The Slippery Slope of Leadership

Leaders are not making the grade in developing successors.

By Ann Pace

Inside **Intelligence**:

Dissatisfaction lurks beneath the C-suite in organizations across the world as investment in leadership development falls, in tandem with declining confidence in top management.

Middle managers are discontent with leadership development opportunities available at work, while HR officials report declining trust in leaders to deliver on pledges to boost leadership ranks.

CEOs are aware of this need, as 75 percent of them identified improving or leveraging leadership talent as a top business priority according to the 2008-2009 Global Leadership Forecast conducted by Development Dimensions International (DDI).

Only 41 percent of leaders surveyed in the same study were satisfied with what their organizations offered to help them

Photos by Jupiter Images

develop leadership skills. This marks a decline of 12 percent in leadership development satisfaction since the survey was administered two years ago.

"Great leadership doesn't happen by accident—organizations need to start listening to their leaders and make the right development investments if they want different results than they're getting now," says Rich Wellins, senior vice president at DDI.

According to Ann Howard, chief scientist at DDI, dissatisfaction is not related to the content of development activities but rather to the methods organizations use to conduct leadership development initiatives.

"Organizations don't provide enough on-the-job opportunities for skill development and practice, higher management doesn't take responsibility for leadership development programs, and program results are seldom monitored or measured," Howard says.

The Global Leadership Forecast surveyed 1,493 HR professionals and 12,208 leaders from 76 countries. The study provided a comparison between organizations considered effective in developing leaders versus those deemed ineffective. According to the study, the most effective organizations used a greater variety of blended learning methods than the least effective organizations.

In addition, the study identified communication, accountability, leadership skills, alignment, and measurement as five key areas to assure a program is well-executed. More than four-fifths of the most effective organizations clearly communicated the purpose, importance, and benefits of leadership development.

The most effective companies were also more than twice as likely to align the leadership skills to be developed with business priorities and their related leadership competencies. High-quality development programs were 10 times more likely to measure the results of their leadership development initiatives than those considered low quality.

Not only is leadership discontent growing, but human resources officials are losing faith in their leaders, according to the study. The level of trust HR officers have for leaders has declined during the last 10 years, as only 35 percent of HR employees cite high confidence in their leaders.

"This deterioration of confidence is a sign that leaders aren't meeting the needs of the organization," Wellins says.

The time executives devote to leadership development is often reflected in how much confidence HR officials report. In organizations where HR professionals had high confidence in senior leaders, 65 percent of CEOs spent considerable time managing talent, compared with only 3 percent of organizations where confidence in senior leaders was low.

Finally, the study revealed that the United States lags behind other countries in succession planning. While only 49 percent of organizations worldwide have succession plans for their middle managers, U.S. organizations were weaker by 14 percent in that area than companies in the global sample.

"U.S. organizations are much less likely than their global counterparts to hold their leaders accountable for leadership development," Howard says.

"Many U.S. organizations have still not awakened to the demographic realities facing them when boomers retire or when competition or cultural failures lead to turnover. However, succession planning requires an investment of not just dollars, but executive time."

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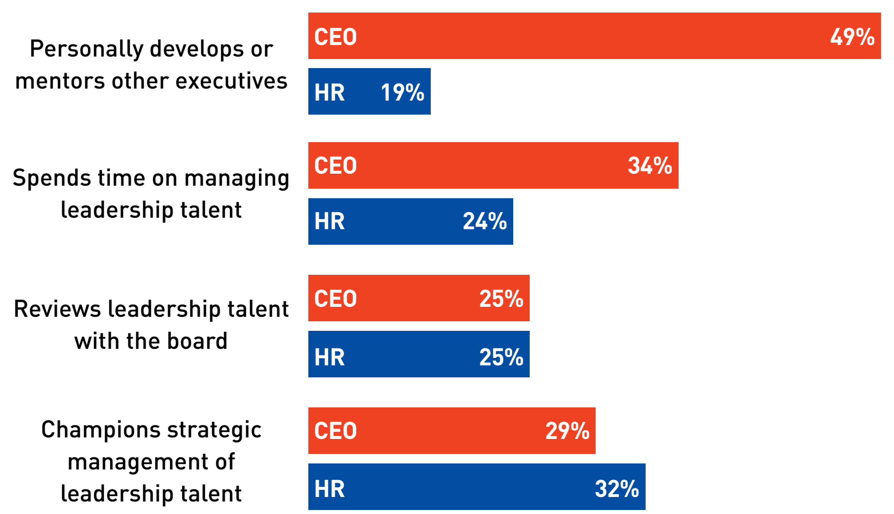
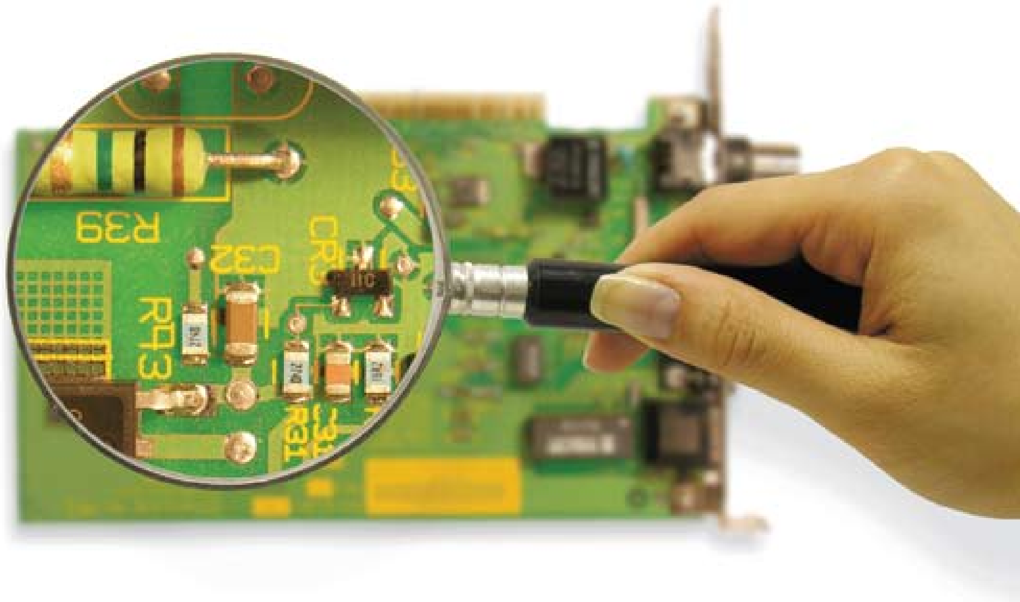
CEO involvement in talent management



Source: 2008-2009 Global Leadership Forecast

IN SEARCH OF NETWORK EXPERTS

When the network crashes and workers helplessly stand by, only then will organizations realize the gravity of the talent shortage in the IT field.



The need for skilled IT workers is expected to increase by 30 percent in the next four years, comprising a total of 780,000 workers, according to the results of a Cisco Learning Institute study.

The study, "Networking Skills in North America: Trends, Gaps and Strategies," evaluates the overall trend for Internet protocol (IP) networking professionals, who currently make up 14 percent of the IT workforce.

The data for the study was collected from 500 telephone interviews with network managers across a range of industries and correlated with projections from the Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis.

The declining number of graduates who enter the networking profession may be attributed to a lack of interest in the field or a belief that outsourcing limits the long-term career prospects.

"A perception that was created after the dot-com bust was 'Don't go into these jobs because they're going away,'" says Fred Weiller, director of marketing for Learning@Cisco.

"It may be true for some IT support or software design jobs, but you need networking jobs, and you need people to install and design these networks. Many of these networking jobs are and will remain local."

Graduates mistakenly believe that such jobs are being outsourced or are not available to local candidates, according to Weiller.

The research also found that there is more of an emphasis on specialty skills among current IT professionals. The competencies required of the average IT worker are expanding to meet greater demands on their networks.

For example, 73 percent of respondents indicated they needed new or extra network security skills in the future, and 59 percent are planning for additional wireless networking skills.

For many specialty skills, nearly three-quarters of businesses think that possessing certifications reflects the credibility and capability of a job applicant for a networking position.

"Training is a way to develop knowledge, information, and skills, but if you don't have certification to validate these skills, it's tough for managers to extend those jobs in the marketplace," adds Weiller.

The competencies required of the average IT worker are expanding to meet greater demands on their networks.

Because all organizations have a network, many of which are evolving with the business, it is crucial to groom enough network-capable professionals for the company's future needs.

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Photo by Photos.com

The New Face of Data Collection

It's not yet a rival to the Gallup Poll, but a new player is entering the field of polling data—Facebook.

Entering the workforce at an opportune time, Millennials might be the most studied generation in history. It may have less to do with how interesting they are and much more owing to retiring workers and fierce competition.

If you want to find out what Millennials think about development opportunities in the office, training officials need to locate their preferred hangouts. One consulting agency, Career Systems International, decided to do just that.

Millennials, individuals born between 1978 and 1990 or thereafter, do bring unique characteristics to the workplace but once they enter the office, their aspirations are indistinguishable from more seasoned peers.

"In terms of what excites them about their careers, they're not all that different," says Michael Stromes, director of talent management and research at Career Systems International.

Stromes based his analysis on a survey of 2,000 responses from users of the social networking site Facebook.com. Stromes wrote the questions for the survey, and an IT staff member posted the survey on the site. The questions covered various topics ranging from their opinions on diversity to receiving feedback to career motivations.

The bridge between fun and work is much narrower for the millennials. Younger employees demonstrate a greater sense of self-awareness, specifically knowing what they can and cannot do. They welcome feedback not as a way to invite criticism but simply as a spur to improvement.

"They have a fresh honesty about what they do not know," Stromes says.

Stromes, a member of the baby boomer generation, says this attitude contrasts sharply with younger peers. Stromes believes that the Millennial attention span is not as sharp as previous generations.

"My generation believed feedback was synonymous with failure," he says.

Millennials have been exposed to sophisticated technologies during most of their adult life and can not only learn the mechanics of most positions quickly, they can also suggest innovative ways to use technology. It is almost a stereotype that Millennials are multitask addicts, but Stromes believes they shift gears more quickly from one task to another than colleagues from earlier generations.

Millennials are probably the first generation in the workforce to embrace diversity and demand social responsibility in the workplace. Many of them look to participate in volunteer initiatives during work hours.

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Millennials at a Glance

Currently in workforce	32 million
In the pipeline	46 million
Amount that express doubt that their managers know what matters most to them in a job	72%
Amount that plan to stay with their current organization for the next one to two years	51%

When it comes to thinking about your career, what are the toughest issues to address?

"Knowing what I do best and what's important to me"	40%
'Knowing how I'm viewed by others in the workplace"	9%
"Understanding how workplace changes can affect me"	7%
"Zoning in on the 'right' career goals"	23%
"Getting the support resources I need to make it"	21%

Source: Career Systems International

Photo by Photos.com

TUITION TESTIMONY

It's hardly surprising that an overwhelming majority of organizations encourage and pledge to pay for continuing education and training.

When asked whether they offer college tuition reimbursement, 94 percent of executives said yes in a recent survey. Asked whether they offer reimbursement for other forms of professional development, a resounding 95 percent said yes.

The survey of 150 executives in various fields was conducted by Accountemps, a subsidiary of Robert Half.

"Over the last decade, the rate has gone up, but most large organizations embed training and educational opportunities," says Brett Good, district president of Robert Half.

To find out what strings are attached to such offerings, Good says employees must "peel apart the onion."

Training might be provided as long as it relates directly to a current or future job task, so a course in figure skating or Portuguese is probably out of the question. Organizations might offer to pay for an entire MBA program if the employee agrees to stay for a specific period or be willing to pay back the costs on a prorated scale if she leaves before the designated period.

Good doubts that smaller organizations can offer the same kind of full tuition and professional development offerings.

Whether organizations offer tuition reimbursement or paid professional development may no longer be a competitive differential in today's market. What will change is the entry of the next generation of workers. Good forecasts that the expectations of Generation Y individuals entering the workforce will raise the bar in terms of what their employers will offer to keep talented performers.

"Members of Generation Y really put a premium in terms of their expectations from employers to provide continuing education opportunities," Good says.

"When Gen Y members enter the workplace as leaders and managers, the creative force of continuing education will explode. Whether it will be technology-based or formalized classes is unknown. Right now it's in the infancy stages."

Greater demands on employers to include training as part of the work day does not necessarily mean greater costs. Given the lower delivery costs associated with online learning and greater access to education, it will not be as expensive to permit an employee to enroll in a course that is outside her daily responsibilities, according to Good.

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Photo by Veer

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Level of Disengagement by Generation and Region

	Baby Boomers (b. 1946-1964)	Generation X (b. 1965-1977)	Generation Y (b. 1978-1990)
Australia & New Zeland	13%	24%	25%
China*	—	34%	33%
Continental Europe	18%	20%	28%
India	16%	12%	14%
North America	17%	20%	35%
Southeast Asia	16%	20%	35%
United Kingdom & Ireland	18%	22%	30%

*There were too few survey responses for Baby Boomers in China to include.

Source: BlessingWhite

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Salary Drop

Employees expecting fatter paychecks next year after a sluggish 2008 will be disappointed.

Thirty-five percent of organizations surveyed by The Conference Board report lower actual 2008 salary increase budgets than they projected last year for executives and exempt employees. Salary figures were gathered from more than 350 companies surveyed in April and May of 2008.

"Companies are responding to a sluggish economy by remaining disciplined on labor cost increases," says Charles Peck, compensation specialist with The Conference Board.

Budgets for salary increases averaged 3.80 percent in 2008 among nonexempt, exempt, and executive employee categories. Salary increases for nonexempt hourly employees come in lower at 3.70 percent.

The typical employer is budgeting for salary increases just slightly ahead of inflation in 2009. Next year, the median budget for salary increases is projected to be 3.75 percent for both nonexempt salaried and hourly employees. The median salary increase budget projections are higher at 3.80 percent for exempt workers and 3.90 percent for executives.

Across industry categories, financial services reported the highest increases in 2008 for all employee categories while trade reported the lowest. The highest projected increase for 2009 was reported by consulting services while trade was again the lowest figure.

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