting goals underpin and guide managerial decisions and behaviours	
Management plans with a view to growing the business while meeting the needs of shareholders/owners, taking into account employee, supplier, customer, and other	
Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking	

2. PERFORMANCE LEADERSHIP		SCORE 0-100
Management ensures the organisation is strongly goal, performance, and achievement focused		
Management demonstrates the ability and attitude to lead the achievement of challenging goals and change		
Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse)		
The organisation consistently meets its performance goals and has a performance track record of growth and of continually improving performance		
The organisation consistently performs better than its competitors or other comparable organisations		
3. PEOPLE LEADERSHIP		SCORE 0-100
Management attracts, retains, develops, motivates, and leads an effective team capable of achieving company objectives		
Human resource planning is an integral part of the annual business planning process		
Management provides enhanced leadership – acts as a role model, is committed to developing subordinates and leading people		
Management is strong on empowerment – allows scope for people to grow and contributes toward employee's growth and therefore enhancing their CV		
Management maintains a culture supportive of today's employee values – not stifled by structure and hierarchy		
4. FINANCIAL LEADERSHIP		SCORE 0-100
Management develops and commits to plans and goals that support sound growth and continuing performance improvement		
Management leads and manages the business to consistently achieve or exceed these goals		
Management practices sound and effective management of the organisation including financial planning, accounting, cash flow management, investment, financial reporting,		
Management has experienced accounting and financial personnel for its financial management		
Management has in place sound and effective internal control systems through supervision and internal audit		

5. ORGANISATIONAL CAPABILITY		SCORE 0-100
Management builds organisation capability, a culture of innovation and research, and an organisation dedicated to continuous improvement		
Management brings about and maintains a 'boundary-less' organisation, which is confident and effective in leading and managing a non-hierarchical structure		
Management effectively balances strong effective teams with free (independent) individuals		
Management has a sound understanding and effective application of best management practices to achieve organisational goals and objectives		
Management demonstrates strong commitment to continuous learning for both individuals and the organisation		
6. APPLICATION OF TECHNOLOGY AND KNOWLEDGE		SCORE 0-100
Management exploits information technology and brings about a knowledge driven organisation		
Management understands the impact of technology on organisations and on work itself		
Management understands the value and application of knowledge in organisations		
Management applies effective knowledge and information management		
Management practices knowledge management and promotes a learning organisation culture		
7. EXTERNAL RELATIONSHIPS		SCORE 0-100
Management develops networks and spheres of influence with stakeholders		
Management maintains networks and spheres of influence with stakeholders		
Management ensures the organisation has a positive external image through the building of effective relationships with all stakeholders including customers and suppliers		
Management ensures the organisation has a positive external image through the fulfilment of community and social obligations		
Management practices corporate social responsibility		

## 8. INNOVATION — PRODUCTS AND SERVICES

SCORE 0-100

Management and employees create the climate for and encourage continuous innovation in products and services

Management and employees recognise innovation as an important aspect of business and for all the organisation's processes – innovation is part of the organisation's culture

Management and employees recognise that innovation leads the business to new dimensions of performance

Management and employees practice innovation to create new value for the business, customers, and shareholders

Management and employees practice innovation to expand the market and increase the market share

## 9. INTEGRITY AND CORPORATE GOVERNANCE

SCORE 0-100

Management and employees understand ethical principles in making decisions on organisation's affairs

Management and employees follow ethical rules and procedures for making decisions on organisation's affairs

Management and employees adhere to legislation, regulations, and guidelines in administering the business of the organisation

The organisation promotes an established standard of ethical behaviour for directors, management and employees, based on integrity and code of proper conduct

The organisation practices integrity and ethical behaviour as being good for long term business and profitability

For this final category, please use the following scale (as a guide) when rating your organisation's current position. Again, please enter a number from 0 – 100.

### SCORE CURRENT POSITION OF THE ORGANISATION

100	Excellent performance in most areas. Strong evidence of industry leadership in many areas.
80	Good to excellent performance in most areas. Most trends compared against benchmarks show areas of leadership and very good performance.
60	Good performance in many areas. Many trends compared against benchmarks show areas of good performance.
40	Improving trends in many areas. Some trends compared against benchmarks show areas of strength.
20	Early stages of developing trends, many results not reported.
0	No results, poor results.

## 10. PERFORMANCE RESULTS

SCORE 0-100

The performance results are the most important measures of management capability.

Please reflect on the key measures your organisation uses to quantify performance results (for example, growth in revenue over the past 5 years) and rate your organisation's current

## 8.3 Definitions

The definitions that form the basis for the AMCI have been drawn from the definitions used in other jurisdictions, to ensure the consistency of data in international MCI comparisons.

### 8.3.1 - Management Capability and Related Concepts.

**Management capability is the capacity to apply management competencies within an organisation to achieve desired results.**

Competencies	These are general descriptions of the abilities necessary to perform successfully in a particular job or position. Competency profiles are used as the basis for defining the
Competence	This is having the requisite or adequate ability or qualities to perform well or to a required standard.
Capability	This is the demonstrated capacity to achieve through effective use of abilities or competencies for a particular purpose.

### 8.3.2 - Australian Management Capability Index Categories

**Definitions for each of the ten categories that make up the AMCI are as follows:**

Visionary and strategic leadership	Articulates a clear and inspiring vision for the organisation and team, and identifying the best ways to move towards the organisation's vision, mission, objectives and goals while at the same time taking into account the needs of all stakeholders.
Performance leadership	Ensures an achievement oriented organisation and team that is able to manage risks and constant changes, while consistently striving for performance excellence and continuous improvement.
People leadership	Makes human resource planning, talent management and development an integral part of the organisation. Maintains an open structure that encourages growth and empowerment of its people.
Financial management	Practices sound and effective financial management of the organisation. Leads and manages the organisation to consistent performance improvements and profitable growth.
Organisation capability	Builds a culture of innovation and research with emphasis on continual improvement and learning both for the individual and organisation. Maintains a 'boundary-less' organisation with effective application of best management practices to achieve
Application of technology and knowledge	Brings about a knowledge driven organisation that understands and exploits information technology and knowledge management to improve performance of organisation.
External relationships	Builds effective relationships with all stakeholders and develops and maintains networks and spheres of influence.
Innovation – products and services	Encourages continuous innovation in products and services in creating new value for the organisation.
Integrity and corporate governance	Consistently adheres to ethical principles having set specific rules and procedures for making decisions on organisation's affairs. Has an established standard of ethical behaviour for directors and stakeholders based on trustworthiness and values that are
Results and comparative performance	Measures and monitors business performance and goals as the key performance indicators and scorecard of the organisation. Recognises that performance results are the most important measures of management capability.



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