

KORN FERRY
Institute

Real World Leadership

Asia Pacific Regional Report

**Leadership development that drives superior
transformation, growth, and performance.**

About the study.

Korn Ferry commissioned a comprehensive, global survey of views on leadership development in July and August of 2015. The survey generated more than 7,500 responses globally, with more than 1,500 responses from the Asia Pacific region. Three in four of the leaders who responded from this region were in their organisations' business functions—the rest were in human resources—and 46% were at the vice president level or above.

The breakdown of the respondents follows:

- ▶ C-suite (22%)
- ▶ VP/SVP/EVP (24%)
- ▶ Director (33%)
- ▶ Other (21%)

*Country data comparisons are provided throughout the report for questions where at least 100 responses were collected from countries within the region.

The challenges ahead

Developing new leaders is critical for organisations in Australia to prosper and grow in the years ahead.

The opportunities and challenges are large. Relative to other fast-growing nations in Asia, the Australian economy has been in a slow growth mode for several years. As a result, organisations have been under pressure from shareholders to increase market share, grow profits, and innovate.

In many Australian organisations, leadership development has focused largely on senior leaders. For organisations to achieve their full potential, development needs to be extended to high potentials, first-level, and mid-level leaders.

To explore these issues, Korn Ferry commissioned a global survey on leadership development. Australian respondents indicated that developing leaders to drive strategic change is their top priority, followed by building a robust pipeline of ready-now leaders.

Many organisations in Australia lack full confidence in their leaders and their leadership development programs, the survey revealed. Without the right leaders in place, these organisations may find themselves hard-pressed to drive change and growth.

The stakes are high. To prepare for the opportunities ahead, organisations need to forge better links between their business strategies and their leadership development programs, make leadership development more relevant for participants, improve engagement at every leadership level, and foster purpose-driven cultures.



Jacqueline Gillespie
Senior Partner
Korn Ferry

The will to innovate

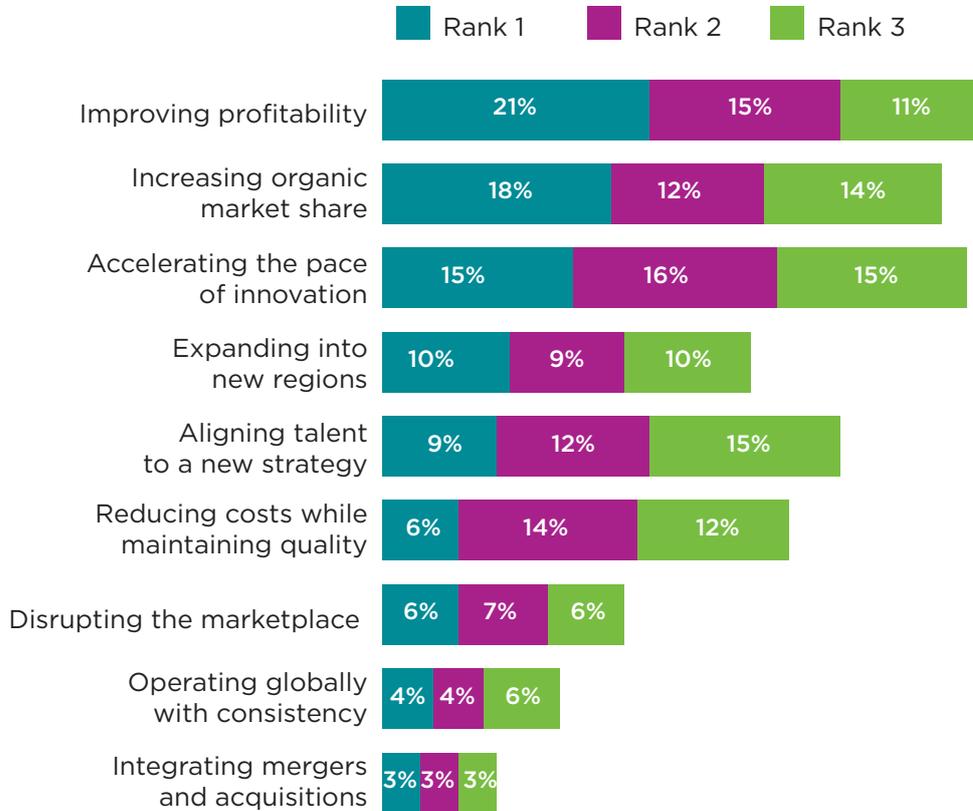
Asia Pacific organisations are focused on innovation as a means to drive growth, increase competitiveness, and expand market share.

While the region has been growing at a fast pace, organisations understand that products, markets, and business models eventually mature and need to be revised and refreshed. The best companies make innovation a continuous process.

Across the entire region, respondents rank "improving profitability," "increasing organic market share," and "accelerating the pace of innovation" as their top three business priorities.

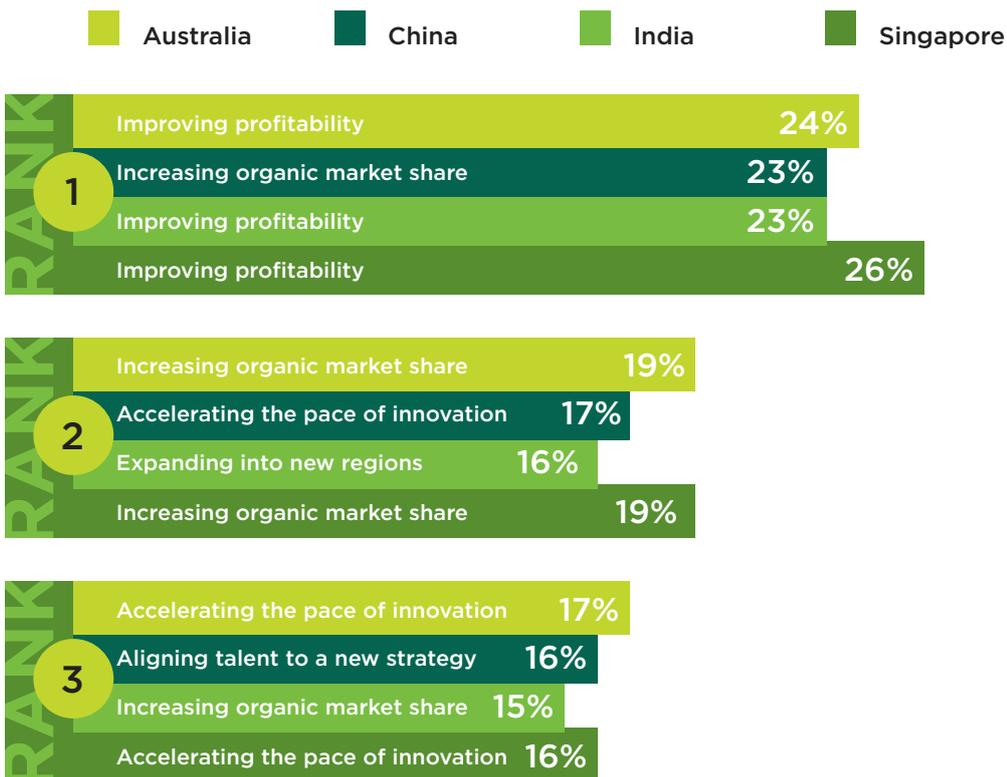
Rank the most pressing, strategic business priorities in your organisation.

Region: Asia Pacific



However, individual countries differ significantly from the regional consensus. Among the countries that provided sufficient data, India is the only to rank "expanding into new regions" among their top three strategic business priorities, and China is the only one to rank "aligning talent to a new strategy" in its top three priorities.

Country comparisons.



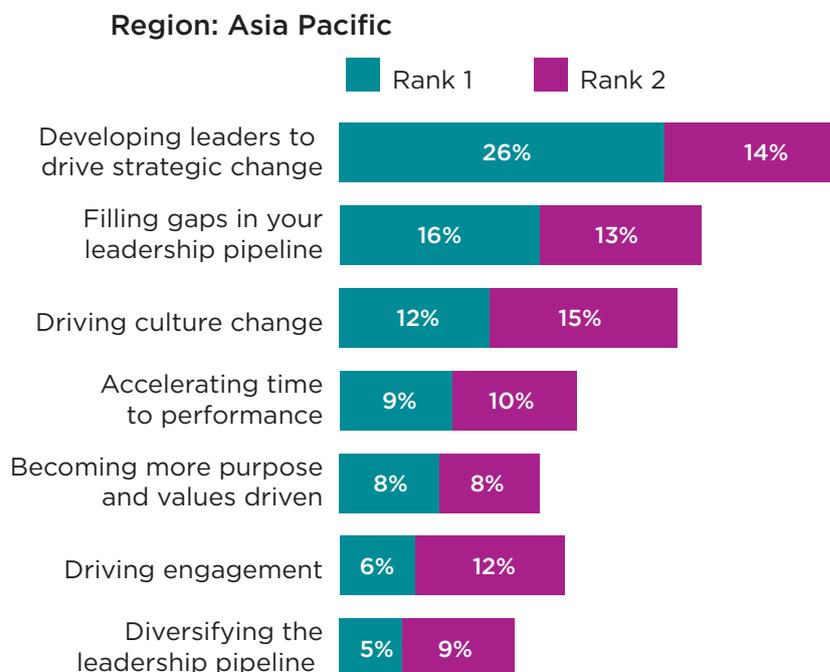
The leaders organisations need

Asia Pacific organisations' top two leadership development priorities are: "developing leaders to drive strategic change" and "filling gaps in the leadership pipeline."

"This has been building for some time, and is now more pronounced than ever," says **Andrew Pek**, senior partner at Korn Ferry. "It is about getting talented people with great ideas in the right positions with the right support."

To achieve their goals, organisations need leaders who can implement new processes, new behaviors, and new perspectives. While traditional managerial functions remain important, organisations increasingly are looking to develop leaders to become catalysts for positive change.

Rank the most important leadership development priorities in your organisation.



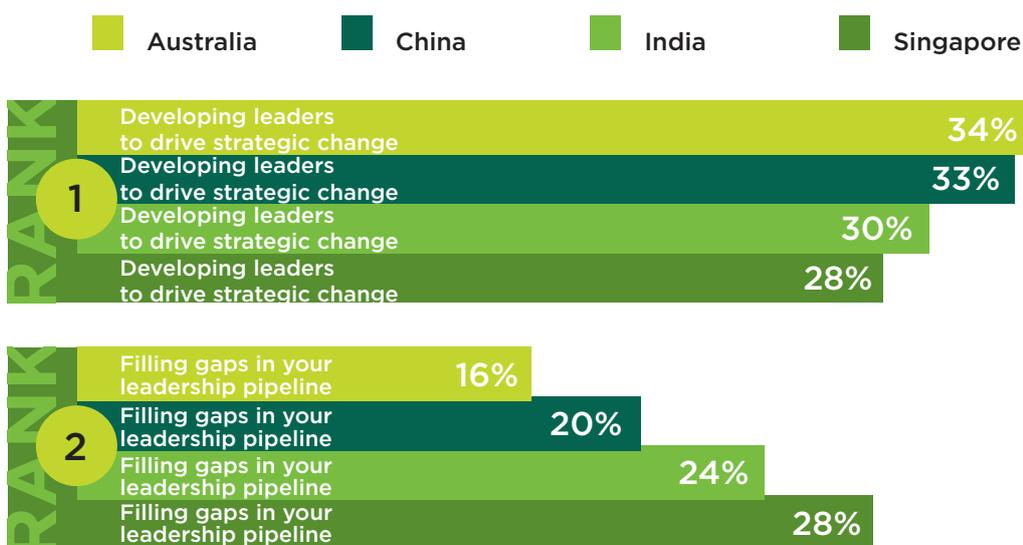
Although the strength of responses vary, Australia, China, India, and Singapore share the region's top two leadership development priorities.

Developing leaders to drive financial performance and operational excellence will always be important. However, given the unrelenting pace of technological change, globalization, and an anemic world economy, organisations realize they need leaders who can effectively respond to constantly evolving business opportunities and threats, and chart a path to sustainable growth.

Demand for leaders is greater than the supply, and many organisations face a shortage of leadership talent. Without the ability to develop people fast enough to fill the new and changing roles required for success, many organisations are in a predicament.

The creation of a vibrant pipeline that consistently generates a flow of ready-now leaders requires that organisations make leadership development a core value and a primary responsibility at all management levels.

Country comparisons.



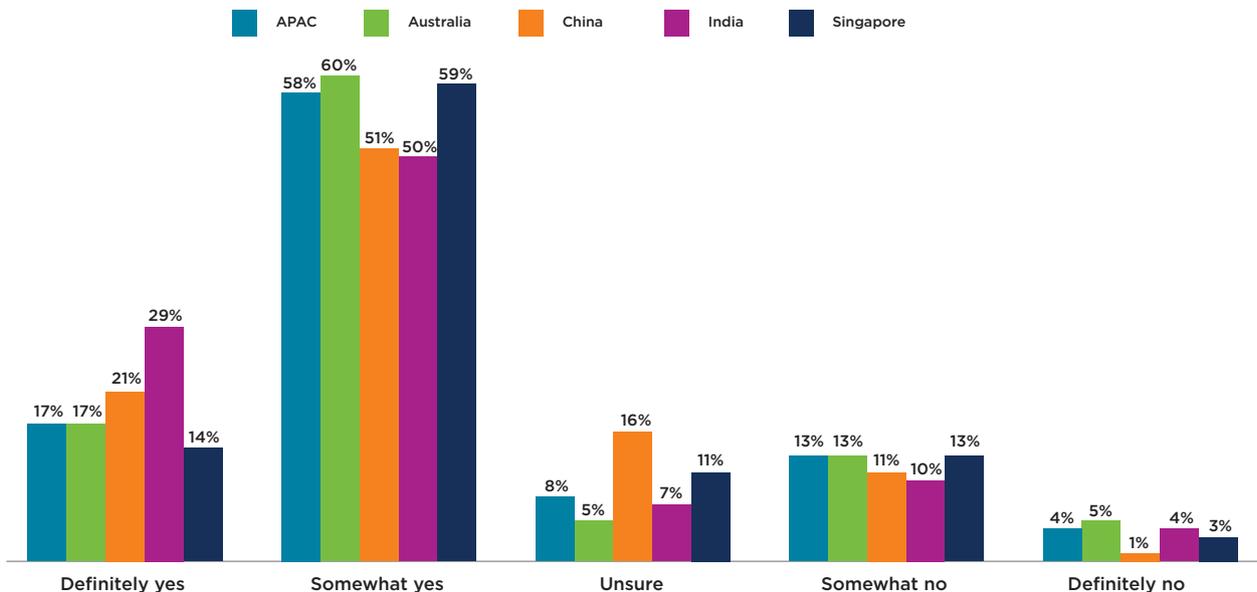
The right skills set

Many organisations question whether their current leadership is up to the task of delivering strategic change.

Across the Asia Pacific region, only 17% of respondents are confident their organisations have the right leaders in place to deliver on strategic business priorities. Moreover, 25% are either "unsure" or do not think current leaders can execute strategic priorities.

To some extent, executive teams may be uneasy because strategic-change leadership is inherently more difficult and organisationally disruptive than operational leadership. Implementation of strategic priorities can break down due to broader organisational commitments to the status quo. Surmounting these hurdles is a major leadership opportunity and challenge.

Do you have the right leadership capabilities in place to execute on your organisation's strategic business priorities?



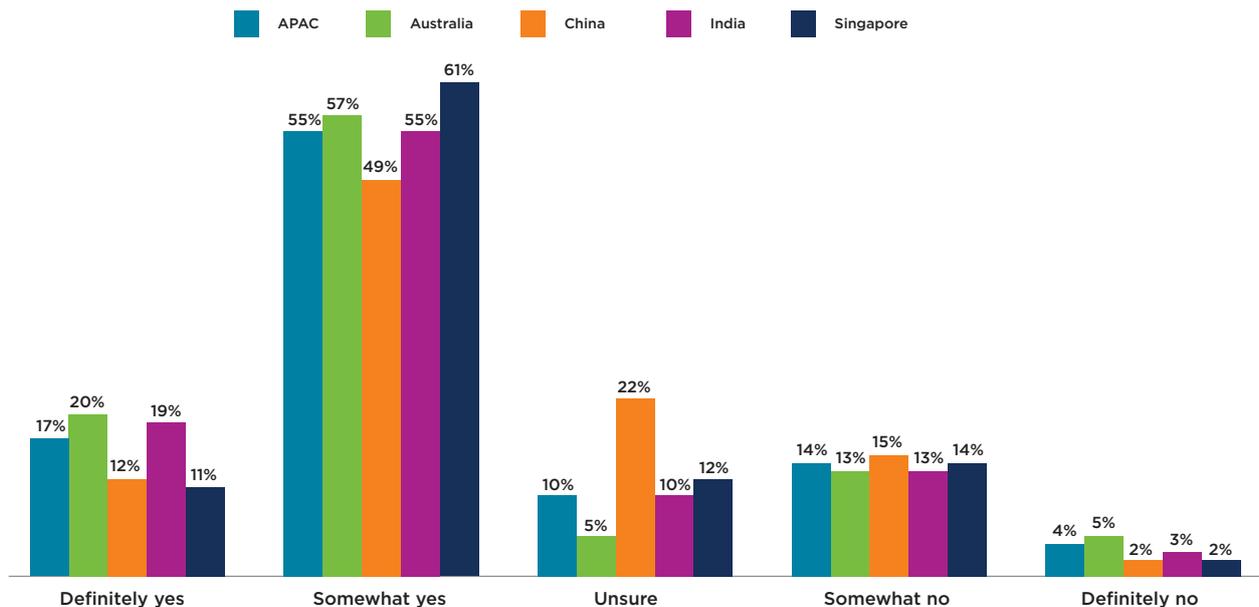
Leading by example

Leading for change requires a different set of skills than those required for traditional business management. Change leaders must be agile, flexible, resourceful, and have the ability to navigate unknown situations. They must be good listeners and open to new ideas from all corners of the organisation. And, most importantly, change leaders must be able to articulate a vision and inspire others to higher levels of performance.

Only 17% of respondents in the Asia Pacific region report that their leadership teams "definitely" display the behaviors needed to deliver on their organisations' strategic priorities, while 28% are "unsure" or do not think their leadership teams display the right behaviors to drive strategy.

Chinese respondents are less optimistic than other countries in the region, with 39% reporting they are "unsure" or do not think their leadership teams display the right behaviors to drive strategy.

Does your leadership team demonstrate the leadership behaviors needed for your organisation to successfully deliver on its strategic business priorities?



Driving change

Organisations report there is a substantial lack of engagement in driving and executing strategic change among mid-level, first-level, and high-potential leaders.

In many organisations, the strategic message becomes diluted due to stagnant cultures, entrenched ways of doing things, and lack of communication from top leaders. As a result, organisations often fail to fully execute their strategic initiatives.

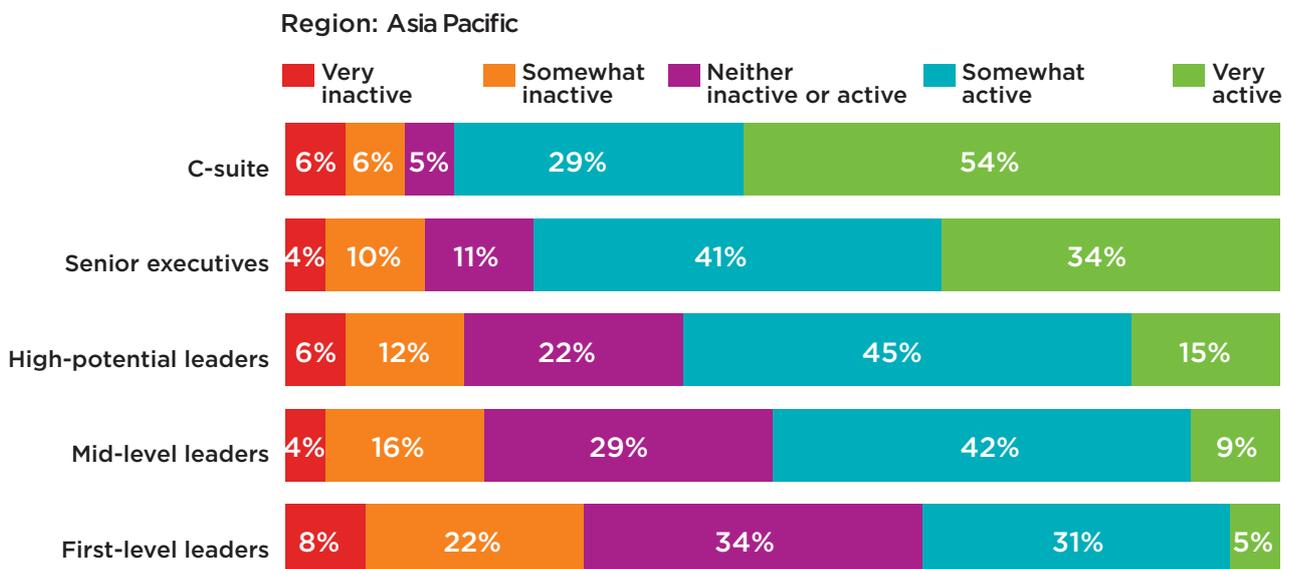
An average of only 49%

of Asia Pacific leaders below the senior executive level are actively driving strategic change.



Eighty-three percent of C-suite leaders and 75% of senior executives are "somewhat" or "very active" in driving strategic change, respondents say. However, engagement in driving change drops precipitously to 60% among high potentials, 51% among mid-level leaders, and 36% among first-level leaders.

Describe the extent to which each leadership level is active in driving strategic change in your organisation.

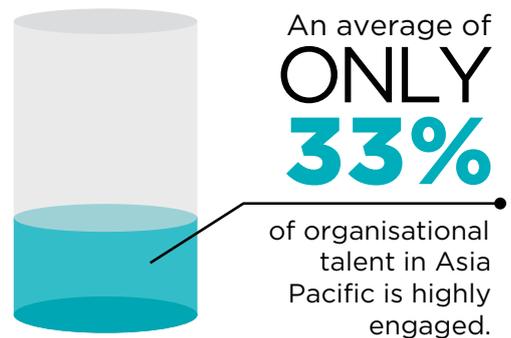


First and mid-level leader engagement

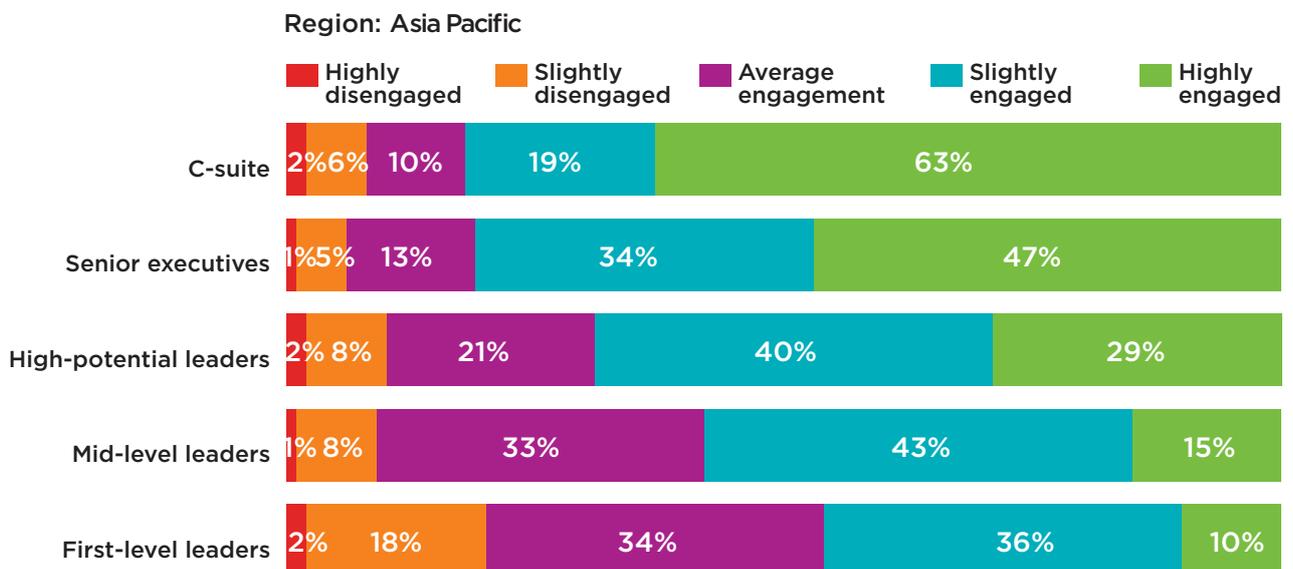
While it may be expected that lower levels of leadership are less engaged in driving strategic change because it falls outside their responsibilities, overall engagement is a more troubling story for organisations. Engagement levels fall off sharply from C-suite and senior executive leaders to lower ranking leaders within organisations.

"Alignment and strong collaboration are requirements today, whether making sense of market shifts or driving speed of execution," says **Dennis Baltzley**, global head of leadership development solutions and senior client partner at Korn Ferry. "Yet it's not happening at the mid and lower levels of leadership. Getting this right, over 'driving the same way harder' is what will win today."

Asia Pacific respondents report that overall engagement levels ("slightly" or "highly engaged") are 58% for mid-level leaders and 46% for first-level leaders.



Describe the level of engagement demonstrated by each talent pool in your organisation.



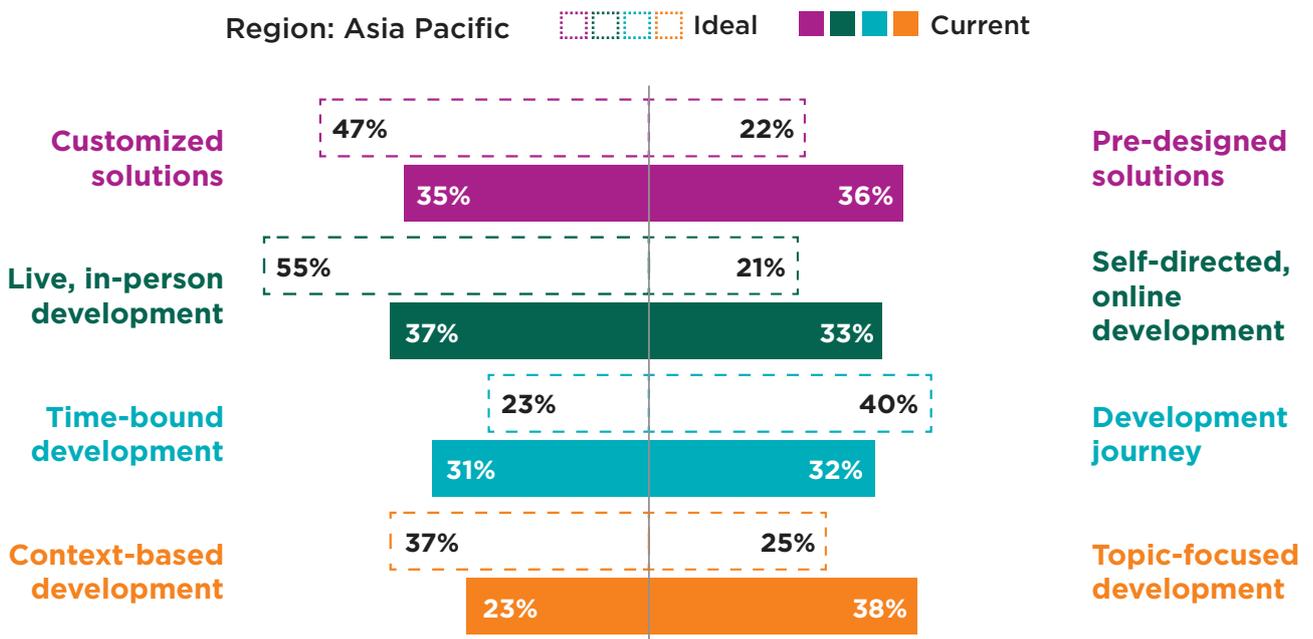
Shifting focus

Developing leaders to drive strategic change requires a different leadership development focus, survey respondents say. In general, they indicate a preference for development activities that are "customized," "live and in-person," "journey-based," and that deal with current issues facing their organisations as opposed to an abstract, top-down, topical approach.

Leadership development activities that are both "customized" and "context-based," or relevant to the organisation's business strategy and culture tend to generate increased engagement and interaction between participants. As a result, participants gain insights into issues facing the organisation and how to solve real world problems with their colleagues.

Survey respondents also indicate a preference for "journey-based" development as opposed to "time-bound" programs. While historically leadership development has been about one-time events, usually offsite or in classroom settings, a blend of related activities over an extended period of time usually is more effective.

Ideally, leadership development includes a variety of experiences that fit together, such as workshops, coaching, assessment, peer groups, action learning, technology-enabled learning simulations, immersions, and leaders as teachers, among others. The key is to make development a continuous activity where experiences build upon one another and foster constant growth.

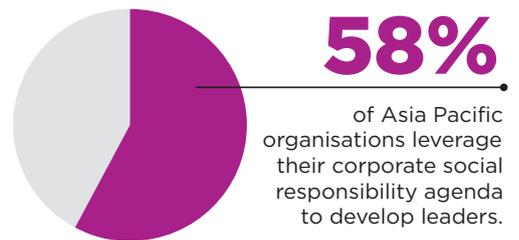


Leveraging social responsibility

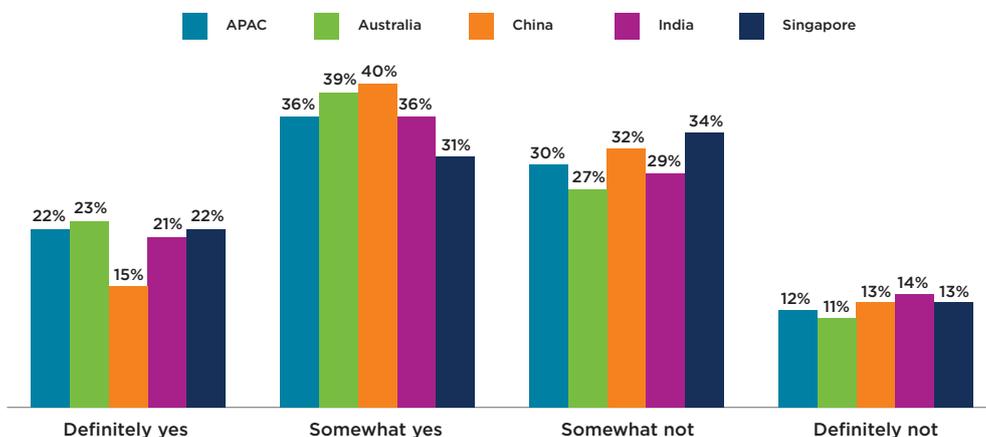
Asia Pacific organisations face a variety of pressures from internal and external stakeholders to go beyond maximizing shareholder value and to do good for society as a whole. While commitments vary, most larger organisations and many smaller ones have responded by establishing a social responsibility agenda.

The good news is that giving back is a win-win for the company and society. Socially responsible organisations tend to have cultures that are more positive, with a stronger sense of purpose, enhanced employee engagement, and greater sustainability.

Moreover, social responsibility can be an effective way to develop leaders and organisational culture. Business people who take leadership positions on boards or in community organisations often develop skills and experiences that help them to become better leaders in their companies.



Does your organisation leverage its corporate and social responsibility agenda to develop leaders?



Heightening impact

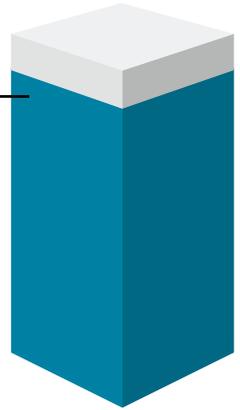
By connecting their leadership development programs to their aims in social responsibility, organisations build a powerful tool to create purpose-driven leaders. They, in turn, can unleash the full potential of their people, driving engagement and inspiring others throughout the organisation.

A growing number of people—from people new to the workforce to senior executives—want to work in companies that are aligned with their values and committed to serving the world in a positive way.

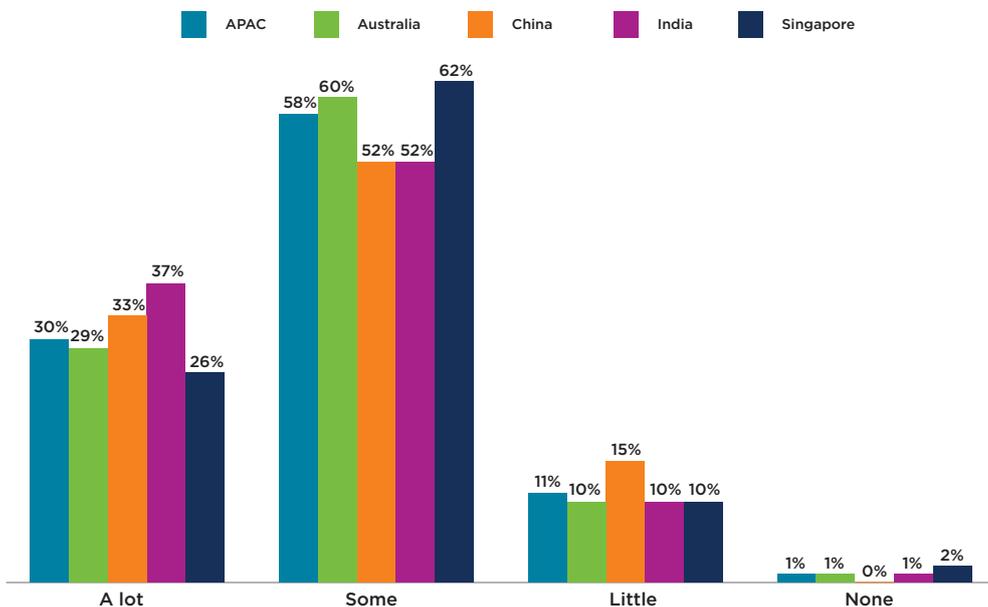
Eighty-eight percent of Asia Pacific respondents report that leveraging social responsibility to develop leaders improves their organisations' overall engagement and performance.

88%

of Asia Pacific organisations that leverage corporate social responsibility to develop leaders say it positively impacts overall engagement and performance.

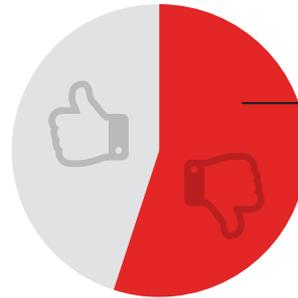


To what extent has this positively impacted your company's overall engagement and performance?



Rethink leadership development

Survey respondents are unhappy with their current leadership development programs; 55% of Asia Pacific respondents judge the return on their leadership development spending investment as only "fair," "poor," or "very poor."



55%

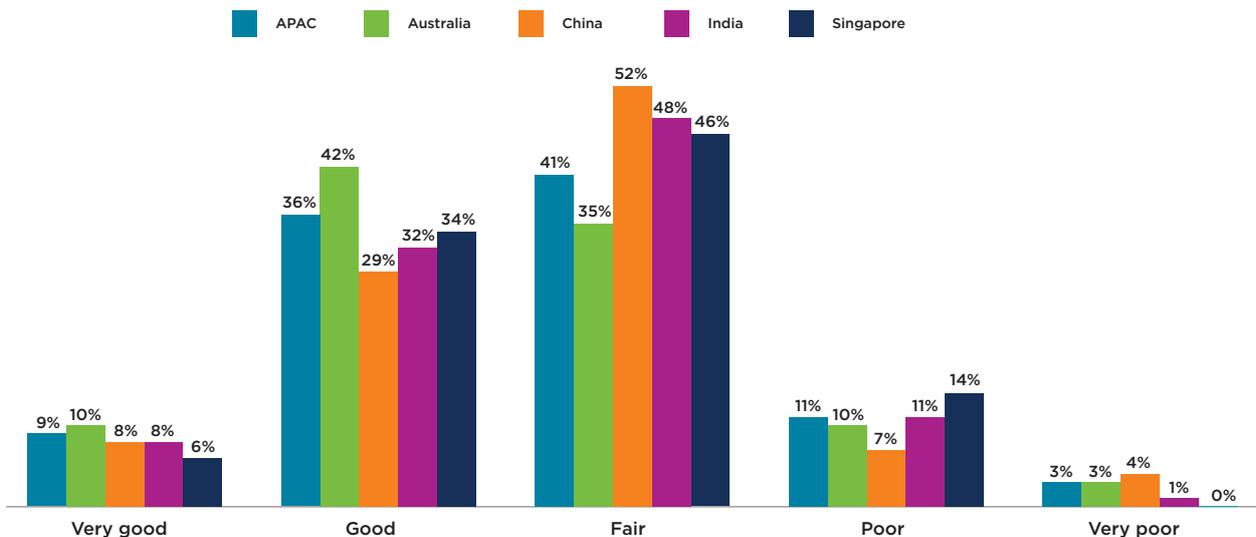
of leadership development ROI in Asia Pacific is judged as fair to very poor.

Ineffective leadership development harms an organisation's pipeline in three ways, resulting in:

1. A lack of leaders ready to step into new roles, right now.
2. Newly promoted (or transitioned) leaders inadequately prepared for their new roles.
3. The next generation of leaders unprepared for advancement.

Australian respondents are the most positive regarding their leadership development efforts, with 52% rating their return on investment as "good" or "very good," which is significantly higher than the other countries in the region.

How would you describe the return on your leadership development?



Starting from scratch

If they were to start over, 50% of Asia Pacific respondents say they would scrap half or more of their current approach to developing leaders.

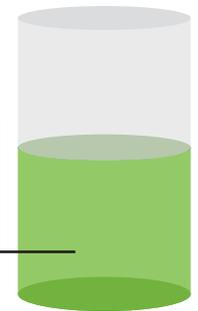
"This finding is incredible," says **Dato' Tharuma Rajah**, managing principal for Korn Ferry Hay Group. "It's a highly critical commentary on the state of leadership development. If you think you need to get rid of about 50% of your approach, it's tantamount to saying you need to re-think your entire leadership development strategy."

"This finding also begs the question: how are organisations building the leadership talent they need to drive their business strategies?" Rajah continues. "Traditional leadership development doesn't seem to be an effective lever. Perhaps they should be looking to more innovative leadership development approaches."

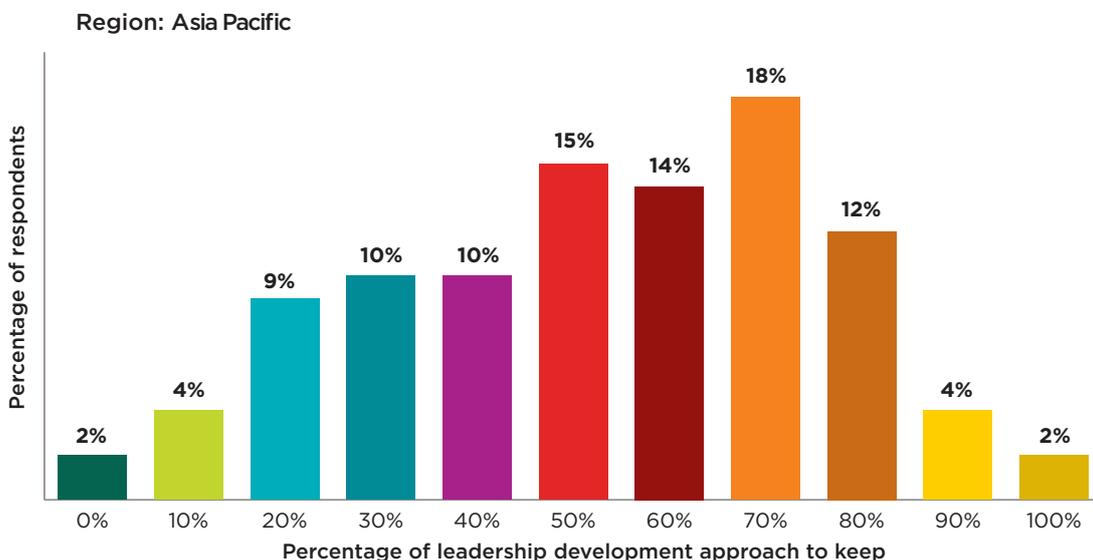
If able to start over with leadership development,

50%

of Asia Pacific business and HR leaders would change half or more of their current approach.



If you were able to completely start over with leadership development at your organisation, how much of your current approach would you keep? (Slide cursor to select in 10% increments).

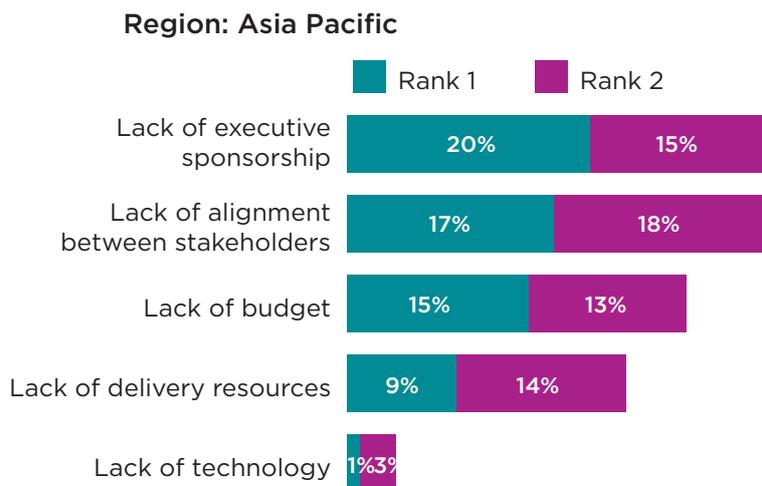


Barriers to effectiveness

Survey respondents across the Asia Pacific region identify "lack of executive sponsorship" and "lack of alignment between stakeholders" as their top barriers to successful leadership development.

Frequently, organisations invest a great deal of financial and human resources into formulating new strategies, but do not invest sufficiently in the leadership development that may be required to execute the strategies.

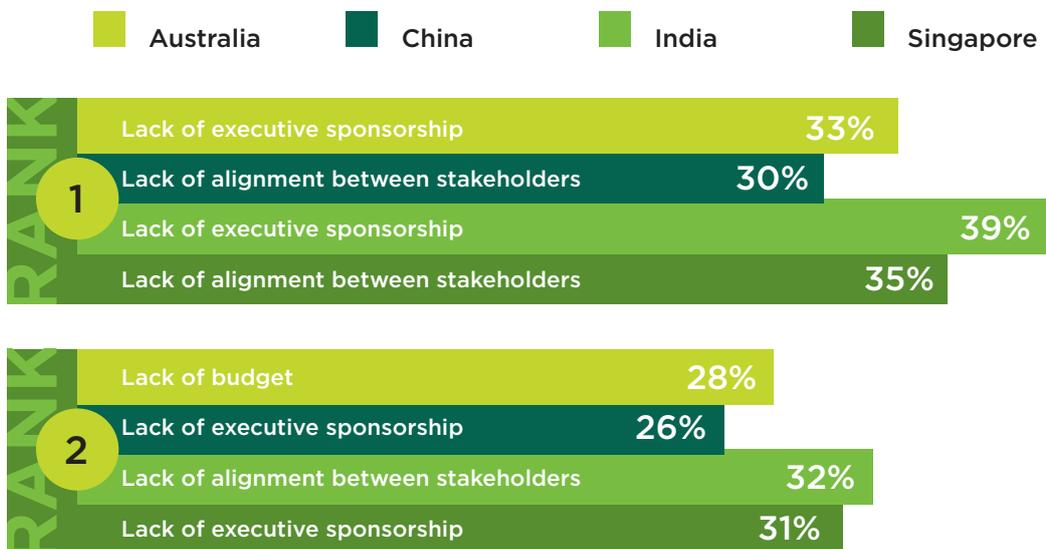
Rank the barriers to successful implementation of leadership development.



When top executives don't pay enough attention to leadership development, it can harm the advancement leaders and increase pipeline gaps. This inattention is common due to the competing internal and external demands placed on executives, but their sponsorship and alignment on development priorities is critical to effective leadership development.

China, India, and Singapore are alike in selecting "lack of executive sponsorship" and "lack of alignment among stakeholders" as their top two barriers to effective leadership development. Australia is the outlier, ranking "lack of budget" as their second most significant barrier.

Country comparisons.



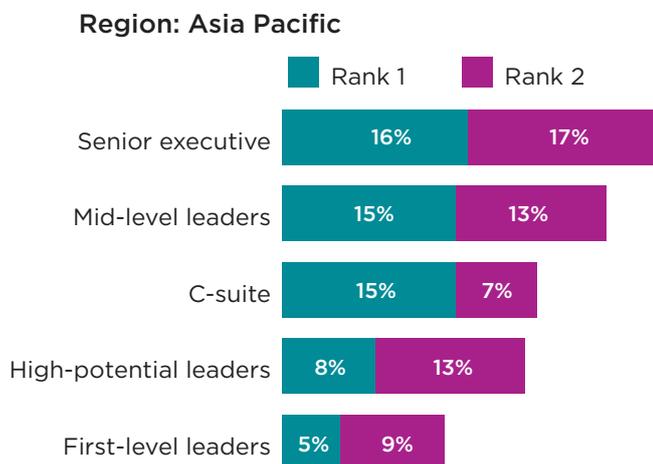
The missing links

To alter their culture and create an environment where strategic change and innovation can occur, organisations need broad engagement and alignment among their talent. All leadership levels need to participate.

Asia Pacific respondents indicate that leadership development could be most improved at the "senior executive" and "mid-level."

Mid and senior-level leaders often shape and determine the outcome of key organisational initiatives. They often manage other managers or a business function and are usually accountable for growing revenue or managing costs. Thus, their buy-in is critical.

At which level could leadership development be most improved to meet your strategic agenda?

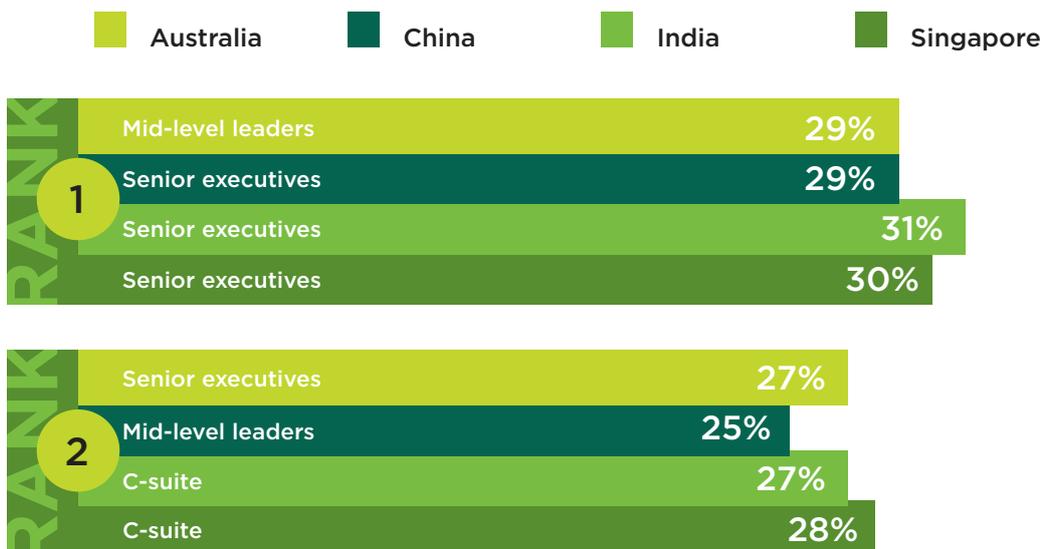


Senior executives frequently have significant operational or financial responsibilities that are extremely demanding and require a great deal of short-term reporting. Oftentimes, these leaders are so involved in day-to-day business issues they have little time to focus on their own development, none the less broader strategic issues and leadership development initiatives.

In many organisations, strategic change efforts fail to engage people at mid-levels of leadership, but enhanced development of these leaders can accelerate strategy execution and boost organisational performance.

Respondents from China, Singapore, and India say the senior level is most in need of improvement, whereas Australia reports mid-level leader development is the number one need.

Country comparisons.



Building a sustainable foundation

When top executives don't pay enough attention to leadership development, it can harm the advancement of their direct reports and increase pipeline gaps. Frequently, this inattention is due to the day-to-day operational demands and short-term requirements placed on executives. Filling talent gaps, however, is a long-term exercise that is often overlooked.

Our survey reveals that organisations are unhappy with their existing development programs. Ultimately, top executives may have to take a more hands-on approach to reinvigorate development efforts and replenish leadership pipelines.

Leadership development focused on activating strategy can not only help close this strategy-execution gap, but can also accelerate the organisation through its planned business shifts.

Korn Ferry's Four Pillars of Leadership Development can help organisations solve the challenge of developing a new generation of leaders to drive strategic change.

Korn Ferry's Four Pillars of Leadership Development

To prepare leaders to meet today's demands, development must become more relevant and draw upon four critical pillars:

- 1. Context is critical.** Design development around the real business mission, culture, challenges, and opportunities. This provides the context required for leadership development to be transformational and drive measurable ROI.
- 2. Develop the whole person.** Focus on what leaders need to be and do to help maximize potential and match individual strengths and motivations to organisational needs.
- 3. Treat leadership development as a journey.** Move beyond transactional development. Leadership development is a career long process that requires continued learning, with an intensity and timeframe that match the ambition and scale of the desired strategic goal.
- 4. Service promotes purpose.** Link business strategy with purpose. The opportunity to contribute beyond oneself activates inherent leadership capabilities and enables people to experience the power and impact of true leadership.

Conclusion

The organisations in Asia Pacific with more engaged workers and agile leaders will be the ones that capitalize on opportunities and achieve their goals.

Leadership development needs to be critically examined and re-engineered to address issues common to many organisations: a lack of leaders to drive strategic change, a shortage of ready-now leaders in the pipeline, and insufficient engagement outside of the C-suite and senior executive levels. Failure to address these issues will imperil the ability of organisations to innovate and grow.

Organisations will benefit from a deeper and more sustained focus on leadership development. They will drive superior transformation, growth, and performance when they:

- Embed leadership development into the fabric of the culture; Everyone must grow and change
- Focus on the changes they need to see from their leaders, not the activities and programs alone
- Keep development focused on real work that's tied to strategy, solving relevant organisational issues
- Invest where it counts: to accelerate key transitions, and help groups make transformational change

Successfully addressing leadership development challenges will be a major factor in accelerating organisational performance and differentiating winners and losers in the years ahead.

Recommendations

Connect leadership strategy with business strategy.

Organisations need to identify the kinds of leaders required to execute their strategy and to build a development/recruiting approach around those profiles, while making sure to include a diverse array of thinking and perspectives in the pipeline.

Engage people in driving change throughout the organisation.

The entire organisation should be enlisted in change initiatives. Effective and significant organisational change only happens when a large number of people are aligned and engaged in pursuit of a shared purpose.

Focus development on the organisational strategies and issues.

Centering development activities on real business concerns will increase engagement, generate tangible results, and foster a culture of development.

Support leadership development as a journey of change and growth.

Leadership development is a career-long activity with multiple touch points, accountabilities, and follow-ups—as opposed to disconnected, one-time classes or seminars.

Reinforce a sense of purpose and mission.

Individuals and organisations are far more motivated and energized when they are connected to a broader purpose or feel they are providing a service to the world, their customers, and their community.

About Korn Ferry

Korn Ferry is the preeminent global people and organisational advisory firm. We help leaders, organisations, and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through our Executive Search, Hay Group and Futurestep divisions.

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

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