



Global Leadership Forecast 2023





The Largest Leadership Study of Its Kind

The *Global Leadership Forecast* series is the longest-running global study of leadership aimed at understanding current and future leadership best practices. This year's study, *Global Leadership Forecast 2023*, is DDI's tenth forecast since starting this stream of research more than 23 years ago. This report examines responses from 1,827 human resource professionals and 13,695 leaders from 1,556 organizations 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.





Introduction

A Restless Leadership Pipeline Exposes Company Vulnerability

Is it enough? It's the starkly honest question on the minds of leaders at every level right now.

Are they doing enough to support their teams? Are senior leaders doing enough to engage and inspire their workforce, preparing them for the uncertainty and challenges ahead? And above all—is what they are doing at work enough to fulfill them personally, given the other priorities in their life?

In our research, we saw clear signs of a restless pipeline of leaders who are seeking more from their work and their employers. After leading through several years of challenges—from the pandemic to the Great Resignation to inflation—leaders are exhausted by constant change. As economic uncertainty looms ahead, leadership benches are thinning out and fewer people are willing to take on the additional responsibilities and hours.

Leaders are wondering if there are better places to build a career that complements the life they want. They have little tolerance for poor leadership. And they are looking for work cultures where trust runs fluently up and down the leadership ranks.

Above all, leaders seek growth. They strive for opportunity. They crave objective feedback on how they're doing and what they could do better. And they want to know that they are making an impact and doing meaningful work. Growth is crucial, not only in attracting and retaining top talent, but in building a pipeline of leaders who can quickly pivot to address shifting challenges.

The insights in this report are designed to fuel your leadership growth strategy. The data reveals where leaders are stalled and frustrated, and where there are powerful opportunities to engage and develop leaders. Most importantly, you will see how you can invest in the right development opportunities for your organization that will deliver the growth your leaders crave. Turn this data into action that will fuel your human and organizational growth in the next few years.

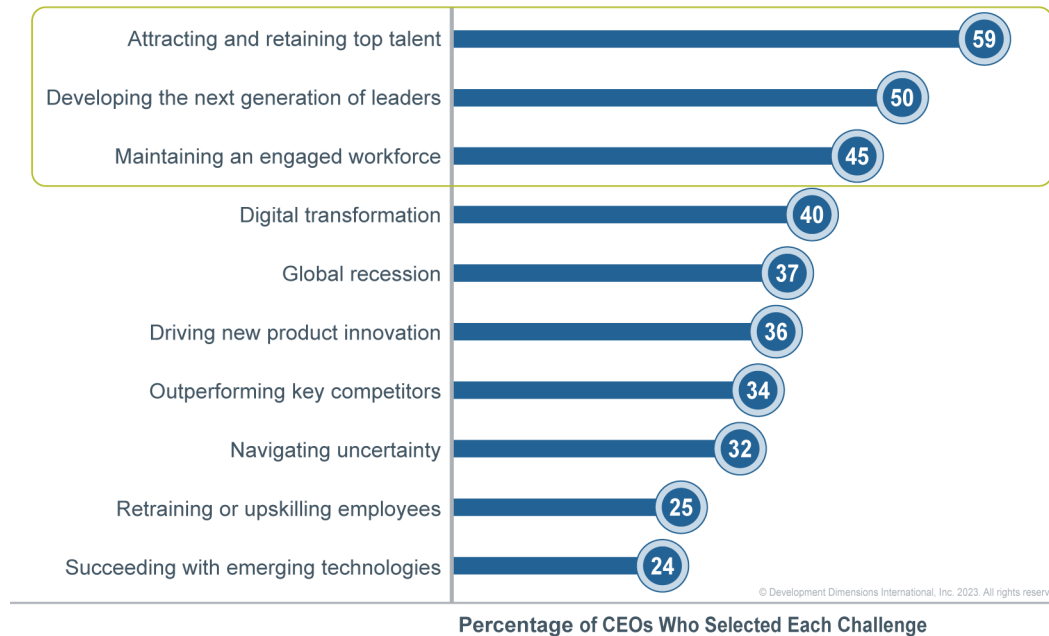


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Fragile Workforces Keep CEOs Up at Night

Top CEO Concerns



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Retaining and Developing Future Leaders Outranks Economic and Business Concerns

In the wake of one of the most dramatic workforce reshufflings in history, CEOs are acutely aware of the fragility of their workforce. Overwhelmingly, the 529 CEOs in our survey ranked talent-related challenges as the ones that keep them up at night, recognizing that people will unequivocally be the driver of their success across all other business and economic challenges.

Even as concerns about recession rise to the forefront, CEOs are deeply sensitive to the fact that their most crucial group of workers—highly skilled specialists and future leaders—may leave for a better experience at a competitor, change career paths, or even take a break from the workforce due to burnout.

Outside of talent challenges, digital transformation has risen to the top as companies seek to modernize their data infrastructure, optimize their operations, and create more compelling customer experiences. Coupled with driving innovation, CEOs see these challenges as critical to survival amid a potential recession.

“The greatest challenge in taking on my role as CEO has been to build and retain a winning team.”

—CEO, Consumer Products & Retail



Where to FOCUS ↓

Drive Retention to Enable Strategy

On average in the last year, 54% of companies saw their turnover rate increase, according to our survey. This has made retention an acute challenge that CEOs and CHROs recognize they must confront to fuel their success against all other challenges.

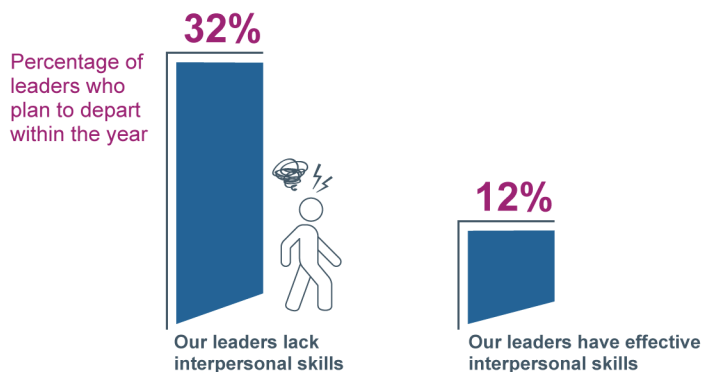
However, as employee expectations change, companies need to embrace significant changes to their company culture, especially as they look to attract and retain younger workers.

Among the factors that influence retention, ineffective leaders stand out as the number one reason why leaders would want to leave their company within the year. When leaders did not view their company's leadership as effective with interpersonal skills, they were 3.5X more likely to indicate they wanted to leave within the year.

A close second were options for flexible work. When flexible arrangements were not supported, leaders were 1.3X more likely to indicate an intention to leave their company within the year. This trend was even higher among workers under the age of 35, who were 2.2X more likely to plan to leave companies where flexible work was not supported.

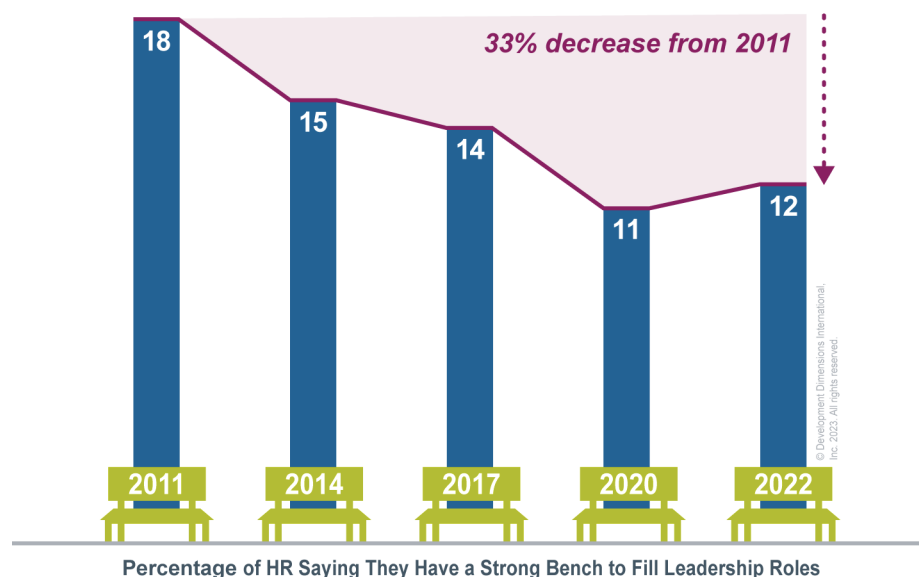
CEOs who are sounding the alarm about talent in their organizations need to evaluate their leadership culture. They need to think about how they set the tone and develop leaders who lead from a holistic, human-centered approach that incorporates the personal and practical needs of work.

Employees Won't Tolerate Ineffective Interpersonal Skills



Top Companies Reap the Benefits of Bench Strength

Bench Strength Has Not Recovered Since the Pandemic



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Companies Struggle to Build Their Bench, but Those That Succeed Gain Big Rewards

One of the most concerning longitudinal trends over the last decade of *Global Leadership Forecast* research is the shortage of leaders to fill critical roles. After the pandemic and Great Resignation decimated talent pools, companies have struggled to rebuild amid new cultural and economic paradigms. There is a significant shortage of leaders who are prepared to fill key leadership roles.

While only 12% of companies report confidence in the strength of their bench, those organizations are reaping significant benefits. Compared to companies with weak benches, companies that report strong benches are:

- 10X more likely to have employees rate their leader quality as “very good” or “excellent”.
- 6X more likely to be capable of engaging and retaining top talent.
- 5X more likely to be able to prevent employee burnout.
- 3X more likely to be among financially top-performing organizations.

Companies with a strong bench invest heavily in identifying and developing high-potential talent with diverse capabilities, enabling the organization to be more agile meeting business challenges.



Where to focus ↓

Look for Leadership Potential in Unexpected Places

In a tight labor market, companies need to find leadership talent internally, which is increasingly difficult as benches become leaner. HR respondents agree with this challenge, and 33% said there will be a significant increase in the need to develop internal talent.

To see long-term success, companies must be thoughtful and creative about finding and building leadership potential within their organizations.

Here's how companies can develop and surface potential leaders internally:

1. Plan for a stronger and diverse future pipeline.

When companies proactively plan for future talent needs, they are more likely to have diverse leadership. Companies with strong benches have 22% more women leaders and 36% greater leader background diversity than companies with weak benches. However, many companies still overlook key talent. Only 18% of leaders say leaders in their company represent diverse demographic backgrounds, and only 21% say their organization recruits and promotes from diverse candidate pools.

2. Surface potential earlier and more broadly.

The greatest source of untapped leadership potential is at the lowest levels of an organization. However, leaders may not recognize potential if it doesn't align with what leadership has traditionally looked like in the organization. This problem may be further exacerbated in remote and hybrid workforces, where there is often lower visibility of employee profiles, effort, contributions, and work styles. Organizations can leverage digital assessments as an unbiased way to identify hidden high-potential talent.

3. Develop leaders' virtual capabilities to build talent.

Across a broad set of leadership skills, leaders reported being least confident in their skills to identify and develop talent. They also lack confidence in their virtual leadership capabilities. Companies that prioritize their leaders' skills in virtual talent development will have a strong edge over companies that overlook the potential in their virtual workforce.

4. Create dynamic success profiles for critical roles.

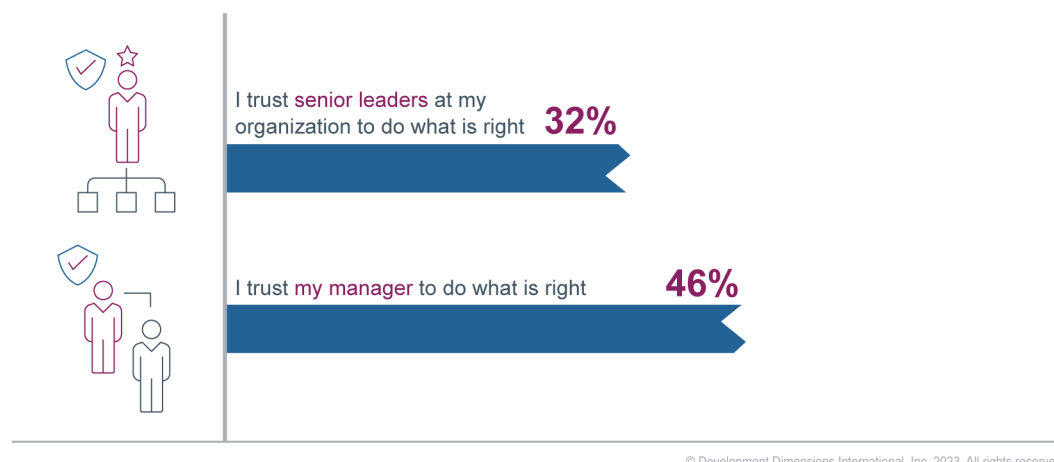
Defining the key leadership skills for specific roles can help leaders focus their development for success in their current role and earn promotions. However, leadership success profiles should be dynamic, incorporating critical leadership skills to support a company's current strategy and adapting to include different skills if the strategy changes. By measuring leaders' capabilities against dynamic profiles, you can see an accurate picture of who is ready to step into next-level roles.

Only **21%**
of leaders say
their company
recruits and
promotes from
diverse candidate pools



A Crisis of Trust in Leadership

Leadership Trust Is Broken



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Building Trust Needs to Start at the Top, Especially in Hybrid Workforces

Whether an organization is managing change, driving digital transformation, improving talent retention, or all of these, trust is the critical foundation underlying the success of every business strategy.

However, leaders, especially at the senior level, struggle to build and maintain trust with their teams.

According to our research, only 46% of leaders report that they definitely trust their direct manager to do what is right. More troubling, only 32% say they trust senior leaders at their organization.

In general, younger employees tend to be less skeptical of their leaders. For instance, 45% of workers under 30 say that their managers maintain high trust and confidentiality. Meanwhile, only 31% of workers over age 40 say theirs do.

Trust is also critical to the success of hybrid and remote work. In fact, leaders who work remotely are 22% more likely to trust senior leaders compared to those who work in person. This statistic suggests that this could be a question of “the chicken or the egg”: does the option to work remotely create more trust, or are companies with a leadership culture based on trust more likely to allow remote work? Either way, it's clear that companies grappling with the question of in-person versus remote work may be struggling with mistrust.



Where to focus ↓

Build 7 Behaviors to Boost Trust

Employees perform their best when they trust their leaders. We found that leaders who trust their senior leaders are nearly 3X more likely to develop novel ideas or solutions than those in low trust organizations. They are also less concerned with failing and try new ideas as an opportunity to learn.

Opportunities to strengthen trust happen in everyday interactions. We found seven behaviors that improve trust perceptions when leaders do them more frequently. In order of impact, these behaviors are:

1. Listen and respond with empathy.
2. Provide opportunities for team members' growth and development.
3. Share thoughts and rationale for decisions.
4. Genuinely acknowledge your own failures.
5. Inquire and care about employee wellbeing.
6. Encourage others to challenge old ways of doing things.
7. Recognize the success of team members.

In our analysis, 85% of employees who indicated that their leaders consistently did these things reported that they definitely trusted their managers to do what is right.

In addition to these seven leader behaviors, we found a relationship between trust and a leader's willingness to be vulnerable. When leaders regularly display vulnerability, their employees are 5.3X more likely to trust them. Furthermore, when leaders genuinely acknowledge their failures or shortcomings, they were 7.5X more likely to maintain trust over those that did not.

Leaders often fear that displaying vulnerability may be interpreted as weakness. But the data is clear that leaders who are self-aware about their imperfections build stronger relationships with their teams.

Employees were **5.3X** more likely to trust leaders who regularly displayed vulnerability



Confidence in Leadership Takes a Nosedive

Leader Quality Ratings Reflect Biggest Drop in a Decade



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A Crisis of Faith in Company Leaders Hits as Managers Burn Out

Though it is often short-lived, crisis can be a defining moment in leadership. In 2020, while the world grappled with unprecedented challenges, we saw a spike in confidence in leadership quality as employees trusted leaders to guide them.

But as frequently occurs after a crisis, exhaustion and cynicism have set in. Today, only 40% of leaders report that their company has high-quality leaders. This represents a significant drop from two years ago, and measures closer to levels during the wake of the economic crisis in the early 2010s.

While leaders struggle to maintain the trust and confidence of their teams, they also face internal challenges. Signs of burnout are growing among leaders, with 72% reporting that they often feel used up at the end of the day, an increase from 60% in 2020. Additionally, leaders are deeply concerned about burnout on their teams, with only 15% feeling prepared to prevent employee burnout.

The result is a perfect storm: as leadership exhaustion sets in, employees have rising expectations of their leaders. Companies need to create models for high-quality leadership that will engage and retain employees while not overburdening already-struggling leaders.

Only **15%** of leaders feel prepared to prevent employee burnout





Where to focus ↓

Define a High-Quality Leadership Culture

Leadership quality ratings are closely intertwined with company culture. As a result, high-quality leadership may look different in every organization.

However, among organizations that have the highest quality rankings for their leaders, there are five key strategies HR puts in place:

- They develop leaders in critical leadership skills.
- They employ people-forward talent practices focused on development and career growth.
- They implement a common leadership model and strategy across the organization.
- They offer high-quality development across their entire pipeline of leaders.
- They focus on promoting leaders internally more than hiring from the outside.

Organizations that are already succeeding with these practices have an average of 42% more high-quality leaders than their peers. They are also 3.4X times more likely to be rated a best place to work by their leaders.

While high-quality leadership may look different depending on company culture, we found some common ground in how leaders described great leadership in their own words. Across all industries and cultures, empathy dominated leaders' perceptions of great leadership as well as how leaders model good behaviors by examples.

How Nearly 14,000 Leaders Define What Makes a Great Leader



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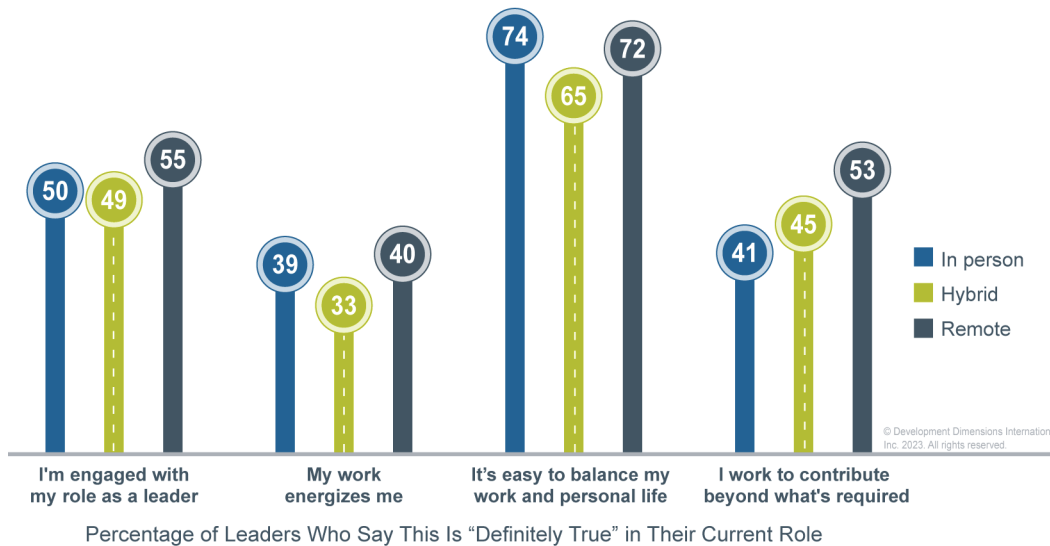
Companies
implementing
best practices
to develop their

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Hybrid Work Doesn't Deliver Its Promise

Remote Leaders Report Highest Role Satisfaction



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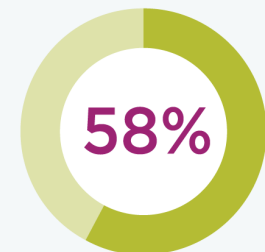
Rather Than a Perfect Compromise, Hybrid Work May Offer the Worst of Both Worlds

There's a fast and furious experiment for companies trying to optimize the workplace for productivity and collaboration. As senior executives worry about loss of company culture and decreased teamwork, employees encounter resistance to flexible work arrangements.

While there's significant variation across countries and industries, many companies have attempted to compromise with hybrid work, hoping to offer flexibility while preserving the face-to-face culture of their organization. Surprisingly, our research shows that a hybrid work culture is actually the most difficult and least engaging approach.

When we asked leaders to rate the quality of their leadership and work experiences, leaders who work in hybrid roles reported the lowest ratings for how engaged and energized they are at work. Fewer than half (49%) of leaders working in a hybrid role reported being definitely engaged and only a third reported that their work energizes them, about 10% less than their in-person and remote counterparts.

One reason that hybrid leaders are least engaged seems to be that hybrid work combines the worst of both worlds and challenges leaders to maintain a difficult balance of priorities. Hybrid leaders were least likely to say that it's easy to balance their work and personal lives. As leaders face the challenges of connecting with and leading dispersed teams, the additional burden of making and coordinating time in person with their teams is taking a toll.



of leaders worldwide now work in a hybrid or remote role



Where to focus ↓

Drive Engagement Through Key Leadership Behaviors

For hybrid and remote work to be successful, employees need to be engaged and productive. We examined leadership behaviors and found that four consistently stand out for driving higher levels of engagement:

- Maintains trust with employees.
- Encourages others to challenge old ways of doing things.
- Listens and responds with empathy (understanding others' emotions).
- Provides opportunities for team members to gain visibility.

It's important for leaders of hybrid and virtual teams to consider how much these behaviors can make a difference. In particular, trust and visibility make a huge difference for employees who are straddling an in-person and virtual work culture. Hybrid employees were 4.4X more engaged when their manager regularly maintained trust, and 4.6X more engaged when their manager provided team members with opportunities to gain visibility.

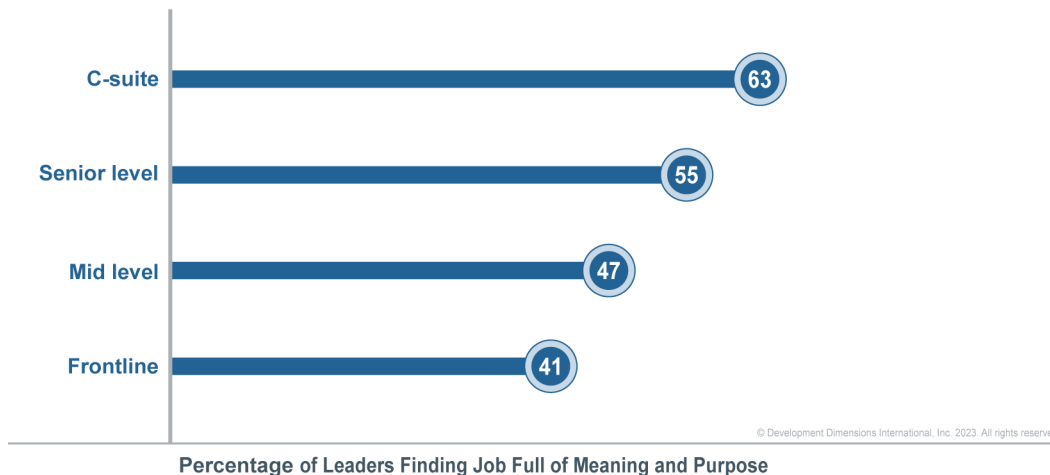
For fully remote employees, receiving feedback was a top driver of engagement. Remote employees who reported that their manager regularly provided constructive feedback had engagement rates 2.5X higher than employees who did not receive feedback regularly.

The need for effective hybrid and virtual leadership will only grow as the youngest generations entering the workforce continue to desire and expect work flexibility. Leaders need support and development to improve their virtual leadership skills, especially given that only 27% say they are very effective at leading hybrid or virtual teams, making it leaders' least-effective area overall.

Most Common Hybrid Industries	Most Common In-Person Industries	Most Common Remote Industries
Finance & Insurance	Manufacturing	Professional Services
Technology	Retail	Consulting Firms
Energy & Defense	Construction & Real Estate	Pharmaceuticals

Purpose Drives Engagement

Many Leaders Don't Feel a Strong Sense of Purpose



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Leaders Struggle to Find a Sense of Purpose and Fully Engage

Is work only a means to a paycheck, or does it need to offer people a deeper sense of purpose and connection? In the wake of the pandemic, many workers have changed their personal and professional priorities. As companies scramble to compete for workers, many are building a case for purpose in their organizations.

But so far, this case may not be effective. Our data shows that less than half of leaders definitely find their jobs to be purposeful. The purpose deficit is strongest in first- and second-line leaders, who may be more removed from conversations around strategic objectives. But even at the C-suite level, less than two-thirds say they find their job full of meaning and purpose, which is surprisingly low considering the time and energy required from these leaders.

Given the high bar, many company leaders may wonder how important it is to build purpose into their company culture. But our research shows substantial benefits. When leaders feel a strong sense of purpose, they are:

- 9X more likely to feel engaged in their role.
- 2.4X more likely to intend to stay at the company for the next year.

Individual leaders' sense of purpose also has a cascading effect throughout the organization. If leaders struggle to find purpose in their work, their teams will likely have a harder time feeling a sense of connection and meaning as well.



Where to FOCUS ↓

Infuse Purpose into Leadership from the Top Down

What differentiates those with a strong sense of purpose from those without one? We looked for actions that leaders can take to bolster a stronger sense of purpose at any level. They are:

1. Conduct frequent and meaningful career conversations.

When leaders see their next potential move, they have a better understanding of how they can grow within the company and contribute—now and in the future. When leaders understand their career path, they are 4x more likely to find their jobs full of meaning and purpose than those that do not.

2. Clarify what “success” looks like.

A clear expectation of what is considered good performance guides leaders to think about the role they play and how important their contributions are.

3. Encourage self-reflection.

When leaders have time to think about the work they are doing and their company’s strategic objectives, they can connect the dots. They can also think of innovative solutions to move the needle.

4. Ensure leaders have the tools to do their jobs well.

Leaders who say they have the tools to do their jobs well are 5X more likely to find their jobs full of meaning and purpose than those who do not.

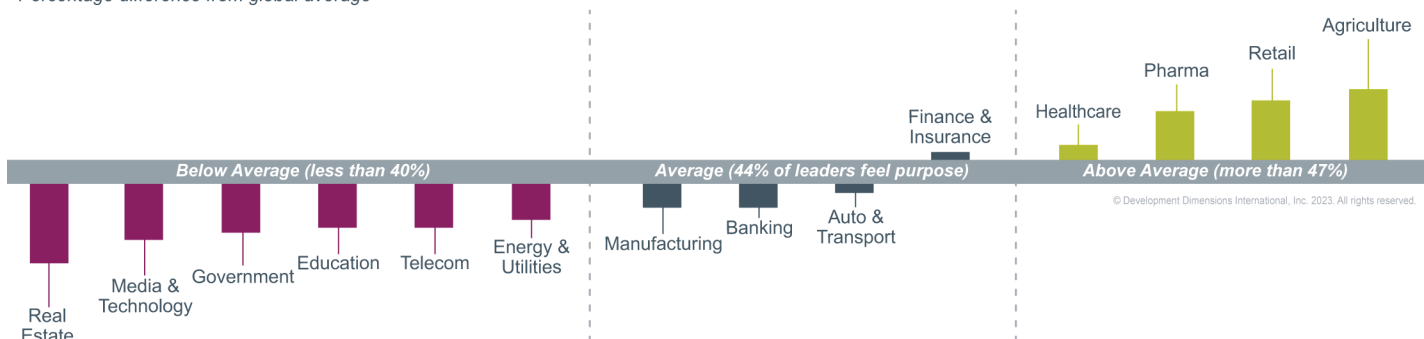
When leaders have meaningful career pathing conversations, understand expectations, self-reflect, and have the right tools, they are more likely to feel a sense of purpose. In fact, 87% of leaders who have these experiences definitely find their job full of meaning and purpose, compared to only 25% of leaders who do not have these experiences.

When leaders understand their career path, they are **4X** more likely to find their jobs full of meaning and purpose



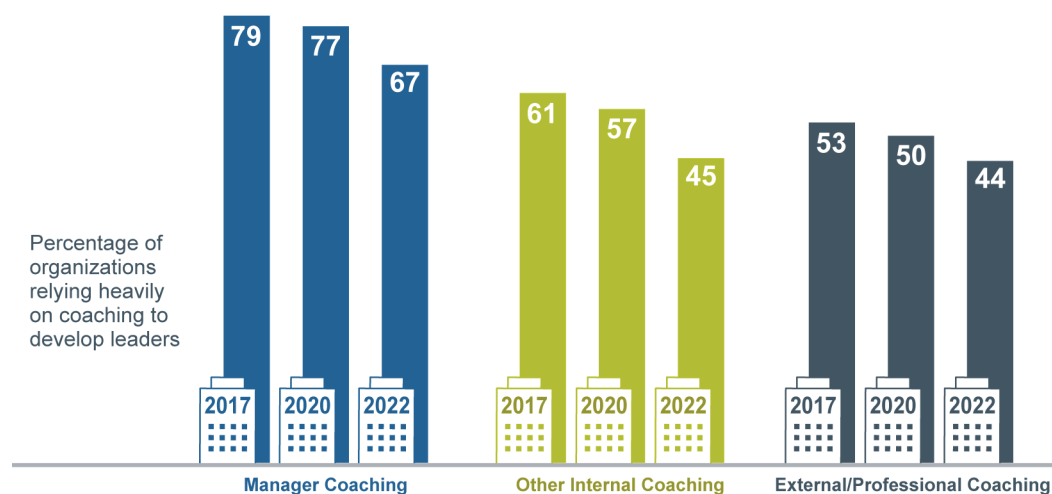
Leadership Purpose by Industry

Percentage difference from global average



Coaching Cultures Are Effective, but Dwindling

Reliance on Coaching for Leader Development Drops Off



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Fewer Companies Are Focusing on Coaching for Development, but Those That Do See Major Benefits

While many companies strive to create a coaching culture, fewer companies report having one, a dramatic decrease from 2020.

Only 23% of leaders say they want more coaching from their managers, and they rate coaching from their manager as one of their least desired forms of learning. Unsurprisingly, this trend is closely related to how effective their manager is at coaching.

Leaders who said they get effective coaching from their managers were twice as likely to want more of it. They are also more likely to feel positively about their company's development approach and culture.

Leaders who get quality coaching from their managers are:

- 4.3X more likely to feel they have a clear development path as a leader.
- 2.7X more likely to feel accountable for being an effective leader.
- 1.5X less likely to feel they have to change companies to advance.

Because it can have significant impact, companies should consider coaching as an opportunity to improve retention and create meaningful development experiences.

Leaders who get quality coaching from their managers are **1.5X** less likely to feel they have to change companies to advance





Where to FOCUS ↓

Build Leaders' Coaching Skills

Eighty-five percent of HR professionals report that coaching skills will be critical for leaders to develop in the next three years. But for leaders to become effective coaches, they need to have a deep awareness of how their style is perceived by others and be a part of a larger culture that supports coaching.

We found three key factors that help leaders increase their coaching effectiveness:

1. Managers and/or formal mentors set a positive example.

Unsurprisingly, leaders tend to follow the same coaching approach as their own managers and mentors, which usually looks like the safe approach sanctioned by the company. That's why it's crucial that more senior leaders create a positive model and coaching-friendly environment where they encourage others to share feedback in the moment.

2. Leaders have an objective assessment.

Many leaders overestimate the quality of their coaching capabilities, as they rarely get feedback about their coaching skills. A high-quality objective assessment or a 360-degree evaluation can set the stage for meaningful coaching conversations by helping leaders develop self-awareness of their strengths and development areas.

3. Leaders see the impact of coaching on their overall effectiveness.

Coaching is a core skill that impacts a leader's effectiveness across all areas of their role. We found a strong correlation between leaders' rankings of their coaching skills and their perception of their overall effectiveness as a leader. Specifically, 47% of leaders who think they are above average in leadership effectiveness feel they are effective in coaching and developing others. Meanwhile, only 18% of leaders who feel they are average or below in leader effectiveness reported being effective in coaching others. As companies focus on building their leaders' coaching skills, they should emphasize the impact it will have on overall leadership performance.

Five Skills Leaders Need for the Future

Critical Gap Persists for Five Skills Leaders Need to Develop



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Few Leaders Are Getting the Development They Need to Meet Key Challenges

Leaders want to prepare for uncertainty. The top five skills they want to develop in the next three years reflect a desire to clearly communicate strategy to their teams and engage teams and stakeholders to meet the challenges ahead.

While leaders believe these skills are crucial to success, only 12% rate themselves as effective in all five. Worse, only 29% of companies train for these critical skills. If not addressed, this skill gap could exacerbate talent challenges in the coming years.

Companies that focus on development in these key areas can strengthen their ability to weather challenging circumstances. Our research shows that when leaders feel they are effective in all five skills, they are also:

- 3X more likely to say they can engage and retain top talent.
- 2X more likely to feel prepared to prevent employee burnout.
- 2X more likely to be comfortable operating in a highly ambiguous environment.
- 3X more likely to feel confident operating in a digital business environment.

Furthermore, when companies develop these skills, they are also 1.4X more likely to be named as a best place to work, which improves their ability to attract and retain top talent.



Where to focus ↓

Develop Talent Nurturers

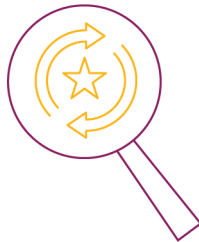
All five of the top skills leaders need to develop are critical for leaders' success in the next three years. In fact, when leaders rate themselves as effective in all five areas, they are 2X more likely to feel energized about their work and 4X more likely to seek out additional ways to contribute to their organizations beyond their job requirements.

If companies can only focus their attention on developing one key skill, the biggest gap to address is leaders' ability to identify and develop future talent. This skill is also crucially tied to CEOs' biggest concern for their organizations: attracting and retaining top talent.

We examined key factors that contribute to leaders' effectiveness in identifying and developing talent. We found that leaders feel more effective identifying and developing future talent when their direct leader:

- Encourages them to challenge old ways of doing things.
- Listens and responds with empathy.
- Provides opportunities for team members' growth and development.
- Maintains high trust and confidentiality.

Companies with leaders who are effective at identifying and developing talent have on average, a **15%** higher internal hiring success rate



Leaders Crave the Human Experience of Learning

Most Sought-After Learning Experiences



Quick Reference Guide

- Fragile Workforces Keep CEOs Up at Night
- Top Companies Reap the Benefits of Bench Strength
- A Crisis of Trust in Leadership
- Confidence in Leadership Takes a Nosedive
- Hybrid Work Doesn't Deliver Its Promise
- Purpose Drives Engagement
- Coaching Cultures Are Effective, but Dwindling
- Five Skills Leaders Need for the Future
- **Leaders Crave the Human Experience of Learning**
- A Race to Retain High-Potential Talent

Leaders Want More Meaningful, Interactive Learning Experiences with Their Peers

Given the constant battle for leaders' time and attention, companies must think carefully about how to create targeted, meaningful learning experiences. Especially amidst the shift to remote and hybrid work, development experiences must help leaders connect with each other to build a more positive learning culture.

By far, leaders say that they want to learn through interactive experiences with their peers, with a smaller amount of self-driven learning. They ranked live, instructor-led training as their top choice, followed closely by professional coaching. They also want assessments to guide their experiences and developmental assignments to test out new skills.

Surprisingly, coaching from a current manager ranked at the bottom of leaders' desired learning methods. However, as we discussed in the earlier coaching finding, this low ranking may reflect the quality of their managers' coaching skills, not coaching as a development method. Leaders who report that their managers are effective coaches are more likely to want coaching from them.



Where to focus ↓

Build a Pipeline Development Strategy

Most companies focus leadership development offerings on first-time managers who need it most. However, we found throughout our research that companies that consistently offer quality development across the pipeline reap significant advantages.

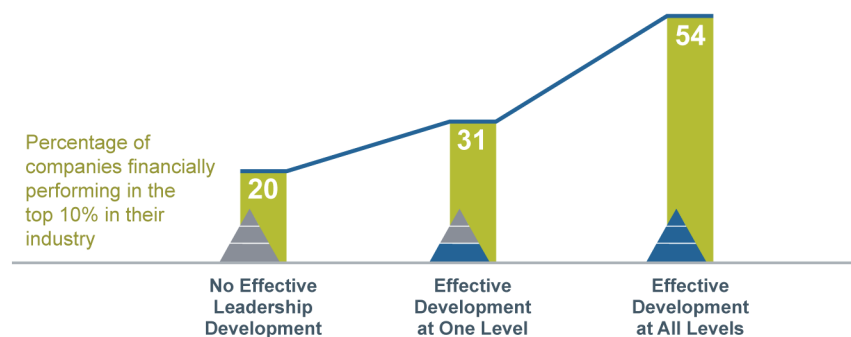
We compared how the effectiveness of an organization's development programs related to their financial performance against their industry peers. Unsurprisingly, companies that failed to offer an effective leadership development program at any level were linked to the poorest financial performance, with only one in five companies saying that their financial performance was in the top 10% for their industry.

Organizations with effective development programs for only one leader level performed slightly better—31% say they are in the top 10% of industry financial performance. When effective programs were offered for two levels of leaders, this percentage again increased to 40%.

However, organizations that provided effective leadership development at all levels were far more likely to rank for top financial performance, with 54% reporting that they are in the top 10% of their industries.

While many companies may focus initial efforts on one level of leadership, the data shows that companies see increasingly better returns as they create cohesive leadership cultures that span the entire organization.

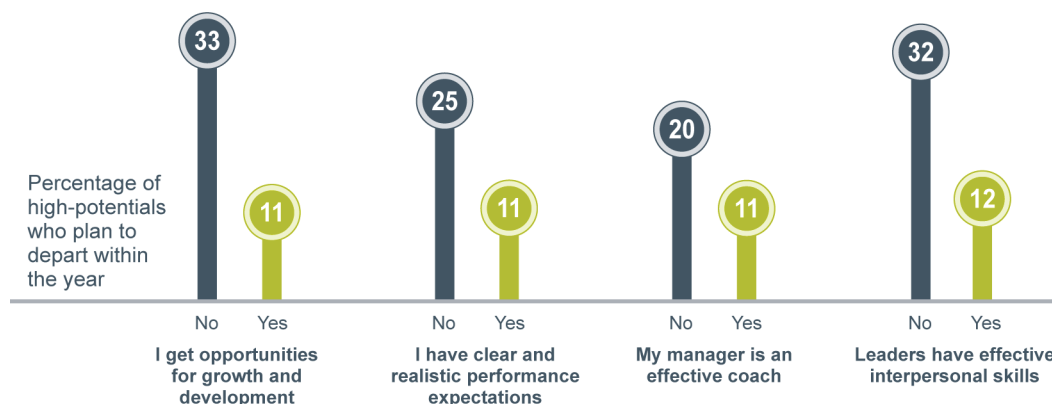
Development Quality Across the Pipeline



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A Race to Retain High-Potential Talent

Key Drivers of High-Potential Retention



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Retaining Top-Tier Talent Is Crucial in a Lean Economy

In the wake of the pandemic and the Great Resignation, companies have been hemorrhaging high-potential talent. As economic forecasts suggest the possibility of a downturn or recession, leaders may be hoping that turnover will reduce. Unusually, however, the labor market remains very tight, particularly for top talent. Companies need to work hard to retain these crucial players, especially given CEOs' high level of concern for their next generation of leaders.

High-potential leaders are aware that their skills are in demand and are interested in gaining new experiences. For high-potential employees within the first three years of their tenure, only 12% said they intend to leave their companies within the year. By contrast, high-potential employees who have been with the company for three years or longer are 25% more likely to be at risk of departure. Three years seems to be the critical tipping point for these valuable leaders to start showing interest in moving on.

High-potential leaders also have high standards for the types of leaders they want to work for, with 32% indicating they would not tolerate ineffective leadership, compared to 12% of leaders who are not high potentials. When their managers are effective with interpersonal skills, high-potential employees were 3.3X less likely to indicate an intention to leave their company within the year.

In addition to the interpersonal skills of their leaders, three key factors make the biggest difference in high-potential employees' intentions to stay:

- Opportunities for growth and development.
- Clear and realistic performance expectations.
- Managers who are effective coaches.

3 years is the critical tipping point when valuable leaders consider whether they should look for their next opportunity internally or externally





Where to FOCUS ↓

Deliver Deeper Experiences for High-Potential Leaders

The most important factor that influences whether high-potential employees stay and grow with their companies is having opportunities to develop. There are three development experiences that high-potential leaders prefer:

- 85% want coaching—from internal and external coaches—to help them develop as leaders.
- 71% want instructor-led training to strengthen leadership skills.
- 56% want to use assessment to diagnose strengths and areas for improvement.

Within their first three years as leaders, high-potential leaders were significantly more likely to seek out each of these development experiences than their peers. Additionally, those who received quality coaching from their manager were 2.3X more likely to want more manager coaching than high-potential leaders who didn't receive adequate coaching from their managers.

These growth experiences matter even more to younger high-potential workers (Gen Z and Millennials under the age of 35) who are seeking more coaching and feedback on how they can grow as leaders within their companies. Based on the responses from younger high potentials, it's clear that providing these development experiences pays off.

Fifty percent of younger high-potential workers who receive these key developmental experiences report having a greater sense of purpose at work than those who don't receive the same experiences (35%). They are also significantly less likely to want to depart their companies. Only 5% said they plan to leave within the year compared to 10% of their peers who hadn't received development experiences.

Younger high-potential employees were **2.4X** more likely to stay at companies that provide key development experiences





Global Leadership Forecast 2023

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.

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