

# STRONGER LEADERSHIP, STRONGER CLIMATE, BETTER RESULTS

## HOW LEADERS AND TEAM CLIMATE DRIVE KEY OUTCOMES

### EXECUTIVE SUMMARY

Organizational performance today hinges on more than strategy or business context—it depends on people and teams. Korn Ferry’s latest research shows that the psychological makeup of leaders and the team climate they nurture drive measurable outcomes like employee engagement, commitment, and retention.

Using Korn Ferry’s global data from our Styles & Climate and Competencies, Traits, and Drivers (KFCTD) assessment tools, we found a clear pattern: leaders shape team climate, and climate shapes results. The right leadership characteristics and team environment can lift engagement scores by up to 42 percentile points—a meaningful edge in a high-pressure workplace.

### THE BUSINESS CASE

High-performing teams don’t happen by chance. They are intentionally cultivated through thoughtful hiring, strategic promotions, and purposeful leader-team engagement. As organizations face challenges like talent shortages, employee burnout, and hybrid work complexity, understanding how to design and develop strong engagement at scale will offer them a significant competitive advantage.

Our large-scale, global study delivers clear, data-driven insights to help leaders and consultants:

- Understand team climates using measurable constructs
- Understand the leader characteristics that foster strong team climates
- Drive engagement through practical tools with global applicability

### ENGAGEMENT MATTERS

Employee engagement is a powerful predictor of business success. Our research shows that engagement can be influenced upstream through measurable leadership traits and team climate dynamics, offering organizations a scalable path to downstream impact. Engaged employees are more productive, more innovative, more invested in outcomes, and more likely to stay with their organizations.

Team climates characterized by openness, clarity, accountability, recognition, and cohesion have a particularly strong influence on employee engagement.

When employees feel supported and aligned, they become more productive, more innovative, more invested in outcomes, and more likely to stay with their organizations. That impact goes beyond individual performance: according to our data, companies with higher engagement consistently outperform peers in revenue growth, profitability, and customer satisfaction.

### How This Research was Conducted

Korn Ferry analyzed data from over 2,700 individuals across 541 teams, using our validated KFCTD and S&C assessment tools. KFCTD measures core psychological traits, competencies, and drivers linked to success, while S&C tools estimate team climate and leadership styles—observable behaviors that influence how people experience work. We used a multi-level latent variable approach to model leader traits, SP distances, team climate, and team engagement, each defined by multiple indicators. This methodology separates team-level constructs from individual response patterns where applicable. It provides an understanding of underlying constructs and their inter-relationships—constructs that our proprietary tools are designed to estimate in applied settings.

We focused our study on three traits—Presence, Agility, and Striving—and their impact on team environment. While part of Korn Ferry’s broader Success Profile framework, these traits stood out for their strong link to climate and contribution to engagement. Broader Success Profiles are more comprehensive, providing both incremental predictive power for engagement and richer descriptive fodder for selection, development, and understanding of leaders and contributors.

To streamline, we focused on select traits captured by the KFCTD assessment in this report. Even so, long-term styles estimated by the S&C tool also showed a strong, positive relationship to overall climate in our research, providing leaders more ways to build their toolkit and improve their team’s experience.

## HOW LEADERS SHAPE CLIMATE AND RESULTS

Our research reveals a clear chain of influence: leaders shape team climate, and climate drives engagement. Specifically, we identified three leadership traits that consistently foster stronger climates. In turn, those climates significantly boost team engagement, impacting commitment, retention, and performance. And while individual fit still matters, a strong team climate can elevate engagement even among those who may not be a perfect match for their role. The following insights break down these findings.

### 1. Leader Traits Influence Team Climate

When leaders scored high on Presence, Agility, and Striving, their teams reported climates that were approximately 30 percentile points stronger than those teams that had leaders with lower scores.

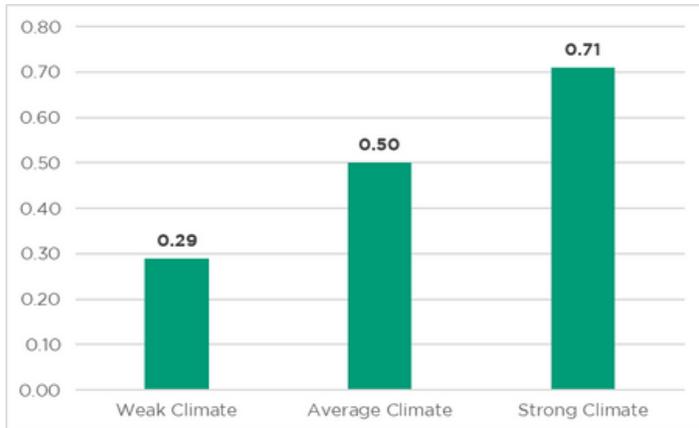
### 2. Team Climate Matters More Than You Might Think

Team climate accounted for up to 31% of the variation in team-level engagement. Teams with stronger climates—characterized by openness, clarity, accountability, recognition, and cohesion—showed higher collective commitment, stronger intent to stay in their jobs, and increased discretionary effort at work. These factors reflect the core indicators of engagement in this study.

### 3. Fit Still Matters—But Team Climate Makes a Difference

Strong team climates are associated with higher engagement. Leaders and employees who fit well to their Success Profile (SP) tend to be highly engaged in any environment. In short, the combination of a strong climate and close SP fit is optimal for engagement outcomes. However, even people with low SP fit saw a rise in engagement—from the 10th to the 54th percentile—when working in strong climates compared to weak ones. This shows that a strong team climate can offset lower individual fit, enabling a wider range of people to stay engaged and included.

**Figure 1.** Typical Model-Implied Team Engagement Percentiles Across Team Climate Levels



## KEY INSIGHTS FOR CONSULTANTS AND BUSINESS LEADERS

If you want to increase team engagement, start by focusing on the environment people work in. This research shows that team climate plays an influential role in how engaged they are. By developing the right leadership traits, using climate as an early signal, and applying these insights across regions, companies can create teams where more people feel supported and ready to do their best work, regardless of role fit.

**1. Target leader traits that shape climate.** Focus leadership development and coaching efforts on traits like Presence, Agility, and Striving.

**2. Use climate as a leading indicator of engagement.** Team climate offers a measurable, early signal of team engagement-related risks and opportunities.

**3. Apply insights globally.** This study supports that the relationships between traits, climate, and engagement are consistent across major global regions. Local nuances may influence assessment norms, but the core dynamics were robust across regional moderation testing.

**4. Enable more people to thrive.** Strong climates help more people stay engaged and perform at higher levels, even if they don't fit their role closely in psychological terms.

**Table 1.** Applications: Where to Use These Insights

Use Case	How This Study Helps
<b>Assess leaders and teams</b>	<b>Measure</b> traits and styles linked to strong climates and engagement
<b>Diagnose team climate</b>	<b>Benchmark</b> current environments to identify strengths and areas for growth
<b>Connect engagement to leadership</b>	<b>Link</b> team experience and outcomes to leader characteristics and behaviors
<b>Develop climate-enabling skills</b>	<b>Invest</b> in the traits and styles that shape stronger team conditions
<b>Drive inclusion</b>	<b>Support</b> diverse talent through climates that promote engagement for more people

Our research reveals a clear chain of influence: **leaders shape team climate, and climate drives engagement.**

## IMPACT BY THE NUMBERS



Portion of team climate variation explained by three leadership traits: Presence, Agility, and Striving



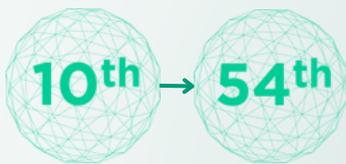
**percentile pts:** Difference in climate strength between high- and low-scoring leaders



Portion of team engagement explained by team climate

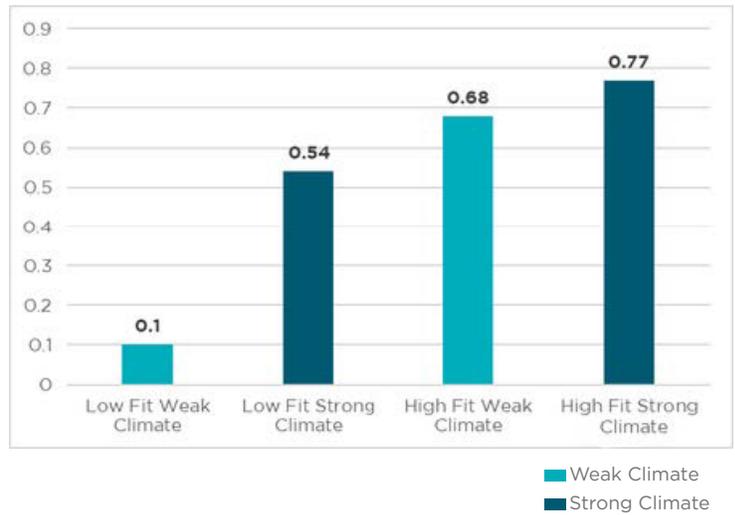


**percentile pts:** Typical engagement boost for teams with strong vs. weak climates



Engagement percentiles gain for lower SP fit individuals supported by strong climates

**Figure 2.** Typical Model-Implied Team Member Engagement by Climate and Success Profile Fit



## CONCLUSION: LEADERSHIP SHAPES CLIMATE, CLIMATE SHAPES ENGAGEMENT

The takeaway is clear: leaders shape team climate, and climate drives engagement. In turn, that engagement fuels the commitment, performance, and retention outcomes businesses care about most.

This study offers a practical blueprint for action:

- **Measure what matters**, using data to understand the traits, styles, and climates that drive engagement.
- **Use Success Profiles** to help align and develop people to fit their roles.
- **Focus on traits and styles** that enable stronger team climates.

Build environments where people thrive, and where individuals—regardless of perfect role fit—can stay, grow, and succeed.

### The Korn Ferry Advantage

Korn Ferry assessments, including KFCTD and Styles & Climate, are already embedded in leadership selection, development, succession planning, coaching, and team effectiveness efforts around the world. This study reinforces their strategic value not only in understanding individuals and teams but in driving improvements in engagement through targeted insight and data-driven development.

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Korn Ferry is a global consulting firm that powers performance. We unlock the potential in your people and unleash transformation across your business—synchronizing strategy, operations, and talent to accelerate performance, fuel growth, and inspire a legacy of change. That's why the world's most forward-thinking companies across every major industry turn to us—for a shared commitment to lasting impact and the bold ambition to *Be More Than*.