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Leadership IN Corporate America

BY JOEL SCHETTLER

With corporate leadership under fire and a lagging economic recovery, it's high-time for organizations to focus on promoting and developing those leadership competencies that matter most. Exclusive research conducted by Training magazine and The Center for Creative Leadership asked managers: What makes a good leader? And just how well are they actually leading?

Corporate American leadership is at a crossroads. As the economy and stock market struggle to recover, the need for corporate leadership has never been greater. Yet it's also hard to imagine a time when faith in corporate bellwethers has been so poor. A quick study of the national headlines tells the story (read: Enron, Tyco, Arthur Andersen, WorldCom, etc.).

"Too many stories reflect the lack of integrity in corporate leaders," says Pat Alvarado, director of learning and development at NCR, San Diego. "Customers, investors and the general public are losing faith in corporate leaders' abilities to perform in the best interests of the company. Unfortunately, recent months have shown us the failures of some leaders to maintain integrity and instead resort to questionable practices to preserve their own wealth or corporate health. It is the latter that seem to make most of the headlines, and thus impacts the health of corporate leadership in America."

Corporate leaders must learn to navigate this difficult path. Even with prominent leadership under question, management's skillful direction is still required to guide companies to brighter financial health and restore good faith. But

just what are the skills and competencies that make a great leader? Certainly integrity and trustworthiness are essential, but what else? And just how well are we leading?

In a survey of the state of leadership in corporate America, *Training* magazine and The Center for Creative Leadership, Greensboro, N.C., sought to identify what leadership competencies are most important and how well leaders are doing their jobs. Managers also rated their organizational environment and culture with regard to leadership development.

Rather than measure spending on leadership training efforts or find leadership best practices, the survey sought to measure the level of importance that managers place



4%

Percentage of respondents who replied that leaders currently perform at the most competent level in their organizations with respect to employee development.

on specific leadership competencies as they relate to their jobs. We then asked the same managers whether current leadership measures up to these expectations and whether their organization supports leadership development.

We invited about 5,500 managers representing all industries to participate in an online survey on the current state of leadership in organizations. Nearly 5 percent of those invited participated in the survey. More than 80 percent of those who completed the survey have some level of responsibility for leadership development in their company, 19 percent of respondents have complete responsibility for these initiatives, and 17 percent have no responsibility for leadership development.

The sample was balanced with regard to gender: 54 percent of respondents were male, 46 percent female. Respondents were also evenly split between upper-level, and middle- to lower-level management. Of those responding to the online survey, about 43 percent were either members of the executive team (15 percent) or senior managers (28 percent). And nearly half (48 percent) were either in beginning or middle-level management positions.

Leadership challenges may differ for managers according to the size of their respective organizations, affecting any survey results that rate important competencies. Yet, the sample mirrors corporate America demographics in that nearly half (45 percent) of the respondents came from organizations with less than 1,000 employees. The remaining respondents were split between organizations with 1,000 to

10,000 employees (28 percent) and organizations with more than 10,000 employees (27 percent). Manufacturing was the largest industry represented in the survey, comprising 18 percent of respondents.

Leadership Results

For leadership to be effective, those at the top obviously must command respect. During the economic high times of the 1990s, corporate executive leadership received much credit (with salaries to match) for most company achievements. But as the country tries to shake off its current economic doldrums, leaders are increasingly being taken to task for their executive decisions. In light of recent high-profile corporate scandals, which threaten to send some executives



90%

Percentage of senior level managers who rated vision among the most important leadership competencies.

Emotional Intelligence

As more is learned about the qualities associated with good leadership, many corporate managers are finding value in exploring their emotional intelligence, a term coined by researcher Daniel Goleman in his book of the same name. Emotional intelligence suggests thinking, combined with emotional awareness, promote both personal and professional success. Recently, Goleman, along with co-authors Richard Boyatzis and Annie McKee, applied the principles to corporate leadership in the book *Primal Leadership* (Harvard Business School Press, 2002).

A survey recently conducted by *Training* magazine and The Center for Creative Leadership, Greensboro, N.C., reveals that managers at all levels value the leadership competency of self-awareness and development, a critical component of emotional intelligence; 27 percent of respondents rated the competency as most important. Yet, when asked to judge the performance of this competency at their organizations, respondents rated only 3 percent of leaders as performing at the highest level.

While emotionally intelligent leadership competencies are finding their way into managerial lexicon,

CORPORATE LEADERS ARE BEGINNING TO IDENTIFY THOSE SKILLS NEEDED FOR SUCCESS, SAYS ONE AUTHOR OF PRIMAL LEADERSHIP, BUT MANY LEADERSHIP DEVELOPMENT INITIATIVES STILL FALL SHORT OF THE MARK.

they can challenge those managers attempting to amend their ways. "Demonstrating empathy is a challenge for me," says survey participant Larry Johnson, director of corporate toxicology and regulatory services at St. Paul, Minn.-based 3M. "I focus on getting the results that are needed and fail to consider or appreciate the effect that reaching the desired goal has on the individuals involved. Balancing the need to get results with the human costs is something I'm getting better at as I mature as a leader."

Another firm believer in the value of emotional intelligence and leadership competencies is survey respondent Mary Ann Dirickson, director of learning and development at Cendant Mobility, a corpo-

rate and government relocation services company based in Danbury, Conn. As a service organization, Cendant Mobility relies on customer relations to generate profit. "Our entire profit-and-loss picture is built on that," says Dirickson, who believes emotional intelligence principles have proven critical for frontline leadership success.

"The leaders who directly interact with the people who deliver the service are absolutely critical for us," Dirickson says. "We make sure that our leaders have adequate technical abilities, but we will bring a new leader up to speed technically if they already have emotional intelligence skills. We need to see that leadership mentality." —J.S.

31%

Percentage of respondents who replied that leaders currently perform at the most competent level in their organizations with respect to ethics, integrity and values.

to the hoosegow, leadership in general has taken its lumps—one bad apple, as the cliché goes, can spoil the bunch.

Not surprisingly, honesty and reliability from leaders is in high demand. The survey found the leadership competency that includes ethics, integrity and values ranks most important across all managerial levels. On a 5-point scale, with 5 as most important, the competency received a mean score of 4.7. However, the survey also shows that managers believe leaders currently aren't quite performing to such standards. When asked to measure current performance with respect to ethics, integrity and values, respondents gave the competency a mean rating of 3.85.

When examining survey results according to managerial level, the data reveal that certain leadership competencies are viewed as more valuable, depending on a respondent's job description. For mid-level managers, the survey revealed communication (4.7) ranks as the most important leadership competency above ethics (4.69). At the senior management levels, the ability to construct and articulate a clear vision (4.89) is a more pressing leadership competency ahead of ethics, which was still highly valued with a mean rating of 4.8.

"The most important thing a corporate leader can do is provide a vision that inspires employees," says survey respondent Mary Pearl, executive director of New York-based Wildlife Trust. "This vision must also enable employees to see their contribution to the company as well as society and to themselves."

While rating very high for senior-level managers, vision received the second to lowest mean rating as a competency for effective leadership for mid-level managerial positions (3.75). Only 19 percent of mid-level managers include vision among the most important competencies, while 90 percent of senior-level managers place it at the highest level of importance.

"We need leadership in the area of developing a vision for performance that effectively accommodates today's requirement for short-term results but remains balanced in a way that assures long-term success," says Larry Johnson, director of corporate toxicology and regulatory services at 3M, St. Paul, Minn., and

survey respondent. "The ability to create and effectively articulate a vision is a cornerstone of leadership."

The three leadership competencies with the lowest mean rating with regard to current performance were managing conflict/negotiation (2.83), change management (2.83), and employee development (2.86), which was also identified as the single most important leadership challenge leaders will face in upcoming years. Along with employee development, leadership challenges expected in the near future also include communication, change management and vision.

Respondents also rated the leadership culture and practices in their organizations, by responding to a series of 15 statements on a 5-point scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The mean rating of these statements ranged from 2.58 to 3.53. A sign that many managers feel leadership training could improve, the corresponding statement—"formal leadership initiatives are routinely evaluated and improved or changed to meet changing conditions"—received the survey's lowest mean rating (2.58).

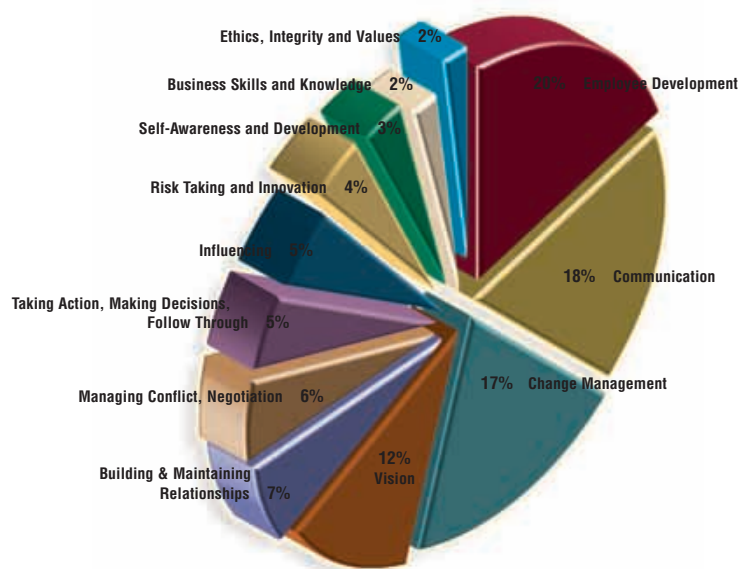
Of all the survey results, it's interesting to note that leadership competencies with the lowest mean ratings for current performance are similar to those selected as the biggest challenges in the years to come—suggesting they may be key areas where organizations must focus attention.

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85%

Percentage of senior level managers who identified ethics, integrity and values among the most important leadership competencies.

Single Most Important Leadership Challenge

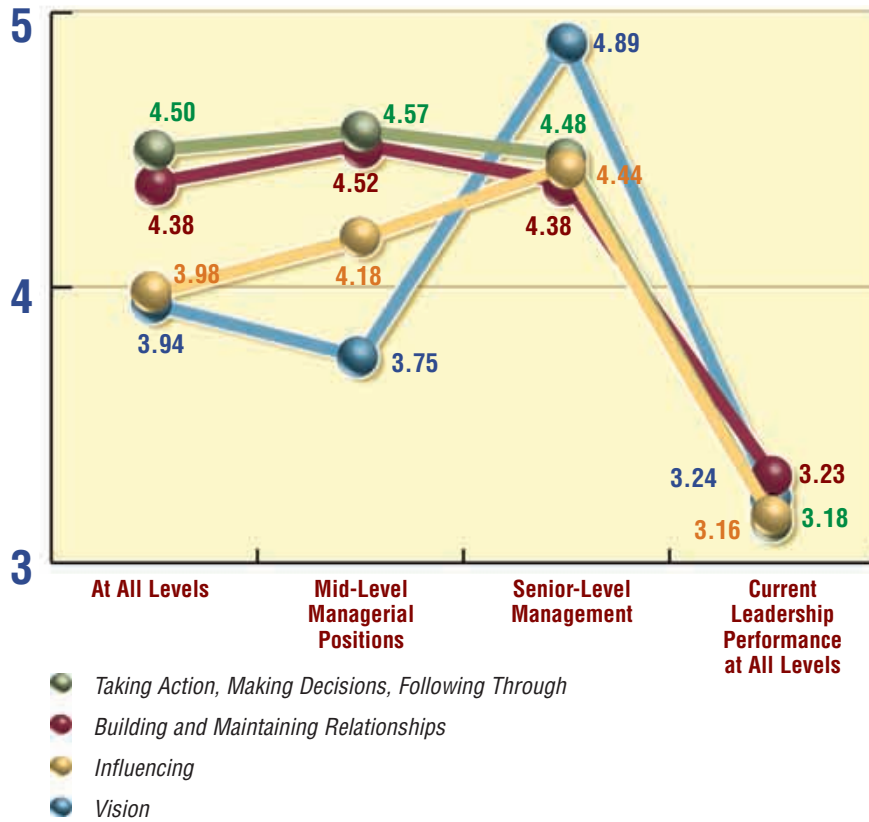


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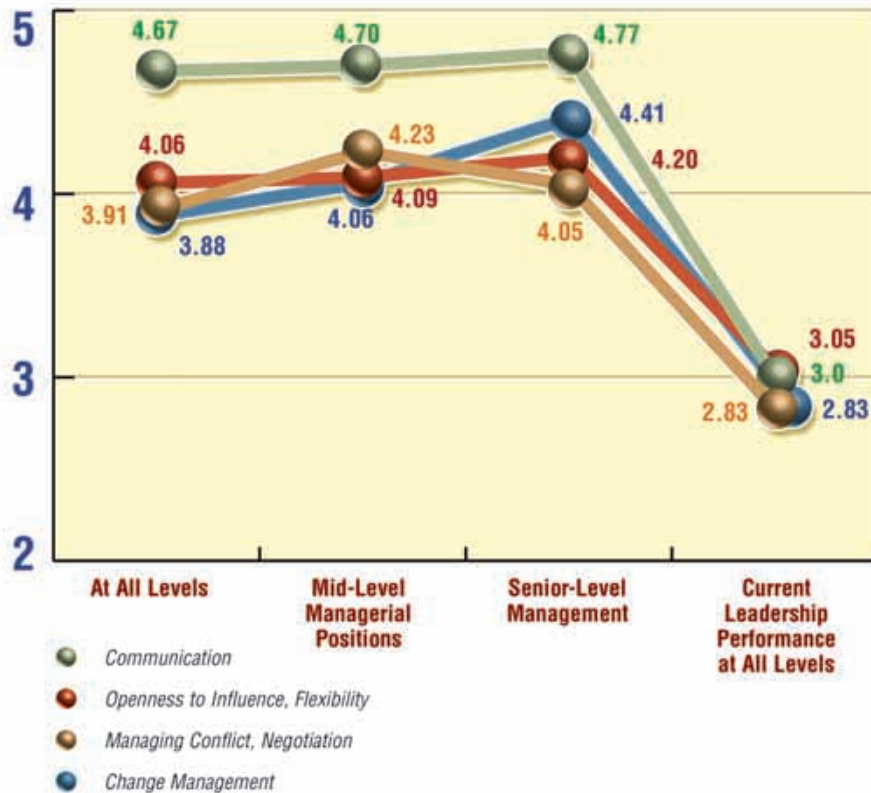
Importance Of Competencies For Effective Leadership

(Less Important: 1; More Important: 5)



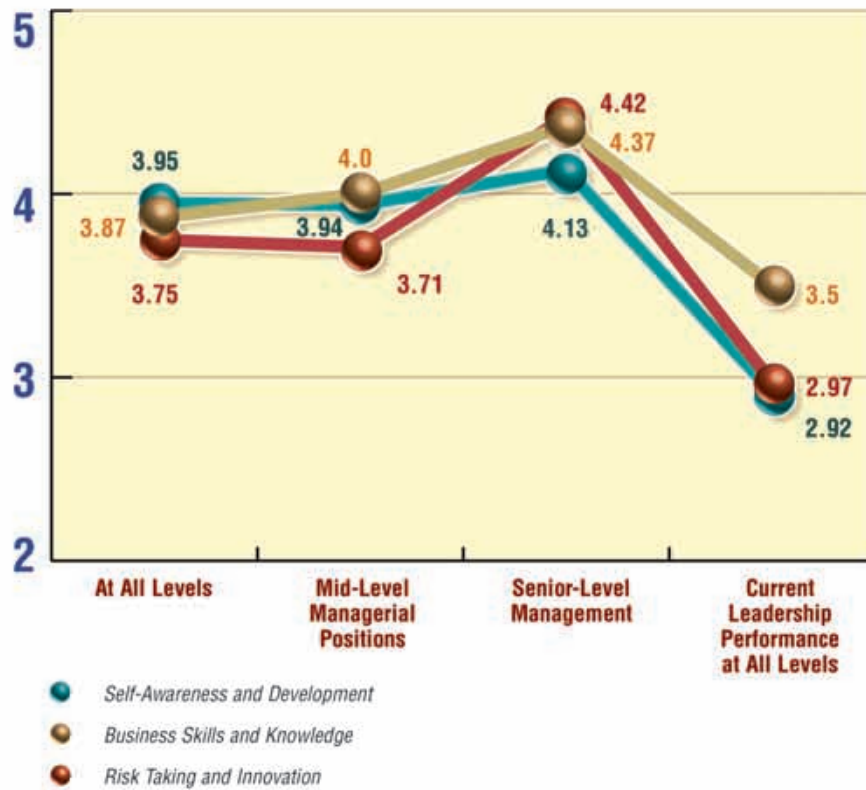
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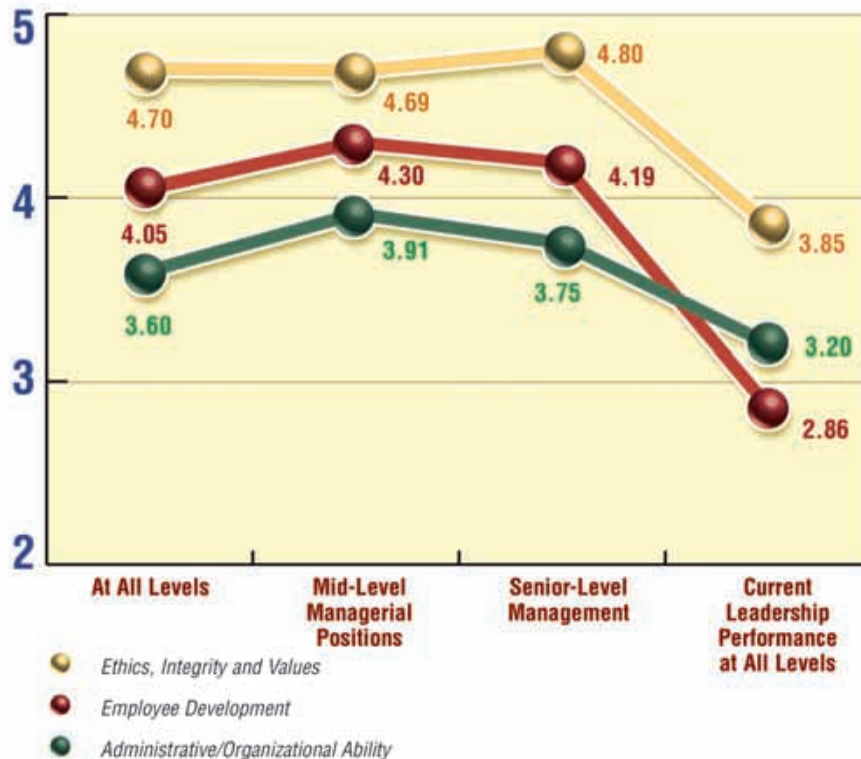
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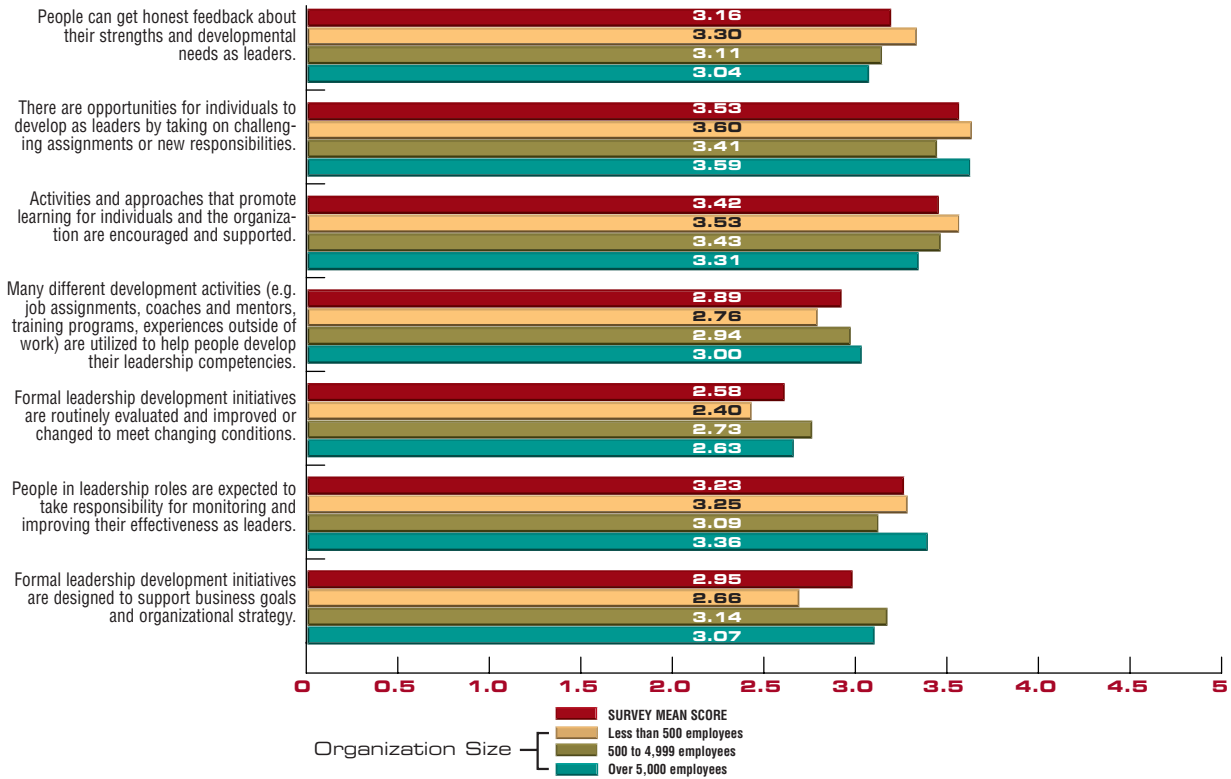
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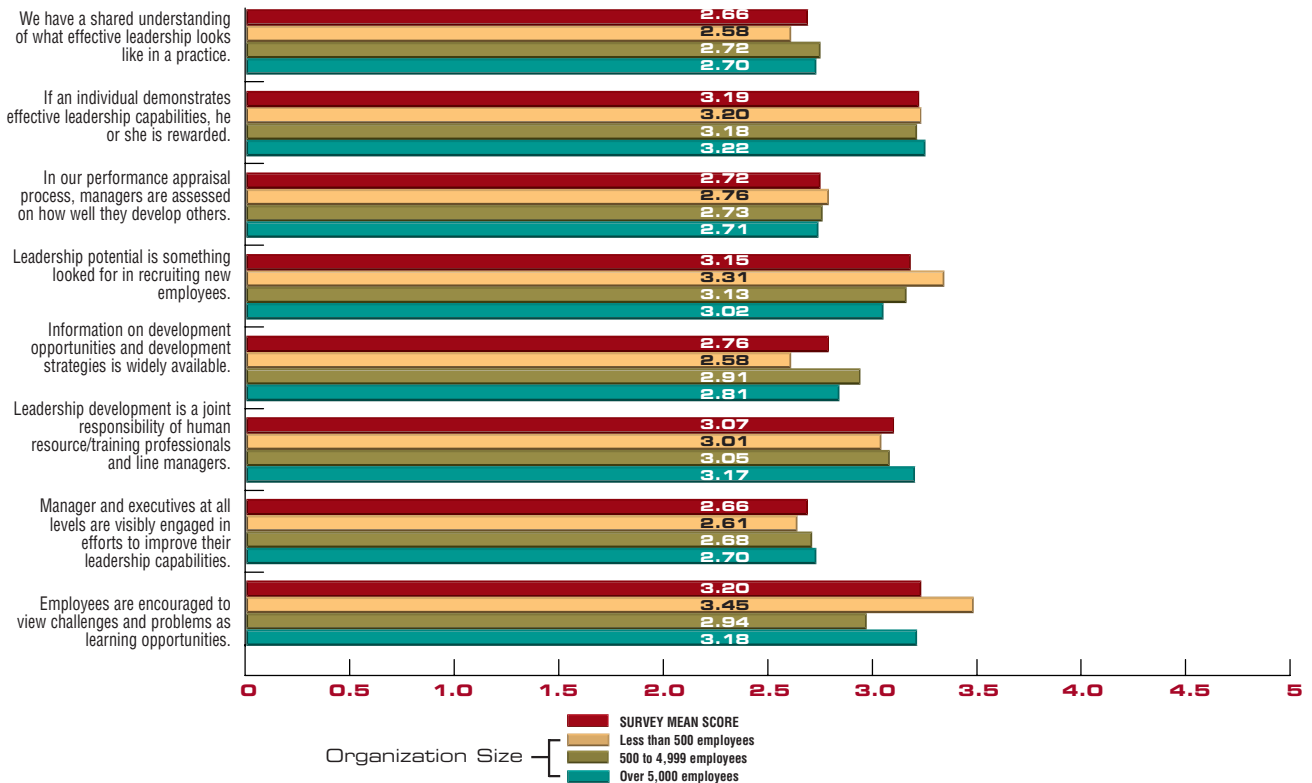
Leadership Culture and Practices: Where I Work...

(Strongly Disagree: 1; Strongly Agree: 5)



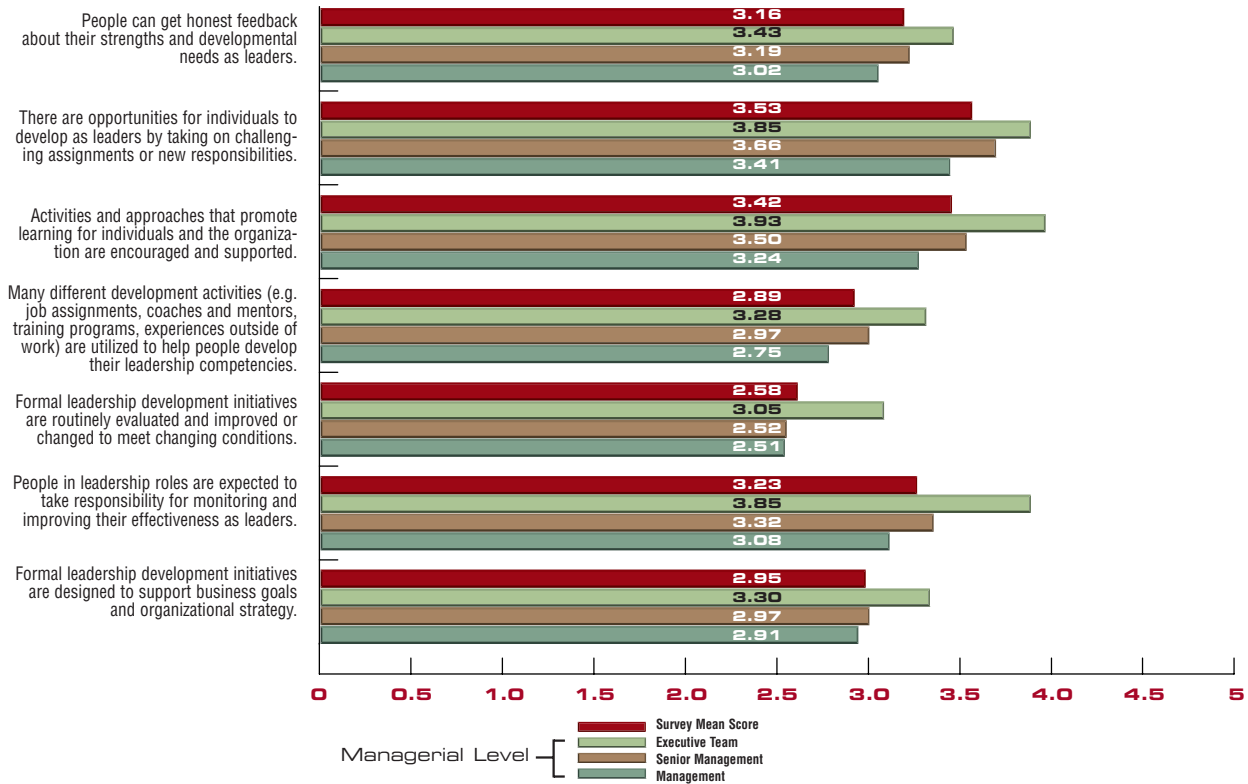
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