

Future Trends in Leadership & Management

Shifting priorities



Our research: why now?

In 2014, The Institute of Leadership & Management undertook research (Institute of Leadership & Management, 2014) to predict how the work of leaders and managers would change by 2020. As 2020 arrived, we decided to revisit some of our predictions from 2014 and explore how leadership and management might continue to evolve to respond to the changing business environment.

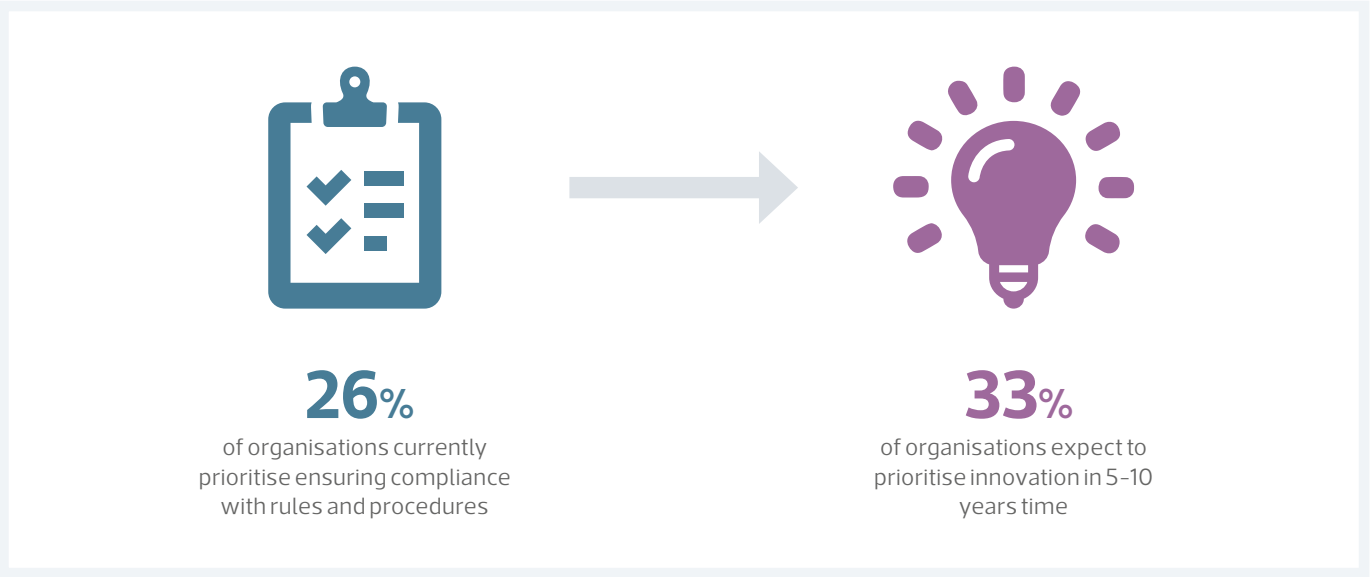
At the time this research was being undertaken organisations were facing, and continue to face, unique and unanticipated challenges associated with the Covid-19 pandemic, placing many under significant pressures, particularly in the service sector. The hospitality industry has been particularly badly affected. However, up to October 2020 the UK had not yet experienced a rise in overall business closures (ONS, 2020), although the retail industry had taken a hit with reports of over twice as many net store closures during early 2020 compared to 2019 (Price Waterhouse Coopers, 2020). Some organisations, able to adapt to remote working and social distancing have thrived.

We were interested to know whether organisational priorities have changed since 2014 and how they are predicted to change post-2020.

Research highlights

- Overall, the biggest priority for the leaders and managers of organisations currently, is ensuring compliance with rules and procedures (26%)
- In the next 5-10 year leaders and managers predict that innovation will become the most important priority (33%)
- Sector and organisation size influences organisation priorities:
 - Currently 36% of third sector organisations prioritise people over profit, 32% of public sector organisations prioritise saving money, and 28% of private sector organisations prioritise ensuring compliance with rules and procedures
 - In the next 5-10 years more third sector (43%) and private sector (38%) organisations expect to prioritise innovation, while 35% of public sector organisations expect to prioritise saving money
 - Small organisations are more likely to prioritise people before profit (29%) at the moment, while 24% of medium sized and 28% of large organisations prioritise ensuring compliance with rules and procedures
 - In the next 5 to 10 years more small and medium sized organisations expect to prioritise innovation (47% and 38%), while more private sector organisations expect to prioritise saving money (30%).

From compliance to innovation?



Leaders and managers’ tell us that their organisations current main focus is ensuring compliance with rules and procedures (26%), followed by saving money (23%) and innovation (21%).

Yet this is changing, with leaders and managers anticipating a shift towards innovation, with a third (33%) believing this will be their organisation’s main focus in 5 to 10 years time. Just under a quarter (23%), believe that saving money will be the biggest focus for their organisation over the next 5 to 10 years. Some 8% believe that environmental sustainability will be their priority for the next 5-10 years, compared to 2.5% prioritising environment now.

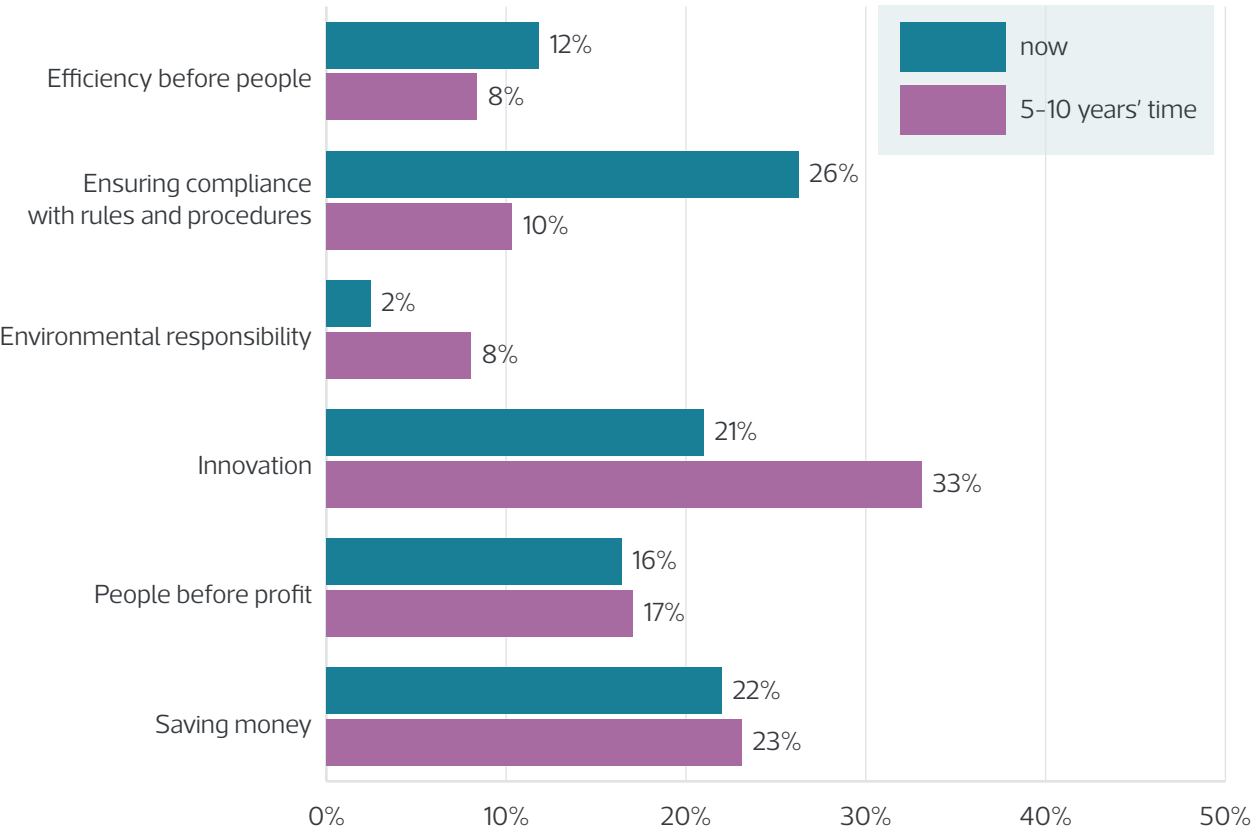
“Outsourcing has been high on the agenda over the past five years - sometimes successful, sometimes not. The drive for efficiency has outweighed other considerations. Going forward, more activities will be outsourced if proved cheaper to do so. Headcount will undoubtedly need to be lowered.

Companies will look to save cost through standardisation/harmonisation and many companies will be looking closely at workflow/processes in order to maximise efficiency.

Environment will become a bigger factor (hopefully) in what we do.”

Reflections about the future from a female, aged 41-50 years, member of the senior leadership team, working in public sector organisation of over 2500 employees

Figure 1: What is the biggest focus of your organisation at the moment, and what do you think will be the biggest focus in five years time



Differences across sectors



As one would expect, while overall compliance is a current priority and innovation is recognised as important for the future, there are differences between sectors.

Third sector organisations currently prioritise putting people before profit (34%), followed by innovation (21%) and compliance comes in at third place with 20% saying this is their organisation's priority.

Leaders in public sector organisations tell us that saving money is the most important priority (32%), with compliance coming in at second place (27%) and innovation at third place (15%).

Currently 28% of private sector leaders prioritise compliance, with innovation a close second (26%) and saving money coming in third place at 16%.

Over the next five to ten years, leaders in third sector (43%) and private sector (38%) organisations believe innovation will be their priority, innovation is the second most important priority for public sector (24%). In contrast, 34% of leaders in the public sector told us they think saving money will be their biggest priority over the next five to ten years. Both third sector (28%) and private sector (20%) leaders anticipate seeing a shift in the prioritisation of people before profit.

"I think that work will change rapidly; in the last couple of months we have seen changes that would normally take over 20 or 30 years.

I predict that the future of work will be:

- more flexible
- more outsource
- more coaching
- more learning
- more choice for employers
- more cost effectiveness

all categories and branches of jobs will change and must change."

Reflections about the future from male, 51- 60 years, freelancer

Figure 2: By sector, over the last five years what has been the biggest focus of your organisation?

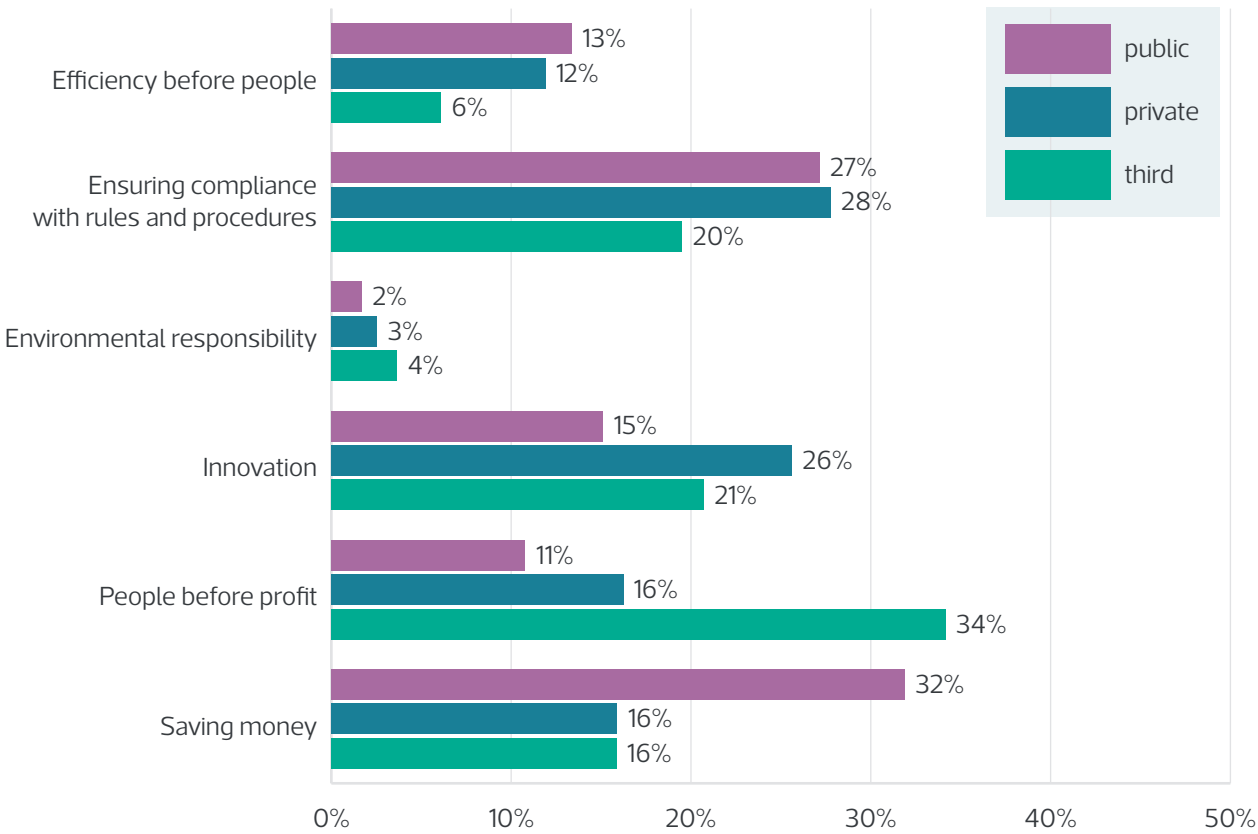
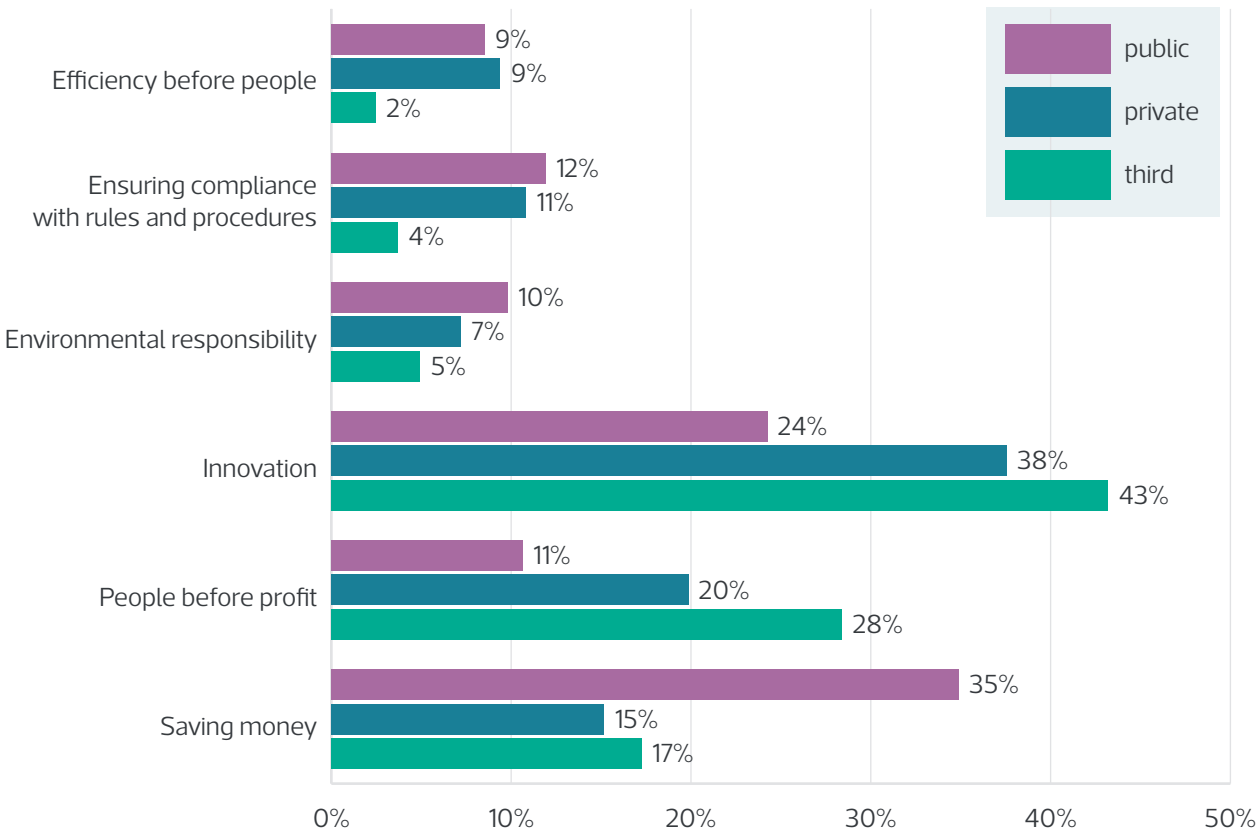


Figure 3: By sector, in the next five to ten years which do you think will be the biggest focus of your organisation?



The importance of size



There are differences in priorities depending on the size of the organisation. Leaders and managers of medium sized organisations (50-250 employees) told us their organisations were prioritising compliance (24%), followed by innovation and saving money (18%). Slightly more leaders in large organisations (over 250 employees) gave priority to compliance (28%), followed by saving moving (27%) then innovation (18%). In contrast, leaders in small organisations (under 50 people) were more likely to report that their organisation prioritised people over profit (29%), then innovation (27%) followed by compliance (23%).

More leaders in small and medium sized organisations are expecting their organisations to switch to having a primary focus on innovation within the next five to ten years (47% and 38% respectively). This was followed by putting people before profit (27% in small, and 20% in medium sized organisations)

Leaders and managers in larger organisations are anticipating saving money to be their priority over the next five to ten years (30%), with innovation taking second place (26%).

“There is a welcome shift towards putting the environment at the heart of what we do, but saving money/being efficient is still the top of the list. We have reduced staff numbers drastically and that has meant an increasing and probably unacceptable pressure on individuals to work harder and smarter. Automation/AI etc. I hope will shift the balance to staff delivering value.”

Reflections about the future, from a female, aged 51-60 years, member of executive board of a public sector organisation, with 1000-2499 employees

“Greater movement towards ensuring we are sitting on firm foundations in terms of structure and compliance. Over the past year or so the organisation has been able to focus more on business development and innovation, creating a dedicated team for innovation and development. In the future, I anticipate more investment in developmental work, upskilling and necessary work around money/time saving”.

Reflections about recent changes and potential future changes, from a female, aged 18-30 years, first time manager in a third sector organisation with 500-999 employees

Figure 4: By organisation size, over the last five years what has been the biggest focus of your organisation?

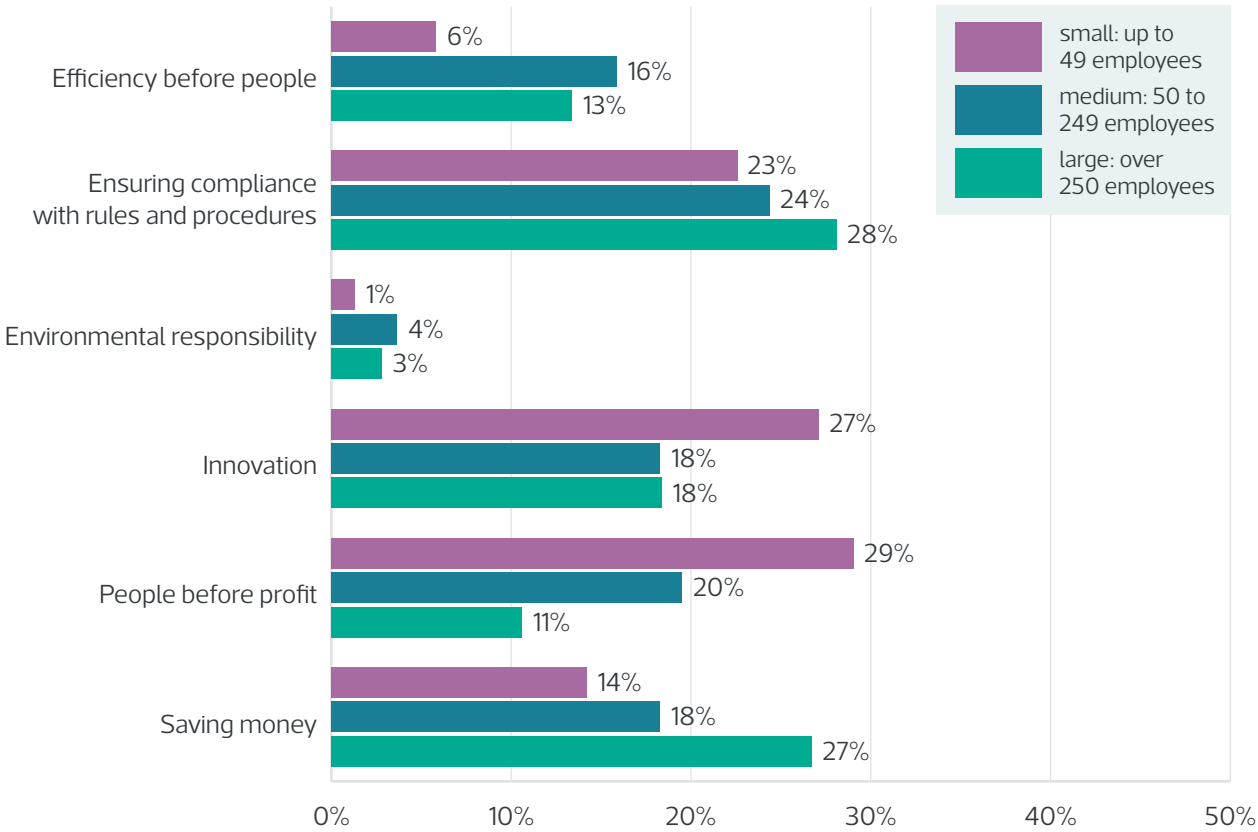
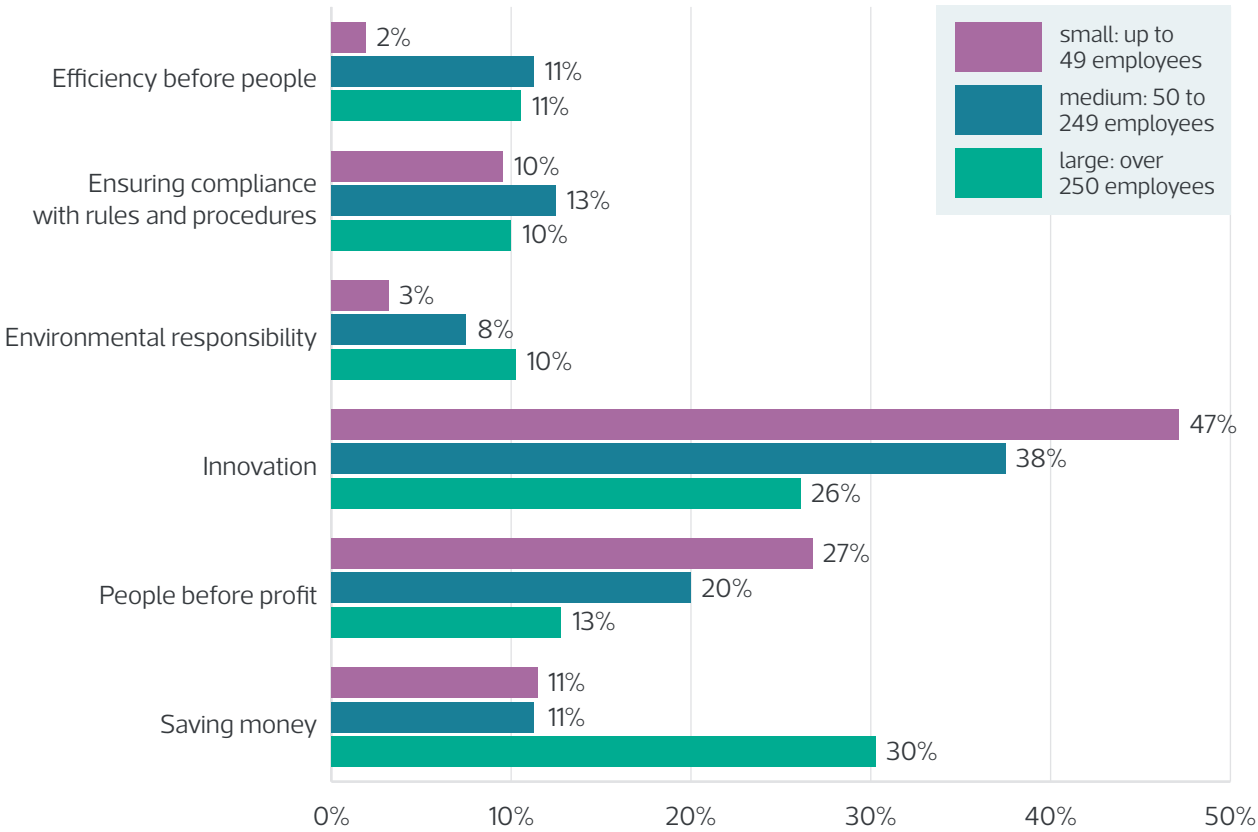


Figure 5: By organisation size, in the next five to ten years which do you think will be the biggest focus of your organisation?



Closing thoughts

Recent shocks to industries, caused by the Covid-19 pandemic, have significantly affected how organisations operate and consequently their priorities. Many of the free text comments gathered during the research reflected that the pandemic has had a major impact on how and where work takes place, and how enduring those changes are likely to be.

Much recent media commentary has focused on organisations that have previously resisted home working rapidly shifting to working at home within a matter of a few days. That experience of doing things differently, and anecdotally, successfully, seems to have instilled a confidence in many organisations about their resilience and capacity to be agile. It is not surprising that a move away from “compliance with rules and procedures” is predicted. The new normal is not reverting to how things once were but suggests a freedom to do things differently, and a need to change in order to overcome new challenges (such as

Covid-19, Brexit and economic shocks) and, with newly developed digital capabilities, increased confidence to exploit emerging technological advances. To quote Peter Drucker there is a need to “innovate or die”; new pressures coupled with new freedoms require an increased focus on innovation and a recognition that, for many organisations, innovating will be a number one priority.

Again, anecdotally, we have heard many calls for a more compassionate and empathetic style of management, and greater acceptance of bringing one’s whole self to work. The harsh economic realities of the impact of the pandemic are expressed in an increased expectation that saving money will be a priority for many, which is accompanied by the anticipated importance of putting people before profit, a lessening of the imperative of efficiency before people and a four fold increase in prioritising the environment.

Methodology

During August 2020, The Institute undertook an online survey, with 625 respondents. We asked a series of closed response questions, including ranking and Likert item questions, as well asking for free text responses to share personal experiences and perceptions. We analysed data by demographic groups relating to age, gender and organisation features. The survey was incentivised. Research was undertaken in line with Market Research Society (MRS) Code of Conduct.

References

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