2005

The Changing Nature of Leadership

A CCL Research Report

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Executive Summary

Connected leadership is an emerging view of leadership as an inclusive and collective networked activity occurring throughout organizations. Out of this project grew the Changing Nature of Leadership (CNL) research. Its focus: to explore the current field of leadership and forecast future trends. CNL relied on several interdependent streams of research, including academic literature, surveys, benchmarking and classroom research.

More than 300 respondents completed one or more aspects of the research. Of these respondents, 84.3 percent believe that the definition of effective leadership has changed in the last five years—indicating some interesting trends in leadership. But the question remains—how has leadership changed and will it look different in the future?

Challenges are becoming more complex Prior to examining leadership directly, it is important to first look at the challenges facing organizations and their leaders. It is clear that the challenges are becoming more complex and therefore more difficult to solve. Leaders consider these challenges to be within their problem solving expertise, yet most are taking more than six months to solve, suggesting that known solutions are not working effectively. Additionally, when leadership is viewed as a whole (across the organization), less than half of the respondents believe the expected outcomes of leadership are being met effectively.

Greater reliance on interdependent work Respondents agree that the challenges leaders are facing go beyond their individual capabilities, and that these challenges result in a greater reliance on interdependent work across boundaries.

Shifting reward systems Leaders would like to see their organizations shift reward systems to a balance of rewarding short-term, individual production and collaboration to reach long-term objectives. Specifically, teamwork will need to be a greater focus in rewards.

The rise of a new leadership skill set Asking leaders to focus more energy on creating an environment where others can help them succeed is another important trend. This becomes apparent when comparing the individual skills deemed most important in 2002 with those expected to be important two years in the future. Participative management, building and mending relationships, and change management rose to the top in the future, replacing skills such as resourcefulness, decisiveness and doing whatever it takes.

Viewing leadership as a collective process When examining an organization's approach to leadership from the past to the future, we see movement from more individual approaches (i.e., leadership as a position) to those that are more collective (i.e., leadership as a process). Specifically, respondents believe organizations will continue to move towards viewing leadership as a process that happens throughout the organization through interdependent decision making.

Global organizations are at the cutting edge of collective leadership With the inclusion of a large international sample, we were able to examine trends in U.S. versus non-U.S. organizations (referred to as "global" in this report). The findings show that global organizations made a significant jump from individual to collective leadership approaches from the past to the present, when compared to U.S. organizations. In the future, global organizations expect to have less boundaries and rely more on emergent strategy when compared to U.S. organizations.

The results across our numerous data points to one conclusion: leadership is changing and approaches focusing on flexibility, collaboration, crossing boundaries and collective leadership are expected to become a high priority.

Background

The Changing Nature of Leadership research (CNL) began in Fall of 2003 with the purpose of exploring the current field of leadership and forecasting future trends. CNL utilized an exploratory, multi-method, cross-national data collection process focused on two main questions:

- Are leaders currently facing challenges that go beyond their individual capabilities. If so, what are these challenges? How do they overcome them?
- How has the definition of effective leadership changed over the last 10 years? Is there a movement from leader development towards leadership development?

To best answer these questions, CNL relied on several interdependent streams of research/innovation:

1. *Survey Research:* An online survey was administered to 128 participants that focused on organizational challenges, reward and investment, and changes to the definition of leadership.
2. *Interactive Classroom Research:* An innovative data collection process (called wall chart continuums) was used with 305 respondents to test 11 constructs of organizational leadership to see if there has been significant movement from five years in the past to five years in the future.
3. *Archival Research:* All issues of the journal *Leadership Quarterly* were reviewed to determine whether the construct of leadership has changed (conceptually and operationally) since the journal's inception.
4. Competitive Benchmarking: A database of more than 75 potential Connected Leadership competitors was created to help us better market and position our services.

Who participated in the research?

Respondents included 305 volunteers who completed one or more aspects of the research. The demographic breakouts provided below are for all 305 respondents. The statistics presented are all frequency percentages unless otherwise noted.

Participant Profiles
The 305 respondents were alumni of the Center for Creative Leadership's Leadership Development Program (LDP), a week-long developmental experience that aids mid- to upper-level managers in identifying their individual strengths and development areas.

Organizational Level
The respondents represented a variety of organizational levels. As expected, the vast majority (51.0 %) of respondents were upper middle-level management . Surprisingly, the executive/top management level was the second highest percentage at 30.5.

Organizational Level	Frequency Percentage
Executive/Top Management	30.5
Upper Middle	51.0
Middle/First Level	16.9
Not Relevant	1.7

Country of Residence

An important aspect of this research was its focus on U.S. versus a global population. With assistance from the CCL campus in Belgium, a sizable (33.3%) global sample was created. As we were interested in differences in leadership across geographic cultures, we used country of residence as the variable of focus (over language and country of origin).

Country of Residence	Frequency Percentage
United States	66.7
The World	33.3

The global population heavily favored European countries. with the United Kingdom making up the largest percentage at 31.7, followed by Germany at 7.9. It is important to note that approximately 28 global countries were represented in the sample.

"The World" Country of Residence	Frequency Percentage
United Kingdom	31.1
Germany	7.9
Belgium	6.8
Ireland	4.9
Canada	3.9
France	3.9
Five Additional Countries (at 2.9% each)	2.9

Age of Respondent

50% of the data was collected from respondents between the ages of 36 and 44. Only 14.5% of the data was collected from leaders whose age is 50 or above. Given the targeted population of LDP, these findings are not surprising.

Age	Frequency Percentage
29 to 35	19.5
36 to 39	24.9
40 to 44	24.3
45 to 49	16.2
50 or above	14.5

Size of Organization

When the size of the organization was examined (by number of employees), we found that respondents represented a wide range. It should be noted that 37% of respondents indicated they hailed from organizations with 1 to 999 employees. The high percentage of leaders from smaller organizations could account for the increased number of executives/top management that were identified in the organizational level section (page 4).

Size of Organization (# of Employees)	Frequency Percentage
1 to 99	11.4
100 to 999	25.6
1000 to 4,999	20.9
5,000 to 9,999	14.1
10,000 or More	27.9

Gender of Respondent

The respondents were predominantly male, with females making up only 32.8% of the total population.

Gender	Frequency Percentage
Male	67.2
Female	32.8

What are the major challenges?

A section of the Internet survey (completed by 128 of the respondents) focused on the types of challenges organizations and their leaders are facing today.

Type of Challenge

The challenges facing organizations are becoming increasingly complex. Complex challenges are bundled *technical challenges* - within our current problem solving expertise, a*daptive challenges* – requiring new processes and perspectives found outside current knowledge and resources and *critical challenges*— resulting from an unexpected event requiring an immediate and often drastic organizational response.

When we examined our survey data, technical challenges were most often cited, followed by adaptive and critical challenges. The dominance of technical challenges could be explained an organization's need to see challenges as within their skills and problem solving methods.

Type of Challenge	Frequency Percentage
Technical Challenge	43.3
Adaptive Challenge	36.7
Critical Challenge	10.0

During the qualitative analysis of these challenges, we were able to better define and differentiate the three types of challenges. The definitions can be found in the table below.

Type of Challenge	Challenge Definition
Technical	• A description of a process/system/structure implementation. • An admittance that the challenge will require a redistribution of resources. • A recognition of a well-defined plan of action to overcome the challenge.
Adaptive	• The recognition of a systemic challenge with no clear solution. • Communication of a strategy for creating new processes/systems/skills as opposed to a redistribution of them. • Challenges that focus on the implementation of novel solutions.
Critical	• Communication of a recent and drastic change in overall strategy/direction of the organization. • The recognition that an "event" would require significant and immediate systemic change.

Impact of Organizational Challenges

If assumptions hold, facing complex organizational challenges should influence an organization by forcing significant shifts in the way the system behaves. Based on the data below, it appears that complex challenges require employees to interact more collaboratively across functions; resulting in improved employee relationships. The latter finding could be due to the high stress that facing these challenges can put on individuals and their work relationships.

The percent agreement across these impacts was below 50% (with the exception of working

Impact of Organizational Challenge	% Agree.
To what extent has the challenge resulted in your organization...	
Working across functions.	52.2
Working more collaboratively.	49.6
Improving work processes (i.e., higher productivity, climate, etc.).	46.6
Creating novel solutions (i.e., new skills, new tech., etc.).	45.3
Increasing its speed of response.	44.8
Making more effective decisions.	41.4
Enhancing co-worker relationships.	38.4

across functions). This raises the question if organizations and their leaders are learning from these challenges effectively? If the answer is no, will organizations repeat their own mistakes?

Length of Time Challenges are Faced

The data indicates that organizational challenges were typically faced for one year or more. Only 15% of respondents' challenges were faced for less than six months. This important finding suggests that though organizations and their leaders are being asked to act more quickly to solve challenges, the challenges might linger longer than expected, raising the question of whether challenges morph from technical to adaptive to critical?

Length of Time Challenges are Faced	Freq. %
Less than Six Months	15.0
Six Months to One Year	29.2
One to Two Years	18.3
Over Two Years	35.0

When the impact of the challenge was examined by the length of time, the general trend suggests that challenges have the greatest impact on organizational behaviors when faced for six months to a year or for more than two years. Though more research must be done to clearly understand this finding, it could be assumed that in the first six months, challenges are so new that employees are merely managing the transition. At the same time, challenges that are faced between one to two years could reduce employee motivation to change.

What is the current state of Leadership?

Organizational and leadership researchers hold a number of theories and hypotheses about trends in leadership. This section of the survey asked respondents to consider their organization's leadership approach and answer the following theory-based items.

The Definition of Leadership

More than 84 percent of respondents believe that the definition of effective leadership has changed in the last five years. In hopes of uncovering these changes, the research team asked two additional questions examining the challenges faced by leaders and the extent to which interdependent work is a central foundation of leadership. Though respondents believe that interdependence is important and that challenges go beyond their own capability, the percent agreement shows there may be other shifts in leadership leading to this definitional change.

The Definition of Effective Leadership	% Agree.
The definition of effective leadership has changed in the last five years.	84.3
Leaders face challenges that go beyond their individual capabilities.	60.3
Interdependent work is the foundation of effective leadership.	57.9

The Outcomes of Leadership

Central to the CCL definition of effective leadership are the three tasks: setting direction, building commitment, and creating alignment. It is believed that if these outcomes are achieved, leadership must be present. The question is: how well are organizations accomplishing the outcomes at the present time? The results indicate that there is a substantial room for improvement, with organizations and their leaders receiving less than fifty percent agreement in all three categories.

The State of Organizational Leadership	% Agree.
Leadership sets direction effectively.	49.5
Leadership gains commitment effectively.	46.1
Leadership creates alignment effectively.	40.0

The Need for Change Leadership

CCL is currently exploring the area of change leadership, or using culture and leadership as the key drivers for sustainable change. Only 57.9% of respondents felt that change efforts are sustainable and those efforts focus more on systems/structures (75.6%) than culture and values (59.1%). The results point to the importance of this approach.

The State of Organizational Leadership	% Agree.
Change efforts are sustainable (i.e., long lasting).	57.9
Change efforts focus on values and norms (i.e., culture)	59.1
Change efforts focus on systems, structures and processes.	75.6

Are organizations investing in the right areas?

The final section of the Internet survey examined the reward and investment activities of organizations. In this section, we provided each respondent with 100 "investment or reward points" and asked them to allocate these points across a pre-defined set of activities.

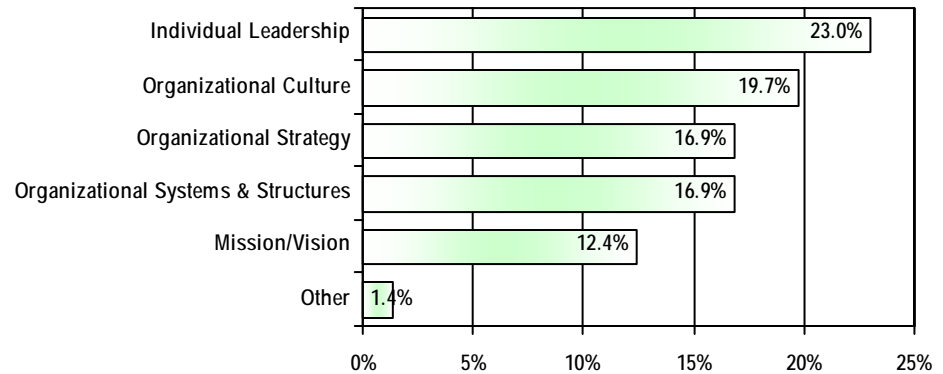## Current and Future Reward/Recognition

The reward/recognition item compared the current approaches to reward with what leaders believed to be optimal. The table below shows the mean number of points that respondents allocated to each of the activities.

Mean Points Awarded for Reward/Recognition Activities	Current	Optimal
Teamwork	9.9	14.1
"Making the Numbers"	24.8	12.8
Individual Performance	19.3	12.8
Unit-level Performance	10.4	8.3
Innovation	8.0	10.9
Collaboration	7.7	10.6
Long-term Objectives	6.0	11.6
Working Across Boundaries	5.2	8.0
Other	1.0	1.0

A comparison of the current approaches to the optimal show that respondents hoped organizations would focus less on "making the numbers" and individual performance in the future, and begin to focusing on areas like teamwork, long-term objectives and innovation. The general trend is moving away from short-term, individual-oriented reward systems and towards more interdependent rewards systems that are long-term oriented.

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Organizational Investment

The investment item asked respondents to allocate "investment points" according to which activities would improve the organizations' ability to respond more effectively to new challenges and opportunities. The graph below shows the average percentage of points allocated to each activity.

Activity	Percentage
Individual Leadership	23.0%
Organizational Culture	19.7%
Organizational Strategy	16.9%
Organizational Systems & Structures	16.9%
Mission/Vision	12.4%
Other	1.4%

Individual leadership rose to the top of the investment list with organizational culture appearing as second most important to responding to future challenges. The convenience sample of leaders, who had just gone through an individual development experience, probably skewed these results. More importantly, the even spread across all of these activities is notable as it suggests either that leaders are not sure where to invest or that the specific challenges might require differentiated investment.

When this data was broken down by organizational level, only one significant difference arose. For front-line employees, organizational culture rose to the top of the investment list.

Has leadership changed in the last 10 years?

The second major research method used two forms of interactive data collection as part of the "in-class" experience of participants. Both of these data collection methods examined if leadership has changed over the last 10 years. A worksheet was used to uncover the individual leadership skills thought to be most important two years in the future. While the wall chart method was used to better understand organizational philosophies of leadership.

Individual Leadership Skills

Eighty-five respondents were asked to choose up to five of 16 skill categories (from CCL's Benchmarks 360 Instrument) that would be most important in becoming a successful leader in two to five years. The skills chosen were compared to the Benchmarks database as of 2002. This comparison provided a gap of about five to six years to see if there were any notable differences.

The data on the next page ranks the individual leadership skill category by percent of respondents who chose it. So, the skills that are ranked higher (nearer to one) are those that were selected most often.

Individual Leadership Skill Categories	2002 Rank	Future Rank
Leading Employees	1	1
Building & Mending Relationships	5	2
Change Management	7	3
Participative Management	6	4
Resourcefulness	2	5
Decisiveness	4	6
Doing Whatever It Takes	7	7
Straightforwardness and Composure	3	8

There are some notable differences between the skills respondents thought were important in 2002 and the skills they believe would be most important in the future. The most striking difference is the rise of what we might call "soft skills," such as building relationships and participative management. Building relationships moved from the fifth most important skill to the second most important. Additionally, change management moved from seventh to third, indicating leaders expect the unpredictability of late to continue.

These results point to a belief that future leadership skills should place increased emphasis on building relationships, collaboration and change management.

Organizational Leadership - Overall

Each of the 305 respondents were asked to complete charts looking at their organization's approach to leadership five years in the past, now, and five years in the future across 11 paired continuums. The rating scale is provided below.

Leadership is...	Scale	Future
A Position	5 4 3 2 1 0 1 2 3 4 5	A Process
Functional orientation	5 4 3 2 1 0 1 2 3 4 5	Boundary-less orientation
Happens at the top	5 4 3 2 1 0 1 2 3 4 5	Throughout the organization
Rewarded for being a star	5 4 3 2 1 0 1 2 3 4 5	Success of others
Independent decision making	5 4 3 2 1 0 1 2 3 4 5	Interdependent decision making
Develop via individual competencies	5 4 3 2 1 0 1 2 3 4 5	Develop via groups and networks
Power lies in position	5 4 3 2 1 0 1 2 3 4 5	Power lies in knowledge
Competitive	5 4 3 2 1 0 1 2 3 4 5	Collaborative
Logical & rational	5 4 3 2 1 0 1 2 3 4 5	Feeling & emotional
Stay the course strategy	5 4 3 2 1 0 1 2 3 4 5	Emergent/flexible strategy
Sells their opinions	5 4 3 2 1 0 1 2 3 4 5	Inquires for buy-in

The paired continuums were created based on current leadership literature, insights from CCL faculty, and aspects of the Connected Leadership framework. The purpose of the pairs was to compare individual approaches to leadership (i.e., leadership as a position) to more collective approaches (i.e., leadership as a process). Half of the pairs were reversed on the posters to reduce rater bias.

The chart below shows the overall data. Leaders believe their organization's leadership approach has shifted in the last five years across all but one of the continuums (logical/rational versus feeling/emotional). There was a definitive shift from using individual approaches to leadership in the past with a balance of individual and collective in the present.
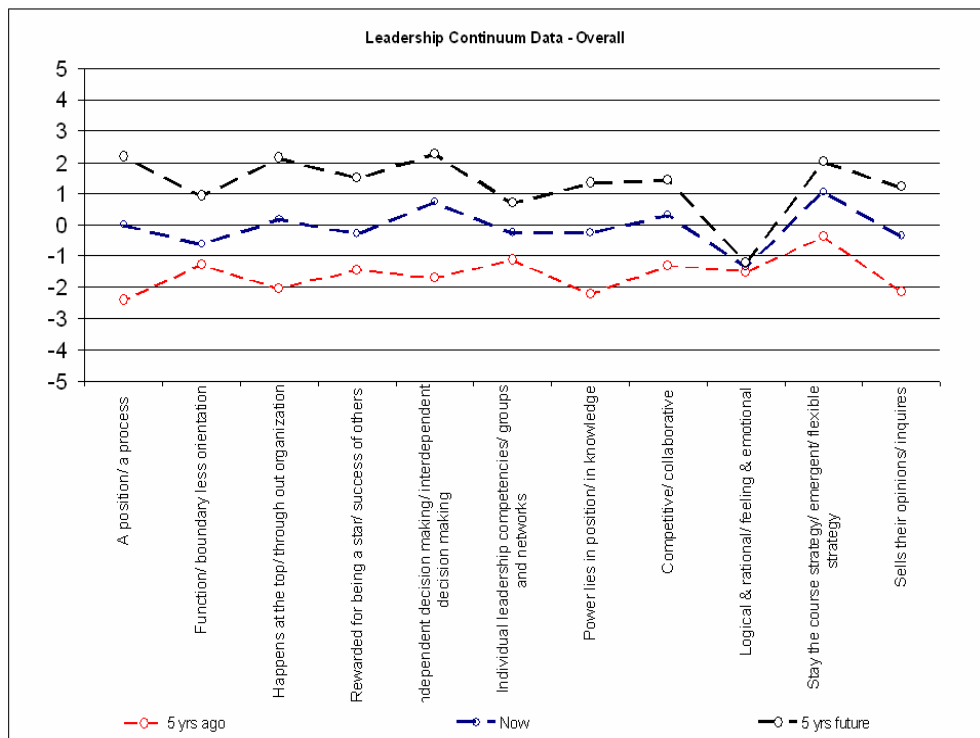

Looking at the future, respondents believe organizations will continue to move towards viewing leadership as a process that happens throughout the organization through interdependent decision making. Organizations should continue to seek more of a balance between developing leadership through individual competencies and groups/network competencies, and between a functional versus a boundary-less orientation.

Organizational Leadership - U.S. Versus Global

The next page of this report highlights the data for U.S. and global populations. The data indicates that though leadership seems to be changing for both populations, the changes were very different. The global population made a more significant jump from individual to more collective approaches from the past to the present.
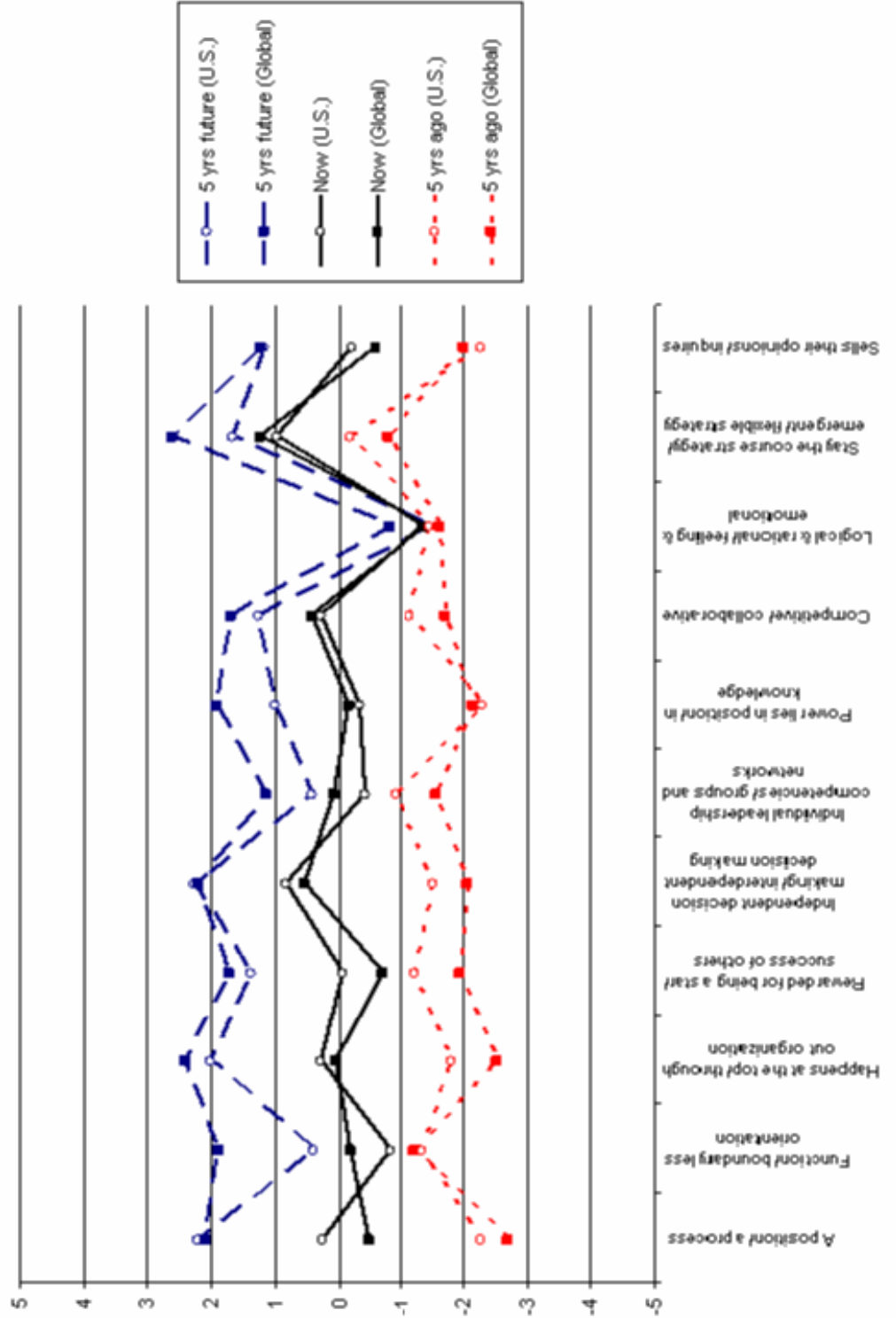
Though we can only speculate as to why this has occurred, it is possibly due to the difference between a strong psychological orientation toward viewing organizations in the U.S. compared to a more sociological orientation in Europe, and other parts of the world.

A second relevant finding was the difference in both the U.S. and the Non-U.S. populations from the present to the future. The U.S. population followed closely the overall trend with the greatest increases being found in viewing leadership as a process that happens throughout the organization. U.S. organizations showed a resistance to both a further increase in development through groups and networks and greater reliance on emergent strategy.

The global population trends very differently from the present to the future. These respondents expected to see a shift towards leadership as a process, a boundary-less orientation, leadership happening throughout the organization, and rewarding based on the success of others. Additionally, the least significant shift was expected to occur in development through groups and networks.

The common finding between the U.S. and global pointed to some resistance toward leadership approaches focusing on development through groups and networks. There could be a number of factors that account for this resistance. First, leadership development for groups and networks is an emerging field without the proven impact of individual development experiences. Second, as asserted by CCL's Connected Leadership Project, to develop groups and networks there must be a basis of "common leadership language" at the individual level.

The continuum data was also broken out by age, organizational level, size of the organization, and gender. Though there were some compelling findings in this data, there were no identifiable and consistent trends across all the areas.

## Is academia seeing shifts in leadership?

Though much of the research for CNL focused on practicing leader, there was an attempt to examine the academic perspective on shifts in leadership and leadership development. This section focuses on a academic review of Leadership Quarterly over the last 10 years.

The purpose of the research was to uncover articles, theories, and hypotheses that moved beyond the mainstream view of leadership, i.e., beyond a leader-centric approach that focused on how the characteristics or behaviors of leaders impact the attitudes, behaviors, and performance of followers.

More specifically, we looked for articles on:
- Collective or distributed leadership: Systems and processes that involved multiple people working together to make leadership happen.
- Leading Laterally: leading across boundaries or in non-authority contexts.
- Relationship-based Leadership: Utilizing relationships as the key aspect of producing leadership (in contrast to characteristics of individuals.
- Organizational Culture and Systems

Through a reiterative, qualitative analysis, 40 articles of over 300 reviewed fell into one of these four previously mentioned areas. As the graph below shows, Relationships As a Central Focus had the largest percentage of articles (33%) followed by an even split of the other three.
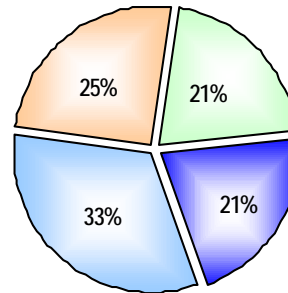
There were three central findings from this research. First, although we found articles that moved beyond the mainstream view of leadership, the frequency of these articles had not increased over the last 10 years. Many of the same approaches seen in 1994 appeared in more recent years. Second, non-traditional views of leadership were often associated with studies of leadership in less hierarchical settings, for example, joint ventures, networks, cross-cultural teams, community groups, and religious organizations.

Lastly, four perspective emerged from the analysis that helped further define the Connected Leadership Perspective. They were:
1. Leadership when leader & follower roles are not clearly distinguished.
2. Leadership when there is not a clear authority hierarchy.
3. Leadership when the active role of followers is seen in the leadership process.
4. Leadership when the role of culture is seen as a shaping aspect.

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Reflection questions

1. What is the potential cost of overlooking critical and adaptive aspects of complex challenges?
2. What would happen if organizations captured lessons of experience more effectively? Would the leadership be more effective in achieving expected outcomes?
3. Which outcome (setting direction, building commitment, or creating alignment) is most critical to address in your organization? Why?
4. What obstacles are standing in the way of organizations adapting more interdependent rewards systems?
5. How is your organization currently developing the skills of collaboration, participative management, and relationship building in your leaders?
6. How can your organization develop more collective approaches to leadership?
7. What are global organizations seeing a more significant shift in their leadership approaches when compared to U.S. organizations?

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