

**Inside HR**

**Cooking the books? She'll be right, mate!**

Despite operating in the toughest corporate governance regime in recent history, Australian boards and company management are not as vigilant as they should be when it comes to financial reporting fraud, according to KPMG Forensic partner, Gary Gill. "Financial reporting fraud is [in KPMG's experience] increasingly prevalent here," said Gill. In KPMG's 2004 Fraud Survey financial reporting fraud was identified as the most costly form of fraud. "Financial reporting fraud usually occurs as the result of three factors: incentives and pressures; opportunity; and where it's possible for the perpetrator to rationalise their actions," he said.

**Top priorities in executive remuneration revealed**

Organisations remain focused on executive performance management and aligning executive pay to the market this financial year, according to a new study by remuneration firm CSI. CSI's July 2005 Australian Top Executive Remuneration Report, a survey of 2,838 individual executives from 455 Australian organisations, revealed that these issues are the top two priorities for the 2005/06 financial year. Seventy-three per cent of organisations indicated executive performance management is a very important priority within remuneration strategies this financial year.

**Generation Y need not be afraid**

Generation Y should not be afraid to ask for a pay rise when they possess the necessary skills and knowledge, according to Wayne Wallace, a negotiation and mediation consultant with The Trillium Group. "The lack of skills and knowledge in such areas as conflict management and negotiation are the main cause for the strong emotions felt by Generation Y," he said. "Employers should provide their employees with the necessary training. This will not only benefit Generation Yers by dissipating their fear but also the employers by providing their employees with the ability to handle challenging situations."

**Leadership crisis on horizon**

AUSTRALIA HAS recorded the lowest level of leadership confidence in the world.

Research from HR consulting firm DDI, reveals that almost two thirds of HR professionals and managers lack strong confidence in the ability of senior leaders to guide their organisation over the next five years.

Confidence levels at frontline and mid level leadership are even more concerning.

The results paint a disturbing picture for corporate Australia, according to Bruce Watt, managing director, DDI Australia.

"2005 commemorates 10 years since the Australian Industry Taskforce on Leadership and Management Skills (The Karpin Report) concluded that Australian businesses needed to do more to develop and prepare its leadership talent.

"The taskforce was crucial in generating increased awareness of the issue. It was the catalyst for a number of development initiatives during the mid to late 90's.

"However, the results of DDI's research indicate that there is still a lot of work to be done – while a lot has been put in place to improve the quality of leadership and leadership devel-

opment, these initiatives have not kept pace with the shifting demands of today's complex business environment," Watt said.

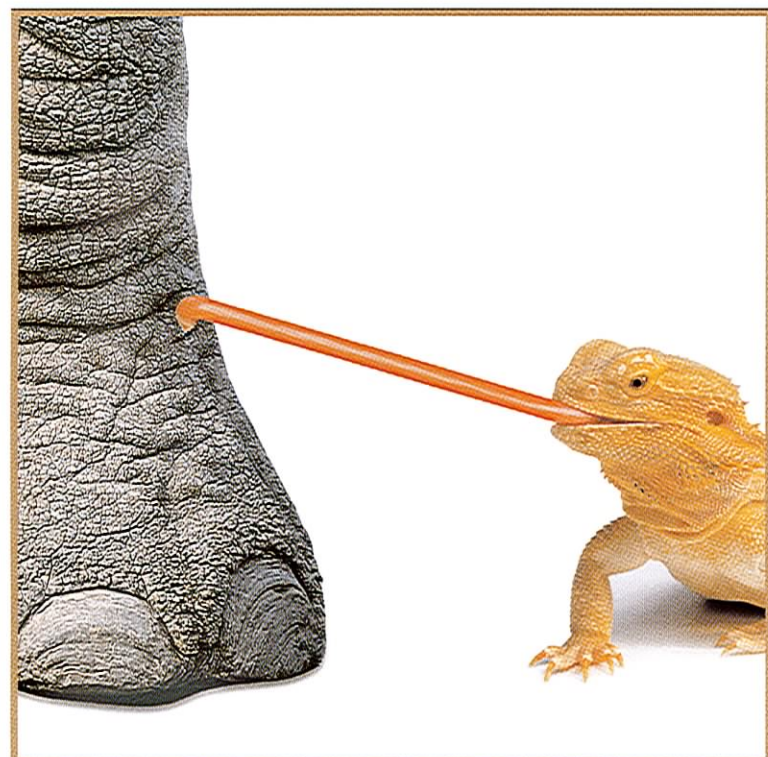
The DDI Leadership Forecast marks the fourth benchmark study DDI has conducted. Leadership Forecast 2005 considered the attitudes of 4,559 leaders and 944 HR representatives from 42 countries around the world.

The Australian results included around 630 leaders and 110 HR representatives from more than 130 organisations. The 2005 research provides an insight, ten years on, into the practices, perceptions and realities of leadership development and leader qualities in Australia.

According to leaders and HR professionals, Australian organisations are still not doing enough to nurture and develop leadership talent.

Nearly half of all succession plans were found to be deficient in supporting the development of future leaders. 64 per cent of all leaders surveyed indicated that they arrived in their leadership position with no skills.

Only half of the leaders surveyed are satisfied with their organisation's current leadership development offering; and 43 per cent of all organisations do not have a succession plan in place.



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Many organisations find themselves in a talent crisis with serious gaps in executive capacity to formulate and execute winning business strategies. DDI helps close the executive talent gap through our "grow your own" succession management solutions, ensuring that you have a strong supply of leaders today to meet tomorrow's challenges. We reduce the risk of executive failure by accurately predicting leadership potential, improving the quality of your executive promotion decisions, and accelerating the performance of your senior leaders.

For more information on DDI's succession management solutions or to obtain a copy of DDI's latest research and whitepapers, contact Client Services on 1800 305 064 or e-mail [clientservices@ddiapi.com.au](mailto:clientservices@ddiapi.com.au). Visit DDI at [www.ddiworld.com](http://www.ddiworld.com)

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**Locations:**  
Melbourne from 11-14 October 2005  
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"Extremely useful for many aspects of our work in Human Resources ... Content was fantastic – didn't overdo the theory. Appreciated the opportunity to learn by doing. Delivery was great, interesting, relevant and fun. ... probably the most beneficial course I have taken."  
**Amanda Evans, People Support Advisor, Qantas, NSW**

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