



**澳門管理專業協會**

**Macau Management Association**

**Macau Management**

**Capability Index**

**(MMCI)**

**2017**

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## **1. Executive Summary**

The Heritage Foundation released 2017 Report on the Index of Economic Freedom, rating Macau's economy as "mostly free" for the ninth consecutive year. Macau is ranked the 32<sup>nd</sup> freest among 180 economies and the 8th out of 43 economies in the Asia-Pacific region, up one place from a year ago. Macau receives relatively high score in attributes such as fiscal health, government spending, trade freedom, investment freedom, tax burden, monetary freedom and financial freedom. It is the reason that the professional management capabilities of organizations in Macau enhance their competitiveness in the business.

The Macau Management Association (MMA) has established the Macau Management Capability Index (MMCI) since 2016. The MMCI provides a benchmark against which we can assess and track performance against a series of key categories of management capability at the industry level. MMA annually conducts the survey of MMCI which can reflect and track the latest trend of management capability of organizations in Macau. There is no denying that the score of MMCI plays a significant role in enhancing the competitiveness of organizations in Macau.

The second survey of MMCI was conducted in the second quarter of 2017 with a total of 401 respondents spanning both CEOs and senior managers from across the breadth of organizations in Macau. They were asked to rate questions for all 10 key categories of management capabilities that contribute to sustainable performance. Each category is comprised of five statements or subcategories against which an assessment on a scale of 100 is made.

## **2. Key findings**

The overall score of MMCI is 76.0 (of a potential 100 capacity) this year, being 5.6% higher than its in 2016. This year's report still reflects that there are a lot of rooms for Macau organizations to improve their existing performance levels on various management capabilities.

### **2.1 Overview by industry type:**

In the industry of "Financial and Insurance Activities" (see Exhibit 6.3.1), companies rank relatively higher in all categories. Moreover, the overall scores of categories of 'People leadership', 'Financial management', 'Application of technology and knowledge', 'External relationships', 'Innovation - products and services' and 'Results and comparative performance' in this industry are attributed with their overall scores being the highest among all industries. This reflects the executives or managers in this industry perform more willing to strive for excellence on management performance than those in other industries such as "Education", "Arts, Entertainment and Recreation", "Hotels and Restaurants".

### **2.2 Overview by managerial level**

MMCI 2017 shows that the senior managers rank higher scores on all 10 key categories of management capabilities than their subordinates. It is explained that the senior managers assess themselves being the most capable of all management capabilities compared with their subordinates. The different viewpoints of handling business issues between senior managers and their subordinates are the main reason. To minimize the incompatible cooperation between the senior and the junior, it is urged to provide management training for the junior so as to strengthen their performance levels of management capabilities listed in MMCI.

### **2.3 Overview by international comparisons**

On an international comparison (refer Table 7.1.1), the overall scores of MMCI 2017 show organizations' management capacity performance is ranked at the top of four countries or regions including India, Hong Kong and Australia. The management capability performance of "Performance leadership", "People

leadership", "Organization capacity", "Application of technology and knowledge", "External relationships" and "Innovation - products and services" for Macau organizations are better than the performances of organizations in other countries and regions. However, the management capability performance of Macau organizations in other four categories could be lifted to higher levels.

## **2.4 Overview by index comparisons**

Compared with the overall scores of last year's (2016) survey, the overall scores of MMCI 2017 is increased. It means that executives and managers of organizations in Macau have made significant improvement on performances in 10 key categories of management capability since last year.

### **3. Conclusions**

The results of MMCI 2017 show that the score of "Integrity and corporate governance" is still higher than the overall score of MMCI, reflecting managers of Macau organizations continue to maintain rigorous corporate governance and a high degree of integrity. In addition, there are three categories which scores are higher than the overall score of MMCI 2017. It reflects the management performances of these three categories are better than their performances of last year.

The MMCI 2017 highlights the current situation of the management performance of Macau organizations. Corresponding with the Belt and Road initiative and the development of a city cluster in the Guangdong-Hong Kong-Macau Greater Bay Area, organizations can continue their development of business by making more effective use of human resources with enhancing their management capabilities.

## **4. Introducing the Macau Management Capability Index (MMCI)**

### **4.1 About the MMCI**

The Macau Management Association (MMA) has been committed to promoting, supporting and developing various types of academic courses and training consultancy services to enhance the management and leadership of managers and achieve excellence in the management of professional groups.

The MMA has adopted the Management Capability Index (MCI) in Macau since 2016. The MCI has been established by the New Zealand Institute of Management to study the management capacity of organizations since 2003. As Macau's reputed professional body for the profession of management, MMA conducts MMCI to provide significant indications on the management performance of managers as well as to establish a baseline of management capability to track performance every year. Hence, MMA suggests recommendations for the improvement on management performance to upgrade the management capability of managers for organizations in Macau.

### **4.2 About the Management Capability Index (MCI)**

The MCI is based on a chief executive officer's (or a senior business decision maker's) self assessment of 10 key drivers of management capability that contribute to profitable business growth. Assessment is based on an organization's current performance against 10 drivers or categories that make up the MCI. Each category comprises several statements or subcategories against which an assessment on a scale of 100 is made. The MCI converts the evaluation of management performance into an index. The index can, in turn, be used to compare or benchmark between the MCI of other organizations and against other countries. Definitions for each of 10 categories that make up the MCI are listed at Appendix 9.2.2.

The weighting of the 10 categories (indicating their degree of importance in the final index) are as follows:

Table 4.2.1: Weighting of 10 categories of AMCI

Category	Weighting %
1. Visionary and strategic leadership	15%
2. Performance leadership	10%
3. People leadership	10%
4. Financial management	10%
5. Organization capability	5%
6. Application of technology and knowledge	5%
7. External relationships	5%
8. Innovation – products and services	10%
9. Integrity and corporate governance	5%
10. Results and comparative performance	25%
	100%

### 4.3 About the management capability

Management capability refers to how effectively an organization puts its collective competencies to work to deliver business results. It also describes how effectively the management team puts into practice its combined competencies to deliver business results.

Competencies would be of great value to an organization if they are applied and delivered to make things happen towards its visions, missions, values, strategies and goals. As captured in the MCI survey (refer category 10), the measurement of management capability must link the application of competencies with performance results. Therefore, the excellence in management capability is an integral marker of strong organizational performance. A high functioning management team will effectively harness its different abilities, preferences and strengths to meet the changing demands of the operating environment and achieve its outcomes.



## 5. Survey Participant Profile

The MMCI survey was conducted in the second quarter of 2017. The questionnaire was completed by 401 organizations in Macau. This section details the profile of survey participants by:

- (1) Industry worked in;
- (2) Number of employees;
- (3) Gender;
- (4) Managerial levels.

Figure 5.1.1 indicates about 52% of respondents working in four major industries which are “Arts, Entertainment and Recreation” (16.2%), “Financial and Insurance Activities” (12.8%), “Hotels and Restaurants” (12.2%) and “Education” (11.6%).

Figure 5.1.1 Industry worked in:

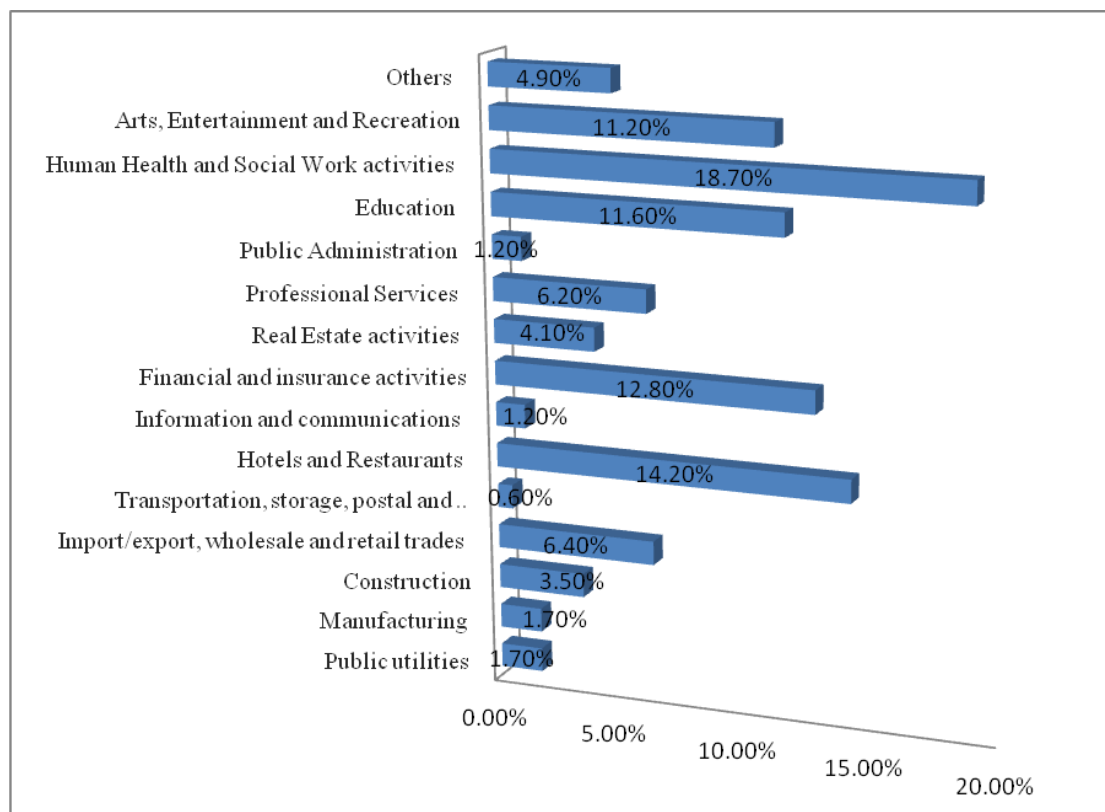


Figure 5.2.1 indicates 77% of respondents working in organizations employing 100 or more employees.

Figure 5.2.1 Number of employees:

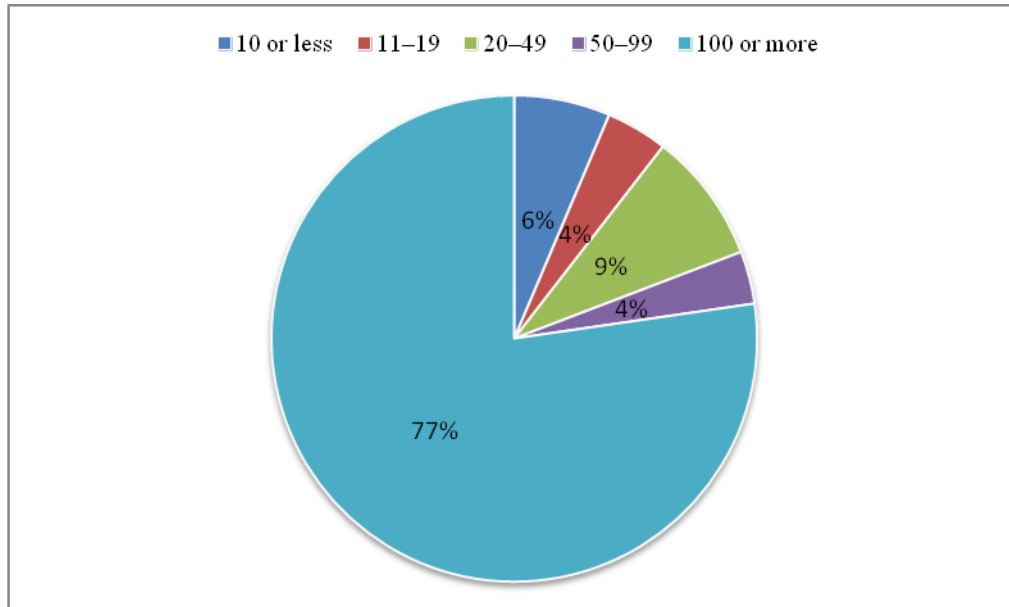


Figure 5.3.1 indicates the female respondents (51.2%) being a little bit higher than male respondents (48.8%).

Figure 5.3.1 Gender:

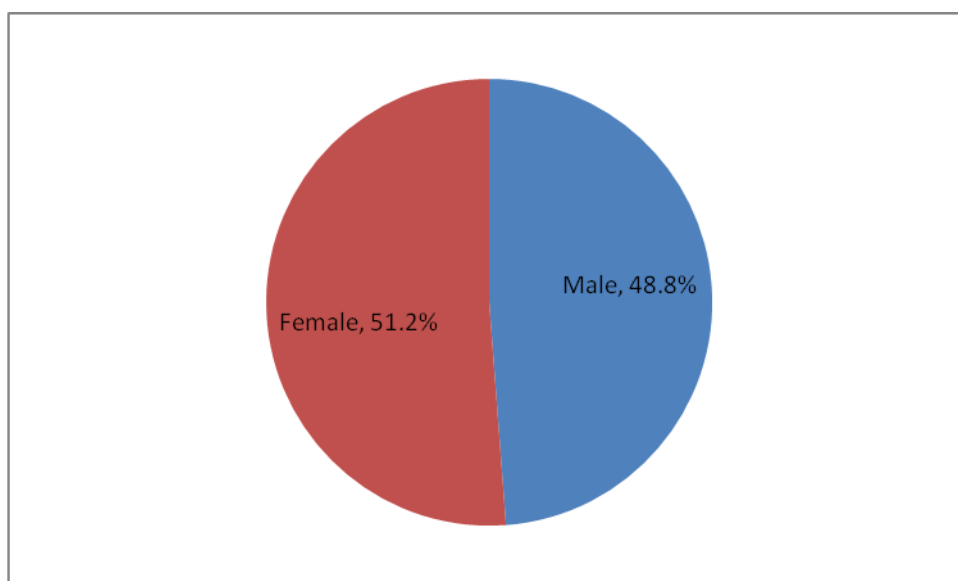
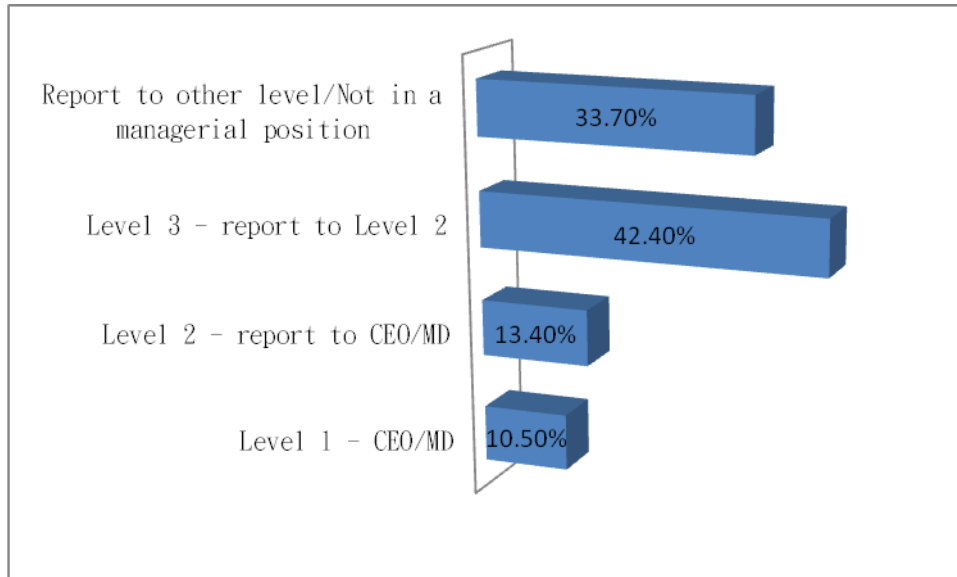


Figure 5.4.1 indicates the most respondents (42.4%) being supervisors who reported to managers (level 3). The second majority group (33.7%) was executives reporting to other level or not in a managerial position.

Figure 5.4.1 Managerial levels:



## 6. Survey Results

### 6.1 Overall results

The Macau Management Capability Index (MMCI) 2017 was registered at 76.0.

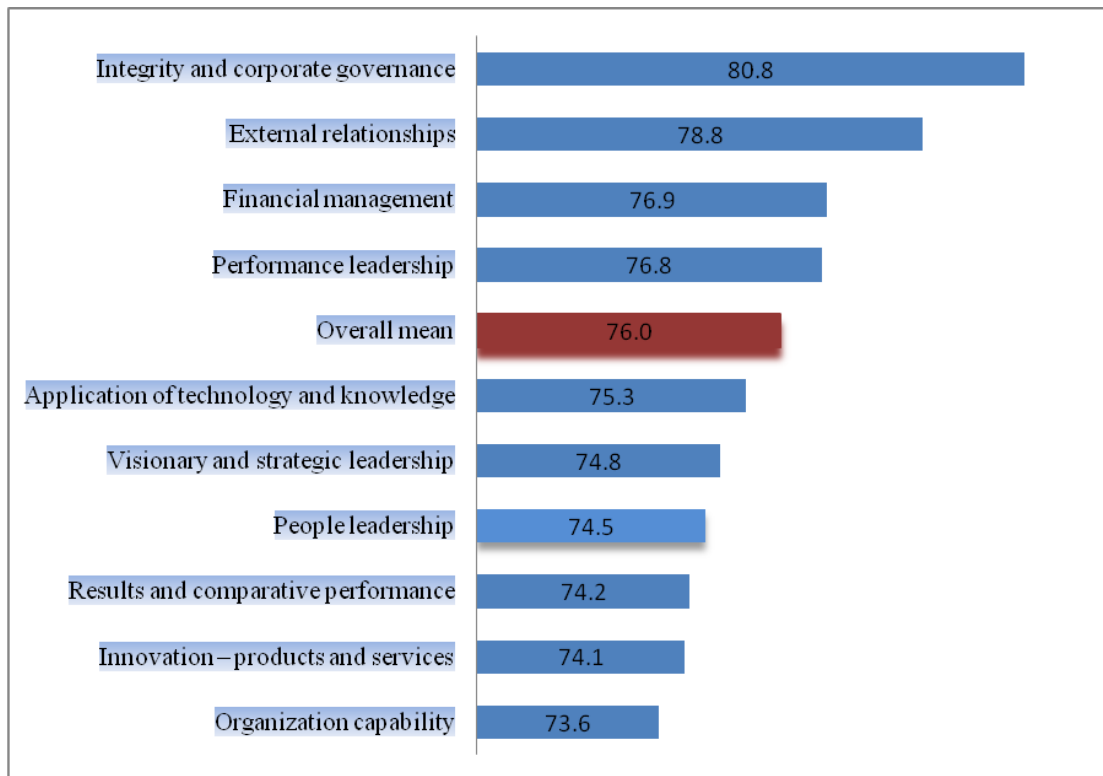
Figure 6.1.1 indicates that organizations in Macau are performing at slightly higher than three-quarters of their potential 100 percent capacity and still have rooms for improvement in several management capabilities. Table 6.1.1 shows that the highest individual MMCI category result was recorded for 'Integrity and corporate governance' (80.8), followed by 'External relationships' (78.8) and 'Financial management' (76.9). The lowest index is recorded for the category of 'Organization capability' (73.6).

Figure 6.1.1 illustrates the ranking of MCI results by individual categories and compares them against the (overall) MCI.

Table 6.1.1 Overall results:

Category	MMCI
1. Visionary and strategic leadership	74.8
2. Performance leadership	76.8
3. People leadership	74.5
4. Financial management	76.9
5. Organization capability	73.6
6. Application of technology and knowledge	75.3
7. External relationships	78.8
8. Innovation – products and services	74.1
9. Integrity and corporate governance	80.8
10. Results and comparative performance	74.2
<b>Overall mean</b>	<b>76.0</b>

Figure 6.1.1: Overall results:



## 6.2 Subcategories and overall results

Each of the 10 survey categories is comprised of several statements or subcategories (refer to Appendix 9.2.2) against which respondents scored their organization's performance. The overall score (across all survey respondents) for each subcategory is represented in the figures below.

The highest subcategory score (of 82.0) across all ten categories is 'Management and employees follow ethical rules and procedures for making decisions on the organization's affairs', which sits in the category of 'Integrity and corporate governance' (refer to Figure 6.2.9). The lowest subcategory score (of 70.9) is 'Management brings about and maintains a "boundary-less" organization, is confident and effective in leading and managing a non-hierarchical structure', which locates in the category of 'Organization capability' (refer to Figure 4.2.5).

Notes are provided to highlight subcategory results with a variance of greater than 5 (+ or -) to the overall category score.

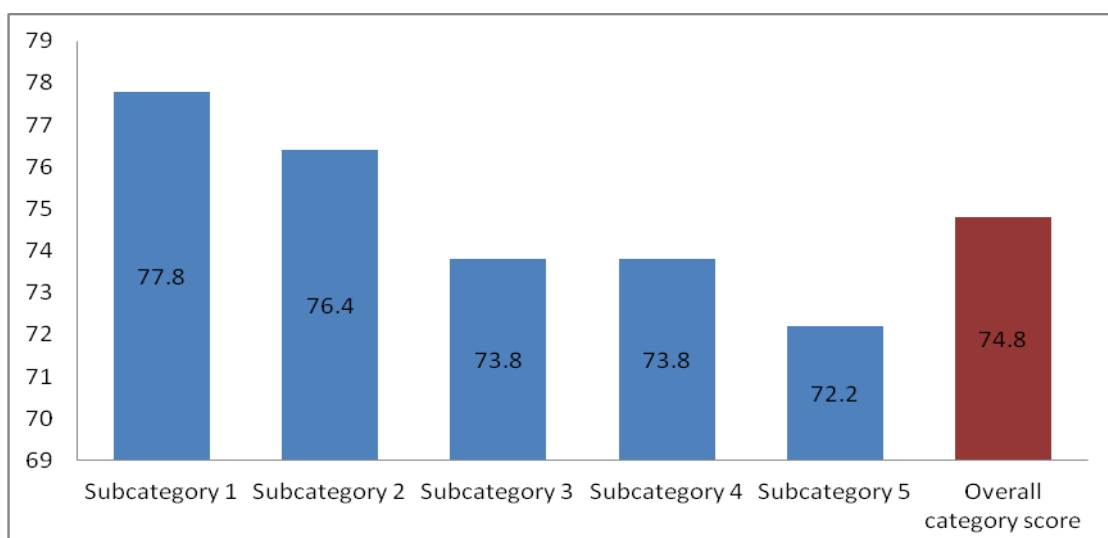
### 6.2.1 Visionary and strategic leadership

Figure 6.2.1 shows that subcategory a) ‘Management articulates a clear and inspiring vision that is well understood’ scored highest with 77.8. Subcategory b) ‘Management actively fosters and encourages ownership of the vision by staff’ scored second highest with 76.4. Both were above the overall category score of 74.8.

Table 6.2.1 Subcategory results – Visionary and strategic leadership:

Subcategory	Score
a. Management articulates a clear and inspiring vision that is well understood.	77.8
b. Management actively fosters and encourages ownership of the vision by staff.	76.4
c. The vision and supporting goals underpin and guide managerial decisions and behaviors.	73.8
d. Management plans with a view to growing the business while meeting the needs of shareholders/owners, taking into account employee, supplier, customer, and other shareholder interests.	73.8
e. Management demonstrates an international/global perspective and has a good understanding of global markets and global thinking.	72.2
<b>Overall category score</b>	<b>74.8</b>

Figure 6.2.1 Subcategory results – Visionary and strategic leadership:



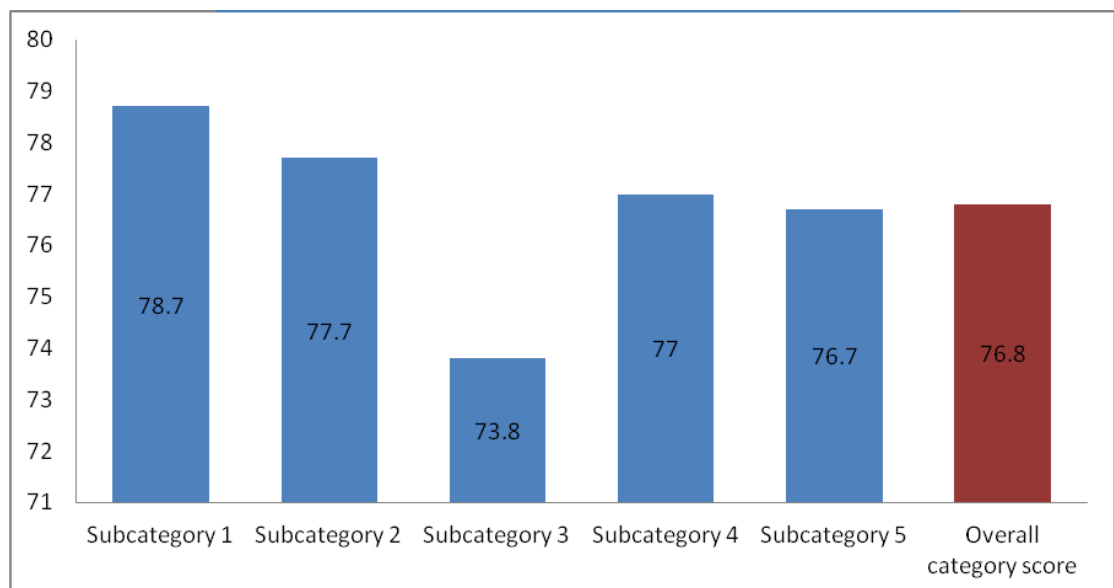
## 6.2.2 Performance leadership

Figure 6.2.2 shows that subcategory a) ‘Management ensures the organization is strongly goal, performance, and achievement focused’ is with highest score of 78.7, above the overall score of 76.8. Subcategory c) ‘Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse’ is with lowest score of 73.8.

Table 6.2.2 Subcategory results – Performance leadership:

Subcategory	Score
a. Management ensures the organization is strongly goal, performance, and achievement focused.	78.7
b. Management demonstrates the ability and attitude to lead the achievement of challenging goals and change.	77.7
c. Management balances risk with achievement, not risk avoidance (i.e. management is not risk averse.	73.8
d. The organization consistently meets its performance goals and has a performance track record of growth and of continually improving performance.	77.0
e. The organization consistently performs better than its competitors or other comparable organizations.	76.7
<b>Overall category score</b>	<b>76.8</b>

Figure 6.2.2 Subcategory results – Performance leadership:



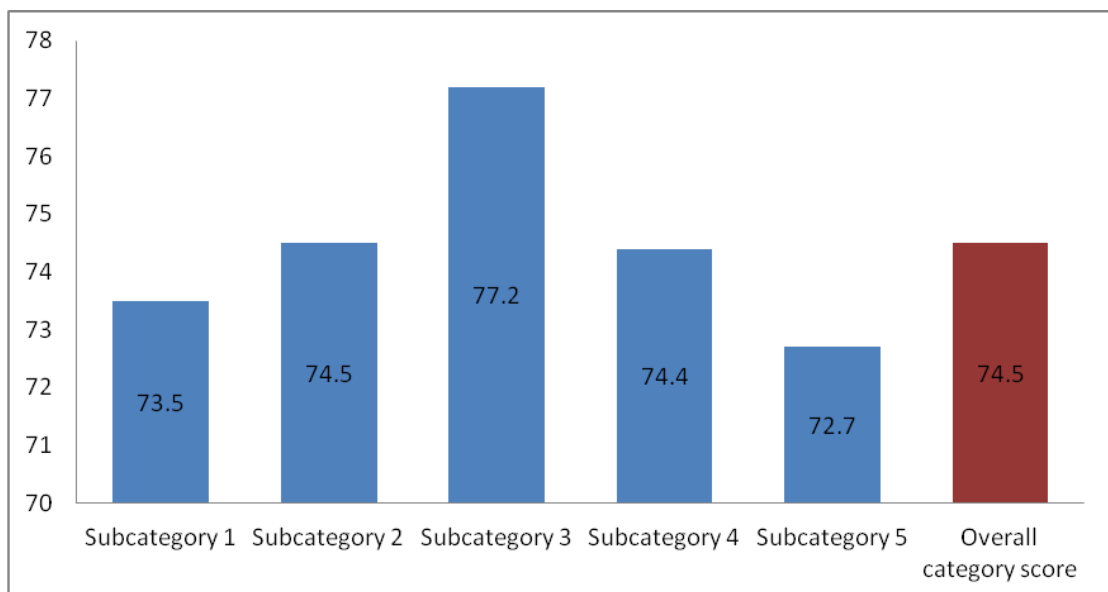
## 6.2.2 People leadership

Table 6.2.3 shows that subcategory c) 'Management provides enhanced leadership – acts as a role model, is committed to developing subordinates and leading people' is the highest with a score of 77.2. Other four subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score of 74.5.

Table 6.2.3 Subcategory results – People leadership:

Subcategory	Score
a. Management attracts, retains, develops, motivates, and leads an effective team capable of achieving company objectives.	73.5
b. Human resource planning is an integral part of the annual business planning process.	74.5
c. Management provides enhanced leadership – acts as a role model, is committed to developing subordinates and leading people.	77.2
d. Management is strong on empowerment – allows scope for people to grow and contributes toward employees' growth and therefore enhancing their CV.	74.4
e. Management maintains a culture supportive of today's employee values – not stifled by structure and hierarchy.	72.7
<b>Overall category score</b>	<b>74.5</b>

Figure 6.2.3 Subcategory results – People leadership:





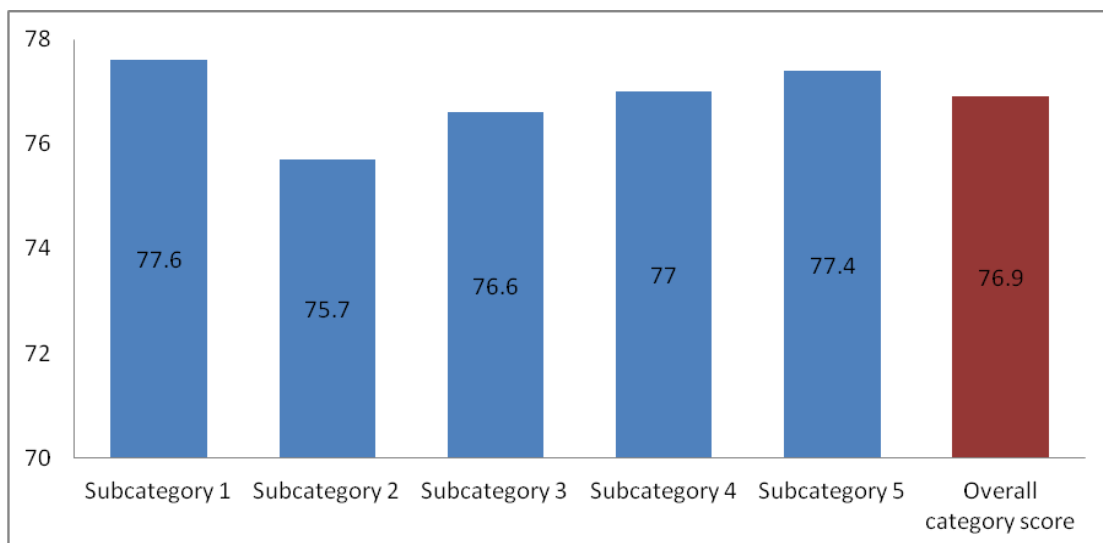
## 6.2.4 Financial management

Table 6.2.4 shows subcategory of a) 'Management develops and commits to plans and goals that support sound growth and continuing performance improvement' is the highest score (77.6). Subcategory of b) 'Management leads and manages the business to consistently achieve or exceed these goals' is the lowest score (75.7). All subcategories are within a difference of less than or equal to + or - 5 in comparison to the overall category score (76.9).

Table 6.2.4 Subcategory results – Financial management:

Subcategory	Score
a. Management develops and commits to plans and goals that support sound growth and continuing performance improvement.	77.6
b. Management leads and manages the business to consistently achieve or exceed these goals.	75.7
c. Management practices sound and effective management of the organization including financial planning, accounting, cash flow management, investment, financial reporting, and liaison with financial institutions.	76.6
d. Management has experienced accounting and financial personnel for its financial management.	77.0
e. Management has in place sound and effective internal control systems through supervision and internal audit.	77.4
<b>Overall category score</b>	<b>76.9</b>

Figure 6.2.4 Subcategory results – Financial management:



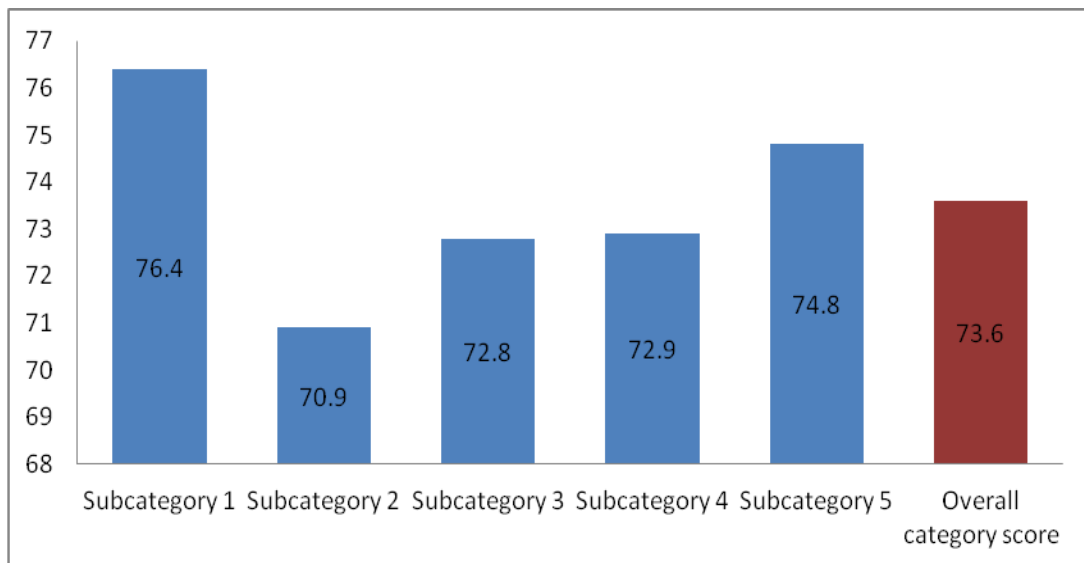
## 6.2.5 Organization capability

Table 6.2.5 shows that subcategory a) 'Management builds organization capability, a culture of innovation and research, and an organization dedicated to continuous improvement' scored best at 76.4 among five subcategories. Other subcategories are within a variance of less than or equal to + or - 5 in comparison to the overall category score of 73.6.

Table 6.2.5 Subcategory results – Organization capability:

Subcategory	Score
a. Management builds organization capability, a culture of innovation and research, and an organization dedicated to continuous improvement.	76.4
b. Management brings about and maintains a “boundary-less” organization, is confident and effective in leading and managing a non-hierarchical structure.	70.9
c. Management effectively balances strong effective teams with free (independent) individuals.	72.8
d. Management has a sound understanding and effective application of best management practices to achieve organizational goals and objectives.	72.9
e. Management demonstrates strong commitment to continuous learning for both individuals and the organization.	74.8
<b>Overall category score 73.6</b>	

Figure 6.2.5 Subcategory results – Organization capability:



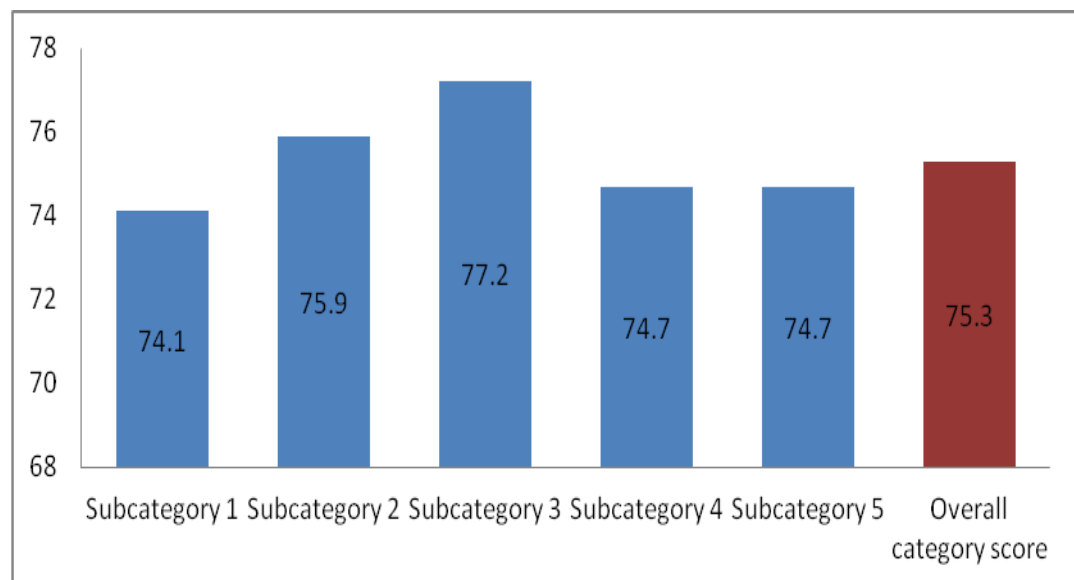
## 6.2.6 Application of technology and knowledge

Table 6.2.6 indicates that the score (77.2) of subcategory c) 'Management understands the value and application of knowledge in organizations' ranks the highest among other subcategories which are within a variance of less than or equal to + or - 5 in comparison to the overall category score of 75.3.

Table 6.2.6 Subcategory results – Application of technology and knowledge:

Subcategory	Score
a. Management exploits information technology and brings about a knowledge-driven organization.	74.1
b. Management understands the impact of technology on organizations and on work itself.	75.9
c. Management understands the value and application of knowledge in organizations.	77.2
d. Management applies effective knowledge and information management.	74.7
e. Management practices knowledge management and promotes a learning organization culture.	74.7
<b>Overall category score</b>	<b>75.3</b>

Figure 6.2.6 Subcategory results – Application of technology and knowledge:



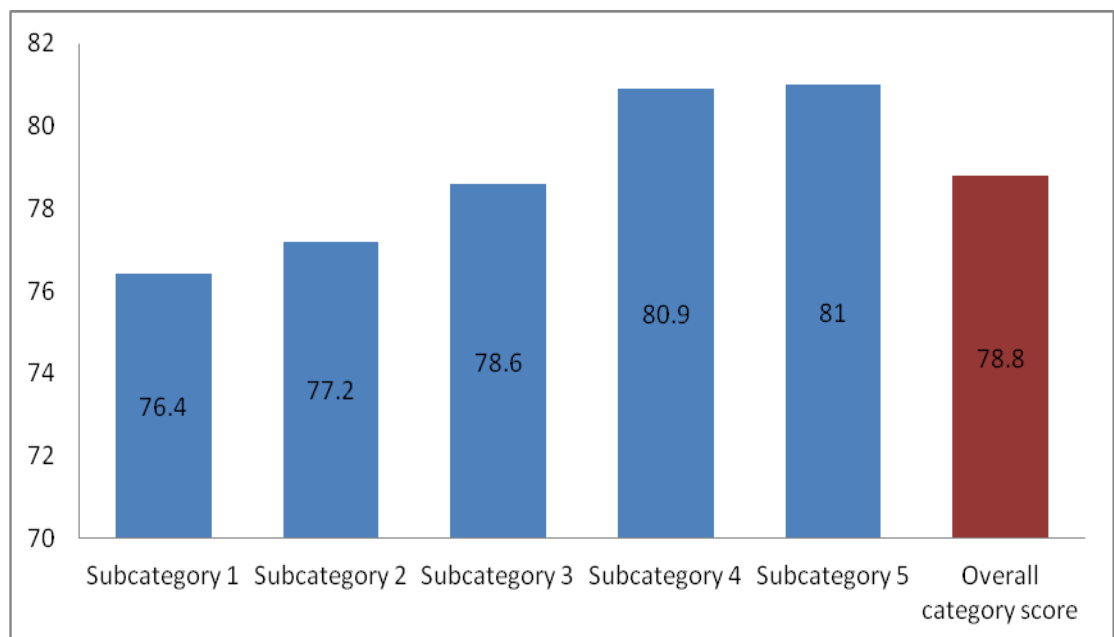
## 6.2.7 External relationships

Table 6.2.7 shows all subcategories which are within a variance of less than or equal to + or - 5 in comparison to the overall category score of 78.8. The overall category score of external relationships is the second highest across all categories.

Table 6.2.7 Subcategory results – External relationships:

Subcategory	Score
a. Management develops networks and spheres of influence with stakeholders.	<b>76.4</b>
b. Management maintains networks and spheres of influence with stakeholders.	<b>77.2</b>
c. Management ensures the organization has a positive external image through the building of effective relationships with all stakeholders including customers and suppliers.	<b>78.6</b>
d. Management ensures the organization has a positive external image through the fulfillment of community and social obligations.	<b>80.9</b>
e. Management practices corporate social responsibility.	<b>81.0</b>
<b>Overall category score</b>	<b>78.8</b>

Figure 6.2.7 Subcategory results – External relationships:



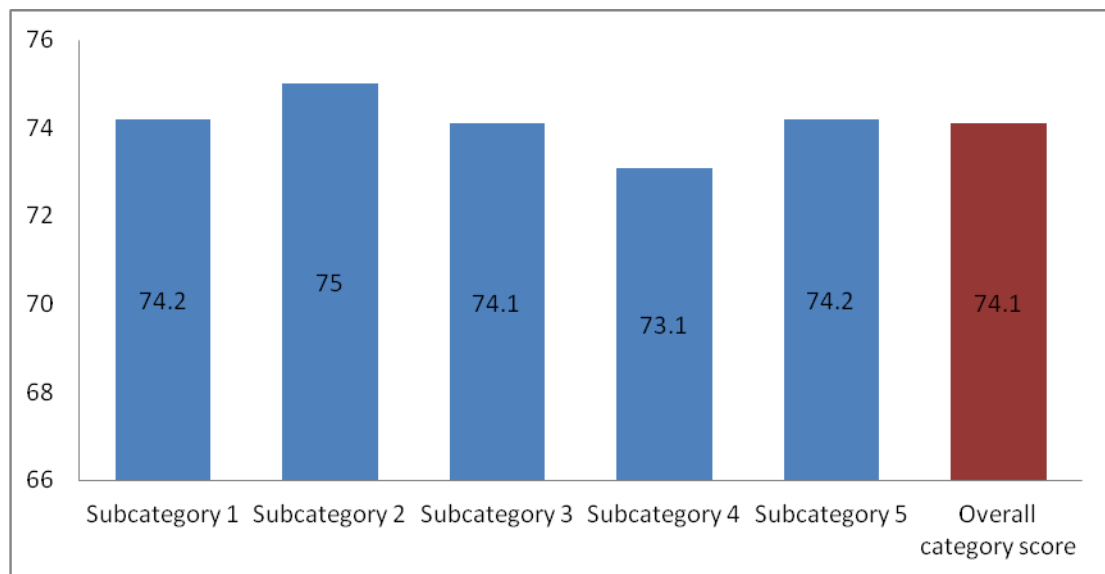
## 6.2.8 Innovation – products and services

Figure 6.2.8 shows that subcategory b) ‘Management and employees recognize innovation as an important aspect of business and for all the organization’s processes – innovation is part of the organization’s culture’ scored best at 75.0. Subcategory d) ‘Management and employees practice innovation to create new values for the business, customers, and shareholders’ scored worst at 73.1.

Table 6.2.8 Subcategory results – Innovation – products and services:

Subcategory	Score
a. Management and employees create the climate for and encourage continuous innovation in products and services.	74.2
b. Management and employees recognize innovation as an important aspect of business and for all the organization’s processes – innovation is part of the organization’s culture.	75.0
c. Management and employees recognize that innovation leads the business to new dimensions of performance.	74.1
d. Management and employees practice innovation to create new values for the business, customers, and shareholders.	73.1
e. Management and employees practice innovation to expand the market and increase the market share.	74.2
<b>Overall category score</b>	<b>74.1</b>

Figure 6.2.8 Subcategory results – Innovation – products and services:



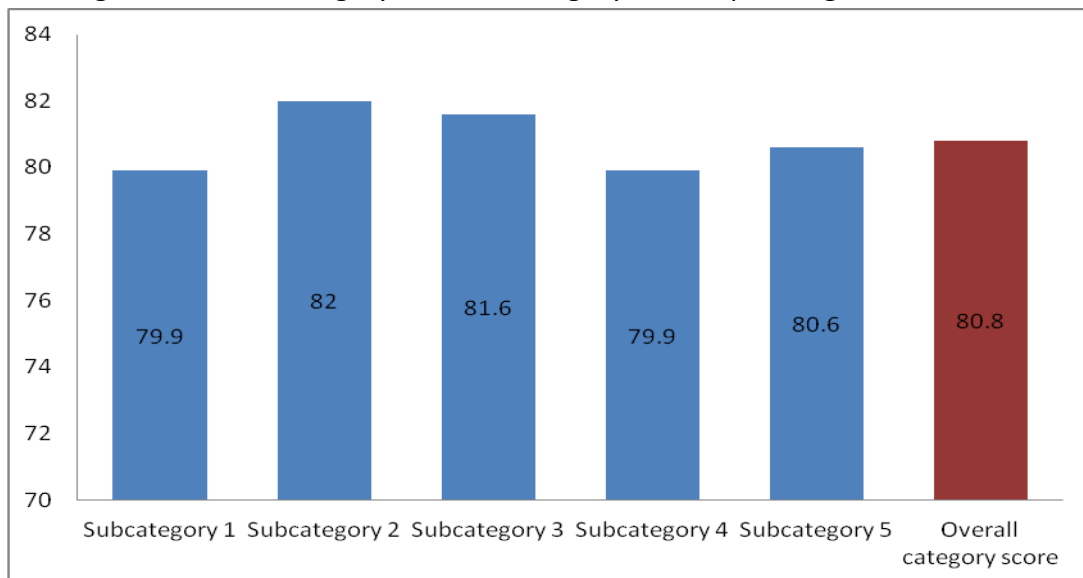
## 6.2.9 Integrity and corporate governance

Table 6.2.9 shows that the individual subcategory scores and the overall category score (80.8) of 'Integrity and corporate governance' are the highest across all categories and are well above the overall MMCI of 76.0. Subcategory b) 'Management and employees follow ethical rules and procedures for making decisions on the organization's affairs' is the highest scoring (82.0) across all subcategories.

Table 6.2.9 Subcategory results – Integrity and corporate governance:

Subcategory	Score
a. Management and employees understand ethical principles in making decisions on the organization's affairs.	79.9
b. Management and employees follow ethical rules and procedures for making decisions on the organization's affairs.	82.0
c. Management and employees adhere to legislation, regulations and guidelines in administering the business of the organization.	81.6
d. The organization promotes an established standard of ethical behavior for directors, management and employees based on integrity and a code of proper conduct.	79.9
e. The organization practices integrity and ethical behavior as being good for long term business and profitability.	80.6
<b>Overall category score</b>	<b>80.8</b>

Figure 6.2.9 Subcategory results – Integrity and corporate governance:



#### 6.2.10 Performance results and Organization's management capability

The score of 'Performance results and Organization's management capability' is 74.2 which are slightly below the overall MMCI of 76.0.

### 6.3 Results by industry worked in

Table 6.3.1 indicates organizational scores by industries worked in and compares them to the overall MMCI. Most of respondents (16.2%) are from the 'Arts, Entertainment and Recreation' industry. The second (12.8%), the third (12.2%) and the fourth (11.6%) highest industries are 'Financial and Insurance Activities', 'Hotels and Restaurants' and 'Education' respectively. These four major industries are composed of about 52% of the total number of questionnaires.

Among these four major industries, 'Financial and Insurance Activities' with the highest overall mean of 79.2 is followed by 'Education' with the second highest overall mean scored at 78.7. Both scores are above the overall MMCI of 76.0.

In addition, 'Financial and Insurance Activities' scored the highest across six MCI categories including 'People leadership', 'Financial management', 'Application of technology and knowledge', 'External relationships', 'Innovation – products and services' and 'Results and comparative performance'.

'Education' scored the highest across three MCI categories including 'Performance leadership', 'Organization capability' and 'Integrity and corporate governance'.

Table 6.3.1 Results by industry worked in:

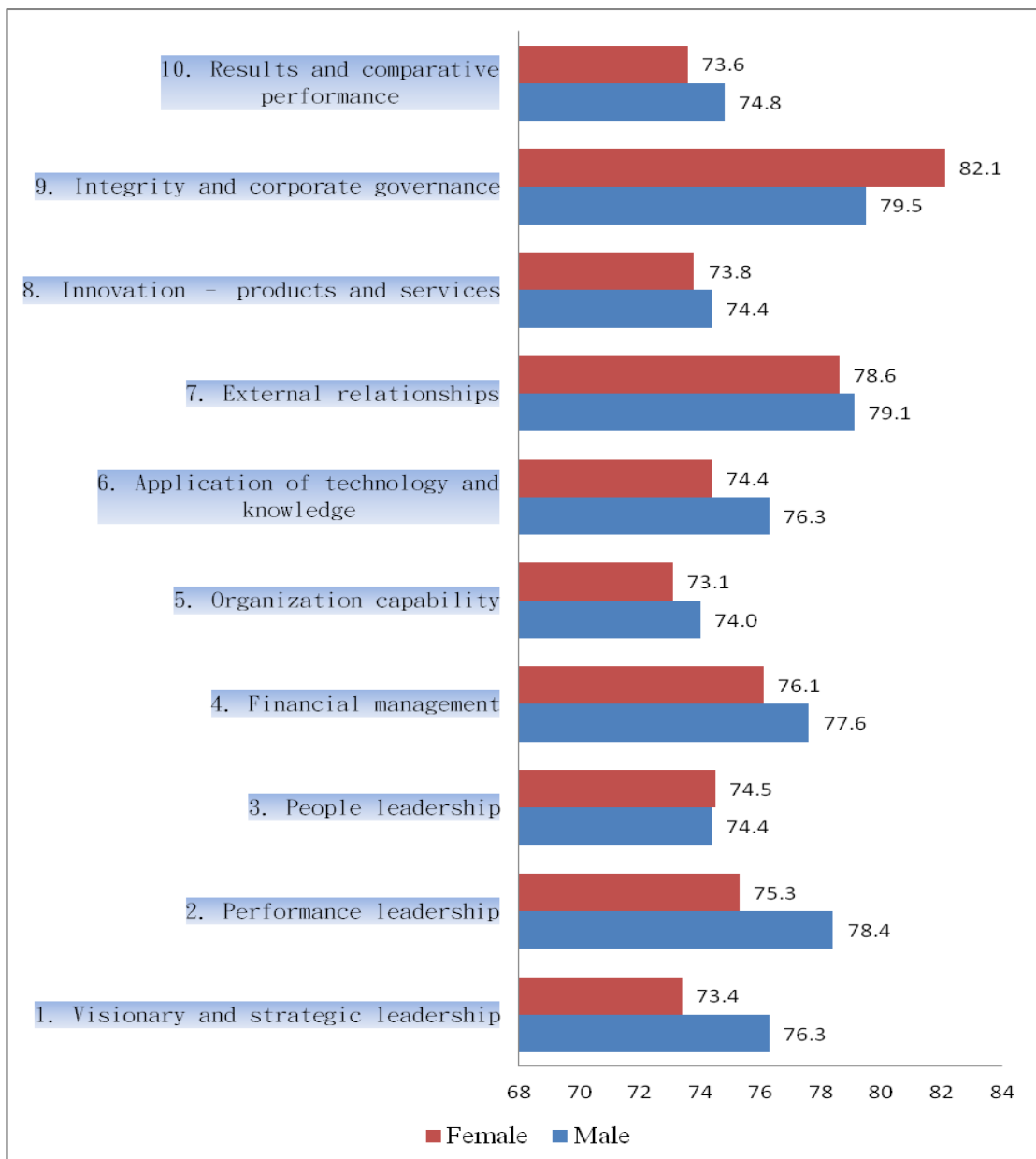
	<b>Hotels and Restaurants</b>	<b>Financial and Insurance Activities</b>	<b>Education</b>	<b>Arts, Entertainment and Recreation</b>
	12.2%	12.8%	11.6%	16.2%
1 Visionary and strategic leadership	76.2	76.3	78.0	79.5
2 Performance leadership	77.5	79.3	80.8	76.9
3 People leadership	73.9	80.0	77.4	74.4
4 Financial management	75.4	81.6	76.8	76.0
5 Organization capability	74.1	73.8	76.8	70.9
6 Application of technology and knowledge	73.9	76.4	75.0	75.7
7 External relationships	74.1	83.8	83.6	78.8
8 Innovation – products and services	72.6	78.7	78.4	68.6
9 Integrity and corporate governance	77.9	82.5	82.6	79.8
10 Results and comparative performance	76.2	80.0	78.0	77.5
<b>Overall mean</b>	<b>75.2</b>	<b>79.2</b>	<b>78.7</b>	<b>75.8</b>



## 6.4 Results by gender

Figure 6.4.1 shows male respondent's rate their organizations higher than do female ones on the 10 categories. The highest variation in performance results between male and female respondents occurs within the category of 'Performance leadership' (78.4 versus 75.3) and the smallest variation is in the category of 'People leadership' (74.4 versus 74.5) respectively.

Figure 6.4.1 Results by gender:



## 6.5 Results by managerial level

Table 6.5.1 shows that the results reported by individuals in the ‘CEO / MD’ managerial group are 79.2 which is the highest score among other groups. Besides, the results of each category in the CEO / MD managerial group surpass MCI results recorded in each category. The category of ‘Integrity and corporate governance’ scores the highest (84.9).

In contrast, the results reported by individuals in the ‘Report to other level/Not in a managerial position’ group are lower than other managerial groups. The results reflect that individuals within the ‘CEO/MD’ managerial group indicate the strongest performance for any one category over other managerial groups especially the ‘Report to other level/Not in a managerial position’ group. Therefore, individuals within the lower ranks have the need to strengthen their trainings on management knowledge and skills.

Table 6.6.1 Results by managerial level:

	Level 1 - CEO/MD	Level 2 – report to CEO/MD	Level 3 – report to Level 2	Report to other level/Not in a managerial position
1 Visionary and strategic leadership	76.6	74.6	71.0	74.7
2 Performance leadership	79.8	76.2	73.2	73.8
3 People leadership	76.7	74.3	71.1	72.0
4 Financial management	80.8	77.0	71.6	70.0
5 Organization capability	76.5	72.6	70.8	71.5
6 Application of technology and knowledge	80.3	74.3	70.0	70.2
7 External relationships	81.6	79.5	75.1	71.5
8 Innovation – products and services	77.8	72.4	71.8	72.0
9 Integrity and corporate governance	84.9	80.6	77.4	72.9
10 Results and comparative performance	77.3	75.3	67.8	67.8
<b>Overall mean</b>	<b>79.2</b>	<b>75.7</b>	<b>72.0</b>	<b>71.6</b>

## 7. Benchmarking Performance

### 7.1 International Management Capability Index comparisons

Table 7.1.1 shows that MMCI (76.0) ranks in the highest among four countries or regions including India, Hong Kong and Australia in comparison to the most recent overall MCIs.

Organizations in Macau recorded the highest overall MCI across all four countries or regions (76.0) and recorded higher scores than organizations in other countries or regions in the category of 'Performance leadership', 'People leadership', 'Organization capability', 'Application of technology and knowledge', 'External relationships' and 'Innovation – products and services'. The performance of organizations in Macau is better than the performances of organizations in other countries or regions in these categories.

Table 7.1.1 International Management Capability Index comparisons:

	Macau 2017	India 2016	Hong Kong 2016	Australia 2016
1 Visionary and strategic leadership	74.8	76.0	71.4	66.5
2 Performance leadership	76.8	74.9	71.8	69.1
3 People leadership	74.5	71.3	68.1	65.8
4 Financial management	76.9	78.6	75.2	76.1
5 Organization capability	73.6	67.4	67.7	63.6
6 Application of technology and knowledge	75.3	71.4	70.8	67.2
7 External relationships	78.8	72.3	75.3	72.9
8 Innovation – products and services	74.1	74.1	69.1	65.2
9 Integrity and corporate governance	80.8	76.3	82.6	82.9
10 Results and comparative performance	74.2	79.2	71.0	67.2
<b>Overall mean</b>	<b>76.0</b>	<b>75.5</b>	<b>71.6</b>	<b>68.7</b>

## 7.2 Industrial Organization comparisons

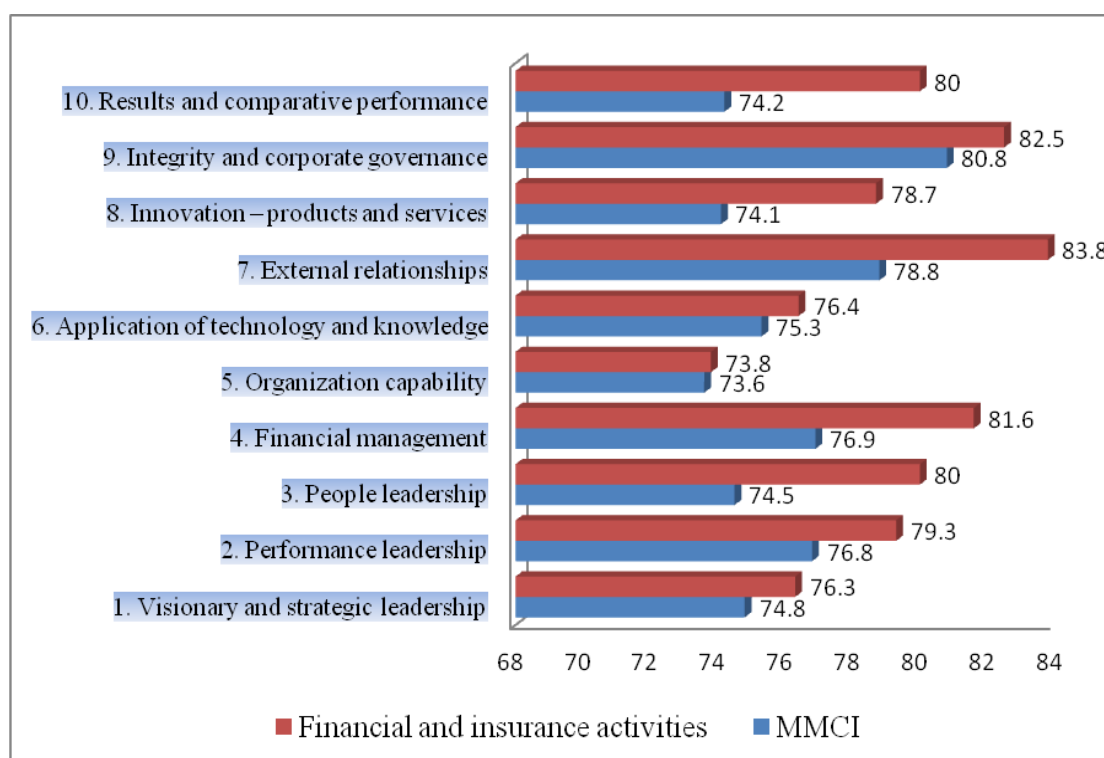
The findings of MMCI can be used by industrial organizations to benchmark their own performance with the overall performance. The following table illustrates how the top four industrial organizations' results can be compared to the MMCI and to identify the gaps in each of the 10 individual categories.

As indicated in Table 7.2.1, the MCI for 'Financial and Insurance Activities' is 79.2 which is higher than the MMCI of 76.0. This suggests that this industry is performing at 79.2 of its potential 100 capability. All variances are positive over 10 categories. The highest variance is the category of 'Results and comparative performance' among 10 categories. This means that the current practices of executives and managers in the industry of 'Financial and Insurance Activities' are better than those in other industries. As a result, executives and managers engaged in the industry of 'Financial and Insurance Activities' could continue to maintain their strengths in 10 categories and consider enhancing the industry standards so as to upgrade the management levels of practitioners in the industry.

Table 7.2.1 Industrial Organization Comparison – Financial and Insurance Activities:

Category	MMCI	Financial and Insurance Activities	Variance
1. Visionary and strategic leadership	74.8	76.3	+1.5
2. Performance leadership	76.8	79.3	+2.5
3. People leadership	74.5	80.0	+5.5
4. Financial management	76.9	81.6	+4.7
5. Organization capability	73.6	73.8	+0.2
6. Application of technology and knowledge	75.3	76.4	+1.1
7. External relationships	78.8	83.8	+5.0
8. Innovation – products and services	74.1	78.7	+4.6
9. Integrity and corporate governance	80.8	82.5	+1.7
10. Results and comparative performance	74.2	80.0	+5.8
<b>Overall mean</b>	<b>76.0</b>	<b>79.2</b>	<b>+3.2</b>

Figure 7.2.1 Industrial Organization Comparison – Financial and Insurance Activities:



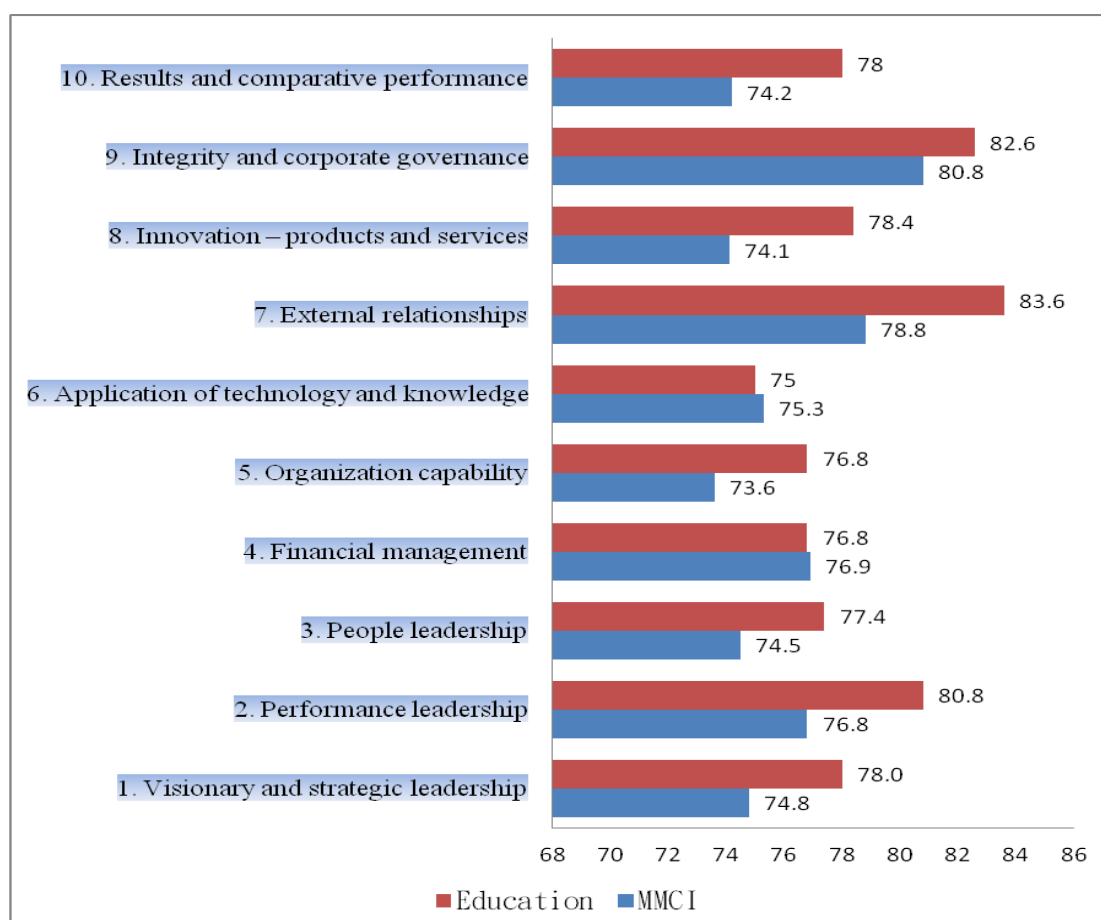
As indicated in Table 7.2.2, the MCI for ‘Education’ is 78.7 which are higher than the MMCI 76.0. This suggests that ‘Education’ is performing at 78.7 of its potential 100 capability. The highest score (83.6) of category in the industry of Education is ‘External relationships’.

The variances of eight individual categories are positive except ‘Financial management’ and ‘Application of technology and knowledge’. In other words, the profession working in ‘Education’ could continue its efforts in all strongest areas. On the other hand, the training on ‘Financial management’ and ‘Application of technology and knowledge’ could be strengthened for profession working in the ‘Education’ industry so as to enhance their performance.

Table 7.2.2 Industrial Organization Comparison – Education:

Category	MMCI	Education	Variance
1. Visionary and strategic leadership	74.8	78.0	+3.2
2. Performance leadership	76.8	80.8	+4.0
3. People leadership	74.5	77.4	+2.9
4. Financial management	76.9	76.8	-0.1
5. Organization capability	73.6	76.8	+3.2
6. Application of technology and knowledge	75.3	75.0	-0.3
7. External relationships	78.8	83.6	+4.8
8. Innovation – products and services	74.1	78.4	+4.3
9. Integrity and corporate governance	80.8	82.6	+1.8
10. Results and comparative performance	74.2	78.0	+3.8
<b>Overall mean</b>	<b>76.0</b>	<b>78.7</b>	<b>+2.7</b>

Figure 7.2.2 Industrial Organization Comparison – Education:



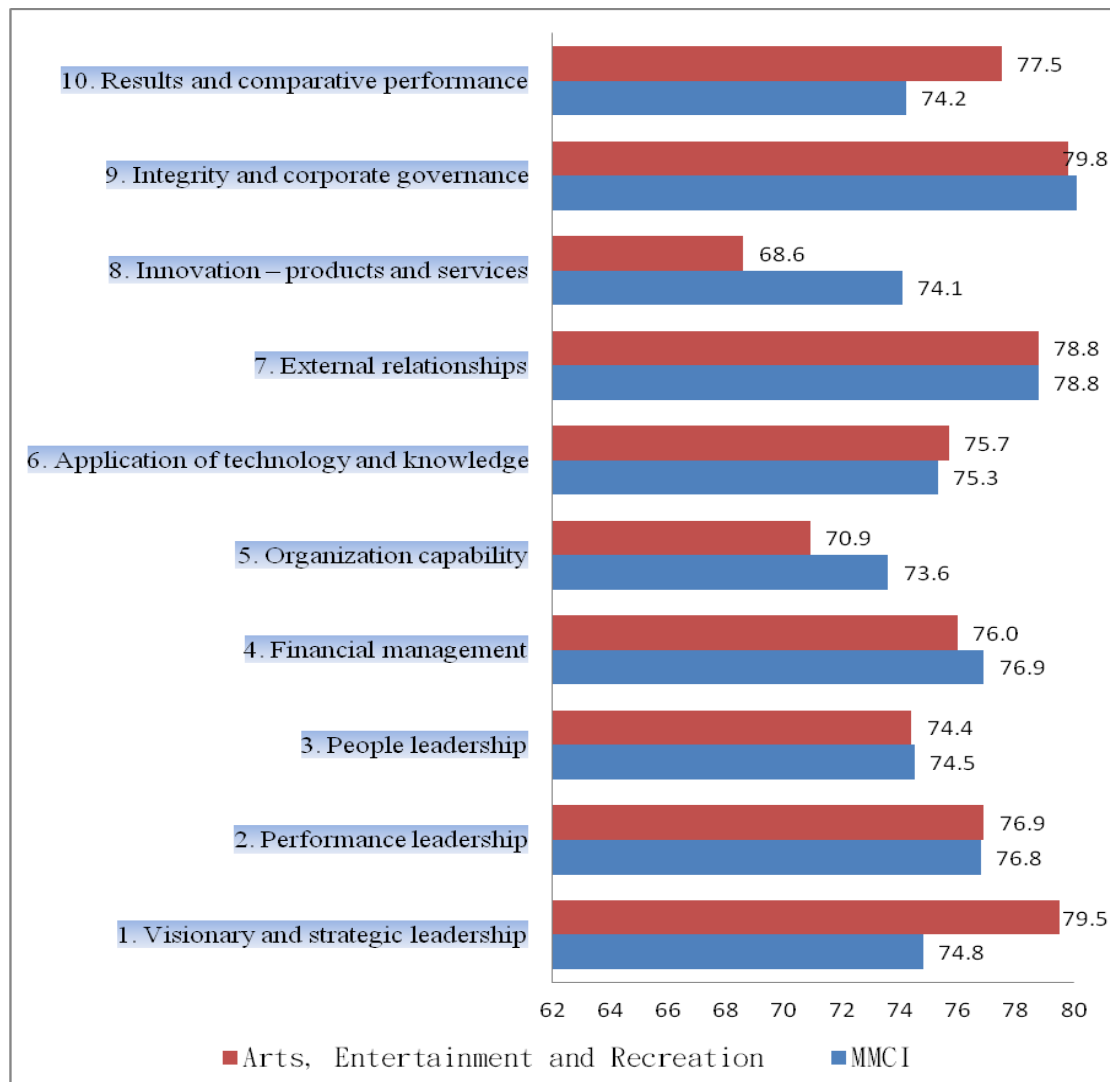
As indicated in Table 7.2.3, the MCI for 'Arts, Entertainment and Recreation' is 75.8 which is lower than the MMCI 76.0. This suggests that 'Arts, Entertainment and Recreation' is performing at 75.8 of its potential 100 capability. Besides, the variances of five individual categories are negative including 'People leadership', 'Financial management', 'Organization capability', 'Innovation – products and services' and 'Integrity and corporate governance'. The largest negative variance (variation: -5.5) is the category of 'Innovation – products and services'.

It is recommended that executives and managers in the "Arts, Entertainment and Recreation" could plan to upgrade the management performance by examining the relevant standards in each category of management capability.

Table 7.2.3 Industrial Organization Comparison – Arts, Entertainment and Recreation:

Category	MMCI	Arts, Entertainment and Recreation	Variance
1. Visionary and strategic leadership	74.8	79.5	+4.7
2. Performance leadership	76.8	76.9	+0.1
3. People leadership	74.5	74.4	-0.1
4. Financial management	76.9	76.0	-0.9
5. Organization capability	73.6	70.9	-2.7
6. Application of technology and knowledge	75.3	75.7	+0.4
7. External relationships	78.8	78.8	0.0
8. Innovation – products and services	74.1	68.6	-5.5
9. Integrity and corporate governance	80.8	79.8	-1.0
10. Results and comparative performance	74.2	77.5	+3.3
<b>Overall mean</b>	<b>76.0</b>	<b>75.8</b>	<b>-0.2</b>

Figure 7.2.3 Industrial Organization Comparison – Arts, Entertainment and Recreation:



As indicated in Table 7.2.4, the MCI for ‘Hotels and Restaurants’ is 75.2 which is also lower than the MMCI 76.0. This suggests that ‘Hotels and Restaurants’ is performing at 75.2 of its potential 100 capability. In addition, the variances of six individual categories which are ‘People leadership’, ‘Financial management’, ‘Application of technology and knowledge’, ‘External relationships’, ‘Innovation – products and services’ and ‘Integrity and corporate governance’ are negative variances. The ‘External relationships’ category scores the largest negative variance (variation: -4.7).

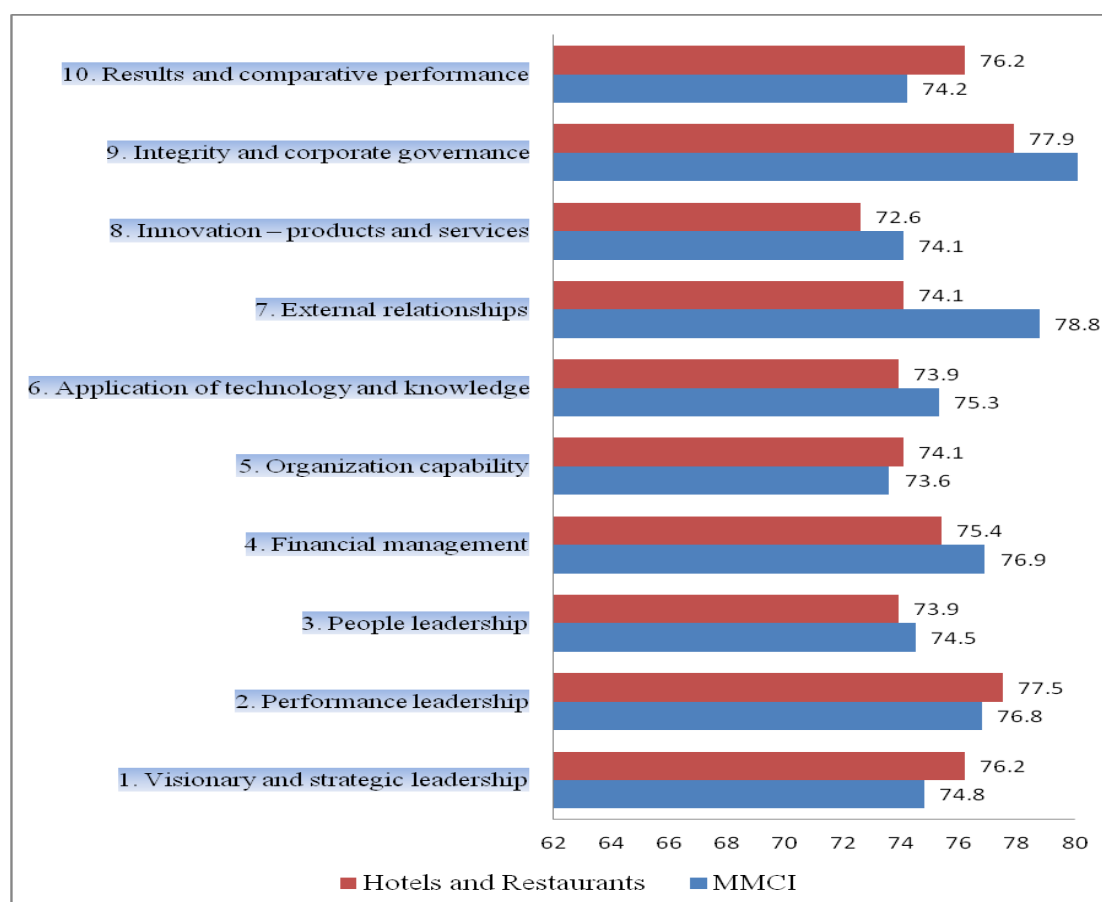
It is suggested that executives and managers working in the "Hotels and Restaurants" industry could allocate resources to strengthen their respective trainings so as to enhance their management performance.



Table 7.2.4 Industrial Organization Comparison – Hotels and Restaurants:

Category	MMCI	Hotels and Restaurants	Variance
1. Visionary and strategic leadership	74.8	76.2	+1.4
2. Performance leadership	76.8	77.5	+0.7
3. People leadership	74.5	73.9	-0.6
4. Financial management	76.9	75.4	-1.5
5. Organization capability	73.6	74.1	+0.5
6. Application of technology and knowledge	75.3	73.9	-1.4
7. External relationships	78.8	74.1	-4.7
8. Innovation – products and services	74.1	72.6	-1.5
9. Integrity and corporate governance	80.8	77.9	-2.9
10. Results and comparative performance	74.2	76.2	+2.0
<b>Overall mean</b>	<b>76.0</b>	<b>75.2</b>	<b>-0.8</b>

Figure 7.2.4 Industrial Organization Comparison – Hotels and Restaurants:



### 7.3 Index comparisons between 2016 and 2017

Table 7.2.5 shows that the overall MMCI 2017 was registered at 76.0. This result suggests a sound strategic, governance and financial base across organizations in Macau. When compare to the last year's (2016) result, all positive variances of MMCI 2017 occurs. It means that individuals working in organizations in Macau have made significant progress on management capability across 10 categories since last year.

The greatest individual positive variance (variance: +5.7) is recorded for 'Performance leadership' and 'External relationships' scores the smallest individual positive variance (variance: +2.6). The category of 'Integrity and corporate governance' has recorded the highest score in the two consecutive years' results. These results continue to provide a sound platform from which to improve organizational capability and foster sustainable management.

Category	MMCI 2016	MMCI 2017	Variance
1. Visionary and strategic leadership	69.8	74.8	+5.0
2. Performance leadership	71.1	76.8	+5.7
3. People leadership	69.4	74.5	+5.1
4. Financial management	73.4	76.9	+3.5
5. Organization capability	69.6	73.6	+4.0
6. Application of technology and knowledge	71.1	75.3	+4.2
7. External relationships	76.2	78.8	+2.6
8. Innovation – products and services	69.7	74.1	+4.4
9. Integrity and corporate governance	77.8	80.8	+3.0
10. Results and comparative performance	71.5	74.2	+2.7
<b>Overall mean</b>	<b>72.0</b>	<b>76.0</b>	<b>+4.0</b>

The Macau Management Association (MMA) aims to assist organizations in Macau to develop their competencies in management and improve their performance in management practices underpinning the 10 categories of the MMCI with offering a comprehensive list of training and development programs which are customized and solution-based learning.

In search of management and leadership excellence, MMA delivers programs, short courses and accredited qualifications which are designed to utilize a range of blended learning methods including face-to-face and e-learning and can be delivered to individuals and organizations off-site or in-house. See its website [www.mma.org.mo](http://www.mma.org.mo) for details of programs and training services.

## 8. Way Forward

### 8.1 Conclusions

The Macau Management Association (MMA) has established the Macau Management Capability Index (MMCI) since 2016. Being an invaluable management and leadership tool, it provides valuable insights into the current situation of management capability in Macau and help define the baseline against which individuals working in organizations could monitor their management capability in the future.

MCI respondents comprised a broad cross section of organizations in Macau reflecting a range of organization sizes and activities.

MMCI 2017 respondents comprised a broad cross section of Macau public and private organizations reflecting a range of ownership types and organization sizes. Compared with the last year's (2016) result, all variances of each category in MMCI 2017 are positive. It reflects that executives and managers of Macau organizations have been working significant progress on management capability since last year.

The overall MMCI 2017 is 76.0 (of a potential 100 capacity). This means that organizations in Macau are performing a little bit higher than three-quarters of their management capability. Macau's overall rating compares favorably with results obtained from the latest MCI findings in India (75.5), Hong Kong (71.6) and Australia (68.6) (refer Table 7.1.1).

The category of 'Integrity and corporate governance' ranks the highest score (80.8), the same as last year, which inspires confidence that Macau organizations continue to perform sound corporate governance practices seriously. The overall score for categories of 'Performance leadership' (78.8), 'Financial management' (76.9) and 'External relationships' (78.8) are well above the overall MMCI of 76.0. Adherence to sound corporate governance practices of organizations in Macau is supported by the relative strong overall scores of 'Performance leadership', 'Financial management' and 'External relationships' categories as well.

MMCI 2017 shows that the lowest score (73.6) in the category of 'Organization capability' is perceived that respondents could review their existing human resources policy and conduct training needs analysis to develop respective trainings for staff development on various management capability, especially the organizational capability which is a company's ability to manage resources, such as employees, effectively to gain an advantage over competitors. The company's organizational capabilities must focus on the business's ability to meet customer demand. In addition, organizational capabilities must be unique to the organization to prevent replication by competitors. Organizational capabilities are anything a company does well that improves business and differentiates the business in the market. Developing and cultivating organizational capabilities can help small business owners gain an advantage in a competitive environment by focusing on the areas where they excel.

The MCI for 'Financial and Insurance Activities' is 79.2 which is higher than the MMCI of 76.0. In addition, the variances of each category in this industry are positive. The performance of individuals working in this industry is better than those working in other industries. It is worth for them to benchmark the best practices from the industry of 'Financial and Insurance Activities'. Moreover, it is recommended that executives and managers in other industries to review and optimize the current management practices and provide respective trainings to enhance staff's management capabilities in various aspects.

The results are analyzed by genders of respondents, their level in the organizational hierarchy and the industrial category of the organization. With the analysis of genders of respondents, it is interesting to find that male respondents tending to rate their organizations higher on all categories than female ones although the number of male respondents is smaller than female ones.

The fact this year is same as last year that 'CEOs/MDs' generally give higher scores in all 10 categories than do those lower in the hierarchy. For example, the overall mean of scores by level 1 'CEO/MD' across all categories is 79.2 while for those at the level 'Report to other level/Not in a managerial position' in the hierarchy the overall mean is 71.6. The largest three differences are found in 'Integrity and corporate governance' (84.9 vs. 72.9), 'Financial Management' (80.8 vs 70.0) and 'External relationships' (81.6 vs. 71.5). These results are explained by reasons of different job natures in different hierarchy within organizations. In addition, they lead to future incompatible cooperation between

upper and lower hierarchy of management and affect the overall team performance consequently.

## 8.2 Recommendations

The development trends of the twenty-first century, including technological change and globalization, are not issues that the government can deal with independently, nor are they problems that can be solved with by free market, economic theory or economic policy alone. These issues can only be tackled with and managed by knowledgeable workers, professionals and owners. Moreover, the rejuvenation of organizational structures and management approaches to meet contemporary challenges should be a priority focus area for improvement for many organizations.

The Belt and Road initiative provides a visionary blueprint for global economic development in the new world order. The routes cover more than 60 countries and regions from Asia to Europe via Southeast Asia, South Asia, Central Asia, West Asia and the Middle East. The Belt and Road initiative is set to reinvigorate the seamless flow of capital, goods and services between Asia and the rest of the world, by promoting further market integration and forging new ties among communities. It is sure to bring huge opportunities for organizations in Macau.

In this year's policy address, the Macau SAR Government commits to the Belt and Road initiative by inputting resources on financial services, professional services and so on. The most important resource is talent, especially the participation of young people in the Belt and Road initiative. Therefore, it is suggested that the Macau SAR Government provides more resources for Macau organizations in the aspect of training so as to promote the continuous learning of management talents to become visionary leaders in Macau.

Corresponding with the development of a city cluster in the Guangdong-Hong Kong-Macau Greater Bay Area, it is necessary to strengthen the reserves of human resources in Macau. In this connection, it is suggested that Macau organizations could work with institutions of higher learning and industrial and commercial organizations in other order to enhance the training and exchange of experience with the "butterfly effect".

"Benchmarking" is an excellent management tool for enterprises to find, adopt and complete best practices to achieve better performance. Therefore, the Macau organizations create customer value and enhance performance with the adoption of the "benchmarking". Organizations use benchmarking as a way to compare key metrics to other businesses in the industry. This allows organizations to see how well they are performing and identify ways they can become more competitive in the industry. Moreover, organizations use benchmarking as a way to help become more competitive. By looking at how other organizations are doing, they can identify areas where they are underperforming. Organizations are also able to identify ways they can improve their own operations without having to recreate the wheel. They are able to accelerate the process of change because they have models from other organizations in their industry to help guide their changes.

Twenty-first century trends bring new challenges to management across organizations in Macau. Individuals working in organizations should be aware of a positive attitude and take an adaptive style of management is vital to every organization's management capacity. Adaptive, innovative and strategically focused leadership is critical to the future success of every organization. By doing so, Macau organizations could continue to respond proactively to changes in the operating and to their capacity to innovate to meet the future challenges.

### **8.3 Looking ahead**

The Macau Management Association (MMA) hopes that Macau organizations will use the results of this latest survey to inform their quest for improvement.

With two MMCI's now completed, the results are compelling. Across the breadth of organizations, business leaders continue to show confidence in the category of 'Integrity and corporate governance'.

With the successful completion of the MMCI 2017, we continue our greatest efforts in surveys onwards. It is expected that a better understanding and greater awareness of the survey will allow for additional areas of data profiling in particular, a more comprehensive industry-by-industry breakdown as well as the capacity to provide more in-depth data analysis.

MMA is excited by greater global acceptance and adoption of the Management Capability Index. It is believed that it is important to benchmark our management capability against others in the region in order to share learnings, keep pace with global trends and to strengthen our performance domestically and internationally.



## 9. Appendix

### 9.1 Calculation of overall MMCI 2017

Category	Assessed	Weighting	Weighted Score
1 Visionary and strategic leadership	74.8	15%	11.2
2 Performance leadership	76.8	10%	7.7
3 People leadership	74.5	10%	7.5
4 Financial management	76.9	10%	7.7
5 Organization capability	73.6	5%	3.7
6 Application of technology and knowledge	75.3	5%	3.8
7 External relationships	78.8	5%	3.9
8 Innovation — products and services	74.1	10%	7.4
9 Integrity and corporate governance	80.8	5%	4.0
10 Results and comparative performance	74.2	25%	18.6
<b>Overall mean</b>			<b>75.4</b>

*\*Weighted*

### 9.2 Definitions

The definitions that form the basis for the MMCI have been drawn from the definitions used in other jurisdictions, to ensure the consistency of data in international MCI comparisons.

#### 9.2.1 Management capability and related concepts

Management capability is the capacity to apply management competencies within an organization to achieve desired results.

**Competencies:** These are general descriptions of the abilities necessary to perform successfully in a particular job or position. Competency profiles are used as the basis for defining the requirements of a particular position and for predicting individual performance in the position.

**Competence:** This is having the requisite or adequate ability or qualities to perform well or to a required standard.

**Capability:** This is the demonstrated capacity to achieve through effective use of abilities or competencies for a particular purpose.

## 9.2.2 Macau Management Capability Index categories

Definitions for each of the 10 categories that make up the MMCI are as follows:

1. Visionary and strategic leadership  
Articulates a clear and inspiring vision for the organization and team, and identifying the best ways to move towards the organization's vision, mission, objectives and goals while at the same time taking into account the needs of all stakeholders. Demonstrates a global perspective and understanding of global markets and global thinking.
2. Performance leadership  
Ensures an achievement oriented organization and team that is able to manage risks and constant changes, while consistently striving for performance excellence and continuous improvement.
3. People leadership  
Makes human resource planning, talent management and development an integral part of the organization. Maintains an open structure that encourages growth and empowerment of its people.
4. Financial management  
Practices sound and effective financial management of the organization. Leads and manages the organization to consistent performance improvements and profitable growth.
5. Organization capability  
Builds a culture of innovation and research with emphasis on continual improvement and learning both for the individual and organization. Maintains a 'boundary-less' organization with effective application of best management practices to achieve organizational goals and objectives.
6. Application of technology and knowledge  
Brings about a knowledge driven organization that understands and exploits information technology and knowledge management to improve performance of organization.

7. External relationships  
Builds effective relationships with all stakeholders and develops and maintains networks and spheres of influence.
8. Innovation – products and services  
Encourages continuous innovation in products and services in creating new value for the organization.
9. Integrity and corporate governance  
Consistently adheres to ethical principles having set specific rules and procedures for making decisions on organization's affairs. Has an established standard of ethical behavior for directors and stakeholders based on trustworthiness and values that are accepted or upheld. Adheres to legislation, regulations and guidelines in administering the business of the organization.
10. Results and comparative performance  
Measures and monitors business performance and goals as the key performance indicators and scorecard of the organization. Recognizes that performance results are the most important measures of management capability