The State of Leadership Development in 2024

TREND REPORT

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Summary of Findings

Insightful, efficient, and agile leaders are crucial to the success of high-performing businesses. Growing and advancing skillful leaders makes economic and strategic sense, yet too many companies aren't investing enough in leadership development. Or, they choose broad frameworks that aren't personalized to their specific needs, wasting time and money on efforts that don't show results. At the same time, executive teams continue to struggle with three foundational leadership competencies.

Effective communication	**Self-awareness**	**Collaboration**

Unless leaders are adept at communication, collaboration, and self-awareness, their productivity and performance will suffer. **An overwhelming majority of executives (80%) agree that leadership development needs to be a priority,** so they can be prepared to meet the challenges of an increasingly volatile and complex business climate.

However, implementing effective leadership development can be challenging; lack of budget, time, interest, and buy-in are common obstacles. In addition, many popular leadership training tools and strategies focus on individual progress and fail to address the specific needs of high-functioning teams. **Organizations–and their leaders–need a holistic, team-based solution that augments the most popular and widely used leadership development tools on the market to cultivate the leadership skills that result in better teams, more engaged employees, and sustainable success**.

Introduction

The widening gap between leadership development and better business performance

There has been one prevailing sentiment from the CEOs and executive teams that we support at The Diversity Movement, and that is the need to establish resilient organizations that can thrive amid uncertainty. The marketplace is changing quickly and constantly. From the disruptive nature of AI to geopolitical tensions and volatility to rapid technological advancements, senior leaders feel a pressing need for their organizations to be more competitive and productive.

For some, this change isn't happening fast enough. Others are dealing with systemic issues like employee burnout, declining productivity, poor communication among team members, a lack of self-awareness in their leaders, or a culture that doesn't support the collaboration needed to deliver innovation and change. Regardless of the challenge, our clients also understand that the solution lies in the development of strong leaders who can steer the organization through these challenges and improve results.

In *Leaders Eat Last*, Simon Sinek writes, "So goes the leader, so goes the culture. So goes the culture, so goes the company." Leadership development is not a revolutionary idea; executives know it's important. They implement leadership development solutions in their companies—though it's often only when budget and time allow. Most leadership development solutions promise to enhance people's performance, and therefore, the organization's success. And yet, executives are still struggling to address the leadership skills that will take the business where it needs to go.

Our team was curious about several fundamental questions about this dilemma:

> Why aren't leadership development strategies working to address the issues our clients are struggling with in their organizations?

> Why is the return on investment in leadership development so low?

> What is preventing organizations from investing in leadership development, when executives recognize its importance?

To explore these questions, The Diversity Movement surveyed clients, partners, and senior leaders from our network to determine why existing leadership development solutions fail to address organizational challenges or spark the business results necessary to excel in today's global marketplace.

The Results

Implementing leadership development is challenging

Companies aren't investing in leadership development due to lack of time, budget, prioritization, and buy-in.

80%

Executives know they need to invest in leadership development to have a competitive, high-performing organization. According to Deloitte's Human Capital Trend Report, **80% of executives surveyed consider leadership a priority**—and recognize that they need to be developing leaders differently. However, our survey respondents overwhelmingly noted that a lack of time, lack of budget, or the presence of other priorities were barriers to implementing leadership education programs in their organizations.

Over one-third (39%) of respondents indicated their organization's leadership development spending has not changed in the last 12 months. And of the 147 respondents who provided comments, **a surprising 18% reported no leadership development was receiving funding** at their organization.

18%

As clear as executives are about the need for leadership training, they are not always making the investment. According to a 2024 market analysis of the leadership development industry, executives are continuously challenged by budget and resource constraints that impede the implementation of leadership development programs. In response to the pandemic, organizations pulled back on leadership training and focused attention on frontline professionals. This lack of investment has continued, with a five percent decline in leadership development spending last year.

89%

Aside from budget, a lack of buy-in appears to be a major problem for executives. A 2023 survey conducted by management consulting company Lee Hecht Harrison found **89% of leaders experienced challenges implementing leadership programs, primarily due to lack of interest in participation.** The study also found that lack of integration into business objectives and lack of a measurable return on investment were also barriers—all of which can create barriers to buy-in from senior leadership.

It stands to reason this is why other priorities take precedence, given the financial, resource, and participation challenges that executives face when implementing leadership development programs. But it still leaves the problem squarely on the table—leaders know they need to invest in their people to see better business performance, but training isn't a top priority.

Leaders are attempting to overcome leadership development roadblocks

Practitioners are using well-known tools and strategies available to them to help implement leadership development solutions.

To overcome the barriers of time, money, and attention, our research found that leaders are turning to a variety of strategies:

Integration into existing meetings: The most-used strategy is integrating professional development into the flow of work. This includes allocating meeting time to discuss a leadership topic and using asynchronous trainings that are tailored to specific needs.

Connection to key business priorities: Respondents seeking to make leadership development a priority have made the case for the return on investment to decision makers, advocated about the importance and benefit of leadership development on an organization's culture, and woven it into existing initiatives.

Creative funding sources: The second most popular strategy is to reallocate budgets to fund leadership development or hit sales goals in order to fund future initiatives.

Individualized development solutions: Other strategies included engaging in internal and external networking to share resources, ideas, and brainstorming, or utilizing external vendors or opportunities so employees can personalize their learning paths through individual courses, webinars, conferences, or programs.

Choosing familiar solutions

When they decide to seek out external leadership development programs, respondents tend to choose solutions based on familiarity and popularity in the marketplace. Personality assessments are one of the most common approaches to leadership development. Utilization of these assessments among our survey respondents broke down as follows:

The DiSC assessment	CliftonStrengths	360 degree feedback	Myers-Briggs Personality Type (MBTI)
36.5%	**31.5%**	**30.3%**	**28%**

These solutions were overwhelmingly chosen because they were already known to the respondent or they were recommended by a trusted source.

Investments in leadership development are independent and individualized

When they do invest, companies choose stand-alone solutions that are meant to develop an individual's skills.

According to our research, the **most popular** form of leadership development that received funding consisted of **training events** (local or virtual conferences, cohort training programs, local leadership programs, webinars/seminars, etc.).

The **second most popular** form of leadership development included **internal training** from Learning and Development units, workshops led by internal executives, or internally designed leadership training. For leaders who indicated their organizations used internal resources to execute leadership development, the majority engaged in internal training led by senior leaders, HR professionals, or employees who have an expertise in a certain area. Others reported they used formal and informal coaching or mentoring programs, consisting of one-on-one coaching or directed professional development in annual review processes.

The **third most popular** form of leadership development included **coaching or mentoring** programs, often specifically for managers or executives.

Finally, **online or in-person synchronous or asynchronous courses** were the **fourth most popular** leadership development program to receive funding.

The common thread among all of these practices is that they are geared toward enhancing an **individual's** leadership skills and competencies rather than the skills and competencies of the entire team.

Common leadership development solutions are not working well enough

On their own, these leadership development strategies are not yielding the results that organizations need to be productive and competitive.

According to our survey respondents, the top business goals leaders are focused on are **productivity and organizational efficiency, retaining talent,** and **increasing sales**.

However, 65% of respondents indicated their leadership teams struggle with communicating effectively, followed by collaboration (48%) and a lack of self-awareness and impact of actions on the organization (41%).

Executive teams are aware that solving these challenges is the key to gaining ground on their major goals and objectives. Gallup's research has found that effective **communication** has a notable impact on employee engagement in organizations—though most organizations do not have strong communication practices. Data has also shown that **poor communication costs the average full-time employee about 7.47 hours in lost productivity per week**. All told, this can cost companies up to 18% of total salaries paid, year after year. That loss is staggering.

With improved communication comes better **collaboration**, which is another key factor in what motivates people to be more productive and engaged at work. Research also suggests that collaboration has an impact on innovation and quality of output, with **73% of employees doing better work when they collaborate and 60% becoming more innovative**.
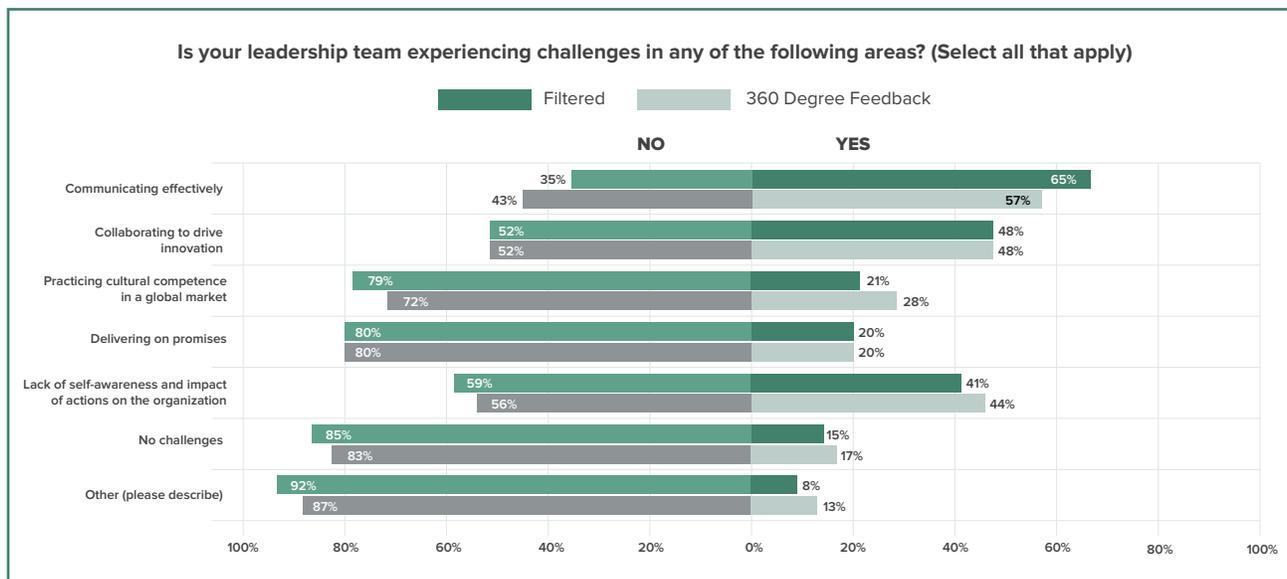
Korn Ferry's study of 486 publicly traded companies has shown that organizations with employees who have higher levels of **self-awareness** produce a higher rate of return—but despite this close association with high performance, self-awareness is in "short supply."

Naturally, executive teams will seek to fill these gaps, when budget and buy-in allow. Many of the leadership development solutions on the market are positioned to address effective communication skills, collaboration strategies, and enhanced self-awareness. However, our research showed that the most familiar, well-known solutions do not seem to be addressing these challenges effectively on their own.

Top Challenges Faced by Leadership Teams Using Specific Assessment Tools

Leaders who report their organizations are using popular leadership development assessment tools (360 degree feedback, DiSC assessment, and CliftonStrengths) are still experiencing the same top challenges.
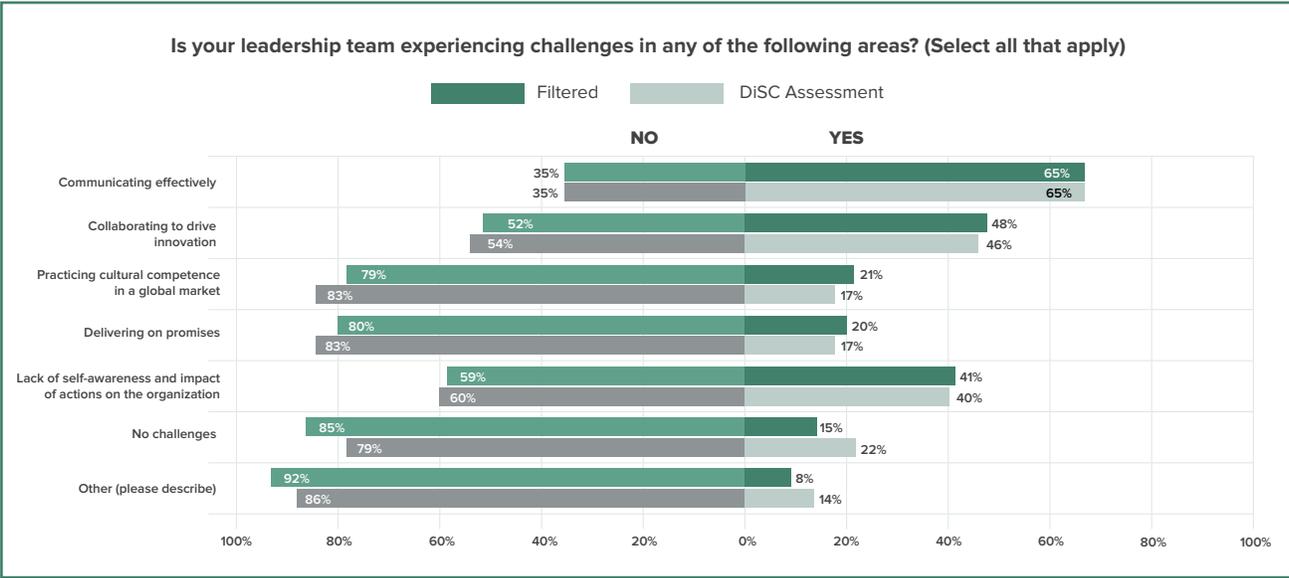
360 Degree Feedback

Is your leadership team experiencing challenges in any of the following areas? (Select all that apply)

Legend: Filtered | 360 Degree Feedback

	NO	YES
Communicating effectively	35% / 43%	65% / 57%
Collaborating to drive innovation	52% / 52%	48% / 48%
Practicing cultural competence in a global market	79% / 72%	21% / 28%
Delivering on promises	80% / 80%	20% / 20%
Lack of self-awareness and impact of actions on the organization	59% / 56%	41% / 44%
No challenges	85% / 83%	15% / 17%
Other (please describe)	92% / 87%	8% / 13%

Top Reported Challenges for Leaders Who Have Used 360 Degree Feedback:

◆ Communicating effectively (57% vs 65% average), Collaborating to drive innovation (48% vs 48% average), **Lack of self-awareness (44% vs 41% average)**

◆ **Note:** Leaders reported experiencing more issues around practicing cultural competency in a global market (28% vs 21% average).
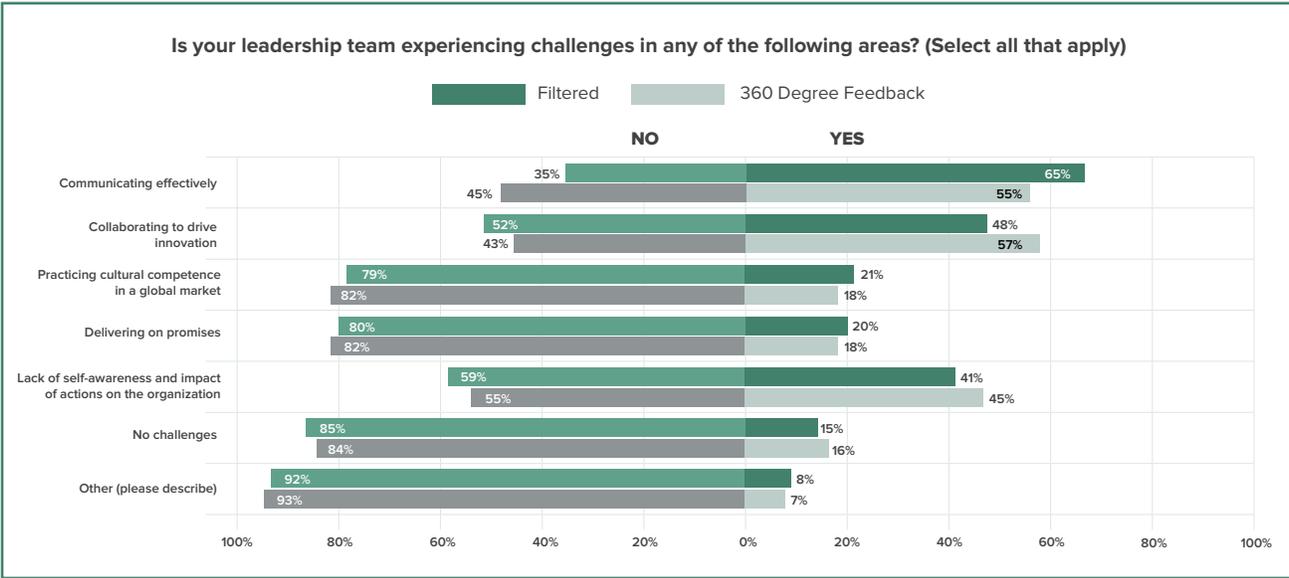
DiSC Assessment

Is your leadership team experiencing challenges in any of the following areas? (Select all that apply)

Legend: Filtered | DiSC Assessment

NO | YES

Area	NO Filtered	NO DiSC	YES Filtered	YES DiSC
Communicating effectively	35%	35%	65%	65%
Collaborating to drive innovation	52%	54%	48%	46%
Practicing cultural competence in a global market	79%	83%	21%	17%
Delivering on promises	80%	83%	20%	17%
Lack of self-awareness and impact of actions on the organization	59%	60%	41%	40%
No challenges	85%	79%	15%	22%
Other (please describe)	92%	86%	8%	14%

Top Reported Challenges for Leaders Who Have Used DiSC Assessments:

- Communicating effectively (65% vs. 65% average), Collaborating to drive innovation (46% vs 48% average), Lack of self-awareness (40% vs 41% average)

CliftonStrengths

Is your leadership team experiencing challenges in any of the following areas? (Select all that apply)

Legend: Filtered | 360 Degree Feedback

NO | YES

Area	NO Filtered	NO 360	YES Filtered	YES 360
Communicating effectively	35%	45%	65%	55%
Collaborating to drive innovation	52%	43%	48%	57%
Practicing cultural competence in a global market	79%	82%	21%	18%
Delivering on promises	80%	82%	20%	18%
Lack of self-awareness and impact of actions on the organization	59%	55%	41%	45%
No challenges	85%	84%	15%	16%
Other (please describe)	92%	93%	8%	7%

Top Reported Challenges for Leaders Who Have Used StrengthsFinder/CliftonStrengths

- Collaborating to drive innovation (57% vs 48% average), Communicating effectively (55% vs 65% average), **Lack of self-awareness (45% vs 41% average)**

Our Conclusions

There is a need for holistic, team-based leadership development

If the known solutions aren't working as implemented, they must be augmented with other effective strategies.

To be clear, well-known and well-used leadership development tools used by many organizations are not *ineffective*. The research suggests, however, that they need to be part of a broader and more holistic approach to leadership development to achieve the desired business outcomes.

In our work with executive teams of Fortune 1000 brands, national associations, and small businesses, we have discovered a few core leadership development strategies that address the widest gap on the market today: the need for team-based, holistic leadership development.

Team-Based Leadership Solutions

There is an emerging difference between isolated and individual assessments versus team assessments in the leadership development space. No single leader has the foresight to lead—especially in complex business environments—without data and feedback from team members. In fact, this outdated "hero" model of a lone leader responsible for the success or failure of the team is becoming increasingly difficult to maintain in today's rapidly evolving work environment.

As the nature of work evolves, so too must our approach to leadership—from an individual effort to a collective endeavor. When deciding on a leadership development solution, practitioners should employ tools that not only focus on individual growth, but also on how the team approaches challenges as a unit. To develop the entire team's abilities, it's important to identify how well the entire team communicates, collaborates, and builds trust, as well as the collective strengths and challenges of the team.

To address the need for an evolution in approach, The Diversity Movement developed TDM LeaderView, a leadership development solution that utilizes self, peer, and whole-team assessments to cultivate core competencies that are directly tied to high-performing teams. Assessments like these—that go beyond the typical 360-view to provide insights into the team's strengths and weaknesses as a group—are a strong complement to leadership development solutions that work to enhance an individual leader's capabilities.

Utilizing an Assess-Coach-Train model

For any assessment to be transformative, it must illuminate the core of any executive's capabilities—how they put their skills to use within teams. Leadership development programs built on a model that offers not only skill evaluation, but coaching, consultation and education, fortifies growth for both individual leaders and the collective team.

Informed by touchpoints with thousands of leaders, we have found that an **Assess-Coach-Train model** is an effective way to not only gain insight into a team's collective strengths, challenges, and dynamics, but also to create a foundation for real growth and change through tailored coaching and guidance on progress.

Assess	**Coach**	**Train**
Data on team performance	1:1 group sessions	Learning journeys to make progress

While the terms are often used interchangeably, there is a real difference between coaching and training. Coaching helps senior leaders understand that they need to change, while training gives people the knowledge and the framework needed to shift their behavior.

Developing the right skills and competencies for return on investment

For many businesses to justify investing in leadership development solutions, they must see a return on their investment in the form of improved performance and results. The data is certainly there to support the link between strong leaders and improved performance. **Leaders and managers account for a staggering 70% of the variance in employee engagement—which is directly tied to better business results.**

Gallup has found that when employees trust their leaders, they are:

4x
as likely to be engaged.

Even more notable, when they are effective communicators, employees are 73% less likely to feel burned out at work. **In short, engagement enhances performance, and effective leadership enhances engagement.**

In working with clients, The Diversity Movement has found that the most effective way to improve engagement is by developing inclusive leadership skills and practices within organization's executive and senior leadership teams. Inclusive leadership welcomes and values the perspectives and contributions of all team members, regardless of identity, culture, or background. The leadership style is based on an empathetic and psychologically safe approach to leadership—and it has been shown to be far more effective in engaging employees and producing better business results.

In order to develop inclusive leadership, you have to measure it and implement strategies to cultivate it. How thoroughly inclusive leadership is addressed is another important factor to consider when companies are selecting a leadership development solution.

Addressing the core challenges to implementing leadership development solutions

The efficacy of leadership development solutions has a lot to do with how easily executives will be able to overcome the challenges of lack of budget, buy-in, and prioritization. As the respondents to this survey have indicated, solutions need to be chosen for how well they address these challenges:

Increased profitability:

There needs to be a clear business case for how the leadership development solution will impact business goals, metrics, and KPIs. This should be determined by how well the solution addresses the competencies discussed in this report that are shown to enhance performance: inclusive leadership, communication, collaboration, and self-awareness.

Inclusivity and relevance:

The risk of greenlighting an ineffective leadership development solution is that it falls flat or damages credibility of those in the company who sponsored it. The more inclusive and relevant leadership training and development is to the people who participate—in other words, the more it holistically addresses how the individual person and the team operate together—the more successful it is likely to be.

Integration into everyday work:

Developing new competencies doesn't happen in a day-long training—it happens through practice and regular opportunities to integrate new skills into work with other team members. Solutions that utilize microcontent, reminders to help fit learning into everyday task flows, and ongoing coaching will help keep development as a priority—without being disruptive to productivity.

In Closing

There is no one solution to more effective leadership development. However, it's clear that companies needing more effective communication, collaboration, and self-awareness—in service of better business outcomes—must evolve their approach.

It is in every senior executive's best interest to prioritize leadership development, but also to be informed and discerning about what types of leadership development efforts are most effective in enhancing these competencies.The best approach is a multifaceted approach that addresses the development of the individual, the team, and the workplace culture as a whole.

The Diversity Movement will continue to examine the challenges that executive teams face when it comes to developing leaders who can take their business to the next level of performance—as well as the solutions that companies are finding most effective as they work to cultivate engaged, high-performing, and competitive organizations.

We are always interested in your perspectives and insights as an organizational leader.
If you would like to contribute to our ongoing research about leadership development challenges and solutions, we invite you to participate in our **open survey**.
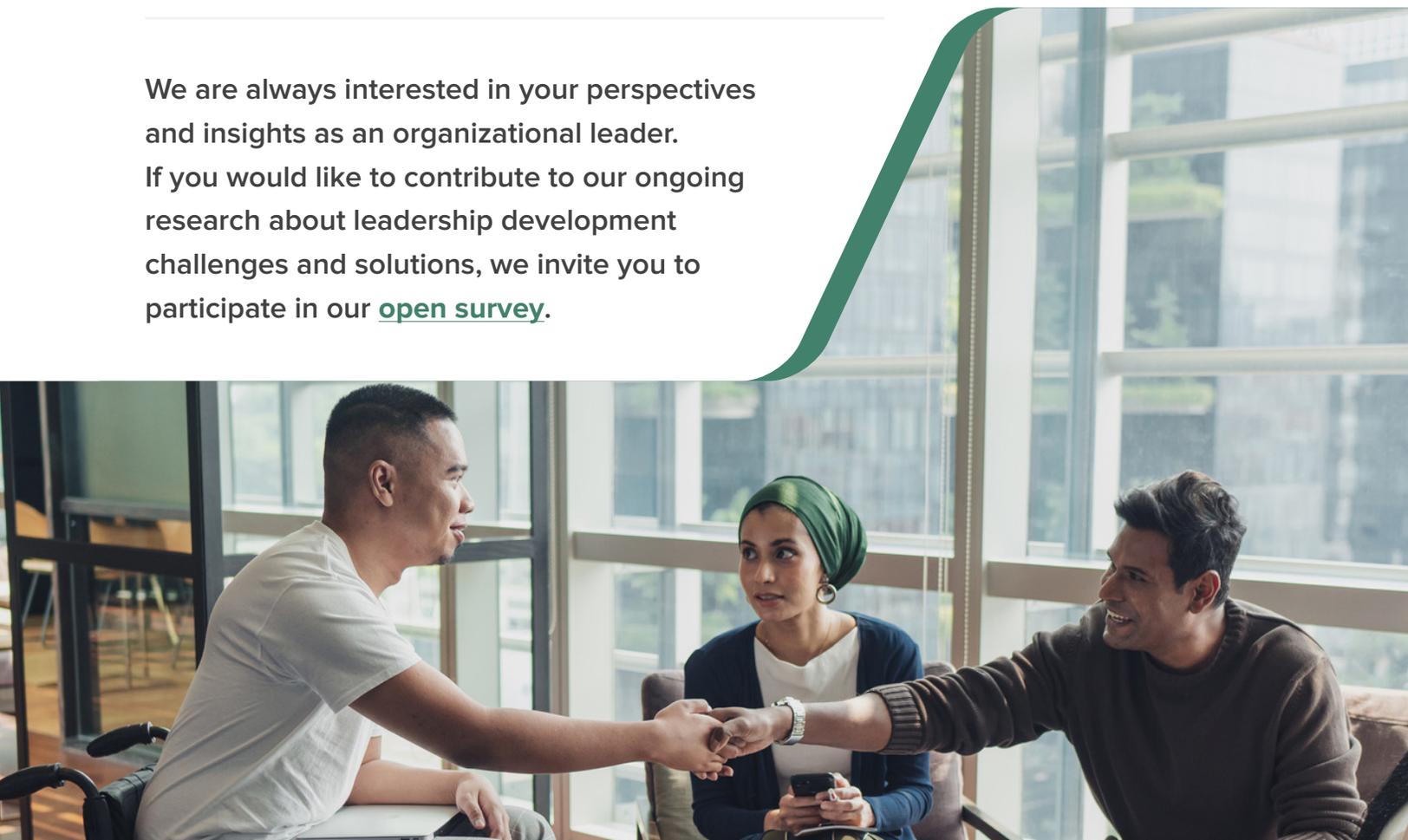
About The Diversity Movement

The Diversity Movement (TDM), a Workplace Options company, helps organizations drive growth through culture-led initiatives that lead to enhanced well-being, belonging, and trust. By helping leaders and their teams be more productive, collaborative, and innovative, TDM enables organizations to deepen employee engagement and deliver scalable business impact. Our integrated approach empowers leaders to create inclusive culture through the application of data-informed insight, award-winning content, technology, and DEI expertise. The result? Your organization benefits from better business outcomes delivered by high-performing, resilient teams. Learn more at thediversitymovement.com.