

Management and Organisational Capabilities of Australian Business, 2015-16

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Australia's first official Management Capability Survey

Management and Organisational Capabilities of Australia Businesses, 2015–16

On 25 August 2017 , the ABS released the **first official survey** data on management capability in Australia.

Management and Organisational
Capabilities of Australia Businesses,
2015–16, ABS cat. no. 8172.0
[http://www.abs.gov.au/ausstats/abs@.nsf/
mf/8172.0](http://www.abs.gov.au/ausstats/abs@.nsf/mf/8172.0)

Fully funded by Department of Industry, Innovation and Science

Collected as part of the Integrated Business Characteristics Strategy (IBCS) suite of survey

Reference period covered was the 2015–16 financial year

Data provides estimates for industry and employment size for the whole economy, but they are not available for states/territories.

Statistics are cross classified, where possible by innovation status, business size and industry sector

Inspired on the US Management and Organisational Practices Survey — MOPS but goes beyond in scope (all industry sectors) and larger coverage of management areas.

Management and Organisational Capabilities of Australia Businesses, 2015–16

Methodology

Statistical Units

Businesses contributing to the estimates were sourced from the ABS Business Register (ABSBR), and selected at either the Australian Business Number (ABN) unit or the Type of Activity Unit (TAU)

ABN is the statistical unit for business with simple structure (majority of businesses)

TAU is used for significant and diverse business where the ABN is not suitable

Survey

Random sample of approximately 14,500 businesses via online forms or mail-out questionnaires. Sample was stratified by industry and an employment-based size indicator.

All businesses as having 300 or more employees were included in the sample

Management and Organisational Capabilities of Australia Businesses, 2015–16

Methodology

All Australian economy was represented with except for:

SISCA 3000 General government

SISCA 6000 Rest of the world

ANZSIC06 Division O Public administration and safety

ANZSIC06 Division P Education and training

ANZSIC06 Groups 624 (Financial asset investing) and 633 (Superannuation funds)

ANZSIC06 Groups 954 (Religious services) and 955 (Civic, professional and other interest group services)

ANZSIC06 Subdivision 96 Private households employing staff

Comprehensive cognitive testing

Three rounds of cognitive testing (108 visits of ABS staff to business in all Australian states and the ACT)

High response rate: 92 %

Management and Organisational Capabilities of Australia Businesses, 2015–16

Methodology

Questionnaire design:

- Joint project: Australian Bureau of Statistics (ABS), Department of Industry, Innovation and Science (DIIS) and The University Technology of Sydney (UTS) Business School

Questionnaire Content (12 parts 57 questions):

- Parts 1&2: Basic financial, business structure information and employment (9 questions)
- Part 3: Key Performance Indicators (6 questions)
- Part 4: Use of data in decision making (5 questions)
- Part 5: Innovation (6 questions)
- Part 6: Strategic plans (8 questions)
- Part 7: Skills (4 questions)
- Part 8: Supply chain (3 questions)
- Part 9: Environment management (3 questions)
- Part 10: Digital Business (3 questions)
- Part 11: Principal Manager characteristics (5 questions)
- Part 12: Comments and time taken (3 questions)

Comparison with US MOPS

13 Common and comparable questions

- Key performance Indicators
- Use of data for decision making
- Demographic information

When Key Performance Indicators were met, what percentage of non-managers and managers at this business received performance bonuses?

Tick one box per column only

	Non-managers	Managers
(a) No performance bonus paid	<input type="checkbox"/>	<input type="checkbox"/>
(b) 1-33% (up to one third)	<input type="checkbox"/>	<input type="checkbox"/>
(c) 34-66% (up to two thirds)	<input type="checkbox"/>	<input type="checkbox"/>
(d) 67-99% (more than two thirds to almost all)	<input type="checkbox"/>	<input type="checkbox"/>
(e) 100% (all)	<input type="checkbox"/>	<input type="checkbox"/>

22 Questions not based on the US MOPS

- Key performance Indicators
- Use of data for decision making
- Strategic Plans
- Skills
- Supply Chain
- Environmental management
- Digital business

During the year ended 30 June 2016, did this business have a strategic plan or policy?

Definition

• A strategic plan or policy is the plan implemented by a business to achieve its goals. It may include specific goals and decision-making on investment, allocation of resources and revenue generation.

Tick one box

- (a) No
- (b) Yes, and described in a written document
- (c) Yes, but not a written plan or policy

What were the topics of focus for the Key Performance Indicators monitored by this business?

Tick all that apply

- (a) Financial measures (e.g. profit, sales, market share, return on investment)
- (b) Operational measures (e.g. asset utilisation, on-time delivery)
- (c) Quality measures (e.g. customer satisfaction, defect rates)
- (d) Innovation measures (e.g. new processes, new value added products)
- (e) Human resource measures (e.g. job satisfaction, skills development)
- (f) Environmental measures (e.g. recycling program, energy efficiency)
- (g) Social measures (e.g. social license to operate, community engagement)
- (h) Health and safety measures (e.g. hazard analysis)
- (i) None of the above

Comparison with US MOPS

Other questions assessing strategic management culture

To what extent do you agree or disagree with the following statements about entrepreneurial orientation and culture within this business?

Tick one box per row

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Uncertain/ don't know
(a) This business takes a proactive approach to market competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) This business normally initiates changes upon which its competitors react	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) This business often gets involved in high risk/high reward projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) This business continually seeks out new partners to collaborate with	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) This business is usually the first in the market to innovate (e.g. introduce a new good or service, operational process, organisational method or marketing method)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) Improvements to this business's goods and/or services are normally incremental	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) This business constantly reviews its business model	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) This business has a high capacity to acquire and exploit knowledge external to the business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

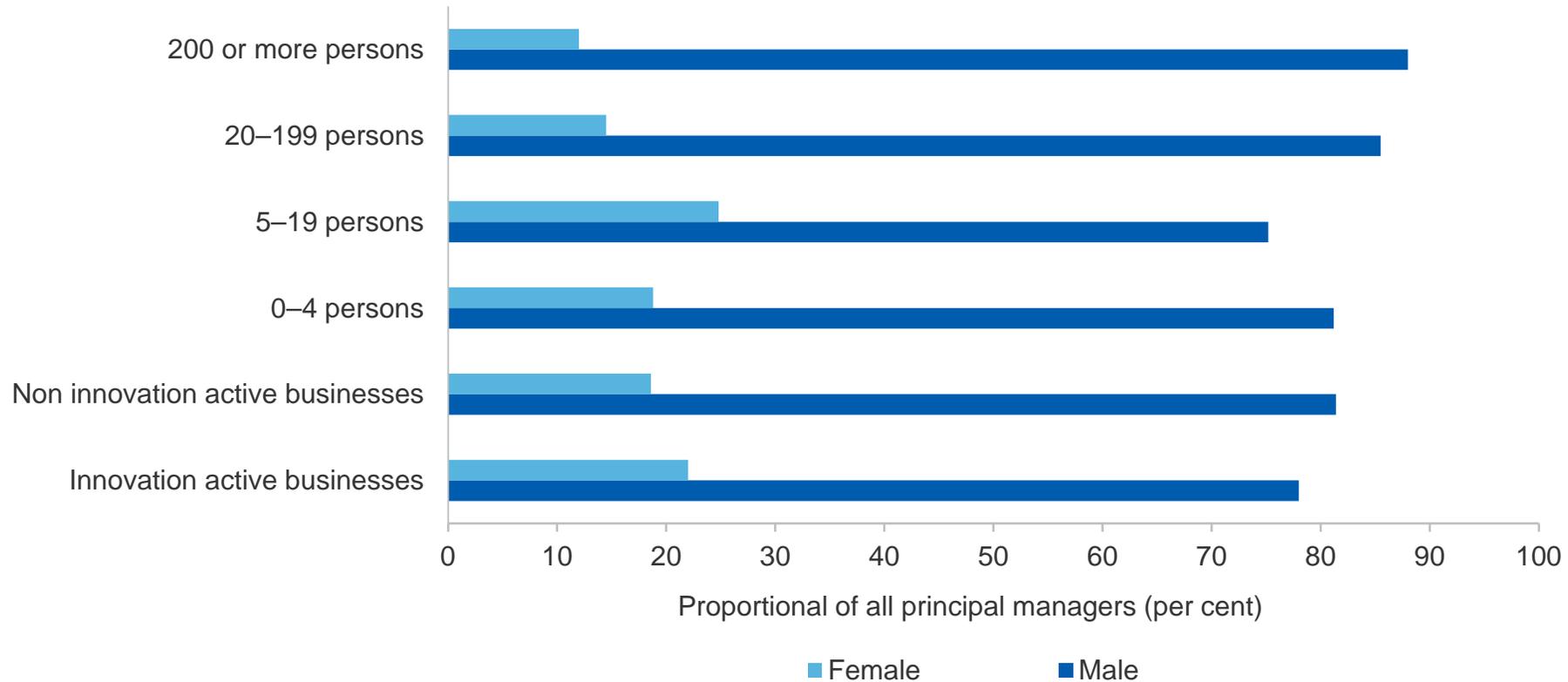
Australian
Management
Capability
Survey

2015-2016

Initial Findings

Principal managers in Australian businesses are overwhelmingly male

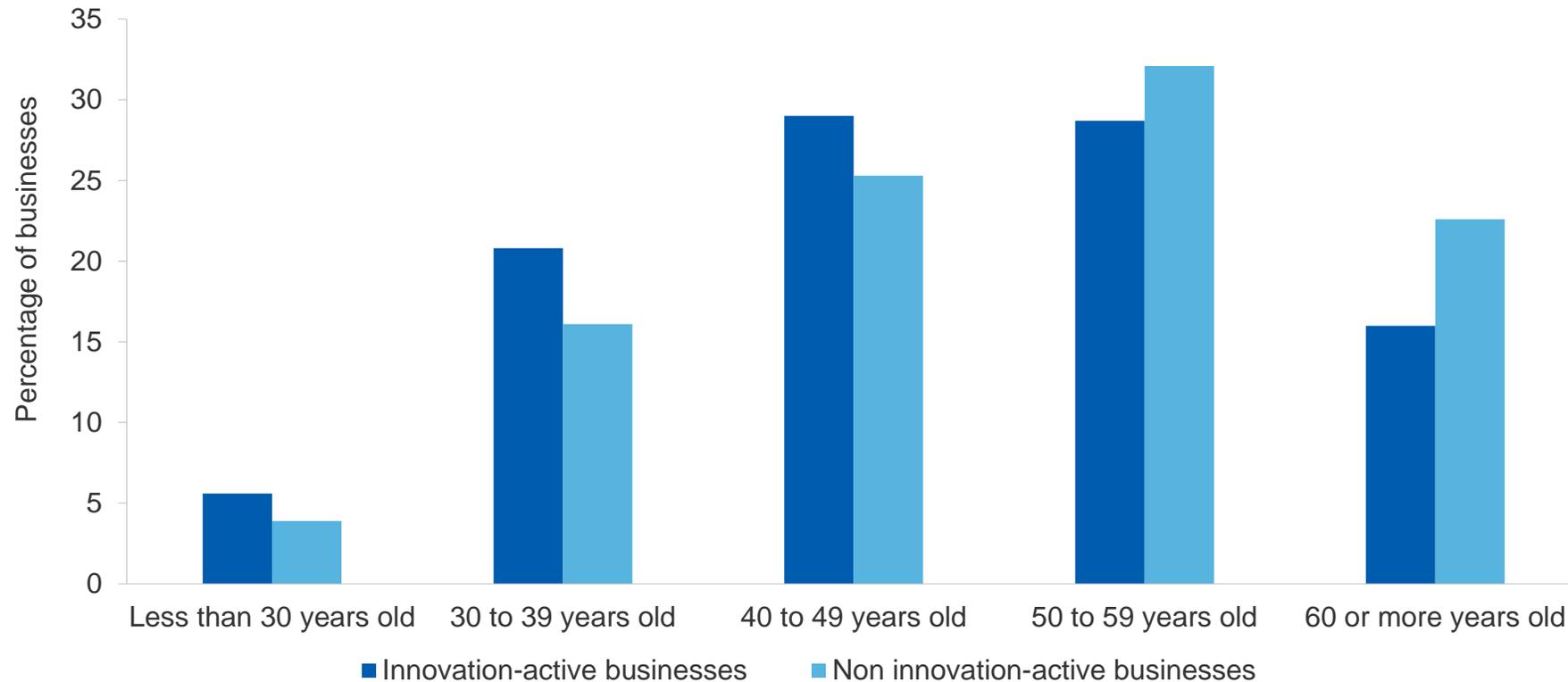
Gender of principal managers in Australian businesses



Source: ABS (2017) 8172.0 - Management and Organisational Capabilities of Australian Business, 2015-16

Managers are younger in innovation-active businesses

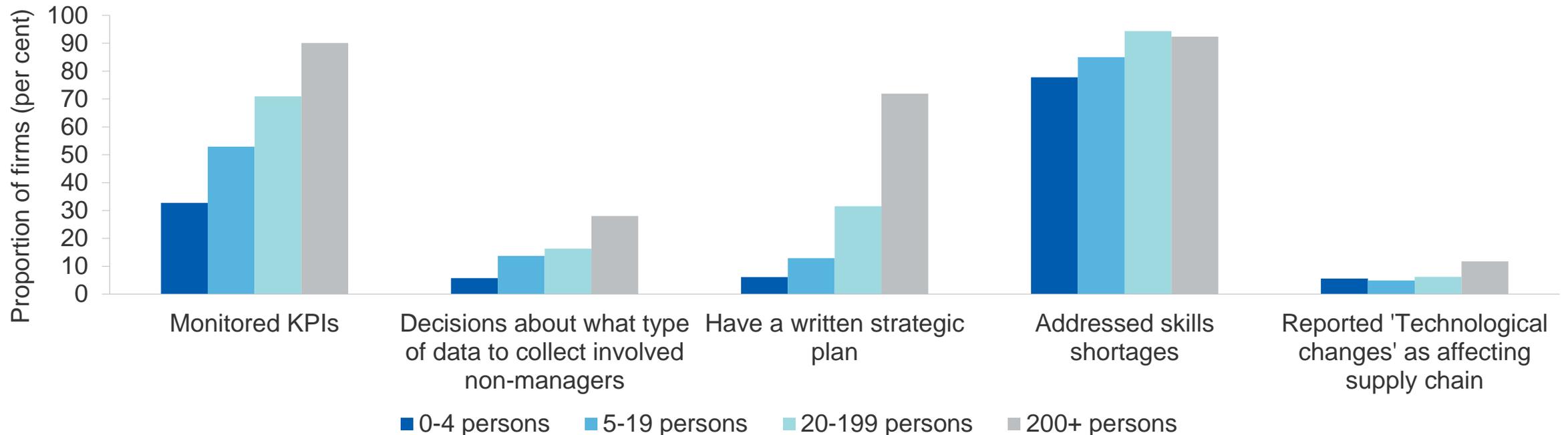
Age of principal managers in Australian businesses



Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16*, cat. no. 8172.0

Small firms are lagging in management and organisational capability

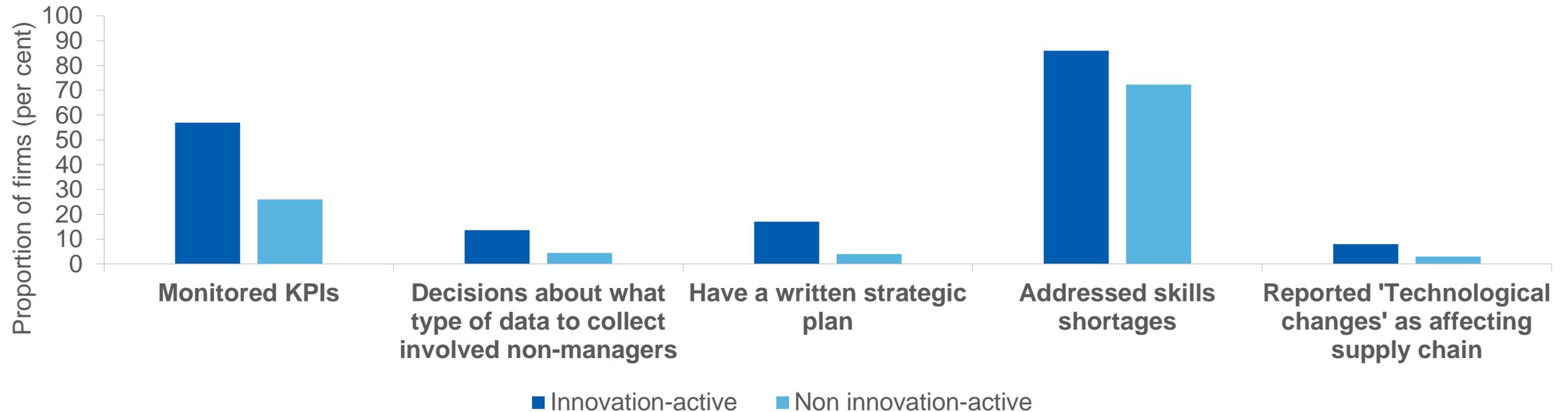
Management capabilities by firm size



Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

Innovation-active firms reported higher levels of management capability

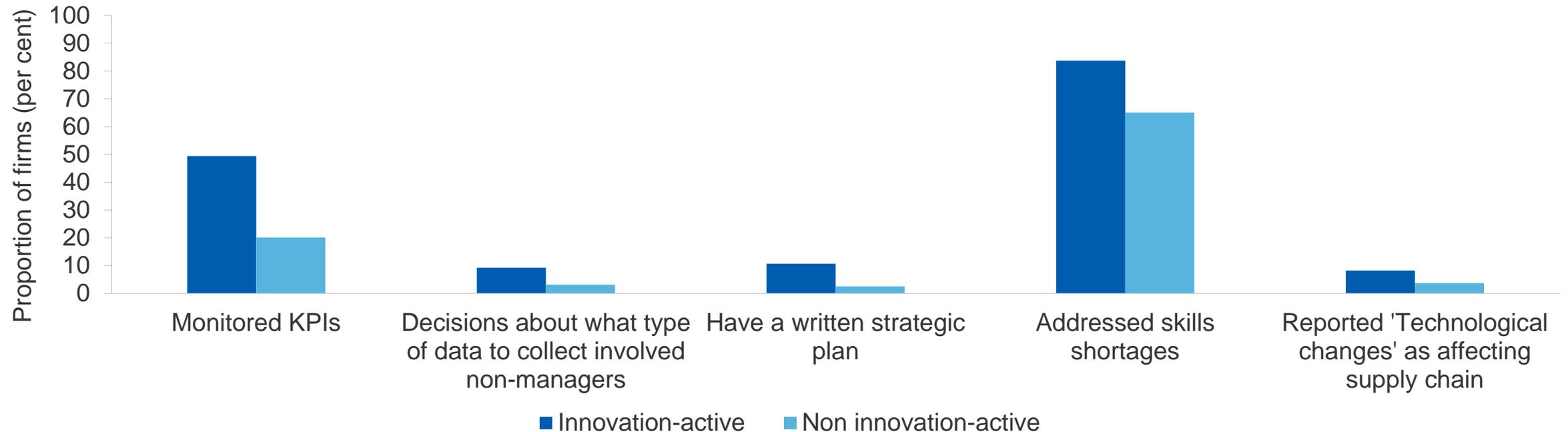
Management capability by innovation status



Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

The positive association between innovation and management isn't just about firm size

Management capability by innovation status in micro firms (0–4 employees)

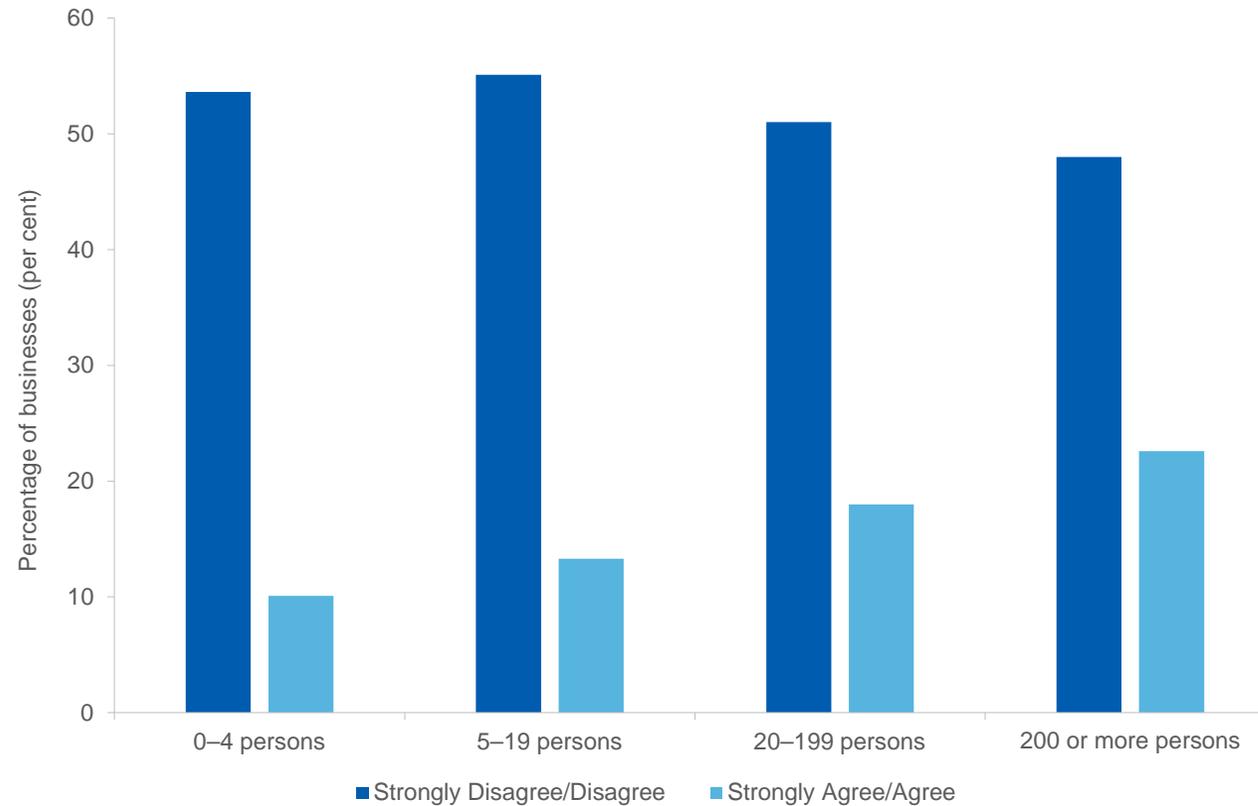


Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

Australian management is risk averse

Managers of Australian businesses don't often pursue risky ventures

Proportions of businesses that often get involved in high risk–high return projects



Source: ABS (2017), *Management and Organisational Capabilities of Australian Business, 2015–16*, cat. no. 8172.0

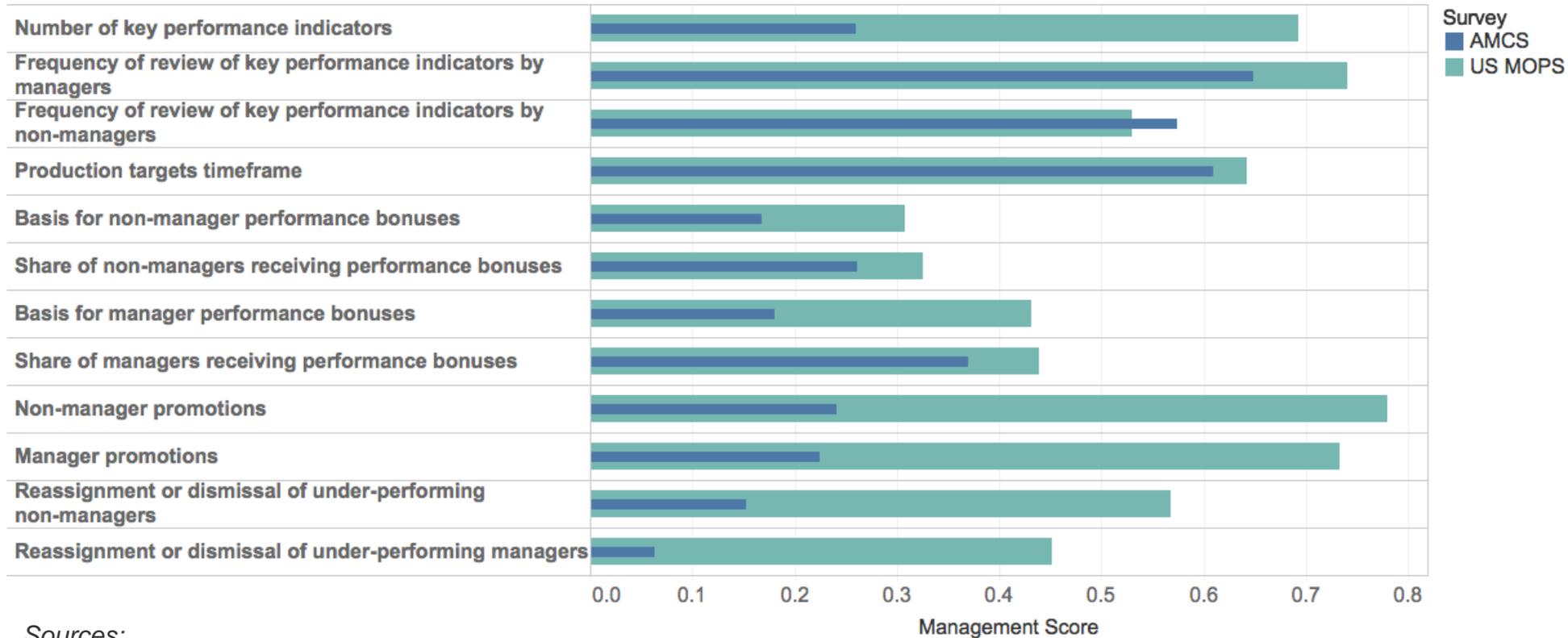
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2015-2016

Preliminary analysis

Australian Management falls behind the USA

Comparing AMCS and US MOPS Management scores



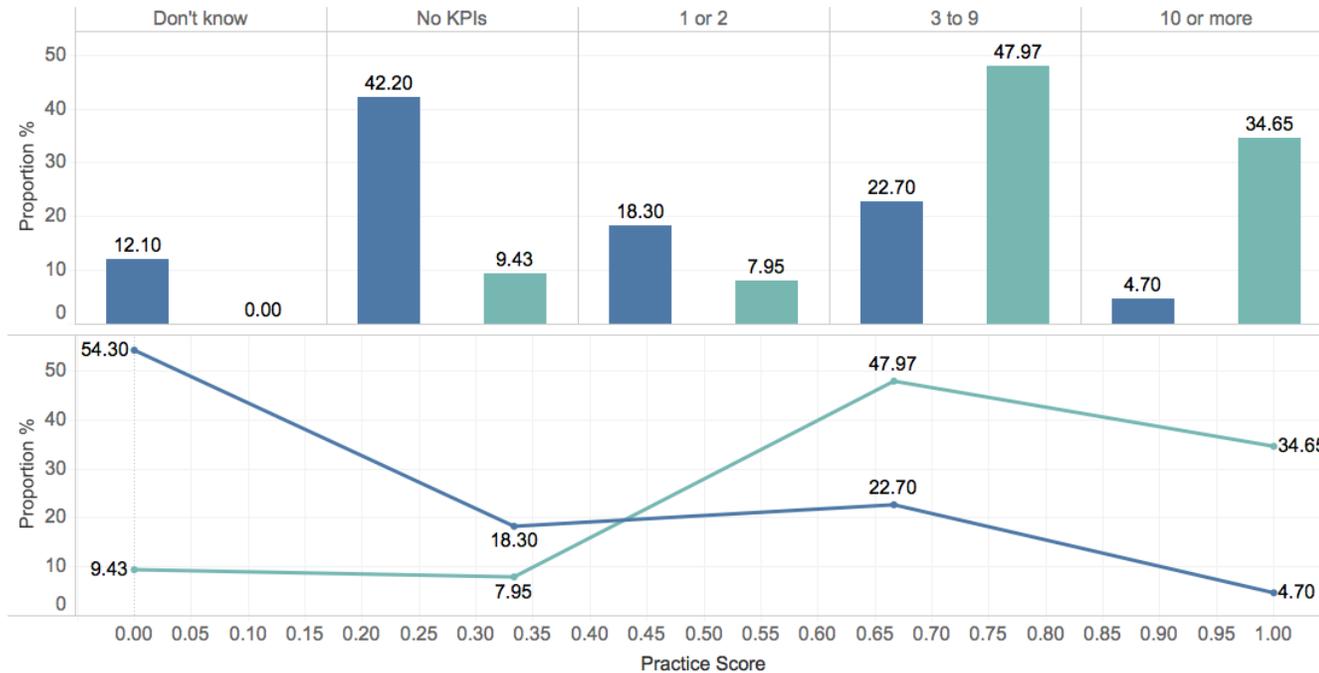
Sources:

Derived from published data: Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.

Less Australian manufacturers monitored KPIs compared to US

Number of KPIs monitored by business



Survey ■ AMCS Manufacturing ■ US MOPS

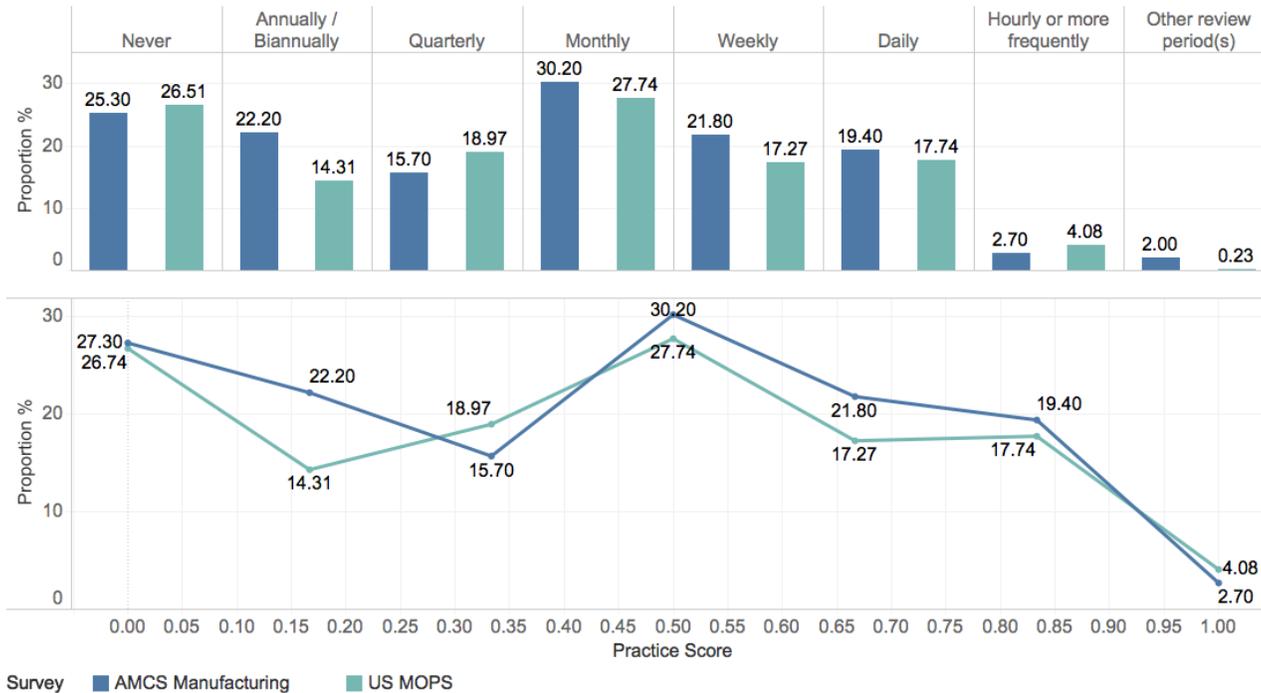
Sources:

Derived from published data: Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.

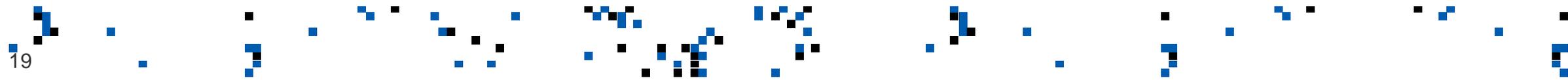
Non-managers review KPIs more frequently in Australia

Frequency of review of key performance indicators by non-managers



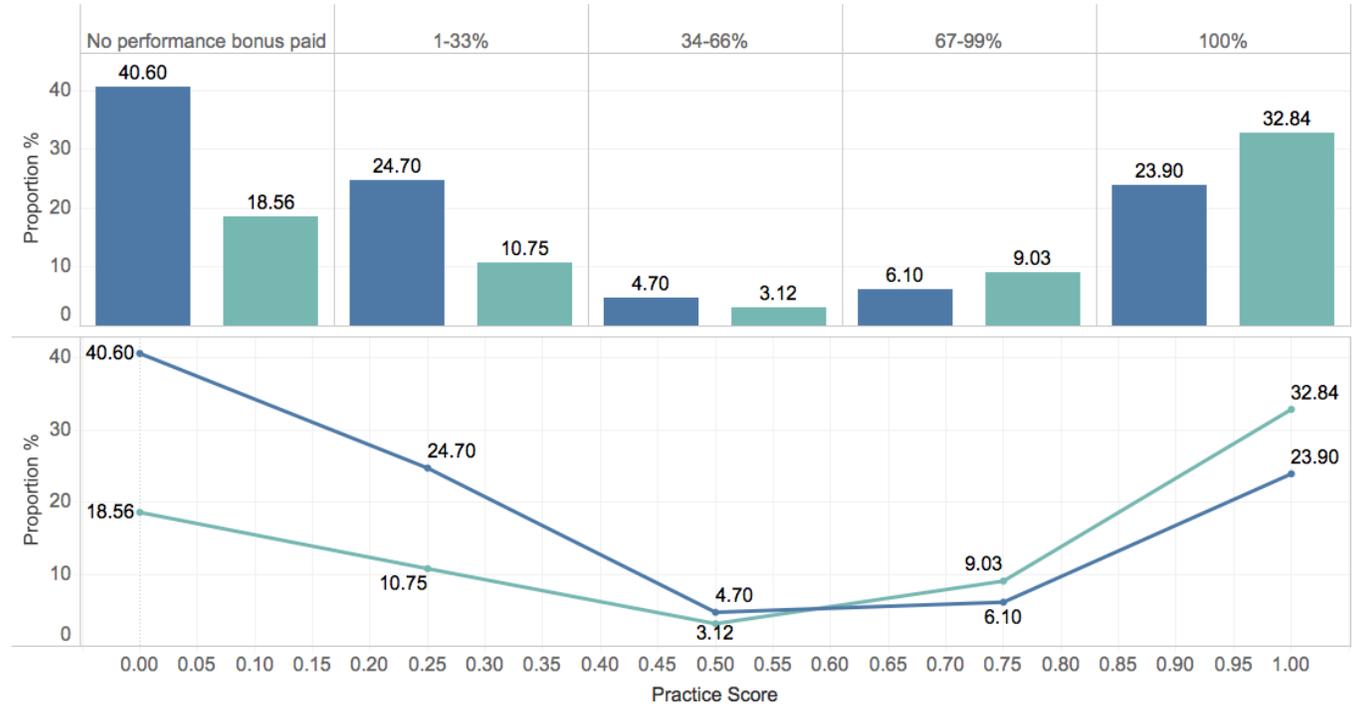
Sources:

Derived from published data: Source: ABS (2017) Management and Organisational Capabilities of Australian Business, 2015–16 cat. no. 8172.0
 U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.



Australian manufacturers are more likely to not pay managers a bonus

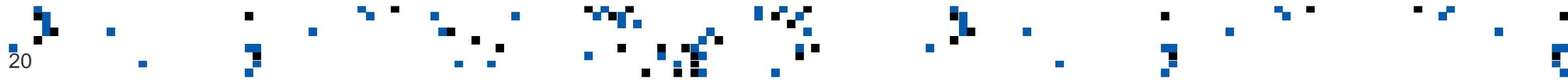
Share of managers receiving performance bonus



Survey ■ AMCS Manufacturing ■ US MOPS

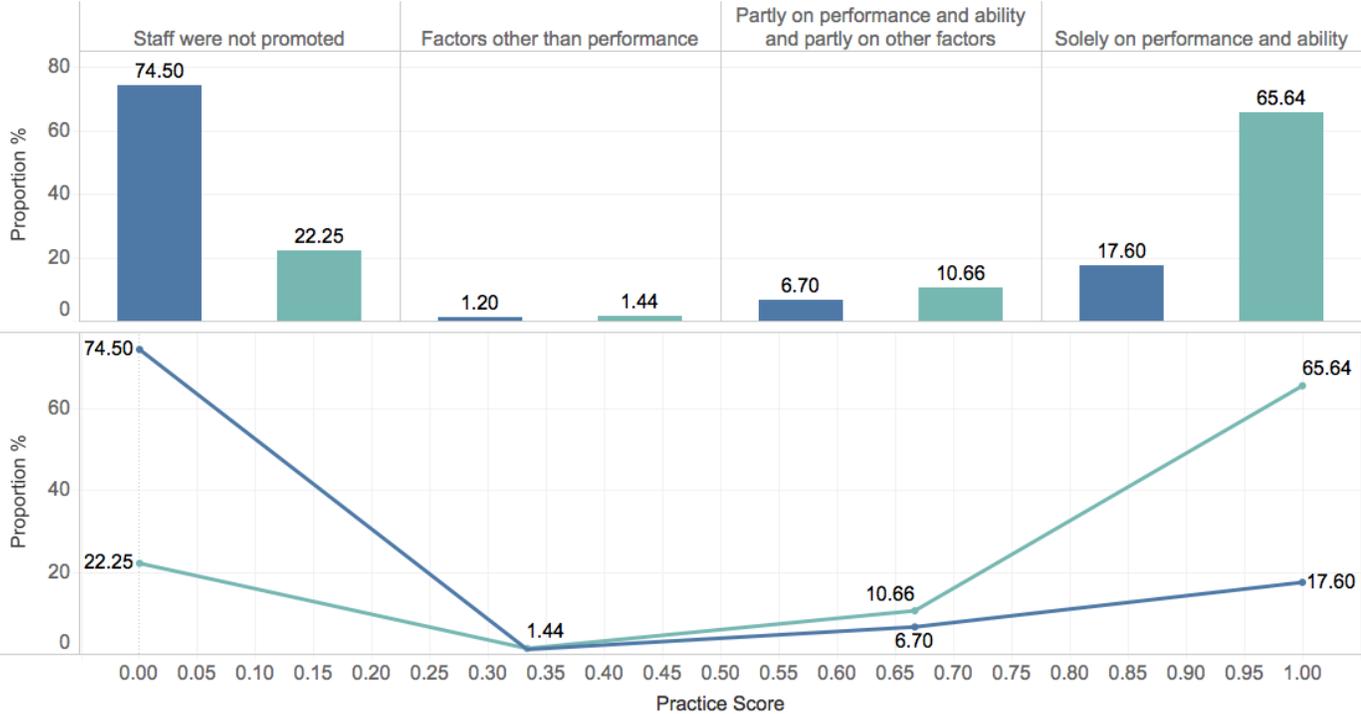
Sources:

Derived from published data: Source: ABS (2017) Management and Organisational Capabilities of Australian Business, 2015–16 cat. no. 8172.0
 U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.



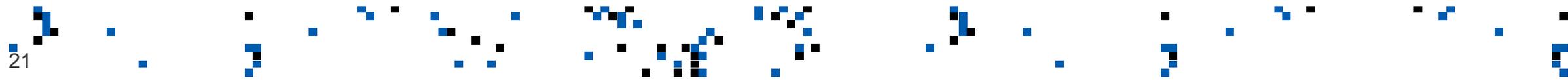
Majority of businesses did not promote managers

Basis for manager promotions

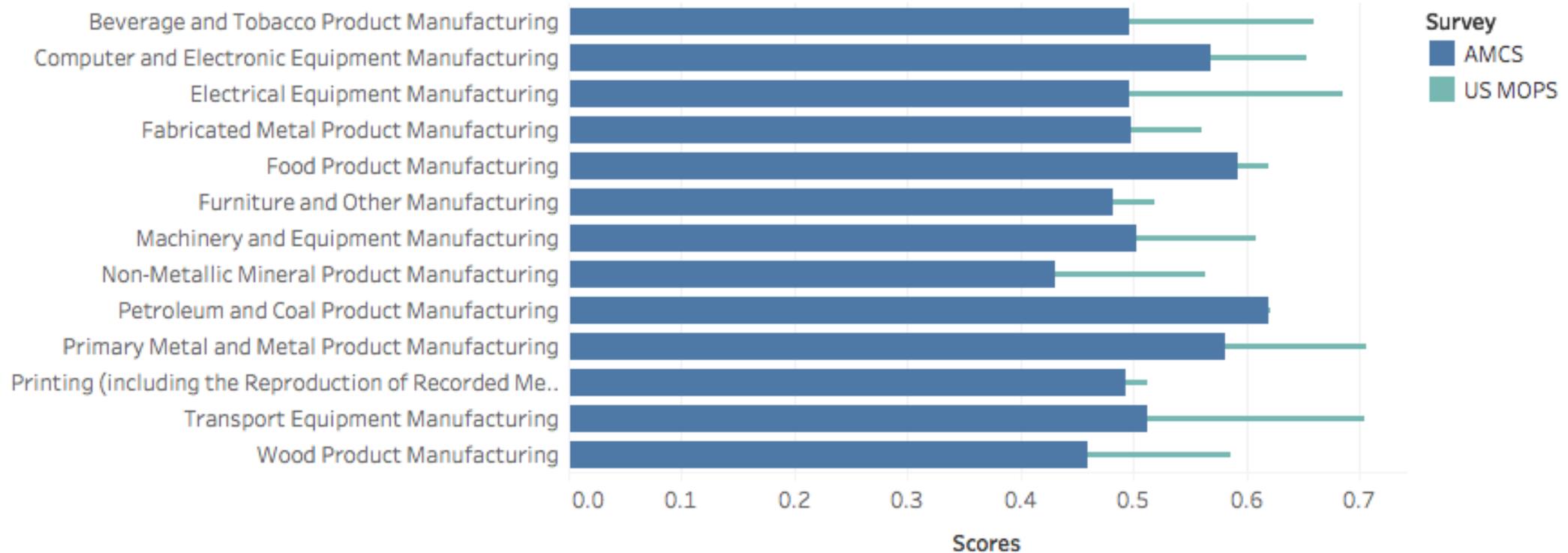


Survey ■ AMCS Manufacturing ■ US MOPS

Sources:
 Derived from published data: Source: ABS (2017) Management and Organisational Capabilities of Australian Business, 2015–16 cat. no. 8172.0
 U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.



Comparing Scores for Manufacturing sub-industries

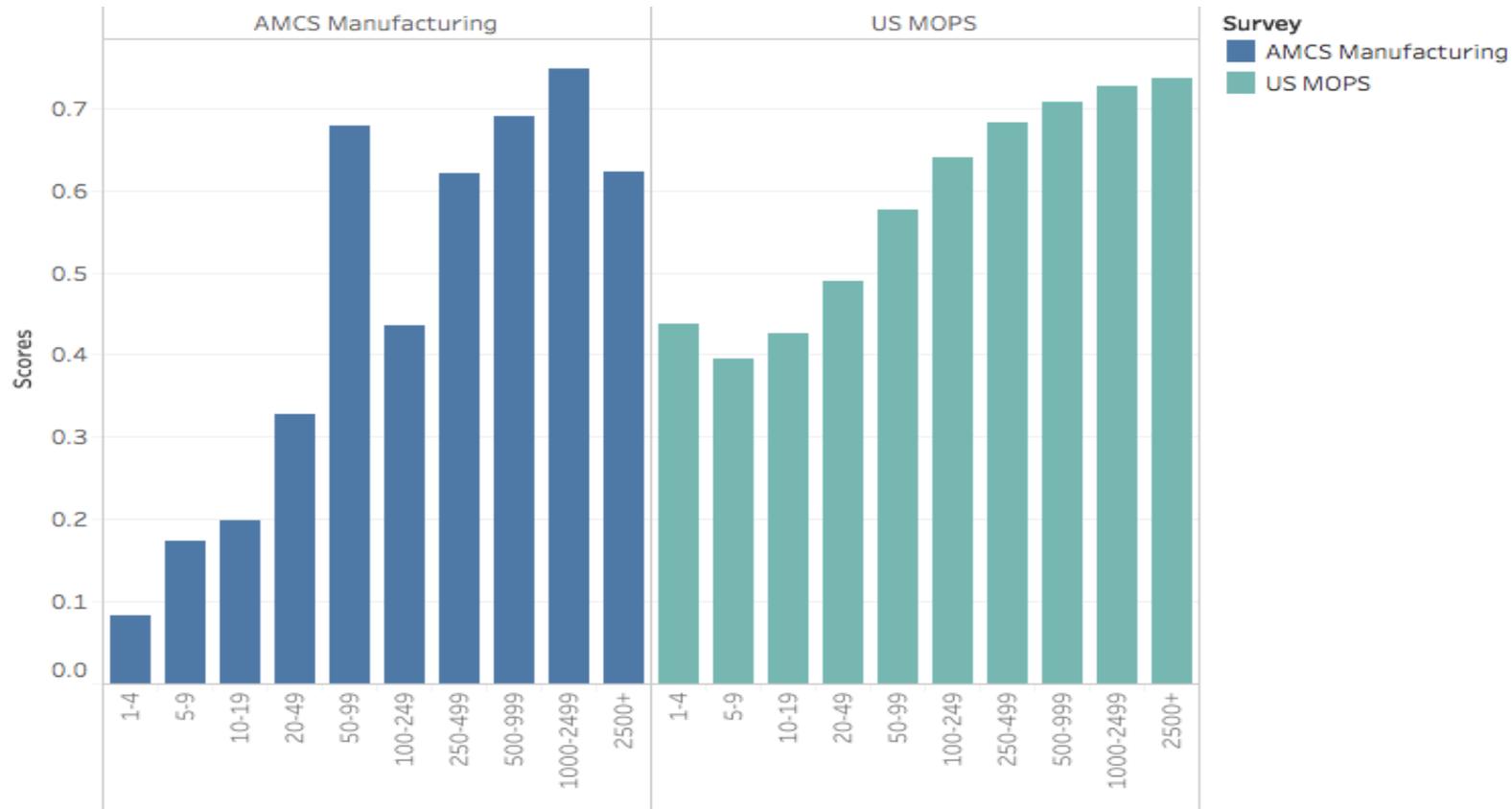


Sources:

Derived from published data: Source: ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.

Comparing Management Scores by Employee Size



Sources:

Derived from UTS customized data sourced from ABS based on ABS (2017) *Management and Organisational Capabilities of Australian Business, 2015–16* cat. no. 8172.0

U.S. Census Bureau, Massachusetts Institute of Technology, National Bureau of Economic Research, and Stanford University; 2015 Management and Organizational Practices Survey.

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2015-2016

Management Modes: An illustration of analysis

Management Modes: Strategic Capabilities

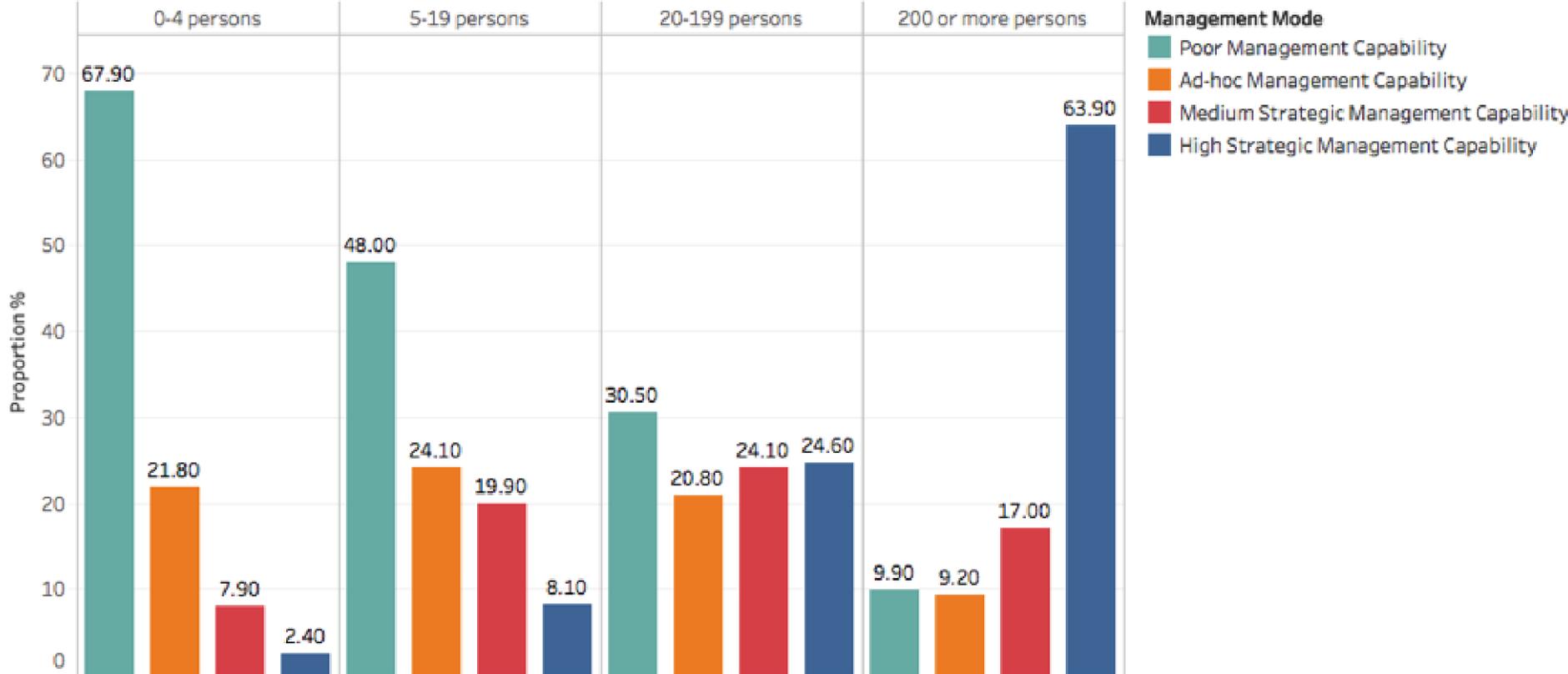
High Strategic Management Capabilities	Medium Management Capability	Ad-hoc Management Capability	Poor Management Capability
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Based on AMCS questions – KPIs, Use of data and Strategic plans

- Q10** Number of Key Performance Indicators
- Q11** Topic of focus for Key Performance indicators
- Q29** Presence of strategic plan

Management Modes: Strategic Capabilities in Australian business

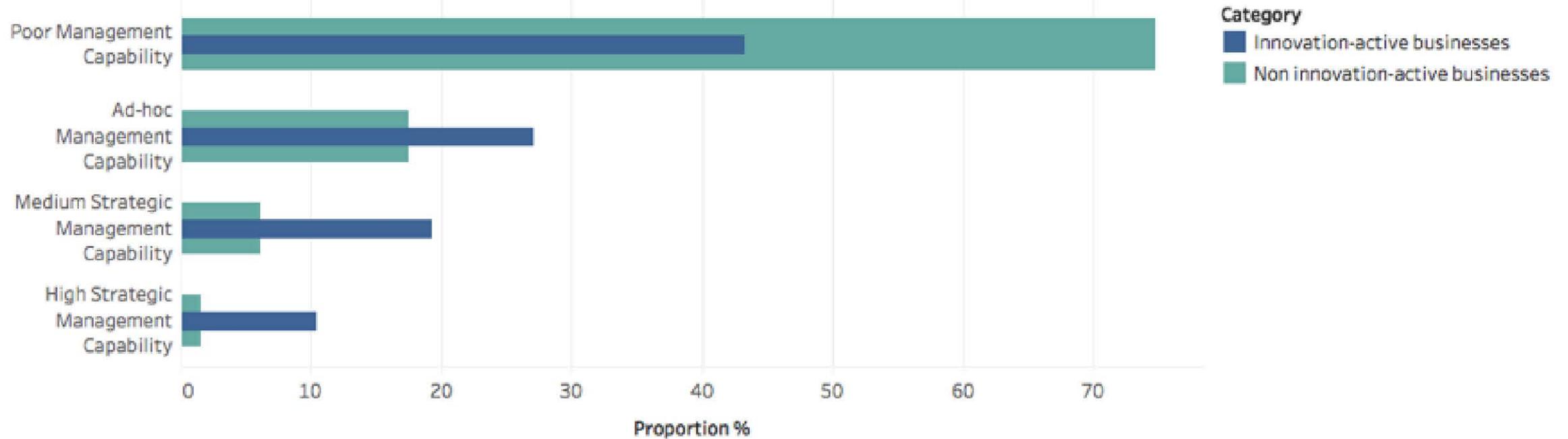
Management Modes, by employee size



Source: ABS (2017) Customised data analysis based on ABS (2017), Management Capabilities Module (MCM), 8172.0

Management Modes: Strategic Capabilities in Australian business

Management Modes, by innovation status



Source: ABS (2017) Customised data analysis based on ABS (2017), Management Capabilities Module (MCM), 8172.0

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Next Steps & Research Agenda

Using the MCS data for further analysis

MCS data will facilitate deeper analysis of the impact of management capability on firm performance and broader economic and productivity growth

Impact of management capability and firm performance

MCS data will facilitate deeper analysis of the **impact of management capability on firm performance** and broader economic and productivity growth:

- Sales growth
- Labour productivity
- Employment growth
- Exports

Explore the relationship between management capability and innovation (e.g. management capability is associated with the introduction of new goods and services)

- Innovation activities
- Adoption and use of digital technologies
- Environmental management



Using the MCS data for further analysis (cont)

Research Agenda

Modes and Scores of Australian management capability

Projects

1. Modes of management in Australian firms
2. Scores of management capability in manufacturing and international comparisons following *Bloom et al* methodology
3. Advanced scores of management capability by size and industry sector

Management capability and firm performance (cross sectional analysis)

Projects

1. Management capability explaining productivity differences in manufacturing following Bloom et al methodology
2. Investigation of the association between firm performance and management capability by using advanced scores of management
3. Investigate the association between management capability and innovation and high growth firms

Management capability indicators

Projects

1. Developing management capability indicators for the innovation system

Using the MCS data for further analysis (cont)

MCS data will facilitate deeper analysis of the impact of management capability on firm performance and broader economic and productivity growth



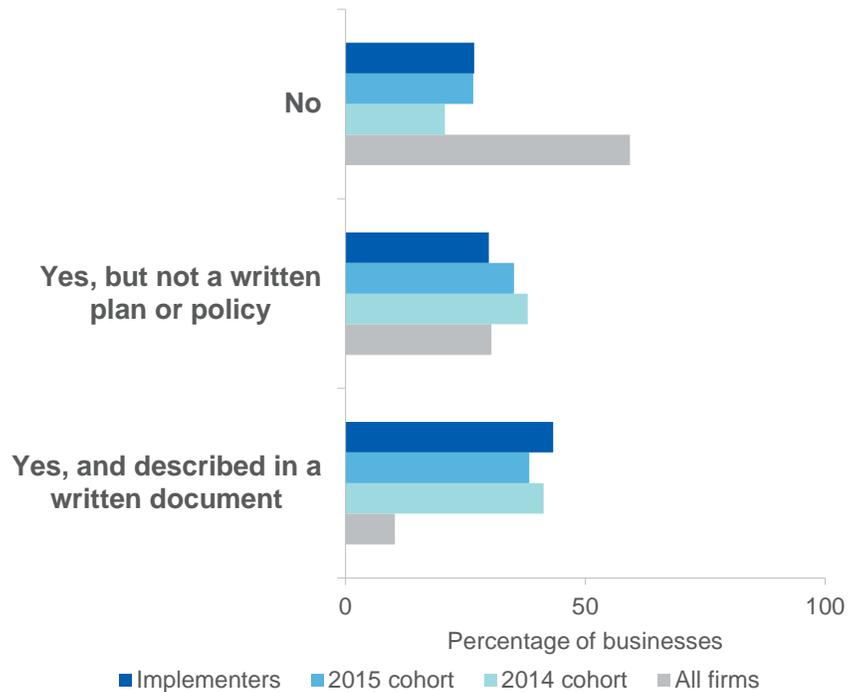
Evaluation of Government programs

- a cohort of equivalent businesses (control group)
- their financial characteristics using BLADE data to measure the relationship between management capability and financial performance

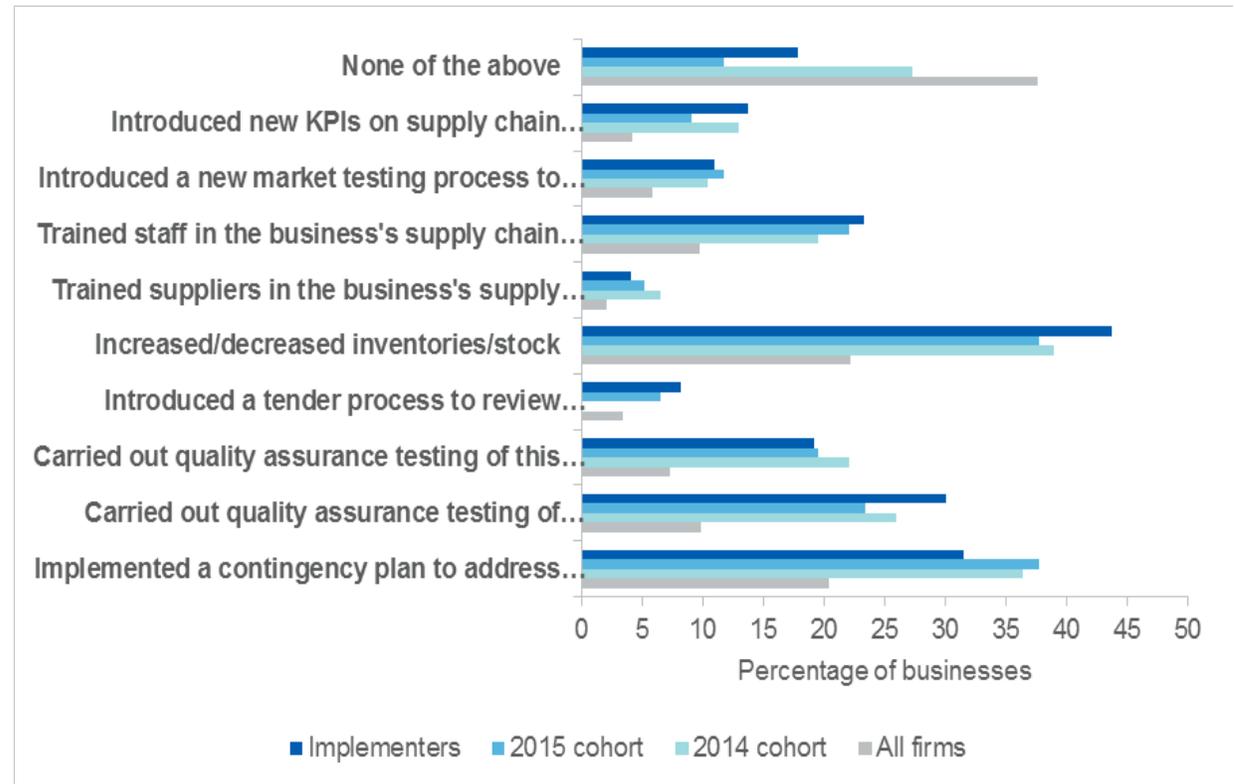
Example of the Entrepreneurs Programme

Measuring management capabilities of participating firms

Presence of strategic plan or policy in the business



Supply chain management activities undertaken by the business



Note: Unpublished analysis based on DIIS requests.

Data Source: ABS (2017) Management and Organisational Capabilities of Australian Business, 2015–16 only available to DIIS.

Questions?

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