

Consulting
Talent & Rewards

Voice of employees on **Leadership**

Insights from 202,383 employee responses from 377 companies over five years across Malaysia, Singapore & Thailand



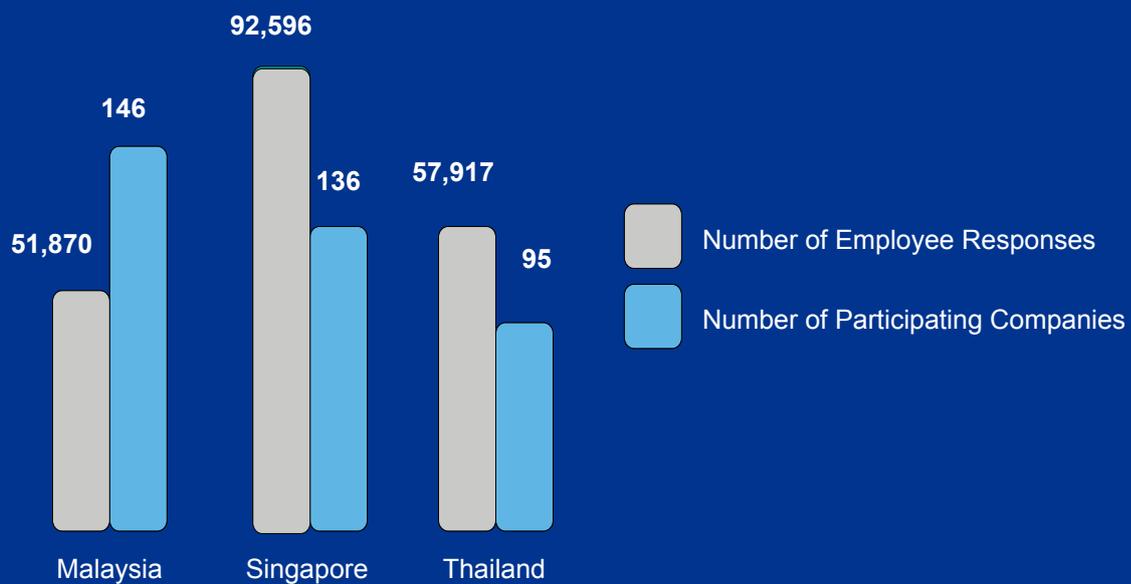
AON Hewitt

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Our insights are from Aon Hewitt's Employee Engagement Knowledgebase from 2006 to 2010.



“Driving employee engagement is one of the most critical organizational strategies that we need to adopt for business success today. Great talent is in short supply and has heavy demand. All our strategies, tactics and operational plans will come to nothing if our employees are not continuously striving for it. And the only way to achieve it is to ensure they stay motivated and are highly engaged. In my organization our Leadership team leads this by example and is actually a brand in itself.”

CEO of an *Aon Hewitt Best Employers Company*

Executive Summary

Aon Hewitt is one of the leading Employee Engagement solution partners in Southeast Asia. In this paper we have used the insights from the Employee Engagement Knowledgebase along with some of the key learning's from a recent study on the topic of job preferences (a joint study conducted by Aon Hewitt and JobStreet.com).

This research takes into account over 200,000 employee responses from a variety of organizations spread across varied industries in Southeast Asia. This research offers some simple yet significant insights around employee engagement and how leadership can drive it through their behaviors. The answers provided by such a wide pool of employers as well as employees must surely be treated as a voice of today's corporate world and used to make organizations a better place to work and to build a strong Leadership Brand.

What Leaders do in the Best Companies to Engage the Workforce

Research shows that across different cultures and countries, leaders do three distinctly different things which help them to create a great Leadership Brand:

- (1) **Senior Leaders focus on continuous improvement in performance.** Leaders are seen to be setting very high standards on performance on three counts: (a) Setting stretch goals for themselves and their teams and achieving those through rigorous execution; (b) Implementing significant differentiation of rewards for high performance; (c) Delivering straightforward communication and time-bound development plans for low performers.
- (2) **Senior Leadership is worthy of employees trust.** Leaders in Top Companies deliver on the Employee Promise. This manifests itself in these organizations in the following manner: (a) Clear articulation of what the Senior Leaders expect from the employees and what the employees can expect from the organization; (b) Not just pay lip service to the Employee Value Proposition, but actually do everything to bring it to life; (c) Leading the way by being the first to take the hit in rewards in rough times.
- (3) **Senior Leadership develops constructive relationships at all levels within the organization.** Top Companies not only focus on the outcomes but also on the how. The Leaders in these companies collaborate and are seen as one voice, supporting each other.

Building a Leadership Brand

Companies with distinct Leadership Brand enjoy the trust of their key stakeholders, customers, employees, investors and communities.

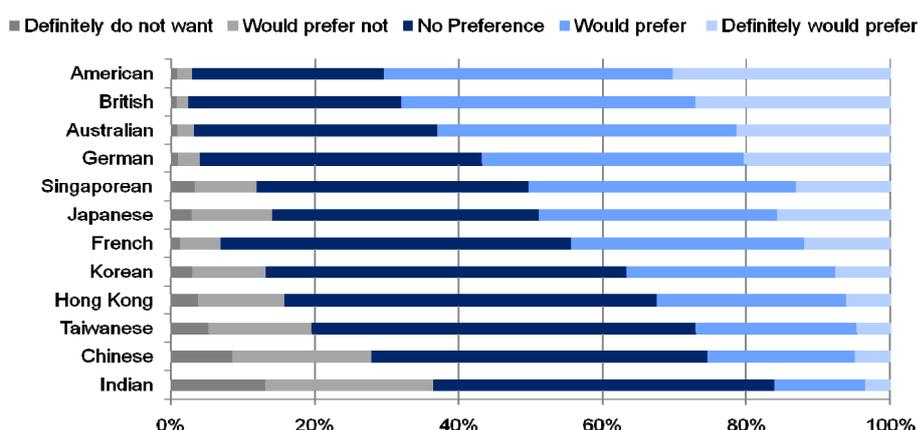
Companies that have consciously built a differentiated Leadership Brand have demonstrated price to earnings ratio results higher than their industry averages over a long period of time.

Top Companies in Asia demonstrate clear intent in building a strong corporate reputation including a strong focus on Leadership Brand¹.

	Asia Pacific Top Companies	All Other Asia Pacific Companies
Organization Culture	100%	62%
Corporate Brand	100%	65%
Leadership Brand	91%	42%

In Southeast Asia, there are fewer Companies that are building a conscious Leadership Brand despite their aspirations of being a regional player outside of their home markets.

This is also substantiated by the fact that most professionals in Southeast Asia continue to prefer global MNCs when seeking employment.



Note: Survey of 13,964 job applicants conducted by Aon Hewitt and JobStreet.com in November 2010

Aon Hewitt's Employee Engagement Knowledgebase² provided us a valuable insight into how leadership is perceived by employees in Southeast Asia, specifically across countries of Malaysia, Singapore & Thailand.

Employee's perception of their leaders drives these critical results:

- Confidence in Leader's ability to drive success in an ever changing world
- Ability of organizations to attract talent is strongly linked to Leadership Brand
- Ability of leaders to lead in a culturally diverse environment
- Employee engagement in an increasingly talent competitive Southeast Asia Region

¹ Hewitt's Global Top Companies for Leaders Study, 2009

² Aon Hewitt Employee Engagement Knowledgebase from 2006 to 2010

Southeast Asia Overview: Why is it Important to Understand Employee Perceptions on their Leadership?

“Leading across borders for Asian multinational companies places a great emphasis on the ability of leaders to drive results through cultural inclusiveness and engagement across borders.

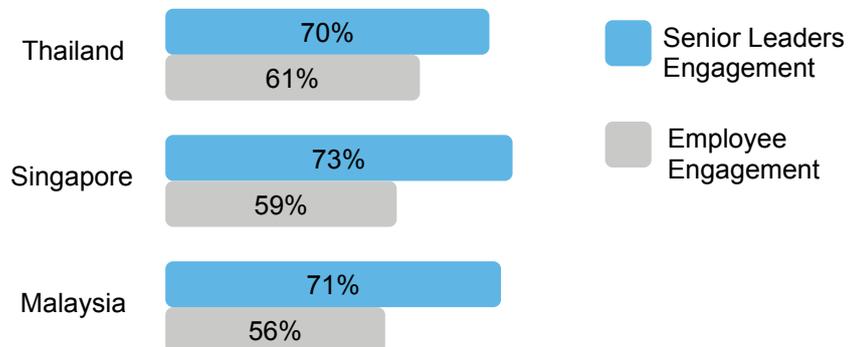
Cultural borders in context of the world today could mean geographies, industry domains, functional domains, or internal business units as well.

A key ingredient is a consistent leadership brand across these borders.”

Hari Abburi

Leadership Practice Lead, Southeast Asia

Top leaders continue to have higher engagement levels with their organizations than their employees, with significant differences between the two in Singapore and Malaysia.



Thailand has the highest employee engagement rate of 61% with Singapore & Malaysia at 59% and 56% respectively. The engagement score increases dramatically for Senior Leaders with Singapore being the highest at 73%, followed by Malaysia at 71% and Thailand at 70%.

While overall employee engagement is a result of variety of engagement drivers, it is interesting to know that employees' perception of their leadership has a significant impact on their overall engagement levels.

And that in itself is an answer why organizations must continue to invest in a credible, highly engaged and effective leadership team.

The Top Three Employee Perceptions in Southeast Asia

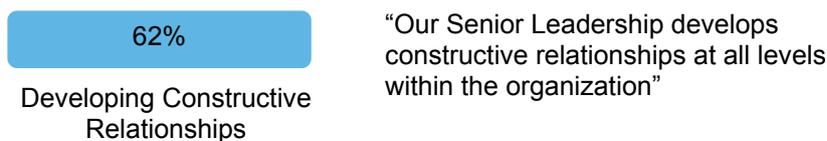
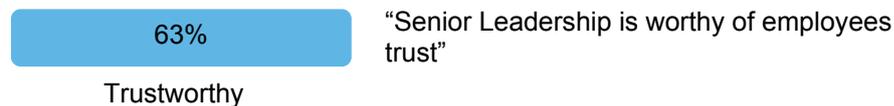
Aon Hewitt's global research on Top Companies for Leaders 2009 Study has found that companies who attract, develop and retain leaders best focus on the **attribute of continuous improvement**.

It is interesting to note that the number one Leadership strength as perceived by employees from our Employee Engagement Knowledgebase in three countries is the same.



Majority of respondents agree that “**Senior Leaders drive continuous improvement in performance**”, with up to 72% in Malaysia, Singapore and 79% in Thailand agreeing. It is but obvious that the economic conditions have had a significant impact in the leadership focus on this aspect. Further the messaging to the employees from within and outside the organization.

Being trustworthy and able to develop constructive relationships are the other top three leadership strengths.



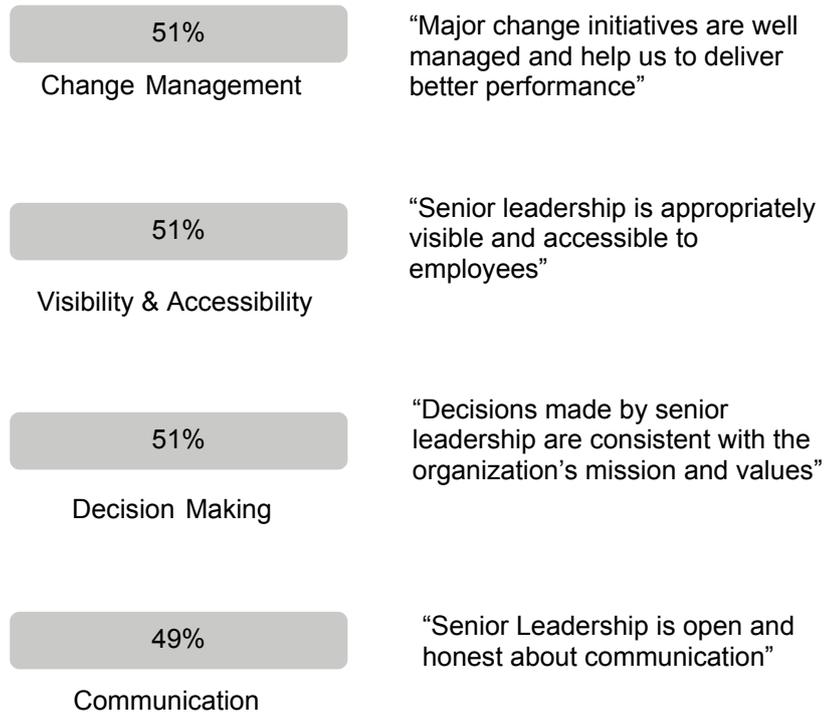
In today's heavily matrixed world the importance of team work and collaboration can never be underestimated. The Leaders in Top Companies lead the way in this area by oneness of purpose at the very top.

The Top teams operate as one, and is seen to be pitching for each other at all times. This collaborative behavior leads to similar team work down the line and the organizational energy moves to working together rather than finger pointing. Such harmonious working leads to a more highly engaged and striving workforce that creates significant business success.

The Bottom Four Perceptions in Southeast Asia

In the lowest perceived areas on top leaders, we find four co-related areas. In our current conversations with CEOs and HR Directors, the top management's ability to adapt to and manage change is being voiced as a critical need. This combined with the employee feedback that their top leaders are not communicating in an open and honest manner, being visible and accessible in time of change is evident.

The bottom four employee perceptions in Southeast Asia



“To me ‘Coachability at the top’ is critical to Leaders building sustainable business. This improves their decision making and connection with all stakeholders.

The fact that a Top Leader can be coached by people and situations around continuously builds an adaptable leader.”

Managing Director of a FMCG Company, Thailand

Change Management or ability to lead change is a critical Leadership need felt today by top management teams and is a perceived low by employees about their top leaders.

The key reasons why CEOs and their management teams are embarking on customized interventions are:

- Defining leadership DNA for the future
- Leading change
- Enhancing learning style & agility
- Managing ambiguity

These are Aon Hewitt client engagements in the past 12 months:

Two global MNC Companies assimilate newly appointed leaders on the management team to enable these leaders to settle into their new roles and adapt their leadership style and bandwidth.

A MNC FMCG management team embarked on a 12-month long development intervention to build a 'growth leadership' mindset.

Ability of Leaders to learn rapidly and laterally is a competency assessed in over 350 mid to senior management professionals in the past 24 months by Aon Hewitt.

A major retail property development Company embarked on redefining their Leadership competencies to enable them to build leaders to drive their Asia expansion and entry into other Asia markets including China.

"We should be able to learn rapidly from other industries and leaders. In a highly mobile talent landscape, employees often compare us with other employment experiences they had with their previous employers. Listening to employees and external stakeholders will enable leaders connect and build a strong leadership brand"

CEO of a leading Aon Hewitt Best Employer Company, Malaysia

**Experiences:
How Top
Leaders are
Building
Effectiveness
in an
Uncertain
World**

Country Insights

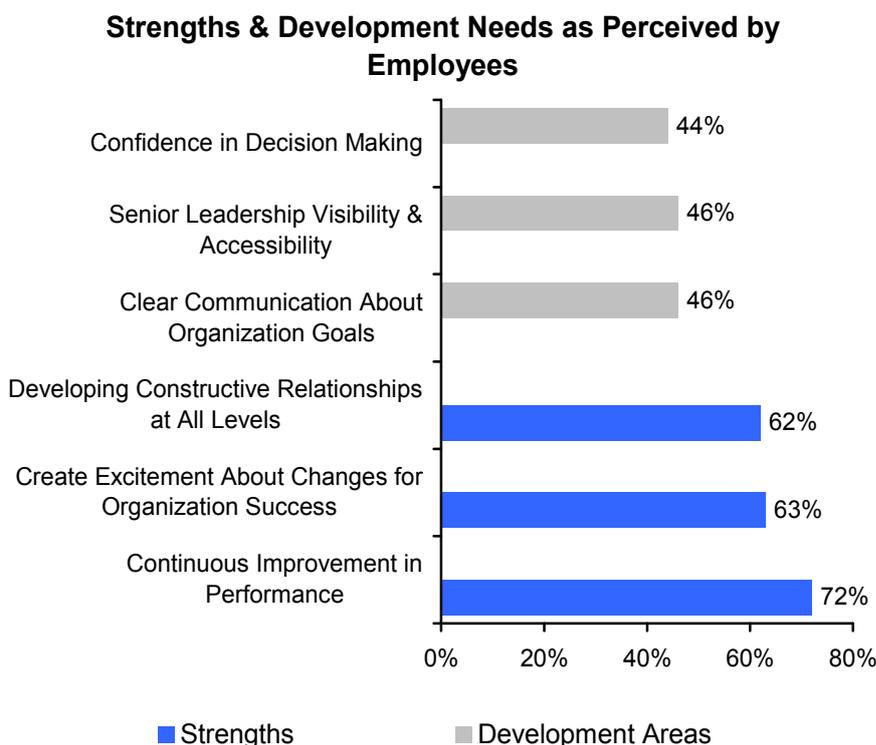


“Coming out of a difficult economic scenario, Leaders in this market are focused on achieving operational excellence. However, to thrive in today’s competitive and borderless landscape, leaders need to transition and take bold steps to be more certain on where they are leading their people to and how to get there. They need to build a brand with the future in mind.”

Leonard Ding

Leadership Practice Lead Malaysia

In Malaysia employees perceived the leaders to be highly focused on driving continuous improvement to achieve organization success while employees rated the confidence in leaders’ decision making capability to be the lowest.



Companies:
146

Employee Responses:
51,870

At Aon Hewitt, we believe effective leadership is an ongoing interplay between four equally important components: Know-How, Bandwidth, Learning Style and Leadership Style³.

In Malaysia, employees rated effective Leadership at 50%:

I see strong evidence of effective leadership

50%

³ Aon Hewitt Leadership Model

Singapore

“While leaders continue to deliver results to stakeholders, the sustainability of these will be based on how they build fundamentals for the next decade; effective leadership through trust will matter more.”

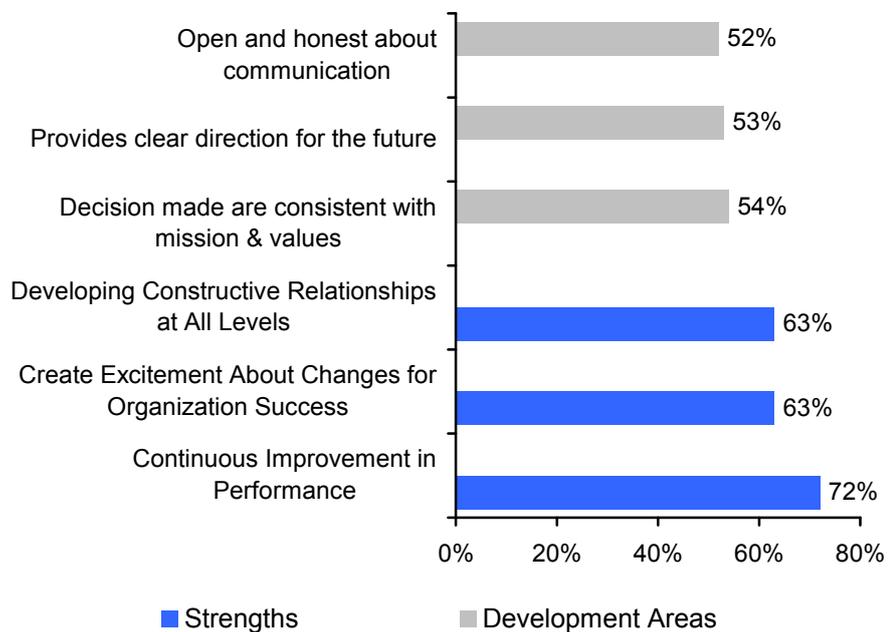
Eileen Keng
Leadership Practice Lead, Singapore

In Singapore, employees rated the communication and decision making skills the lowest while employees perceived the leaders to be trustworthy and highly focused on continuous improvement.

Companies:
136

Employee Responses:
92,596

Strengths & Development Needs as Perceived by Employees



In Singapore majority of the employees find the Senior Leaders to be effective as well as experts in running the business. However, there seems to be a perception on how the leaders are communicating and explaining the decisions made.

57%

I see strong evidence of effective leadership

60%

Senior Leadership is expert at running the business

“After the economic downturn, leaders focus more on improving organizational performance through increasing people capabilities. Top team plays a crucial role to develop employee trust, encourage collaborative teamwork, and communicate assertively.

For Thai Leaders, ability to network the Organization into the global system and drive strong external to Thailand cultural orientation will be important to build a Leadership brand that supports Thai organizations that want to go beyond borders”

Dr Luis Krishnanin
Leadership Practice Lead Thailand

In Thailand there is the highest consistency between the self-ratings by Senior Leaders and their employees on Leadership. The difference is the lowest among three countries at 9% as compared to 12% in Malaysia and Singapore.

Strengths & Development Needs as Perceived by Employees



Companies:
95

Employee Responses:
57,917

Thailand has the highest employee ratings for effective leadership (66%) amongst the 3 countries as well as the highest employee engagement score (61%). This aligns with how a strong Leadership Brand can drive employee engagement higher.

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About Aon Hewitt

Aon Hewitt is the global leader in human resource consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com/apac

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