The pace of change in today’s digital economy puts new demands on executive leadership, but the results of a global research program by Oxford Economics and SAP show that most companies are stuck in the past.

Some companies are more prepared for the digital future. Oxford Economics identified a set of capabilities and practices that define the best-led organizations—we call them Digital Leaders. At most companies, digital transformation is just beginning: only 12% of respondents to our survey qualify for this elite group in Australia and New Zealand (ANZ), compared with 16% of the overall sample.

Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

Four themes, outlined on the following pages, emerged from our research. By focusing on any shortfalls in these areas, companies can boost their chances of becoming Digital Leaders.

This fact sheet outlines key findings for Australia and New Zealand.
Leaders 2020
Fact sheet: Australia and New Zealand

Lack of leadership slows digital transformation

*Executives and employees at most companies say management lacks critical digital skills.*

- ANZ executives consistently rate senior leadership’s digital skills lower than do their peers in other regions.
- ANZ employees are a bit more forgiving; 41% of them say senior leadership uses technology for competitive advantage, compared with 27% of executives.
- More than two-thirds of ANZ executives and employees say their organization encourages workers and leadership to develop new skills.

Diversity pays off

*Diversity levels are not where they should be for most companies—but it is higher at those with superior executive leadership and better financial performance.*

- A vast majority of executives recognize the importance of diversity, but only one-quarter say their organization has a Chief Diversity Officer or equivalent.
- Employees and executives in ANZ alike are significantly more likely to say diversity has had a positive impact on their company’s financial importance (44% vs. 32% of the global total).

*Note: Bullet points represent survey results not pictured in the charts.*
Millennial executives are impatient for change

A new generation is rising up the org chart, and these young executives want more from leadership.

- 30% of ANZ executives are Millennials, among the highest proportion of any country surveyed.
- More than half of executives agree they mainly fill roles from within the company, and 60% say that leadership works with employees to develop their careers—an important step in cultivating Millennial executives.
- But while ANZ executives are more likely to say they have the right recruiting strategies in place, only 40% say they have clear processes for succession.

Digital Leaders have more engaged employees

Employees who work at companies with better executive leadership are more satisfied and engaged—and less likely to leave for a new position.

- Just 13% of employees in ANZ are from Digital Leader companies.
- Two-thirds of employees in ANZ say that leaders are expected to develop talent and are rewarded for doing so, and 78% say leadership gives ample, ongoing feedback to employees.
- That feedback may be paying off—84% of ANZ employees say they are willing to routinely go beyond the minimum requirements of their job.

Note: Bullet points represent survey results not pictured in the charts.
Conclusion

Companies in Australia and New Zealand are well on their way to becoming Digital Leaders, but should continue to develop executive and employee skill sets along with diversity programs. Our research identifies several areas where companies can improve their leadership skills—and their business performance.

- **Communicate a company-wide digital vision.** The best leaders not only have a strategy for going digital—they are sharing it with employees across the organization.

- **Continuously update executive and employee skill sets.** Everyone, from the ground floor to the executive suite, needs digital skills and the ability to learn new ones quickly.

- **Flatten the organization.** Leadership needs to empower managers and workers across the enterprise to make decisions quickly, without bureaucratic bottlenecks.

- **Emphasize diversity.** Companies that cultivate a diverse workforce and take a broad range of employee perspectives into account are better poised to succeed in a global economy—and to keep employees happy and engaged.

- **Listen to young executives.** The growing cohort of Millennial executives has a strong vision for leadership in the digital economy. Taking their advice may be a shortcut to digital transformation.

For more on what it takes to become a Digital Leader, see [www.successfactors.com](http://www.successfactors.com)

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**About the research**

Oxford Economics and SAP surveyed 2,050 senior executives and 2,050 employees from 21 countries in the second quarter of 2016 about leadership and workforce development for the Digital Economy. Roughly 5% of the overall sample comes from Australia or New Zealand.

**Location:** United States, Canada, Brazil, Mexico, Colombia, Singapore, Malaysia, Thailand, Philippines, Indonesia, Australia, New Zealand, Japan, Korea, China, India, France, United Kingdom, Germany, Spain, and Russia

**Industries:** The overall sample is split roughly evenly among Financial Services, Retail, Public Sector, Healthcare, Consumer Goods, Professional Services, Manufacturing, and Technology

**Functions:** The overall sample is split evenly among Finance, HR, IT, Sales/Marketing, and Procurement

**Company size:** 25% $250m–$499 m; 25% $500m–$1 bn; 50% more than $1 bn

**Gender:** 50% male, 50% female

**Age:** 50% of employees are Millennials