



Leadership Practice
Makes Perfect

February 2024





The following paper uses data from the Best Company by Deloitte surveys, which span the last five years with over 100 clients across Africa, and the Deloitte Leadership Assessment framework which provides benchmarks and trends of expert leaders from over 20,000 executive assessments.

Introduction

Leadership practices are behavioural qualities in individuals that play a significant role in determining the success of an organisation through the ability to influence others to achieve a common goal.

When we maximize what people can do, we expand what business can do.

In recent years, there has been a growing interest in understanding the impact of leadership on an organisation through a human capital lens.

Current literature emphasises the value of acknowledging employees, or human capital, as one of, if not the most important asset of any organisation.

This paper, using empirical evidence will present Deloitte's view on the relationship between leadership and human capital using the Best Company by Deloitte data, the latest insights from Deloitte's Human Capital research and results from the our Deloitte Leadership Assessments.

Effective leadership looks at getting the most out of this asset and helps attract, develop, and retain high-performing employees, which leads to improved organisational performance.¹

This paper will highlight the leadership practices that have proven to be areas of strength and those that have shown to be areas that require focus.

This paper will also provide guidance on illustrative steps that can be taken to further enhance and improve leadership to improve the various strengths and shortcomings that the empirical evidence has highlighted.





Impact of the changing landscape on leadership practices

The Future of Work is uncertain and all about making choices. In the context of driving a more sustainable, inclusive and equitable world of work, leaders are required to address the key shifts that are transforming the Future of Work for the digital and green economies, and impacting those choices, by embedding new modern work standards to intentionally redesign work. Ultimately, organisations are aiming to make work better for humans and humans better at work, driving more positive social, economical and environmental outcomes, while deepening meaning and purpose for workers and the worker-employer relationship.

Leaders play a critical role in shaping the workplace environment, which has a significant impact on employee morale, productivity, engagement, and the company's overall performance. The top priorities of Executives include Business Growth coupled with a holistic approach to Sustainability in an effort to address the growing expectations of customers, regulators and investors.

Furthermore, there is the continuous and evolving drive to build Digital Enterprises (built on cloud, SaaS, digital experiences, etc.) enabled by new ways of working.

It is said that the way a leader interacts with the organisation's employees can pre-empt or incite innovation processes as leaders influence, empower and motivate other individuals in the achievement of their goals.ⁱⁱ

Effective leadership practices create a positive and supportive work environment where employees feel valued, respected, motivated to perform their best and have the capacity and freedom to make decisions related to their own work.

For example, leaders who are clear and communicative, who provide regular feedback, and who create a culture of collaboration and trust are more likely to have teams that are engaged and productive.

Conversely, poor leadership practices can create a toxic and stressful work environment that can lead to high turnover, low morale, and decreased productivity and performance.ⁱⁱⁱ

For example, leaders who micromanage, who create a culture of fear and intimidation, or who fail to provide employees with the resources and support they need are more likely to have teams that are struggling and performing poorly.

Therefore, it is essential for an organisation to address leadership practices and to ensure that its leaders are equipped with the skills and knowledge they need to create a positive and productive workplace environment.

Observed trends

In the current fast-paced corporate world, the role of leaders must evolve to become more human-centred, moving away from traditional authority-based approaches.

Building meaningful connections with employees and nurturing a workplace culture that champions collaboration, innovation, and growth is essential for organisational success.

The Best Company by Deloitte survey, which provides an overall measurement of employee satisfaction and engagement across 5 drivers, namely Leadership, Culture, Human Experience, Wellbeing, and Talent; has shown Leadership to have the lowest overall score amongst respondents where **40%** of total respondents **have negative perceptions of leadership**.

Ineffective leadership manifests in several ways within an organisation. Our Deloitte Leadership Assessment results have highlighted how **leaders often struggle to harness synergies** through effective collaboration, resulting in the emergence of silos and operational inefficiencies.

The lack of collaboration is further evidenced and corroborated in our Best Company analysis where **41%** of respondents **over the past 5 years do not feel that their ideas and opinions are valued**.

Additionally, **the inability to inspire and motivate teams** toward common objectives can lead to diminished morale and reduced productivity, a situation that hinders overall success.

Furthermore, leaders frequently fall short in the critical task of developing and retaining top talent which correlates with more than one-third (**36%**) of respondents in our Best Company analysis **believing there is no one actively encouraging their personal development** - subsequently impeding the organisation's long-term growth potential. The **focus on short-term results** can neglect the imperative of investing in the organisation's sustained health. Lastly, it is observed that leaders often fail as role models for their employees where **42%** of respondents **feel that leaders do not provide a positive example for employees to follow**, this negative perception erodes trust and fosters adverse workplace environments.

The survey results highlight critical areas of concern within organisations. Approximately **50%** of respondents **perceive a pervasive sense of trust throughout their organisations** showing how scarce trust between leaders and employees is, and around **43%** **believe that open communication is not promoted across all levels**.

Another critical leadership trait highlighted

is **leaders' ability to make judicious decisions** in the best interests of the organisation, even when faced with challenging circumstances, **39%** of respondents **believe their leaders do not exhibit this trait**.

In a cross-generational organisation, **Baby Boomers** exhibit the most favourable perception of leadership, while **Millennials**, constituting about half of the respondents, express the least favourable view.

Individual team members who form more than half of the respondents exhibit the least favourable perception of leadership, while **respondents in leadership positions** themselves as either Top Management or Executives express the most favourable view out of all levels. This juxtaposition highlights the very real issue of being able to connect and lead effectively cross-generationally.

According to the Deloitte Leadership Assessment findings and Best Company results, **effective leaders excel in several key areas:**



An **ability to establish clear organisational goals and objectives**, motivating employees to actively pursue them. Contemporary expectations of leadership extend beyond profit-driven motives, with leaders now tasked with ensuring their organisations embrace ethical, inclusive, sustainable, and socially responsible practices.



In addition to goal setting, the Deloitte Leadership Assessment highlights how effective leaders show the **capacity to formulate a compelling vision for the organisation's future** and convey it effectively to their teams. This sentiment is further echoed in our Best Company analysis where **66%** of employees **acknowledge leaders' proficiency in communicating a clear vision for their organisations.**



The encouragement of innovative problem-solving within their organisations, is a sentiment echoed by 67% of the respondents.



The ability to help **encourage the professional and personal development** of their employees.



Now that we have a view of notable leadership practices as well as their impact, we need to find a way to leverage leadership areas of strength and improve on shortcomings.

Action Plan for Leaders

Based on our evidence, to address the key identified area of **development**, leaders could take the following steps:



Cultivate deep relationships within their broader ecosystems through co-creation. This will help facilitate collaboration and synergy. This applies to all levels and across all generations.



Place humans at the core of decision-making processes. This begins with a genuine and compassionate approach to leadership, both within and beyond the workplace. Leaders should harness the rise of worker agency, where employees have more choices and influence than ever before. By harnessing worker passion and energy, leaders can create mutual benefits for everyone – not just for their employees and organisation, but for the world as a whole.



Demonstrate vulnerability and transparency. This is key to building trust and fostering an open and honest work environment.



Expand their perspective to consider the broader human impact, ensuring that choices serve the best interests of all stakeholders.



Prioritise long-term organisational health and profitability through top talent development, technology and innovation investment, and the cultivation of a robust culture.



Embody the values of their organisation and communicate openly and honestly with their employees.

In addition, leaders should focus on leveraging the following **strengths**:



Communication skills: Effective leaders can communicate their vision, goals, and expectations clearly and concisely. They are also able to listen actively and provide feedback in a constructive manner.



Motivation skills: Effective leaders can inspire and motivate their team members to achieve common goals. They can create a positive work environment where team members feel valued and supported.



Problem-solving skills: Effective leaders can identify and solve problems effectively. They can think critically and creatively to produce solutions that work for everyone involved.

By placing focus on the areas of development and leveraging areas of strength, leaders can become even more effective in their roles.



Action Plan for Companies

- Ensure the right leaders are appointed. Too often individuals are either not ready or the right candidate for the role.
- Ensure succession planning is effectively done and monitored and programs are in place to upskill over time before a leader is appointed.
- Ensure that a fit for purpose battery of assessments and consultations are done when appointing leaders.
- Ensure leaders are held accountable for their actions and contributions.



Conclusion

While these findings reveal common strengths and shortcomings among organisational leaders, it is essential to recognise that leadership styles vary significantly. Each leader possesses unique qualities, resulting in different strengths and weaknesses – this is normal and should be embraced. One only has to look at the varying leadership styles of our most successful Springbok Captains over the last 30 years from Francios Pienaar to Gary Teichmann, to John Smit and now Siya Kolisi. Each of them is vastly different in style and character and yet each of them hugely successful in leading and creating world-beating success for their teams.

Their unique style and leadership led to unequivocal and undebatable success which nobody can question. Leaders should embrace their own identity and style and remain true to themselves and their employees, but at the same time remain self-aware and actively address areas of growth while capitalising on their strong points to foster personal and organisational transformation.

ⁱ Natalie Wickham (2023). *The Importance of Employee Recognition: Statistics and Research*. Available from: <https://www.quantumworkplace.com/future-of-work/importance-of-employee-recognition#:~:text=Here%20are%20a%20few%20other%20benefits%20of%20employee,of%20quality%20employees%207%20Decreased%20stress%20and%20absenteeism>

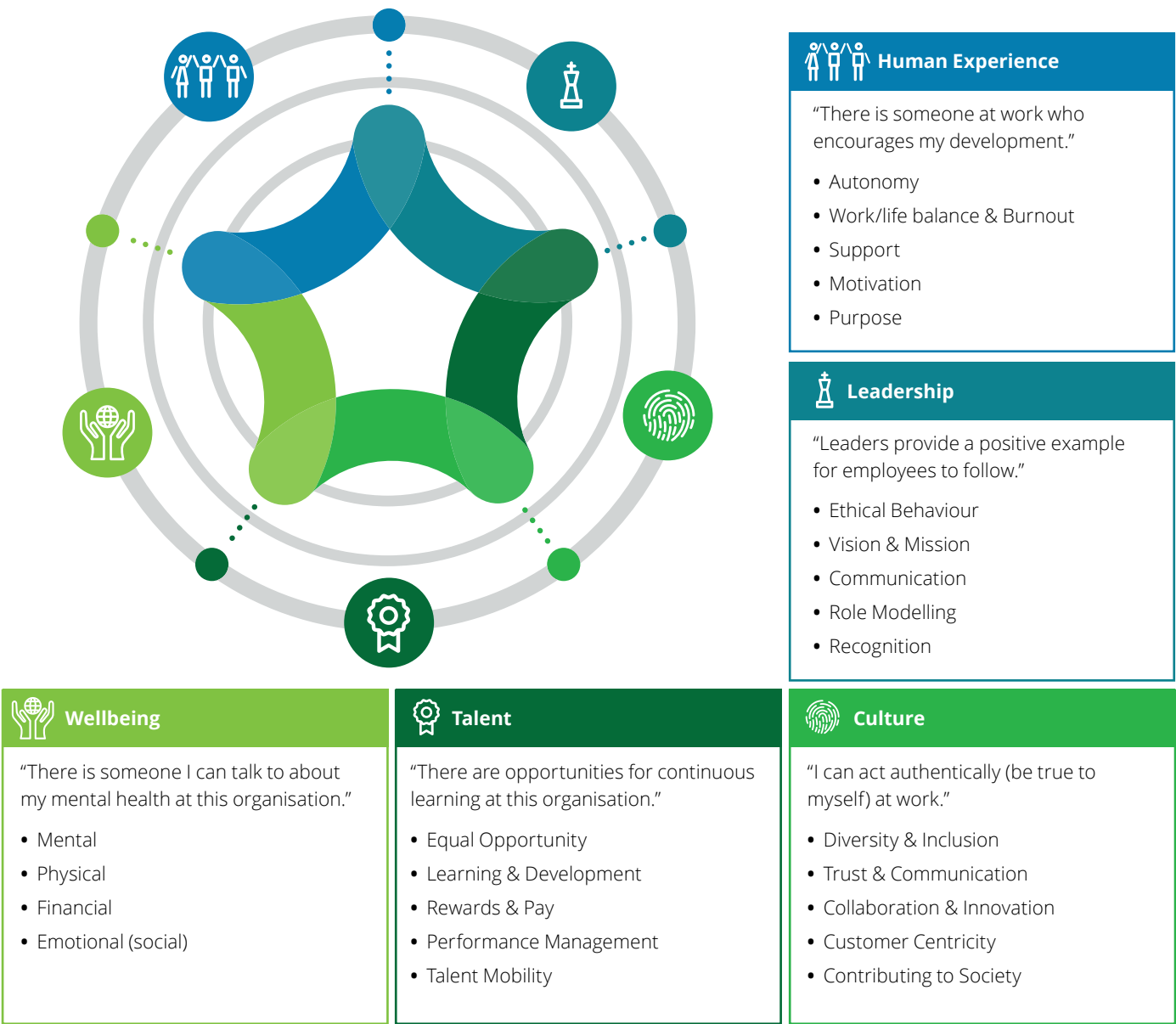
ⁱⁱ Costa, Joana & Padua, Mariana & Moreira, Antonio. (2023). *Leadership Styles and Innovation Management: What Is the Role of Human Capital?* Portugal: University of Aveiro. Available from: (PDF) Leadership Styles and Innovation Management: What Is the Role of Human Capital? (researchgate.net)

ⁱⁱⁱ Donald Sull, Charles Sull, Ben Zweig (2022) *Toxic Culture Is Driving the Great Resignation*. Available from: Toxic Culture Is Driving the Great Resignation (mit.edu)

^{iv} Deloitte Insights (2023). *Leading in a Boundaryless World*. Available from: <https://www2.deloitte.com/xe/en/insights/focus/human-capital-trends.html>

Best Company by Employee Engagements Drivers

Statements and drivers are measured to ascertain what is contributing to, and detracting from, employee engagement. The graphic outlines what each driver addresses, with an example statement:



Deloitte Leader Assessment

What are the capabilities and characteristics that make up a GREATER leader?

Generating

In an era where four generations coexist in the workplace, leaders must create followership that embraces diverse needs, establishing direction and purpose that inspires others and generates momentum at all levels.

Relating

Leadership remains a distinctly human endeavour. Leaders must connect, collaborate and communicate with agility, being authentic to themselves, attentive to the feelings and needs of others, and adaptive in how they navigate different people and contexts.

Empowering

Organisational success is driven by the collective excellence of many. Leaders must listen, trust and build confidence in their teams to execute, harnessing the power of diverse teams and building capabilities that enable growth.

Adapting

To thrive in the face of change leaders must respond to changes and lead with agility to unlock opportunities for their teams and businesses. They drive action focused working practices by scanning the horizon to thrive in the face of disruption. Adapt underpins all areas of GREAT leadership.

Seven Characteristics of GREATER Leadership



Energy

An important part of leadership is taking care of your health and wellbeing to maintain effectiveness and energy, for the leader, the team and the organisation. Leaders must practice good self-care by tuning into and nourishing their mental, physical and emotional health.

Resilience

Resilient leaders have the ability to sustain their energy under pressure, to cope with disruption and [handle /operate effectively through adversity]. They cultivate resilience through self-awareness, self-regulation and a clear purpose.



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