

LHH



View From the C-Suite:

Bridging the Leadership Development Gap

Introduction

It almost goes without saying that effective leadership is crucial to any organisation's success. Yet, despite this truism, the ways in which businesses manage leadership development vary widely, encompassing in-house training, third-party external support, formal education qualifications, and even the old-fashioned "sink or swim" approach (although the latter is, thankfully, increasingly rare – less than 1% of C-suites reported that they have no leadership development program).



At LHH, we're deeply interested in the future of leadership development, so we decided to take the pulse of C-suites across a number of markets. To that end, we surveyed

1,502 C-level executives

with decision-making power over leadership training and development at organisations with

500+ employees in

in



Australia



Canada



United Kingdom



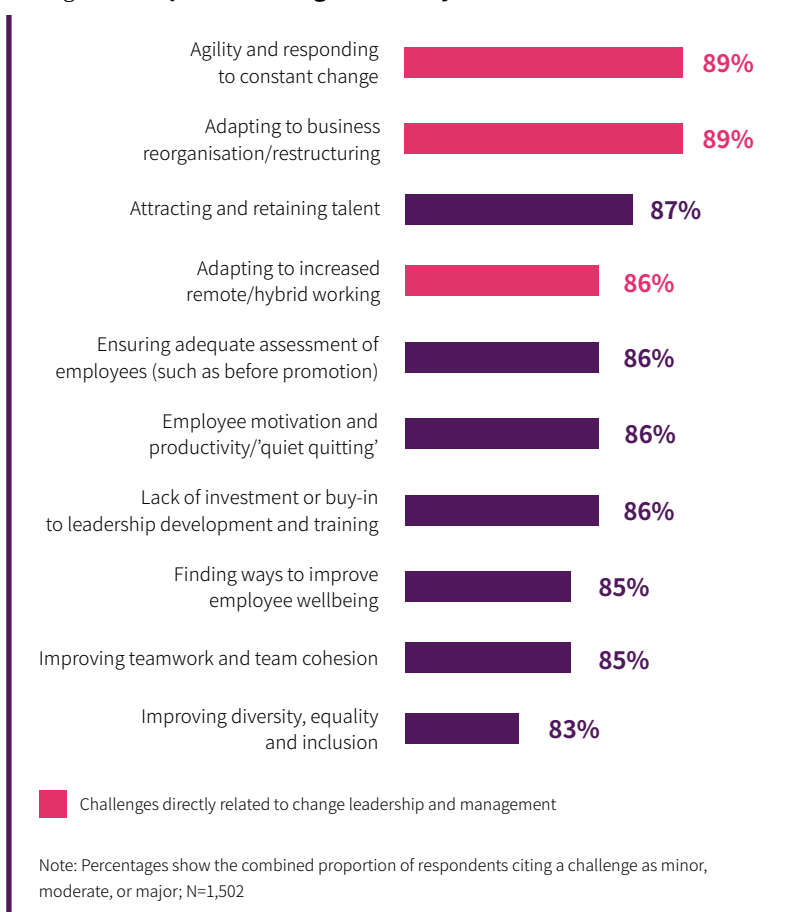
United States

We started by asking about the challenges they currently face.

Change – the common challenge

Though our survey sample spanned a number of geographies and sectors, the challenges reported by our C-suite respondents were shared to a remarkable degree. It is perhaps unsurprising that in an increasingly globalised and often turbulent economy, change was a major theme – 89% reported that ‘agility and responding to constant change’ was a challenge, and the same proportion cited ‘adapting to business reorganisation/restructuring.’ The need to adapt to increased remote/hybrid working was a further change-related challenge that scored highly, at 86%, albeit behind ‘attracting and retaining talent’ (87%).

Figure 1: **Top 10 Challenges Cited by C-Suites**





Evidently, managing change is a widespread challenge – and one that needs specific skills among leaders. As Professor Joshua Margolis, Chair of Harvard Business School’s leadership development program puts it, “It’s imperative for leaders to understand the shifting terrain around them to ensure the ongoing relevance and sustainability of their organisations.¹”

Nobody is born with change management and change leadership skills. They need to be learned, and the most reliable way for an organisation to ensure that its leaders acquire these skills is to implement a comprehensive leadership development program. The risks of inadequately managed and led change (e.g., reduced productivity and service levels, employee disengagement, and reputational damage) are too high for such processes to be entrusted to underdeveloped leaders.

¹ <https://online.hbs.edu/blog/post/organisational-leadership-training>

The next generation of leaders

Other widely shared challenges that were not directly related to change can also be partly or wholly addressed through comprehensive leadership development, including ‘adequately assessing employees’ (cited by 86% of respondents), ‘employee motivation and productivity/quiet quitting’ (86%), ‘improving employee well-being’ (85%), ‘improving teamwork and team cohesion’ (85%), and ‘improving diversity, equality, and inclusion’ (DEI) (83%). A comprehensive leadership development program will include an accurate assessment process itself and teach participants to accurately assess skills, addressing the first of these factors, while the remainder all require effective leadership – which means well-developed leaders.



Talent retention remains a challenge

When we asked our respondents to specify which challenges they felt were the major ones, first place was tied between ‘lack of investment/buy-in to leadership development’ and ‘attracting and retaining talent,’ each cited as a major challenge by 34% of respondents.



These two challenges are much more closely related than they might first appear. The Adecco Group’s annual survey of past and present participants in its ‘CEO for One Month’ program has shown a sustained and steep rise in the proportion valuing soft skills over hard skills (from 69% to 81% across the four years of the survey), with the most in-demand skill being ‘people management and leading teams’ (followed by ‘communication’ and ‘ethics’)².

This tells us that the leaders of tomorrow want to be developed – and will seek opportunities that teach them how to flourish in leadership positions (further, it is worth noting that those skills are highly valuable in leading teams through change). Employers that can demonstrate that they take leadership development seriously and have implemented a comprehensive program will enjoy a head start in attracting and retaining the strongest talents from the next generation of leaders.

² <https://adeccogroup.com/-/media/project/adeccogroup/pdf-files/CEO-for-one-month/TAG-HQ-whitepaper-05-2023-CtheFuture-40.pdf/>

Focus on DEI

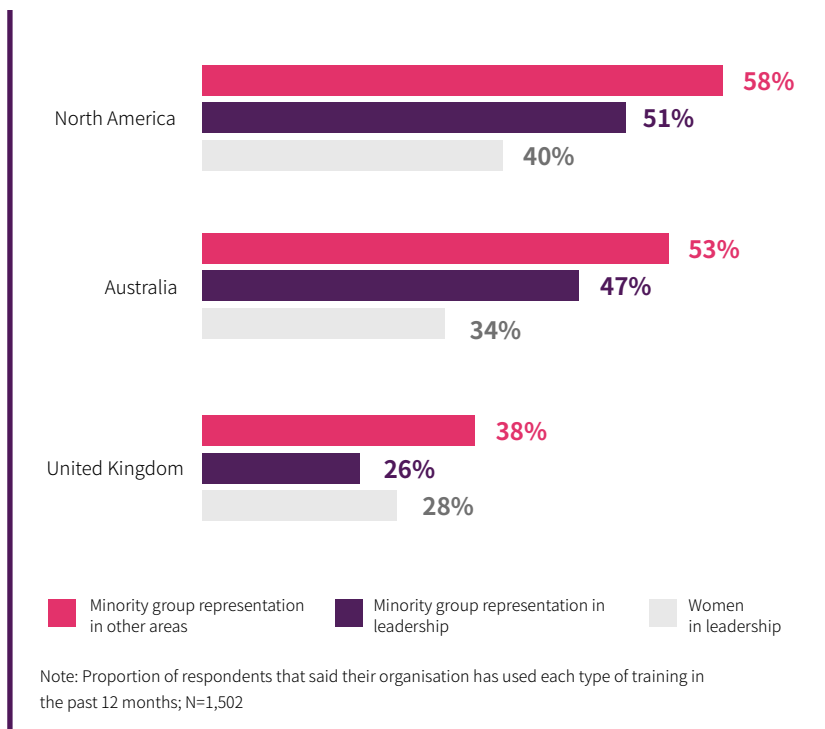
Despite the shared nature of the challenges facing C-suites, organisations' solutions – in terms of leadership development – are notably divergent. The most common type of training among our C-suite respondents was 'minority group representation in other areas of the business' (i.e., non-leadership), used by 50% of our respondents in the past 12 months. A smaller proportion (41%) have conducted training on 'minority group representation in leadership,' while only 34% have undertaken 'women in leadership' training in the last 12 months.

Figure 2: **Top 5 Types of Leadership Training**



We expected to see a greater focus on DEI in leadership specifically, as the benefits of such diversity have been studied and understood for many years. This difference between our expectations and results prompted us to look more closely at the data, where we found a surprising level of difference between geographies. The data for North America was especially positive, with respondents from this region considerably more likely to have undertaken DEI-related leadership development in the last 12 months, as shown in Figure 3, below.

Figure 3: **DEI-Related Leadership Development by Geography**



A stronger focus on DEI in leadership is an effective way to address some of the challenges shown in Figure 1 – most obviously ‘improving diversity, equality, and inclusion,’ but also ‘attracting and retaining talent,’ which was the third-placed challenge overall and joint-first major challenge. The next generation of talent will notice when leadership teams are homogenous, and they care about how their employer is perceived – 71% of respondents to the aforementioned Adecco Group survey³ said that an employer’s commitment to corporate social responsibility (CSR) would impact their decision to take up an offer. While CSR and DEI are not synonymous, they are sufficiently related for this to be an indicator worth attention.

We also found it interesting that our respondents’ answers on DEI correlate with their answers on how well aligned their leadership development programs are with their strategic business objectives. The vast majority (80%) of North American C-suites said their leadership development is very well aligned with their business objectives, while the figures for Australia and the United Kingdom were 58% and 33%, respectively. While we obviously cannot draw a direct link between these two sets of answers, we urge employers, in Australia and United Kingdom especially, to consider whether their strategies might benefit from a greater focus on DEI in leadership.

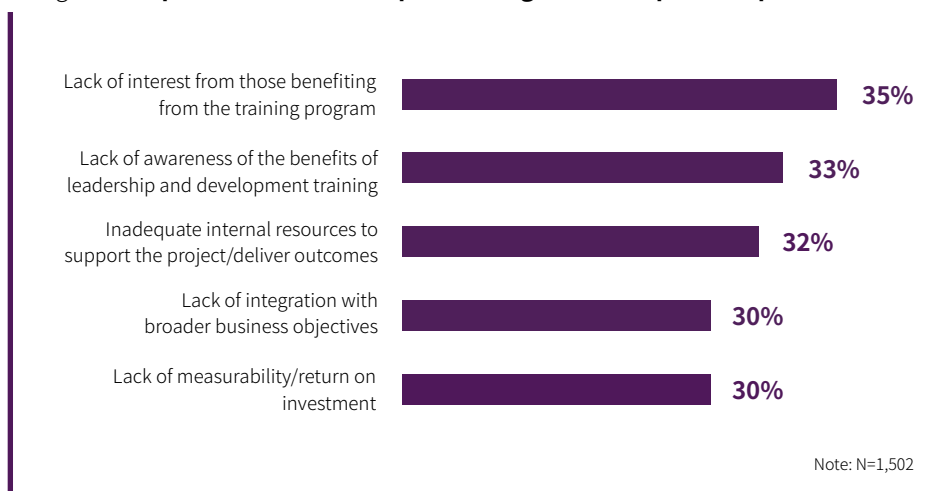


³ <https://adeccogroup.com/-/media/project/adeccogroup/pdf-files/CEO-for-one-month/TAG-HQ-whitepaper-05-2023-CtheFuture-40.pdf/>

Surmounting barriers

A huge majority (89%) of C-suites said that they face barriers to implementing their leadership development programs. The most common barrier was 'lack of interest from those benefiting from the training program' (35%), closely followed by 'lack of awareness of the benefits of leadership training' (33%). These related barriers taking the top two positions suggests that employers need to better communicate the benefits and importance of leadership development.

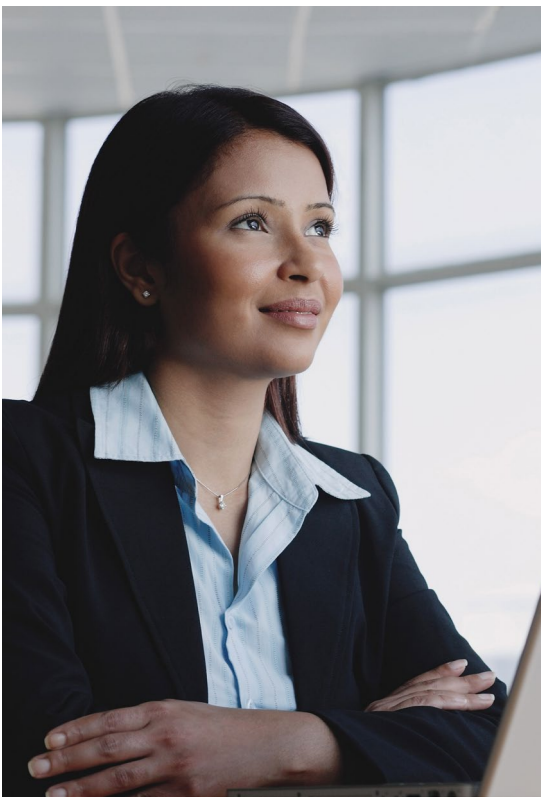
Figure 4: **Top Five Barriers to Implementing Leadership Development**



Organisations sometimes make the completion of leadership development programs a prerequisite for progression or promotion, which can work in some contexts. However, it also risks leadership development being seen as something that only matters in terms of career progression, vastly underselling the benefits to the employee and the organisation, so employers should be cautious with this approach.

Communicate your development options

We advise employers to focus their communications on the ways in which leadership development will help employees not only in the future, but also in their current roles – those who care deeply about being as effective as possible in their current role will often be strong candidates for leadership in the future. Linking leadership development with an externally validated and recognised qualification can be a powerful incentive, while the use of positive testimonial statements from a diverse field of past participants can help inspire the next generation.



Think about development beyond discrete programs

Communication is not the only answer here, however – structure is also key. To increase enthusiasm, ensure that your leadership development program directly addresses the skills that employees want to develop. Ideally, the focus on skills development should go beyond discrete programs and permeate the organisational culture throughout, as this is the only way companies can stay on top of the rapidly shifting mix of skills required for success.



Understand what you're trying to achieve

The remaining three barriers shown in Figure 4, above, are less obviously linked than the top two – but they certainly are linked. We see the key factor of the three as ‘lack of integration with broader business objectives,’ as resolving this will help ameliorate both ‘inadequate resources to support the project/deliver outcomes’ and ‘lack of measurability/return on investment.’ Employers often fail to take three important steps before launching leadership development programs:

- 1 Determining the problems they hope to solve through leadership development.
- 2 Identifying which skills they need in their leaders to solve these problems, as well as the current and future skills gaps within the organisation.
- 3 Discovering what skills participants want to develop through leadership programs.



By failing to address these three questions first, employers are setting themselves up to fail. The result will be an unfocused leadership development program that does not align with business needs and does not meet participants' expectations. Any such program will effectively be a one-size-fits-all "leadership 101" course that does not develop the necessary skills and leaves participants dissatisfied and disengaged.

Further, this exploratory process will enable you to build evaluation and data collection into the program from the ground up, capturing feedback throughout and, in turn, allowing for more granular measurement than the traditional post-course survey. This can form the basis of longer-term tracking of results among participants, such as whether they have progressed in their career or made use of their newly acquired skills.

By combining a more thoughtful, holistic approach to designing and delivering leadership with better measurement and tracking, employers can go some way towards overcoming the resources challenge, as the resulting program will be more effective, which will be more easily recorded and demonstrated. However, some of the benefits of leadership development, such as improved teamwork and the experience gained, will remain intangible and difficult to measure – things that can't be counted in dollars and cents can still be immensely valuable.

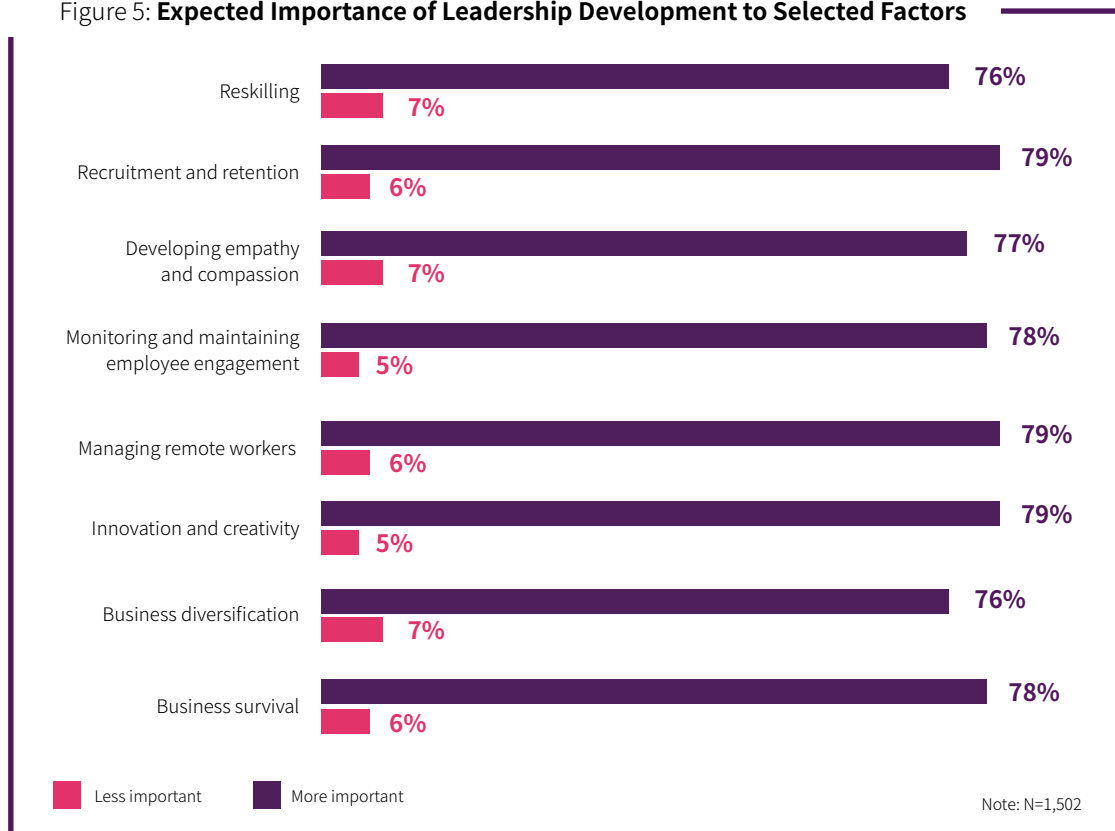
An eye on the future

C-suites recognise the importance of leadership development for the future of their organisations, and not only in a general sense – they can see how it can help solve specific issues. We asked survey respondents to state whether leadership development will become more important or less important for solving a range of issues over the next two years, with overwhelmingly positive responses. Figure 5, below, shows the factors that most closely relate to the challenges identified at the start of this report, but the results were similar for the whole range of factors we asked about.



Development becoming more important across the board

Figure 5: **Expected Importance of Leadership Development to Selected Factors**



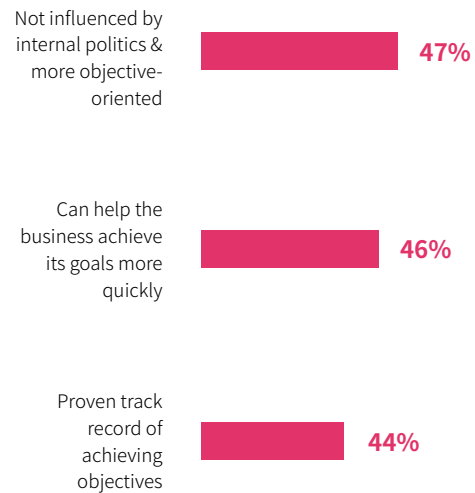
We're encouraged that C-suite executives see the potential of leadership development to address these factors, and we're optimistic that they will see the link to the aforementioned challenges. For example, C-suites' belief that leadership development will become more important to business diversification and survival, innovation and creativity, reskilling, and managing remote workers bodes well for their chances of overcoming the change-related challenges identified earlier. Similarly, the recognition of its role in developing empathy and compassion is a cause for optimism in respect to the DEI, employee engagement, and team cohesion challenges.

Third party training is unbiased and enables faster time to value

Only 24% of our respondents said their leadership and development training was wholly designed and delivered internally, suggesting that third-party input is the norm. The main reasons for using third-party providers are shown in Figure 6. Respondents also told us that, when choosing a third-party provider, they look for experience dealing with organisations in their sector (37%), experience dealing with organisations of similar size (34%), and the ability to co-create programs tailored to their business needs (26%).

Taken together, these answers demonstrate that C-suite executives have a good understanding of the benefits of third-party provision, but we urge employers to focus more strongly on co-creating programs. We feel that this is one of the most significant benefits of third-party provision, as it enables employers to combine their knowledge of the business with the expertise in skills development and training delivery that only a dedicated specialist can offer.

Figure 6: **Top 3 reasons for choosing third-party providers**



Note: N=1,502

Conclusion



by **Kristen Leverone**,
Global Managing Director,
Leadership Development

Effective leadership development is vital for organisations in today's rapidly changing business landscape. Our research highlights the shared challenges C-suites across different regions face as they emerge from the pandemic only to face rapid technological disruption, geopolitical and macroeconomic uncertainties, and ongoing internal reorganisation and transformation.

C-suites surveyed recognise that a key priority for successfully navigating these organisational challenges is formulating a comprehensive development strategy to outfit their leaders with the skills needed to adapt to changes with agility in order to thrive – and lead thriving cultures – as they orient themselves within a constantly evolving environment.

C-level leaders also see leadership development as a priority for creating workplace cultures that attract and retain top talent. They believe that investing in the cultivation of strong people leadership skills pays dividends in the form of a deep bench of people leaders with the skills needed to create and contribute to diverse and inclusive cultures that prioritise employee well-being.

When it comes to doing the work of leadership development, our research highlights the benefits of leveraging third-party providers in designing and delivering effective leadership development programs. These external partners bring objectivity, expertise, and experience in crafting development strategies, focusing priorities and investment, and co-creating tailored interventions that align with the organisation's strategic goals.

There are common challenges C-suites must overcome when executing their development strategies. To see their development efforts drive positive impacts on their business, it is essential for organisations to persuasively communicate the benefits of leadership development, secure

active business sponsorship, and integrate leadership development into the organisational culture. Measuring the impact of leadership development interventions is crucial to demonstrating their value and improving with each iteration.

Looking ahead, leadership development remains a critical factor for the future success of organisations. Strong leaders who possess empathy, compassion, innovation, and adaptability are essential for navigating challenges and driving growth. Organisations that prioritise comprehensive programs, engage strong external partners, and integrate leadership development into their culture will be better equipped to meet the demands of the future and achieve long-term success.



7 Tips for Impactful Leadership Development Strategy

This research provides a valuable lens on the aggregate environment organisations are working in at this moment. Here are seven more thoughts on what we believe it takes to make an impact with LD in 2023:

- 1 Organising principles matter – but they don't last forever...**

Rationalise your methods, connect to your values and your people – and change your mind when it's time. Use a competency framework. Use a rigorous methodology to design your programs and experiences. And refresh your approach regularly to evolve with changes in the world, learners' preferences, and your organisation's culture and needs.
- 2 ...because LD confronts the future.**

Markets will change, your company will transform and reorganise, and you will need different skills and competencies to enable new strategies – from different people, of a different generation, living in a different world. In our dynamic century, smart long-term leadership development strategies go deeper than simple best practice to constantly engage and experiment with new methods.
- 3 Know where you stand.**

After you've determined what skills and competencies you need, it's easier than ever to inventory what you already have with assessments and diagnostics for individuals and large populations. Use those insights to prioritise your development efforts and focus your spend.
- 4 Recognise and reward development.**

Organisations ask their people to focus on results that really matter. Do your people know that development really matters? Words alone won't do it. How do you demonstrate that development is important to the company?



- 5 If you listen, they will learn.**

Development attracts top talent and drives engagement and retention, but only if it feels like a perk. Find alignment between what your organisation needs and what your people want to develop. The best way to do that? Ask them.
- 6 Inclusion is a starting point, not an end goal.**

Teams and organisations function at their highest level when people know they are valued, have a meaningful voice in decisions, and can show up to work as their authentic selves. Teams need inclusion and diverse perspectives, and so do organisations. How are your leaders and managers doing?
- 7 Tech is here to assist you.**

Few firms can afford to chase fads, but great tech tools exist to enhance, measure, customise, and scale development strategies. As generative AI quickly matures, and chatbots and avatar simulations follow, this is the decade when rich LD tech experiences will be democratised. How will you use them?

Leadership development is where organisations respond to challenges and opportunities in the present and build bridges to the future by stimulating and supporting the ingenuity of their people. It's demanding, high stakes work that makes a difference in companies and in individual lives. Here's hoping this report serves you well as you endeavor to meet your organisation's LD goals in 2023 and beyond.

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