Leadership Development Often Lacking Despite Acknowledged Need

HRO Today Flash Reports are a series of ongoing research initiatives that address today's topics of interest in the HR community. These are focused briefs that can be used to support business decisions and further discussion among industry practitioners and thought leaders.

This report examines perceptions about the importance of leadership development programs, identifies the gaps the programs address, and looks at how the impact of the programs is measured.

This report was sponsored by **Sounding Board.**

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Methodology

Between September 26 and October 19, 2023, a series of emails were sent to subscribers of *HRO Today* magazine and *HRO Today* newsletters inviting them to take part in an online study. Study respondents were senior HR practitioners from companies with active leadership development programs. Respondents were screened to ensure they were knowledgeable about the leadership development programs in their organizations. The total number of usable surveys was 62, and respondents were from North America.

Introduction

The need for leadership development has never been more urgent. Companies across industries realize that to survive in today's volatile, uncertain, complex, and ambiguous environment, they need leadership capabilities and organizational capacities different from those that helped them succeed in the past. There is also a growing recognition that leadership development should not be restricted to the few who are in or close to the C-Suite. With the proliferation of collaborative problem-solving platforms and digital "adhocracies" that emphasize individual initiative, employees across the board are increasingly expected to make consequential decisions that align with corporate strategy and culture. It's important, therefore, that they be equipped with the relevant technical, relational, and communication skills.[1]

The HRO Today 2023-2024 Top Concerns of CHRO's report sheds some insight into how concerned CHROs are about leader and manager effectiveness. Overall, it is a concern for 61%, among the highest in the areas related to company operations.[2] Social and political turbulence, work-life fusion, and flexible work arrangements are redefining the leader-employee dynamic, yet 24% of HR leaders say their leadership development approach does not prepare leaders for the future of work, according to a report by Gartner.[3]

Conclusions

Senior HR executives feel leadership development is important in their organization. Overall, 87% indicated leadership development is very important/important, with a resulting high average score of 4.33 on a 5-point scale. Ideally, this level of importance should result in a comprehensive program designed to fill leadership gaps and meet organizational needs. However, despite the importance, only one-half (50%) rated their success with these programs as good, with only 2% considering them excellent.

There are two different types of leadership development approaches. Horizontal development is defined here as focusing on developing skills, models, and abilities from a technical perspective. Vertical development is defined as focusing on developing a leader's ability to contain, manage, or effect change in the evolving set of circumstances within their role. The approach to leadership development programs is mixed. Overall, 42% feel their programs lean more towards the definition of Horizontal, while just over one-third (36%) feel their programs lean more towards Vertical, with the remaining 22% evenly incorporating both approaches.

Leadership capabilities, such as communication, time management, and relationship building, is the gap most often addressed by leadership programs, as indicated by 70% of study respondents. Succession planning, the goal of which is to ensure a smooth transition after key employees leave, is selected almost as often (69%) the second highest.

Overall, 70% consider developing leadership capabilities to be a high or essential priority, and nearly all (94%) of the respondents consider them at least a medium priority. The rationale for developing leadership capabilities is myriad. Leadership development builds the capacity to reduce costs, drive new lines of revenue, improve customer satisfaction, and ensure a solid succession plan.

However, when we examine the extent to which leadership development is part of succession planning initiatives, we find that less than one-half (45%) consider it integral, resulting in a pedestrian average score of 3.4 on a 5-point scale. This suggests that despite the connection between leadership development and succession planning, most do not integrate leadership development as part of the process of planning for company leadership.

> On-the-job training is the most common way to develop leadership capabilities, as indicated by over three-quarters (77%) of respondents.

On-the-job training is the most common way to develop leadership capabilities, as indicated by over three-quarters (77%) of respondents. When used intentionally to develop leadership competencies, challenging, on-the-job experiences can be unmatched in their ability to offer relevant learning. However, leadership development benefits from a structured framework that includes feedback, theory, and best practices.

Overall, 81% measure the impact of their executive training programs. The most frequently used way to do that is participant feedback and evaluation, selected by nearly two-thirds (62%) of those who measure executive training programs.

Looking forward, over three-quarters (78%) feel leadership development will increase in importance over the next three years. The increase in importance will be driven by evolving workplace dynamics, global challenges, and meeting the needs of the new workforce.

DETAILED FINDINGS

Importance of Leadership Development

*Overall, how important is leadership development in your organization?*

Study participants were asked to indicate how important leadership development is in their organization. Overall, 87% indicated leadership development is very important/important, with a resulting high average score of 4.33 on a 5.00-point scale.

Leadership development is important because it helps employees grow professionally. It teaches them how to lead while developing leadership skills and qualities to become better leaders today and for the future.[4]

If an organization commits to developing its leaders, a significant competitive advantage can be gained through the following: improving the bottom line; attracting, developing, and retaining talent; driving strategy execution; and successfully navigating change.

Importance of Leadership Development

- 47% Very important
- 40% Important
- 11% Neither important nor unimportaint
- 2% Unimportant (net)
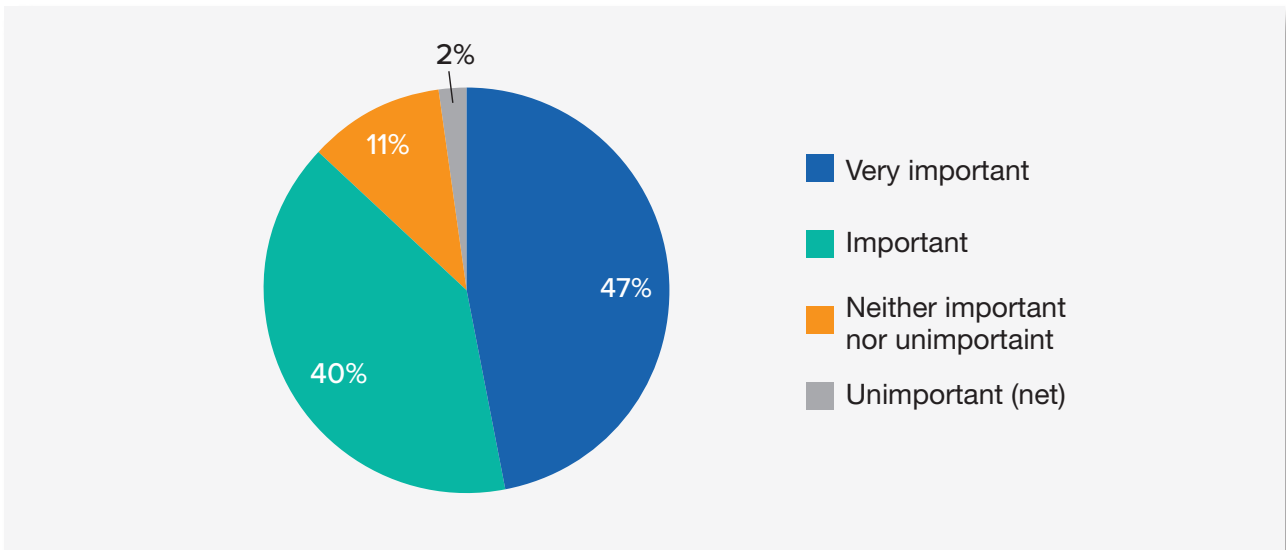
Rating of Own Leadership Development

*How would you rate your success in leadership development?*

Respondents were asked to rate their success in leadership development. Despite its acknowledged importance, only one-half (52%) rated their success as excellent or good, with 2% rating it excellent. The average score is a very pedestrian 3.45 on a 5-point scale.

Why isn't the success of leadership programs higher? There are common themes around why leadership development programs often lead to disappointing results. Among them are:

1. **Lack of organizational alignment**
2. **Lack of appropriate management influence**
3. **Lack of a coherent journey perspective**
4. **Lack of prescribed on-the-job learning**
5. **Lack of consideration for learning agility**
6. **Lack of a rigorous evaluation strategy**

The presence of these factors drastically impacts participant motivation and skills development, leading to poor program outcomes.[5]

Rating of Own Leadership Development

Pie chart showing: Excellent 50%, Very good 39%, Fair 9%, Poor (net) 2%
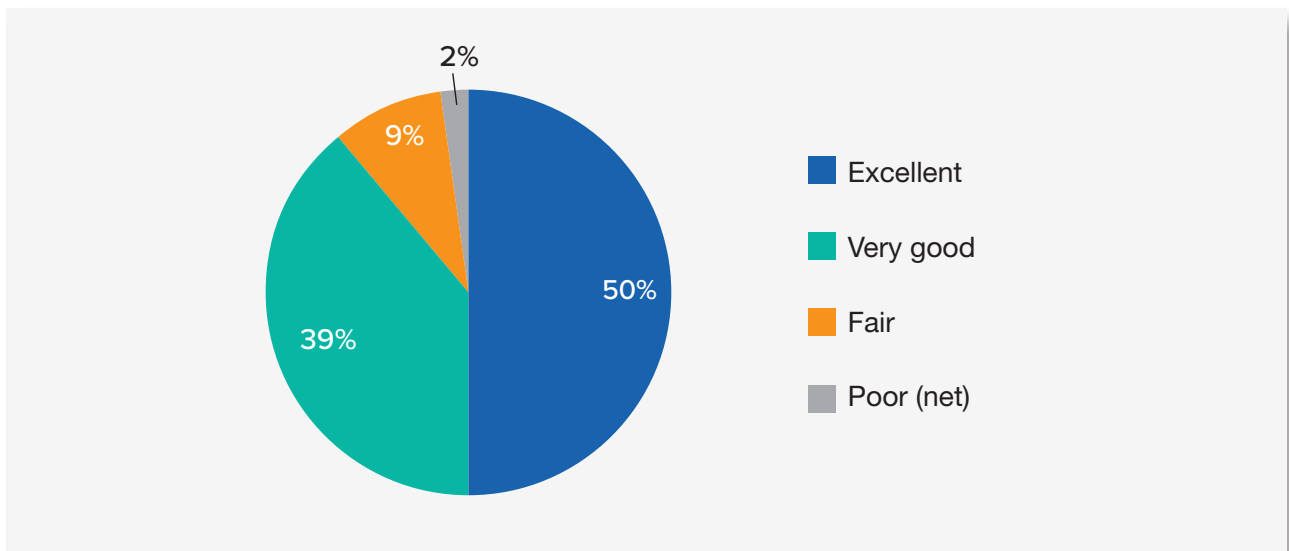
Vertical vs. Horizontal Leadership Development Mix

How would you characterize your leadership development? Select any value between 0 and 10.

Horizontal development is defined as focusing on developing skills, models, and abilities from a technical perspective. Vertical development is defined as focusing on developing a leader's ability to contain, manage, or effect change in the evolving set of circumstances within their role.

The characterization of leadership development programs is mixed. Overall, 42% feel the programs lean more towards the definition of Horizontal, while just over one-third (36%) feel their programs lean more towards Vertical. The remaining 22% firmly in the middle, suggesting an equal blending of both approaches.

Both Horizontal and Vertical development is necessary. Horizontal development, or building skills, expertise, knowledge, and competencies, is usually what we refer to when discussing leadership development. Vertical development is less understood, often neglected, and more nuanced, yet it is critical for leaders to effect actual and systemic change. Vertical development transforms who a leader is. It shifts their mindset, challenges their beliefs, increases wisdom, expands consciousness, and ultimately builds a leader's capacity to interpret, relate, and lead in today's highly complex world.[6]

Vertical vs. Horizontal Leadership Development Mix

	SCORE	%
Horizontal	0	2%
	1	5%
	2	9%
	3	16%
	4	10%
	5	22%
Vertical	6	11%
	7	11%
	8	10%
	9	2%
	10	2%

Gaps Being Addressed with Leadership Development Program

What gaps are your leadership development programs trying to address?

Study participants were asked to select from a list of eight gaps that leadership development programs typically address.
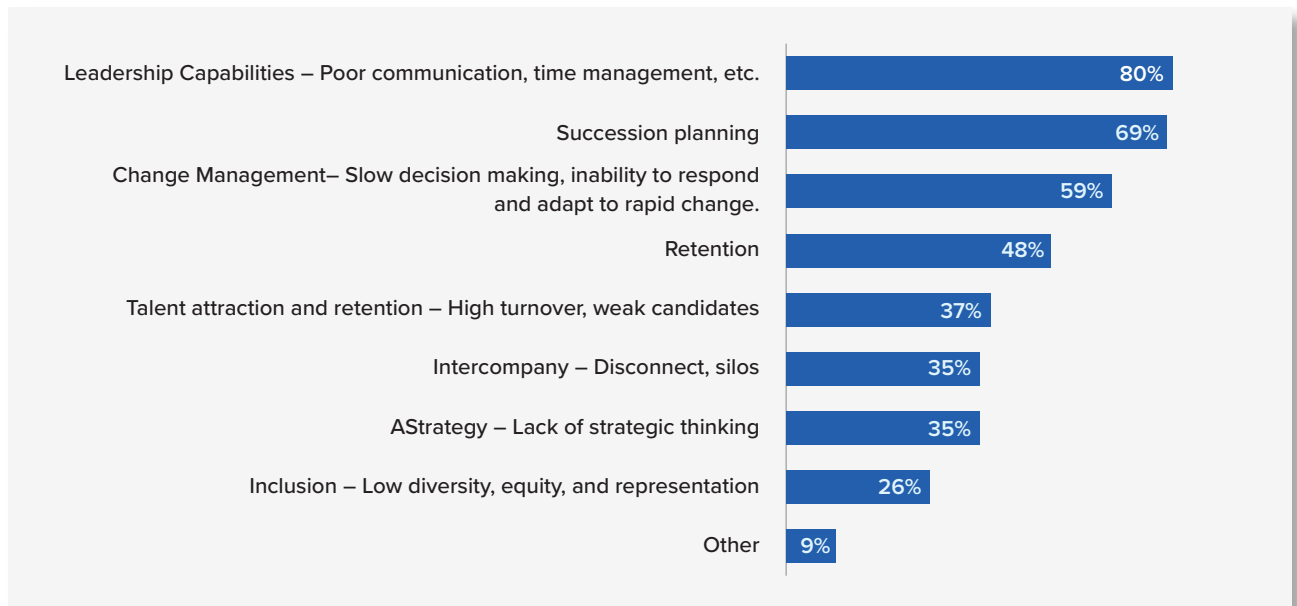
Leadership capabilities, such as poor communication, time management, and relationship building, is the gap most often addressed, as 70% of respondents selected it. It is a broad area that encompasses many of the fundamentals that make a leader strong.

Succession planning was selected by 69% of respondents, the second highest. An effective succession management plan is critical for any organization. It's a way of ensuring you have the right talent in the right place at the right time to activate, drive, and execute your business strategy. Developing a pipeline of leaders ready to step up when required takes consistency,

accountability, and a systemic approach. Succession must be intimately connected to the organization's strategy and not merely sit alongside it. It must not only reflect the attributes required for success based on the organization's strategy, but it must also provide a clear picture of the actual state of their talent's true readiness.[7]

Change management was the remaining area selected by at least one-half (59%) of respondents. Change management refers to slow decision making and inability to respond and adapt to rapid change. Leadership development is integral to successful change management. It equips leaders with the skills, mindsets, and tools necessary to navigate change, communicate effectively, and guide their teams through the challenges of organizational transitions.

Gaps Being Addressed with Leadership Development Program

Gap	Percentage
Leadership Capabilities – Poor communication, time management, etc.	80%
Succession planning	69%
Change Management– Slow decision making, inability to respond and adapt to rapid change.	59%
Retention	48%
Talent attraction and retention – High turnover, weak candidates	37%
Intercompany – Disconnect, silos	35%
AStrategy – Lack of strategic thinking	35%
Inclusion – Low diversity, equity, and representation	26%
Other	9%

Developing Leadership Capabilities Prioritization

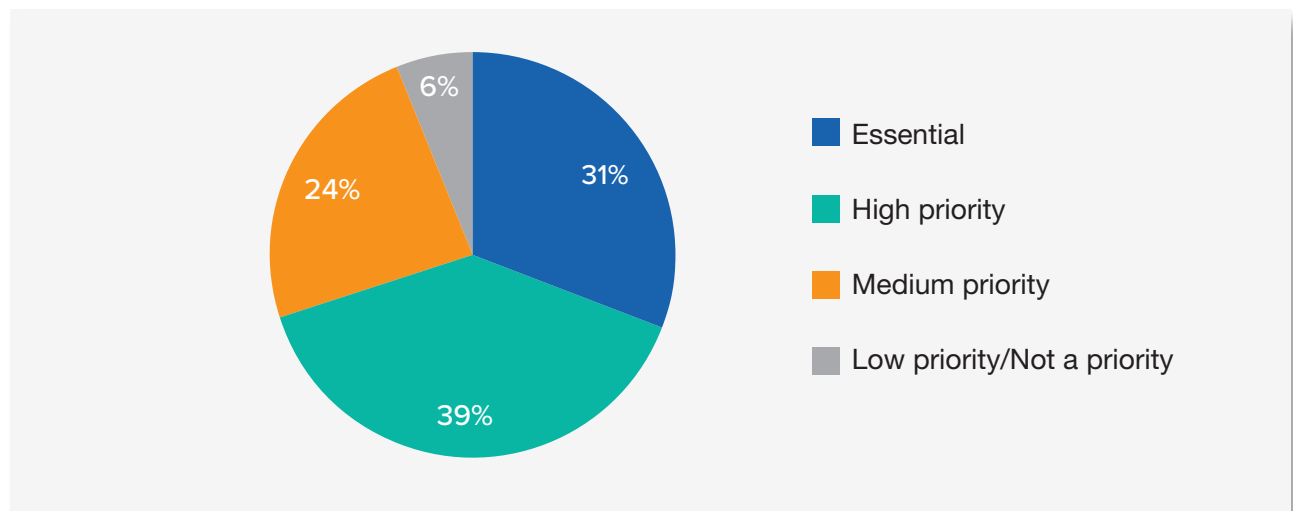*How much of a priority is developing leadership capabilities?*

Respondents indicated the degree to which developing leadership capabilities is a priority. Overall, 70% consider the programs to be a high or essential priority, with nearly all (94%) considering them at least a medium priority.

The case for prioritizing leadership development capabilities is strong. An article by the Center for Creative Leadership states that companies that rate highly for their investment in human capital deliver stock market returns five times higher than companies with less emphasis on human capital. Leadership development builds the capacity to reduce costs, drive new lines of revenue, and improve customer satisfaction.

Further, during times of extended low unemployment rates, leadership development becomes even more important. A manager without strong leadership skills will struggle to attract and retain high-performing employees.[8]

Developing Leadership Capabilities Prioritization

Pie chart legend:
- Essential — 31%
- High priority — 39%
- Medium priority — 24%
- Low priority/Not a priority — 6%

Leadership Capabilities Development Methods

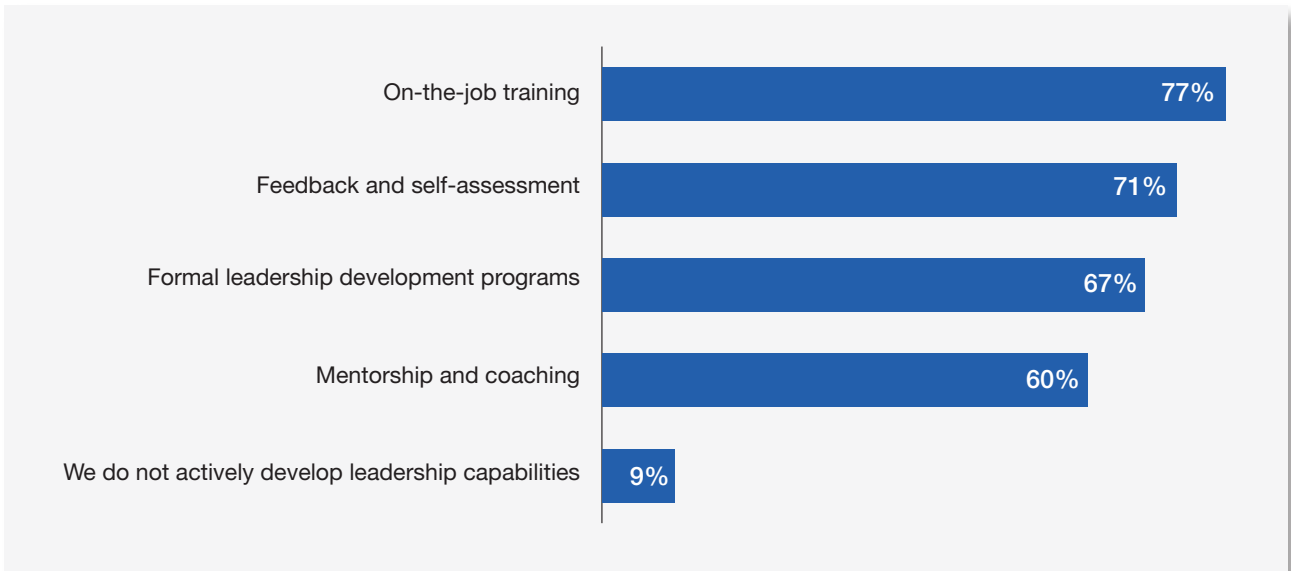*How do you currently develop leadership capabilities?*

Study participants were asked to indicate how they currently develop leadership capabilities by selecting all the ways that apply to them from a list of four. Overall, 91% take steps to actively develop leadership capabilities. Among those that do, on-the-job training is the most common, as indicated by over three-quarters (77%) of respondents.

When used intentionally as a vehicle to develop leadership competencies, challenging, on-the-job experiences can be a powerful tool for learning. However, leadership development benefits from a structured framework that includes feedback, theory, and best practices. On-the-job training may not provide this formal structure, leading to a fragmented understanding of leadership principles. Further, without a proper approach, on-the-job training may inadvertently reinforce poor leadership habits or ineffective management styles. Without exposure to alternative approaches, individuals may continue to use suboptimal strategies.

Formal leadership development programs are used by two-thirds (67%) of those actively developing leadership capabilities. Depending upon how well these programs are defined, they can be highly beneficial for leaders.

Leadership Capabilities Development Methods

Method	Percentage
On-the-job training	77%
Feedback and self-assessment	71%
Formal leadership development programs	67%
Mentorship and coaching	60%
We do not actively develop leadership capabilities	9%

## Extent Leadership Development is Part of Succession Planning

How much is leadership development a part of your succession planning initiatives?

Respondents indicated the extent to which leadership development is part of their succession planning initiatives. Overall, less than one-half (45%) consider it completely or to a great extent integral, resulting in a pedestrian average score of 3.4 on a 5-point scale.

Despite the lack of succession planning incorporated into leadership development, its importance cannot be ignored. Succession planning is the process of preparing employees to assume new roles in your organization when they become available, with the goal of ensuring a smooth transition after key employees leave. Leadership development and succession planning go hand-in-hand. It's crucial to have a succession plan for primary roles in a company to maintain standards and ensure a high level of performance.[9]

Extent Leadership Development is Part of Succession Planning

Bar chart — Completely integral: 13%, To a great extent: 32%, Somewhat: 42%, Very little: 8%, Not at all: 6%
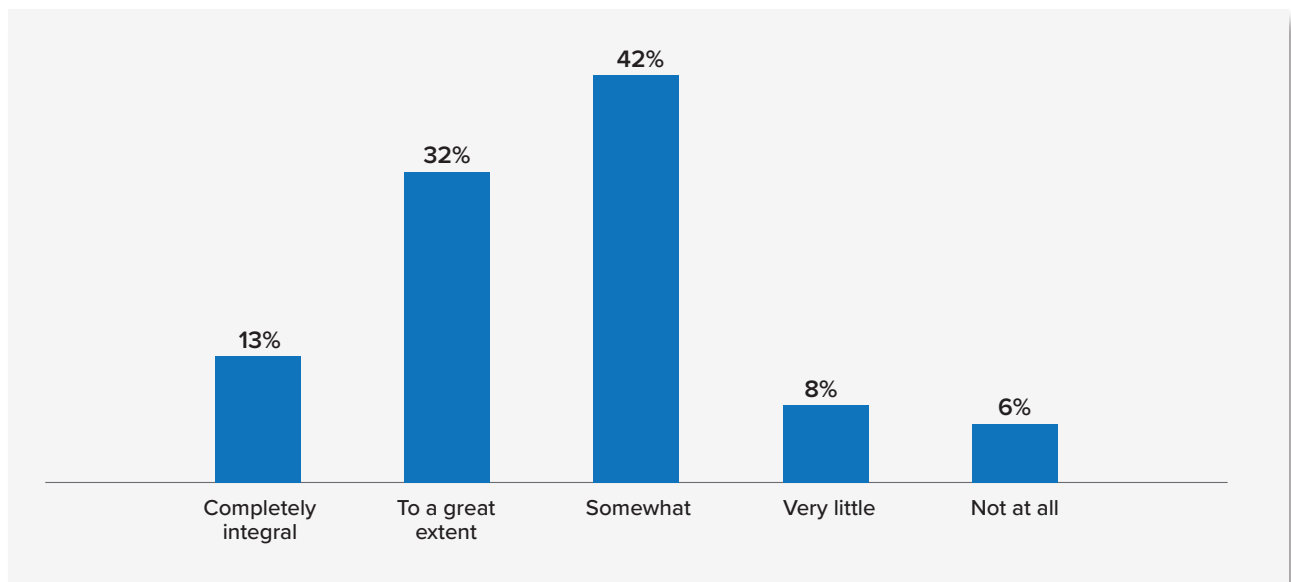
Measurement of Executive Training Programs

How do you measure the impact of your executive training program?

Study participants were asked to select from a list of eight ways they measure the impact of their executive training programs. Overall, 81% measure the impact at least to some extent.
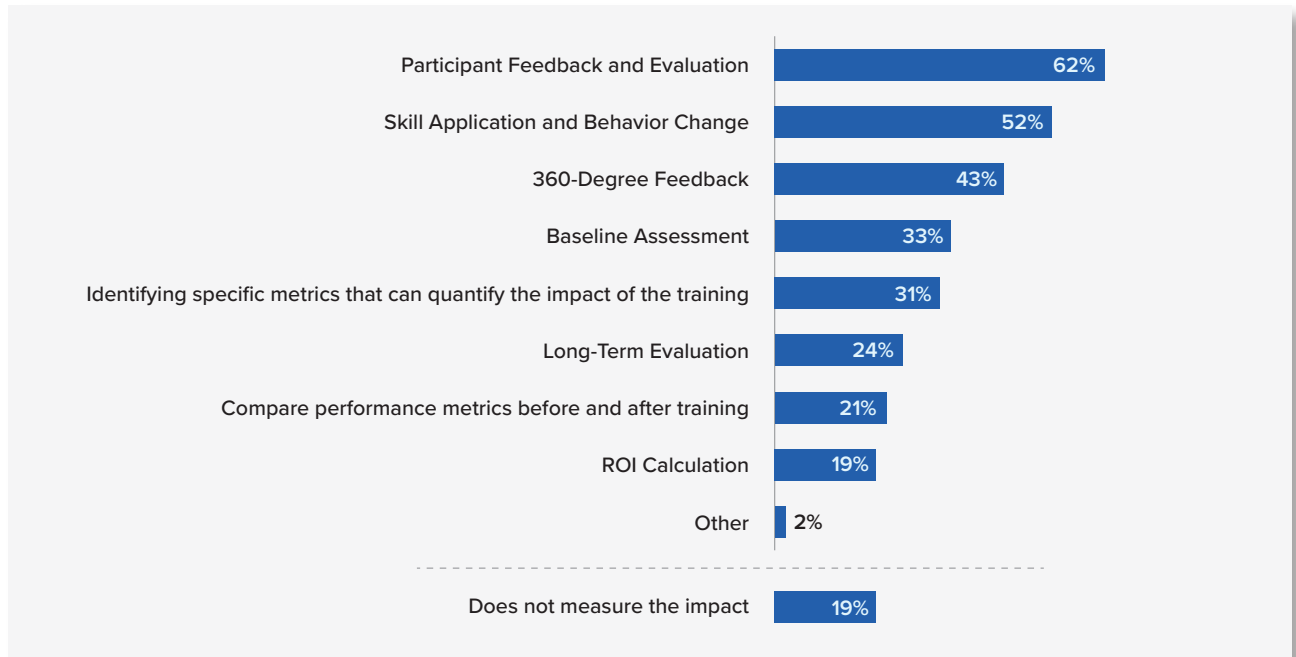
The most frequently used metric is participant feedback and evaluation, selected by nearly two-thirds (62%) of those who measure executive training programs. Feedback and evaluation are essential components of leadership programs, contributing to the programs improvement, customization, and measurement of program impact.

Skill application and behavior change is used to measure the impact of executive training programs for just over one-half (52%) of those measuring them. Unless the programs change behavior, there is little point in undertaking them. This area is often difficult to measure, which is likely why nearly one-half do not include it when evaluating the effectiveness of the programs. But it is the most important area to measure to understand how well the program achieved its goals. More organizations are demanding pre- and post-measures of the acquisition and application of relevant skills, such as communicative competence and leadership acumen, which traditional programs are not designed to deliver.[10]

360-Degree feedback was selected by 43% of respondents, the third most selected. Organizations can use 360-degree feedback for leadership development by gathering feedback on a leader's performance from peers, direct reports, bosses, customers, and others who have seen the individual in action. Leaders can build self-awareness by comparing how they see themselves to how they are perceived by others.[11]

Measurement of Executive Training Programs

Measure	%
Participant Feedback and Evaluation	62%
Skill Application and Behavior Change	52%
360-Degree Feedback	43%
Baseline Assessment	33%
Identifying specific metrics that can quantify the impact of the training	31%
Long-Term Evaluation	24%
Compare performance metrics before and after training	21%
ROI Calculation	19%
Other	2%
Does not measure the impact	19%

How Leadership Development Will Change in Importance

How will leadership development change in importance in your organization three years from now?

Respondents were asked to forecast how leadership development will change in importance in their organization three years from now. Over three-quarters (78%) felt it will increase in importance.

Leadership development is likely to increase in importance for several reasons, including evolving workplace dynamics, global challenges, and the impending retirement of the Baby Boomer generation.
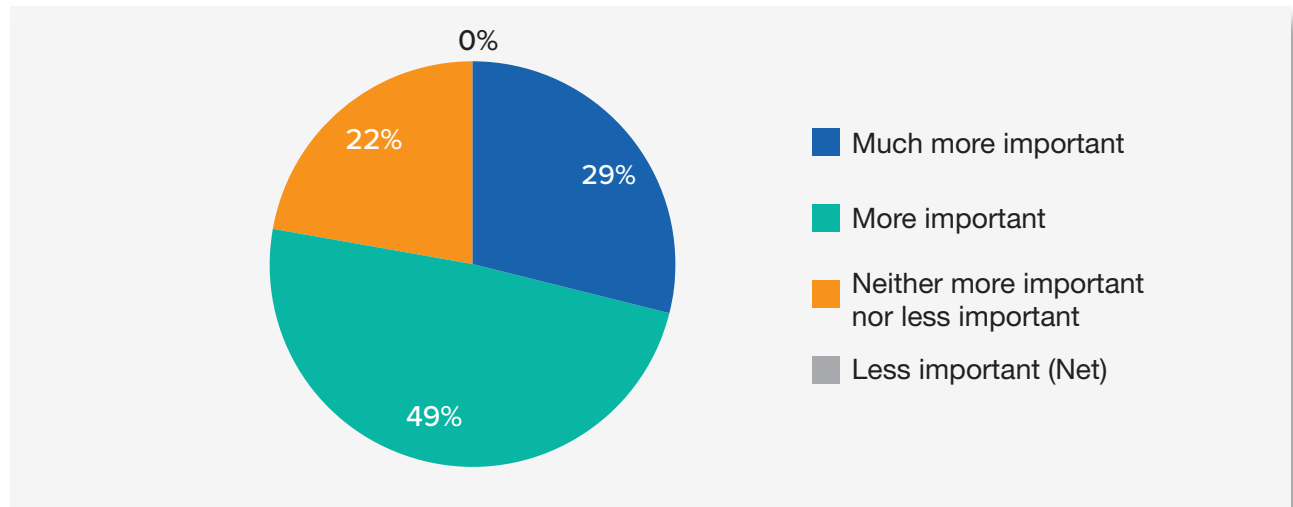
Moreover, the ongoing digital transformation requires leaders who understand and can leverage technology effectively. Leadership development programs will need to focus on digital literacy, innovation, and the ability to lead in a tech-driven environment.

The rise of remote and hybrid work arrangements has also changed the dynamics of leadership. Leaders now need to be adept at managing virtual teams, fostering collaboration across different time zones, and maintaining team cohesion without physical proximity. As a result, leadership development will need to address these unique challenges.

How Leadership Development Will Change in Importance

Pie chart legend:
- Much more important — 29%
- More important — 49%
- Neither more important nor less important — 22%
- Less important (Net) — 0%

Notes

1. Moldoveanu, Mihnea and Narayandas, Das. "The Future of Leadership Development," *Harvard Business Review*, April 2019. https://hbr.org/2019/03/the-future-of-leadership-development

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6. Mazan, Lori. "Interweaving Vertical and Horizontal Development: A Whole-Person Approach to Scale Leadership," *Sounding Board,* August 9, 2022. https://www.soundingboardinc.com/webinar/vertical-horizontal-development/

7. McIlroy, Gareth. "Closing the Succession Gap," *Korn Ferry,* 2019. https://focus.kornferry.com/closing-the-succession-gap/

8. "4 Reasons to Invest in Leadership Development," *Center for Creative Leadership,* November 20, 2021. https://www.ccl.org/articles/leading-effectively-articles/why-leadership-development-is-important-4-reasons-to-invest/

9. Miles, Madeline. "4 reasons why you can't afford to skip out on succession planning," *BetterUp,* November 18, 2022. https://www.betterup.com/blog/succession-planning

10. Moldoveanu, Mihnea and Narayandas, Das. "The Future of Leadership Development," *Harvard Business Review,* April 2019. https://hbr.org/2019/03/the-future-of-leadership-development

11. "How HR Teams Can Use 360-Degree Feedback for Development," *Center for Creative Leadership,* December 4, 2020. https://www.ccl.org/articles/leading-effectively-articles/3-ways-make-big-impact-360-degree-assessments/

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Sounding Board offers a tech-driven, human-centric approach to leadership development in a volatile world. With world-class leadership coaches and the most flexible software for delivering customized, measurable coaching and mentoring programs, our award-winning Dynamic Leader Development Suite accelerates the growth of leaders at all levels and empowers organizations to thrive through disruption and change.