

EXECUTIVE LEADERSHIP IN 2030

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EN:INSIGHTS FORUM
EXECUTIVE SUMMARY

SIRM® EXECUTIVE
NETWORK

The September 2023

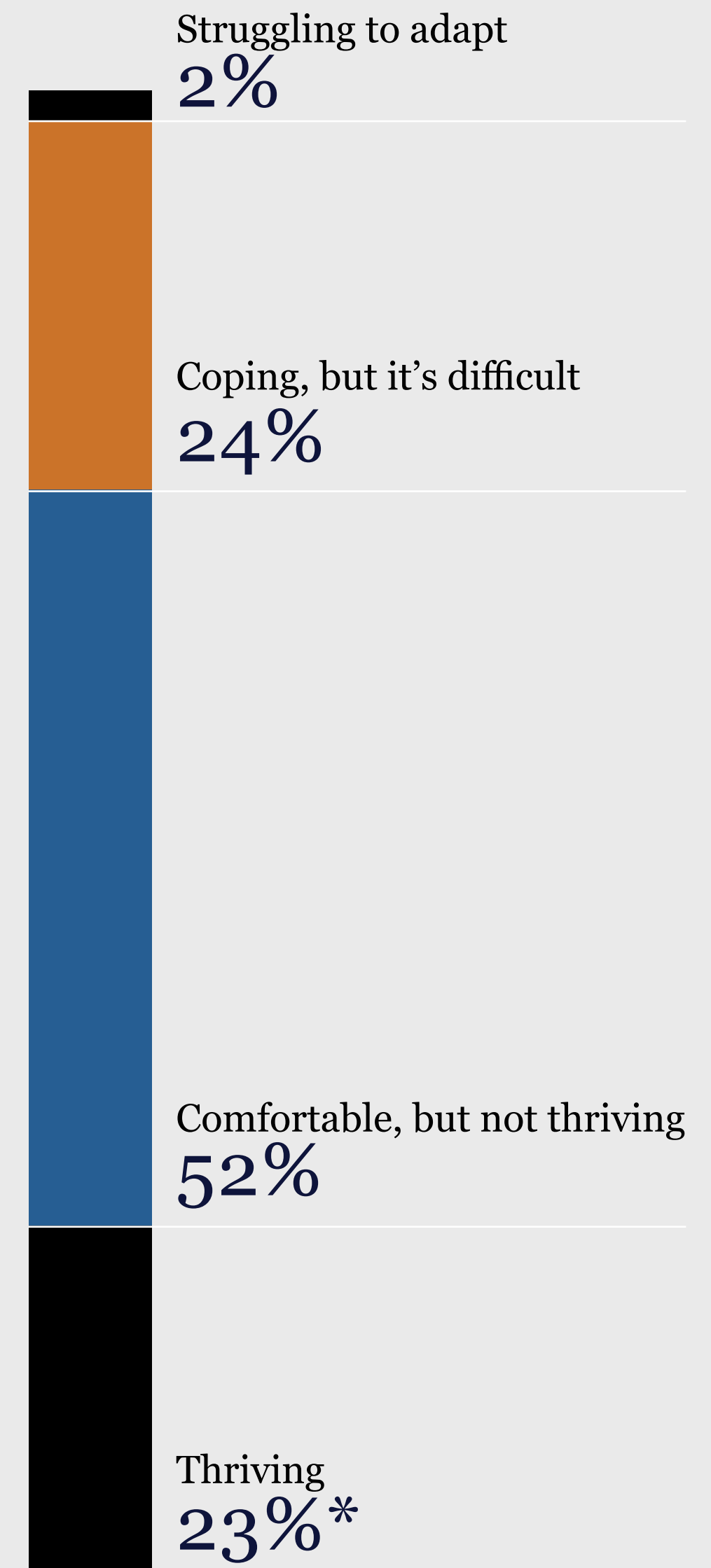
EN:Insights Forum discussed new SHRM research on the future of executive leadership. Future business leaders will face an increasingly volatile, uncertain, complex and ambiguous (VUCA) environment, said SHRM Lead Researcher Ragan Decker, Ph.D. SHRM's research suggests executives must elevate their skills and evolve their perspectives to deliver results under VUCA conditions.



How are HR leaders performing today?

According to self-assessments, 52% of HR executives feel comfortable leading in the current environment but would stop short of saying they're thriving. Less than one-quarter (23%) described themselves as thriving.

HOW DO HR EXECUTIVES ASSESS THEIR OWN LEADERSHIP?



*Percentages have been rounded to the nearest whole number. Any discrepancies with the text are the result of rounding.

What makes a VUCA environment difficult to handle?

HR executives say their top barriers to leading in a VUCA environment are a lack of resources, cultural reluctance to change, and other internal and external factors. “These barriers have somewhat contributed to a shift in leadership such that different behaviors are required for organizational leaders to achieve success today and in the future,” Decker said.



RAGAN DECKER, Ph.D.
Lead Researcher, SHRM

BARRIERS TO EFFECTIVE LEADERSHIP IN A VUCA ENVIRONMENT*

Limited resources or budget

46%

Resistance to change

44%

Economic instability/unpredictability

34%

Inadequate team communications/collaboration

31%

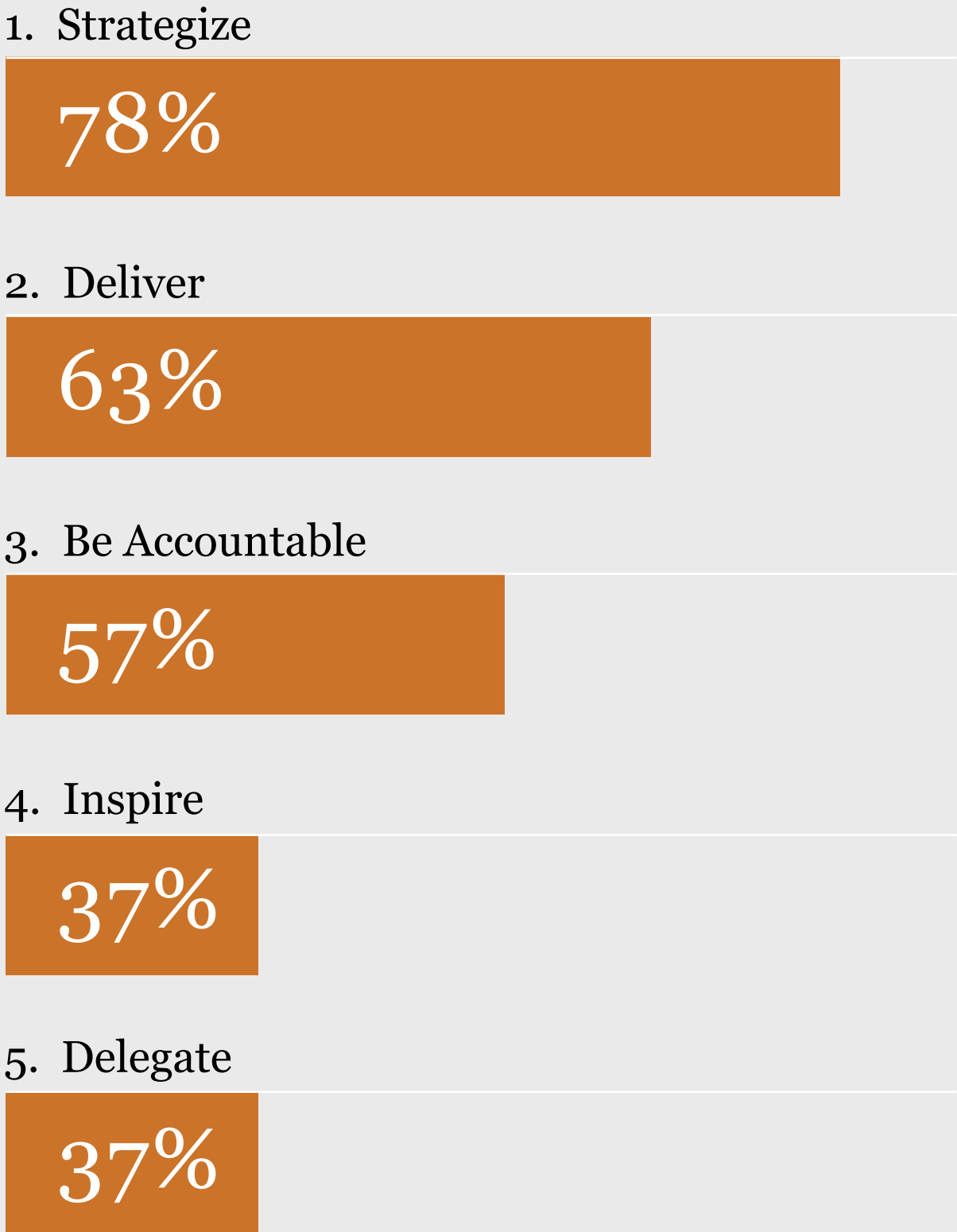
Rapid pace of change

30%

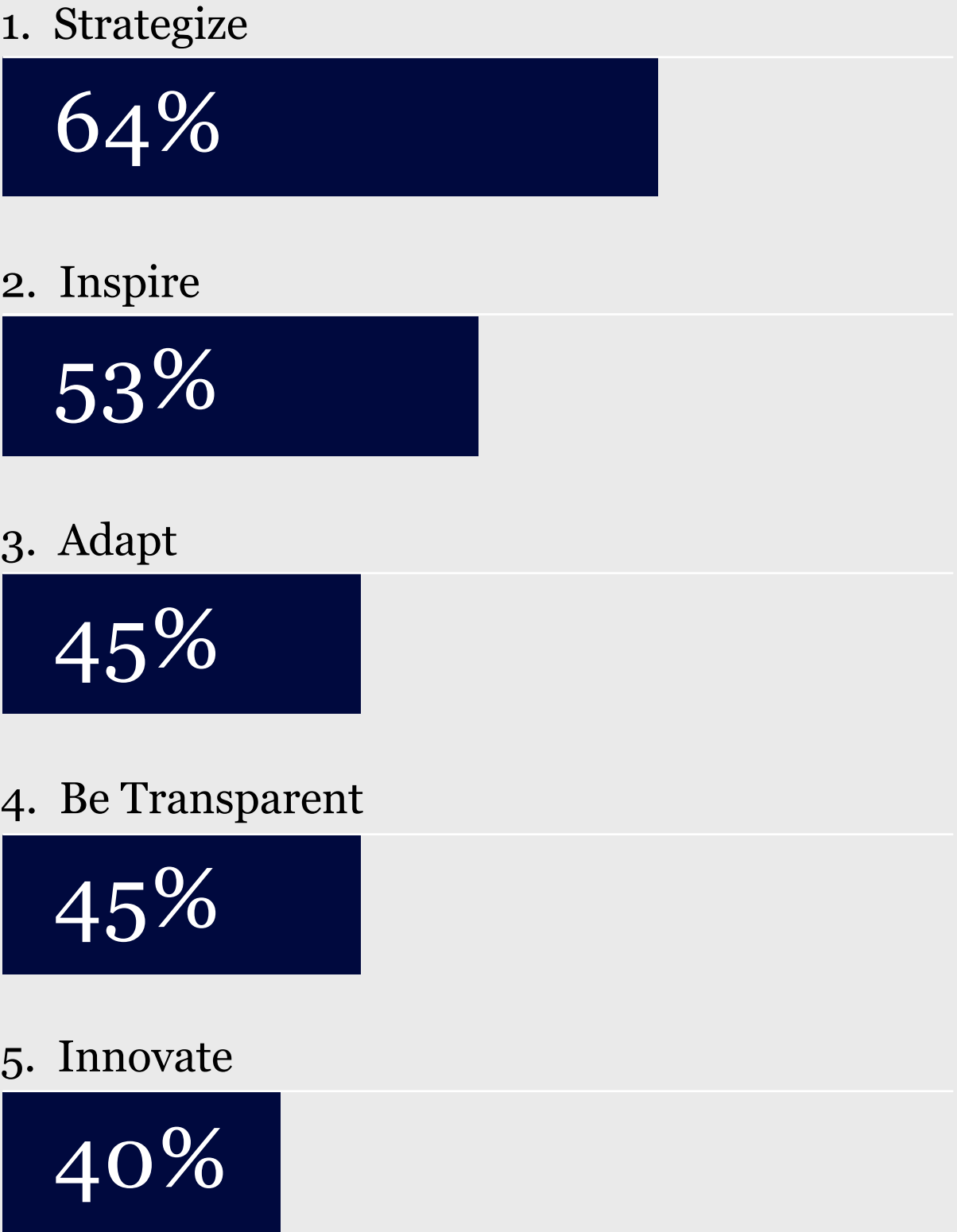
*Percentage of respondents who cited each of the following issues as one of the top three barriers to leadership in a VUCA environment.

A shifting leadership paradigm: HR executives were asked to rank the top five behaviors they thought were essential for organizational leaders to succeed in 2016, what behaviors they think are essential today and what behaviors they think will be essential in 2030.

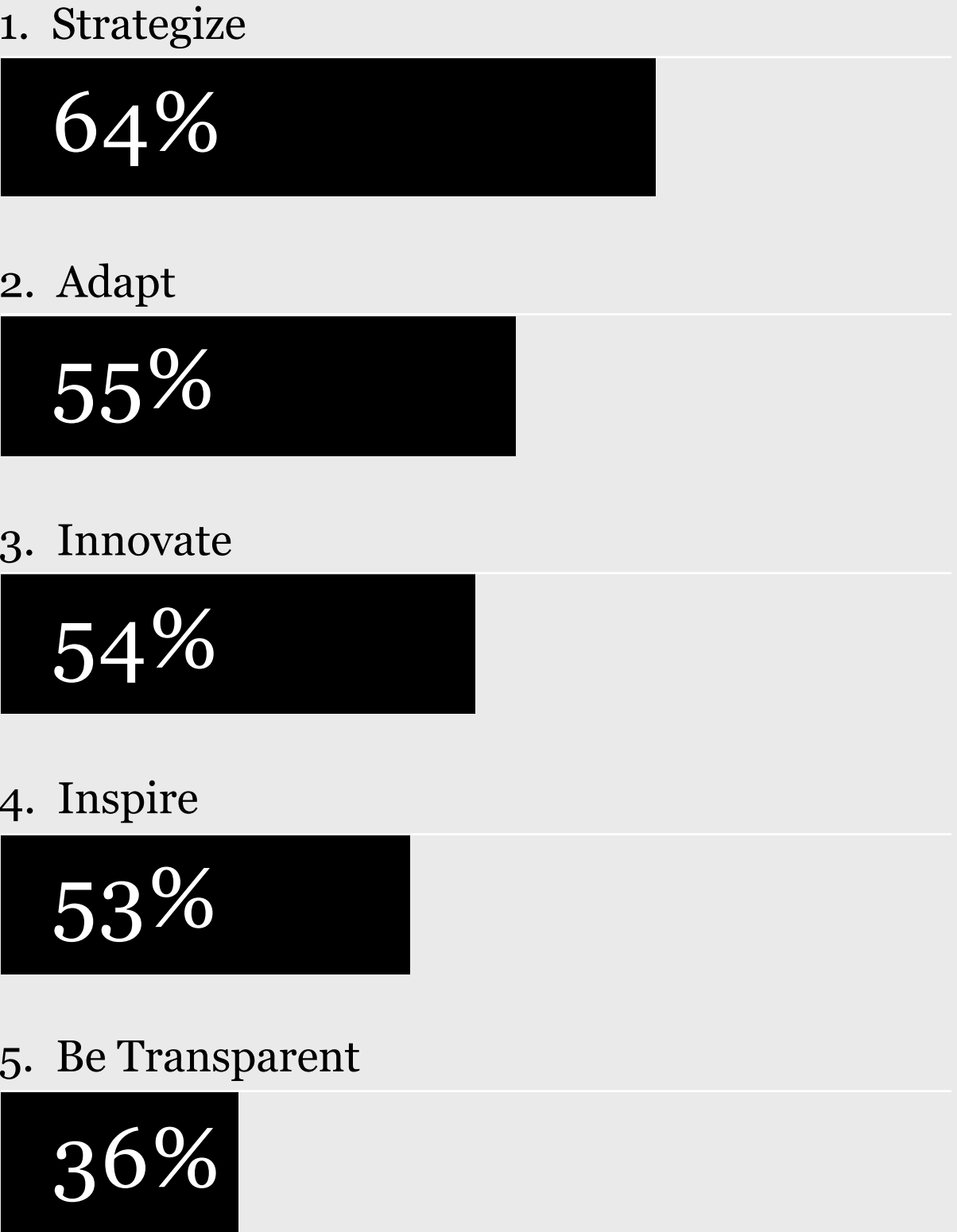
PAST (2016)*



PRESENT (2023)



FUTURE (2030)



*The percentage of HR executives who ranked these leadership behaviors among their top five most important behaviors for achieving organizational success in the respective time frames.

“Strategizing is an essential behavior that remains at the top of the list for HR executives across all time frames,” Decker said. “Strategic thinking is critical for leaders to thrive in their roles. It equips leaders to analyze complex situations, anticipate challenges and make well-informed decisions. The ability to inspire or communicate a clear and compelling vision for the future and motivate others to work towards a shared goal was another behavior that remained in the top five across all three time frames.

“Traditional expectations of leaders, such as delegating tasks to others, delivering results on time, even just being accountable, actually fall out of the top five in the present day as well as for the future,” she added.

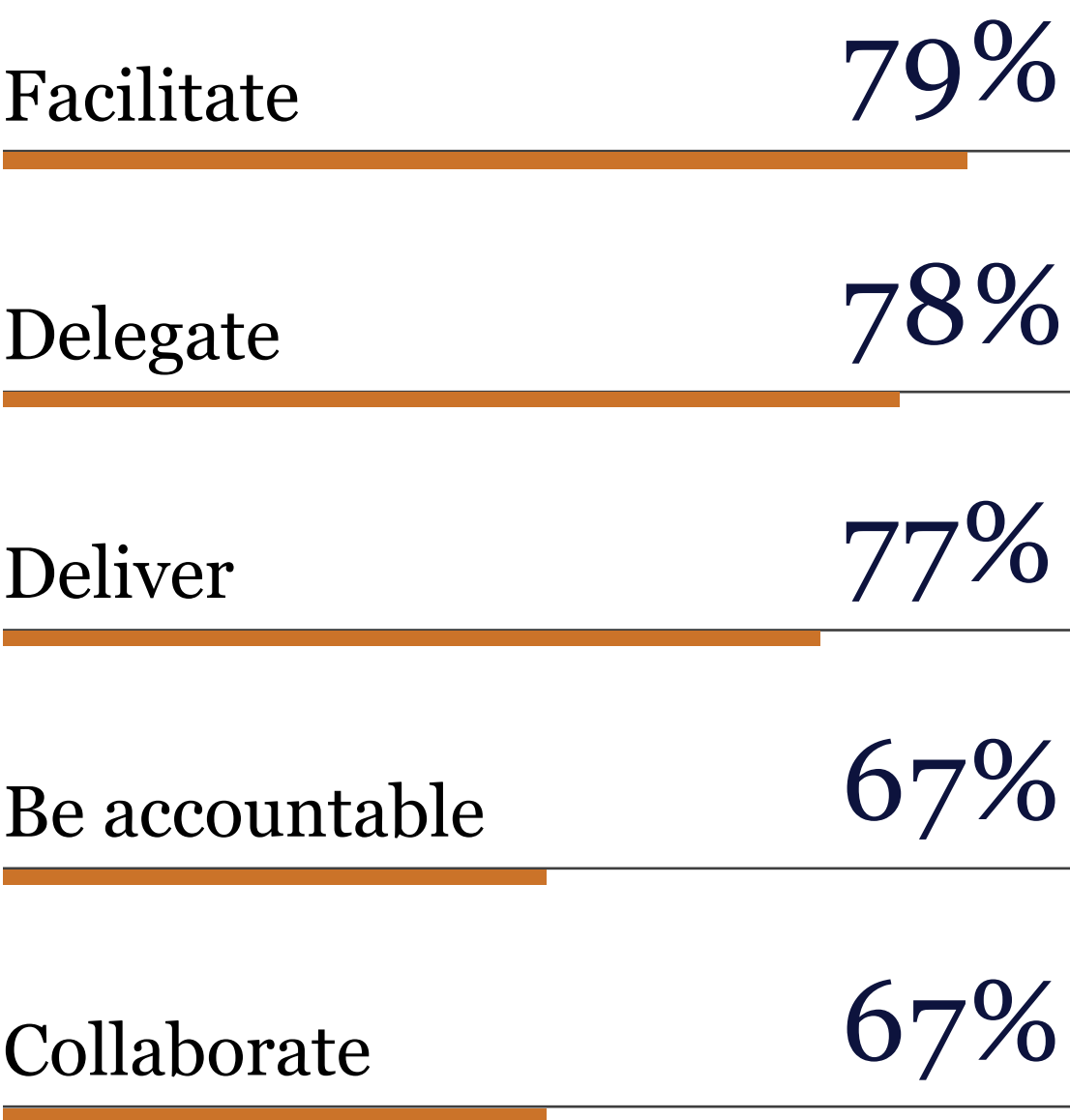
“Instead, they’re replaced by more dynamic behaviors, such as adapting quickly to changing circumstances, fostering innovation and creativity to drive growth, and being transparent in your communications as well as during decision-making processes. According to HR executives, they expect that these dynamic behaviors will remain in the top five essential behaviors for leaders to succeed in 2030 as well.”



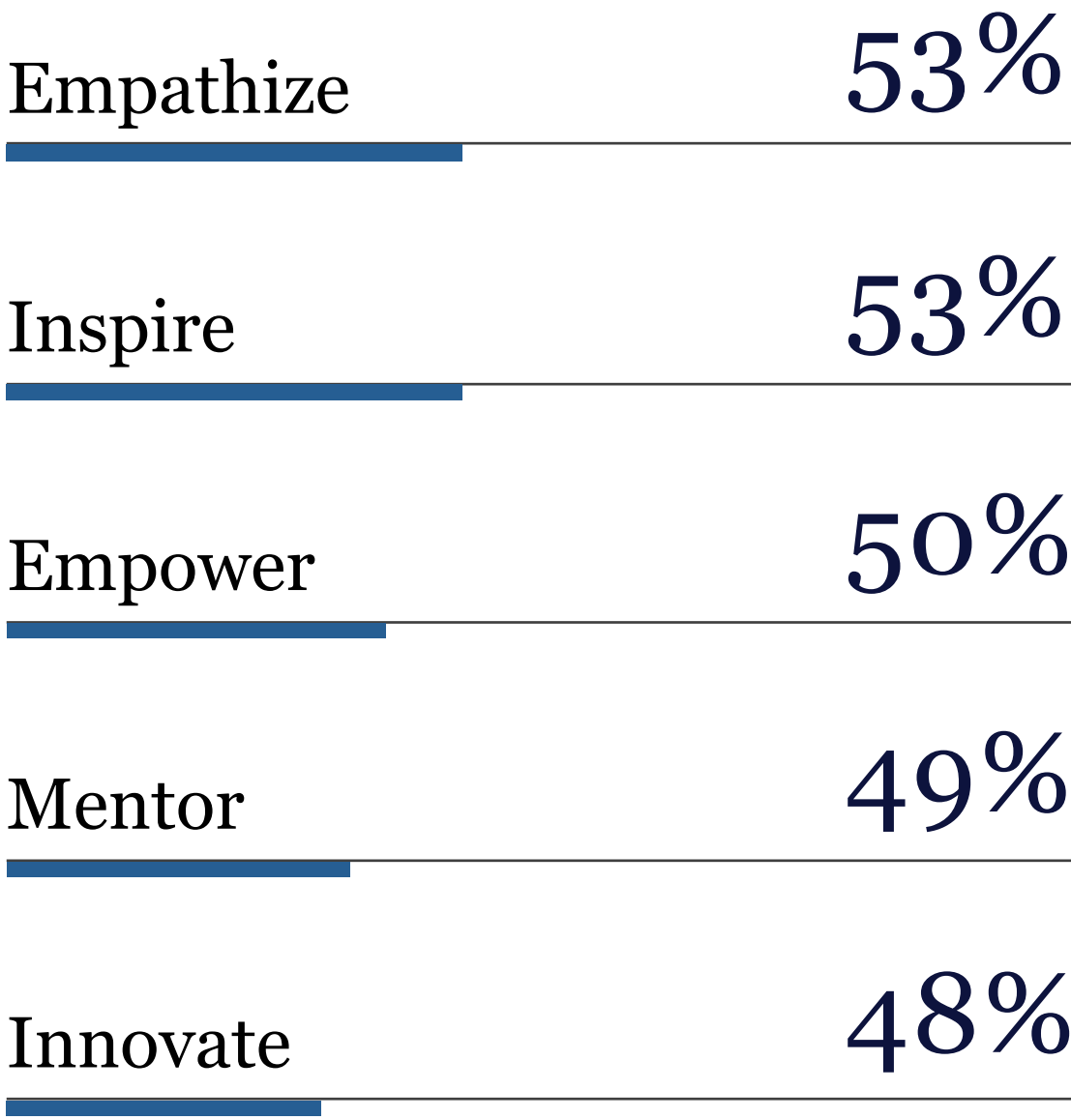
Changing expectations among workers:

- Close to half (45%) of individual contributors say their expectations for their leadership are higher than they were seven years ago.
- More than three-quarters of individual contributors say being able to facilitate (79%), delegate (78%) and deliver results (77%) are expected leadership behaviors.
- At least half say leaders must empathize with (53%), inspire (53%) and empower (50%) others to be seen as exceptional.

**WORKERS' TOP
EXPECTED EXECUTIVE
LEADERSHIP BEHAVIORS**



**WORKERS' TOP
EXCEPTIONAL EXECUTIVE
LEADERSHIP BEHAVIORS**





“You can think of these expected behaviors as baseline behaviors, whereas empathize, inspire, empower, mentor and innovate are behaviors that individual contributors believe really differentiate an exceptional leader from the rest,” Decker said. “What’s interesting is that ‘inspire’ and ‘innovate’ were identified as top behaviors critical for success today and in 2030. Yet these behaviors are currently being viewed by both HR executives and individual contributors as exceptional behaviors.”

How HR executives say they’re measuring up: HR executives were given a list of 16 leadership behaviors and asked to rank their effectiveness in each area. More than half (53%) of HR executives rank both “strategize” and “adapt” in their top five areas of greatest strength—two behaviors HR executives identified as critical now and in the future. Meanwhile, the ability to network (67%) and delegate (54%) were most likely to be in the bottom five of executives’ self-assessments.

PERCENTAGE OF HR EXECUTIVES RANKING THESE TRAITS IN THEIR ...

TOP FIVE

Strategize	51%
Adapt	44%
Collaborate	42%
Be accountable	40%
(tie) Deliver	38%
(tie) Be transparent	38%

BOTTOM FIVE

Network	67%
Delegate	54%
Innovate	43%
Facilitate	43%
Advocate	37%



“Networking was most often ranked in the bottom five by HR executives,” Decker said. “I think this is important to pay attention to because networking has become an essential aspect of modern leadership. It enables leaders to gain diverse perspectives, share knowledge and foster collaborative partnerships. It’s critical for leaders to build that social capital both inside and outside of their organization.”

Ranking delegation as a potential area of improvement is significant because a leader who fails to delegate might find themselves with little time or mental capacity to engage in strategic thinking or networking, which is why this can be a critical area for improvement. Also concerning is the fact that “innovate” was ranked in the bottom five by 43% of HR executives—even though innovating was cited as one of the most important behaviors for success.

Key Takeaways

- 1. Strategy:** The research suggests the ability to think strategically will continue to be a foundational skill for leaders. “Our research suggests that strategy is the bedrock of leadership,” Decker said. “When looking at the results together, it becomes clear that strategy is critical. It’s the foundation upon which effective leadership is built. We see that it’s a timeless behavior that remains critical despite the ever-changing landscape. And the good news is that many HR executives report proficiency in this critical area of leadership.”
- 2. Inspirational leadership:** “Inspirational leadership appears to be a vital aspect of leadership,” Decker said. “It was deemed essential in the past and in the present and is expected to be in the future. And this behavior is also valued by individual contributors. We found that 39% say it’s one of the top five behaviors they value in a leader. And maybe this is because not all leaders excel at this skill.”
- 3. Adaptability:** “Adaptability is crucial for today’s rapidly changing world,” Decker said. “Leadership effectiveness is contingent upon a leader’s ability to adapt and adjust their behaviors to different situations, individuals and circumstances. This behavior has become more important recently and is expected to be important moving forward.” She noted that 63% of individual contributors say adaptability is more important today than it was seven years ago.

4. Transparency: “Being open and honest in communication and decision-making also was seen as something that is more important today and will be in the future,” Decker said. And 62% of individual contributors say transparency is slightly or much more important now than it was seven years ago. About half, 45%, say this is a behavior that they value the most in a leader. “Transparency is not only critical for success, according to HR executives, but it is also high on workers’ priority list,” Decker said.

5. Innovation: “The importance of innovative leadership for organizational success has increased over time,” Decker said. “While about 35% of HR executives considered innovative behaviors among their top five most important leader behaviors in 2016, 40% placed it in their top five today, and more than half (54%) foresee innovation in their top five in 2030. Innovative behaviors are viewed by HR executives and individual contributors as a characteristic of truly exceptional leadership. Yet 43% of HR executives ranked innovating as one of the areas they’re currently least likely to excel at, and only 39% of individual contributors believe their organizational leaders are very or extremely effective at innovation.”

For more information: This research was featured in the [summer 2023 issue of People + Strategy](#), which explored the idea of leadership in 2030 in greater detail.



THE CHANGING WORLD OF LEADERSHIP WITH WHARTON'S MICHAEL USEEM, Ph.D.



MICHAEL USEEM, Ph.D.
Wharton School, University of Pennsylvania

Michael Useem, Ph.D., is a Professor Emeritus of Management, Director of the Center for Leadership and Change Management and Faculty Director of the McNulty Leadership Program at the University of Pennsylvania's Wharton School. His university teaching includes MBA and executive MBA courses on management and leadership. Useem offers programs on leadership and governance for managers in the United States, Asia, Europe, and Latin America. He is also a speaker and partner with [CEO Academy](#).

Useem told EN members that leadership has become a critical focus at Wharton, focusing on approaches and skills that worked in the past as well as the effective leadership skills of the future. "Now, besides paying your library fines to graduate," he joked, "you have to take and pass a course in leadership."

Q&A with Michael Useem, Ph.D.

Q: Can you tell us a bit about your leadership philosophy?

I offer up a couple of axioms on leadership.

- 1) Leadership is critical in a period of uncertainty and change. We've got plenty of research that supports that, but, intuitively, I think we all can agree on that point. We need more leadership when there's more uncertainty, and by almost any metric, the world that most companies and nonprofits are working in has become a lot more uncertain and subject to change.
- 2) Leadership can be learned. It's a cliché to say that some people are natural-born leaders, but for most of us, leadership is a learned skill. It's not easy, but it can indeed be learned.
- 3) Effective leadership can have a huge impact, no matter your title or your place in the enterprise. How much difference does it make? Take the case of a professional sports team. When the coach steps out and a new coach with the right leadership skills steps in, the improvement can be as much as 20% to 30% within one to three years.



Q: How has the prevailing wisdom about leadership changed over the course of your career, and what do you think has driven that change?

There's a famous phrase from a very well-known executive coach, Marshall Goldsmith, which is, "What got you here won't get you there." I think we have to be careful about that because we don't want to give up what got us here. There are what I call "eternal verities of leadership" that have always made a huge difference. Strategy's been at the top of that list probably forever, and it's still there. And I forecast that in the year 2030, when you repeat the research from this leadership survey, people are going to say, "Yeah, strategy is number one on my list." So, let's not forget what got us here.

Going back, one thing in this new research is the perceived importance in 2030 of being more empathetic and more engaged with employees. I happen to think this is one of those elements that may not have been important to get us here but will be more important in the next seven years. And if we're responsible for developing leadership in others, we've got to put that at the top of the agenda for our leadership program.

Q: What do you see as the biggest challenges confronting business leaders in the next five to seven years?

Where do we want to be in our own leadership development in the year 2030? I would say appreciating all the technologies that are business enablers, everything from the kind of webinar we're doing right now to artificial intelligence. We must learn how to draw upon all that potential.

The second thing for me is the idea of learning how to be quick on the draw to adapt your strategy and your leadership style to circumstances that are going to be very different much more quickly. So, for me, it's being ready to work with the new technologies and becoming quicker on the draw, more adaptable and more flexible.



Q: What is an effective way of influencing leaders who are resistant to the new ways of leadership?

My own philosophy, and it reflects the Wharton School's general philosophy, is that everybody—literally everybody—can strengthen their leadership. The field of research and thinking is fertile on this topic, but if you want to read just two books, one that everybody here probably has read is *Good to Great: Why Some Companies Make the Leap ... and Others Don't* by Jim Collins. Then there's a lesser-known book, *Act Like a Leader, Think Like a Leader* by Herminia Ibarra from the London Business School. She makes the point that it is critical to decide you're going to make a difference in the lives of others, meaning you identify as the leader and that you can make a difference.



Another thing to do is to work with people in tangible settings where they face leadership moments and can make a difference by pulling their team together, pulling their own thinking together. In my own setting, for example, we take our undergraduate students and our MBA students for a day on the Gettysburg Civil War battlefield, looking at the great historic decisions that were made there in order to bring that kind of thinking back to the decisions we're making now.

Q: Companies seem to be focused on hitting metrics versus leading people to obtain results and being process-focused and not people-focused. How can we move to the research areas identified in this new research, such as being able to strategize, adapt, innovate, inspire and be transparent?

The question sounds exactly right as an observation and as a kind of criticism at the same time. We still tend to focus on TSR—total shareholder return—as the coin of the realm. That’s the metric for executive performance, compensation, bonus awards or stock options. I think we’re making a mistake in leaving TSR as the single dominant metric for assessing outcomes. Instead, why don’t we remember that there are two TSRs: There’s the “total shareholder return,” but we also need to focus on “talent, strategy and risk.”

At the start of every meeting—keeping in mind that total shareholder return is also vital—let’s remind ourselves why we are on Earth, why we’re working at this enterprise, why we’re at this community center, this foundation, whatever it may be. And let’s remind ourselves of our purpose. Our purpose is to deliver great products or services to people that they need. To do that, we need a great strategy, wonderful talent and risk management to go with it.

