



Leadership Confidence Index

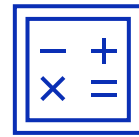
Leaders' confidence in their executive teams has fallen. We explore why.

January 2023

Trending confidence in leadership



Survey thousands of CEOs, C-Suite Leaders, Next-Generation Leaders*, and Board Directors across industries and countries every 6-12 months.



Ask them to assess their executive leadership team on 11 measures that cover capability, behavior, and issue management.



Roll each individual's responses up into an overall Leadership Confidence Index, as well as three sub-indices that focus on leadership team capability, behavior, and issue management.



Compare confidence levels in the executive leadership team over time and between different types of leaders.

A unique view into executive leadership teams

Confidence is affected by perspective. By surveying leaders, at multiple levels and in different roles about the Executive Leadership Team (ELT), we get a powerful insight into the health of executive leadership teams. CEOs and other C-Suite leaders sit in the ELT and give us an 'insider' view. Next-generation leaders are 1-2 levels below the ELT and give us a 'proximate outsider' view. These leaders are the ones tasked with executing ELT decisions. Board Directors also offer an outsider view but one that is different to that of next-gen leaders, given their supervisory role.

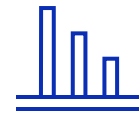
*Leaders 1-2 levels below the C-Suite

Key findings



Leadership Confidence Index down overall

The index has trended down by 4.9 points to 64 (on a 100-point scale) between H1 2021 and H2 2022, with most of that fall occurring between H1 2022 and H2 2022.



CEO confidence in the ELT down the most

CEO confidence has taken the hardest hit over the last 18 months, dropping 8.5 points.

CEOs are much less confident in the ELT's ability to embrace the opportunities of digital and ESG, and how well the ELT embraces change and role models culture and behaviors.



Leadership team behavior fraying at the edges

Of the three sub-indices, confidence in ELT behavior has fallen the most (down 7 points).

This is particularly pronounced amongst C-suite leaders and next-generation leaders and may indicate that leadership teams are fraying at the edges after several years of disruption.



Low next-gen confidence creates succession risk

Nex-gen leader confidence in ELT behavior has dropped 8 points, down to 56.2, making it the lowest score on the index.

Their view of the behavior and culture of the leadership team can have a marked impact on their career decisions and is a red flag for next-gen leader retention and C-suite succession planning.



Board directors have most positive view

Board director confidence in the ELT is both higher than that of other leaders and most stable.

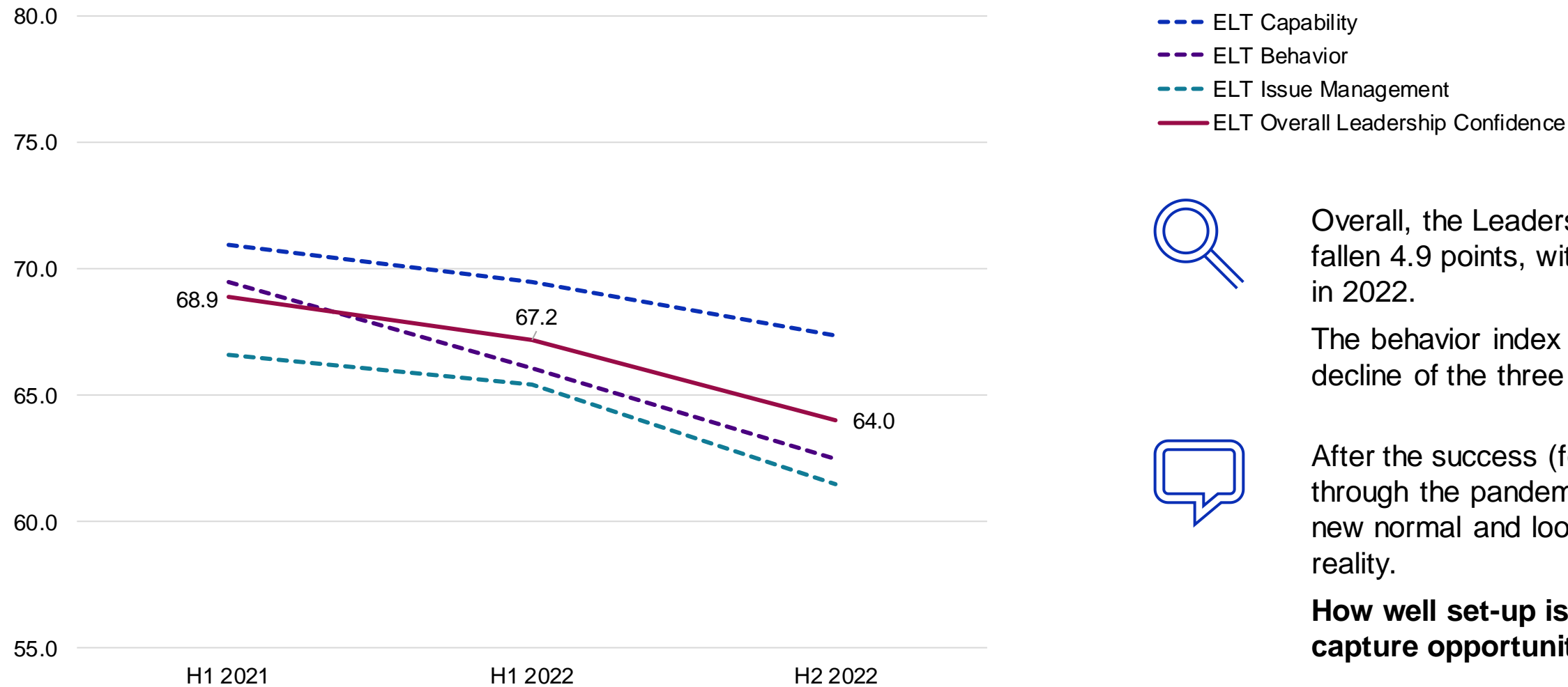
This may point to a gap in the depth of engagement some directors have with the business.

01

Leadership
Confidence Index —
by role

Confidence in Executive Leadership Team down 4.9 points

Leadership Confidence Index (All leaders)



Overall, the Leadership Confidence Index has fallen 4.9 points, with most of that fall happening in 2022.

The behavior index has registered the largest decline of the three sub-indices.



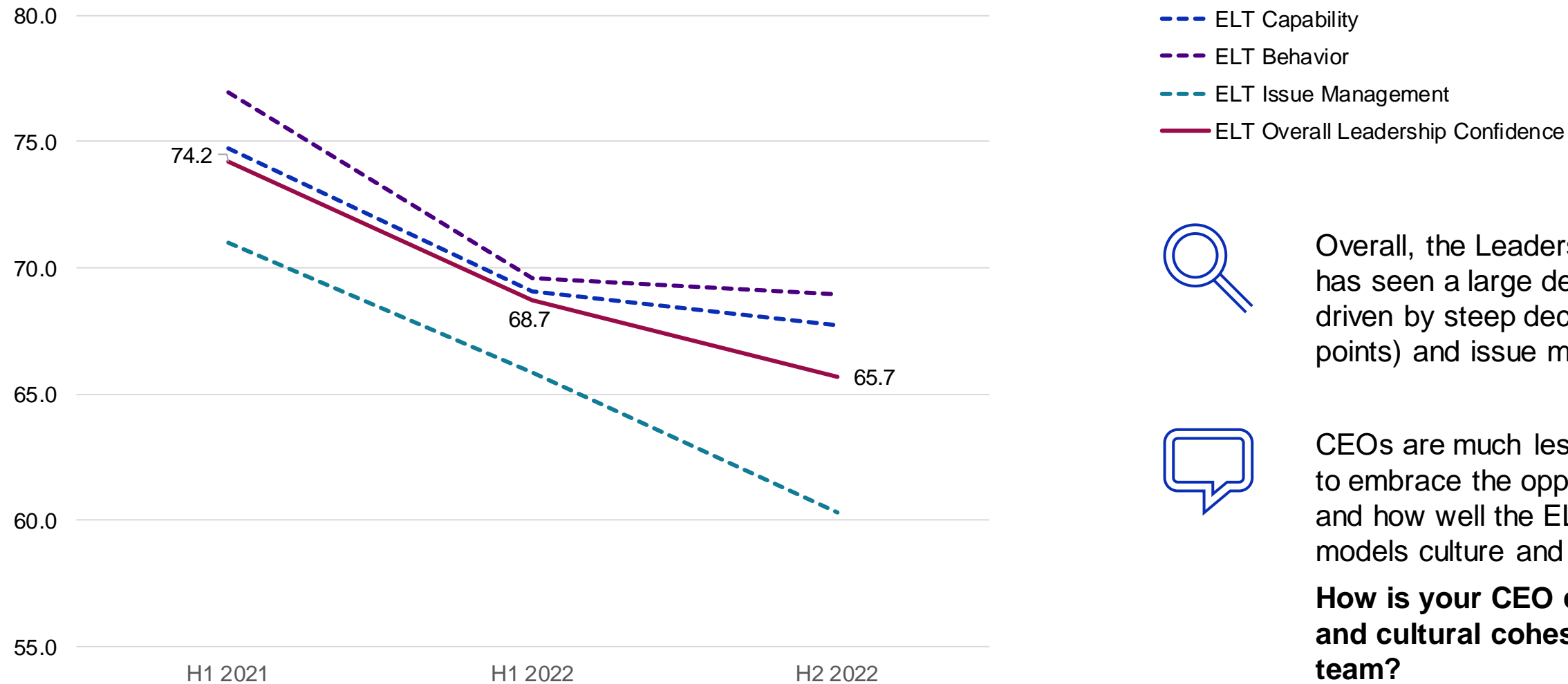
After the success (for many) of managing through the pandemic, leaders are settling into a new normal and looking at a new economic reality.

How well set-up is your leadership team to capture opportunities in 2023?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

CEO confidence in ELT has fallen the most, down 8.5 points

Leadership Confidence Index (CEOs)



Overall, the Leadership Confidence Index for CEOs has seen a large decline of 8.5 points since 2021, driven by steep declines on both behavior (down 8 points) and issue management (down 10.7 points).



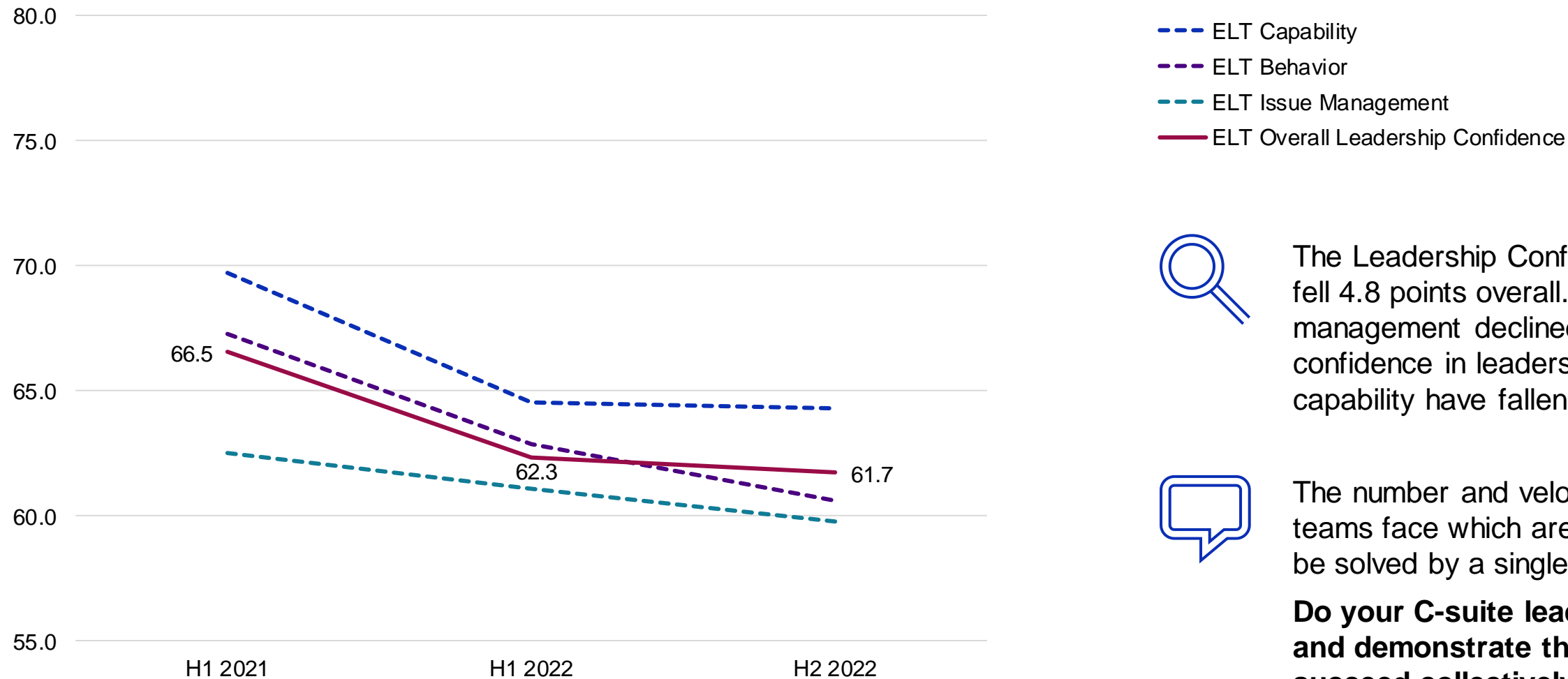
CEOs are much less confident in the ELT's ability to embrace the opportunities of digital and ESG, and how well the ELT embraces change and role models culture and behaviors.

How is your CEO creating strategic alignment and cultural cohesion within your leadership team?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

C-suite confidence in the ELT has declined less but is lower than that of CEOs

Leadership Confidence Index (C-Suite)



The Leadership Confidence Index for C-Suite leaders fell 4.8 points overall. While confidence in issue management declined slightly (2.7 points), C-Suite confidence in leadership team behavior and capability have fallen notably by 6.6 and 5.4 points



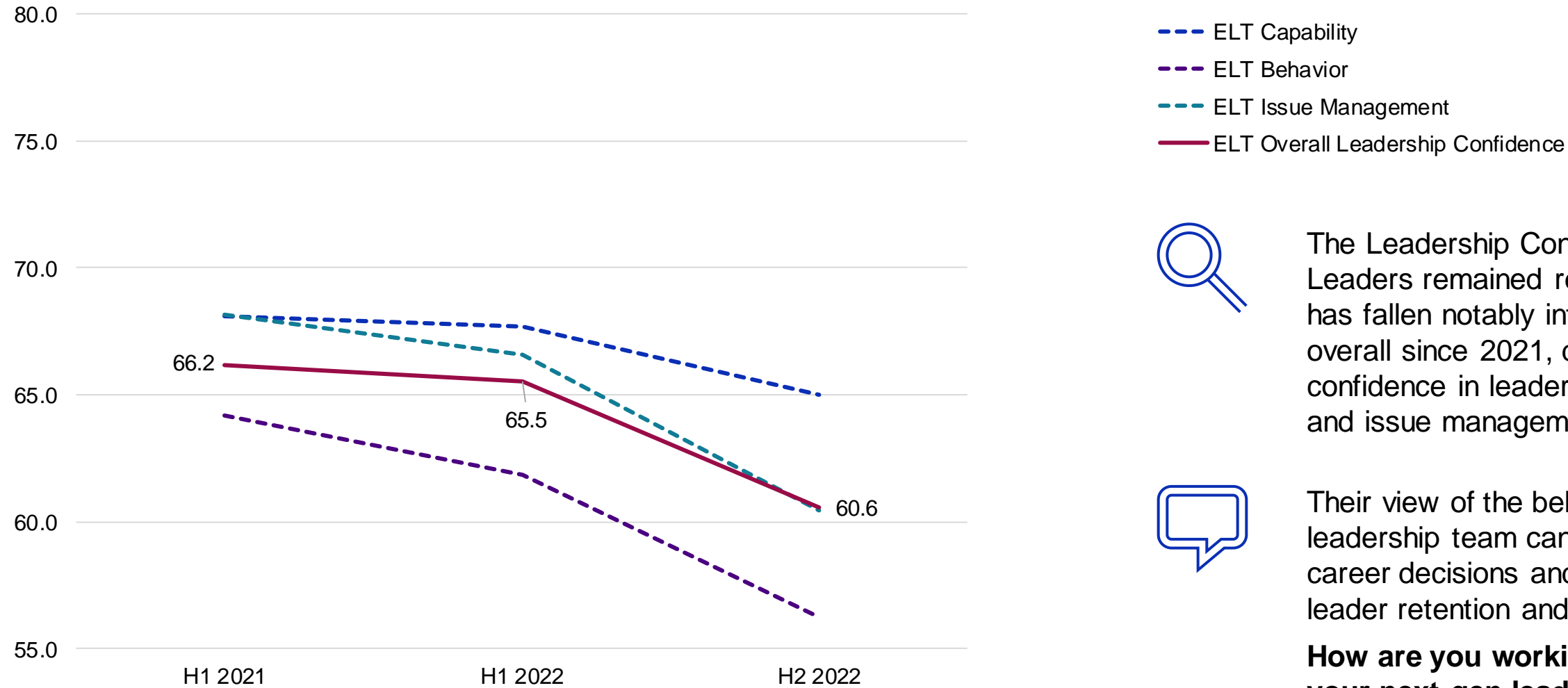
The number and velocity of issues that leadership teams face which are multi-dimensional and cannot be solved by a single, expert leader has increased.

Do your C-suite leaders have the competencies and demonstrate the behaviors necessary to succeed collectively?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

Next-gen confidence in ELT does not track C-suite confidence

Leadership Confidence Index (Nex-Gen Leaders)



The Leadership Confidence Index for Next-Gen Leaders remained relatively stable into H1 2022, but has fallen notably into H2 2022, down 5.6 points overall since 2021, driven by notable drops in confidence in leadership behavior (down 8 points) and issue management (down 7.8 points).



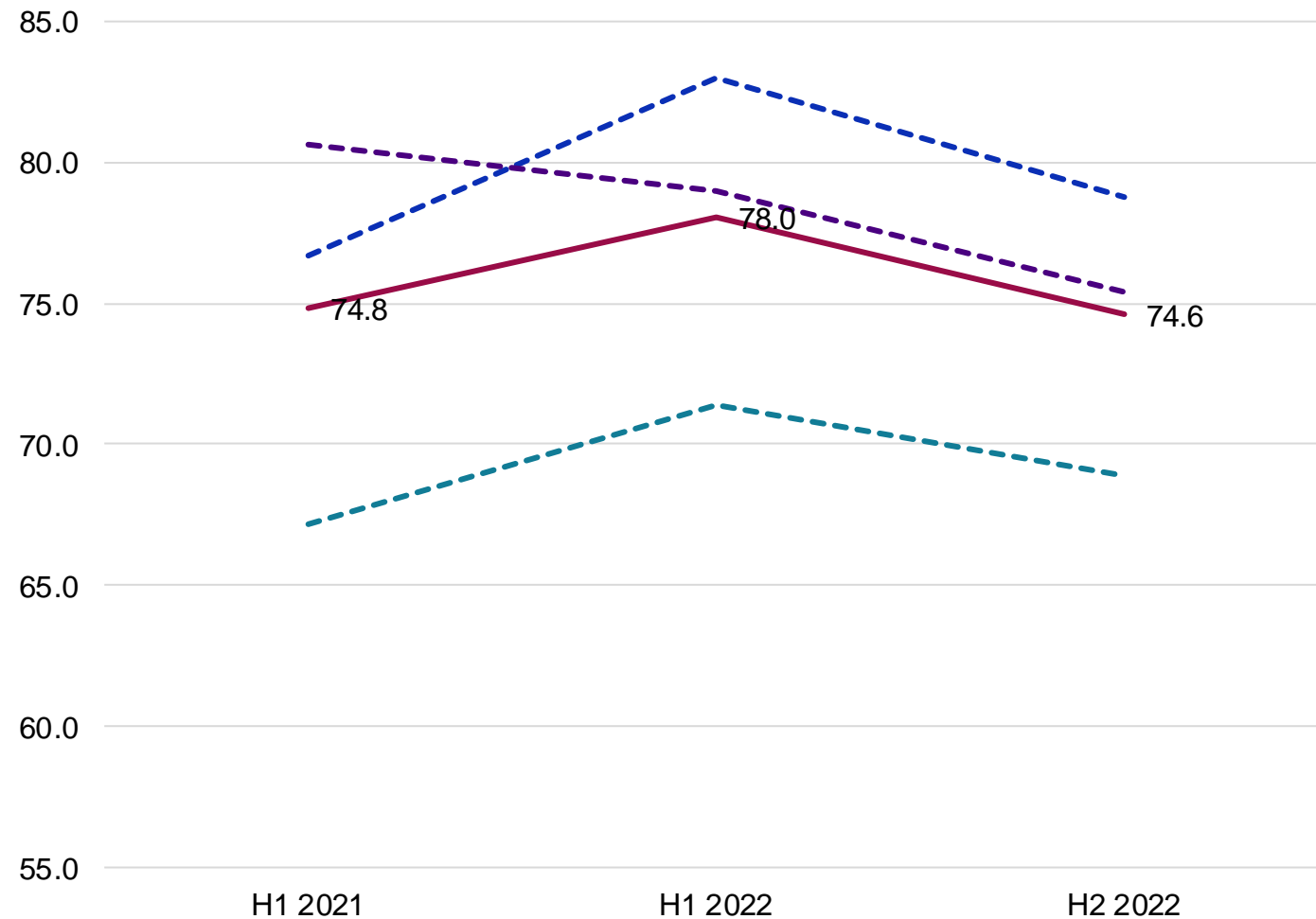
Their view of the behavior and culture of the leadership team can have a marked impact on their career decisions and is a red flag for next-gen leader retention and C-suite succession planning.

How are you working to engage and develop your next-gen leaders?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

The board's confidence in the ELT is high and relatively stable

Leadership Confidence Index (Board Leaders)



- ELT Capability
- ELT Behavior
- ELT Issue Management
- ELT Overall Leadership Confidence



The Leadership Confidence Index for board leaders rose 3.2 points into H1 2022, but has now fallen back down to the same level at 74.6 in H2 2022.

Confidence in Leadership team behavior is the only sub-index that has recorded a decline between 2021 and H2 2022 (falling 5.2 points).



High board confidence may be a positive sign, but the perception gap between board leaders and executives is notable.

How effectively do your executive leadership team and board work together?

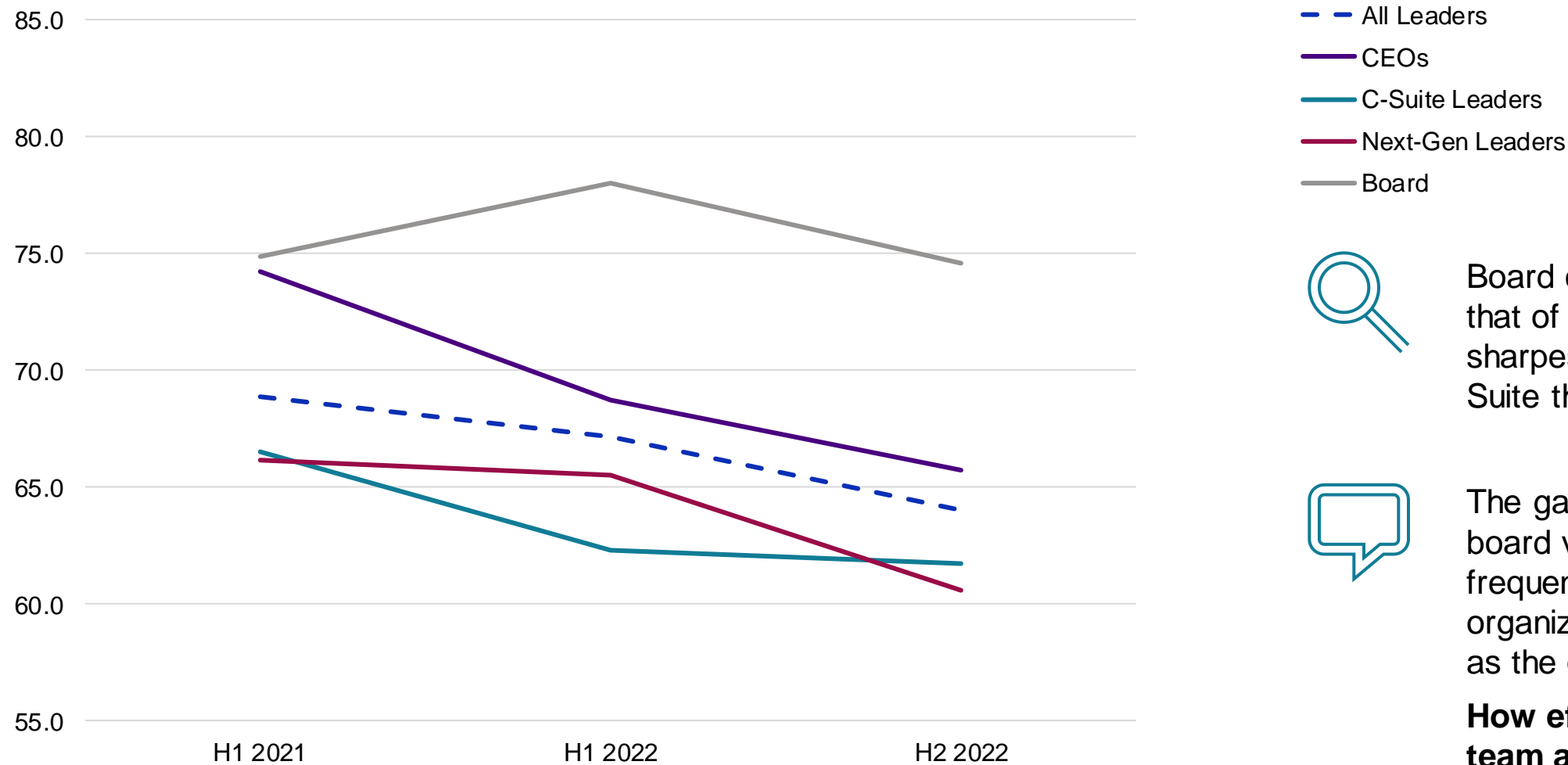
Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

02

Leadership
Confidence Index –
by sub-index

Confidence of executives falls while that of the board remains high

Leadership Confidence Index



Board confidence in the ELT is much higher than that of other leaders. CEO confidence has seen the sharpest decline and is now closer to that of the C-Suite than it is of the board.



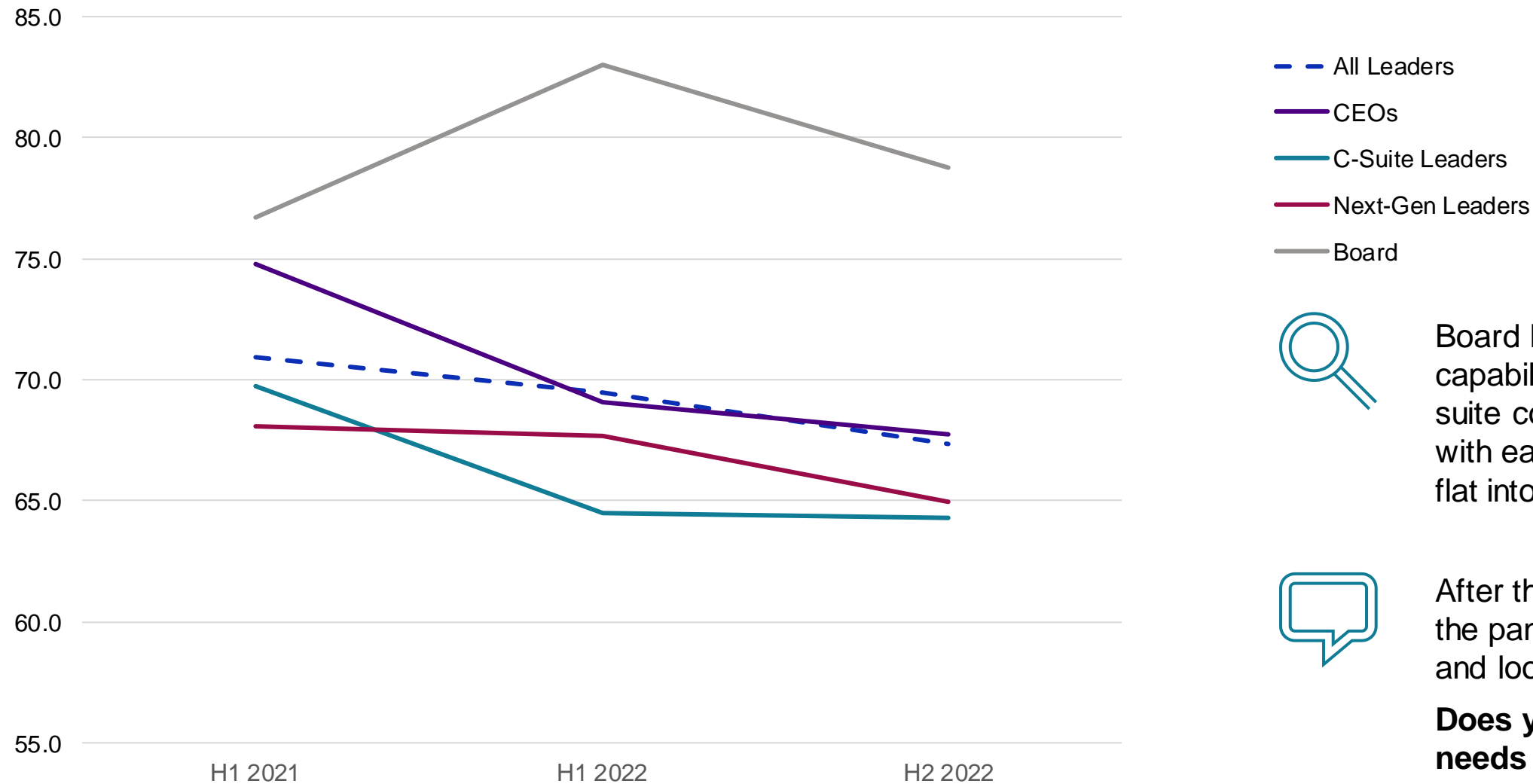
The gap between the CEO perspective and the board view is notable. While board meeting frequency went up during the pandemic for many organizations, the amount of activity is not the same as the quality of the engagement

How effectively do your executive leadership team and board work together?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

CEO and C-suite confidence in own capability takes a hit in 2022

Confidence in ELT Capability



Board leaders are substantially more confident in the capability of the ELT than other leaders. CEO and C-suite confidence in their capability continue to track with each other, while next-gen confidence remained flat into H1 2022, before declining in H2 2022.



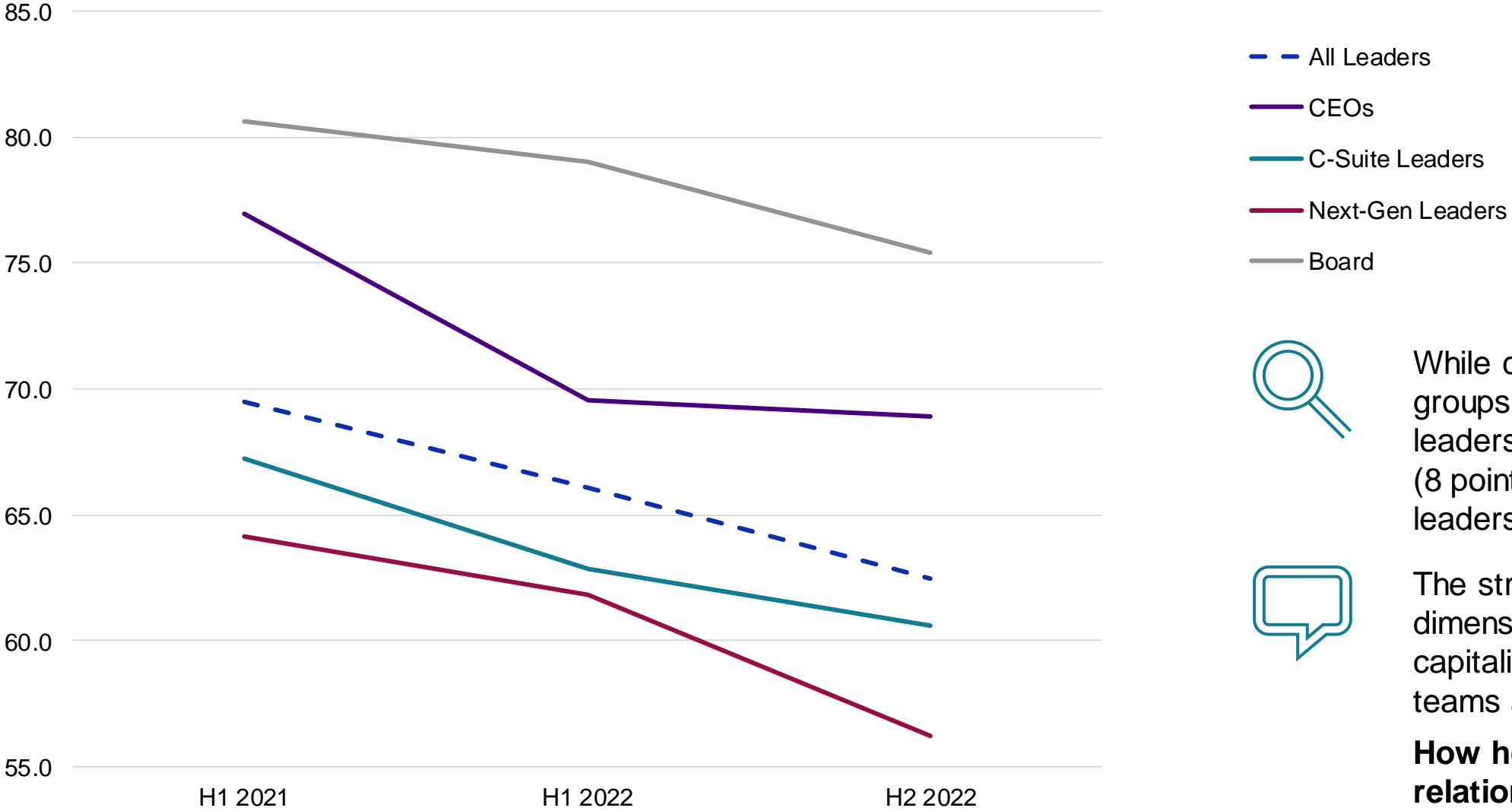
After the success (for many) of managing through the pandemic, leaders are settling into a new normal and looking at a new economic reality.

Does your leadership team have the capability it needs to succeed in 2023?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors

CEOs and next-gen leaders record big fall in confidence in ELT behavior

Confidence in ELT Behavior



While confidence in ELT behavior has fallen for all groups, including the board, CEOs and next-gen leaders have seen the greatest drop overall since 2021 (8 points each) but the trajectory of the fall for next-gen leaders lags that of CEOs.



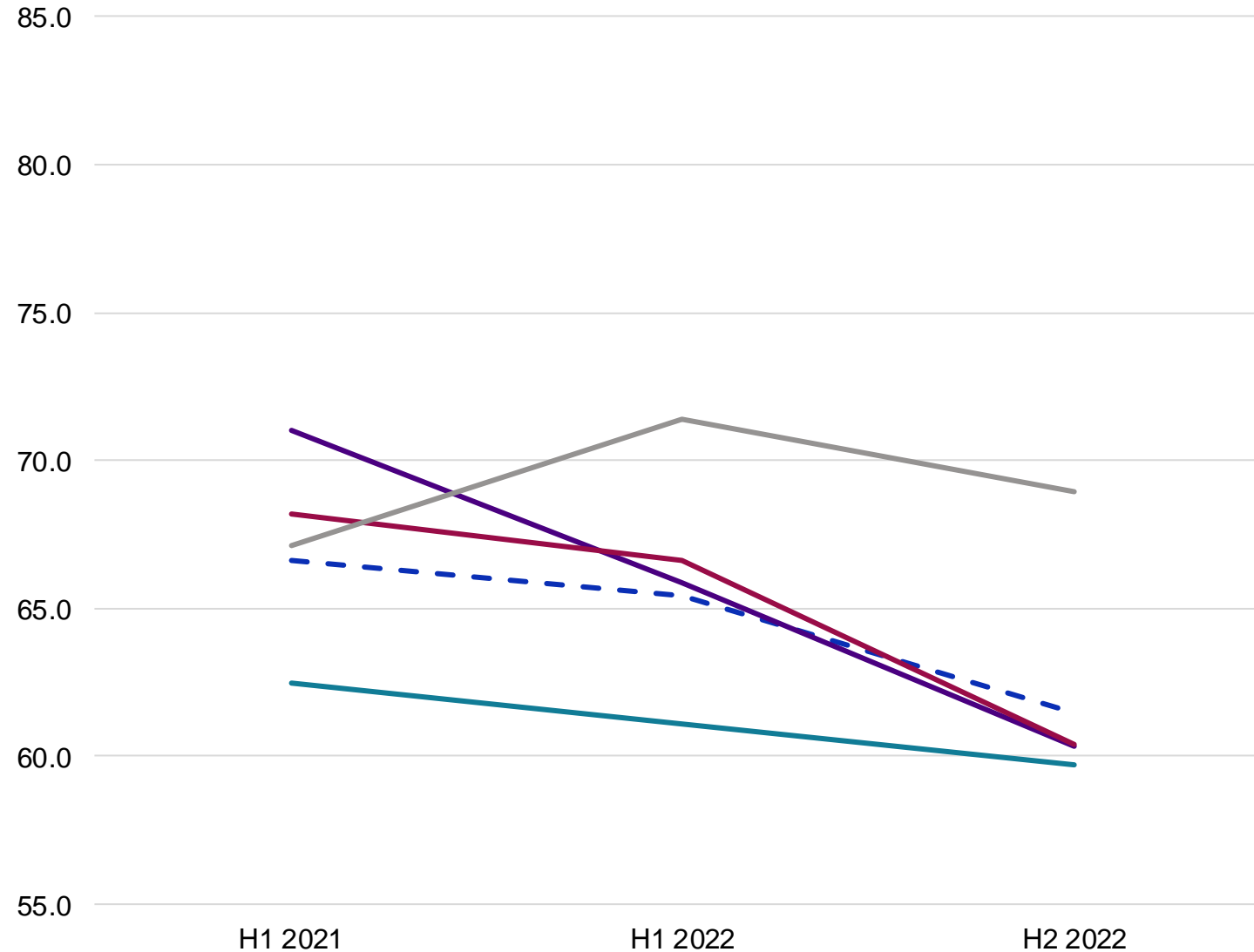
The strain of leading at a distance, the multi-dimensional nature of goals in an era of stakeholder capitalism, and new economic pressures mean many teams are fraying at the edges.

How healthy is your leadership team’s culture and relationships?

Source: Russell Reynolds Associates’ Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

Executive confidence in issue management falling and converging

Confidence in ELT issue management



- - All Leaders
- CEOs
- C-Suite Leaders
- Next-Gen Leaders
- Board



Confidence in the ELTs issue management has begun to converge across the three executive populations (CEO, C-Suite and next-gen). C-suite leaders have consistently scored the ELT lowest on this, and CEO and next-gen leader confidence has now fallen to close to the same levels.



The gap between talk and real impact on issues like digital, ESG, DE&I, and succession planning is becoming increasingly clear for many organizations.

How robust is your succession planning, and do you have a clear strategy for developing the skills to manage complex issues for the long term?

Source: Russell Reynolds Associates' Q2 2021 Global Leadership Monitor, n = 1,327 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q2 2022 Global Leadership Monitor, n = 1,590 CEOs, C-level leaders, next-generation leaders, and non-executive board directors; Q4 2022 Global Leadership Monitor, n = 1,690 CEOs, C-level leaders, next-generation leaders, and non-executive board directors.

03

How we help

C-suite success re-positions your top team for success

01

Identify and invest in the right leaders for your C-suite

We use our 50 years of data-backed executive search experience, unparalleled market insights, proprietary assessments based on data science models, and rigorous, unbiased selection process to find the right C-suite leaders for your team.

02

Assess and develop CxOs—and position your C-suite to win

Our scientific approach and proprietary assessment tools help you increase the success rate of your executive appointments and accelerate the development of your rising leaders.

03

Equip CxOs to collaborate and perform as a team

We help you find and harness your C-suite's collective capabilities, so the whole team can work together to drive greater results for your whole organization.

04

Enable leaders to tap the power of their cultures

When culture and strategy align, organizations thrive. Leaders are the most important lever to achieving this alignment. Our forensic insights ensure that the top team models the right behaviors.

05

Find and develop the next-generation of C-suite leaders

You always need to be ready for C-suite succession and transition. We help you develop robust, future-fit succession strategies that surface the best leaders—internally and externally—to secure C-suite performance for the long haul.

04

Methodology

Confidence in leadership measures

The Global Leadership Monitor (GLM) captures data from executives and board directors and allows us to assess their view of the effectiveness of the executive leadership team (ELT). We measure 11 items that cover capability and access to information, the behavior of the team, and how it is responding to and managing a set of key issues. These items are combined in an overall Leadership Confidence Index on a 100-point scale, as well as three sub-indices that break out the three components of leadership team capability, behavior, and issue management.

Constructs	Measures
Capability	<p><i>To what extent do you agree that your organization's executive leadership team...</i></p> <ul style="list-style-type: none"> ...has the right capabilities to lead the organization successfully ...has a strong grasp of the competitive dynamics in your industry ...has access to the right information to support strong decision-making ...receives good advice and input from the supervisory board
Behavior	<ul style="list-style-type: none"> ...works together effectively as a team ...effectively embraces change ...role models the right culture and behaviors
Issue management	<ul style="list-style-type: none"> ...has a successful strategy for leadership successions at the C-level ...effectively embraces the opportunities of digital transformation ...effectively embraces the opportunities of ESG ...is implementing practices to improve diversity, equity and inclusion

- We have been tracking these measures since the original GLM in 2021 and now have three periods of data allowing us to see a trend over time in confidence in executive leadership teams.
- We can segment the responses between CEOs, C-Suite, Next-generation leaders, and non-executive board directors.
- It should be noted that CEOs and C-Suite leaders are part of the executive leadership team so they have “an insider” view, while next-gen leaders and board directors have an outsider view.
- These differences in perception are instructive.

Leadership Confidence Index

01

Survey leaders about the executive leadership team (ELT)

Using an agreement scale (1= strongly disagree to 5= strongly agree) respondents indicate their level of agreement with each of 11 statements

02

Combine each leaders' responses across items

The responses for the items for each construct are added together and turned into a composite score for that construct, resulting in three measures of the respondent's confidence in the ELT's capability, behavior, and issue management

03

Convert to 100-point index scores

The score for each construct is then converted to a 100-point scale and the three measures are combined to create an overall measure of leadership confidence (also on a 100-point scale).

ELT Capability Index
0-100

ELT Behavior Index
0-100

ELT Issue Management Index
0-100

ELT Overall Confidence Index
0-100

Survey timing and additional notes

The Global Leadership Monitor (first launched in 2021) is an online survey of executives and non-executives that gathers the perspective of leaders on the impact of external trends on organizational health and their leadership implications.

Data was captured using an online/mobile survey at the following times:

- H1 2021 – February/March 2021
- H1 2022 – March 2022
- H2 2022 – October 2022

Respondents are global (46 countries were represented in the H2 2022 survey) and all data has been weighted by GDP to create a more representative share of business contribution from each market.

Respondents represent a mixture of publicly traded businesses, private equity or venture-backed businesses, and other privately-owned businesses across a range of industries.

Respondents are a very senior audience and are categorized into the following role-based segments: CEOs, C-Suite leaders, next-generation leaders (1-2 levels below the C-suite), and board directors.

For the purposes of our survey and analysis, board directors are not sitting executives, and respondents in this category are instructed to answer the questions with reference to the company with which they have been a non-executive director the longest. Where a director is also a sitting executive, they will have answered the survey as an executive and be included within one of the executive segments.