3D leadership: What's in a leader?

ilm

Finding the leaders that will take us into the future

No-one ever said leadership was simple. But there can be no doubt that currently, a unique set of conditions is adding huge complexity to the role of leading. Rapid technological change, digital disruption and automation are radically altering what organisations do and how they do it. New roles and markets are emerging, while others are disappearing. Coupled with this is the uncertain political and economic backdrop against which organisations must continue to operate.

So what type of leaders are required as we embark on the Fourth Industrial Revolution? What skills are important and how will existing and future leaders acquire them? To find out, ILM undertook in-depth research into what more than 2,000 full- and part-time employees with decision-making responsibilities think of the leadership within their organisations and what makes it effective.

90% of respondents had key decision making responsibilities, but only **49%** considered themselves leaders

Our approach

Leadership involves a wide range of skills and behaviours and cannot be summed up in one word. Different industries, sectors and organisations make different demands of their leaders, but we believe a core set of leadership skills must be present in every leader. The way in which these capabilities are developed and manifested will vary depending on the individual. And remember, excellent leadership skills are essential at every level of the organisation, not just at the top.

With this in mind, ILM decided to take a three-dimensional approach to explore what makes a great leader today and where organisations should shift their focus to develop leaders for the future. This research examined the behaviours and attributes that make up the core components of leadership so that individuals and leaders are able to make decisions on which are the most valued and relevant capabilities to bring out the best in themselves and others. To ensure an all-round view, we asked individuals to think about themselves and their peers, as well as those in more senior positions.

The ultimate aim of the research was to establish the optimum combination of skills that individuals should develop if they are to become effective leaders in the 21st Century, capable of steering their organisations to success.

Executive summary

There is still confusion over who is a leader and what it involves. And while there is agreement over the skills many perceive are required to work effectively with and through others, there remain some worrying skills gaps and disconnects between the theory and practice of good leadership in the workplace.

If people are making critical decisions about finance, staffing, or strategy they undoubtedly need to be equipped with leadership skills. Of the 2000 respondents who completed the ILM 3D leadership survey (respresenting a full cross-section of employees at all levels), 90% advise that they had key decision-making responsibilities but only half (49%) describe themselves as leaders. This finding alone confirms the need to have more clarity over leadership roles and the core competencies and capabilities required.

Responses suggest this could be due to feelings of disempowerment with almost half (47%) believing that they work in hierarchical organisations despite the trend towards flatter organisational structures in recent decades. Clearly, far more work needs to be done within many organisations to ensure leadership qualities flow through working practices.

The research also highlighted an alarming gap in skills development with far too many individuals with leadership responsibilities believing they lack the necessary skills to perform effectively in their role. Just over a third feel "very equipped" for their current role and less than a quarter feel "very supported" to learn new skills.

One of our main objectives of the research was to identify which skillsets are perceived as important to advance an individual's career and better inform their development plan. Many agreed on the importance of human skills such as communication, feedback and empathy but these aren't always practised on the shopfloor, with employees often citing lack of opportunity as the main barrier.

The report also shone a light on the rise of contagious leadership revealing the true extent to which we learn from others. Three-quarters of respondents (74%) mirror the leadership styles of their colleagues, with both positive and negative results as bad behaviours were found to be as infectious as good.

Indeed, this suggests that contagious leadership tends to come out of a need rather than because an individual admires what they see in a colleague. Half of respondents said they are most likely to copy a colleague's behaviour when in challenging or unfamiliar situations and a third when something goes wrong. The negative effects of contagious leadership are hard to control but ensuring individuals feel well-equipped to deal with day-to-day leadership challenges is an effective form of defence.

Going forward, a range of factors, from technological development and digital disruption to political and economic uncertainty, will bring more layers of complexity to a leader's role. Individuals not only need to be preparing for it early in their careers by developing these skills from the ground up but also practising them. They must be effective communicators and possess the core leadership skills and competencies combined with the ability to react, adapt and respond to the radical change that many organisations will undergo in the years ahead.

Why we need to talk about leadership

47%

still believe they work in hierarchical organisations compared to

39%

in collaborative ones
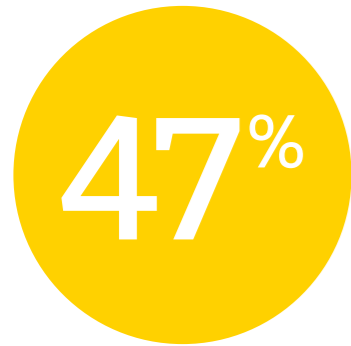
Although all respondents have decision-making responsibilities in one sense or another – whether delegating tasks, choosing suppliers, or managing customer solutions – only half (49%) describe themselves as leaders.

Despite the move towards flatter organisational structures, just under half (47%) still believe they work in hierarchical organisations compared to 39% in collaborative ones, which could explain at least in part why some respondents do not see themselves as leaders. It's clear that not enough people understand the need for leadership qualities to flow through their working practice, regardless of their title or level of experience. Leadership must exist at all levels of the organisation and in all roles.

Two-fifths (41%) of respondents believe that organisations and individuals undervalue the power of leadership, indicating that when it comes to daily working life good leadership qualities are not always prioritised. Significantly, a high proportion of respondents say that recent political events have changed their view on how critical leadership is:

- Brexit: 43%
- 2017 UK election: 48%
- US 2016 presidential election: 40%

The importance of good leadership is gaining wider recognition by the public at large and that employees expect to see strong and effective leaders in their organisation.

What are considered to be critical leadership skills?

When asked which professional capabilities they possessed, almost four-fifths (78%) of respondents identified communication and feedback as their top capability with problem-solving and decisiveness, and empathy and sensitivity, also ranking highly at 70% and 67% respectively.

In terms of behaviours, almost three-quarters (72%) see responsibility, accountability and integrity as the most important attributes, followed by flexibility and agility (71%). Self-awareness, authenticity and humour also scored highly with 68% of the sample surveyed selecting these qualities as most valuable.

It was a different story with hard skills, which ranked much lower: IT/digital literacy was cited by less than half (47%) and technical ability in your field with a similar proportion (45%), while financial acumen and commercial awareness at 29% were seen as their least valued leadership skills. When it comes to the skills people felt were most critical so-called soft skills were by far the most valued.

What do individuals most value in those they work with?

When it came to what skills and behaviours respondents valued most in colleagues, softer skills once again conquered with communication and feedback registering with 45% compared to only a quarter citing technical ability. Customer skills and customer service skills also ranked relatively low with less than a quarter of respondents. Attributes such as commitment and passion and responsibility/accountability and integrity also ranked higher than hard skills at 32% and 30%.
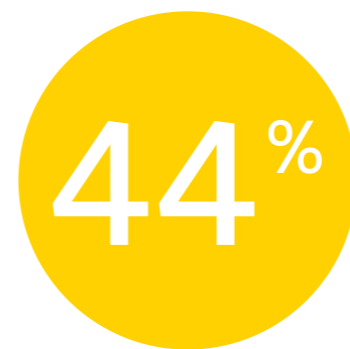
As organisations start to automate systems more regularly, and computers become ever more intelligent, it is unsurprising that people are realising 'human' skills provide a point of differentiation, and indeed how valuable and valued they are as tools for productive working. These leadership traits emphasise that it's not just about having one skill but rather a set of capabilities that can be dialled up and down as required and which can be quickly adapted to deal with any given situation.

78%

of respondents identified communication and feedback as their top capability

29%

see financial acumen and commercial awareness as their least valued leadership skills

The next five years will see many organisations transitioning and adjusting to digital age working and this will put major demands on leaders. A premium will be placed on attributes such as resilience and adaptability if they are to drive the level of change required.

Finding the right balance of leadership skills

44%

thought their organisations had innovation and creativity skills

Leaders need to make sure they apply skills such as communication and empathy to manage the transformation taking place and clearly convey the part individuals play in it. Historically, employees have complained that they feel change is merely presented to them as a fait accompli. The level and pace of technological change is such that many employees feel insecure about their future roles and livelihoods and they need to be made part of the discussion about the organisation's future.

Re-educating leaders about the value of skills

According to the research, some core leadership and management skills such as motivation, negotiation, persuasion and resilience do not rank as highly as expected. But as well as managing internal change, these skills will be needed to lead in the era of ecosystems and strategic partnerships with external organisations. Those who excel in areas such as relationship/partnership building and influencing and who show personal resilience and resolve are likely to be the ones who enjoy the most success as a leader.

The lack of importance placed on technical, digital and financial skills similarly could see organisations in trouble if these aren't elevated in importance. There is already a digital skills shortage and the increasing reliance on technology is seeing the emergence of new roles and disciplines. The rise of big data and analytics means organisations are moving towards more data-driven decision-making and strategies. These will bring some fundamental shifts to how people do their jobs and it requires informed leadership.

Indeed, leaders are faced with a dual challenge since they themselves need to understand the implications of a more data-driven organisation but also ensure that the organisation is developing the right kind of digital skills from the ground-up.

It is also surprising that at a time when new business models are being developed and many companies face the threat of disruptors entering their sector, that the value of commercial awareness and financial acumen is underplayed by many individuals. And it is a similar story with innovation. Many organisations are finding that they have to prioritise innovation and creativity to survive and break into new markets but well under half (44%) saw themselves equipped with skills in this area.
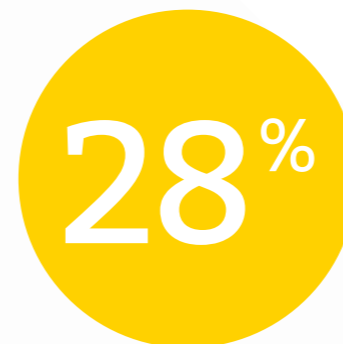
While it is great news that organisations have done a good job of equipping leaders at all levels with solid people skills, the findings suggest that leadership skillsets do need to be enhanced and better aligned with current developments in the world of global business if leaders are to successfully meet the challenges of the next five years.

The rise of contagious leadership
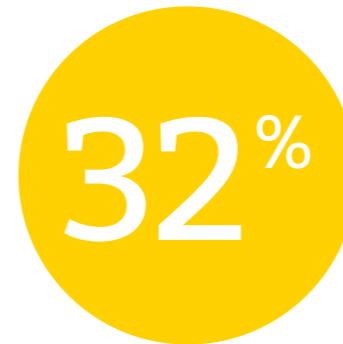
It can be an immensely positive thing when good behaviour is mimicked and it also bolsters consistency of behaviour and actions and can even foster a sense of community. But contagious leadership can also mean mirroring bad behaviour and negative traits and the infection can prove hard to control, quickly spreading across a business. It is therefore important that HR and L&D leaders across an organisation are alert to any such contagion in their organisation and ensure that only positive behaviours and attributes are modelled by leaders.

Significantly, half of respondents are likely to emulate a colleague's behaviour when in an unfamiliar or challenging professional situation and a third (32%) when something goes wrong. This suggests that contagious leadership comes out of necessity rather than because they admire the skills and capabilities of a colleague or leader and can see how they have a valuable impact on the organisation and those around them.

Individuals learn from those who are closest to them, rather than those who have admirable reputations or desirable capabilities. In the workplace, half of respondents are most influenced by those they work with most frequently, while just over a quarter (28%) are influenced by senior colleagues.

The research show intergeneration learning is commonplace with three-fifths (61%) of those in the 55 years-plus age group saying they will emulate people of all ages. In the 16–24 year age range, two-fifths (41%) will emulate those older than them and 37% in the 25–34 years age group say the same.

With reverse mentoring being used to help staff learn digital and other skills, it is encouraging that older workers feel they have something to learn from colleagues of different ages. Overall though, the majority (65%) of older workers (55+) prefer formal training and development compared with half (49%) of younger workers (16–24) more likely to opt learning from a colleague.

32%

of respondents are most likely to emulate a colleague's behaviour when something goes wrong

28%

of respondents are influenced by senior colleagues

Nearly a fifth emulated a workmate's communication and feedback style in order to work better with colleagues

While it is right that a person should turn to a colleague for help at a time of crisis, the research proves that the choice of mentor in such cases is indiscriminate and not necessarily based on them having more experience or superior skills. The danger of this, of course, is that the wrong traits and behaviours are transferred.

It is difficult for leaders to prevent this from happening, but ensuring employees are equipped for their role and with the correct core leadership skills will help to stamp out the spread of negative contagious leadership.

The need to invest in development
The rise of contagious leadership perhaps points to a deeper problem within organisations which may be suffering the consequences of a lack of investment in learning and development in the years following the UK recession.

Millenials prefer a more fluid and flexible working conditions and tend to favour more informal learning. They have also grown up in the era of e-learning and mobile learning which relies more on individuals taking responsibility for their own professional development. Employers should question whether sufficient measurement strategies have accompanied this learning to monitor effectiveness as this could be another reason for the reliance on colleagues to acquire skills.

Contagious leadership is by no means all bad. As well as being an extremely cost-effective way for leaders to acquire skills, learning from the right people is an excellent way to model good leadership. Employers need to find ways to harness the positive side of contagious leadership and should explore the use of mentoring and buddy programmes that ensure individuals are learning from appropriate people.

Fears surrounding contagious leadership also need to be balanced by the statistic that well over half (58%) recognise that formal training and development is more helpful for acquiring new skills and capabilities. The challenge for employers is to harness the positives of learning from colleagues. Leaders also need to be mindful that the skills, capabilities and behaviours possessed by employees at all levels can be contagious and infect others in the workforce, whether positively or negatively.

One of the ways that organisations can defend against a damaging contagion is to develop a core set of values that proliferates throughout the company. These need to be role modelled by those at the very top and cascaded down.

The gap in skills development

Just over a third (38%) of those we spoke to feel "very well equipped" for their current role. As expected, staff in the 55-plus age bracket generally feel very well equipped (47%) compared to far fewer 25–34 year-olds (33%). The overriding majority of everyone we asked (69%) reckon that they will need a different skillset to perform in their role in the next two to five years, with the 25–34 year-old age group the most concerned. Worryingly, less than a quarter of respondents (24%) feel "very supported" to learn new skills.

The vast majority (84%) report that they are actively using all of the top capabilities but findings also reveal some interesting disconnects between the skills that individuals value and believe important and their usage on-the-job. Empathy, sensitivity and tact, problem-solving and decisiveness, and customer skills and service ability are all in abundance but are being woefully under-used by only two per cent of respondents. The main reason cited for this was lack of opportunity.

Almost two-thirds (62%) also reported under-use of digital literacy skills due to lack of opportunity and this was also cited as the top skill people are looking to develop with 17% of respondents expressing it as a priority. This figure jumps to 26% in the over 55 age group and drops to 10% in the 25–34 year age group.

There are clear signs that employees understand the important of digitalisation and digital transformation with nearly two-fifths (38%) saying this desire is driven by helping the organisation to achieve its goals. This also aligns with the finding that many respondents have positive views about the impact of automation on the workplace and believe it could make their jobs more interesting. According to 43% of those surveyed, the biggest benefit of automation will be less time spent on administrative tasks and in the 16–24 year age group, believe the top benefit will be to spend more time on learning and development. The 45–55 year-olds are the least enamoured with automation though with a third (32%) believing there are no benefits. Meanwhile, around a fifth (18%) of 25–34 year-olds want to develop project management skills.

Leadership in the Fourth Industrial Revolution is not just about technology but, if left to fester, the digital skills gaps that are being tolerated today within many organisations will turn into far bigger problems in the future.

Industry experts often point to a digital leadership void and all organisations must make sure that the necessary investment is made in learning and development to ensure the organisation is future-proofed and able to take advantage of the opportunities that come with the digital age as well as meet its challenges.

38%
feel 'very well equipped' for their current role
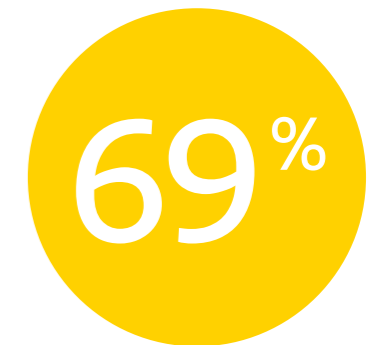
69%
think they will need a different skillset to do their role in 2–5 years

24%
feel 'very supported' to learn new skills

At a more rudimentary level, many organisations seem to have taken their eye off the ball when it comes to supporting employees and leaders in their career development. And where they have helped to equip them with valuable people skills, they are not providing enough opportunity for them to apply and hone those skills.

Of those respondents who aren't using their full skillset, more than a third believe that doing so would help to move their career forward and a similar number (33%) that it would inspire or encourage colleagues to achieve more.

A back-to-basics approach to managing, measuring and monitoring learning effectiveness is required in some organisations. In general, those surveyed recognise the value of many of the core leadership skills required but that they don't always see them in themselves or colleagues. This suggests these capabilities are not being prioritised at a more senior level.

The challenge for organisations is to equip leaders at all levels with the optimum mix of capabilities that will ensure they are effective communicators and good leaders in the traditional sense but that they are also able to react, respond, adapt to and manage the challenges ahead.

Conclusion: Facing up to the leadership challenge

ILM suggests focusing on the following five areas to ensure the right mix of leadership skills are developed and practiced from the ground-up:

Look at employees' skills from every angle

- People are much more than their job title, and for the most part possess a huge amount of skills that they aren't applying in their day-to-day work. Employees should be encouraged to use their skills to bring more value to their role, team and business, rather than feeling limited by arbitrary language or misguided hierarchies.

- By taking a three dimensional view, we can identify the core capabilities that make up the most effective leaders that are so crucial for achieving organisational success.

Establish a core set of leadership values and behaviours to flow through your organisation

- Investing time and effort in identifying and agreeing the kind of culture and values the business shares, and communicating these, will help create a code of conduct. If the values of openness and honesty are endorsed and reinforced throughout a business, people will instinctively understand when they behave – or when they see others behave – in a way that is counter to these.

- This type of values-driven approach to leadership should be built into an organisation's performance management and review process. Employees should be encouraged to discuss situations they have found challenging without fear of rebuke and participate in an environment where they can freely admit to not having all the answers.

Make upskilling employees with leadership skills a formal business imperative

- By rolling out formal training and reinforcement of positive leadership skills at every level of an organisation, businesses can be confident that their employees will be embodying and transferring to others the skills they really need for success.

- This need is reflected in the learning preferences of professionals, especially given that the majority agree that formal training and development is the helpful method for acquiring new skills and capabilities.

Create the right culture to future-proof the organisation

- Organisations need to keep their leaders relevant: The world of work is changing at a rapid pace, with the sharing economy, freelance community and gig economy growing exponentially. We need flexible leaders to manage such a diverse workforce, who can work effectively with different people, skills, and with different teams, countries, continents and so on.

Leadership at all levels

- Over 90% of staff act as leaders in their roles – from the most junior to most senior. Whether that's through making financial and strategic decisions or allocating resource and inspiring others, we cannot limit the term 'leader' to just those at the top

- Being able to manage multiple stakeholders is a key skill to learn, whether at the beginning or end of your career. Managing upwards, downwards, across functions or taking complex information and translating it into accessible language others will understand are all crucial leadership skills.

- We cannot wait indefinitely for people to be 'ready' to lead – they already are leading, whether they have the capabilities or not. Part of continual learning must be to equip them with the tools to do so.

Do you want to make your managers and employees, whatever their job title more effective, productive and engaged? ILM leadership solutions cover the needs of leaders from the most junior to senior recognising the critical skills required at each level to help organisations succeed.

**Get in touch with us.
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About ILM
ILM is the leading specialist provider of leadership qualifications in the UK. Last year, over 70,000 people enhanced their skills and performance with ILM, including over 14,000 management apprentices.

We believe that great leaders can come from anywhere. With the right support, anyone can grow and develop to make a real difference to their team and organisation.

Which is why we help individuals from all levels to realise and apply their potential, so that the organisations they work for can reap the benefits.

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