

‘Leadership Gap’- What it takes for Today’s Workforce

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Abstract:

In the current competitive business landscape, do today’s leaders have the skills and knowledge necessary to be effective in their roles? Effective leadership plays a crucial role in the success of a business. Yet many organizations have found that, their leaders lack the skills necessary to excel. This **leadership gap** can make it difficult for companies to compete and grow. When nobody steps up in a crisis, there's a leadership gap. When no one takes full ownership of a problem or knows how to fix it, there's a leadership gap. And when there isn't anyone, you can delegate important tasks to and be confident that they'll deliver, there's a leadership gap. This Leadership Gap can also negatively impact daily operations and employee retention. When leadership gaps exist, they can trigger a host of problems, including declining productivity, poor decision-making, low employee morale and missed business opportunities. It's therefore crucial to identify and address leadership shortfalls. But what does the leadership gap mean to job seekers? Job seekers may find themselves need more prepared leaders for the role. This situation can limit their development and create a barrier to growth, especially for those with leadership aspirations. On the other hand, organisations do want to look up to this issue as a vital aspect because, closing the leadership gap is crucial for the success of any business.

It’s important to understand the leadership gap, why it happens, and ways to overcome it. In the light of the above theme, this paper is a humble attempt to understand the concept of Leadership Gap and examine the causative factors for such Gap. Further, the paper focuses on obstacles that make closing the leadership gap a challenge, Ways in which organizations can bridge the Leadership Gap and Ways that Job Seekers can bridge the Leadership Gap.

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Introduction:

Do today's leaders have the skills and knowledge necessary to be effective in their roles? Effective leadership plays a crucial role in the success of a business. Yet, many organizations have found that their leaders lack the skills necessary to excel. This leadership gap can make it difficult for companies to compete and grow. It can also negatively impact daily operations and employee retention. But what does the leadership gap mean to job seekers?

Job seekers may find themselves needing more prepared leaders for the role. This situation can limit their development and create a barrier to growth, especially for those with leadership aspirations. On the other hand, job seekers with the desired leadership skills may find themselves in high demand. Hence, it's important to understand the leadership gap, why it happens, and ways to overcome it.

What Is the Leadership Gap?

A leadership gap refers to the disparity between the skills and abilities that a leader possesses, and those that they need to be effective in their role.

When nobody steps up in a crisis, there's a leadership gap. When no one takes full ownership of a problem or knows how to fix it, there's a leadership gap. And when there isn't anyone, you can delegate important tasks to and be confident that they'll deliver, there's a leadership gap.

If your team leaders and senior executives are missing vital skills, the consequences can be far-reaching for the future success of your organization. When leadership gaps exist, they can trigger a host of problems, including declining productivity, poor decision-making, low employee morale and missed business opportunities. It's therefore crucial to identify and address leadership shortfalls.

In the wake of seismic changes to the workforce in recent years, CEOs are all too aware that their workforce isn't adequately prepared for the future. According to the DDI's 2023 Global Leadership Forecast, 50% of leaders and HR professionals around the world are concerned about developing the next generation of leaders.

Meanwhile, a recent Wiley survey found that 36% of HR professionals believe their organization lacks leadership support or awareness around the disparity in skills. So, it's clear that many companies still have a way to go to close the leadership gap.

A leadership gap occurs when a difference exists between the capabilities an organization or leader needs to succeed and those they already possess. Three of the most common leadership gaps organizations face today includes pipeline, strategic, and inter- company gaps.

The leadership gap refers to the difference between the skills and abilities of leaders and those they need to be effective in their roles. This gap can compound due to rapid changes in how we work, workforce pressures, and attitudes about work-life balance. This might seem like a theoretical problem, but the leadership gap has real implications for companies and workers

Understanding Leadership Gaps and its Causes

Every organization needs its leadership teams to be stronger in a rapidly changing business environment. Being proactive in identifying gaps in leadership is the best way to prevent more significant issues in the future.

If you are one of the respondents of DDI's Global Leadership Forecast 2021, you are familiar with this question.

"Is your organization focusing on developing the skills that leaders need to succeed now and in the future?"

According to DDI World, "Current results show that leaders around the world, across all levels of leadership, aren't adequately prepared for the future. This is certainly the strongest signal we've found in our research of a looming leadership skills gap."

According to the latest findings from Global Leadership Forecast 2021, fewer than half of all leaders feel they are effective in any of these skills.

- Building Talent**
- Managing Change**
- Digital Acumen**
- Strategic Thinking**
- Influencing**

Even worse, they aren't being developed where they need it most. Only 28% of leaders indicate they are currently receiving development in any of these critical areas for the future.

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What would you say are the biggest leadership gaps in an organization?

Common causes of the leadership gap contributing to a leadership shortage include generational shifts in the workforce due to the retirement of many Baby Boomers, changes in the nature of work itself, recruiting wars for high-potential talent, and poor organizational practices of identifying, selecting, and developing talent.

What's at the Core of the Leadership Gap?

Although the gap in leadership is a complex workforce issue, there are **some common factors contributing to the problem**.

From rapid changes in technology and new business models to demographic shifts, the way we work has fundamentally changed. The speed at which these changes have occurred has made it difficult for organizations to keep up in many areas, including developing leadership talent. The combined effect of these has increased the need for more influential leaders.

Shift in demographics (Demographic changes)

Nearly 1.2 million Baby Boomers (those born between 1946 and 1964) left the UK workforce during the pandemic, while in the US the retirement rate is far outstripping the number of new workers joining the labour market. This is causing organizations to lose experienced leaders with highly developed skills and knowledge, often leaving them with few people who are capable of filling the void. Baby boomers, born between 1946 and 1964. This leads to organizations losing experienced leaders who often retire with advanced knowledge and skills. This can leave organizations few leaders who are capable of filling these roles.

Closing this leadership gap requires Generation X (those born between 1965 and 1980) and Millennials (born 1981-1996) to step up. However, these generations may be raising children or caring for ageing parents, so for this to work, it's important that employers provide **flexible working** arrangements. Otherwise, these age groups could be put off pursuing leadership roles.

Lack of leadership development

Many organizations don't have an effective **leadership development programmes** in place, with only 11% of executives believing their current leadership schemes are working, according to McKinsey. In many cases, leaders rise up the ranks on the strength of their individual abilities, but they don't receive specific training on the unique skills needed to manage others.

Organizations that don't invest in training and mentoring limit their opportunities for growth and fail to equip their people with the necessary skills that they need for the future.

Changing work environment

Technological advancements have transformed business and created new jobs and skill requirements. Societal shifts have also significantly changed the landscape of the workplace. Some leaders may need to gain the hard and soft skills necessary to operate effectively in these new environments.

Lack of Development Opportunities

Companies may not provide adequate training and development opportunities for workers to gain leadership skills. This can leave new and aspiring managers without the ability to acquire and improve their leadership abilities.

Globalization

Globalization has led to a more complex and fast-paced business environment, requiring leaders to be adaptive and innovative. It also introduced a heightened need for cross-cultural skills. These factors have combined to create new skills and competency requirements for leaders.

New Business Models

The rise of new business models and industries has created a need for leaders with different skill sets. Many leaders are not prepared to effectively manage in these new environments without adequate training and skill development.

Rapidly changing skills requirements

The pace of technological change and the emergence of new innovations such as **the metaverse** have created an urgent need for leaders with different skill sets. But training and adoption of new technologies, such as AI and machine learning, haven't kept up.

Societal changes have also reshaped the culture of workplaces. Today's leaders need to be much more well-versed in soft skills to get the most out of their employees. It's no longer acceptable to dish out orders and crack the whip to get things done. You have to be skilled at influencing, collaborating and encouraging your team to discover solutions themselves through coaching.

Lack of succession planning

The days of people spending their entire career with one organization are long gone. That makes succession planning significantly harder. But leadership gaps widen when you don't have a plan in place for filling vacant leadership positions. This causes insecurity, employee disengagement and a drain on knowledge.

Companies without an adequate **succession pipeline** often find themselves competing with other organizations to attract and retain talent because they aren't in a position to promote from within when someone moves on or retires. Succession planning is essential to make sure that key leadership roles don't stay unfilled for too long.

Organizational structure changes

Companies with a formal hierarchy have given way to flatter, more agile organizational structures with fewer middle managers. Although this helps businesses respond faster to customer demands and changing markets, it also hampers upward mobility. Without a traditional career ladder to climb, it can make it difficult for workers to understand how they can progress.

More lateral leadership may be needed, where employees can gain new skills by having more autonomy over their work, but mapping out this type of career path isn't easy to pull off.

Leadership Gap Examples

Many leaders themselves feel the leadership gap. According to the 2021 Global Leadership Forecast, a Development Dimensions Inc. publication, less than half of all leaders felt effective in critical skills such as building talent, managing change, digital skills, and strategic thinking.

To be a successful leader, you need a broad range of hard and soft skills. Although many of these skills are not specific to leadership roles, they may be used differently by leaders. For example, communication is always essential, but leaders must be able to deliver negative news, mediate conflicts, and even motivate their teams.

Examples of leadership skills that are often absent or underdeveloped include:

- **Adaptability:** The ability to change and pivot quickly in response to new information, market shifts, and other changes in the business environment
- **Change management:** The ability to plan, overcome resistance, and implement organizational changes
- **Communication skills:** The ability to clearly and effectively communicate vision, goals, and ideas to others
- **Agile working skills** – Economic and geopolitical uncertainty continue to cause disruption to organizations around the world. Leaders must be ready to change course quickly in response to market shifts and other emerging trends in the business environment.
- **Cultural competence:** The ability to understand, respect, and work effectively with people from diverse backgrounds and cultures

- **Digital skills:** The ability to use technology, data, and digital tools to drive business results
- **Emotional intelligence:** The ability to:
 - Identify
 - Understand
 - Manage one's own emotions
 - Respect the feelings of others
- **Innovation:** The ability to think creatively, identify new solutions to old problems, and drive change within the organization
- **Strategic thinking:** The ability to see the big picture, understand how all the pieces fit together and make decisions accordingly

What Hinders Closing the Leadership Gap?

Failing to focus on skill development is a significant contributor to the leadership gap, but it's not solely to blame. Additional factors make fixing the gap more complicated than simply upskilling workers.

The following obstacles make closing the leadership gap a challenge:

- **Flat organizational structure:** A flat or horizontal company structure can limit upward mobility, making it difficult for workers to move into leadership positions. It may also make it difficult for workers to get guidance and mentorship from experienced leaders, hindering the development of new leaders within the company.
- **Inadequate succession planning:** Many companies need a more straightforward plan to replace retiring leaders. Additionally, they may need help identifying leadership potential within their current workforce.
- **Lack of investment in leadership development:** Companies need to prioritize leadership development and training, leading to a shortage of skilled leaders. In turn, this creates morale problems and retention issues. It leaves organizations with a leadership team that needs more skills.
- **Low retention, high turnover:** A revolving workforce depletes a company's talent pool. This forces the company to compete for new workers, which can reduce internal efforts to train and develop internal talent. High turnover also increases burnout by increasing the workload of remaining workers, leading to even more turnover.

- **Resistance to change:** Some organizations and leaders need to change how they do things. This includes opposition to using new technology and processes and extends to ideas about leadership and management, such as how workers are:
 - Evaluated
 - Promoted
 - Trained
 - Developed

Ways Organizations can Bridge the Leadership Gap

Closing the leadership gap is crucial for the success of businesses, but it's also important for job seekers with leadership aspirations. Fortunately, there are many ways to address the issue that benefit both sides of the labor equation, such as:

- Learn to recognize leadership potential within an organization.
- Develop a comprehensive leadership development program.
- Offer leadership training for employees at all levels, not just management.
- Establish clear performance expectations and provide regular feedback.
- Encourage collaboration across departments and team-building activities.
- Foster a culture of learning and continuous improvement.
- Strongly encourage internal promotions and career growth opportunities.
- Create mentorship and coaching programs for employees.

Ways Job Seekers can Bridge the Leadership Gap

Companies working to overcome a leadership gap should encourage and support employees seeking additional education. This includes offering access to educational tools, internal training programs, or tuition help for formal education.

Job seekers that want to take on leadership roles may feel intimidated by the leadership gap. However, anyone can build the skills needed for success with the right approach and resources.

Aspiring leaders that prepare themselves for a leadership position by developing in-demand skills may find more opportunities open to them. These skills include:

- Communication
- Problem solving
- Strategic thinking
- Change management
- Emotional intelligence
- Digital acumen

Wharton's online leadership and management certificate program can help you gain the right mix of hard and soft skills you need to be a successful leader. You'll have access to a world-class faculty, the latest research, and expert insights. And with online courses that require just two to four hours of coursework a week, you can fit education into your busy schedule.

What Can You Do About the Leadership Gap?

1. Assess Your Current & Future Leadership Talent: Where are you today? Have you taken stock of your current leaders and considered who was next in line? What skills are possessed? How well are managers leading currently? Use your people data to determine organizational needs and understand leadership gaps.

2. Create a leadership strategy: Align Leadership Skills with the Strategy of the Organization. Are your leadership initiatives aligned with the direction of the organization?

3. Improve tailored individual leadership development: Assess your current and future leaders' strengths and weaknesses. It is important to note that 360-degree leadership assessment tools — can help evaluate individuals' strengths and development needs.

4. Build a mentorship program: Capitalize on the intellectual capital of senior management. Utilize these seasoned leaders to ensure that up-and-coming managers can learn critical information and skills to lead your organization's future.

Identifying where a leadership gap currently exists is key to increasing effective leadership in your organization. Deirdre Orr Consulting is ready to help you identify and close the gap.

How to close the leadership gap?

As we've discussed, addressing shortfalls in leadership skills is crucial for the success of your company. But how do you go about closing the leadership gap? A good place to start is by following these practical tips:

Carry out a needs assessment

Identify the skills that your leaders need right now and ones that they'll need in the future to meet your company objectives. One way to assess leadership gaps is by using SWOT analysis whereby you evaluate your company's strengths, weaknesses, opportunities and threats.

This will give you a clearer picture of which areas need the most attention and how you can fix them to build leadership potential.

Invest in leadership development

Put a formal leadership development programme in place to prepare your people for the future. Offer leadership training for employees at all levels, not just management, and don't be afraid to ask staff what they need to give them the confidence to take the next step.

Put effective succession planning in place

Part of your leadership development planning should involve building a diverse succession pipeline. This means nurturing employees from a range of backgrounds who can bring different skills and experiences to the table. By encouraging internal promotions and career growth, you can prepare leaders from within to reduce your leadership gap.

Focus on improving communication

Establish clear performance expectations, promote transparency and provide regular constructive feedback. People can only grow into leadership roles if they understand how to address their weaknesses while still building on their strengths.

Encourage collaboration and team building activities, being careful to give remote team members the same support, feedback and opportunities that they would receive in person.

Evaluate your leadership strategy

To know whether you're closing the leadership gap, you'll need to find a way to measure the impact of your strategy across the organization. Use goal tracking analytics and employee surveys, along with key metrics on profit margins and staff turnover.

To Conclude...The sooner you understand the reality of your leadership gap, the faster you can move to adapt your strategy and put your organization on the right footing to face future challenges with resilience.

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