

Survey report 2008

UK highlights
Global leadership
forecast 2008–09
The typical, the elite
and the forgotten

About Development Dimensions International (DDI)

In today's grow-or-die marketplace, having the right talent strategy is crucial for an organisation's success. DDI helps you systematically and creatively close the gap between today's talent capability and the people you will need to execute tomorrow's business strategy.

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Additionally, if your business is multinational, DDI has the kind of global resources you need to implement your talent initiatives effectively and consistently worldwide.

DDI is pleased to present this profile of the current status of leadership and leadership development within the UK business community. The report grew out of a larger study, *Global Leadership Forecast 2008/2009*, the fifth in DDI's research series on global leadership issues and practices.

The results presented here contrast the responses from HR professionals and organisational leaders in the UK with their counterparts on the world stage.

The DDI authors of the report were Ann Howard and Richard S. Wellins.

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Summary of key findings

UK executives are unusually focused on growth and improving customer relationships. To achieve these objectives, they will need to develop high-quality leaders who can manage acquisitions and build new company capabilities.

Fortunately, both HR professionals and leaders view UK leaders more positively than the typical leader worldwide. The fact that the UK leaders come from larger organisations and are generally at more advanced management levels might partly explain these findings. Even if the UK leaders are better performers, on average, than their global counterparts, the proportion considered very good or excellent (44%) is still below the standards needed to grow and compete successfully on an international stage.

Similar observations can be made about the programmes used to develop leaders. More HR professionals from the UK rate their programmes as high quality than do their counterparts globally. Yet this number is still small (41%). Moreover, only two in five UK leaders are satisfied with what their organisations offer for leadership development. This critical evaluation from customers of HR programmes suggests that there are significant opportunities for improvement.

UK organisations make more use of external coaches, but otherwise they are fairly similar to other organisations worldwide in their choice of development methods. When executing their leadership development programmes, UK organisations are particularly strong in aligning them with business priorities and performance management systems. They could greatly improve their execution by holding senior managers accountable for programmes' success, deploying programmes consistently across locations, and formally measuring the outcome of leadership development.

UK organisations are somewhat more likely to have high-potential development programmes than other organisations around the world, which is a positive sign that they are attending to their leadership pipeline. As in other organisations, the UK high-potential programmes are of better quality than their regular programmes and generally better executed. They are more likely to assess high-potentials' strengths and development needs than are organisations elsewhere in the world. UK organisations could be more effective, however, if they made sure that managers give sufficient feedback so that high-potentials can better understand how to improve their skills.

UK multinational organisations have about the same proportion of leaders who work across national borders as similar organisations in other world regions. However, their treatment of multinational leaders is very much based on a 'sink or swim' approach. If UK organisations expect leaders to be successful in these complex and difficult assignments, they will need to take responsibility for preparing and supporting their mostly forgotten multinational leaders.

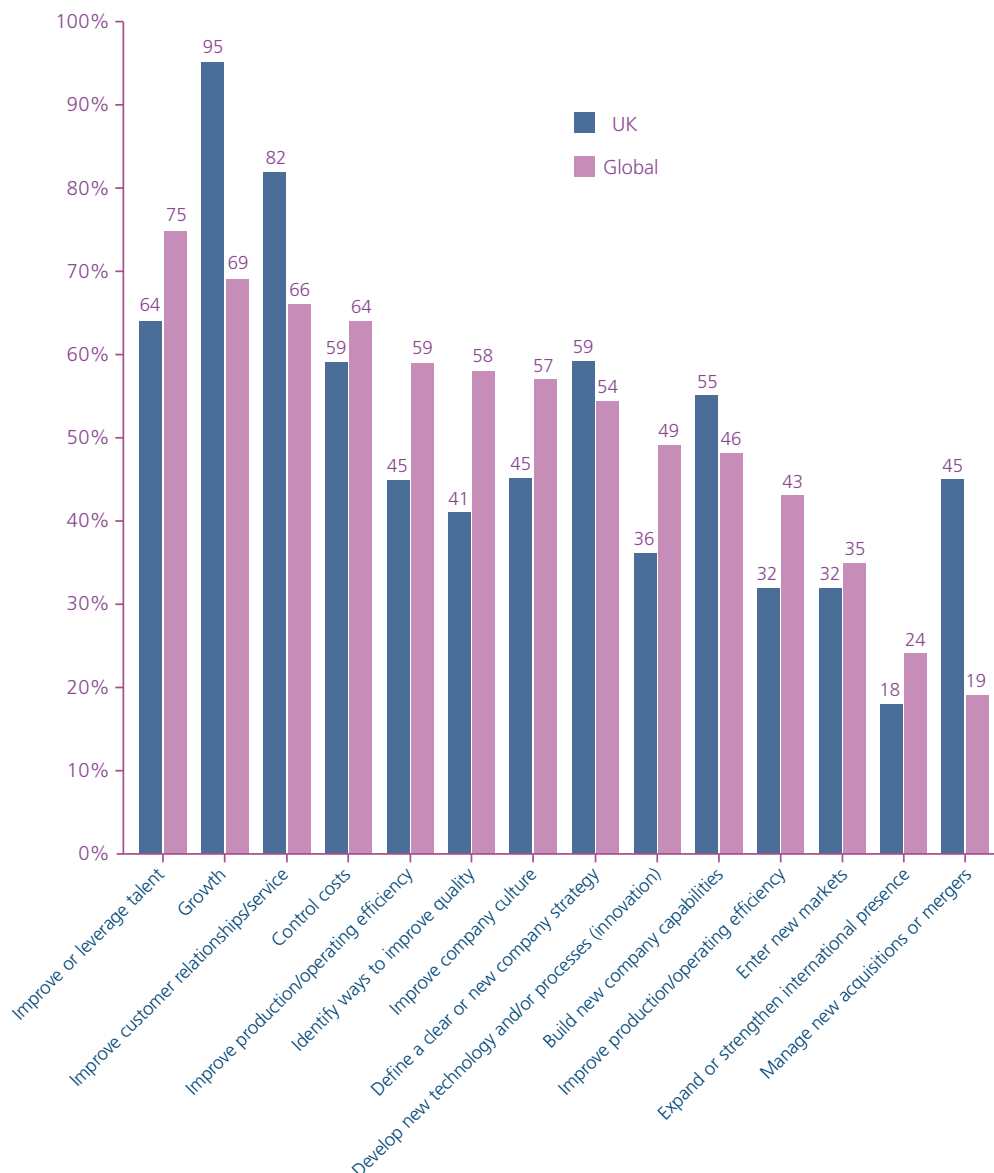
Leadership today

Business priorities

Leaders were asked to identify the most important business priorities for their organisations; they could check any of the items that applied. We focused on the perspectives of executives, who best represent where their organisations are headed. Figure 1 lists the items in order from highest to lowest priority according to executives worldwide.

The top three priorities for the UK executives are the same as those for the global executives, although they are in somewhat different order. Topping the list for the UK executives is growth, where nearly all (95%) indicated it is one of their most important priorities. Many growing economies in Eastern Europe are managed from the UK and other Western European countries, which might explain this emphasis on

Figure 1: Executives' business priorities



growth. Improving customer service comes in second as an important priority. Improving or leveraging talent is third. Worldwide, talent is executives' first business priority.

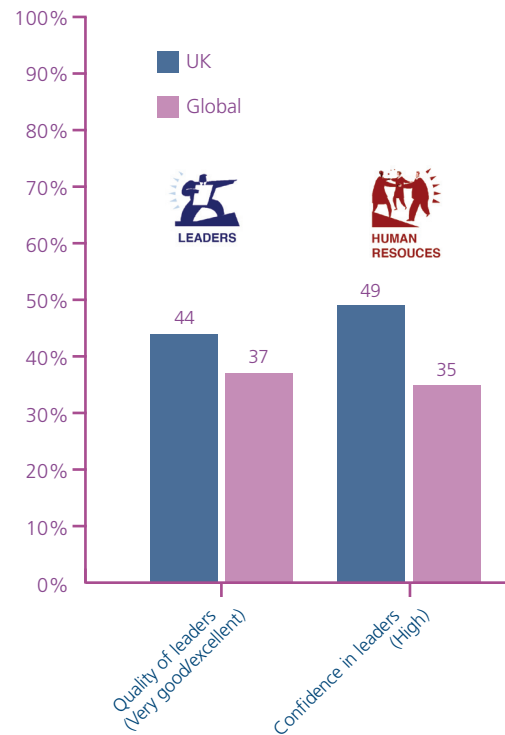
Consistent with their emphasis on growth, the UK executives give more priority than other global executives to building new company capabilities, defining a clear or new company strategy, and managing new acquisitions and mergers. In comparison, they are less concerned with operational excellence, such as improving efficiency, quality, technology or processes.

Evaluating leaders

When asked to rate the overall quality of leaders in their organisations, a disappointing 8% of UK leaders rate them excellent, although another 36% rate them very good. The sum of these two ratings is higher than that for the global sample (see Figure 2), perhaps because the UK sample had more senior-level participants. In the global sample, higher-level managers tend to have more positive views of leadership quality than those at lower levels. Almost a quarter of the UK leaders (24%) rate leaders in their organisations as fair or poor.

The right side of Figure 2 shows the percentage of HR professionals indicating they have high confidence in leaders' ability to assure the success of the organisation. The UK leaders fare better than the global average in the eyes of HR professionals. Both sets of results in Figure 2 are positive indicators of the quality of UK leaders.

Figure 2: Evaluating leaders



Developing leaders: the typical

This section looks at how UK organisations develop leadership skills and how well leadership development programmes are executed.

Evaluating leadership development programmes

Only 42% of the UK leaders are satisfied with what their organisations offer to develop their leadership capabilities (see Figure 3). This is not significantly better than the global norm. Nevertheless, significantly more of the HR professionals in the UK give high ratings to the quality of their leadership development programmes than those in the global sample.

Development methods

HR professionals were asked to review a list of development methods and indicate how often they use them on a four-point scale, ranging from 'not at all' to 'extensively'. Figure 4 shows the average UK ratings for each method in comparison with the global respondents. The methods are arranged on a continuum that ranges from passive, external activities (that is, reading) to active methods integral to the job (that is, special projects within the job). Leaders in the global sample typically find the active methods on the right side of the graph more effective than the passive ones on the left.

Figure 3: Evaluating leadership development programmes

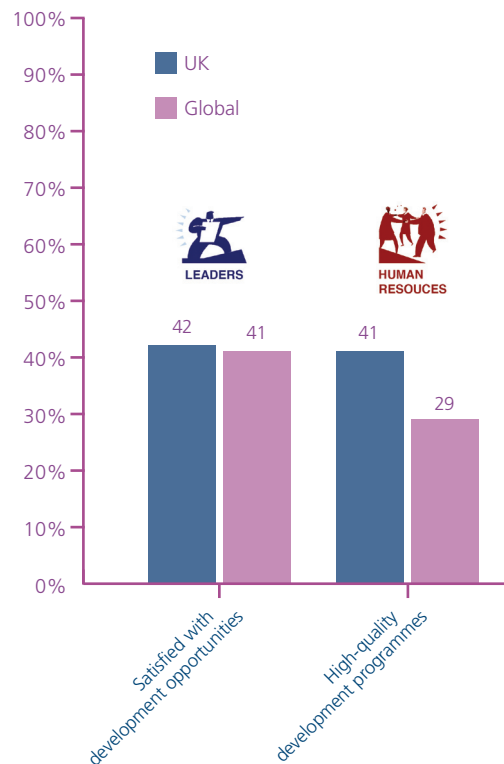
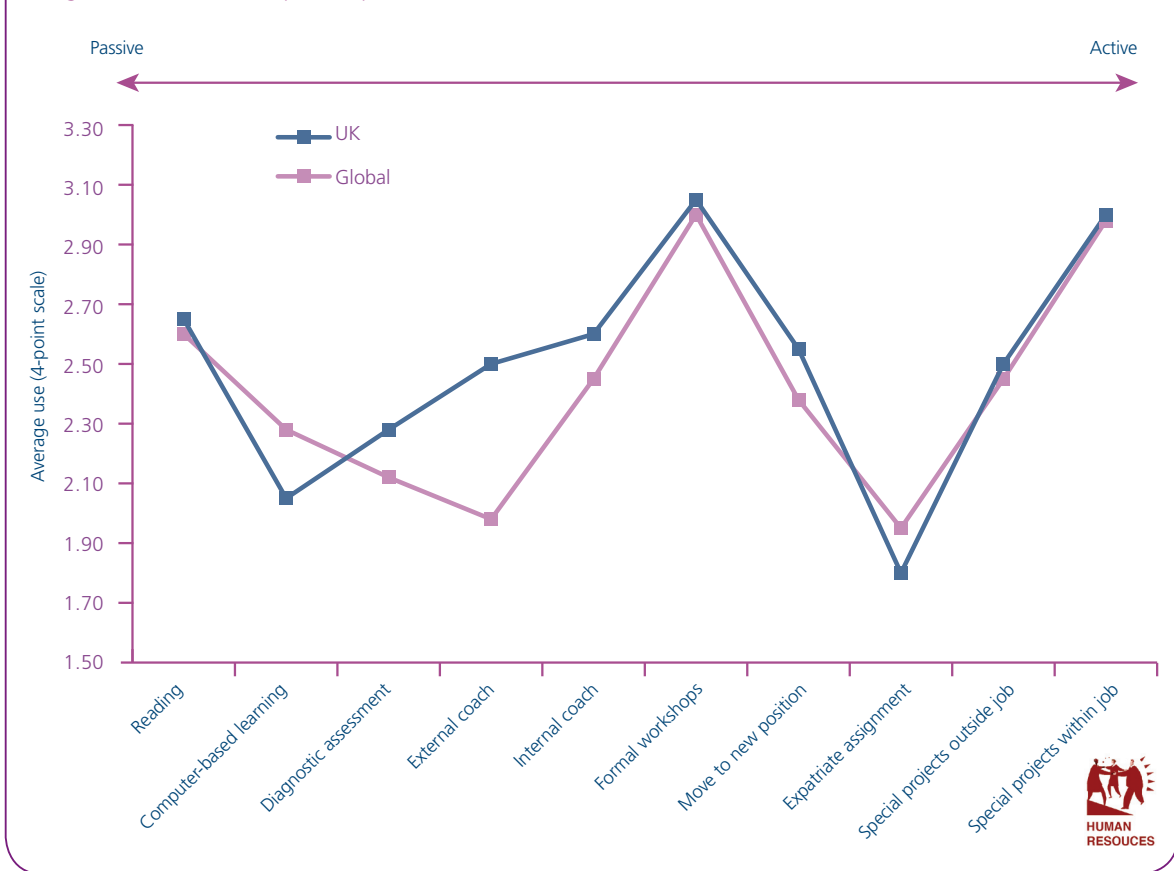


Figure 4: Use of leadership development methods



UK organisations make much more use of external coaches than the average organisation around the globe. This practice appears to be widely accepted in the UK, particularly in large organisations. UK organisations are somewhat less likely to use computer-based learning than organisations elsewhere. Again, some of the difference might be explained by the relatively high number of senior leaders in the UK sample.

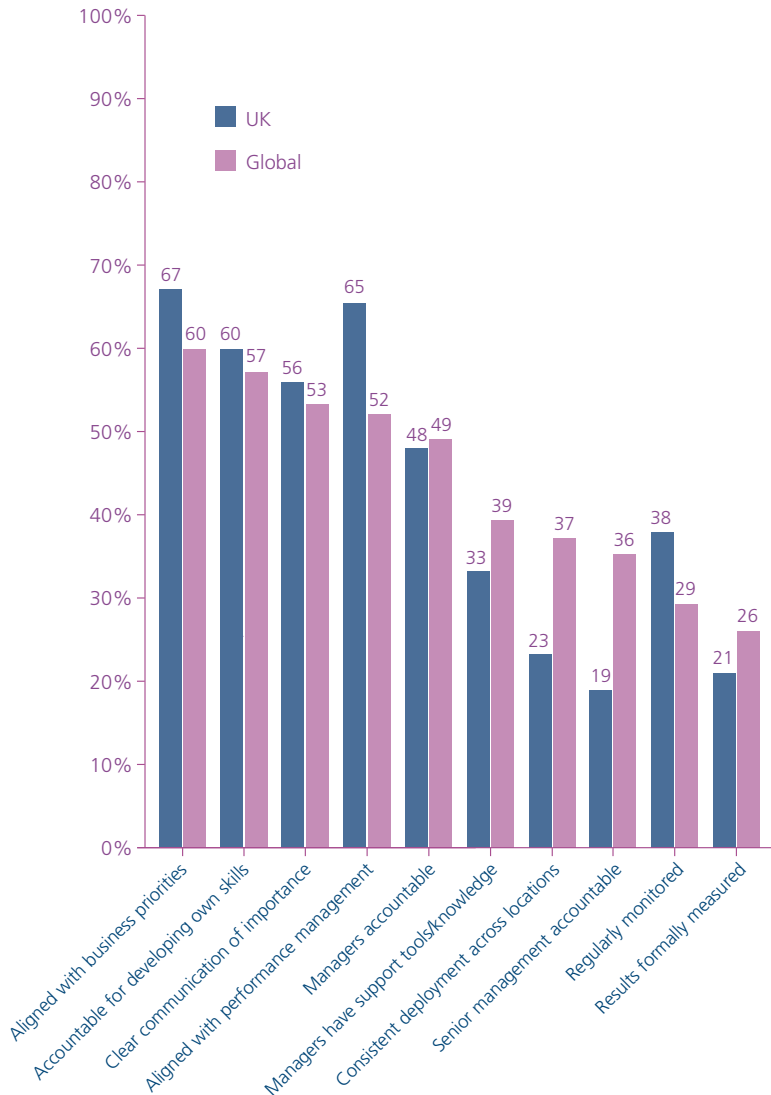
Executing leadership development programmes

Respondents were asked to indicate whether important steps to assure sound execution (ie execution that will lead to desired business results) are taken; they rated each item on a five-point scale, ranging from ‘strongly disagree’ to ‘strongly agree’.

Figure 5 shows the percentage of UK HR professionals and those in the global sample who agree or strongly agree with key questions around execution. The items are listed in order from the highest to lowest endorsement by the global sample. For both groups, at least half the respondents indicate that important steps are being taken to send a consistent message. UK organisations are more likely than those elsewhere to assure alignment of leadership development with business priorities and performance management systems; in both cases, nearly two-thirds of the HR respondents agree that these steps are taken. Given that Western Europe is primarily a mature, slow-growing economy, the emphasis on alignment might be seen as an effort to conserve investments by focusing on the most critical needs.

UK organisations are particularly remiss in areas such as not holding senior managers accountable for leadership development, being inconsistent in the way they deploy programmes across locations, and failing to measure the results of leadership development. Thus, despite the efforts that UK organisations put into clarifying and aligning their message about leadership development, their failure to assure that development takes place through proper accountability, skills training and measurement is likely to be a barrier to gaining the results they want.

Figure 5. Executing leadership development programmes



High-potential leaders: the elite

High-potential employees are defined as those designated by the organisation as having the potential to assume high-level leadership roles and put into a special pool. Typically, these employees are placed in accelerated development programmes to prepare them for their future roles.

Identifying high-potential leaders

Compared with the worldwide sample, a somewhat larger proportion of UK organisations (58%) have a process for identifying high-potential leaders (see Figure 6). This might be because the UK organisations tend to be larger than the typical global organisation. A quarter of the UK leaders identify themselves as in a high-potential programme, the same proportion as in the global sample.

Evaluation of high-potential development programmes

More UK organisations (47%) have a programme to accelerate the development of their high-potential leaders than the typical organisation in the global sample (39%). Worldwide, those in high-potential programmes are much more positive about their development programmes than leaders who are not in such an elite group. This finding also holds true in the UK (see Figure 7). However, high-potential leaders in the UK are even more positive about their programmes than the average high-potential leader elsewhere.

Figure 6: Identifying high-potential leaders

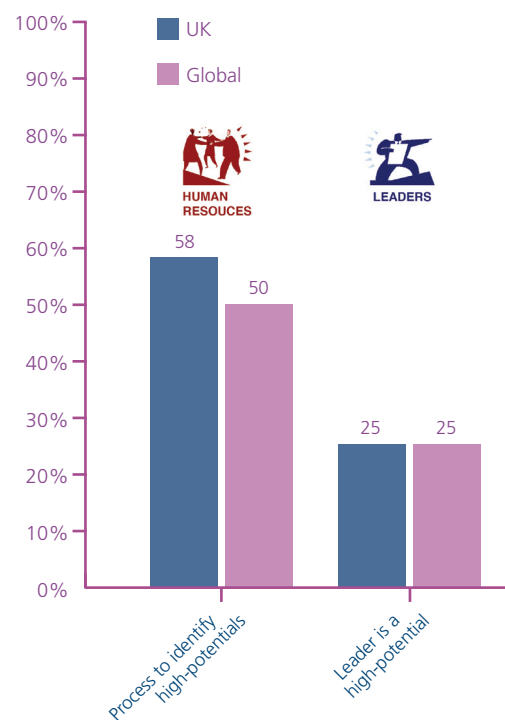


Figure 7: Quality of high-potential development programmes

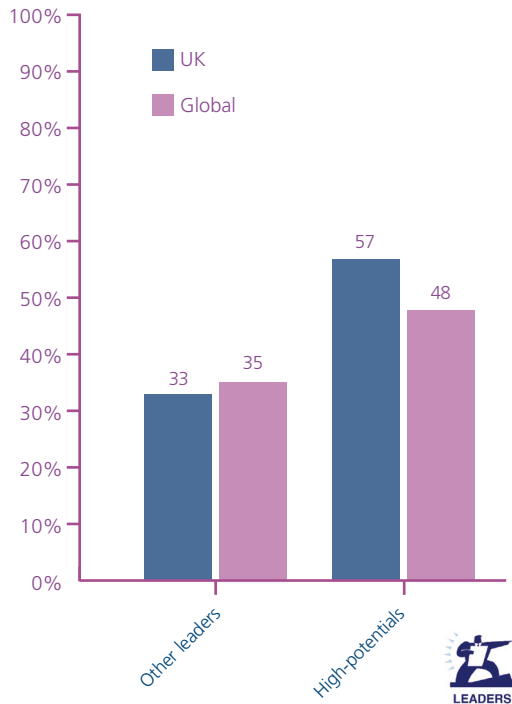
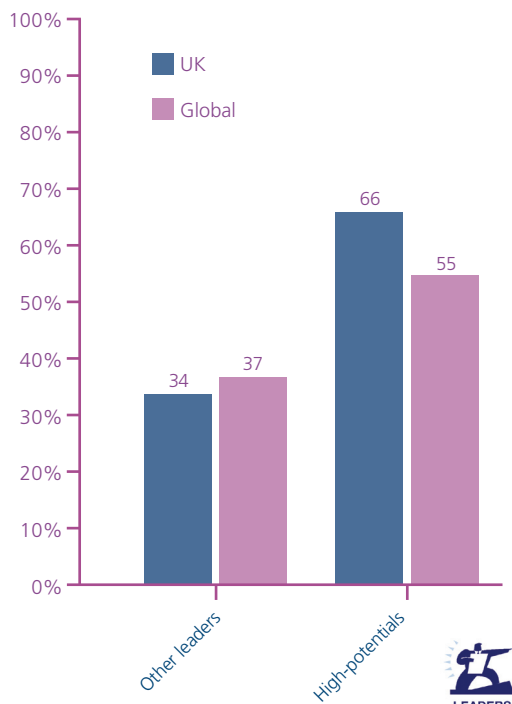


Figure 8 shows a similar pattern for leaders' satisfaction with their leadership development offerings. The high-potentials are significantly more pleased than those who are not in the elite programme. Moreover, the UK high-potential leaders are notably more satisfied than the typical high-potential leader in the global sample. UK organisations stand out for having high-potential programmes that are significantly better received than standard leadership development initiatives.

Executing high-potential development programmes

Perhaps one reason leaders are more satisfied with high-potential programmes is because they perceive them to be much better executed than programmes designed for typical leaders. A comparison of Figure 9 (next page) with Figure 5 (page 7) shows that UK organisations generally do a better job of aligning and monitoring their high-potential programmes than their regular programmes. Moreover, they align and monitor their high-potential programmes more often than other organisations worldwide (see Figure 9). On the other hand, accountability, especially among senior managers, is weak (23%), trailing the global average for high-potential programmes (44%).

Figure 8: Satisfaction with high-potential development programmes



High-potential leaders in the UK are much more likely to have participated in a formal assessment of their strengths and development needs than the typical high-potential leader (see Figure 10). However, on several other measures the UK leaders do not describe the execution of their high-potential programmes as favorably as leaders from other countries. In particular, the UK high-potentials are much less likely to get sufficient feedback about their performance. Also, fewer UK high-potentials get clear communications about the importance of their development, and fewer describe their programmes as aligned with the performance management system.

Figure 9: HR professionals' view of high-potential programme execution

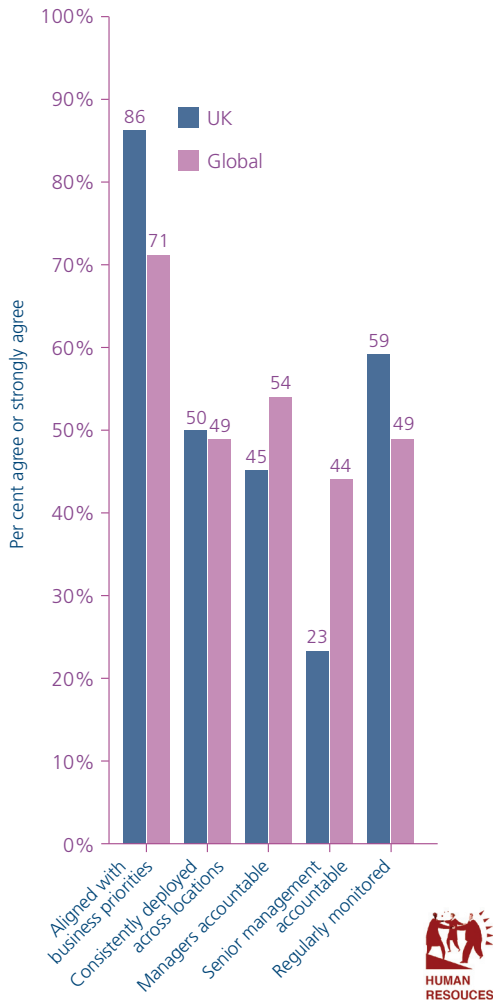
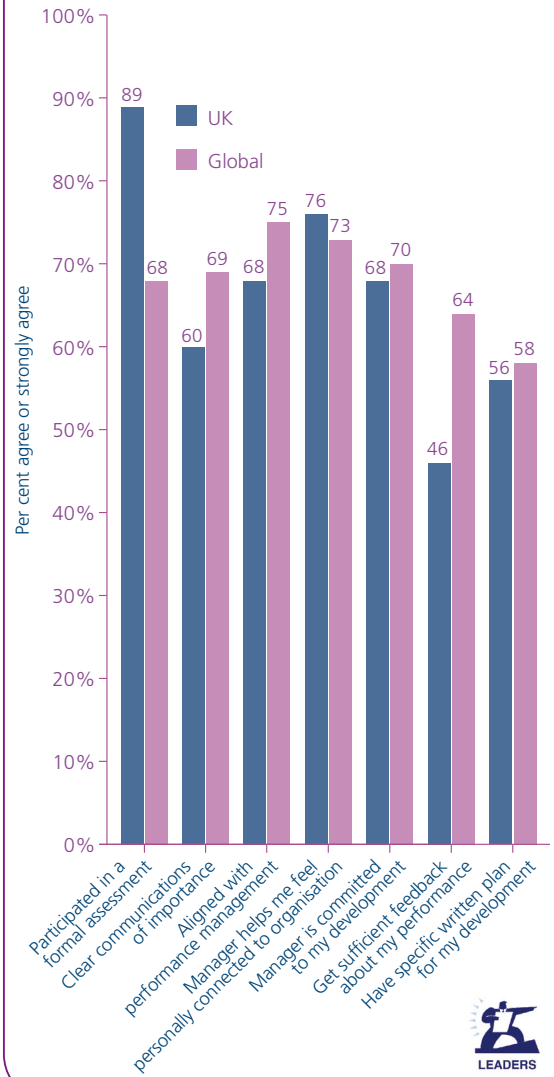


Figure 10: Leaders' view of high-potential programme execution

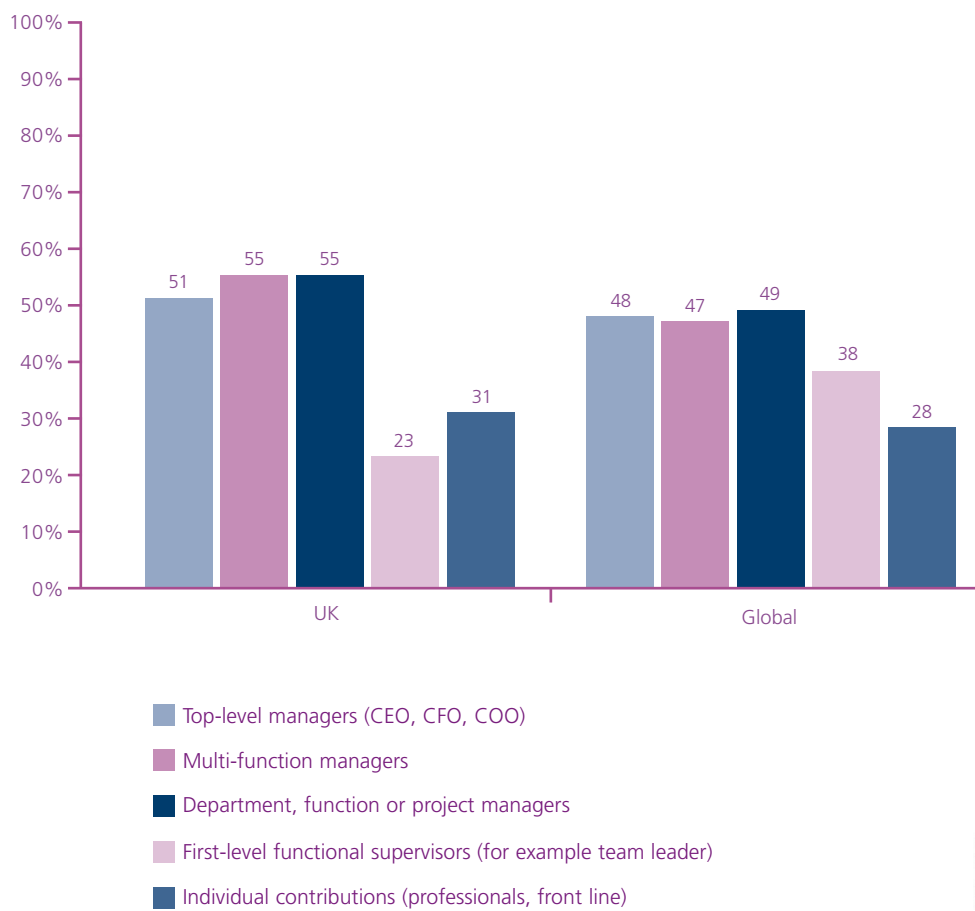


Succession planning

High-potential programmes are often one aspect of organisations' succession planning process. UK organisations are somewhat more likely than those elsewhere to have succession plans at the department head level and above. They are less likely to use them at the first level of management (see Figure 11).

The best way to assure a qualified cadre of leaders in the pipeline is to begin developing potential leaders at the bottom of the leadership pool. Failing to assure that those with the highest potential rise into each rung of management could leave UK organisations with a less than optimal pool of candidates for higher-level positions.

Figure 11: Prevalence of defined succession plans



Multinational leaders: the forgotten

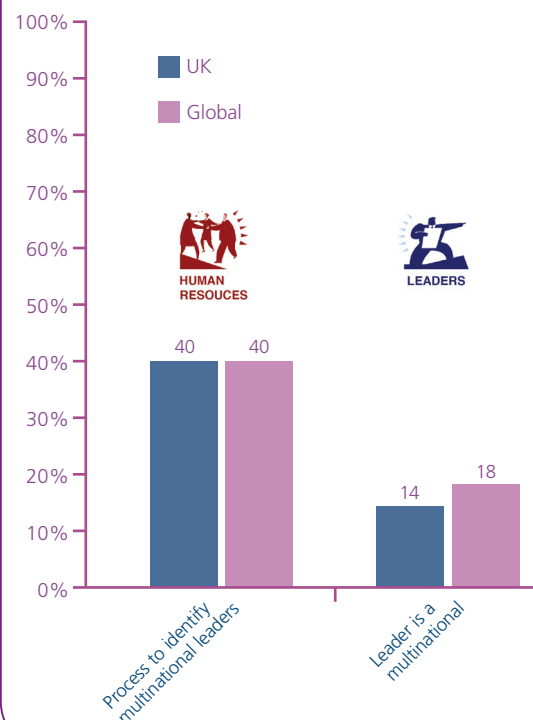
Multinational leaders are defined as leaders who work on projects, assignments or business units that require a great deal of collaboration with associates in multiple countries.

Multinational leaders may be located outside the home office country (that is, expatriates) or inside the home office country. Multinational leaders include regional, international and global leaders. Although national organisations claim to have a small proportion of multinational leaders, we focus here on the experiences of those in multinational organisations (that is, those that own, operate or have affiliate offices in multiple countries).

Identifying multinational leaders

Among multinational organisations, only two in five have a formal process for identifying potential multinational leaders. This proportion is the same for both UK and other organisations (see Figure 12). Compared with the worldwide average, a slightly smaller percentage of leaders in the UK identify themselves as having multinational responsibilities.

Figure 12: Identifying multinational leaders

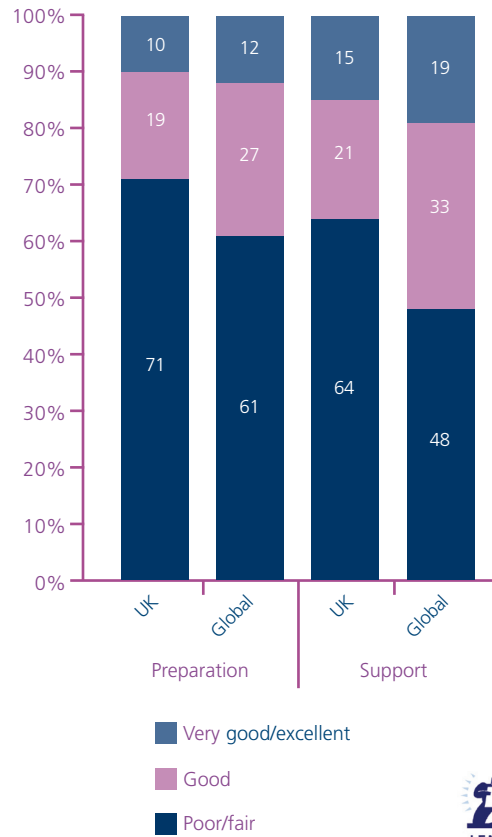


Treatment of multinational leaders

Although 40% of UK multinational organisations have a process to identify multinational leaders, only 32% have a process to develop them (compared with 29% worldwide). Development of multinational leaders appears to be a universal problem. Nearly 71% of the UK multinational leaders describe their preparation for their assignments as fair or poor. This is notably worse than that reported by the worldwide sample of multinational leaders (see Figure 13).

Support for multinational leaders in their assignments is not much better than their preparation. Once again, more UK leaders find their experience poor or fair than the typical global leader. As useful as overseas assignments might be, organisations seem to be taking a strong 'sink or swim' approach in their treatment of these leaders, which might make it extremely difficult for them to succeed.

Figure 13: Preparation and support of multinational leaders



Background

This report is based on survey responses from HR professionals and leaders based in the UK. An HR professional filled in a survey for each organisation or major organisational business unit. The HR professionals then invited representative samples of their organisation's leaders to complete leader surveys. The UK respondents are compared in this report with the total group of HR professionals and leaders from 76 countries in the *Global Leadership Forecast* (see Table 1).

The UK organisations are somewhat larger on average than those in the global sample; that is, there are fewer small UK organisations (1,000 employees or fewer) and more medium-sized and large organisations (see Figure 14).

Table 1: Sample size

	UK	Global
HR professionals	49	1,493
Leaders	259	12,208
Total	306	13,701

The UK sample also differs from the global average with respect to leaders' management level. There are fewer first-level leaders in the UK sample and more senior-level leaders (see Figure 15). Additional information about the UK organisations and leaders is in the Appendix of this report.

Figure 14: Organisation size

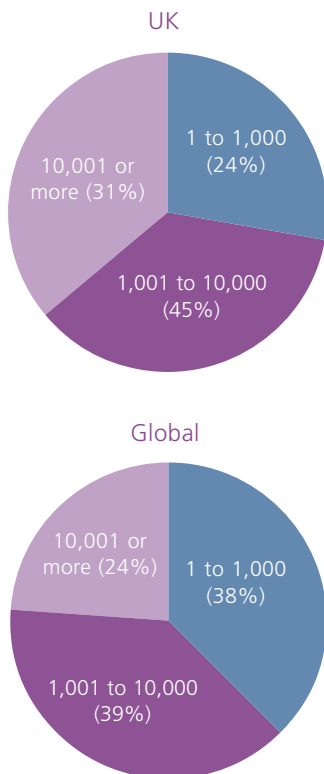
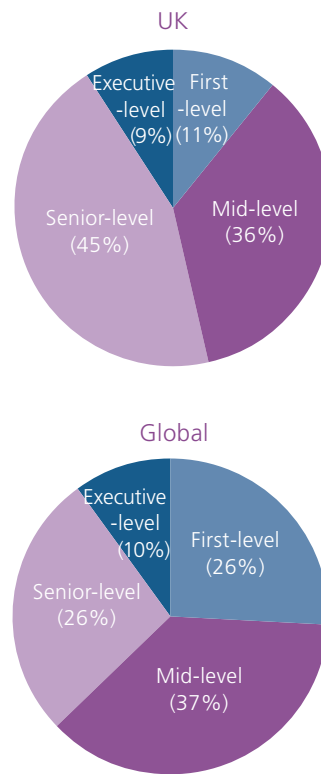


Figure 15: Management level of leaders



Appendix

Demographics

Organisation

49 Number in sample

Number of employees

0% 1–10
2% 11–50
0% 51–100
0% 101–250
6% 251–500
16% 501–1,000
24% 1,001–5,000
20% 5,001–10,000
12% 10,001–20,000
10% 20,001–50,000
8% 50,001 or more

Presence in the global market

33% National
67% Multinational (own, operate or have affiliate offices outside own country)

Leaders

259 Number in sample

Management level

11% First-level (supervisor, team leader, foreman)
36% Mid-level (leader of first-level leaders)
45% Senior-level (leader/manager of mid-level leaders)
9% Executive-level (leader in a policy-making position)

Organisational tenure

6% Less than 6 months
4% 6–11 months
11% 1–2 years
28% 3–5 years
20% 6–10 years
11% 11–15 years
19% More than 15 years

Age

1% Less than 18
21% 18–25
50% 26–35
21% 36–45
3% 46–55
4% 56–65
6% More than 65

Gender

71% Male
29% Female

Acknowledgements

This report was taken from DDI's full report *Global Leadership Forecast 2008/2009: The typical, the elite and the forgotten*. The current *Global Leadership Forecast* and this report address several issues in addition to the state of leadership today. What's working and what's not in developing tomorrow's leaders? How are organisations managing their leadership pipeline and planning succession management? How well are managers prepared to lead across national borders?

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International partners

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