

# LEADERSHIP FOR A NEW ERA

Korn Ferry's partnership with the Drucker Institute shows how great leaders are adapting to the challenges of the post-pandemic world.

Fact Sheet



The COVID-19 pandemic has had a fundamental—and arguably, permanent—effect on how, when, and where work gets done.

Since the onset of the outbreak, we've seen seismic impacts on supply chains, intensifying geopolitical conflicts disrupting global businesses, increased frequency and magnitude of climate events, and a growing focus on ESG (environmental, social, and governance) issues. At the same time, more and more stakeholders—employees, customers, and shareholders alike—have started to demand organizations foster more caring, inclusive, and flexible work environments, with leaders focused on social values rather than maximizing the bottom line.

What's more, the 2022 Edelman Trust Barometer found that people trust businesses more than governments to address the world's most pressing problems, including climate change and energy transition. In an effort to understand what the post-pandemic world means for leaders, the Korn Ferry Institute, along with our partners at the Drucker Institute, set out to find out the most common characteristics among great leaders, and which qualities they will need to drive success in this new era.

## What makes a great leader

Financial performance has long been seen as the holy grail of outcome metrics, but other components matter for measuring long-term success. One of those holistic measures is the Drucker Institute's annual ranking of corporate effectiveness, which serves as the foundation for the Management Top 250, produced in partnership with the *Wall Street Journal*.

Drucker's statistical model evaluates an organization's "effectiveness"—that is, "doing the right things well"—across five dimensions: customer satisfaction, employee engagement and development, innovation, social responsibility, and financial strength.

Three years ago, before the COVID-19 pandemic, we set out to identify which leadership qualities correlate most strongly with Drucker's model, as based on its 2019 rankings. We wanted to see what insights we could glean from the profiles of leaders who propel highly successful organizations. And in that first study, a clear picture emerged: the leaders of the best performing companies, in each of the five dimensions covered by the 2019 Drucker rankings, exhibited many of the same characteristics measured by Korn Ferry's leadership assessments. For example, we found that *Tolerance of Ambiguity*, *Adaptability*, and *Risk-Taking*—three of twenty traits Korn Ferry assesses for—were the most highly correlated with organizational effectiveness and all five Drucker dimensions.

After Drucker released its 2021 rankings, we decided to revisit the findings and see, based on a more recent set of Korn Ferry leadership assessments, which qualities are now important to, and most positively correlated with, corporate effectiveness—and how those have changed over time. In all, the Drucker Institute analyzed 846 large, publicly traded US companies through the lens of 34 indicators across its five dimensions. Meanwhile, as part of a much larger database, Korn Ferry measured 56 different competencies, traits, and drivers among more than 20,000 CEOs, C-suite leaders, and senior executives at 674 of those 846 companies. These measurements took place in 2020, 2021, and 2022.

### Leadership that drives results

By correlating the two sets of updated data, a similar picture formed: the leaders of the best performing companies, and in each of the five dimensions covered by the Drucker rankings, still exhibit many of the common key qualities measured by Korn Ferry.

This commonality across the five dimensions is not entirely surprising given that the Drucker model rests on the belief that all five dimensions are interrelated and influence each other, but the amount of overlap is notable, nonetheless. And the message is clear: there are specific facets of leadership that are shown to be key drivers of organizational success and are critical levers for delivering shareholder value—however we choose to measure it.

## The ABCs of Korn Ferry's CTDs

Korn Ferry's leadership assessments use a science-based approach to measure the personality, make-up, and potential of individuals and their leadership qualities. These assessment scores have been linked to multiple outcome-based indicators, including long-term job performance, employee engagement, and financial outcomes for CEOs, and help organizations identify, recruit, and develop the best talent.

When thinking about the nature of fit, it's essential to have an outcome in mind, given that the specific leadership qualities needed for success vary by role, job level, and organizational culture. Despite these variations, we typically observe trends and patterns in the underlying competencies, traits, and drivers that drive success more broadly.

**Competencies, traits, and drivers** are elements measured by Korn Ferry's leadership assessments. They are defined as:

- **Competencies:** skills that matter most for success in a job. They are observable skills that may come naturally but can also be acquired and sharpened with experience.
- **Traits:** personality characteristics that exert a strong influence on behavior.
- **Drivers:** the preferences, values, and motivations that influence a person's career aspirations.

**The need for Agility.** The underlying traits of leaders in these highly successful organizations remained relatively consistent (four of the top five traits carrying over from 2019), with *Tolerance of Ambiguity*, *Trust*, *Curiosity*, *Risk Taking*, and *Adaptability* being the five most essential traits. With the exception of *Trust*, these traits all belong to Korn Ferry’s Agility cluster—a clear sign that the need for leadership agility continues to be critical, but perhaps even more so today. We need leaders who can nimbly navigate the continuous and unpredictable challenges of the current business landscape, as well as the strategic shifts that it demands.

Figure 1. Of the 20 leadership traits that Korn Ferry assesses for, Tolerance of Ambiguity, Trust, Curiosity, Risk Taking, and Adaptability were those most correlated with companies ranked highest by the Drucker Institute’s measure of corporate effectiveness.



**Taking a world view—and taking the world with you.** One stark difference from the earlier analysis is the change in competencies that drive success. It should be noted that competencies are easier to develop and adapt than a leader’s underlying traits and drivers. Of the competencies highly correlated with organizational effectiveness, only *Collaborates* remains in the top five from the first study. In our current analysis, *Global Perspective*, *Manages Ambiguity*, *Interpersonal Savvy*, and *Instills Trust* are now shown to be the most positively correlated.

These competencies suggest an evolving approach for navigating the new global business landscape—where looking “out” is just as important as looking “in,” where building relationships and getting buy-in is critical, and where being able to expect the unexpected differentiates leaders. The competencies of *Interpersonal Savvy*, *Instills Trust*, and *Collaborates* are important in a new era of inclusiveness, and in one where the extreme shift to working from home has caused us all to rethink how we connect and build relationships. When it comes to trust, [our research on organizational transformation](#) found that financial performance is strongly linked to how much people trust senior leaders in a company. In fact, 22% of the difference in financial performance, over a five-year period, among highly transformational companies, was related to trust in leadership.

Figure 2. Of the 30 competencies that Korn Ferry assesses for, Global Perspective, Manages Ambiguity, Interpersonal Savvy, Collaborates, and Instills Trust were those most correlated with companies ranked highest by the Drucker Institute’s measure of corporate effectiveness.



**Taking charge with an entrepreneurial spirit.** As seen three years ago, Drucker's most highly ranked companies continue to have senior leaders who are driven by *Independence* and *Power*. More than ever, society needs leaders who are entrepreneurial, and combined with the trait of Risk Taking, can adapt to the changing landscape with bold new approaches, rather than doing something because it's how it's always been done. (*Power*, it should be noted, does not describe a leader who favors a command-and-control approach; rather, it refers to an executive driven by responsibility and influence.)

Figure 3. Of the six drivers that Korn Ferry assesses for, Independence and Power were those most correlated with companies ranked highest by the Drucker Institute's measure of corporate effectiveness.



**The makeup of a great leader.** Other notable leadership qualities that positively correlate with Drucker's model of corporate effectiveness:

- *Empathy*, an important (and somewhat intuitive) trait for Drucker's employee engagement and development dimension.
- *Affiliation*, a trait that correlates with the dimensions of customer satisfaction and social responsibility, revealing the importance of creating strong connections and aligning with a large team or organization toward a common goal.
- *Manages Conflict*, a competency that seems to play a key role in Drucker's customer satisfaction and financial strength dimensions.

## Conclusion

Great leaders continue to play a pivotal role in building great companies, almost regardless of how greatness is measured—whether through financial strength and delivering value to shareholders, delighting customers, or having a profound, positive impact on the world around you. And the nature of these great leaders remains consistent, despite the constantly shifting landscape and the challenges that come with it. When it comes to more innate traits and enduring drivers, we're not seeing a totally different type of leader emerge.

However, we are perhaps seeing a shift in the behaviors needed by these leaders to navigate their companies through these turbulent waters. Other companies hoping to emulate these greats would do well to take a hard look at their own leadership capabilities. Korn Ferry has long espoused that the key to successfully executing strategy is people, and organizations can drive up the quality of their people through consistent assessment, coaching, and leadership development programs. Organizations that measure and strengthen those core attributes that differentiate the best talent will drive success through amplifying their capabilities.

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