

Leadership *Development* in Enterprises

How leadership programs relate to business needs



*A study conducted jointly
by Bellevue University's
Human Capital LabSM and
HCM Advisory Group*

Introduction

In fall 2015, Bellevue University's Human Capital LabSM and HCM Advisory Group, a division of Human Capital Media, jointly designed and fielded research among corporate learning and development professionals to understand their objectives and approaches to leadership development. The objectives of the survey were to:

- Understand the extent to which leadership development programs are formally planned and implemented in corporations surveyed.
- Learn what specific skills, knowledge and related Key Performance Indicators are addressed and measured with current leadership development programs.
- Understand who, within the organizations, are targeted for leadership development and how they nominate leadership program participants.
- Understand how organizations link leadership development programs to business objectives.

The study was fielded by HCM Advisory Group among their database of 25,000 leaders at manager level and above derived from the CLO Research list. A total of 464 respondents completed the survey. Respondents came from a wide variety of industries. (See Table 1.)

Table 1: Respondents by Industry

	N	%
Professional/Business Services	66	15.75%
Education	64	15.27
Healthcare	59	14.08
Manufacturing	40	9.55
Government	31	7.40
Banking/Finance/Insurance	30	7.16
Technology	23	5.49
Transportation/Utilities	22	5.25
Non-Profit	15	3.58
Aerospace/Defense	6	1.43
Agriculture	3	.72
Other	60	14.32
TOTAL	419	100.00%

Most of the respondents (two-thirds) work at organizations with fewer than 5,000 employees. (See Table 2.)

Table 2: Respondents by Company Size

	N	%
Less than 1,000 employees	193	47.07%
1,000 to 4,999 employees	75	18.29
5,000 to 9,999 employees	41	10.00
10,000 and more employees	101	24.63
TOTAL	410	99.99%

How Leadership Is Defined

The study began by asking respondents to tell us how leadership is defined in their organizations. Surprisingly, there was not strong uniformity in their responses. An open-ended question, responses primarily fell into two broad categories: those that define leadership formally (i.e., by title, formal responsibility for managing people or projects) and those that define leadership informally related to ability to influence or inspire others. An example of the latter definition is, “Leadership is the ability to influence others to achieve business results.”

Those who define leadership as the ability to influence or inspire nearly always include that the goal of that influence is business results or mission.

Other responses included detailing specific competencies related to leadership (these respondents typically referenced a corporate or external source). The list of competencies is exhaustive and they’re covered in the next section.

Others noted that, “everyone’s a leader” – although they did not have programs in place for “everyone.” Somewhat surprisingly, many noted that they have no definition of leadership in their organization. Table 3 categorizes these types of responses into groups.

Table 3: How Leadership is Defined

	N	%
By title/responsibility <i>(i.e., manage people or processes)</i>	148	36.10%
Ability to influence/motivate <i>(engage others in company goals)</i>	118	28.78
Specific competencies	40	9.76
Everyone is a leader	20	4.88
Not defined	55	13.41
Other	29	7.07
TOTAL	410	100.00%



Required Leadership Competencies

We next asked respondents to tell us what competencies and skills they considered essential for leaders to be successful in their organizations. Respondents were asked to tell us their top four.

Communication was the top response by a large majority of respondents (more than 80%) – probably not surprising, given the large number of respondents who felt that leadership is defined as the ability to influence or inspire teammates.

The next three responses all ranked as essential by a majority of respondents. They were strategic thinking, developing others and decision-making. These are all skills that Bellevue University has termed “Power Skills,” reinforcing the importance they play in developing leaders.

All of the responses are provided in Table 4. It’s interesting to note that the top responses dealt with two overarching skills: The ability to effectively interact and motivate others (i.e., communication, developing others, team building) and the ability to make effective decisions (strategic thinking, decision-making, problem solving, critical thinking). The five responses at the bottom of the hierarchy all deal with management.



Table 4: Essential Leadership Skills

	N	%
Communication	385	82.3%
Strategic Thinking	279	59.6
Developing Others	272	58.1
Decision-Making	267	57.1
Team Building	229	48.9
Critical Thinking	221	47.2
Problem Solving	216	46.2
Self-Management	170	36.3
Conflict Management	151	32.3
Financial Management	138	29.5
Delegation	133	28.4
Time Management	112	23.9
TOTAL	465	*

*Totals more than 100% due to multiple responses.



Where do leaders come from?

To understand who in the organization is targeted for leadership development, we started by asking respondents which employees, by level, are expected to display leadership skills. Nearly every level is expected to demonstrate leadership by a majority of respondents, with the exception of entry-level employees. (See Table 5.)

Table 5: Levels of Employees Expected to Display Leadership Skills

	N	%
Entry-Level Employees	160	34.41%
Front-Line Managers	358	76.99
Mid-Level Managers	394	84.73
Directors	415	89.25
Vice Presidents	390	83.87
C-Level Executives	395	84.95
Other	70	15.05
TOTAL	465	*

*Totals more than 100% due to multiple responses.

Most (57.8%) of the enterprises represented in our study look for the best candidate for leadership development regardless of whether they currently work at the company or not. A distant second response (30%) was that they give preference to internal candidates. And a small minority of our respondents (4%) said they prefer to hire new leaders from outside the organization.

Since a large majority of organizations (nearly 88%) surveyed said they look for the best candidates internally, we wanted to know if their companies have programs in place to support leadership development. Sixty-four percent responded in the affirmative. Despite a preference for internal candidates, there's a 24% gap between the companies that expect to find leaders internally and those that develop them.

Somewhat surprisingly, 21% of those responding do not currently have a leadership program in place in their organizations. And 8.4% of those 21% reported they have no plans to implement such a program.

The gap is further explained when we examined which employees, by title, participate in their current leadership programs. The results are reported in Table 6.

Table 6: Levels of Employees Participating in Leadership Programs

	N	%
Entry-Level Employees	109	24.22%
Front-Line Managers	295	65.56
Mid-Level Managers	329	73.11
Directors	316	70.22
Vice Presidents	228	50.67
C-Level Executives	188	41.78
Other	334**	75.00
TOTAL	450	*

*Totals more than 100% due to multiple responses.

** Includes High-Potentials at 61.58%

Comparing Table 6 to Table 5, it's clear there are gaps at every level between those who are expected to exhibit leadership ability and those who are offered the opportunity to participate in leadership programs. This is not surprising, given the overall gap between the expressed importance of leadership and the participation levels in development.

The difference comes with so-called "High Potential" employees. High potential employees are typically drawn from all levels of the employee base.

Front-Line Employee Development

As indicated throughout the study, front-line employees are not as likely to have the opportunity to participate in leadership development as those at other levels in the organization.

The key learning objectives of front-line manager leadership development programs overwhelmingly center around basic, tactical mechanics of management. The responses, all open-ended followed this approach:

- Self-evaluation to determine personal management style;
- Tools for effectively building and managing a team including coaching and communicating;
- Managing change, people and conflict;
- Understanding the company vision and values.

These four overall objectives were represented in most of the responses. A minority of the responses, though, related more to team member knowledge and skills, like "Get in line with the company vision" and "Be a team player" than development for team leadership.





Linking Leadership Development to Business Objectives

Finally, we wanted to understand the extent to which our respondents link their leadership development programs to larger business objectives. Specifically, we asked about Key Performance Indicators that leadership development is commonly associated with. There was general agreement among respondents about most of the aided business priorities. Improving the quality of first-level managers was the number one priority, with building a leadership pipeline coming in second.

Table 7: Key Business Priority for Leadership Development

	N	%
Improving Management Quality	74	20.79%
Leadership Succession Pipeline	67	18.82
Increase Employee Engagement	56	15.73
Improve Workplace Culture	50	14.04
Improve Employee Productivity	10	2.81
Reduce Corporate Risk	10	2.81
Retain First-Level Managers	4	1.12
All of the Above	63	17.70
Other	22	6.18
TOTAL	356	100.00%

Given the number of business priorities related to leadership development programs, it is somewhat surprising that most (55.38%) respondents do not measure specific business outcomes of their programs. Among those who do measure outcomes, the most frequently mentioned outcomes include retention, performance ratings, promotions and sales or customer service scores.

Conclusions

Leadership development has long been one of the key initiatives of talent development. Given this and the importance that enterprises place on leadership development today, it's surprising that there is little consistency about the elements of a strong leadership program.

There is very little uniformity in the way that strong leadership qualities are defined.

Yet, most respondents told us that nearly every level of the organization is expected to exhibit leadership qualities.

Further, not all those who indicated the importance of leadership development for all provide any opportunities for their people to participate in these programs.

Perhaps that is because, even notwithstanding agreement about the importance of them, there is little understanding of how leadership skills can directly impact business results.