Global Leadership Forecast 2021

The Largest Leadership Study of Its Kind

Global Leadership Forecast 2021 **is the most expansive leadership research project of its kind.** It is the ninth forecast since DDI first began this stream of research more than 20 years ago. This report examines responses from 2,102 human resource professionals and 15,787 leaders around the world. The research, which spans more than 50 countries and 24 major industry sectors, summarizes best talent practices and provides key trends to guide the future of leadership. The full set of leader demographics is depicted below.

GLF 2021
Leader Demographics

15,787 Leaders
2,102 HR Professionals
1,742 Organizations

Generation
- 6% Baby Boomer
- 62% Generation X
- 32% Millennial

Leader Level
- First-Level Leader **56%**
- Mid-Level Leader **35%**
- Senior-Level Leader **7%**
- C-Level Leader **3%**

Industry
- Automotive & Transport **11%**
- Energy & Resources **6%**
- Finance & Insurance **9%**
- Healthcare **5%**
- Manufacturing **24%**
- Other **16%**
- Pharmaceuticals **4%**
- Professional Services **3%**
- Retail **12%**
- Technology **10%**

Country/Region
- 25% China
- 8% Japan
- 7% India
- 20% Southeast Asia
- 9% Latin America
- 16% US/Canada/Puerto Rico
- 4% Europe
- 5% Australia/NZ
- 6% Other

Gender
- 31% Female
- 69% Male

Race/Ethnicity
- Non-Minority **72%**
- Minority **28%**

A New Era Driven by Crisis

A crisis is the true test of leadership. In our darkest moments, we look to our leaders to find the light. In the past year, leaders have faced a constant barrage of crises, from a global pandemic to economic crisis to deepening political divisions.

Through each of these tough moments, leaders have had to dig deep, demonstrating vision, purpose, courage, and strength to move forward without a clear road map.

For 20 years, we have intended the *Global Leadership Forecast* to be a true "forecast," helping you to predict what's next. However, what came through clearly in this year's study is that companies are gearing up for an era of constant crisis, one in which predictability is scarce.

The leaders who are succeeding in this time are those who have been able to rapidly learn new skills and change. They've learned to lead their teams virtually. They've gotten comfortable with uncomfortable discussions around race and inclusion. Most of all, they've learned to act with empathy and compassion, recognizing that we don't leave our humanity at the door when we clock in to work.

This ability to embrace uncertainty and develop new skills rapidly will be the hallmark of great leadership in the years ahead. Meanwhile, leaders who continue business as usual will be your greatest risk.

In line with this dramatic shift in leadership, we have also changed our approach to publishing this study. This year, we are proud to introduce the *Global Leadership Forecast* series. Rather than publishing our data in one large report, we will publish a series of smaller reports. The intention is to remain agile to answer new and pressing questions as we face rapid change.
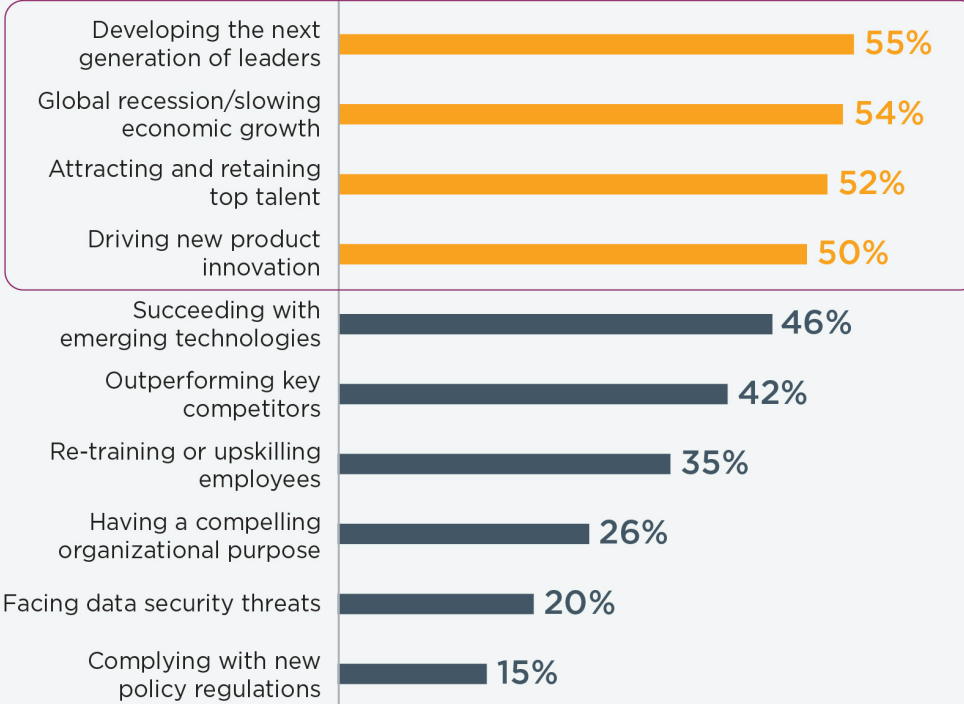
As you review this report, note that each section is divided into two parts. The first part examines the data and conclusions. The second is about where to focus, defining actions you can take to capitalize on the findings. We invite you to share your questions, feedback, and thoughts on new challenges you and your leaders are facing.

After all, data is only as good as how you use it.

CEO Top Challenges
The Pressure Is On to Develop and Retain Top Talent

Talent Problems Plague CEOs

Challenge	Percentage
Developing the next generation of leaders	55%
Global recession/slowing economic growth	54%
Attracting and retaining top talent	52%
Driving new product innovation	50%
Succeeding with emerging technologies	46%
Outperforming key competitors	42%
Re-training or upskilling employees	35%
Having a compelling organizational purpose	26%
Facing data security threats	20%
Complying with new policy regulations	15%

Percentage of CEOs Who Selected Each Challenge

What's keeping CEOs up at night? The top challenges for the year ahead according to CEOs were clearly focused on talent. Developing the next generation of leaders and attracting/retaining top talent ranked in the top three challenges, along with global recession/slowing economic growth.

The only other challenge selected by at least 50% of CEOs as a top concern was driving new product innovation. CEOs acknowledged how critical it is for them to have top talent and effective leaders to drive their strategies forward and position their organization for future success.

> *According to HR professionals, identifying and developing future talent continues to be a top skill they look for in leaders. It's also the single-most critical skill they'll need in the next three years.*

55%
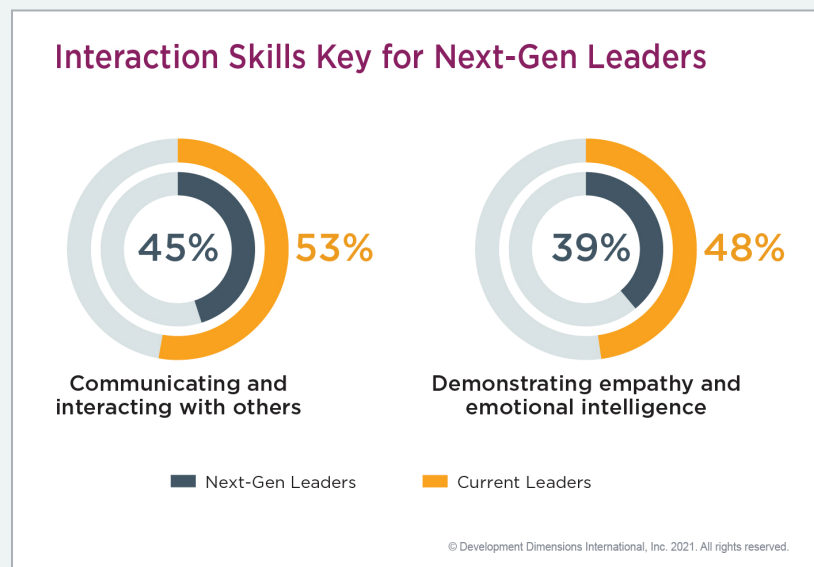of CEOs say that developing the next generation of leaders is their top challenge

Where to focus

Build Next-Gen Talent

As younger generations step into leadership, there are substantial changes happening and looming for leaders. We examined what differentiates the next generation of leaders, currently those high-potential employees who don't have formal leadership responsibility. These employees range in age from 21 years to an average of 38 years old. They are also more likely to be from diverse racial/ethnic backgrounds (32% of this group compared to 28% of current leaders).

Overall, this group said:

▸ **They need feedback.** Leaders at all levels want feedback, but this next generation of leaders is looking for even more coaching and feedback from their managers. Specifically, 30% said they wanted more coaching and feedback from their managers than they are currently getting, in comparison to only 25% of current leaders.

▸ **They need to up their EQ.** They need more help growing their communication and interaction skills, recognizing a greater need for developing empathy.

▸ **D&I is a requirement.** They are looking for better inclusion and diversity from their organizations. Overall, they were more negative about how their organizations are approaching bias and fairness. Only 56% of next-gen leaders said their leaders challenge themselves and others to recognize and eliminate biases, in comparison to 67% of current leaders.

▸ **Flexibility is key.** Their organizations are doing well with flexible work practices. An equal percentage of these next-gen leaders (72%) and their leaders said that flexible arrangements are common and supported.

▸ **They crave clarity.** Compared to leaders, this group struggles to act decisively without clear direction, and is unsure how to apply data to decision making. In addition, they worry about reacting to change, both internally and externally with customers.

Interaction Skills Key for Next-Gen Leaders

45% **53%**

Communicating and interacting with others

39% **48%**

Demonstrating empathy and emotional intelligence

▪ Next-Gen Leaders   ▪ Current Leaders

The Future of Work Is Here
How the Workplace Will Transform

What CHROs Think Will Change Most in Next 10 Years

Category	Percentage
Need to develop/upskill employees	84%
Flexible work arrangement	75%
Diversity in the workplace	72%
Leadership aspirations of employees	72%
Women in executive leadership roles	59%
Number and regularity of organizational restructuring	57%
Number of part-time or contract workers	53%
Level of outsourcing	48%
Employee loyalty and connection	39%
External hires	37%
Younger senior leader/executives	34%

Percentage of CHROs Who Anticipate an Increase in 10 Years

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The pandemic electrified company operating models and HR practices, but it also brought on the future of work much faster than expected. For the past decade, analysts have been writing about automation, the fourth industrial revolution, and the growing role of AI, data, and technology at work. All of this has now come to reality.

The top area CHROs think will change the most in the next 10 years is developing and upskilling employees. It's also clear that flexible work, contract workers, and dynamic work models are here to stay. While many companies had very little infrastructure to plan and manage contingent work before, it has now gone mainstream and must be treated in HR as a strategic workforce segment.

In addition, the role of women, minorities, and intersectionality is critical today and will be so in the future as 72% of CHROs cite this as high priority. The problem is no longer one of driving diversity. The new strategy is to create a culture of inclusion and belonging, from which diversity will result.

As the data show, the leadership model must change. Companies must give young people the opportunity to move into leadership early; they must embrace women and minorities completely as leaders; and they must get ready for younger people to take on the highest levels of leadership.

Finally, the future of work is filled with technology, data, flexibility, and mobility. Companies must design safe workplaces, mobile solutions, and hub work locations that let people move to where work may be, operate in a safe and healthy way, and collaborate easily.

Where to focus

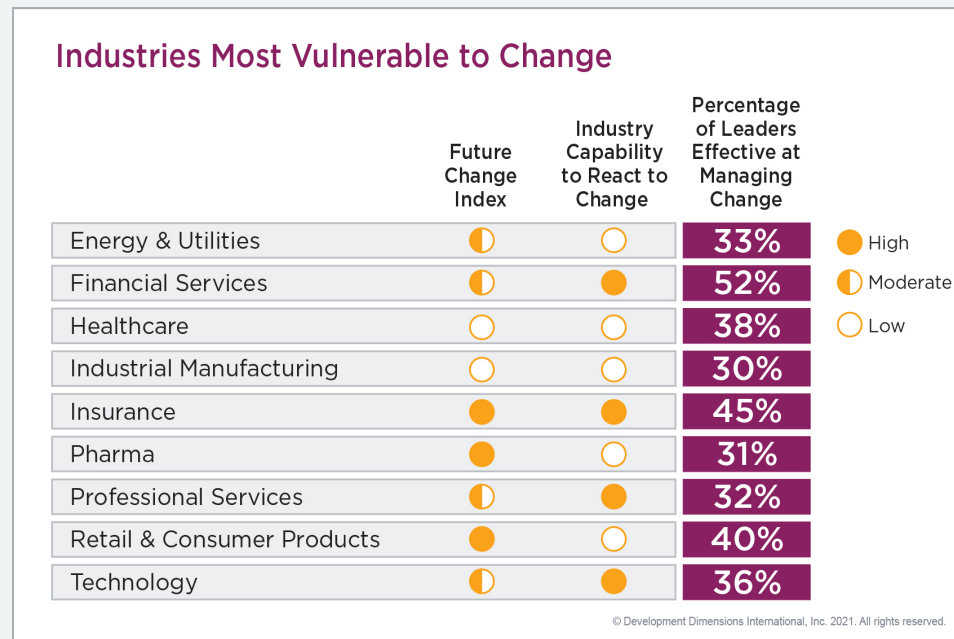## The Certainty of Uncertainty

Preparing for the future of work is all about equipping your leaders to quickly anticipate and react to the speed of change, which is one of the most challenging and uncomfortable things leaders need to do. In fact, only 35% of leaders said they are effective at managing change.

While a global pandemic may be a once-in-a-generation level of disruption, the future will continue to be marked by dramatic and accelerated change, likely at an unprecedented level. As illustrated in the chart below, some industries are particularly vulnerable to the changes, and are also the least prepared to meet these challenges.

To prepare leaders to anticipate and react to the speed of change, our study showed that HR should focus on three key skills:

1. Managing change
2. Influence
3. Building partnerships

These skills are essential in helping leaders engage their teams and peers as they rapidly adapt and change their course of action to meet new demands.

Industries Most Vulnerable to Change

	Future Change Index	Industry Capability to React to Change	Percentage of Leaders Effective at Managing Change
Energy & Utilities	Moderate	Low	33%
Financial Services	Moderate	High	52%
Healthcare	Low	Low	38%
Industrial Manufacturing	Low	Low	30%
Insurance	High	High	45%
Pharma	High	Low	31%
Professional Services	Moderate	High	32%
Retail & Consumer Products	High	Low	40%
Technology	Moderate	High	36%

Legend: ● High ◐ Moderate ○ Low

The Leader Quality Gap

Leader Confidence Jumps, but HR Is Unimpressed

The Disparity of Leadership Quality

Leaders
HR

48%
42%
40%
38%

30%
28%
25%
25%

2011   2014   2017   2020

Leader Quality, Rated by HR and Leaders Themselves

This year marks the biggest leadership quality gap in a decade.

A full 48% of leaders rate their organization's leadership quality as high, up from only 38% a decade ago. Meanwhile, HR's confidence in their leaders dropped, with only 28% believing they have high-quality leadership.

Why the massive disparity? Likely, it's a case of crisis response. As the pandemic hit, leaders found themselves working harder than ever to pivot the business, while trying to show empathy and connect with their teams on a more human level. And they saw how hard other leaders are working as well. As a result, they were more generous in their quality ratings.

In fact, leadership quality ratings peaked as the pandemic began to hit in full force, especially in terms of how people viewed senior leaders. As people adjusted to a new normal, quality rankings dropped slightly. Meanwhile, HR is focused on the organization more holistically. They see where employees have complaints and where leaders have fallen short.

HR is likely also concerned about what comes next. As businesses change permanently, new challenges loom ahead. While current leaders may be performing, HR may recognize that they don't have the skills to meet future challenges, which is echoed in HR's bench strength ratings elsewhere in this report.

Moving forward, HR can close this gap by working to bring in the leadership talent they need, and by helping leaders identify and build the skills they'll need for the future. That way, leaders' confidence will be based on more than just their optimism.

Leadership ratings peaked **14% higher** at the onset of the COVID-19 crisis

Where to focus

Best Practices for Better Leadership

Among organizations that had the highest leader quality overall, these were the top practices they had in common:

1. Leadership development begins with a diagnosis of a leader's strengths and weaknesses.
2. At any time, HR can access the up-to-date status of leadership talent capability across the organization.
3. Competencies required for leaders' success are clearly defined.
4. HR has an effective process for identifying leadership potential.
5. Leadership development modules are positioned as a planned sequence rather than independent events.
6. A senior executive outside of HR champions leadership strategy.
7. There is a core leadership program for all leaders in the organization.

Putting even some of these practices in place will start to have an impact. Organizations that were using at least three of these practices had not only 1.8X higher leadership quality, but also 1.4X higher leadership success rates and 1.5X stronger bench.

Using data and external coaching also consistently scored high across organizations, reflecting leaders' desire to get a more objective picture of their skills. These experiences may help to significantly close the "self-awareness gap" between how leaders rank themselves and how others see them.

Organizations using at least three of these practices had:

1.8X higher leadership quality
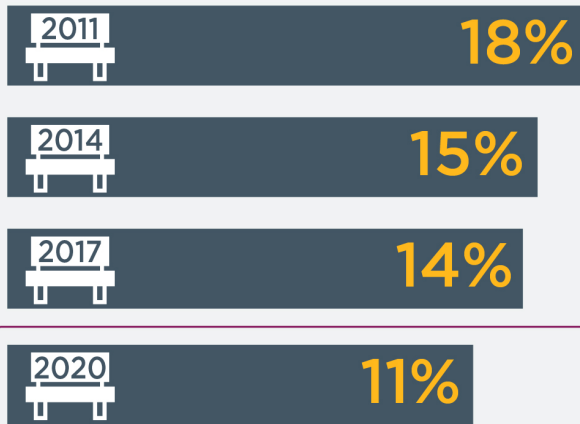
1.4X higher leadership success rates

1.5X stronger bench

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The Bench Is Empty
Leadership Talent Is in Short Supply

Bench Strength Reaches an All-Time Low

2011 **18%**

2014 **15%**

2017 **14%**

2020 **11%**

Percentage of HR Saying They Have a Strong Bench to Fill Leadership Roles

In line with leaders' concern about developing the next generation of leaders, this year's study saw bench strength continue to drop. Only 11% of HR say they have a strong bench to fill leadership roles, the lowest rate we've seen in the past decade.

Why the drop? Likely the biggest reason is the rise of unpredictability of other challenges. In the past, many organizations could more easily predict their challenges in the next three to five years, and groom leaders who were prepared to meet them. But as markets have shifted rapidly and companies are feeling increased pressure to innovate and redefine their markets, companies need leaders who are prepared to lead during rapid change and re-prioritization.

As a result, companies should be thinking about bench strength much less in terms of one-to-one replacements for key roles. Rather, they should be focused on creating leadership teams with complementary strengths and cross-collaboration, enabling them to better weather change.

Companies can fill **only 47%** of leadership roles

Where to focus

The Leadership Pipeline

As companies focused mainly on survival during the pandemic, many largely ignored their succession and high-potential programs, and their ability to build new leaders fell behind. Consider the gap shown below: In every industry, bench strength is 10–25% below current capabilities. That gap means that as the economy grows again, companies will struggle to have ready-now leaders.

Developing new leaders and finding and upskilling current leaders with the potential to grow is crucial to future success. Today, companies have six generations of employees at work, ranging in age from people in their late teens to vibrant workers in their 70s and 80s. So, the idea of a linear, progressive leadership pipeline must change.

HR leaders must realize their companies have an enormous well of young leaders ready to grow and progress. They need to build an inclusive workplace environment where senior people are comfortable working for younger people and part-time experts can thrive and excel. Companies must also adopt a new model for leadership, driven by the idea that "everyone is a leader" and that leadership must be developed continuously.
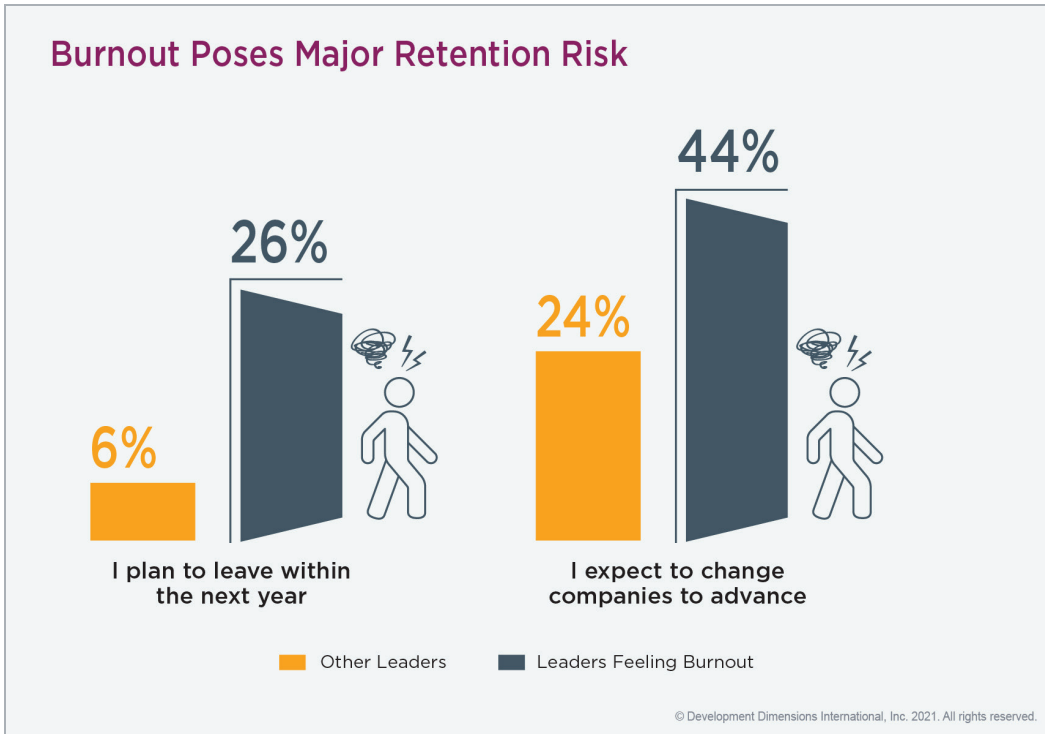
Leader Preparedness by Industry

	High-Quality Leaders	Critical Roles That Can Be Filled Now
Insurance	68%	51%
Professional Services	60%	50%
Energy & Utilities	66%	49%
Pharma	63%	47%
Technology	59%	47%
Financial Services	69%	44%
Healthcare	64%	43%
Industrial Manufacturing	61%	42%
Retail & Consumer Products	65%	40%

The Big Burnout
Wellbeing Becomes a Boardroom Topic

Burnout Poses Major Retention Risk

26%

44%

24%

6%

I plan to leave within the next year

I expect to change companies to advance

■ Other Leaders ■ Leaders Feeling Burnout

Leadership energy has taken a nosedive. Sixty percent of leaders now indicate that they feel "used up" at the end of every workday, a strong indicator of burnout. And those numbers continued to rise as we collected data throughout the study.

The most critical risk of this exhaustion is retention. Among leaders who said they definitely felt used up at the end of the day, 44% said they expected to have to change companies to advance. Furthermore, 26% said they expected to leave in the next year. In comparison, only 24% of leaders who reported not feeling used up said they had to leave to advance, and only 6% expected to leave their current company within the next year.

This stress was even higher for high-potential employees who aspire to leadership. According to more than 1,000 high-potential employees, 86% reported feeling used up at the end of their workday, a 27% increase over the past year. These ambitious future leaders may be reluctant to express their frustration, possibly fearing it could cost them the chance for a key opportunity. However, these high performers are twice as likely to leave as peers who indicated they didn't feel used up at the end of the day (37% vs. 17%).

86%
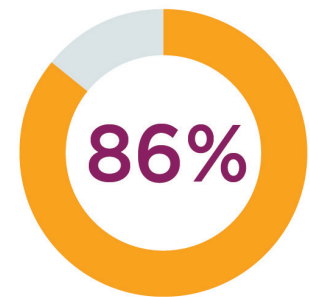
of high potentials are at risk of burnout

Where to focus

Start with Empathy

How well organizations manage burnout is directly influenced by leaders. However, only 18% of leaders felt confident in helping team members avoid burnout. We examined the difference between organizations that were best prepared to prevent employee burnout and those that were not.
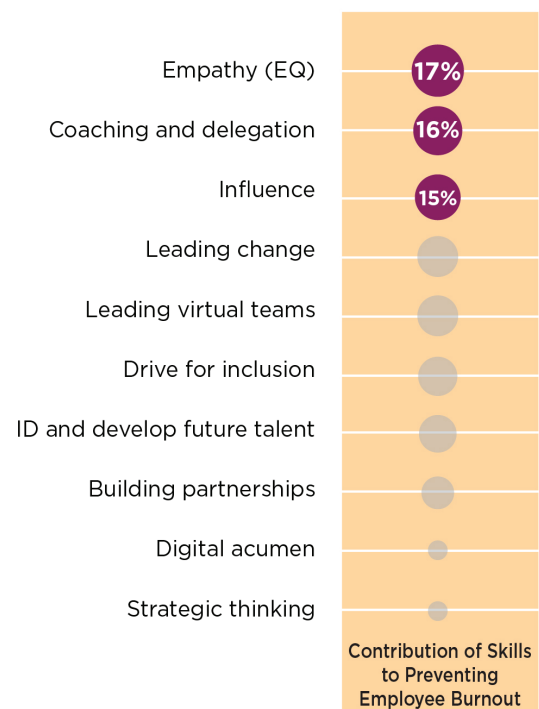
The number-one factor that influences burnout is leaders' ability to demonstrate empathy—connecting with their teams on a more human level. While leaders typically rate themselves well on showing empathy, we saw leaders' self-ratings of empathy drop 15% during the pandemic. This drop showed that as leaders are under stress, many of them struggle to show empathy, even though these are moments when their team members need it most.

> *We found that the number-one factor that influences burnout is leaders' ability to demonstrate empathy.*

Beyond empathy, leaders' ability to manage the flow of work is most critical. Excellent skills in coaching and delegation ensure that people are getting the right amount of work and resources to complete it. In addition, leaders' ability to influence others plays a major role in helping to prioritize work and energize teams around common goals.

Finally, the research clearly points to how great leaders create followership. In looking at the leadership skills that differentiate high-performing companies from low performers, the three biggest areas are leading change, coaching and delegation, and building partnerships. These capabilities point out that great leaders don't just lead. They also collaborate, partner, and bring people with them.
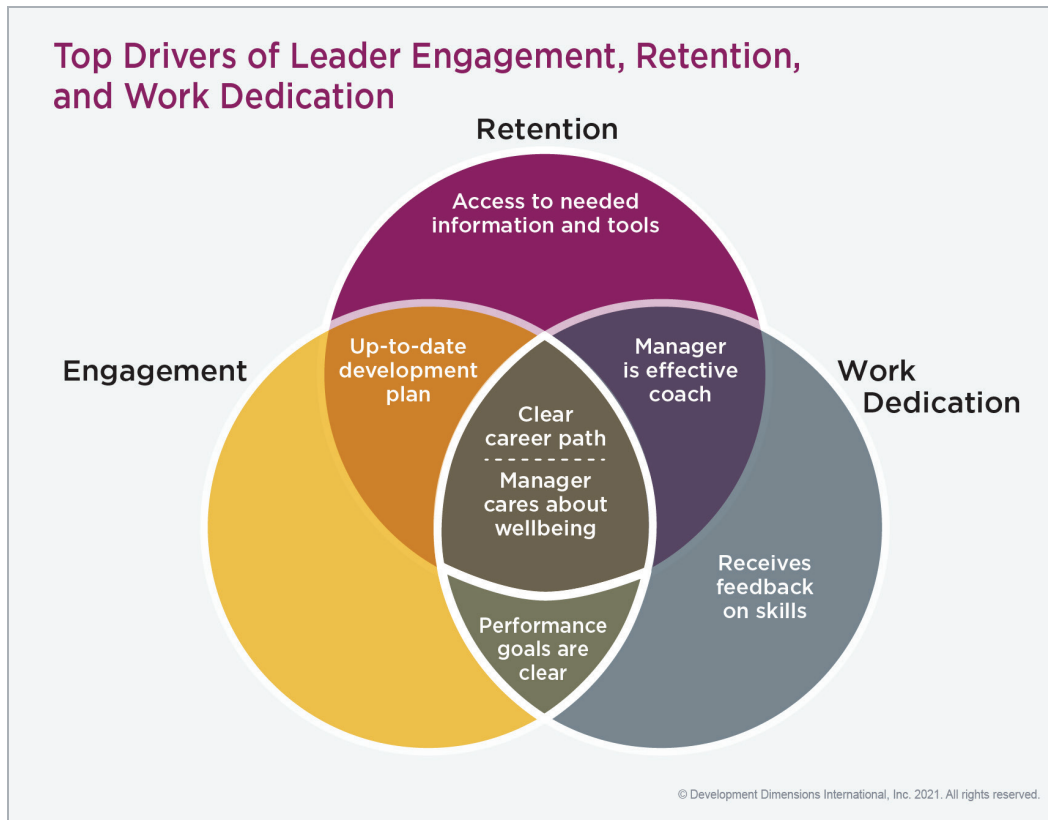
Leader Skills Mitigate Employee Burnout

Skill	Contribution
Empathy (EQ)	17%
Coaching and delegation	16%
Influence	15%
Leading change	
Leading virtual teams	
Drive for inclusion	
ID and develop future talent	
Building partnerships	
Digital acumen	
Strategic thinking	

Contribution of Skills to Preventing Employee Burnout

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Retaining Top Talent
7 Key Factors Influence Retention

Top Drivers of Leader Engagement, Retention, and Work Dedication

Retention

Access to needed information and tools

Engagement

Up-to-date development plan

Manager is effective coach

Clear career path
- - - - - - - - - -
Manager cares about wellbeing

Work Dedication

Receives feedback on skills

Performance goals are clear

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The loss of a single highly talented leader is steep. The loss typically includes significant technical and organizational knowledge as well as the investment in their development over the years. In addition, their departure may trigger others to leave or at least slow down team momentum. And that's all before accounting for replacement costs to hire new talent.

To keep these losses to a minimum, we conducted an analysis of which factors are most predictive of leaders' engagement and long-term retention. In order of most impact, leaders who intend to stay:

1. Know what constitutes good performance in their role.
2. Have a clear understanding of their future career path in the organization.
3. Feel that their direct manager genuinely cares about their wellbeing.
4. Have a high-quality development plan.
5. Receive effective coaching from their manager.
6. Get feedback on their skills.
7. Have access to the information and tools needed to do their job well.

Notably, these factors all contributed more to leaders' engagement than things such as their promotion rate, taking on new assignments, or work-life balance.

Where to focus

Energize Leaders' Career Paths

Developing talent is one of the hardest things managers have to do, which is also why it's one of the top ranked worries for CEOs.

However, there are some specific behaviors leaders can focus on that correlate to higher rates of retention among the leaders who report to them:

1. Provide opportunities for growth and development.

2. Become an advocate for high-performing team members, ensuring they gain visibility.

3. Be vocal in making the achievements of team members known.

4. Celebrate the success of team members.

5. Share credit with team members.

6. Support the development and advancement of team members, even if it means moving them outside their own direct reporting line.
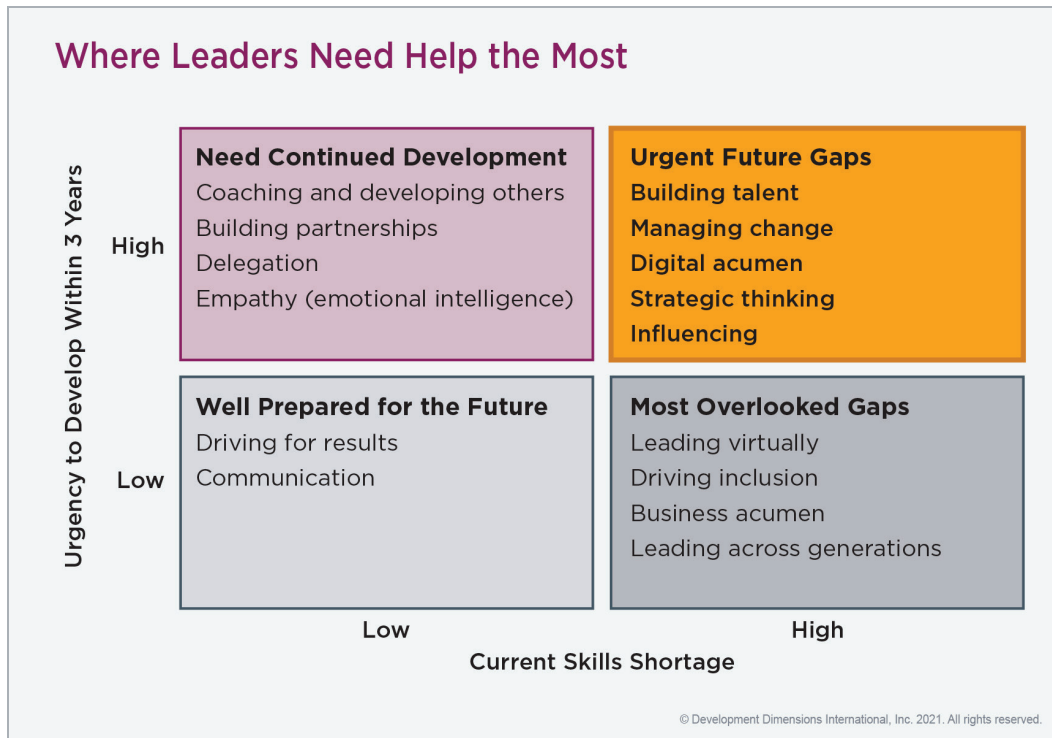
Efforts to encourage managers to practice these behaviors will pay off. Leaders who described their direct manager as having these attributes were more positive about their organization's leadership overall. Additionally, organizations with a higher percentage of leaders who demonstrate these attributes were more likely to be considered best places to work by their leaders.

1 in 3 leaders
are effective at building talent

Identifying and developing future talent is among leaders' greatest weaknesses

Critical Skills for the Future
Development Doesn't Align with Needs

Where Leaders Need Help the Most

Urgency to Develop Within 3 Years

High

Need Continued Development
Coaching and developing others
Building partnerships
Delegation
Empathy (emotional intelligence)

Urgent Future Gaps
Building talent
Managing change
Digital acumen
Strategic thinking
Influencing

Low

Well Prepared for the Future
Driving for results
Communication

Most Overlooked Gaps
Leading virtually
Driving inclusion
Business acumen
Leading across generations

Low   High

Current Skills Shortage

Which leadership skills will be most critical for future success?

Over the next three years, leaders see their organizations undergoing rapid transformation. As a result, they place a high priority on the skills that will enable them to line up both the technology and people resources they'll need to make that transformation a success.

Unfortunately, fewer than half of leaders feel they are effective in most of these skills. Even worse, they aren't getting development in the skills they need most urgently, as shown in the top left quadrant of the grid. Only 28% of leaders say they are currently being developed in any of these areas.

At the top of the list is identifying and developing future talent, as companies are increasingly concerned about their bench strength to meet new challenges. In line with that, managing successful change will be a top priority.

Without question, that future will also be more digital, as HR and leaders rank digital acumen as a must-have skill. Rounding out the top priorities, leaders will need to quickly get up to speed in building a strategic vision for a new future, and influencing others to ensure success as one unified team.
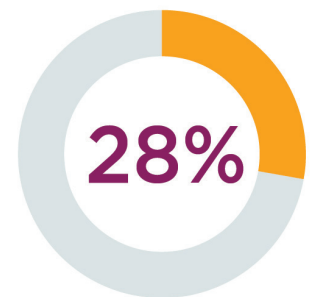
28%
of leaders are being developed in critical skills for the future

Where to focus

Strengthen Leader Resilience

While HR and leaders rated skills related to rapid change as their top priorities, we also studied which leadership skills most accounted for how prepared organizations were to succeed across the broadest range of business challenges. Organizations with leaders who were stronger in these five skills were more prepared to meet the business challenges they faced, particularly through the pandemic:

1. Leading virtual teams
2. Coaching and delegation
3. Empathy (EQ)
4. Digital acumen
5. Building partnerships

Currently, the majority of leaders feel under-prepared in all five of these critical skills. Most glaringly, fewer than one in five leaders rated themselves effective in leading virtual teams, which has quickly become essential. Rounding out the top priorities, leaders need to build their skills in building a strategic vision and influencing others to build toward one unified future.

Two other core skills, coaching and delegation along with empathy, were foundational across business challenges. These are especially important for leaders who are now having to navigate more difficult conversations and provide support to stretched employees. Additionally, digital acumen was a significant predictor not only for digital transformation readiness, but also for innovation and responding to the competitive environment.
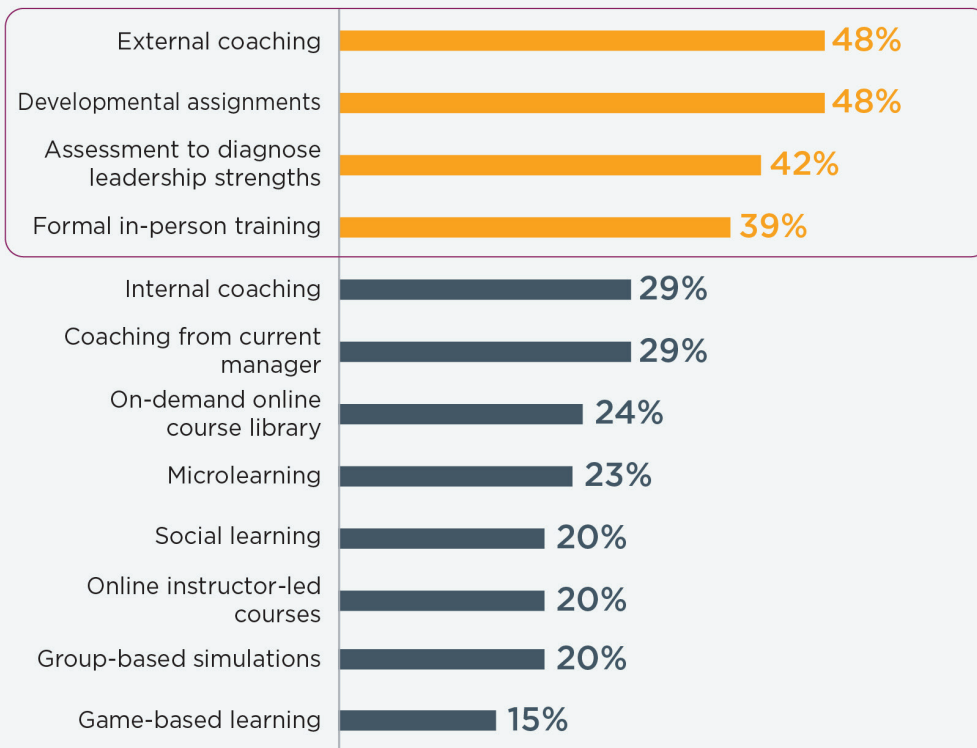

1 in 5 leaders

rated themselves as effective in leading virtual teams

How Leaders Want to Learn

Leaders Crave External Validation

Learning Modalities Leaders Want Most

Modality	Percentage
External coaching	48%
Developmental assignments	48%
Assessment to diagnose leadership strengths	42%
Formal in-person training	39%
Internal coaching	29%
Coaching from current manager	29%
On-demand online course library	24%
Microlearning	23%
Social learning	20%
Online instructor-led courses	20%
Group-based simulations	20%
Game-based learning	15%

Percentage of Leaders Who Would Like More...

In times of uncertainty, leaders want two things: more time to learn, and greater external validation that they're doing the right things. On average, leaders report spending nearly 4.4 hours per week learning, but would prefer to spend about 7.5 hours. This number also spiked while the survey was open as the pandemic hit, and leaders felt less certain of their skills.

Perhaps a more important trend we spotted this year is the strong desire for external validation and objectivity in their learning. More than anything, leaders wanted outside coaching and developmental assignments to help them grow their skills outside of their day-to-day work. In addition, they expressed a strong desire for assessment to help them pinpoint their development areas.

Leaders sought out **2X** more learning and development at the onset of the COVID-19 crisis

Where to focus

Application and Relevance

Above all, leaders' learning preferences showed that they want to know they are truly applying their skills to new challenges. If nothing changes about their career, the development isn't worth it.

On average, leaders who say their organization offers high-quality leadership development say they are able to apply about 72% of what they learned to their job. In comparison, those who rate their company's leadership development programs as low say they can only apply 53% of what they learn to their job.

Leaders also need to get the feedback and validation that shows their new skills are working. Organizations that report their leaders practice and then receive feedback from their managers on key skills are 4.6X more likely to have high leader quality and bench strength compared to those that don't.

In addition, leaders who said their organization provided high-quality assessment on their skills also reported being more prepared to face business challenges.

Organizations where leaders practice and receive feedback from managers on key skills are
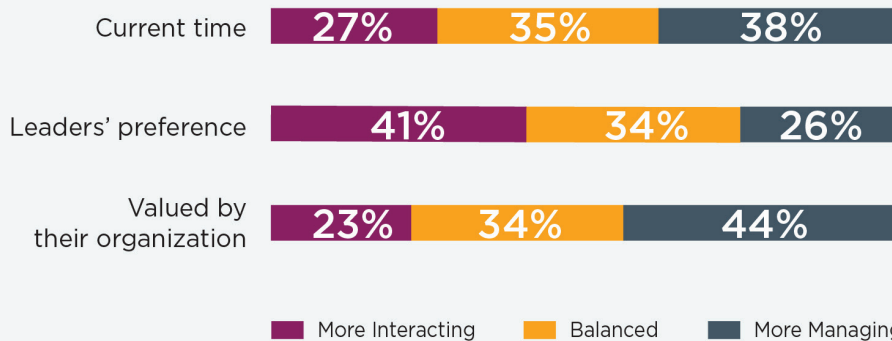
4.6X **more likely**

to have high leader quality and bench strength

Leaders Crave Connection
Interactions Matter More Than Managing Work

Leaders Spend Too Much Time Managing, Not Enough Interacting

	More Interacting	Balanced	More Managing
Current time	27%	35%	38%
Leaders' preference	41%	34%	26%
Valued by their organization	23%	34%	44%

How much time leaders spend interacting or managing has a huge impact on their teams. Management tasks are what keep leaders inaccessible, disconnected, and working at their desk. Leadership, meanwhile, requires effectively interacting with others—being out front, with people. Effective interactions are what make up the core of leadership.

The moments that leaders can connect and the conversations they have with team members, peers, and customers define how effective (or ineffective) they are. Without positive interactions, coaching suffers, employee engagement dives, and the ability to influence disappears.

Unfortunately, our data show that person-to-person interaction is happening less and less. Leaders at all levels reported they feel overburdened with tasks they have to manage, and aren't able to spend as much time interacting as they would like. On average, leaders prefer to spend almost half (41%) of their time interacting, but currently only spend about a quarter of their workday (27%) interacting with others. This is a harmful trend for engagement. And, even worse, leaders feel their organizations want them to be spending even more time managing than they are.

Leaders want to spend 1.5X more hours interacting with their teams each day

Where to focus

# Encourage High-Quality Interactions

Valuing interactions proved to be a strong indicator of leader engagement and retention. Compared to leaders who said their companies favored management activities much more than interaction, leaders who said their companies valued interactions were significantly more likely to rate their leadership as high quality at every level, especially senior levels.

In addition, they reported much higher engagement in their roles. They were also more likely to be energized and feel purpose in their work. Most importantly, they were less likely to feel like they had to leave to progress.

By contrast, there's a harmful reverse trend for leaders who don't get enough interaction. Leaders who indicated that they spend much more time managing than interacting are:

▶ 32% less engaged in their roles.

▶ 1.5X more likely to feel used up at the end of the day.

▶ Twice as likely to leave the organization within the next 12 months.

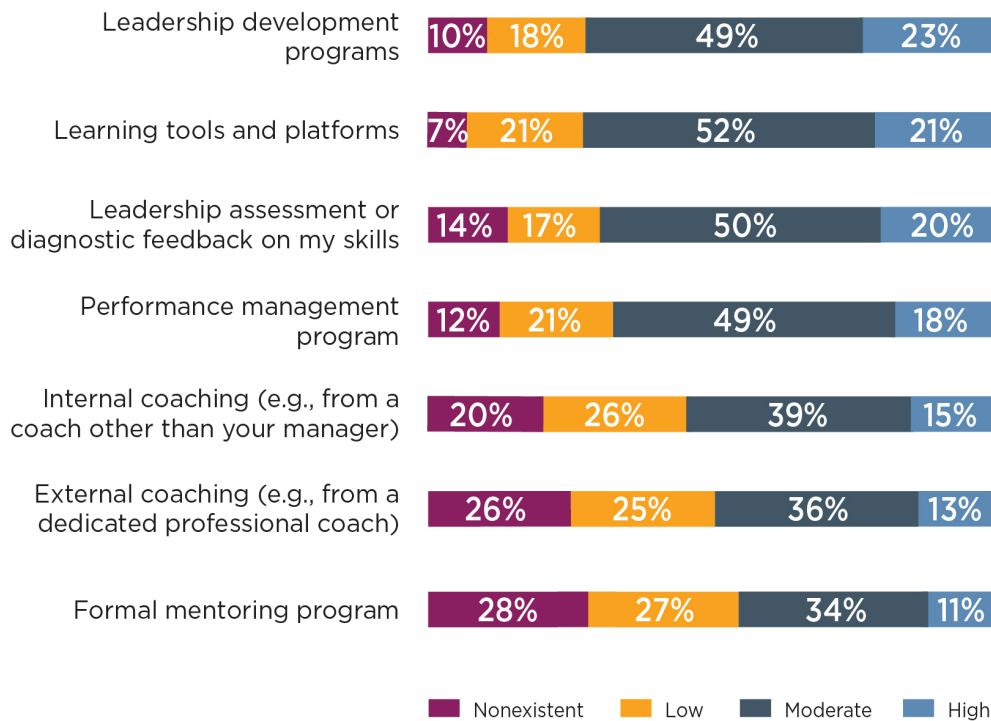**Leaders who spend more time managing than interacting are:**

32% less engaged
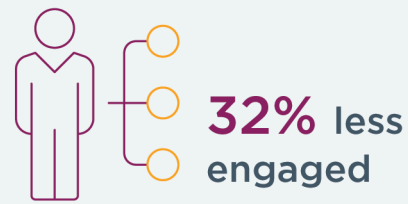
1.5X more likely to feel used up at the end of the day

2X more likely to leave the organization within 12 months

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How Leaders Rate Their Programs

Program	Nonexistent	Low	Moderate	High
Leadership development programs	10%	18%	49%	23%
Learning tools and platforms	7%	21%	52%	21%
Leadership assessment or diagnostic feedback on my skills	14%	17%	50%	20%
Performance management program	12%	21%	49%	18%
Internal coaching (e.g., from a coach other than your manager)	20%	26%	39%	15%
External coaching (e.g., from a dedicated professional coach)	26%	25%	36%	13%
Formal mentoring program	28%	27%	34%	11%

Legend: Nonexistent · Low · Moderate · High

How do leaders feel about their development and growth experiences? Over the past decade, employee experience has risen as one of the hottest topics in the workplace, yet little is known about how leaders differentiate and rate their experiences.

For the past several forecast studies, we've examined how leaders rate their organization's development programs and have uncovered a concerning trend. Only 23% of leaders rated their leadership development as high quality this year, a significant drop from previous forecasts. However, this still rates higher than any other experiences leaders are being provided.

Overall, coaching and mentoring are the areas where leaders are least satisfied, along with performance management programs. For many leaders, these programs are simply nonexistent, but among those that do have them, few rate them as high quality.

1 in 4 leaders indicate that leadership development is either nonexistent or low quality at their organization

Where to focus

Improving the Experiences That Matter Most

On the whole, leaders make it clear they aren't all that satisfied with their growth and development offerings, but they also don't value them equally. What are the experiences leaders say were the most valuable? And which mattered most in enabling a smoother transition to their current roles?

These are questions we explored further to see what really defines a successful leadership experience from day one. Four factors stood out for leaders who had better experiences taking on their current leadership role:

1. There were clear and realistic expectations for their performance.

2. Leaders went through a formal assessment to identify their leadership strengths and areas for development.

3. They received feedback about their leadership skills.

4. They received effective coaching from their manager.

Focusing on what matters most to leaders, and improving these experiences, can pay off tremendously. Organizations where leaders indicated that these experiences were consistent had 1.5X higher leader engagement and retention, and were also 2X as likely to be voted as a best place to work by their leaders.

Organizations who provide high-quality development experiences are:

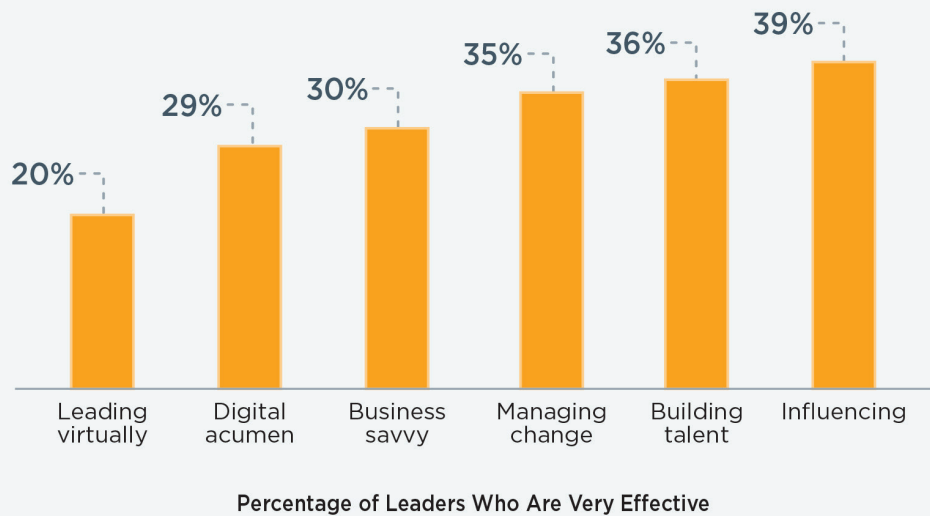**1.5X** more likely to have high leader engagement and retention and

2X more likely to be voted as best places to work

Leading a Digital Future
People Skills Drive Digital Transformation

Leaders Are Least Effective in Digital Skills

Bar chart showing percentages of leaders who are very effective:
- Leading virtually: 20%
- Digital acumen: 29%
- Business savvy: 30%
- Managing change: 35%
- Building talent: 36%
- Influencing: 39%

Percentage of Leaders Who Are Very Effective

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The ability to drive digital transformation will be one of the defining features that separates successful and struggling companies in the coming years. However, leaders are skeptical of their capabilities to drive digital change.

Across a broad set of leadership skills, leaders reported having the least confidence in their digital acumen and ability to lead virtually. In fact, 23% of leaders say they aren't effective at all at leading virtual teams. Our research shows that few organizations are developing these skills in their leaders. Fewer than 30% of leaders said they had ever received development for these two skills.

As a result, few feel prepared for operating within a highly digital business environment. Only 20% of leaders overall feel their organization is prepared for digital transformation, and confidence declines with leader level. In fact, CEOs rated this as one of the challenges their companies are least prepared to meet, with only 19% of CEOs saying they felt prepared.

19%
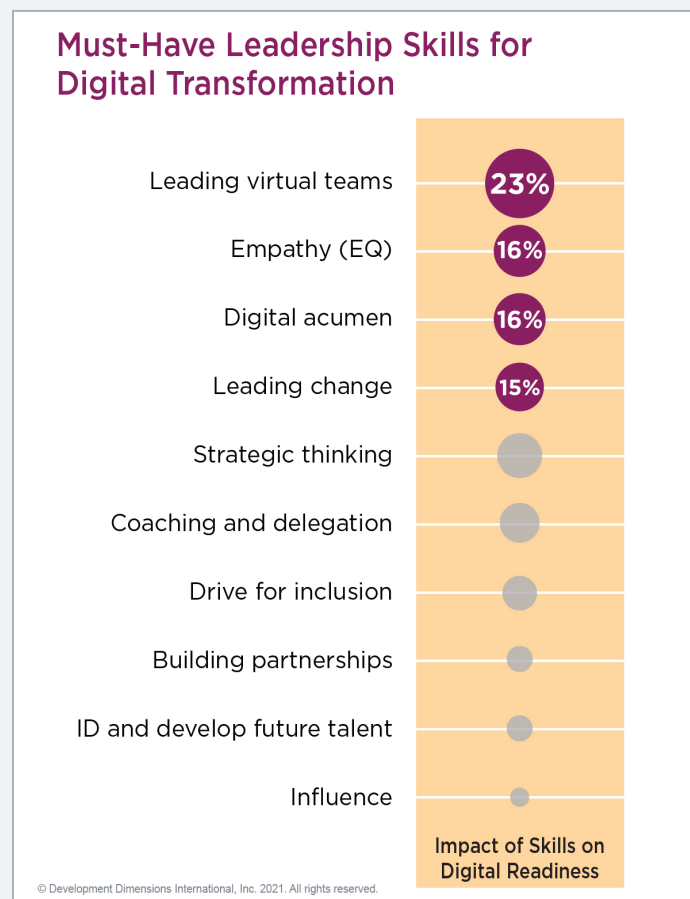**of CEOs feel very prepared for digital transformation**

Where to focus

Key Skills Drive Transformation

Successfully driving transformation goes beyond digital acumen and leading virtual teams. The graphic below highlights the skills that are the most significant contributors for organizations that are successfully prepared to operate in a highly digital business environment. Organizations that had already developed leaders in these areas were 1.8X better prepared for digital transformation. They are also more likely to be innovative, with leaders being 1.5X more likely to develop novel products or services in their work.

Preparation in these areas goes beyond what's digital. Work is also entering the biggest era of transformation in decades. The accelerated

pace of business and technology change will continue to put pressure on leaders to be upskilled and to act as innovators, designers, and technology partners.

Our research shows that organizations that are reinventing how they approach work and driving a more inclusive, innovative future are building these skills and fostering a culture to support transformation. They are more agile, data-driven, and more likely to encourage an experimental mindset—positioning them better for reinvention after the pandemic.

Must-Have Leadership Skills for Digital Transformation

Skill	Impact
Leading virtual teams	23%
Empathy (EQ)	16%
Digital acumen	16%
Leading change	15%
Strategic thinking	
Coaching and delegation	
Drive for inclusion	
Building partnerships	
ID and develop future talent	
Influence	

Impact of Skills on Digital Readiness

Global Leadership Forecast 2021

About DDI

DDI is a global leadership consulting firm that helps organizations hire, promote, and develop exceptional leaders. From first-time managers to C-suite executives, DDI is by leaders' sides, supporting them in every critical moment of leadership. Built on five decades of research and experience in the science of leadership, DDI's evidence-based assessment and development solutions enable millions of leaders around the world to succeed, propelling their organizations to new heights.

For more information, visit ddiworld.com.

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