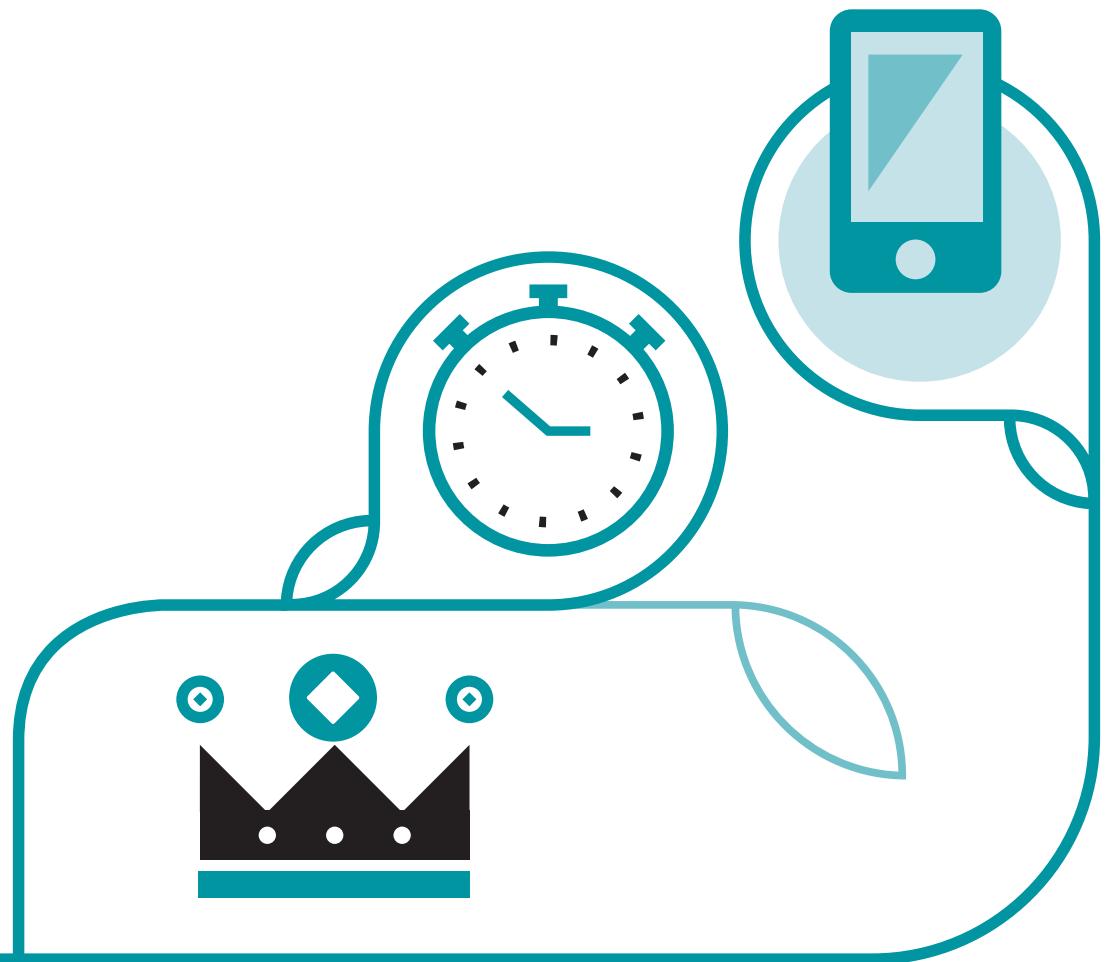
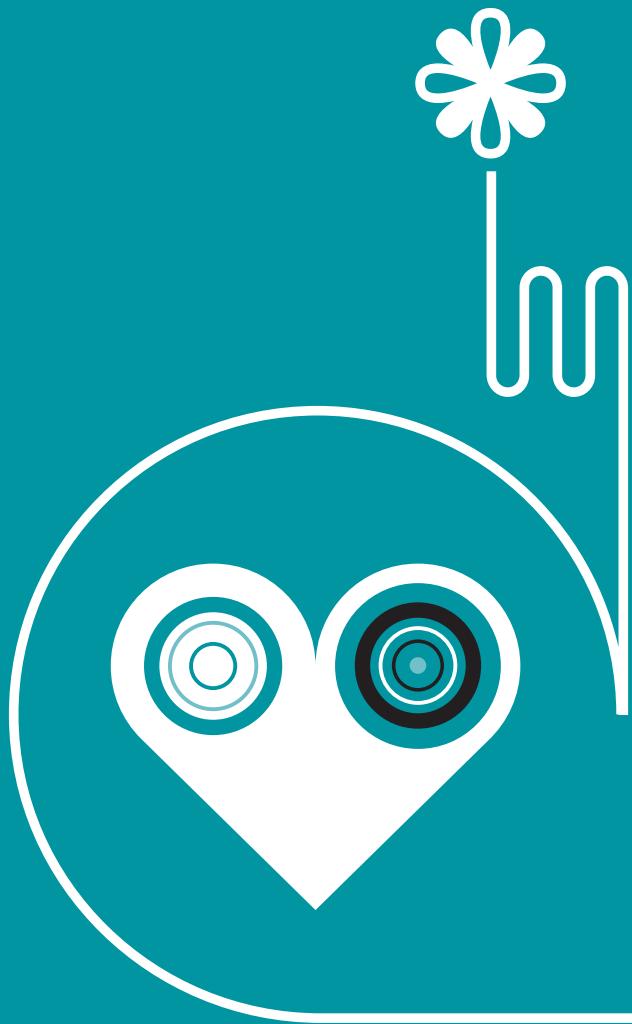


# 2020 Vision: future trends in leadership & management



<b>Introduction</b>	<b>01</b>
<b>Key findings</b>	<b>02</b>
<b>Emerging trends</b>	<b>05</b>
<b>Conclusions and recommendations</b>	<b>06</b>
<b>Methodology</b>	<b>07</b>



# Introduction

Over the past decade or even just the last five years, managers have worked in an almost constant state of change. We have witnessed the continued march of globalisation and rapid pace of technological development. Virtual teams made up of globally dispersed members now communicate in real time via multiple channels, sharing data, information and ideas via the cloud. Major social and demographic changes have been taking place with the Baby Boomers starting to relinquish power to the Millennials, the oldest of which are now in their 30s. Meanwhile, the continued political and economic power continues to shift to East Asia. As we progress through 2014, we hope to fully emerge from the shadows of the 2008 financial crisis but there is still a degree of economic uncertainty ahead.

Set against this backdrop, we wanted to find out what managers will need to know, do and be, if they are to be successful in five years' time. What challenges will they face and what should be their priorities?

Through our online community members and a survey of more than a 1,000 managers, it is evident that the 2020 manager will need to be agile and adaptive but also that the fundamentals of good leadership and management will matter more than ever. The key trends identified by the research are already coming into play but will further strengthen in the years ahead. It should be noted that flexible working, identified as one of the key trends, has a correlation with some of the other trends highlighted. It is a driver for the increasing importance placed on relationship-building and one of the reasons why managers will face more complex challenges over the coming years when it comes to performing core management functions.

The research also demonstrates that these key changes are not playing out equally. Managers from large organisations and those with shareholders have witnessed a greater degree of change over the last five years and anticipate even more over the next five compared to managers elsewhere.

A number of trends are also emerging that may not be dominant but will be relevant for an increasing number of managers. For example, while many managers remain anchored to the security of stable employment, a growing proportion are sacrificing this to embrace wider development opportunities that will increase their own employability and aid career progression. Greater individual emphasis on employability is one of the recommendations by the UKCES on the future of work in 2030 (P. XXIV, UKCES, 2014).<sup>1</sup>

Organisations and individual managers at all levels must take notice of these future trends and explicitly acknowledge how the world will have profoundly changed by the time we reach 2020. They should consider carefully how they can improve both their agility and their mastery of the basics of good leadership and management to ensure they are equipped to face the challenges ahead. If the next half-decade is anything like the last one, it will be impossible to lead and manage teams effectively without both the right skillset and mindset.



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Executive Director of Training, QA

<sup>1</sup> UKCES, 2014. *The Future of Work: Jobs and Skills in 2030*, London: UKCES. ISBN: 978-1-908418-63-0. Available at: <http://www.ukces.org.uk/ourwork/future-of-work>.

## Key findings

### Flexible workforce gathers momentum

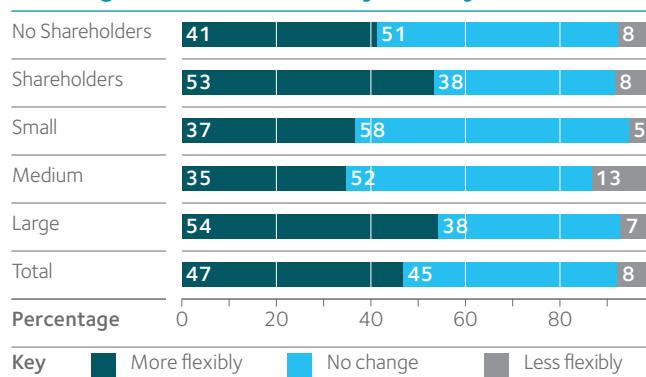
The overall trend is towards greater flexible working in the UK. Our research survey found that the vast majority (94%) of UK organisations offer some form of flexible working and it is standard practice within half of these organisations (ILM, 2013). It is not, however, increasing uniformly across UK workforces and is far more prevalent in larger organisations.

Unsurprisingly, the growing trend is driven by improvements in IT and data transfer speeds (wired, wi-fi and 3G, 4G). It isn't only about technology. Organisations are increasingly recognising the benefits of working more flexibly for both consumers and their staff. Flexible working provides an additional and highly effective incentive to attract and retain talented employees. It will be expected by the Millennials who are becoming an increasing part of the workforce but flexible working is popular among older workers too.<sup>2</sup> By giving individuals greater control over their working day, they also feel more empowered and this can lead to increased engagement and productivity levels. When implemented correctly, flexible working can also reduce office overheads.

Half (51%) of the managers surveyed expect flexible working to become the norm within five years and recognised it as a future trend. Similarly, 52% of managers believe their direct reports are working more flexibly than five years ago, while 41% report minimal change. Only 7% said that their direct reports were working less flexibly than five years ago. This may be in response to the tougher labour market conditions and relative job insecurity faced during the last five years, but the general trend is upwards.

Flexible working is more common in large organisations, and those with shareholders and managers in such organisations are significantly more likely to expect their direct reports to be working more flexibly in five years' time. The research highlights that not all organisations are behaving equitably. Of the 52% of managers reporting increased flexible working, one quarter stated that flexible working had increased but only 'for the chosen few'. Meanwhile 11% said that flexible working had become the default way of working and a further 16% reported a large increase. The online community of managers surveyed explained flexible working was sometimes offered to retain talent or to benefit the organisation rather than the individual.

**Figure 1: Do you foresee your direct reports working more, or less flexibly in five years?**



"Flexible work has critical benefits to offer, particularly for staff with families. Given the high stress work environment, we are more than happy to make this trade-off."

(Male, CEO, international business consultancy)

"Whereas 10 years ago I had the choice of responding in office hours, my customers know now that I will be (unconsciously perhaps) maintaining a listening watch on multiple channels, and will expect an immediate response in a manner that suits them."

(Male, Board Director, audio visual installation company)

2 <http://www.pwc.com/gx/en/hr-management-services/publications/nextgen-study.jhtml>

## Better together: the power of relationships

Our research revealed that working relationships are increasingly important both within teams and with external stakeholders. More than half of managers surveyed recognised this as a future trend and the same percentage thought that working relationships were now more important than five years ago. Just 4% thought they were less important.

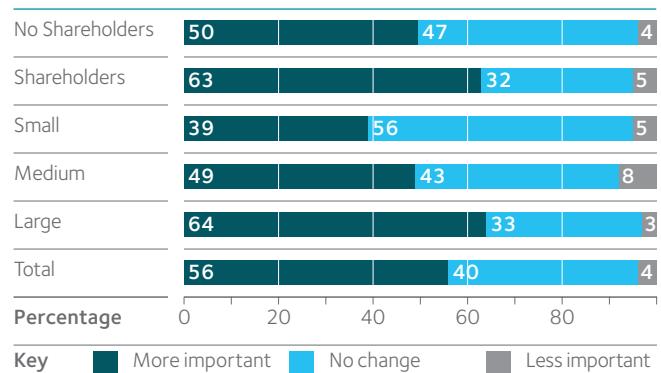
In part, this trend has been driven by the increase in flexible working, and, in some quarters, a growing importance placed on relationships and trust in response to the 2008 crisis and subsequent financial and political scandals. The growing strength of the East Asian economies, where relationships are regarded as the foundation for business success, is also likely to be a factor. This trend identified by the research also points to something more fundamental: 'the network' is the paradigm structure of today's world. What organisations can do in partnership and in collaboration with others matters more than what they can do alone.

Managers in large organisations are significantly more likely to agree that working relationships are more important than five years ago. In bigger set-ups, this increased emphasis on relationship management is in response to organisations becoming larger with flatter organisational hierarchies and rapidly changing job roles. In this type of environment, networking really matters and strong relationships with customers can bring true competitive advantage.

Evidence of how seriously organisations are taking networks and relationship-building is borne out by the significant number that have already invested in relevant training. Overall, almost a third (29%) of the managers surveyed had received training in relationship management in the previous 12 months. This increased to two-fifths (40%) for managers aged 35 or younger and a third (33%) for those in large organisations and 36% for those with shareholders.

The research underlines that the ability to form and manage working relationships will be central when it comes to leading and managing people in the future. The business of managing such relationships is far more complex than it was: it involves far more than holding a weekly meeting or addressing a room full of people but also projecting a presence via multiple channels as well as being an expert listener. This is as much about emotional intelligence and trust as it is about technical proficiency.

**Figure 2: Importance of working relationships compared to five years ago**



“...team effectiveness sessions point to the lack of time spent on building the relationship among team members, never mind the broader relationships.”

(Female, CEO, HR consultancy)

“Leaders are needing to continuously enhance their communication and presence, by working with their people and spending time with their customers to clearly understand their needs.”

(Male, Chair, HR consultancy)

## Core competency required

The core functions of good leadership and management will be more important but harder to achieve. Overall, more than half (52%) of managers agreed that skills such as communication, delegating, goal-setting and motivating direct reports were more important but 46% agreed that tasks related to these skills are more difficult to carry out.

It looks likely that conditions will make performing core tasks more challenging over the coming years and will require managers to adapt to a set of changing conditions. Managers will find themselves operating with less time and in a more complex working environment. Flexible working will continue to impact traditional working patterns and structures. Work is something that can be done anywhere, at any time, with the traditional 9am–5pm parameters of the working day being eroded. For many managers there is no clearly defined end to that day. Less time due to competition from other priorities (45%), and the growing complexity of structures, processes and systems (36%) were cited as reasons why basic management tasks are proving more difficult to perform.

Managers were also asked to identify the functions done badly by peers and the functions that they have prioritised for their own development. The top three identified as most often being done badly include clear communication, effective planning and dealing with conflict in the workplace. The top three that are prioritised for development include clear communication, effective planning and problem-solving. The skills align with those identified by previous ILM research, The leadership and management talent pipeline<sup>3</sup> as being needed at every level of management, which were communication, people management, and organisation and planning. Interestingly, the skills cited as being done badly by their peers and those prioritised for their own development are ranked similarly, with two notable exceptions (dealing with conflict and problem solving, see table 1).

Their responses suggest that managers perhaps need to raise their own self-awareness. They downplay the need to improve how they deal with conflict, but highlight how badly it is done by others. Meanwhile, they prioritise developing their own problem-solving skills, though this is one of the functions reported as being done least badly by their peers.

**Table 1: Functions done badly by peers (as identified by managers) and functions prioritised for development**

Rank	Functions done badly amongst managers	Functions prioritised for own development
1	Clear communication	Clear communication
2	Effective planning	Effective planning
3	Dealing with conflict in the workplace	Problem solving
4	Decision making	Decision making
5	Giving effective feedback to direct reports	Listening and being accessible to direct reports
6	Delegating	Goal setting
7	Listening and being accessible to direct reports	Motivating direct reports
8	Goal setting	Giving effective feedback to direct reports
9	Coaching direct reports	Delegating
10	Consistently demonstrating emotional intelligence	Coaching direct reports

“Globalised workforce, increase in compliance and regulatory complexity, more public scrutiny, faster communication environment, well informed employees, ethical conduct formalised focus, talent retention at the same time profit motive in the complex market place and other pressures has increasingly put an ascending pressure and focus on leadership.”

(Male, Board Director, pharmaceuticals)

<sup>3</sup> ILM. 2012. The leadership and management talent pipeline. Available at: <https://www.i-l-m.com/Why-ILM/Research-reports/Talent-pipeline>

## Emerging trends

The following three trends are emerging and while they may not become dominant, the research suggests they will be followed by an increasing minority.

### Employability versus stable employment

The traditional legal and psychological contracts that long existed between employers and employees are changing rapidly. Few buy into the concept of a job for life any more. While this is an unpleasant new reality for some, for others it provides opportunity for career progression and to adjust their work/life balance to best suit their personal circumstances. More than a quarter (26%) of managers recognised this as a trend. Given the option between a 12-month, fixed-term contract offering more career development opportunities or a stable, permanent job, offering fewer career development opportunities, just under a third (31%) would choose the former to increase their employability. Just over two thirds had definite plans to improve their own employability over the next 12 months with just under a third (29%) intending to take a specific leadership or management qualification or training course. Managers in large organisations and in those with shareholders were significantly more likely to prioritise employability over stable employment and have definite plans to improve their own employability.

### More measured approaches

The majority of managers agree that the means of measuring and rewarding performance has changed over the past five years. Increasingly sophisticated performance indicators are possible and there has been growing interest in big data, which some expect to revolutionise a number of areas, including performance management. Over half (59%) of managers said that performance measures were different compared to five years ago. More than half (56%) expected performance to be rewarded differently in five years' time. Almost a third (29%) said this was often by better aligning bonuses while 14% said by using other rewards in addition to bonuses, or 13% said alternatives instead of bonuses. Managers from organisations with shareholders were significantly more likely to expect change. A third of all managers (33%) recognised this as a trend.

### A new model of capitalism

Post 2008 there have been calls to stop prioritising short-term shareholder profit (shareholder capitalism) and replace it with a longer term stakeholder perspective (stakeholder capitalism). While only 22% recognised this as a trend, 45% said their outlook at work had become more long term over the last five years. More than three-quarters (78%) expected no change or to become longer term in their outlook in five years. More managers (42%) thought work had become more outcomes-orientated than those who thought it was more process-orientated (31%). Compared to five years ago, managers felt more cost-orientated (38%) than relationship-orientated (29%). More expected to be more cost-orientated (41%) in five years, though the proportion expecting to be more relationship-orientated was slightly higher (31%). Large organisations and those with shareholders appear to be differentiating themselves more on either cost or relationships.

“...we've seen a big bold shift to working on projects in the public sector that make a material positive difference...”

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(Female, senior manager, accounting/consultancy)

## Conclusions and recommendations

Both modern and traditional messages emerge from this research. To succeed in the future, managers must be more agile, responsive and able to adapt to the needs of a radically different workplace over the coming years. They must also continue to contend with further technological and cultural change that will impact how organisations operate. At the same time, managers must ensure the core management and leadership practices are successfully carried out. In some ways it could be said a different breed of manager will be required but it is perhaps more accurate to say that they must possess a hybrid of traditional skills and qualities, and be equipped with a modern mindset and approach. Based on our findings we conclude, therefore, that managers of the future will need to:

### Know

And understand the core functions of leadership and management from planning to vital people skills such as motivation, effective communication and driving engagement. Crucially, the key to being a successful manager will be knowing how to apply these skills in the changing workplace. They must also understand how to balance the organisation's longer term perspective and goals with their daily challenges. With far more communication channels and options open to them, managers must learn how to use their respective strengths as well as be aware of their limitations. Meanwhile, even those who aren't in customer-facing roles must increasingly know and understand the needs of their customers, suppliers and the expectations of all stakeholders. By mastering all of these skills, individuals will not only personally succeed as managers but will deliver competitive edge to their organisations by exploiting the benefits of flexible working, global markets and technological change.

### Do

With the increase of flexible working, managers must trust their reports and avoid micro-management. Some may struggle if they cannot adjust their style and techniques and learn to measure performance on outcomes rather than hours worked. If necessary, they should strengthen the link between performance indicators and reward. This may mean developing new methods of measuring performance that are more appropriate to a modern way of working. Relationship management and collaboration will be central to how organisations operate in the future. Managers at all levels, therefore, must be able to build and manage quality two-way relationships with employees, customers, suppliers and other partners. This will require top-notch communication skills and a mastery of the channels available to them.

### Be

Agile and adaptive but also reliable and solid managers. They should be comfortable themselves working flexibly and leading virtual and flexible teams. They should be emotionally intelligent as the qualities that embody this will be required in all aspects of management whether it be engaging and motivating teams or building successful working relationships and partnerships. They should also be prepared to actively encourage and support their reports' increasing desire to improve their own employability. This may require a mindset change as doing so may result in losing talent. The payback will be that both the manager and organisation will be viewed as modern and holistic in their thinking and approach and ultimately this will provide attraction and retention benefits. Additionally, employees may return to the organisation as even more valuable and managers. Such actions form part of being more stakeholder- than shareholder- orientated and having the ability to consider the longer term perspective and vision over short-term gains or concerns.

## Methodology

The research was conducted from April 2013. The aim of the research was to find out what managers need to know, do and be, if they are to be successful in five years' time. The research started with a workshop consisting of the project team with expert input from the management philosopher Dr Charles Hampden-Turner and QA's Head of Leadership. The six trends identified were presented to an online community of 22 managers. The managers were recruited from a range of industry sectors (including marketing, HR, pharmaceuticals, education and training, banking, business consultancy and charities) and at various management levels, from supervisor/first line manager through to director and board chair. The majority of the respondents were UK based, with a small number based in North America, Europe, the Middle East and Asia. The script of the responses and discussion were coded manually, to identify general agreement/disagreement and the common reasons or issues given.

These interim results informed the design of an online survey to QA contacts, ILM members and a panel of 500 managers. In total 1,051 respondents completed the survey and the dataset consists of 1,106 respondents. The questions were mainly multiple choice and covered respondents' experience, perceptions and behaviour as well as their agreement of otherwise with the six trends. The responses were analysed in SPSS. The online survey was conducted in line with the Market Research Society Code of Conduct and both the online community participants and the online survey respondents were incentivised to participate.

## About ILM

The Institute of Leadership & Management (ILM) is the UK's largest management development organisation. We are passionate about good leadership and management, and its power to drive organisational performance and wider economic prosperity.

We are committed to raising awareness and understanding of good leadership and management practice through an intensive programme of independent research. This helps us to maintain a clear picture of what great leadership and management looks like, and how best to achieve it.

We offer a broad range of industry-leading qualifications, training and member services to develop and support leaders at all levels, from first line managers to CEOs. Last year, our network of over 2,500 expert learning providers helped more than 90,000 people to enhance their leadership and management capability with an ILM qualification. Currently, over 35,000 managers enjoy increased professional recognition and support through ILM membership.

As part of the City & Guilds group, we operate internationally, improving leadership and management capability and performance across all sectors.

[www.i-l-m.com](http://www.i-l-m.com)

## About QA

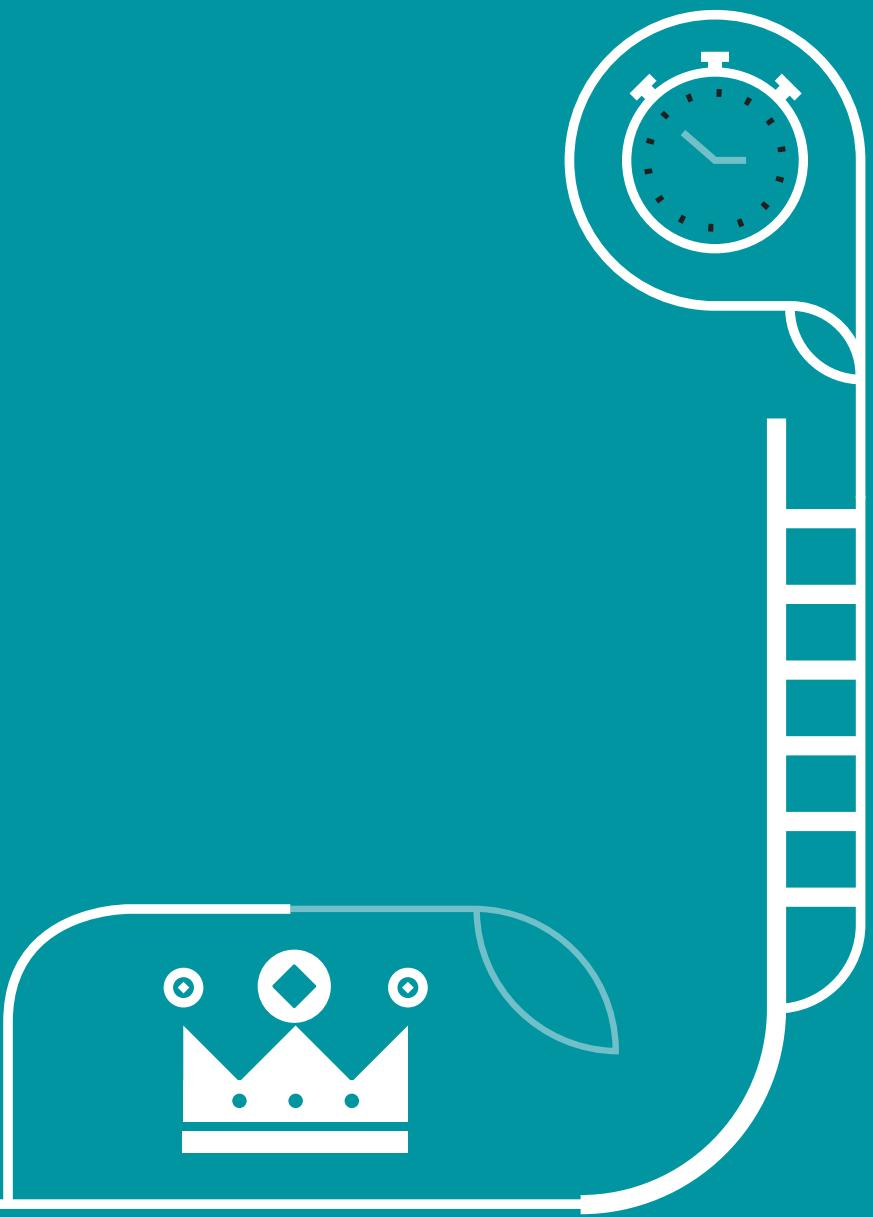
QA's leadership and management learning solutions help our clients develop an authentic leadership style and meaningful management practice, so that they can inspire their people to reach new levels of performance.

We offer a range of learning solutions from over 50 scheduled courses to completely bespoke programmes. We work with our clients to create powerful learning initiatives that link learning with strategic objectives, and deliver positive sustainable business change.

Our experience of working with many of the UK's leading organisations, across a range of industries, means our programmes are based on best practice and the latest thinking. Our learners are at the centre of our programmes, and we adopt a coaching-led facilitation style, ensuring that everyone leaves with the learning they need to grow and transform their performance.

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A more detailed technical report,  
ILM Research Paper 5: Future trends  
in leadership and management, is  
available on the ILM website:  
<https://www.i-l-m.com/futuretrends>



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