

All-Around Leadership

Organizations are broadening their definitions of a “leader,” and realizing their programs aren’t covering critical competencies related to technology and innovation, according to the fourth annual Global Leadership Development Survey conducted by *Training*, AMA, and i4cp.

Broader thinking, higher expectations, and deeper analysis characterize the organizations represented in the 2013 iteration of the annual Global Leadership Development (GLD) study conducted by *Training* magazine, the American Management Association (AMA), and the Institute for Corporate Productivity (i4cp).

This year’s findings paint a picture of firms being laser-focused on bringing effective global leadership development to their workforces, from their expanded definition of a leader to their shrinking tolerance for lack of results. Among the 10 key findings, three stand out prominently as pillars in supporting a new outlook for GLD:

- **There is a shift to defining leaders by influence, not role.** More than half of participants from High-Performing Organizations (HPOs) define leaders by their degree of

- influence and performance, not their position.
- **Strategic Workforce Planning (SWP) is playing a pivotal role in driving GLD content.** Nearly twice as many high-performing organizations as low-performing organizations use SWP to identify competency gaps and drive the content of GLD.
- **Critical competencies related to technology and innovation need mastery but are absent from many GLD programs.** The top four competencies that are missing from GLD yet considered important—increased comfort with virtual technology, social network technology, creativity, and building a culture of innovation—are also among the top six competencies identified as having the greatest need for mastery, along with managing virtual teams.

Overall, more organizations are addressing global leadership development this year: Some 39 percent of the 1,174 respondents in 2013 have some form of formal GLD vs. 31 percent in 2010 and 2012. More than half (52 percent) standardize their GLD for consistency but tweak it at the local level to reflect cultural or geographic nuances.

Also, organizations have tempered self-assessments of their Global Leadership Development Effectiveness (GLDE) from previous years. The proportion reporting GLDE in the top two ratings rose from 2010 (42 percent) to 2011 (47 percent) to 2012 (51 percent), but fell in 2013 to 40 percent—with even HPOs reporting just 48 percent.

Key Findings

1. Shifts in both external (such as increased global competition and uncertainty about global regulations) and internal factors (such as shrinking talent pools) are affecting organizations’ ability to operate and grow globally. That means part of the challenge of global leadership development is understanding the need to tap into markets, consumers, and talent from around the globe.

HPOs (17 percent) are 52 percent more likely than LPOs (10 percent) to recognize growing workforces outside their home country as a trend affecting their ability to operate and grow globally. HPOs likewise consider shrinking skilled local talent pools as one of their three highest-ranking trends affecting global growth. Other findings show that companies admit to being deficient in their knowledge of specific cultures in markets where they operate or plan to operate.

2. Organizations are recognizing that the term, “leader,” applies to a far broader audience than those at the top echelon of the corporate organization chart.

Nearly four in 10 respondents say their definition of “leader” is “anyone whose role allows them to influence a group, regardless of direct reporting relationships.” Another 14 percent say “anyone, whether they manage others or not, who is a top performer in their specific role” is a leader. Together, more than half (53 percent) define their leaders not by the individual’s job level but by their roles of influence and performance.

This broadened outlook about who is a leader is more prevalent among High-Performing Organizations (HPOs) (58 percent) than the overall study population, and even more so among those respondents whose Global Leadership Development Effectiveness (GLDE) processes are rated most effective. Seven in 10 (70 percent) respondents with top GLDE ratings determine leaders by their role rather than position.

The implication of this broader definition of leader is that companies need to redesign their processes for identifying who is a leader for developmental purposes, as well as readdress the scope and content of training programs.

3. Strategic Workforce Planning (SWP), which encompasses various human capital practices, is playing an increasing and impactful role in driving GLD.

Continuing the trends seen in the 2012 survey, long-term business strategies and corporate values remain the primary drivers of the GLD process in 2013, but competency gaps identified through SWP moved up to No. 3 (chosen by 48 percent of HPOs vs. 26 percent of LPOs).

- The study also reveals other driving factors for GLD processes:
- “Specific requests or direction from the senior management team” is a factor that reveals a huge differentiation between HPOs and LPOs (37 percentage points) and is correlated to the Market Performance Index (MPI).
 - “Ongoing performance reviews of the management team” are used by 45 percent of HPOs versus 29 percent of LPOs

Which *one* of the following statements best reflects your organization’s definition of a “leader”?

Definition of “leader”	Percent
Anyone at a VP level and above	6.1
Anyone at a Director level and above	9.2
Anyone at a Manager level and above	12.7
Anyone in charge of a group of employees or a function	16.6
Anyone whose role allows them to influence a group, regardless of direct reporting relationships	38.9
Anyone who is in a position that is designated “critical” to our company	2.2
Anyone, whether they manage others or not, who is a top performer in their specific role	14.2
Correlation to MPI	-.11**

**Indicates a statistically significant correlation

Which of the following factors are significant drivers of your organization’s GLD process? (select all that apply)

Factor driving GLD	Percent	2013 Overall Rank	2012 Rank	Corr. to MPI or GLDE
Competencies that have been derived from our long-term business strategies	66.6	1	1	
Our expressed corporate values	65.8	2	3	.19**
Competency gaps identified through our strategic workforce planning process	43.6	3	5	.17**
Specific requests or direction from the senior management team	41.2	4	2	.16**
Geographies or markets where our company has operations	39.8	5	New in 2013	
Ongoing performance reviews of our management team	39.0	6	4	.18**
Geographies or markets where our customers (or prospective customers) are located	35.3	7	New in 2013	
Principles in the general body of literature regarding global leadership development	32.4	8	6	
Advice from thought leaders outside the organization	30.7	9	7	.21**
Curriculum developed by vendors we use for these progs.	24.6	10	8	

Respondents who report having no leadership development program were not shown this question. **Indicates a statistically significant correlation

- and significantly correlate to GLDE.
- “Advice from thought leaders outside the organization” produces a significant correlation to GLDE, the highest of all factors driving GLD.

4. C-level executives and those being groomed for such positions are the groups most frequently targeted for GLD. However, an argument for opening GLD to self-selecting managers is emerging.

Making the GLD process available to any manager who expresses interest in global leadership development is a practice that significantly correlates to GLDE (.18). Additionally, this practice returned a difference of 10 percentage points between HPOs (17

Which of the following groups of employees is your organization's GLD process designed to target? (select all that apply)						
Target for GLD process		Percent				
All employees who have been identified as "high potentials"		44.3				
Managers who have been formally identified as potential successors to the C-suite		43.3				
C-suite-level executives		37.5				
All employees who currently have job duties or manage team members outside their country of origin		22.3				
All employees who are likely to be responsible for duties or management assignments outside their country of origin		19.0				
All managers are required to participate in global leadership development		16.7				
Any employee nominated by someone in their line of supervision		14.7				
Any manager who expresses interest in global leadership development		13.4				
Any employee, regardless of whether he/she is a manager, who expresses interest in global leadership development		11.1				
All employees are required to participate in global leadership development		7.6				
Respondents who report having no leadership development program were not shown this question.						
The overall Top 10 competencies included in GLD in 2013						
Competencies	Percent Overall	Overall Rank 2013	Rank among HPOs	Rank 2012	Corr. to MPI	Corr. to GLDE
Managing change	58.2	1	1	1		
Critical thinking/problem-solving	55.7	2	2	2	.10**	.23**
Creating/supporting a culture of engagement	52.4	3	3		.12**	.20**
General business acumen	47.8	4	7			
Strategy development	46.9	5	4	4		.26**
Embracing diversity	45.8	6	8			.19**
Strategy execution	44.6	7	5	5	.12**	.29**
Managerial agility	42.6	8	10	6		.28**
Interpersonal/political savvy	41.6	9	6		.13**	.27**
Emotional intelligence	40.4	10		8	.10**	.19**
Other competencies in 2012's Top 9:						
Ability to build/influence coalitions			9	3		
Leading cross-cultural teams				7		
Creativity				9		
**Indicates a statistically significant correlation						
The overall Top 10 competencies <i>not</i> currently included in GLD but considered important						
Competencies	Percent Overall	Rank 2013	Corr. to MPI	Corr. to GLDE		
Comfort/competency with latest advances in virtual technology	54.0	1				
Creativity	50.2	2	.11**	.20**		
Creating/supporting a culture of innovation	46.3	3		.38**		
Comfort/competency with social network technology	45.7	4				
Data analysis	44.7	5	.11**			
Knowledge/understanding of specific cultures in markets the company sells/services or plans to sell/service	44.5	6	.17**	.18**		
Leading cross-cultural teams	43.9	7	.11**	.23**		
Managing in a matrixed organizational structure	42.5	8				
Financial management acumen	42.2	9				
Strategy execution	42.0	10	.12**	.29**		
**Indicates a statistically significant correlation						

percent) and LPOs (7 percent). Delivering GLD to those who self-select—those with a passion to learn and grow in a global context—can broaden the succession talent pool with managers who have a global mindset. Another way to ensure that the pipeline is well-stocked with global-minded managers is to require all managers to participate in GLD. This requirement proved to be a significant differentiator (18 percentage points) between HPOs (20 percent) and LPOs (2 percent).

5. **Creating a culture of engagement, business acumen, embracing diversity, emotional intelligence, and political savvy crack the overall Top 10 GLD competencies in 2013.** The business skills of managing change and critical thinking/problem-solving remain the top two competencies for GLD in 2013, just as they were in 2012 and 2011. The biggest differentiators for HPOs are critical thinking/problem-solving (58 percent of HPOs and 48 percent of LPOs) and strategy execution (49 percent of HPOs and 39 percent of LPOs).

Interpersonal/political savvy, a communications competency added this year, is included in the GLD programs of 48 percent of HPOs and 30 percent of LPOs. Creating/supporting a culture of engagement is offered by 58 percent of HPOs and 41 percent of LPOs. Embracing diversity is the only one of the eight global competencies on the overall Top 10 list. It is included in 48 percent of HPOs’ GLD programs and 44 percent of LPOs’.

6. **The Top 4 competencies that respondents point to as important but *not* included in their current GLD represent two broad themes: creativity/innovation and expertise using technology-enabled communication tools.** More than half of HPOs (53 percent) and an even larger proportion of LPOs (59 percent) confess that comfort and competency with the latest advances in virtual technology is missing but important. Comfort and competence with social network technology is missing from GLD in 44 percent of HPOs and 51 percent of LPOs.

More than half of respondents say creativity is missing from their GLD but place it second on the list of most important. Creativity significantly correlates to both the MPI and GLDE. Creating/supporting a culture of innovation is third on the list and also highly correlates to GLDE.

The competency of understanding business

numbers is a source of large differences between HPOs and LPOs. Data analysis is fifth on the overall list, with 40 percent of HPOs and 50 percent of LPOs not including it. It is also a competency significantly correlated to the MPI. Financial management acumen is ninth on the overall list, with 39 percent of HPOs and 51 percent of LPOs not including it.

For global competencies, knowledge and understanding of specific cultures in markets the company sells/services or plans to sell/service is sixth on the overall list. It is also the source of a large HPO/LPO differential, with low performers (51 percent) reporting the absence of these competencies to a larger extent than HPOs (40 percent).

Leading cross-cultural teams is seventh on the overall list and is the only competency on the 2013 Top 10 not-included-but-important list that is missing more among HPOs (48 percent) than LPOs (45 percent).

7. **Compared with 2012’s Top 9 competencies, organizations in 2013 report less mastery of nearly every competency on the list, with the largest drop noted in strategy execution.** Why the drop? The business environment today is more focused than ever on performance and accountability. Accompanying that is an increased demand for measurement. With the spotlight aimed on providing evidence of performance improvement, organizations are stepping up their efforts to evaluate performance and progress. As the demand for demonstrated competency increases, so does the awareness of deficiencies.

The most work to be done in mastering competencies lies in global competencies, but competencies related to technology are a big challenge, too.

8. **Most organizations still look to traditional instructor-led classroom training as their No. 1 source for developing leadership skills. But some lesser-used approaches also show notable differences between the practices of HPOs and LPOs.** Virtual (online) instructor-led training is the largest differentiator between HPOs (27 percent) and LPOs (19 percent) for teaching change management skills. Formal mentoring is a notable source of differentiation between HPOs (25 percent) and LPOs (14 percent) for building coalitions. Coaching from external professionals

The Top 9 GLD competencies in 2012, comparing mastery levels in 2012-2013 (high/very high extent)			
Top 9 Competencies - 2012	Percent Mastery '12	Percent Mastery '13	% Drop/Gain in Mastery
Change management	34.0	31.1	-2.9
Ability to influence and build coalitions	36.0	26.7	-9.3
Critical thinking/problem-solving	42.5	42.3	-0.2
Leading cross-cultural teams	31.5	22.3	-9.2
Managerial agility	35.5	27.9	-7.6
Emotional intelligence	28.5	26.5	-2.0
Creativity	23.5	26.4	+2.9
Strategy execution	43.0	33.6	-9.4
Strategy development	45.5	36.2	-9.3

The overall Top 10 greatest needs in mastery of GLD competencies in 2013 (mastery to a small extent/not at all)		
Competencies	Percent Overall	Rank 2013
Fluency in prominent language	48.8	1
Comfort/competency with virtual technology	44.9	2
Comfort/competency with social network technology	44.8	3
Creativity	39.6	4
Managing virtual teams	37.9	5
Creating/supporting a culture of innovation	36.3	6
Multi-country supply chain management	35.3	7
Leading cross-cultural teams	34.3	8
Execution of global strategies	34.0	9
Knowledge of specific cultures in markets where company operates or plans to operate	34.0	9 (tie)
Managing in a matrixed organizational structure	33.3	10

Top 3 most effective ways organizations are addressing selected competencies that were consistently among the Top 5 competencies in GLD programs (select 1-3)					
Effective approach	Change Management	Critical thinking Problem-solving	Ability to build/influence coalitions	Strategy development	Execution of global strategies
Traditional classroom	56%	(1) 51 %	37%	(1) 43%	(1) 27%
Stretch assignments	26%	(2) 30%	(2) 27%	(2) 25%	(3) 23%
Internal coach		21 %		(3) 24%	(2) 27%
Formal mentor			(3) 22%		
Self-paced e-learning	(3) 24%				

Which of the following metrics are significant factors in how your organization evaluates the success of its GLD process? (select all that apply)

Metrics to evaluate GLD process success	Percent	2013 Rank	2012 Rank	2013 Corr. to GLDE
Observable changes in specific behaviors of participants	63.0	1	2	
Participants' satisfaction ratings	60.0	2	1	
Business performance measure such as sales or productivity	41.7	3	9	
Formal performance reviews of participants before and after completing any global-focused training (i.e., benchmarking)	38.3	4	3	.19**
Knowledge achieved using post-training assessment	35.7	5	6	.18**
Engagement scores of the leaders' direct reports or department	35.7	6	8	.21**
Customer satisfaction scores	32.8	7	7	
Feedback collected from focus groups composed of global-focused training graduates	24.3	8	5	.18**
Surveys conducted with the management team about the global-focused training's perceived value	22.1	9	4	

Respondents who report having no leadership development program were not shown this question. **Indicates a statistically significant correlation

Which of the following obstacles must be addressed in order to deliver effective global leadership development? (select 1-3)

Obstacles to GLD	Percent	Corr. to MPI	Corr. to GLDE
Lack of budget/budget constraints	45.4		
Lack of executive leader sponsorship	33.9		-.21**
Perceived time constraints	23.1		
Inadequate follow-up or reinforcement training following conclusion of initial program	22.0		
Inadequate internal resources to deliver global program	20.5		
Lack of alignment with organization's strategic workforce planning initiatives	20.2	-.12**	
Lack of visibility into organization's global talent pool (i.e., who has what skills in each geography)	20.0		
Difficulty establishing global consistency	11.6		
Lack of transparency/consistency in participant selection criteria	11.2		
Difficulty identifying appropriate content	6.5		
Challenges identifying appropriate global delivery partner	5.9		

**Indicates a statistically significant correlation

produces the largest differentiation between HPOs (24 percent) and LPOs (13 percent) for teaching strategy development. Self-paced e-learning differentiates HPOs (22 percent) and LPOs (15 percent) for critical thinking and problem-solving. Coaching from external professionals is a differentiator between HPOs (13 percent) and LPOs (7 percent) for execution of global strategies. Additionally, organized visits to customers or partners in geographies/markets the organization serves is the only practice that shows a significant correlation to GLDE, yet only 9 percent of overall respondents and 11 percent of HPOs use it.

9. GLD evaluation measures are beginning to move away from the "smiley-face" standby of participants' satisfaction ratings

and toward more business-oriented performance measures.

The top two metrics for evaluating the success of GLD in 2012 also top the list in 2013, with one slight, but meaningful, difference: Observable changes in the specific behavior of participants moved up into the top slot, while participants' satisfaction ratings fell to second place. And business performance measurements such as sales or productivity are taking a more prominent role in the evaluation of the effectiveness of GLD processes in 2013, moving from its ninth place ranking in 2012 to third place in the current iteration.

Also seeing an uptick in 2013 is the engagement scores of the leaders' direct reports or department, moving from eighth in 2012 to sixth in 2013. This metric is the measure most significantly correlated to GLDE.

Surveys conducted with the management team about the global-focused training's perceived value fell from fourth in 2012 to ninth in 2013. Instead, more companies are turning to vendors for program evaluation. The use of vendors to assist in measurement and evaluation of GLD program success rose from sixth place in 2012 to second in 2013.

10. A lack of budget or budget constraints is the top obstacle to delivery of effective GLD, followed by a lack of executive leader sponsorship.

The lack of executive leader sponsorship was found to have a significant negative correlation to GLDE—the more there is a lack of executive leader sponsorship, the more likely the organization reported a low GLDE score.

And as noted in Finding #3, requests or direction from the senior management team in driving the organization's GLD process is a huge differentiator between HPOs and LPOs (more than 3.5 times) and is significantly correlated to the MPI.

Thus, we see that when the senior management team provides direction in driving the organization's GLD process and is seen as a visible sponsor of GLD, such actions correlate not only to global leadership development effectiveness but also to market performance.

Tips for Developing Global Leaders

- Adopt a broader view of "leaders"
- Align GLD with SWP
- Tune in to global cultures and markets
- Invite the best minds—senior managers and external thought leaders—to drive GLD structure and content.

To request the full report, contact info@amaenterprise.org. 