

Revamping Leadership Development

Build your bench
strength by modernizing
the leadership paradigm



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Contents

Executive Summary

3

How Good Is Leadership?

5

What Is the State of Leadership Development?

7

Where Are We Going in the Future?

13

Are We Seeing a Change in How We Define Leadership?

18

What Makes a Difference?

21

Top Takeaways & Actions

28

Executive Summary

Some organizations are rich in good leaders, while others are poor. Why? No doubt, some of this stems from issues such as talent acquisition and corporate culture, but this study specifically focused on the role of leadership development. To accomplish this, the study was conducted with three primary goals in mind:

1. To gauge the state of leadership and leadership development programs in today's organizations
2. To learn what stands in the way of improved leadership
3. To gather evidence on the best ways of improving leadership development

About this Survey

The survey, called "Leadership Development," ran in the third quarter of 2018. There were responses from 526 participants, with 400 responding to every question.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with under 50 employees to enterprises with 20,000 or more employees. Two-thirds of respondents represented organizations with 500 or more employees.

Skillssoft, the company that partnered with HR.com on this research, is a leading educational technology company that produces learning management system software and content.

Below is a quick overview of some of the key findings

Only a fifth of respondents agree or strongly agree that their managers and executive effectively lead them. This suggests great leadership is possible, but most companies have a lot of work to do to develop those skills.

Most respondents indicated that leadership development should be continuous and delivered at all levels. There are various factors that can make leadership development more effective. The most commonly cited one is that it should be frequent rather than sporadic (94%), followed by the advice that it should be more inclusive rather than restricted to a few leaders (92%).

The development of leaders at all levels is more than four times as common in well-led organizations as it is in poorly-led organizations. (*Editor's Note: Poorly-led organizations were those where respondents did not agree or strongly agree that their leaders are effective.*)

Well-led organizations, where respondents agree or strongly agree that their leaders are effective, tend to have better financial performance. Well-led organizations are more than twice as likely to report far above average financial performance.

Excellent leadership development programs are rare. While some organizations (37%) report having excellent leadership development for their executives, the majority (63%) do not.

Lack of time is the most commonly cited barrier to effective leadership development, but there are other barriers, as well. Perhaps most troublesome is the lack of leadership interest in providing leadership development programs, cited by 52% of respondents.

The lowest-rated management skill is coaching. Only 17% of respondents rate their organization's leaders as "high" or "very high" on coaching skills. Respondents also indicated that leaders are especially poor at providing clear direction and responding well to feedback and new ideas.

A problem area is aligning leadership development with business needs. Almost three-quarters of participants said leadership development is not well aligned with business needs.

Change leadership is becoming more important. Almost 80% of respondents agree that leadership during organizational change is of growing importance.

Leadership's interest in development is a factor that differentiates well-led organizations from poorly-led ones. Well-led organizations are three times as likely to have leaders who show an interest in leadership development for their organizations.

Well-led organizations are ten times as likely as poorly-led organizations to have a positive culture. Respondents in well-led organizations were much more likely to report that their executives create a positive culture. They are also much more likely to report that they have managers who listen well, respond well to feedback, and are trustworthy.

Well-led organizations have aligned leadership development with business needs. Respondents indicated that organizations are almost five times as likely to have leadership development aligned with business needs.

A striking characteristic of well-led organizations is their use of eLearning and coaching to support leadership development. Well-led organizations are 41% more likely to use eLearning modules and courseware, and they're twice as likely to make use of coaching in leadership development.

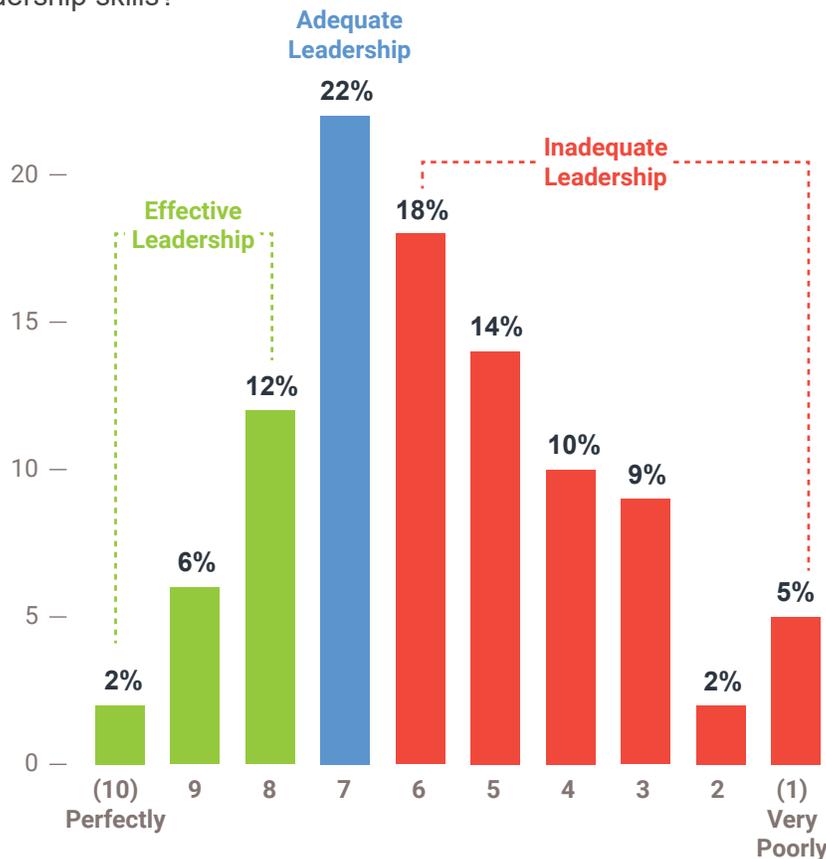
How Good Is Leadership?

Finding: Over half of participants indicate that their organizations suffer from inadequate leadership skills

While it is rare, it is indeed possible to have great leadership skills in organizations. In fact, only 20% of respondents give a high rating to their organizations' leadership skills (that is, at least 8 on a scale of 1 to 10). However, 57% of respondents rate their organizations' overall leadership skills at 6 or lower on the 10-point scale. If these ratings were test scores, then 3 in 5 organizations would be getting failing scores in the subject of leadership skills.



Survey Question: Taken as a whole, how well do you think the managers and executives in your organization exhibit high-quality leadership skills?



Only 20% of organizations have very good leadership skills

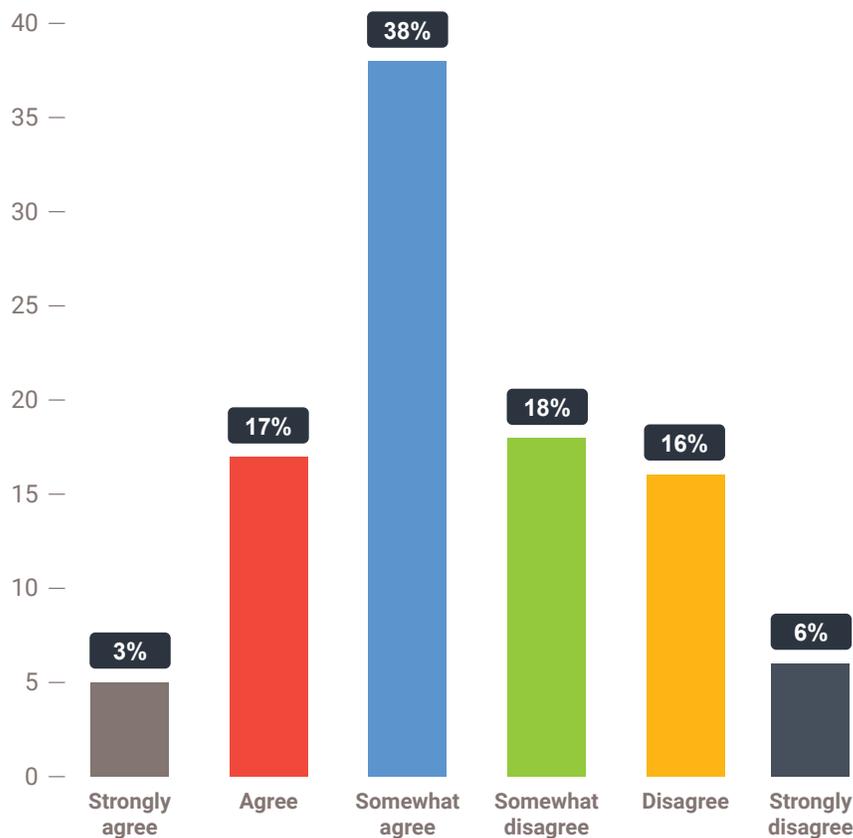
Editor's Note: The data in the red bars is shown as rounded so that if you add up the bars you get 58%, but if you include the first decimal point you get the more accurate 57%.

Finding: Few HR professionals say employees have a good opinion of leadership in their organizations

When HR professionals were asked to look at leadership through the perspective of employees, the results were similar to the previous question. The good news begins with the 20% of HR professionals who predicted that their employees would agree or strongly agree that their leaders are effective. That’s countered by the 40% who felt that employees would somewhat disagree, disagree, or strongly disagree with the statement that their leaders are effective. Later in this report, we will compare responses from well-led and poorly-led organizations so we can better see what factors might account for the differences.



Survey Statement: Generally speaking, employees in your organization feel that managers and executives effectively lead them.



Only 20% of respondents report that employees feel that managers and executives lead them effectively

Editor’s Note: Graph does not include “Don’t know” responses

Finding: Leadership skills are not improving quickly in most organizations

Leadership skill levels are not changing quickly in most organizations. Ninety percent of respondents saw little or no change in their organizations over the last two years. This suggests that few organizations are able to improve leadership skills dramatically over short periods of time. Most companies will likely have better success if they commit to a sustainable, long-term, and well-thought-out plan of leadership improvement.



Over a fifth of respondents say that leadership skills have declined over the last two years in their organizations

What Is the State of Leadership Development?

Finding: Roughly a third of respondents describe their leadership development programs as excellent

One of the main mechanisms for improving leadership skills is providing leadership development programs. Other mechanisms include improving the techniques for hiring good leaders, the better identification of whom to promote to managerial roles, and the rewarding of effective managers. Yet only about a third of HR professionals who participated in this study indicated that their leadership programs are excellent.

Leadership development programs directed at executives are more likely to be rated “excellent” (37%) than programs aimed at other groups, perhaps because those executive programs tend to receive the most funding. Leadership programs for “other employee groups,” on the other hand, are least likely to be viewed as “excellent.” These employee groups receive the least amount of leadership development resources and, very likely, the least amount of attention by those designing and implementing leadership development programs.



Leadership development programs for high potentials are unlikely to be excellent

Finding: Lack of time is the most commonly cited barrier to effective leadership development

There are many potential barriers to leadership development, but the most widely cited barrier is lack of time. That’s understandable given the wide spans of control and breadth of responsibilities in today’s organizations. Managers tend to be busy people.

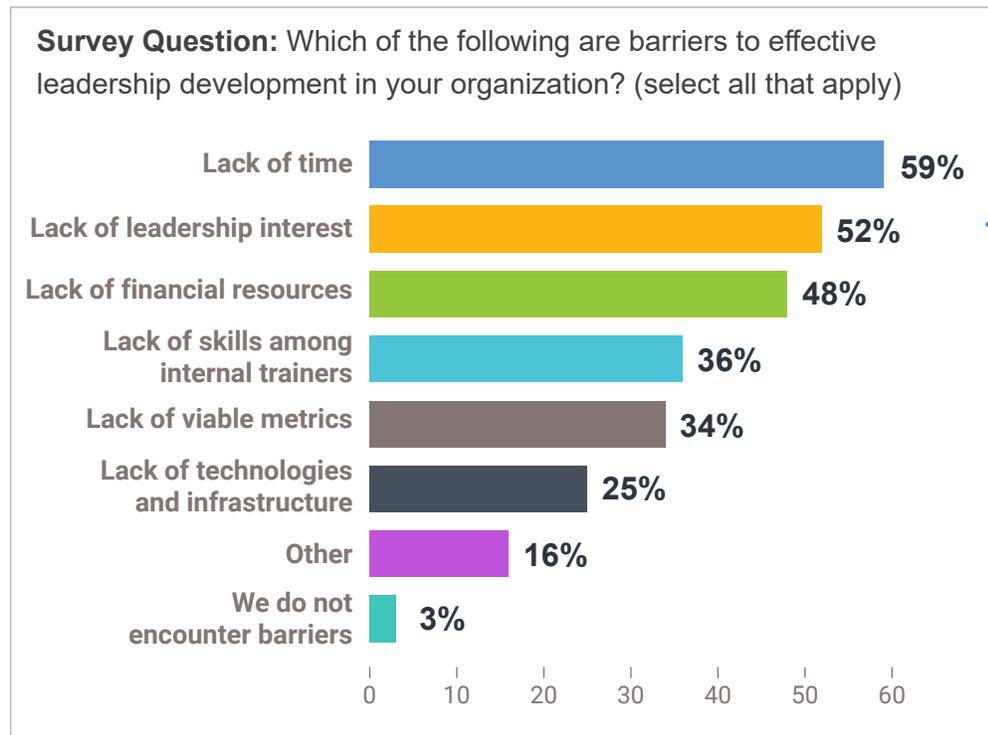
This perceived lack of time and competing demands may influence which type of leadership development programs should be deployed. Brief but frequent learning opportunities might fit many managers’ schedules better than occasional, long programs.



The second most widely cited barrier, a lack of interest among leaders in creating leadership development programs, is more worrisome. This is a different kind of problem, and it requires HR professionals to engage in a kind of change management process that will, over time, create leadership interest.

Of course, it's worth noting that some leaders could be interested in development but don't believe the programs their colleagues propose will be effective. If this is the root of the problem, then it behooves HR to understand why leaders think a given program won't be effective and to work with them to identify the sort of developmental interventions they believe will be effective.

In the write-in responses, one participant noted that a lack of accountability was a major barrier. That is, if leaders are not held accountable for their own leadership skills or the skills of managers below them, then it becomes hard to get support for leadership development programs. This could be tied to a lack of metrics to measure programs' efficacy, cited by 34% of respondents. Perhaps the most telling aspect of this question about the barriers to leadership development was that 16% of participants took the time to write a comment, indicating that this is a hot-button issue for HR professionals.



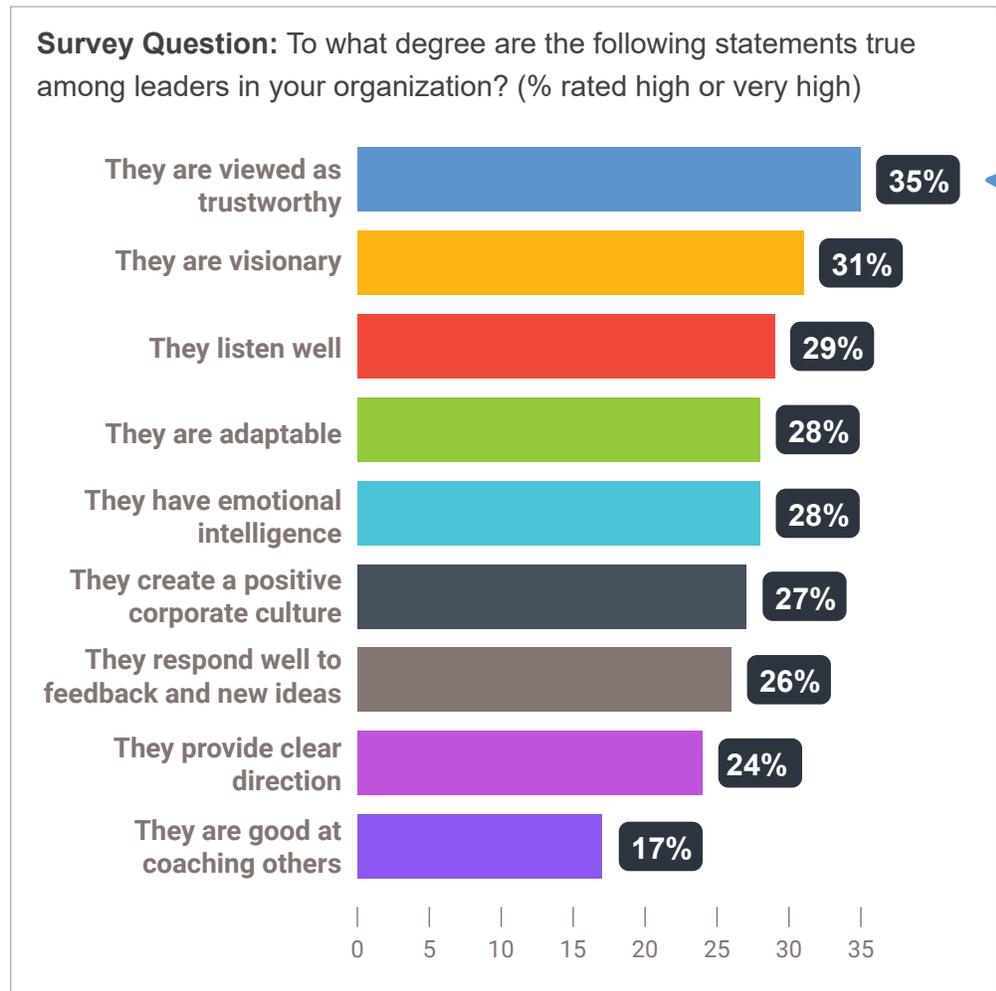
About half of respondents point to a lack of interest by leadership as a barrier to effective leadership development

Finding: A large majority of leaders are poor at coaching

There are many different types of leadership skills, and few HR professionals think their leaders excel at any one of them. Over a third of respondents believe their colleagues view top management as trustworthy. Only 29% indicate that their organizations' leaders are good at listening, and a meager 17% claim their leaders are good coaches.



In terms of next steps for HR, a focus on coaching may return the greatest dividends. With more employees desiring continuous feedback and mentoring, programs that build managers' coaching skills may help develop and retain employees.



Respondents' belief in the trustworthiness of leaders is the only leadership characteristic rated high or very high by more than one third of respondents

Finding: Leadership development is seldom aligned well with business needs

Organizations are least likely to have the following four elements as part of their leadership development programs:

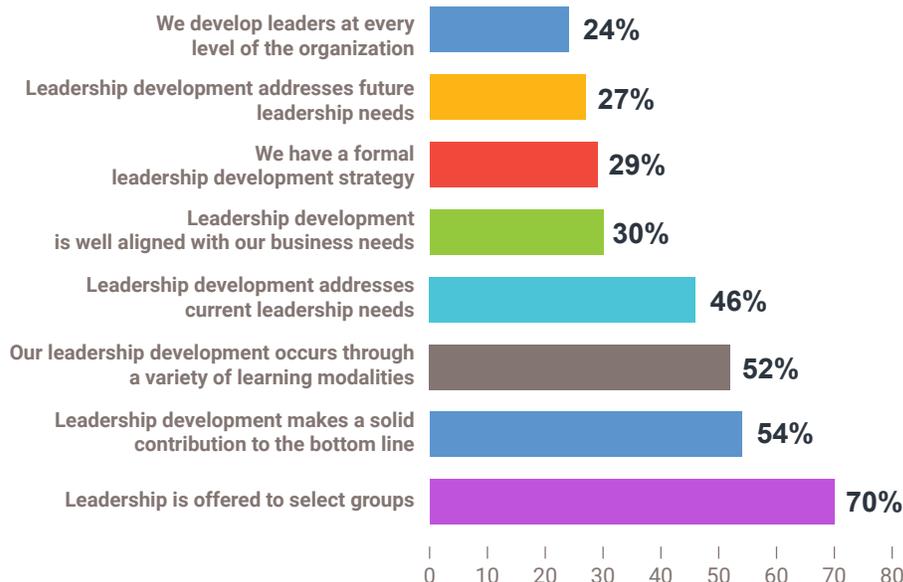
1. Alignment with business needs
2. A formal strategy
3. Development that addresses future needs
4. Development of leaders at every level

These shortcomings are not minor, and they are disturbingly common. Only 30% of HR professionals say that their organizations align leadership development with business needs. Clearly, alignment is something that HR must demonstrate if it seeks strong support for their leadership development program.

These weaknesses indicate that most organizations are developing leaders in an *ad hoc*, rather than strategic, manner. The study's results imply that training is siloed and poorly connected to crucial business plans.



Survey Statement: Please rate the following statements as true or false, as they pertain to your organization: (% answering true)



Most organizations fail to address future needs or develop leaders at every level

Finding: Leadership development opportunities should be more frequent and accessible to all levels of employees

The previous chart shows what organizations *are* doing—and failing to do—in the area of leadership development. But what *should* they be doing, according to our study participants?

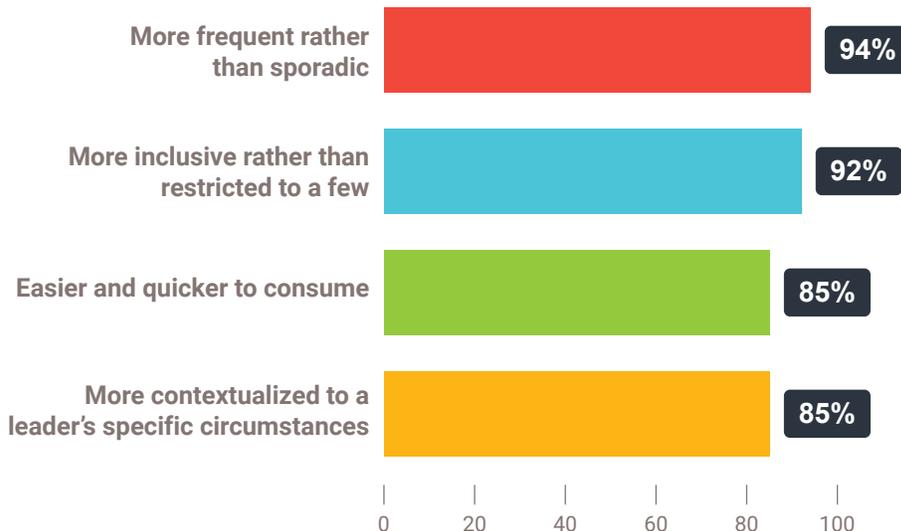
First, respondents believe that leadership development needs to be more frequent rather than sporadic. In fact, it would be better for leadership development to be considered a continuous process rather than simply more frequent than it is now.

Second, respondents say leadership development should be more inclusive rather than restricted to a few. Today’s organizations tend to be flatter, more team-based, and have larger spans of managerial control. As a result, traditional leaders cannot possibly be involved in every important decision; there must be good leaders at every level.

Another reason to make leadership training more inclusive is to ensure that employees have solid leadership skills by the time they are promoted to the next level. As shown later in this report, this strategy seems to pay large dividends for organizations.



Survey Statement: In order for leadership training and development to become more effective, it should be:



Over 80% of respondents believe leadership development should be easy to consume and be contextualized to the leader's circumstances

Where Are We Going in the Future?

Finding: There are signs of an emerging paradigm shift in leadership

Given current demographic trends, it's understandable that there is near unanimity among HR professionals (96%) who think it's important to transfer leadership skills to younger generations. What's more surprising, however, is that over 90% of respondents believe in the importance of egalitarian, changing, and informal leadership training.

Contrast this to the traditional idea that there is an oligarchy of leaders at the top of the organization who set direction for others to follow. In this evolving paradigm, it no longer makes sense to limit leadership development to a select few. Instead, HR professionals believe it's crucial for many people across the organization to have the skills to act as leaders when the situation calls for it.

There are several strategic reasons that an organization might want to embrace this new paradigm of leadership. Perhaps the most commonly cited is the need for greater agility, so that companies can adapt to a changing competitive landscape. In times of rapid change, asking for point-by-point direction from just a few leaders will not work. Companies depend on people who are close to the action—and probably more in touch with the details of a particular situation—to show the leadership skill that will allow the organization to respond quickly.





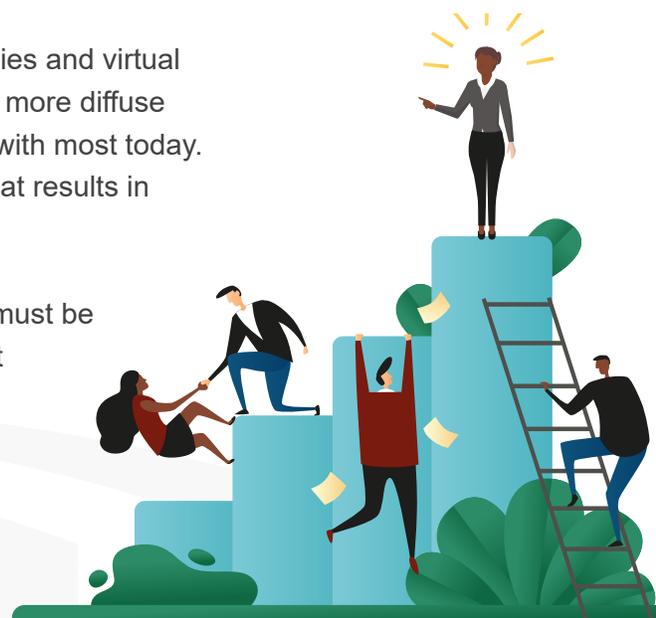
Over 95% of respondents agree that employees who are not managers can demonstrate leadership in their organization

Finding: Leadership of change is of growing importance in almost 80% of organizations

One might have expected that leadership skills related to digital technologies or virtual teams were growing in importance. That's not what most HR leaders think, however. Less than half agree that those two skill sets are growing in importance. Instead, over three-quarters of HR professionals point to change leadership as an area they are increasingly focusing on.

It is unlikely that HR professionals feel that digital technologies and virtual teams are unimportant. Rather, they feel that the larger and more diffuse challenge of change management is what leaders struggle with most today. Change management, of course, is related to "leadership that results in innovation," the second most widely selected response.

In both cases, leaders must inspire more than direct. They must be adaptable and help others be adaptable, as well. They must be willing to innovate, in terms of leadership practices and business planning, just as they encourage their employees to innovate in their own work. This is a more dynamic and fluid type of leadership than is expected in command-and-control corporate environments. It's little wonder, then, that HR professionals assign it the utmost importance.





Only about one-third of organizations see leadership of virtual teams as a skill that is of growing importance

Finding: Instructor-led training is still the most common means of leadership development

Much of the talk about training focuses on new approaches such as micro-learning, simulations, mobile learning, and gamification. Yet, these modalities are not commonly used in leadership development, appearing in less than 10% of organizations.

While HR should not simply jump on the latest fad, it appears that HR professionals are failing to adopt new modalities that could have an impact on the cost and effectiveness of training.

The flip side of this is that the most common modality of training is traditional instructor-led training (56% of organizations). The big question is whether this is the most efficacious method of leadership training when, as mentioned before, there’s a consensus among HR professionals that leadership development should be more frequent and leadership itself more widely distributed.

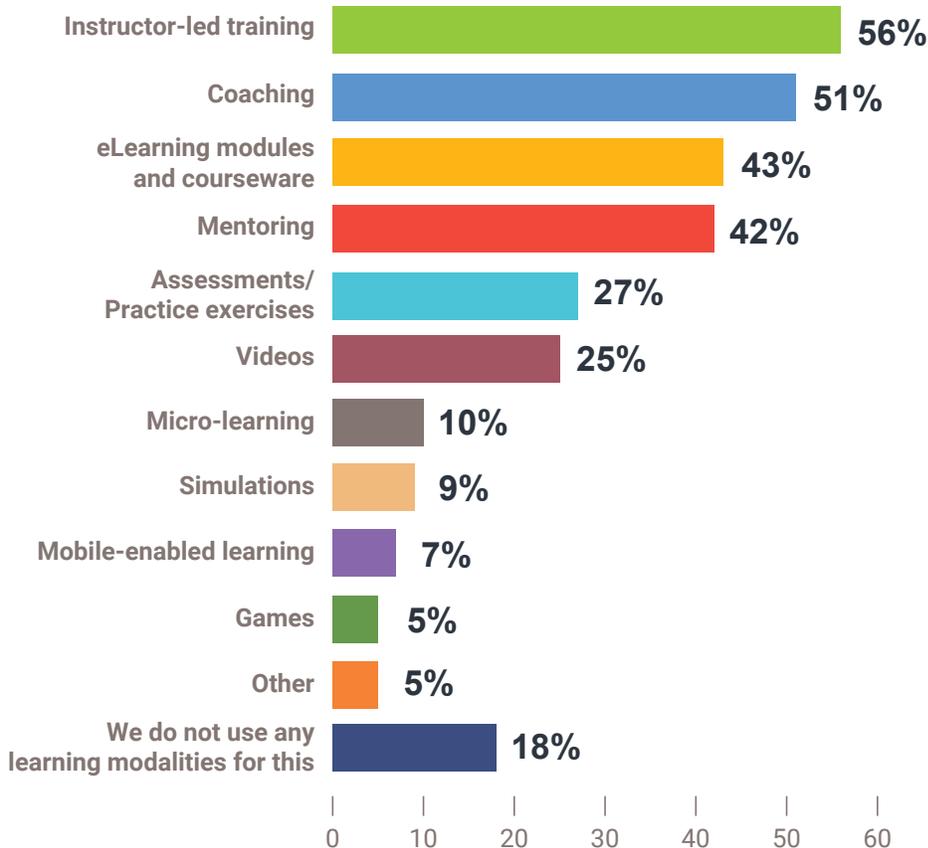
It’s even more disturbing that this study reveals that 51% of respondents say their organizations rely on coaching as a major means of development. Coaching can certainly be a powerful means of leadership development, but only 17% of survey respondents said their leaders are good at coaching. This means that, for the purpose of leadership development, organizations are relying on the very skill that is so sorely lacking in their own organizations. This is not only ironic but also counterproductive.

The solution is to invest in development programs that turn average leaders into capable coaches. Not every single manager has the innate ability to be an excellent coach, but most can make great strides with the right training and ongoing support.

The third most common method of leadership development is eLearning, though it's used in less than half of organizations. Organizations that are not using eLearning for leadership development should consider it; the nature of eLearning makes it easily scalable and cost effective. If organizations can master the art of developing better leadership skills via eLearning, they can make leadership development both more frequent and more widely distributed.



Survey Question: Which learning modalities does your organization use to provide leadership development? (select all that apply)



Only 10% of organizations use micro-learning in leadership development

Finding: Instructor-led training is the least-favored means of learning for millennials

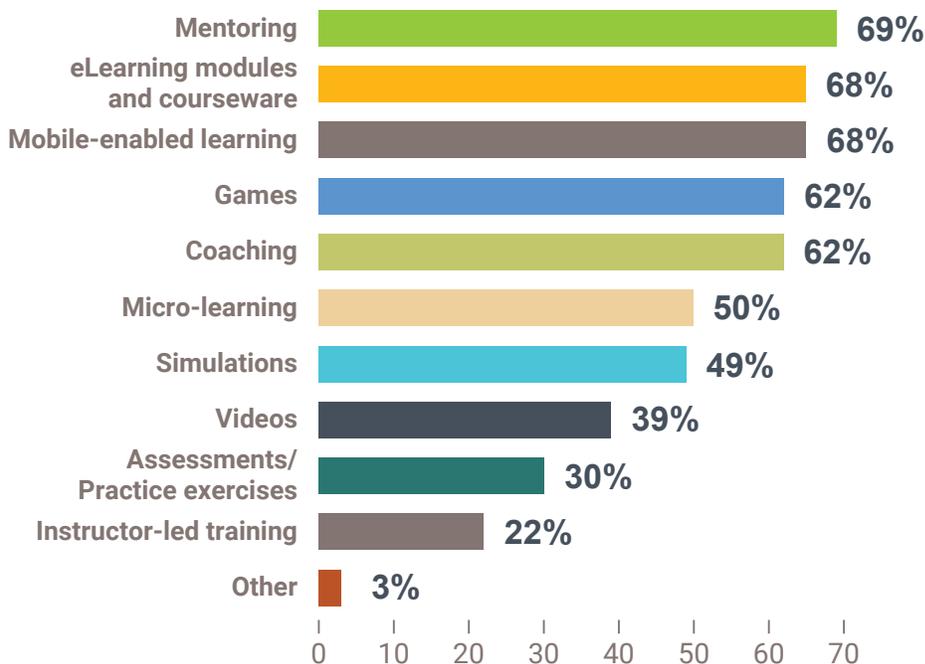
Instructor-led training is common. However, it is the *least-favored* modality of training for millennials; only 22% said millennials found it attractive.

This indicates a serious gap between what HR is offering and what millennials prefer. Survey respondents believed that what millennials value most is mentoring. That is, they'd like one-on-one discussions with experts who can help them become better at their jobs and who understand the cultures and networks necessary to achieve better career growth.



It's clear that millennials would like more in-person, one-on-one learning, as well as mobile, on-demand options. HR should give more attention to these learning modalities.

Survey Question: Which learning modalities do you think are most attractive to millennial employees (that is, those between the ages of 18 and 35)? (select all that apply)



Over two-thirds of respondents reported that mentoring, eLearning, and mobile learning are favored by millennials

Are We Seeing a Change in How We Define Leadership?

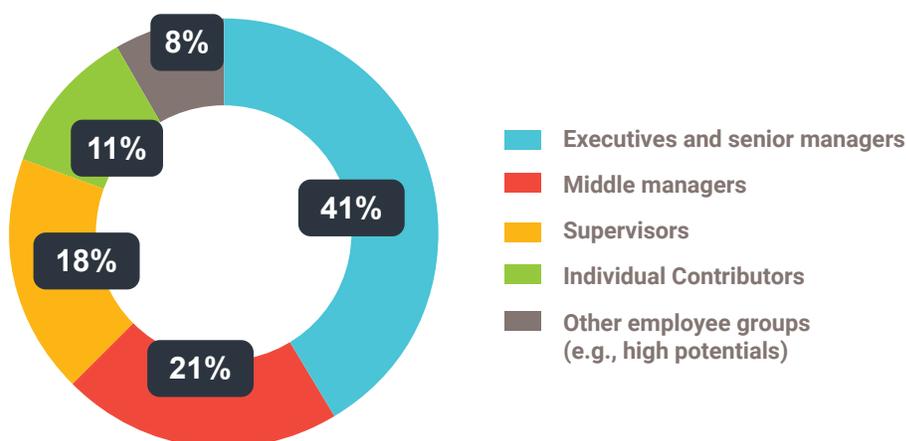
Finding: A large portion of leadership development resources (41%) are aimed at executives and senior managers

One approach to leadership focuses almost exclusively on the top team, whereas another emphasizes “leadership at all levels” or the “democratization of leadership.” The latter approach suggests a more distributed and fluid form of leadership. An organization’s approach to leadership development will depend on how much it embraces the “leadership at all levels” philosophy.

Leadership development resources are a tangible measure of where an organization is on this spectrum. On average, executives and senior managers are the largest beneficiaries of development dollars (41%), which suggests that most organizations are leaning toward a “top team focused” view of leadership development. Is putting such a high percentage of resources towards the top team the ideal approach, or is leaning towards a more distributed paradigm of leadership better? The best strategy will vary from organization to organization, but, as shown later in the report, there is evidence suggesting that organizations would do well to distribute their investment in development more widely.



Survey Question: What percentage of leadership development resources are spent on developing the following groups?



Only 18% of leadership development resources are allocated to supervisors

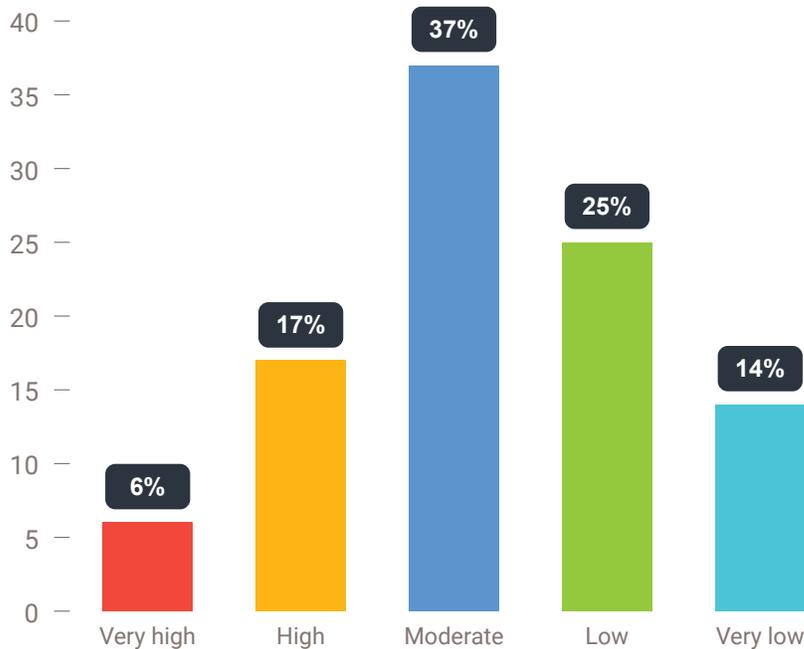
Finding: Only about a quarter of firms are moving strongly in the direction of “democratizing” leadership

There are three distinct camps when it comes to moving towards the more democratized model of leadership. The largest camp (39%) expects low or very low movement in this direction. Almost as many (37%) expect a moderate move in this direction, while the remaining 23% believe there will be high or very high movement.¹

This lack of movement seems at odds with the earlier finding that there is overwhelming interest in transferring leadership skills to the next generation, and this sits within a broader paradigm shift towards developing “leaders at all levels.” This might imply that HR leaders would like to see a shift towards more democratized leadership development but do not expect it to happen due to a lack of executive support.



Survey Question: To what degree will leadership development in your organization become more democratized over the next three years?



A movement towards “democratization of leadership” is low or very low in 39% of firms

Editor’s Note: Within the context of the survey, the term “democratization of leadership” refers to spreading leadership development training more evenly among leader levels rather than concentrating development on senior leader levels.

¹ Note: Numbers do not add to 100% due to rounding.

Finding: Greater collaboration among working teams is the primary driver of the democratization of leadership

Why are some organizations moving towards the democratization of leadership? As shown in the figure below, there are many contributing factors. The most common factor (63%) is greater collaboration among working teams.

However, it's worth noting the disconnect between the chart below and the chart above. The chart below reveals that almost two-thirds of respondents believe that greater collaboration is catalyzing the democratization of leadership. In the chart above, however, 39% do not expect to move in that direction anytime soon, and another 37% will only move at a moderate pace.



Again, this suggests that the HR leaders responding to the survey believe there are forces pushing towards the “leadership at all levels” paradigm, but many don’t believe those forces will be sufficient to overcome the inertia of the current model.

Survey Question: Which of the following factors do you think will drive more organizations to democratize leadership? (choose all that apply)



Only 5% of HR professionals feel there are no factors driving towards the democratization of leadership

What Makes a Difference?

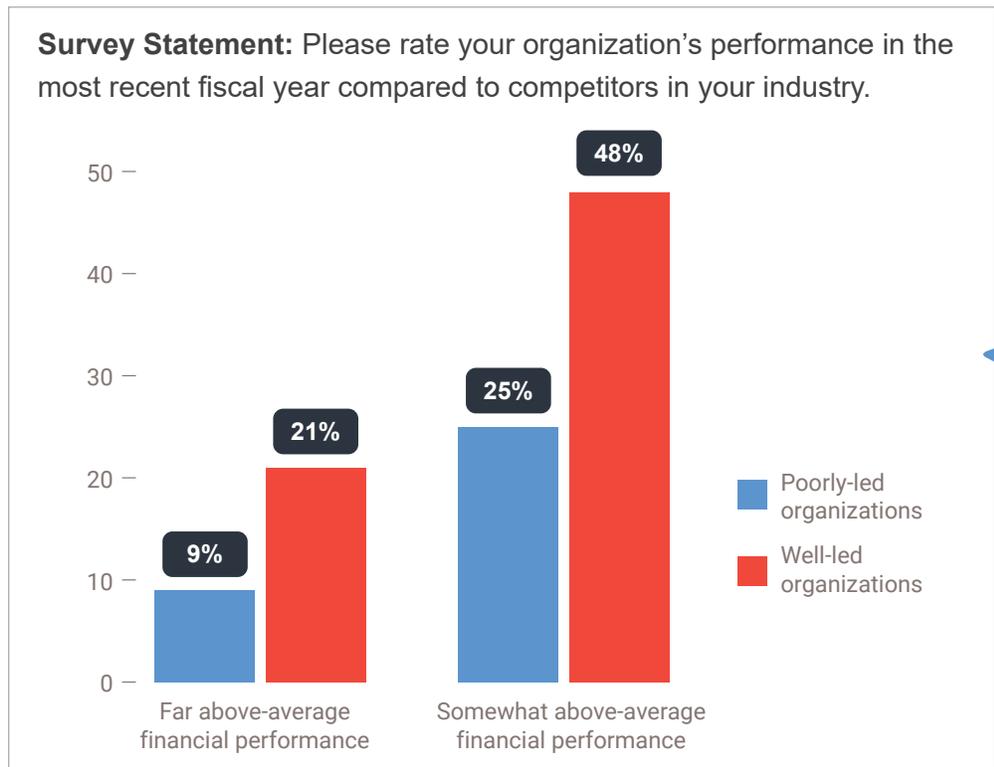
To gain insight into what makes a difference in leadership development, the respondents were divided into two cohorts:

- Well-led organizations: The organizations of respondents who agree or strongly agree that employees view their leaders as effective
- Poorly-led organizations: The organizations of respondents who somewhat disagree, disagree, or strongly disagree with the statement that employees view their leaders as effective

The following findings are based on comparing these two cohorts.

Finding: Well-led organizations report much better financial performance

Well-led organizations are more than twice as likely to report financial performance that is far above average, and they are almost twice as likely to have somewhat above-average financial performance.



Less than 10% of poorly-led organizations have far above-average financial performance

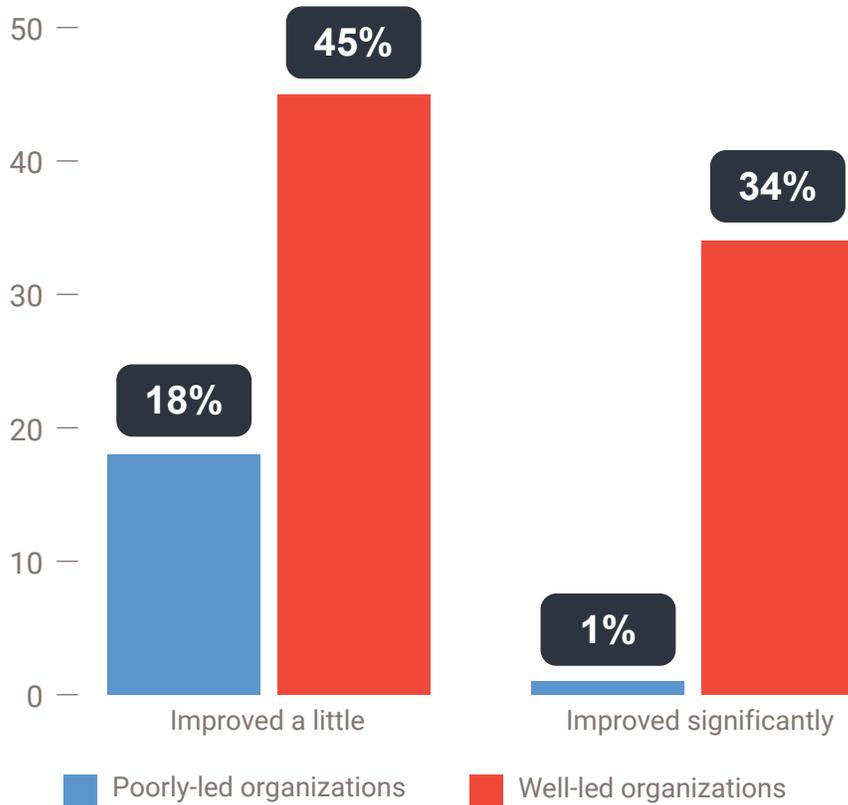
Finding: Well-led organizations are much more likely to say leadership is improving

An aforementioned finding showed that only 10% of respondents indicate leadership skills at their organization improved significantly in the past two years. That figure is much higher in well-led organizations (34%) and much lower in poorly-led organizations (1%).

There are similar results in firms where leadership skills had slightly improved. Poorly-led organizations are generally not getting any better; if those organizations want to improve leadership skills, then they must commit to drastic change.



Survey Question: In your organization, how have the skills of leaders changed over the last two years?



Less than 20% of poorly-led organizations believe things are getting at least a little better

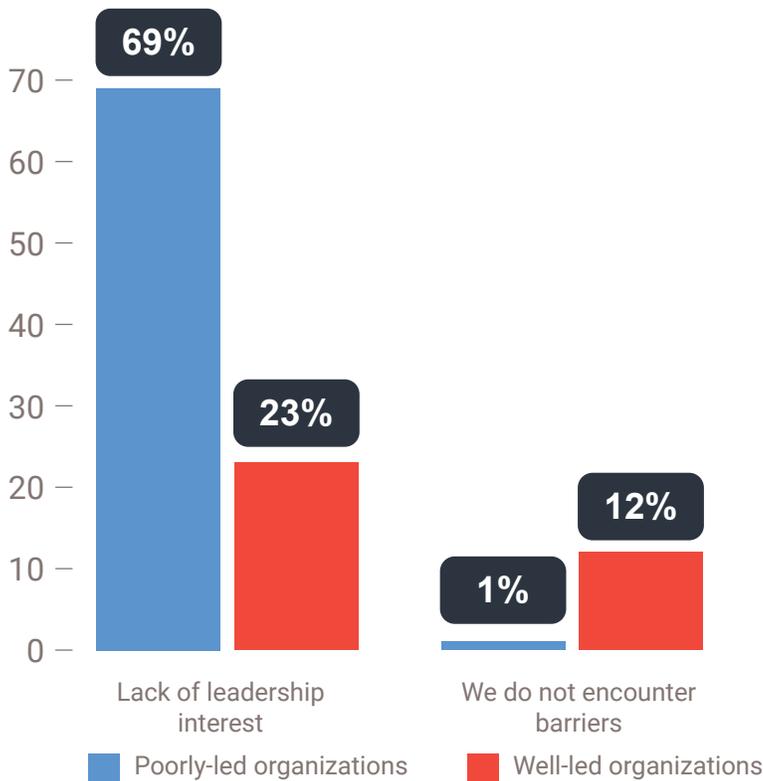
Finding: Poorly-led organizations are three times as likely to suffer from lack of executive interest in development

Poorly-led organizations may look enviously on the 12% of well-led organizations that face no barriers to leadership development. However, that number still means that most well-led organizations *do* face barriers to development yet have managed to overcome them.

Of all the barriers to leadership development, the one that shows the greatest difference between the two cohorts is the lack of interest in leadership development—a barrier in almost 70% of poorly-led organizations but only 23% of well-led organizations. If there is one area to tackle first to improve leadership development, it may be overcoming this lack of interest.



Survey Question: Which of the following are barriers to effective leadership development in your organization? (select all that apply)



Almost all poorly-led organizations (99%) encounter barriers to leadership development

Finding: In four skills areas, there are huge gaps between well-led and poorly-led organizations

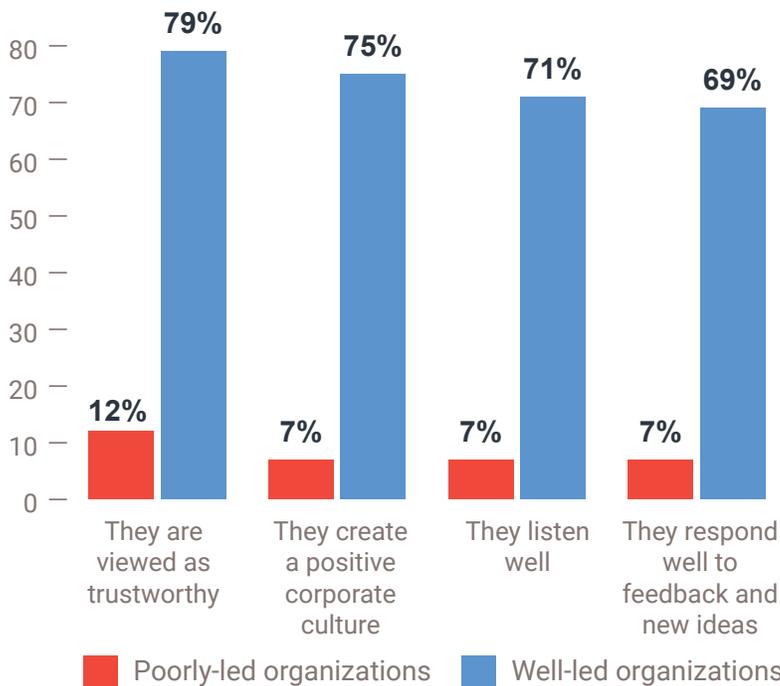
Four key areas demonstrate the differences between well-led and poorly-led organizations:

1. Leaders who are perceived as trustworthy
2. Leaders who are seen to be creating a positive culture
3. Leaders who listen well
4. Leaders who respond well to feedback and ideas



In all cases, about 70% or more of well-led organizations have leaders with these traits, whereas only 10% of poorly-led organizations do. Leaders in the poorly-led cohort might be surprised by how stark the difference is, though HR professionals must be careful when sharing this data point as it could be seen as unnecessarily confrontational.

Survey Question: To what degree are the following statements true among leaders in your organization? (% rated high or very high)



Only 7% of respondents from poorly-led organizations say their leaders listen well

Finding: Well-led organizations shape their leadership development programs differently

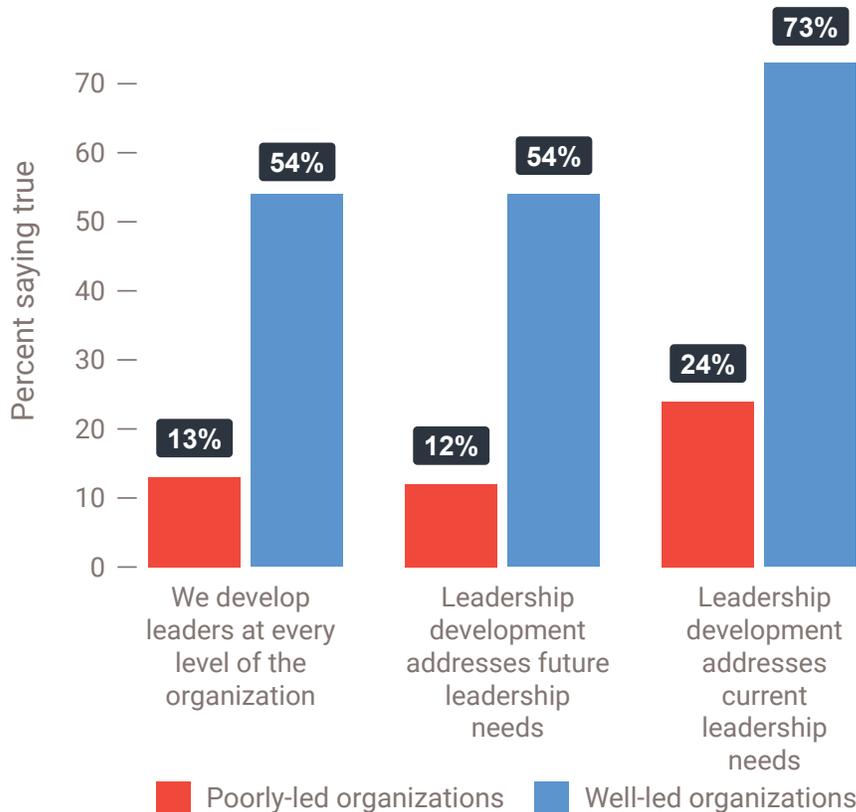
There are three aspects of leadership development that are handled quite differently in well-led organizations versus poorly-led organizations:

1. Developing leaders at every level
2. Aligning with current business needs
3. Addressing future leadership needs



It's well known that correlation does not necessarily indicate causation, but these data do support the possibility that organizations with more inclusive and future-focused development plans reap greater rewards.

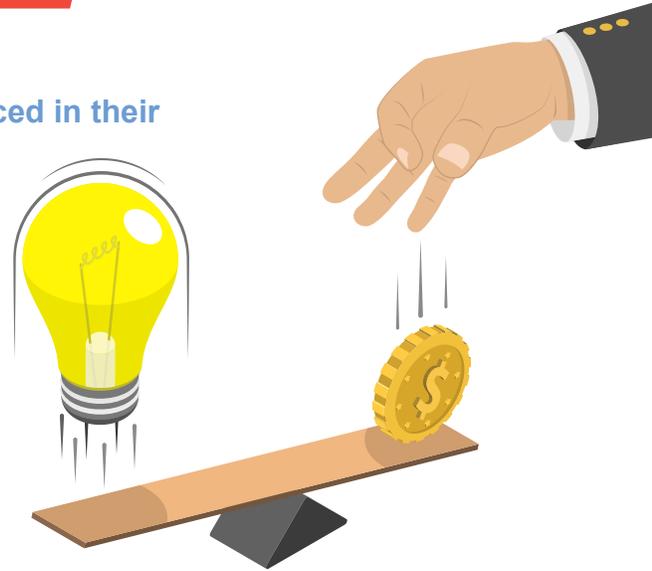
Survey Statement: Please rate the following statements as true or false, as they pertain to your organization: [percent saying true]



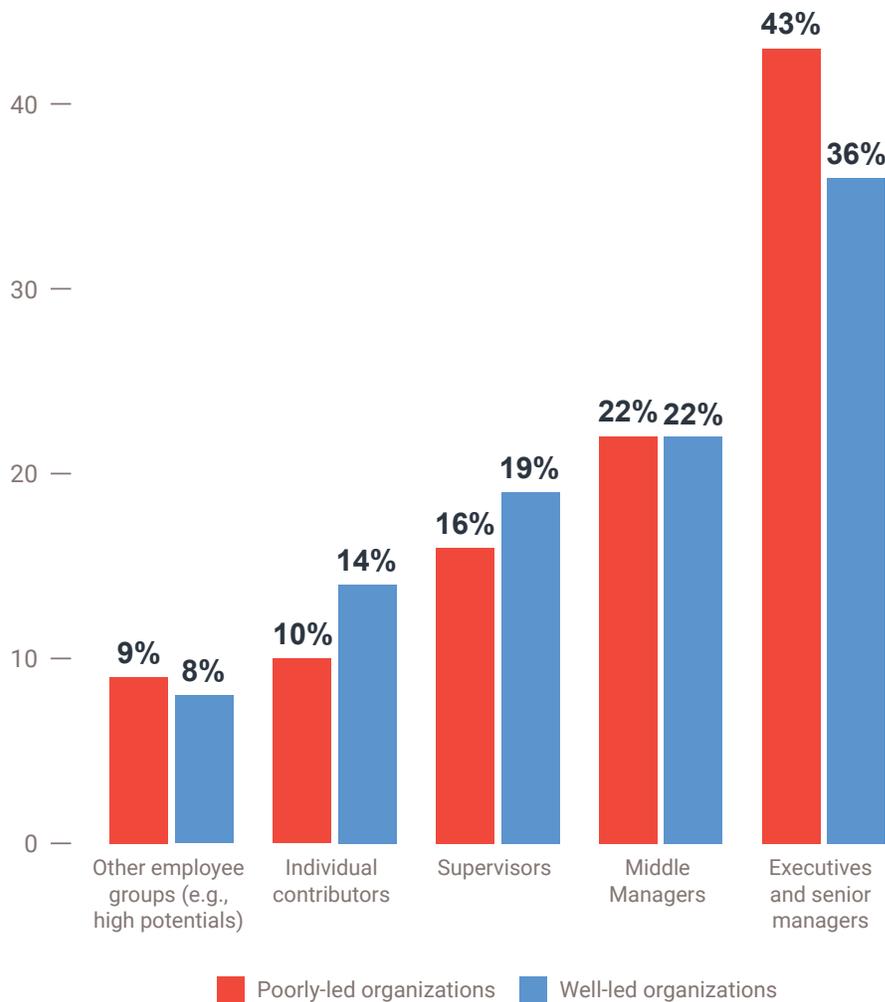
Only 12% of poorly-led organizations say leadership development addresses future leadership needs

Finding: Well-led companies tend to be more balanced in their investments in development across all leadership levels

Well-led organizations are less top heavy than poorly-led organizations, in terms of how they spend their leadership development resources. Executive and senior managers are beneficiaries of 43% of leadership development resources in poorly-led companies but only 36% in well-led companies. This is another data point that encourages investment in leaders at all levels.



Survey Question: What percentage of leadership development resources are spent on developing the following groups?



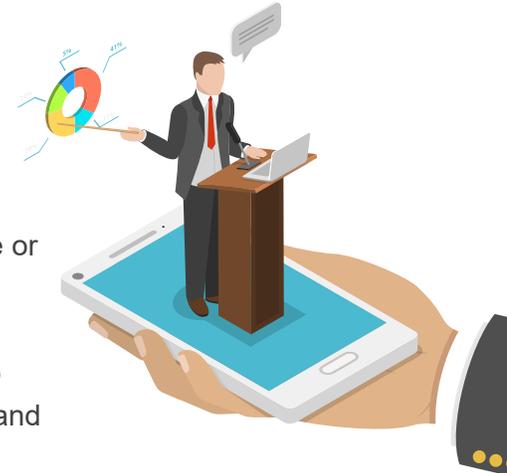
Executive and senior management deplete over two-fifths of leadership development resources in poorly-led companies

Finding: A characteristic of well-led organizations is their use of coaching, mentoring, and eLearning

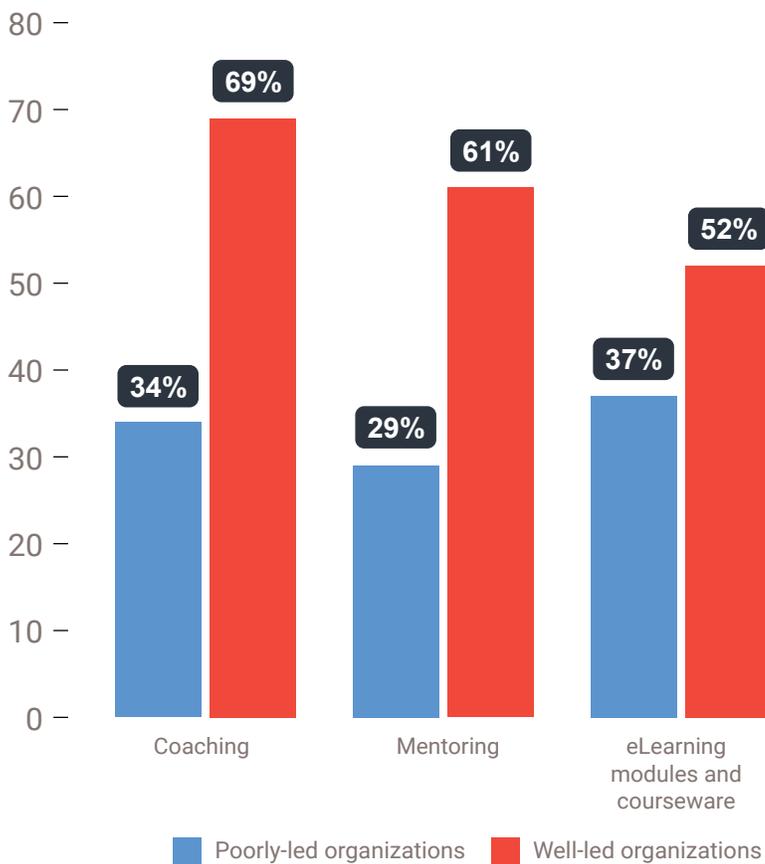
The biggest difference between the two cohorts in learning modalities is that well-led organizations are about twice as likely to use coaching and mentoring as poorly-led organizations.

If your organization does not have any coaching or mentoring as part of leadership development, it would be worthwhile to look into whether one or both of those approaches could be introduced.

A third notable difference is that well-led organizations are more likely to use eLearning, another modality that enables both continuous learning and learning at all levels.



Survey Question: Which learning modalities does your organization use to provide leadership development? (select all that apply)



Over half of well-led organizations use eLearning modules and courseware



Top Takeaways & Actions

What key lessons can be drawn from this research?

1

Start with understanding the business needs and aligning development with them. The key to garnering the interest of top management is to start with an understanding of business needs. This means that HR professionals should be able to articulate how leadership programs support top business objectives. It's rarely a simple one-to-one relationship between a training program and a business need, but HR needs to show that the Learning and Development investment is connected to the bottom line.

2

Be alert to the constraints of time and budgets. Clearly understand the time budget concerns of your leaders. HR tends to value development so highly that it can come across as indifferent to the many pressing priorities the C-suite faces. HR professionals need to show they understand these constraints and leave execs convinced that the time and money spent on development is not too much in light of these constraints.

3

Develop and articulate a strategy and include a future outlook. Start by outlining a strategy. That strategy will be essential for garnering support. In a few pages, document business needs and constraints with an explicit plan for how development will impact the organization over a 1-, 5-, and 10-year timeframe. Use the strategy document to guide action and build support.

4

Consider a program that offers frequent—or even continuous—learning, addresses leaders at all levels, and includes multiple learning modalities. For example, there should be a coaching and mentoring component but also an eLearning component that facilitates widespread and on-demand leadership development. Ensure that the eLearning component is available to employees at all levels.

5

If executives don't show interest in leadership development, take a slow and consistent approach to change their minds. This lack of interest can kill a leadership development program. Seek to understand why leaders don't see the value in a development program and gradually work to change their minds.

6

Teach your managers to be better coaches. Coaching is the weakest skill for many managers. When improved, coaching has a multiplier effect on development throughout the organization. It's a means of delivering continuous learning at all levels. Also note that in order for leadership development to be an output of coaching, it also must be an input. Coaching, like fitness, needs to be continuously reinforced so that managers don't fall back into bad habits.

7

Leverage both high touch and high tech. One of the biggest differences between well-led and poorly-led organizations is their use of mentoring. Mentoring can be greatly facilitated by technology that helps: 1) match employees to mentors, 2) set up the appropriate expectations for and structure of the mentoring sessions, and 3) provide on-demand training on how to give and receive mentoring.



About Skillsoft

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