

# AMCI 2013

## Background to the Australian Management Capability Index (AMCI)

The AMCI has been adapted from the Management Capability Index (MCI), which was established by the New Zealand Institute of Management and has since been used in Malaysia, India and Singapore. This is the second (consecutive) year in which the survey has been conducted in Australia.

Management capability is about applying management competencies to achieve desired outcomes within an organisation. Excellence in management capability is an integral marker of strong organisational performance.

This second AMCI provides an opportunity to track management performance over time and contributes to building a longitudinal profile of management capability in Australia and overseas. The report may also assist organisations to direct their attention to building management capability in those areas with lower scores.

The AMCI is based on an organisation leader's self assessment of ten key drivers of management capability that contribute to sustainable performance and where relevant, profitable business growth. The Index shows relative management capability results across these ten categories (weighted to reflect their degree of importance in the final index — refer Table 1), and across ownership types, industry types and organisation sizes (number of

employees and annual dollar turnover). Survey responses are tabulated to produce a score out of 100.

The online survey was conducted in late 2012 with a total of 461 respondents from across the breadth of Australian organisations.

**Table 1 The ten categories of the AMCI and their weightings**

AMCI category	Weighting %
1 <i>Visionary and strategic leadership</i>	15
2 <i>Performance leadership</i>	10
3 <i>People leadership</i>	10
4 <i>Financial management</i>	10
5 <i>Organisation capability</i>	5
6 <i>Application of technology and knowledge</i>	5
7 <i>External relationships</i>	5
8 <i>Innovation — products and services</i>	10
9 <i>Integrity and corporate governance</i>	5
10 <i>Results and comparative performance</i>	25
<b>Total</b>	<b>100%</b>

## Key findings — Australian results

This year's research reveals scope for Australian Managers to lift their performance. Table 2 shows the overall AMCI 2013 is 70.3 of a potential rating of 100, slightly down from last year's result (71.1).

**Table 2 Overall AMCI Results**

Category	AMCI 2012	AMCI 2013
1 <i>Visionary and strategic leadership</i>	68.0	68.4
2 <i>Performance leadership</i>	70.5	70.5
3 <i>People leadership</i>	69.1	66.8
4 <i>Financial management</i>	76.8	76.1
5 <i>Organisation capability</i>	66.2	65.3
6 <i>Application of technology and knowledge</i>	70.4	68.9
7 <i>External relationships</i>	74.1	75.1
8 <i>Innovation — products and services</i>	67.3	67.2
9 <i>Integrity and corporate governance</i>	85.7	85.6
10 <i>Results and comparative performance</i>	70.9	68.9
<b>AMCI (overall)</b>	<b>71.1</b>	<b>70.3</b>

The AMCI findings show that Australian CEOs and senior managers assess their organisations as being **most capable** in:

- *Integrity and corporate governance* (85.6)
- *Financial management* (76.1)
- *External relationships* (75.1)

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

- *Organisation capability* (65.3)
- *People leadership* (66.8)
- *Innovation — products and services* (67.2)

Further disaggregation shows that the lowest subcategory score (60.3) 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*. Although low, the score has increased significantly since the AMCI 2012 (52.0) suggesting some organisations are developing a greater focus on globally responsive management. In addition the findings show:

- CEOs consistently rate management capabilities higher than lower level managers
- Insurance, finance and professional service organisations rate their capabilities higher than the overall AMCI of 70.3, while those in the education sector rate their capabilities well below (64.3)

HIGHLIGHTS  
AUSTRALIAN MANAGEMENT CAPABILITY INDEX 2013

March 2013



Australian Institute of Management

## Key findings – international results

Figure 1 shows that on an international comparison, Australia's overall rating of 70.3 is similar to the latest regional MCI findings, with the exception of India, which sits above the other four countries

Figure 1 International MCI comparisons – ranked results



## Summary

With two AMCI surveys now completed over two consecutive years, the results are compelling. Across the breadth of organisations, business leaders continue to show strong capability 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 2013 indicate, however, that Australian organisations are less confident about their capacity to meet some of the challenges that characterise the twenty-first century environment: the capacity to keep pace with change through innovative practice (*Innovation — products and services*) and adaptive leadership (*Organisation capability*); the ability to adopt an external focus and understand global markets and global thinking (*Visionary and strategic leadership*); and the need to bring human resource planning to the core of business planning in order to manage potential future labour shortages (*People leadership*).

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

To see the full report of the Australian Management Capability Index 2013 and this year's industry profile on Professional services go to [www.aim.com.au](http://www.aim.com.au)



## About the Australian Institute of Management

**The Australian Institute of Management (AIM) is a not for profit management training and education organisation that promotes the advancement of management and leadership excellence in the commercial, government, community and not for profit sectors.**

Across Australia, AIM adds capacity to managers by providing opportunities to learn, develop know-how and better understand practical management.

Today's managers and tomorrow's leaders are given access to a comprehensive range of AIM services in business and management training, events and seminars, coaching, research and publications, supported by specialist management bookshops and business library services.

# AUSTRALIAN MANAGEMENT CAPABILITY INDEX 2013 HIGHLIGHTS

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