# KORN FERRY

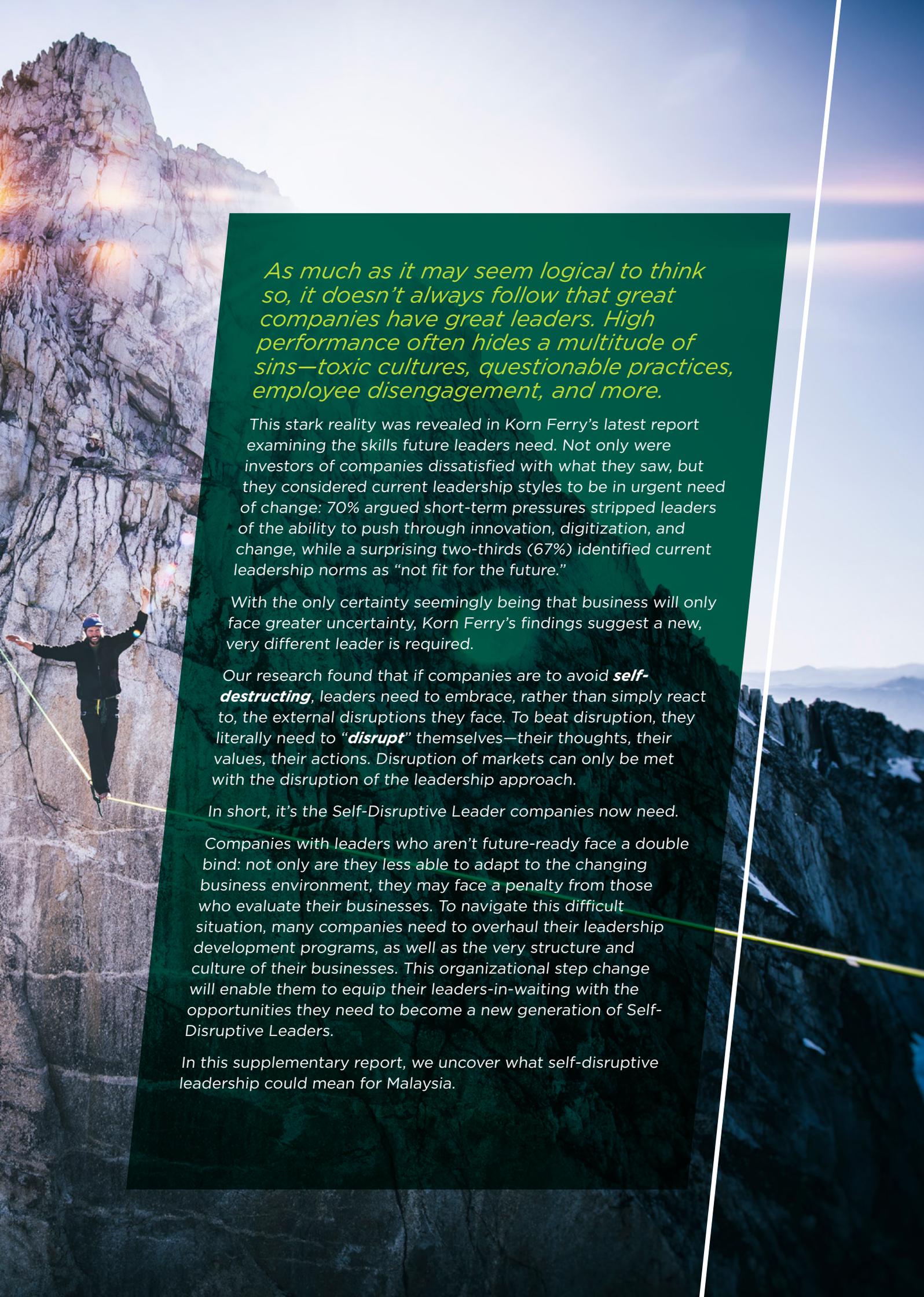## THE SELF-DISRUPTIVE LEADER

## MARKET REPORT: MALAYSIA

*The Self-Disruptive Leader is part of Korn Ferry's three-year examination of the transforming and disrupted Future of Work*

Leadership will make or break businesses.

*As much as it may seem logical to think so, it doesn't always follow that great companies have great leaders. High performance often hides a multitude of sins—toxic cultures, questionable practices, employee disengagement, and more.*

*This stark reality was revealed in Korn Ferry's latest report examining the skills future leaders need. Not only were investors of companies dissatisfied with what they saw, but they considered current leadership styles to be in urgent need of change: 70% argued short-term pressures stripped leaders of the ability to push through innovation, digitization, and change, while a surprising two-thirds (67%) identified current leadership norms as "not fit for the future."*

*With the only certainty seemingly being that business will only face greater uncertainty, Korn Ferry's findings suggest a new, very different leader is required.*

*Our research found that if companies are to avoid **self-destructing**, leaders need to embrace, rather than simply react to, the external disruptions they face. To beat disruption, they literally need to "**disrupt**" themselves—their thoughts, their values, their actions. Disruption of markets can only be met with the disruption of the leadership approach.*

*In short, it's the Self-Disruptive Leader companies now need.*

*Companies with leaders who aren't future-ready face a double bind: not only are they less able to adapt to the changing business environment, they may face a penalty from those who evaluate their businesses. To navigate this difficult situation, many companies need to overhaul their leadership development programs, as well as the very structure and culture of their businesses. This organizational step change will enable them to equip their leaders-in-waiting with the opportunities they need to become a new generation of Self-Disruptive Leaders.*

*In this supplementary report, we uncover what self-disruptive leadership could mean for Malaysia.*

# Investors call for a new model of leadership.

The combined impact of disruptive global megatrends has forced organizations to evolve rapidly—sometimes frantically—thereby making leadership crucial to continued success. Competent leaders are even more vital in a complex and continually evolving ecosystem. Companies that fail to satisfy the market that they have the right people at the top risk dwindling investment.

And yet our research shows that only 15% of today's leaders can be considered self-disruptors.

There is an urgent need to develop a pipeline of future-ready leaders today. Investors and analysts in Malaysia rate talent as very important across enterprises, but especially at the top: 86% cite an exceptional CEO as critical to an organization's success. Meanwhile, 77% of investors say the need for transformation is going to make leadership more important to company performance within the next three years.

But the demand for this strong, innovative drive isn't confined to one individual at the top: investors want leadership strength across the C-suite and beyond. In Malaysia, 80% of respondents cited boards of directors as crucial to corporate performance, with 54% demanding top skills and capacities in the senior leadership team.

## No more business as usual.

Investors in Malaysia see the squeeze on the companies they rate and invest in: 83% believe these companies are confronting disruptive challenges, and 86% believe companies need to deliver some transformational change.

Technology is compounding organizations' stresses, as it allows changes in one industry to swamp others—new competitors now emerge from anywhere. Tech companies now constitute the six largest companies in the world, and the expansion of this sector's horizons seems boundless. Constant tech-related shake-ups make strategy planning a real challenge: 60% of Malaysian investors say it is harder to forecast threats when competition can come from anywhere. This has led 63% of investors to value future vision and orientation over past performance. In fact, globally, a company's financial performance and earnings growth is now the least compelling factor for those making investment decisions.

Instead, Malaysian investors want organizations to launch into a major reconsideration and transformation of their practices on talent and leadership.

But exactly how do organizations get from here to tomorrow, and how do they identify, attract, develop, retain, promote, and expand the number of leaders they must have to succeed in the future of work?

# The market context for the Self-Disruptive Leader.

## 77%

Malaysian investors who believe that traditional and legacy leadership will not be fit for the future.

## 69%

Malaysian investors who said they'd give leaders increased financial scope to make the changes necessary to bring their businesses in line with the future.

## 66%

Malaysian investors who said the pressure for short-term performance works against leaders' ability to deliver innovation, digitization, and change.

## 54%

Malaysian investors who said they would give leaders more time to effect major change.

# Introducing the "Self-Disruptive Leader."

Models of good leadership are often based on replicating the characteristics and capabilities that have succeeded in the past. But while many of these qualities are important, this approach neglects the importance of the future. In a world characterized by rapid change, yesterday's paradigms risk becoming redundant, or even harmful. Predicting exactly what the future will require is an impossible task, so leaders instead must equip themselves with a strong portfolio of future-oriented and change-ready skills in order to keep responding to fluctuating market demands with dynamism and insight.

We call these adaptive change-makers "Self-Disruptive Leaders." Today's business environment is characterized by rapidly changing strategies, business model innovation, and operational transformation. While leaders trapped in yesterday's mindset often struggle to find their place and voice in this new business world, Self-Disruptive Leaders are highly learning agile, self-aware, emotionally and socially intelligent, purpose-driven, and assured but humble. They proactively modify their own methods and attitudes, enabling them to keep pace with the rapidly transforming environments that threaten slower-moving peers. Flexible mindsets at the top permeate throughout these businesses and enable every individual to navigate change and succeed in a shifting landscape. Leaders who make their teams dependent block growth; rather, those who can get organizations behind their vision and then empower others to execute on it are well-positioned to achieve.

The qualities that differentiate the Self-Disruptive Leader can be summarized by the ADAPT dimensions:

**A** **Anticipate:** Demonstrate contextual intelligence to make quick judgments and create opportunities; focus on the societal needs that the organization wants to serve; provide a direction to unify collective efforts even among disoriented environments.

**D** **Drive:** Energize people by fostering a sense of purpose; manage the mental and physical energy of themselves and others; nurture a positive environment to keep people hopeful, optimistic, and intrinsically motivated.

**A** **Accelerate**: Manage the flow of knowledge to produce constant innovation and desired business outcomes; use agile processes, quick prototyping, and iterative approaches to rapidly implement and commercialize ideas.

**P** **Partner:** Connect and form partnerships across increasingly permeable functional and organizational boundaries; enable the exchange of ideas; combine complementary capabilities to enable high performance.

**T** **Trust:** Form a new relationship between the organization and the individual that centers on mutual growth; integrate diverse perspectives and values; help individuals to uncover their sense of purpose and facilitate them in providing their maximum contribution.

# How we uncovered the Self-Disruptive Leader.

By analyzing the leadership profiles of 150,000 leaders from the Korn Ferry Institute's proprietary data, the study uncovered the five ADAPT qualities of effective, future-focused leadership—qualities which correlate with a country's ability to innovate, according to the Global Innovation Index, as well as with a company's likelihood of being an acclaimed brand. Additionally, the study uses opinion research from 795 investors and analysts to model the gap (in 18 key global markets) between the current supply of these high-performance qualities and the market's demand for them, to reveal just how wide leadership skills shortages are globally and by market. (For more information on the methodology or to download the full Self-Disruptive Leader global report, please visit: kornferry.com/self-disrupt.)

## What does self-disruptive leadership mean for Malaysia?

Changes in the socioeconomic and political landscape within Malaysia have created a level of disruption that organizations were not prepared for. To a degree, the ability to effectively recover from such changes has been inconsistent. The new leadership is now faced with focusing on both steering their organizations into the future as well as adapting to new demands, both externally and internally.

In this respect, the need to be self-disruptive will be a crucial component for leaders. They will need to adapt themselves, and more importantly, recognize where these changes need to be supported. Leaders of organizations today must be able to recognize that "what worked before" will no longer be effective today, with changes in technology, customer segments, and demographics. Therefore, leaders must be able to quickly anticipate needs, define the way forward, and form the relationships that will be critical in establishing the momentum towards change.

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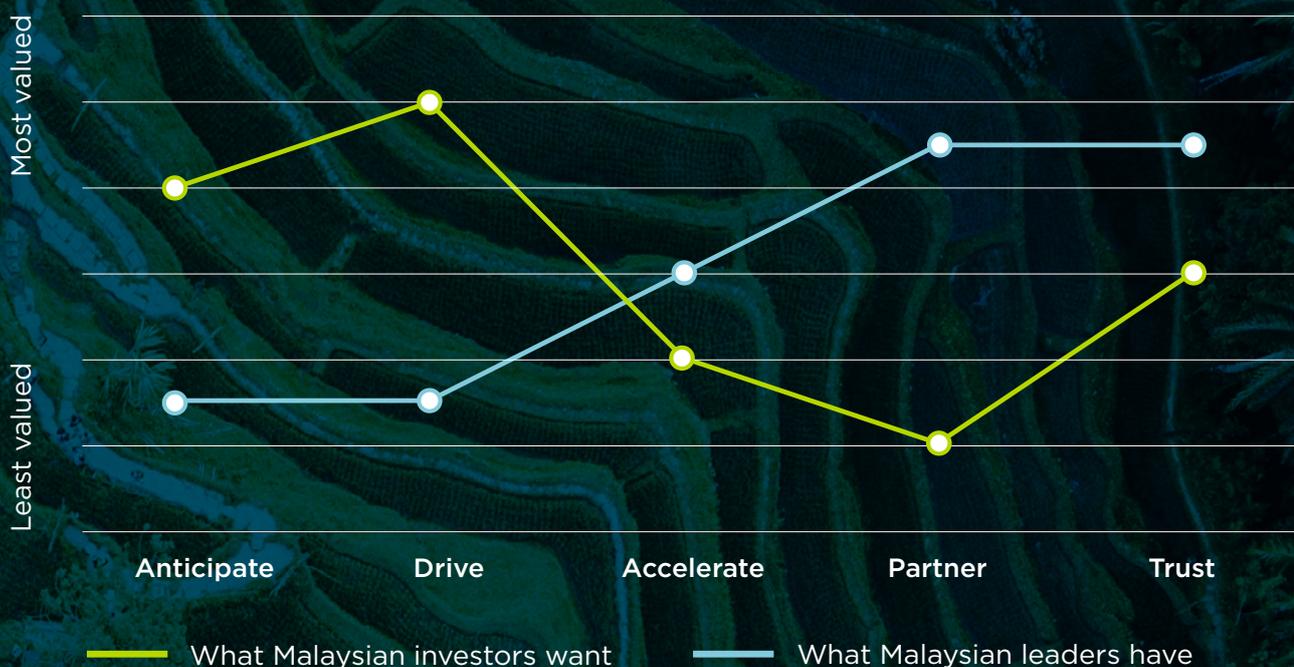
# The current state in Malaysia.

In Malaysia, investors on average believe that only 30% of all leaders in the country are equipped to lead future businesses. This may be because many leaders lack clarity on what investors expect from them, and how they define success. Should leaders focus on short-term financial targets or invest in long-term strategic change? Many leaders seem to opt for the cautious approach where they do what predecessors have done, avoiding new approaches or innovative disruption.

## What **Malaysia** has, what **Malaysia** wants.

Although there is global demand for all aspects of self-disruptive behavior in leaders, each market has different strengths and weaknesses in its current stock. What's more, investors in different markets have distinctive priorities when it comes to what they want most from leaders. As a result, the greatest skill shortfall varies in different places, and leaders in each economy need to focus on a different ADAPT dimension to satisfy market demand.

Malaysia is one of the economies that has the largest mismatch between investor expectations and current leadership capabilities. **Drive** and **Anticipate** top the investors' list, yet Malaysian leaders score low on these qualities. In a disruptive and ambiguous environment, employees need clarity and energy, which in turn fuel resilience and creativity. Without these guiding traits in leadership, employees become exhausted from reacting to inconsistent demands. Leaders are expected to take responsibility to provide direction and spark passion.

## The gap between leaders' abilities and market expectations.



Most valued

Least valued

Anticipate    Drive    Accelerate    Partner    Trust

—— What Malaysian investors want          —— What Malaysian leaders have

## *The importance of focusing on trait-based development for breeding the next generation of Self-Disruptive Leaders.*

*Leaders within Malaysia tend to struggle with the ability to anticipate changes in landscape, given the priorities of wanting to deliver the results committed. Additionally, Korn Ferry's earlier survey of digital leaders in 2017 also shows that Malaysian leaders prefer to stay within established "confines" and are very wary of introducing changes for fear of failure.*
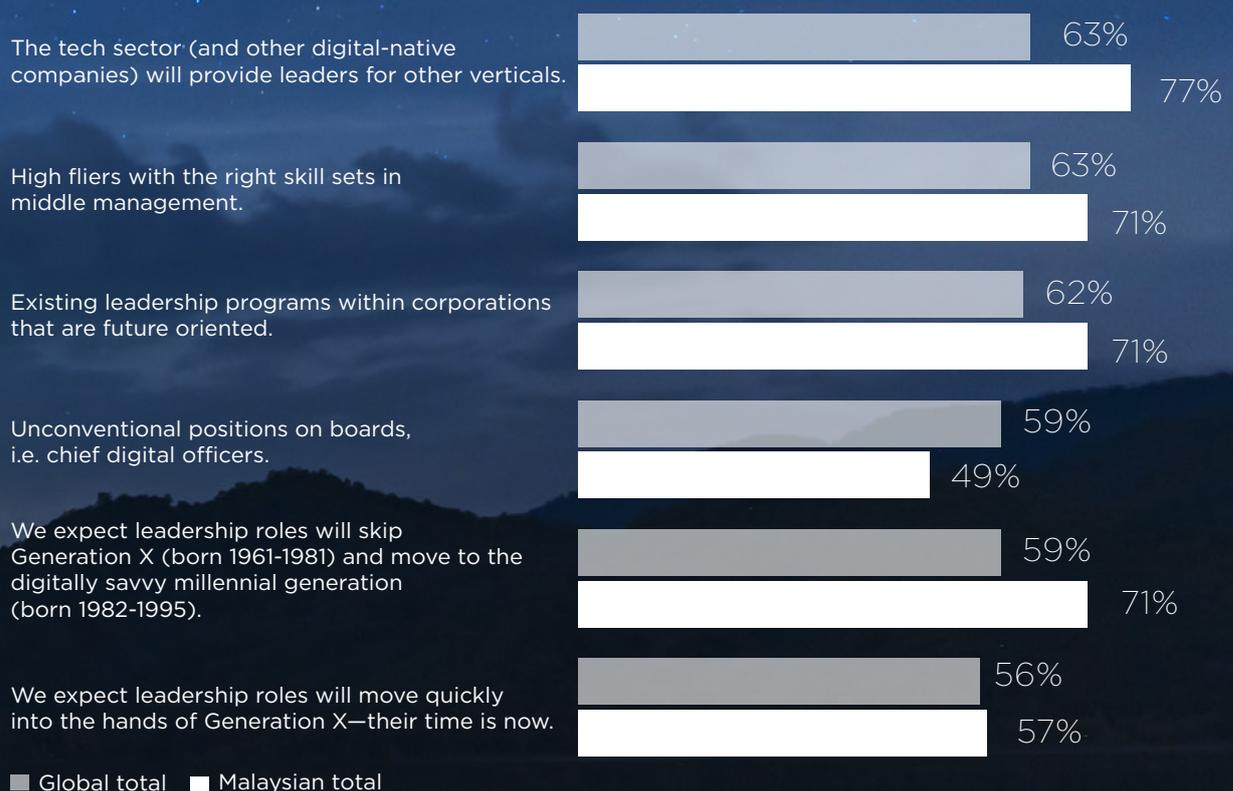
# Where will Self-Disruptive Leaders come from in the future?

Many already occupy lower-level roles in their companies or have left the organization previously and established experiences and exposure elsewhere. They are at the moment not hindered or influenced by the requirements of the role and are able to ask critical questions without fear.

To make the most of this talent pool, any individuals with potential must be allowed to test their aptitude at a higher leadership role. To become leaders, they'll need exposure and guidance in dealing with executive job functions such as enterprise value, profit and loss, balance sheets, and external stakeholders. They must circulate throughout an organization to stimulate their minds, learn new skills, experience different ways of working, and build important relationships with colleagues of many different backgrounds, experiences, and capacities. The talent pool also needs to be refreshed by introducing new talent from other industries, thus challenging the current thinking.

## Investors view on where Self-Disruptive Leaders will come from:

| Statement | Global total | Malaysian total |
|---|---|---|
| The tech sector (and other digital-native companies) will provide leaders for other verticals. | 63% | 77% |
| High fliers with the right skill sets in middle management. | 63% | 71% |
| Existing leadership programs within corporations that are future oriented. | 62% | 71% |
| Unconventional positions on boards, i.e. chief digital officers. | 59% | 49% |
| We expect leadership roles will skip Generation X (born 1961-1981) and move to the digitally savvy millennial generation (born 1982-1995). | 59% | 71% |
| We expect leadership roles will move quickly into the hands of Generation X—their time is now. | 56% | 57% |

■ Global total  ■ Malaysian total

In Malaysia, an overwhelming number of investors—77% to be exact—believe the tech industry and other digital-native companies will supply Self-Disruptive Leaders for other verticals.

# Rediscovering existing potential.

Self-Disruptive Leaders won't be found using well-worn practices. Instead, organizations will need to think about talent as a system if they want to tackle this complex and multilateral issue. Recruitment, compensation, training, development, and succession planning may need a full revamp to ensure that organizations widen and maintain a flow of diverse talent, especially of hard-to-find Self-Disruptive Leaders. In beginning to develop this system, businesses should focus on three key points:

- **Develop new mindsets.** Traditional leadership development focuses on skills and behaviors, but this needs to be supplemented with mindset development to successfully advance new Self-Disruptive Leaders.

- **Open up leadership development opportunities**. Leadership development must become available to more people. In the past, it often has been elitist and focused on certain individuals; it needs to move toward a collective model that empowers everyone in a company to develop their leadership capabilities.

- **Foster always-on development.** Organizations need to facilitate always-on development not only by providing learning opportunities, but by helping busy employees navigate training easily and rewarding them for learning. Simultaneously, individuals at all levels need to take ownership of their own development. Together, this will build an employment contract built on mutual growth.

Although these changes may seem daunting to current executives and directors, companies must act with urgency to put these structures in place. This evolution matters: the market already knows that companies need to do more to help tomorrow's Self-Disruptive Leaders climb up through the business, with 63% of investors and analysts globally saying high fliers with the right skills and capacities in middle management will be vital in the future of work.

# The final word.

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Traditional training routes aren't equipped to solve the leadership crisis, often producing outmoded mindsets that can't keep up with the rate of change. Instead, a revolution in how companies develop leaders is vital for closing the leadership pipeline gap.

To capitalize on an increasingly disruptive world, companies must accelerate their identification, recruitment, retention, development, and promotion of leaders with self-disruptive potential at all levels of the business. Organizations must develop a culture that empowers everyone within them to challenge their own thinking and disrupt themselves.

This final point underpins the solution to the leadership crisis: leadership can no longer be isolated and inscrutable. By cascading ADAPT proficiencies throughout the organization, companies will develop a self-perpetuating ecosystem of leaders, ready for whatever the future of work brings.

For more information on self-disruptive leadership in Malaysia and how to prepare for it, contact:

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To download a full copy of the global Self-Disruptive Leader report please visit: kornferry.com/self-disrupt.

# About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.