



# European Organisational Leadership – Taking the temperature

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# Contributors

The ETPG would like to thank its members for their contribution to this project as well as those HR professionals, academics, psychologists and business leaders who either completed the online survey or were interviewed as part of the programme.

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# Executive summary

The aim of this research was twofold. First to find out if the measurement techniques on which we base leadership recruitment and development work well: second, to come to a view on this issue, it was obviously critical to understand what was being measured - what 'definition' of leadership is current in Europe.

## European thinking about leadership

European interest in leadership is **widespread, growing and will continue to grow**. However levels of interest and understanding within different parts of Europe differ and **it is unlikely that one model or approach will work within all countries**.

The manager/leadership distinction is still believed: **leaders lead people; managers manage things and processes**. Too often organisations mistake the two roles. It's unclear whether one person can do both jobs.

Leadership is changing.

This change has been caused by seven key factors:

1. the growth in the leadership 'industry';
2. a younger workforce;
3. innovations in communication technology;
4. increased competitive pressures;
5. developments in work practice;
6. the global recession;
7. an increasingly diverse work force.

Transfers both ways between public and private sector leadership jobs will tend to blur the existing differences between these two types of roles.

## How do we measure leadership that is changing?

A new view of leadership emphasises three characteristics:

1. communication;
2. innovating and creating a vision;
3. the ability to create and handle change

This represents a general trend of leaders **transforming from authority figures** sitting at the top of a chain of command, **to co-employees motivating, communicating and helping people do their best work**.

Traditional selection and development methods deal effectively with a number of leadership's critical characteristics. However, there is still a worryingly huge use on often inaccurate one-to-one interviews, political appointments and track record. Past achievement is seen as justifying

leadership. This is a questionable assumption if changes are happening as fast as they seem to be. Objective assessment, which **predicts** performance, is used less in higher level recruitment and development than it should be; the downside of getting leadership roles wrong requires more objective methods.

Since leadership is changing, **new methodologies and attitudes are needed in the identification and nurturing of leaders.** These include:

1. increased use of mentoring and coaching
2. a more nuanced understanding of leadership personality: reducing emphasis on dominance and looking at softer skills of listening and influencing;
3. measures of ability to learn quickly and adapt behaviour rather than of knowledge acquired in the past;
4. measures of strategic and visionary thinking;
5. more use of situational judgement and work scenario tests;
6. measures of ethics and values;
7. use of games technology to create more realistic assessment;
8. an awareness of advances in areas such as neuropsychology which are revolutionising our understanding of how the brain works.

But this provides a menu from which different nations will choose what they need.

The picture is one of growth and growing interest; a general direction of change to a less authoritarian leadership style; but these general trends are at different stages in different parts of Europe.

# Methodology

At the end of 2010, the European Test Publishers Group (ETPG – see page 27 for a full description of the organisation) commissioned research into organisational leadership. Its aim was:

1. to see if the measurement of the criteria on which we base leadership recruitment and development work well:
2. to come to a view on this issue it was obviously critical to decide what was being measured: what ‘definition’ of leadership is current in Europe.

Our report is in two parts, addressing these linked issues.

Many of the members of the ETPG work with organisational clients every day, and they do this by using science-based instruments to measure human attributes. This broad access to working managers, leaders, psychologists and HR staff as well as authors and thinkers, means ETPG is in a good position to address this topic. We have drawn on our own experience and that of people who face leadership challenges daily.

This research project was divided into three key phases.

## **Phase One – Survey and interview with ETPG members**

23 members of the European Test Publishers Group took part in an initial survey in December 2010 and an in-depth telephone interview in January 2011 to discuss their opinions in more detail. The results gave a view as to their opinion on leadership identification and assessment and how the area of psychometrics would develop to support what seemed to be a new raft of leadership characteristics identified.

## **Phase Two – Online survey outside of the ETPG members**

Online surveys of ETPG customers and contacts (typically in the local language) were carried out in 23 countries with 1,463 people completing the survey between February and August 2011.

## **Phase Three – In-depth interviews with ETPG contacts and customers**

19 interviews with customers and contacts were also carried out in 5 of the ETPG country markets during March 2011.

This paper presents quantitative results as a backdrop to detailed opinions expressed in interviews and survey responses.

Given this methodology, ETPG expected the results to be complex, subtle and at times contradictory and they proved to be so. One of the outcomes of the research is that leadership is not amenable to monolithic, all-or-nothing models which have often been preferred approaches in the past and this impacts how we identify and build on leadership skills. Detailed quotation allows us to show the real state of play including genuine disagreements over key issues. It is intended to scope areas for further discussion and research.



# Is there a European view of leadership?

## Is there is growth in interest in leadership across Europe?

European countries have different exposures to democratic institutions, market economies and leadership training and are culturally diverse to different extents. Despite this variety, interest in leadership seems strong across ETPG members' countries. 72% of ETPG members report that that enquiries from their current customers in leadership assessment has increased or stayed the same over the past twelve months – despite the general poor economic position – and 62% commented on an increase in interest from non-current customers.

Within this general growth trend are there differences between countries? One might assume that these would reflect differences between Eastern European countries, with a relatively recent transfer from public sector, command-based economies, and those (largely in Western Europe) where market economies are well-entrenched, there is long standing exposure to business and market-based economic theory, and natural sciences were not driven by Marxist ideology. Comments from members suggest this is a wrong assumption: that differences in leadership understanding don't correlate directly with political archaeology but with wider aspects of culture.

For instance, Nadine Schuchart<sup>1</sup> observes that the topic of leadership is still emerging in Germany and that thinking around identification, assessment and development of leaders hasn't attained any level of depth. Cécile Pannetier<sup>2</sup> (ETPG member from France) comments "Business leadership is a job taught before people work but this may change. The debate centres around where best to hone the skills of leadership: within the business school or within the organisation".

Krunoslav Matešić, jr<sup>3</sup>, a ETPG member from Croatia, observes: "At the moment no one really talks about the need to look at leadership – the main concern is the escalating unemployment within Croatia and what to do about this. The link between leadership and the organisation just isn't there."

Natasa Kő<sup>4</sup>, a Hungarian ETPG member, suggests a more nuanced view in her country. "One of the challenges we face in Hungary is that whilst our clients have heard a great deal about leadership, they don't necessarily understand what it is, how to measure it and how best to develop it – or indeed, what competencies are in general."

Within the UK the topic has developed in-depth, perhaps under the influence of US thinkers. Wendy Lord<sup>5</sup> (ETPG member) comments on the growth witnessed in this market: "leadership has become a key area of discussion and debate as people want to talk about the specifics of leadership judgement and not just the personality traits of leaders."

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<sup>1</sup> Nadine Schuchart, Hogrefe Verlag GmbH & Co, Germany (ETPG member)

<sup>2</sup> Cécile Pannetier, ECPA, France (ETPG member)

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<sup>5</sup> Wendy Lord, Hogrefe Ltd, UK (ETPG member)

Across the results, therefore, there is a feeling that interest in leadership is growing, even if it is given different priority and is developed in different ways across the continent. So what is the nature of the 'leadership' on which people are ready to express opinions?

## What is European leadership?: the manager/leader debate

For many years clarity about leadership has been partly provided by the distinction between leaders and managers. 89% of those who completed the online survey are of the opinion that there is a difference between being a manager and being a leader.

Ilse Engwirda<sup>6</sup>, member of ETPG, is concerned that we may talk about leaders – and the need to identify and appoint one – when in reality what is needed is a manager. “Everyone wants leaders, but it is important to see if you really need a leader – or a manager. They are very different positions and it is hard to combine the two into one person.”

Mariana Angheluta<sup>7</sup> (ETPG member) also sees the two as different: “A good leader may be a bad manager but can be helped by good managers. On the other hand a good manager must also have a good sense of leadership.”

When asked how this difference can be best articulated, 41% of respondents felt that this was best described as:

*“Leaders manage, motivate and engage people whereas  
managers manage projects, resources and tasks”*

Put simply the difference is between what their primary concern is: leaders lead people; managers manage things and actions.

25% of respondents chose a different statement: this too reflects the different roles of the two jobs, but recognises that one person can both.

*“There are different behaviours associated with management  
and leadership and one person is able to perform elements of both”*

21% of respondents reflected that being a leader isn't about a role, but about being a certain special person whereas a manager is fulfilling a role:

*“A leader is always a leader in whatever situation he or she is in -  
and a manager is fulfilling a specific role”*

If this clear distinction clarifies leaders' central responsibility, it leaves the issue about how they go about it unanswered. Most particularly, are leaders changing?

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<sup>6</sup> Ilse Engwirda, Hogrefe Uitgevers BV, The Netherlands (ETPG member)

<sup>7</sup> Mariana Angheluta, Eurotests, France (ETPG member)

## Are the behaviours and approach today of leaders the same as they were five years ago?

78% of the online survey respondents agreed that there had been an observable change over the past five years in the behaviours and styles of leaders who work within their own organisation or within client organisations. This links with the often repeated opinion that business is changing as never before. But some respondents dismiss the idea that changing leadership is a specific contemporary phenomenon. In their view, change is precisely the defining characteristic of leadership which is an always adapting set of behaviours. There is no single style or type or set of leadership skills and behaviours but different mixes of these are required at different times to meet situational needs. We can call this the 'continually evolving theory of leadership'.

As Massimo Matuzzi<sup>8</sup> (ETPG member) observes "One could argue that a new type of leader is always emerging every time the organisation enters a different stage of development. But in essence it is the same person, the same leader but he or she simply emphasises different traits at different times."

Some see this skill in knowing when to bring to bear different behaviours as the key to successful leadership: "A good leader is a good leader whatever the situation – otherwise they are not a good leader" comments Krunoslav Matešić, jr. Dušica Boben<sup>9</sup> comments "The economic situation we are in now is just another situation to be dealt with. It doesn't need a different type of leader – just a leader that deals with the situation as he or she deals with any situation. That's what being a leader is all about."

Whether the rate of change in leadership is a unique 21<sup>st</sup> century phenomenon or something leaders, by their nature, always do, nonetheless both accounts suggest that leadership is actually changing now. And there's overwhelming agreement that this is the case. Why is this happening?

## What has caused this change?

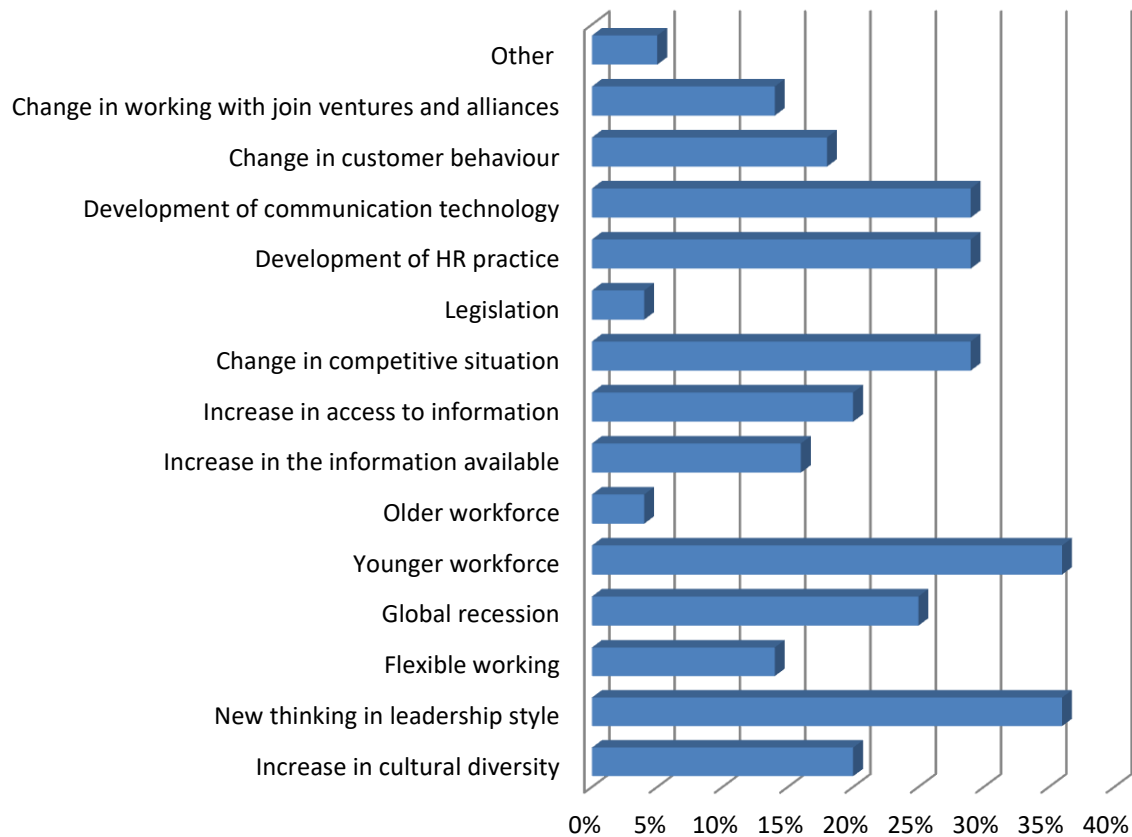
Respondents to the online survey were asked to select the top three reasons, in their opinion, for this change in behaviour – and to rank order these three reasons. Some consistency is seen in the results.

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<sup>8</sup> Massimo Matuzzi, Giunti OS Organizzazioni Speciali, Italy (ETPG member)

<sup>9</sup> Dušica Boben, Center ZA Psihodiagnostična Sredstva DOO, Slovenia (ETPG member)

*Chart 1: Percentage of respondents who allocated the reason in their Top 3 of reasons for the shift in leadership behaviour*  
N=902



- The most selected reason is that **understanding and thinking about leadership has itself changed**, thus affecting actual practice (17% of respondents chose this as their number 1 reason and 36% of respondents had this within their top three reasons.)
- The **impact of the younger workforce** – including Generation Y – was also cited by 36% of respondents as being in the top three reasons for the change.
- **The development of communication technology** and the need to accommodate this into day-to-day working; **the change in the competitive situation**; and **developments in HR practice** were each included in the top three reasons by 29% of respondents.

- The **global recession** – often cited in the media as a significant factor in the observed changes in organisational behaviour– was given as a top three reason by 25% of respondents.
- **Increase in cultural diversity** was selected by 20% and the **increase in the access to information** by 18% of respondents.

It's worth looking at these points in more detail.

### Changes in the understanding and thinking about leadership

Increased awareness, training, media coverage and general debate contribute to why 36% of respondents chose this as one of the most important reasons why leadership behaviour has changed. The impact of such activity translates into behaviour.

While respondents commented very little on this rating, it hardly comes as a surprise. In 2005, consultancy training and development for leaders and managers was already worth £1.1 billion in the UK alone<sup>10</sup>. Books on leadership and working excellence are a publishing success story; as an example *The Seven Habits of Highly Effective People*, first published in 1989, has sold over 15 million copies in 38 languages, and recent books such as *The Tipping Point* and *The Black Swan* have sold in their millions and influenced public language. Increased discussion of military leadership in the context of ongoing wars and of the adequacy of national and pan-European political leadership addressing economic problems have contributed to this high profile.

Among the most common leadership models mentioned on websites and in 'beginners' books are: *transactional; transformational; participative; situational; charismatic; quiet; Level 5; servant; authentic; ethical*. A relatively recent phenomenon has been the scientific study of dysfunctional leadership, focusing on the idea that the personalities of failed leaders and those of socio- or psycho-paths are extremely similar.

There is no shortage of leadership thinking and 'nothing is as practical as a good theory'.

### Impact of the younger workforce

Professor Günther H Schust,<sup>11</sup> of SCOPAE Scientific Consulting Partners in Germany observes that the new generation of employees (Generation Y, e-Generation, DIVA-Generation) "possesses a greater degree of self-confidence than previous cohorts and therefore needs a different type of leader." He believes that these new leaders are both role models and coaches for their teams, are willing to learn and adapt their own knowledge, recognise and support different cultures, skills and needs of their team and to understand the importance of contemporary networking. Furthermore, 'new' leaders now recognise that the role of the employee is changing and they are becoming 'co-employers' due to the increase in the delegation of trust, responsibility and decision making.

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<sup>10</sup> What Works at Work: The Applications and Benefits of Occupational Psychology: Bourne and Jackson; British Psychological Society, 2005

<sup>11</sup> Professor Günther H Schust, SCOPAE Scientific Consulting Partners München, Germany, (ETPG customer)

Andreas Benoit,<sup>12</sup> a consultant in Germany, also highlights that “the younger generation has higher demands of a leader than before. They want to have open and direct communication, high involvement and a flexible workplace.” The leader needs to both recognise and accommodate this. Similarly, Ana Arzenšek<sup>13</sup> in Slovenia comments that her research into leadership during the economic crisis highlights the need to observe, respect and act upon the fact that the younger employee expects a greater degree of individual communication and a more thoughtful and considered introduction to change: a different situation than a generation ago. She goes on to comment that leaders today need to understand – and learn to understand – how to motivate younger people within the organisation.

### **Development of communication technology**

In the past, leaders led from the top of the organisation and communicated the strategy to the managers who in turn passed this on to their teams (the traditional pyramid organisational structure). Modern communication technologies enable leaders to cut through levels and talk directly to employees giving themselves a voice and new channels of influence. Leaders no longer rely on line managers to cascade vision, strategy and objectives to individual team members: leaders are literally talking directly to each employee through web-based communication and more open, direct channels, including social networking sites – or they’re not, which creates problems, given the expectations of many workers.

As Massimo Matuzzi, a member of the ETPG, observes “The link with the workforce is now with the leader and not the line manager. As a result the areas of engagement and motivation need to come directly from the leader – and people need to see and feel this and the authenticity of the real person.” Nikolaus Scholik<sup>14</sup> (ETPG member) agrees that new communication technologies shape how a leader gets the message across: “basics of leadership do not change: a successful leader will always be a successful leader. However, what does change is the wealth of communication tools which are available to leaders to use – and they need to know how to use them, and to use them effectively.”

Over-reliance on technology has its own dangers. Robert McHenry<sup>15</sup> (ETPG) observes: “Social networking may give you the reach but it does not give you the means to form effective relationships and therefore the influence which you need as a leader.”

So, whilst leaders must learn to exploit the new communication channels which form part of today’s world, they should be used alongside more traditional forms of communication.

These developments in communication technology impact those that subscribe to the charismatic leadership model where the leader is followed by people, quite simply, because they admire him or her – rather than they have a duty to him or her. Communication technology advances suggest that there are many newer and different ways for the leader to reach, make contact with and get in front

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<sup>12</sup> Andreas Benoit, Benoit Consulting, Germany (ETPG customer)

<sup>13</sup> Ana Arzenšek, University of Primorska, Slovenia (ETPG customer)

<sup>14</sup> Nikolaus Scholik, Hogrefe Austria GmbH, Austria (ETPG member)

<sup>15</sup> Robert McHenry, OPP Ltd, UK (ETPG member)

of his or her constituency. What's clear is that the burden on leaders to communicate more widely and frequently is heavier than before.

### **Change in the competitive situation**

New ways of working and the growth of a more market driven economy in some countries contribute to why this was cited by 29% of those completing the survey as a contributor to the change in leader behaviours. Increased workload, changing job roles, restructured organisations, businesses struggling to keep afloat – the typical reactions in mature, highly competitive markets - all act as stressors on those employed. In the past work, was physically stressful but today it is intellectually and emotionally stressful. As Christian Aarestrup-Michaelsen,<sup>16</sup> member of ETPG, observes, one of the reactions to the increase in workplace stress may be that leaders look to adopt a more parental role – where they are concerned for their people, try to limit their stress and offer support where necessary.

### **Changes in HR practice**

Flexible working, increased mobility between countries, new organisational structures - all relatively new HR practices and all impacting both how the leader and his or her team operate and thus draw on a new set of behaviours. This is particularly important, given that HR practice is changing at different speeds in different countries across Europe, constrained and shaped by differing employment practices and laws. So, increased mobility of leaders makes more demands on them to understand that what is commonplace in one country may be unacceptable in another.

Tanya Brickler<sup>17</sup> (ETPG member) suggests local ways of working are a major influence on changing leadership: "Since Bulgaria joined the EU, different organisations have come into the country to operate, I've noticed that 'outside' organisations tend to be more corporate than our Bulgarian companies whereas we tend to 'go with the flow.'" Michael Lock<sup>18</sup>, consultant and co-author of an assessment (Leadership Judgement Indicator) comments that leadership judgement (the ability accurately judge how to approach decision-making in different situations) goes across national boundaries as "leaders from all countries are capable of good leadership judgement." He continues "different leadership styles though may be culturally based and, in order to get tasks done through their people, leaders will need to understand their people and the how things are done - and accommodate this."

However, some country leaders may be more comfortable with this than others. Ilse Engwirda (ETPG member) observes that whilst Dutch nationals seem relatively successful when leading a team of people from other countries, other nationals leading a team of Dutch appear to have less success.

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<sup>16</sup> Christian Aarestrup-Michaelsen, Hogrefe Psykologisk Forlag, Denmark (ETPG member)

<sup>17</sup> Tanya Brickler, OS Bulgaria Ltd, Bulgaria (ETPG member)

<sup>18</sup> Michael Lock, Formula 4 Leadership, UK (ETPG author)

Eva Boštjančič<sup>19</sup> sees that globalisation has brought about what she calls “the new Argonauts – managers who do not need a home and can be employed anywhere on earth” and leaders need to be able to adapt and “open its doors” to these people.

### **The global recession**

The media and business theorists report a shift in organisational leadership towards a more ethical and values-based role, given the lessons of the recession. In this account leaders must look beyond financial targets and take a longer term view – one that is more ethical and more sustainable.

That said, Dragos Iliescu<sup>20</sup>, an ETPG member, comments: “The global financial crisis was born from unethical business practice and as such I personally expected to see a backlash against this and the adoption of a more ethical approach to running organisations but it seems at the moment that that is not the case.” Massimo Matuzzi (ETPG member), comments that whilst business ethics are currently not a priority within Italy and some other countries and yet, with added external pressure from other markets, this may start to climb higher up the list of organisational and leadership priorities and Tanya Brickler (ETPG member) believes that leaders now need to demonstrate greater transparency in the way they work and recognise the value that can be added – and detracted – from using social networking.

Going forward, Robert McHenry (ETPG member) suggests that there may be a change of focus for leaders. “In the past the requirement for a leader – and the measuring stick against which we’re judged – has been to make decisions quickly and leaders have often been revered for the number of decisions they took rather than the quality of the decision made. Organisations are at a crucial moment in their history and their future will depend on the decisions made at this time by their leaders and the priorities and judgements that they make for the way forward.”

We can see that the global recession has prompted comments around the need for more ethical and honest behaviours, but it would seem that the recession is merely part of a wider set of issues, rather than the over-riding one that some media seem to suggest.

In one respect, however, the recession is affecting leadership in practice. It prompted changes within both the public and private sectors as public spending is curtailed and corporate organisations fight for survival. Whilst not identified as a specific issue within the ETPG member survey, the topic has provoked wide ranging comment. How different are the leaders within these two sectors – if at all?

### ***Public and private sector differences***

Following the economic down turn many governments are cutting back on public spending and in particular examining the costs of leadership in public services. Many more senior, experienced public leaders will be released into the European labour pool. Conversely, market models of public sector provision have introduced many experienced managers from the private sector into senior public sector jobs. These two effects are even stronger in countries previously tied to ‘command models’ of

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<sup>19</sup> Eva Boštjančič, University of Ljubljana, Slovenia (ETPG customer)

<sup>20</sup> Dragos Iliescu, OS Romania, Romania (ETPG member)



economics where changes of organisational governance raise the issue of whether there is a cadre of experienced, competent leaders of either type.

When online respondents were asked about how behaviours of leaders have needed to change – and will need to change – there is a reported difference between private and public sector reactions.

75% of public sector respondents report that there has been a change in leader behaviour in the past five years as compared with 85% in the private sector. There are also significant differences in public and private sector reasons for change.

- **Changes in HR practice** - 41% of public sector respondents and 24% of private sector respondents cite this as a contributor to change of leader behaviour.
- **Global recession** - 15% of public sector and 24% of private sector cite this.
- **Younger workforce** – 26% of public sector and 35% of private sector cite this.
- **Increase in access to information** – 28% of public sector and 16% of private sector cite this.
- **Changes to the competitive situation** - 33% of public sector and 27% of private sector cite this.
- **Developments in communication technology** - 27% of public sector and 18% of private sector cite this.

The difference between the two sectors becomes less great when respondents were asked about the need for new leader behaviours in the coming five years (64% of public sector and 68% of private sector respondents).

Eva Boštjančič comments: “There is a difference between the public and private sector leader – but there shouldn’t be.” Stephen Mann<sup>21</sup> agrees that there shouldn’t be a difference between the two sectors in terms of leadership behaviour although recognises that there is an increasing trend for the public sector to become more commercial and to make more decisions based on efficiencies and effectiveness.

Hazel Moss<sup>22</sup> sees a further fundamental difference – that of implementation. “The public sector has an abundance of tools and frameworks available for planning at both a strategic and tactical level. However, what they lack is the leadership to make things happen and to turn the documented plans into reality. One can see numerous examples in the UK where great public sector plans fail to materialise as the leaders don’t have the knowledge to do this.” “Added to this,” she continues, “there is a complex matrix of sometimes conflicting stakeholders in the public sector which can impede leadership action.”

Bob Wheeler<sup>23</sup> (co-author of the Leadership Judgement Indicator) comments that, from a sector perspective, there is no difference between the *ability* of a public or private sector leader being able to deploy good judgement and to make effective leaders. That said, he continues “leaders always need to take account of the culture – that which works typically in that environment. For example, in the public sector there is a greater emphasis on using consultative and participative styles than in

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<sup>21</sup> Stephan Mann, Police Mutual Assurance Society Limited, UK (ETPG customer)

<sup>22</sup> Hazel Moss, Police Mutual Assurance Society Limited, UK (ETPG customer)

<sup>23</sup> Bob Wheeler, Formula 4 Leadership, UK (ETPG author)

the private sector but a good leader will be able to judge this, and make decision and follow through on which approach to adopt for any situation.”

### **Increase in cultural diversity**

Rolf van Dick<sup>24</sup> of the Goethe University in Frankfurt believes that greater diversity in the workplace over the past two decades has led to the need to increase so-called ‘soft skills’ of leaders. This diversity is both terms of the globalisation of the workforce and the age of employees. Andreas Benoit adds that leaders now require skills to both recognise and lead the increasing breadth of background and culture within the employee pool.

Oleg Burlachuk<sup>25</sup>, a member of the ETPG, observes however: “Teams have always been constructed from different people and it is this difference that requires thought when leading and not the nature of the difference.”

Despite the disagreements, the increase in diversity seems to be a very new element in leadership. Previously international leaders (in the British Empire or in large US ‘corporate’) tended to bring the so-called ‘right’ model from their homeland. This is no longer necessarily the case since the relationship is more equal...and will get more so.

### **Increase in the access to information**

Change comes at us faster than ever before – and this is a trend that is likely to continue. Leaders need to manage more complex environments and deal with ambiguity to a far greater extent than previous leaders, and as hierarchies become flatter within organisations and team members develop technical knowledge far beyond that held by the leader, innovation, sits with these technical experts rather than the leader. Hakan Fritz<sup>26</sup> (ETPG member) comments “As information, communication and developments tend to go faster than ever before, leaders now need to realise that, more than ever, they need to rely on the rest of their team to share, update and take ownership.”

So, whilst leaders may no longer be seen as the ‘knowledge experts’, they will need to know how to gather, process and act on the knowledge they get from others around them.

The survey highlighted some of the factors which have contributed to leaders developing new behaviours but what factors do we consider to be of most importance when selecting or developing a leader?

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<sup>24</sup> Rolf van Dick, Goethe University Frankfurt AM, Germany (ETPG customer)

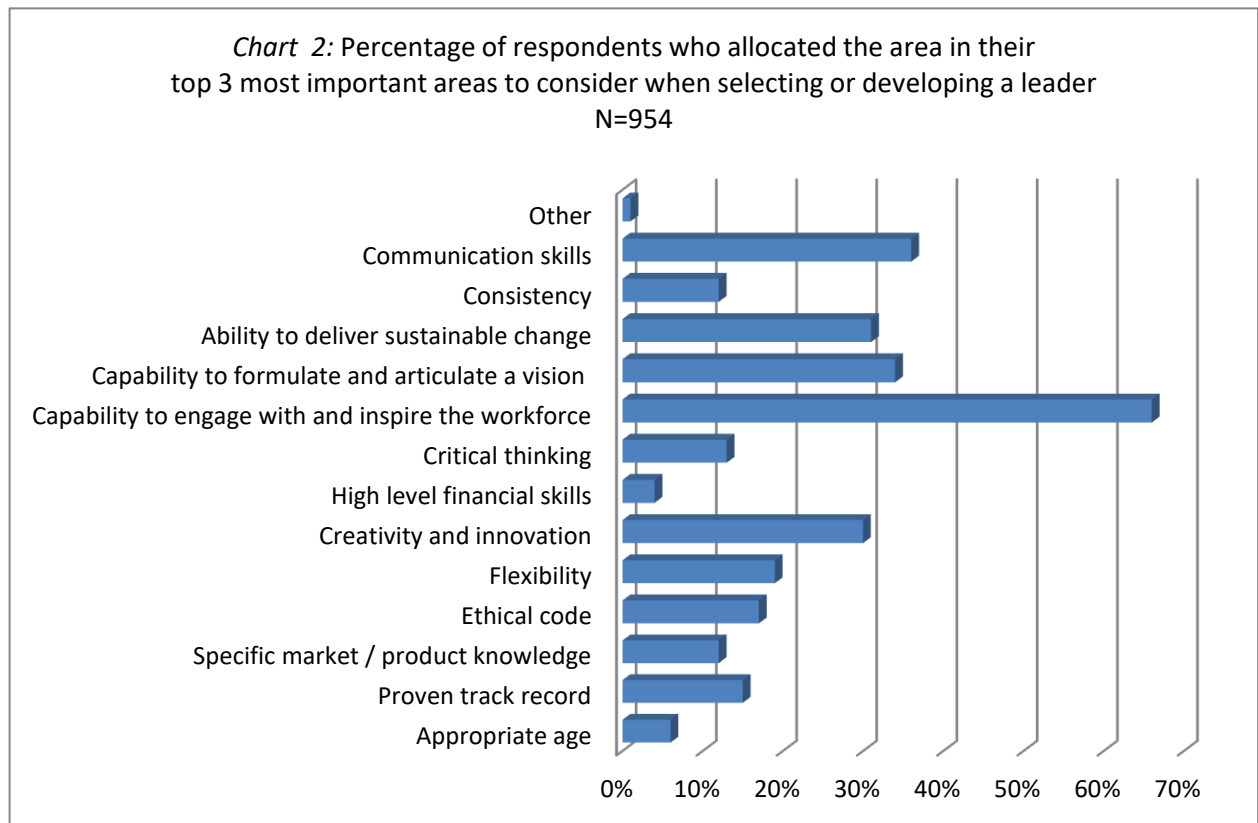
<sup>25</sup> Oleg Burlachuk, OS Ukraine LLC, Ukraine (ETPG member)

<sup>26</sup> Håkan Fritz, Assessio, Sweden (ETPG member)

# Measuring Leadership

## What do we look for in a leader?

We asked the online survey respondents to select the three most important areas which needed to be considered when selecting or developing a leader, given their comments on new demands and shaping factors in 21<sup>st</sup> century leadership.



- 66% of respondents included the capability to **engage with and inspire the workforce** in their top three key areas.
- 36% included **communication skills**.
- 34% included the ability to **formulate and articulate a vision**.
- 31% included the ability to **deliver sustainable change**.
- 30% included **creativity and innovation**.

There seem three common threads across these key areas selected by the online survey respondents: the ability to communicate effectively; the ability to create and innovate; and the ability to set, follow through and deliver change.

We'll look at each of these in turn.

### **Effective communicator**

Engaging with, understanding and choosing how best to communicate seem to be key areas. Dr Bernd Wildenmann<sup>27</sup> commented that “the classic areas of leadership such as consequence, clear structure and control, need to be complemented with skills such as understanding how to interact, inspire, enthuse and encourage creativity.” Similarly, Bob Wheeler, comments that in his research into leadership judgement the effectiveness of leaders is due in part to his or her ability to build relationships with those he or she is leading. He continues: “research shows that the more effective leaders are those who behave consistently in the way in which they engage their colleagues: they look at the nature of the task, and the abilities and motivation of the people concerned and they then choose how to behave and decide what to do.” This means that this aspect of leadership judgement is about accurately ‘reading’ a situation.

### **Innovator and creator – including the vision and strategy**

The pace and progression of knowledge, technology and the way we work will lead to significant step changes taking place. Leaders will need to be capable of making several step changes at once and finding more creative ways of doing this.

Cécile Pannetier (ETPG member) believes that the leaders of tomorrow will “have a vision, be able to pull teams together and to communicate this vision in a practical way.”

Furthermore, they will need to be capable of gathering information from many threads and weave together to make a meaningful decision. This, therefore, is no longer about *knowing technically* what to do – but appreciating that others know this. The leader is seen to move from the ‘technical expert’ of yesteryear to that of ‘knowledge manager’. Indeed, Jürg Hubacher<sup>28</sup> comments that a new role of the leader emerges – ‘the coach’.

### **Deliverer of change**

Delivering ‘sustainable change’ is subject of media articles: ‘delivering change’ per se is not enough. Leaders now need to understand what is needed, and embed change within the organisation and change people, processes and attitudes to do this.

Stephen Mann observes that the highly charismatic leader, needed during tough times, has had its day – and leaders now need to be able to take a progressive risk, not just looking at cutting costs and identifying efficiencies. “Head-hunters have commented that there are not enough senior leaders who are able to drive top line growth: they maybe good at cost cutting, but efficiencies can only carry an organisation so far.” Since growth or cost cutting are alternatives facing political leaders at the moment this is a particularly important insight: if growth is the engine of recovery, have we got leaders who can deliver it?

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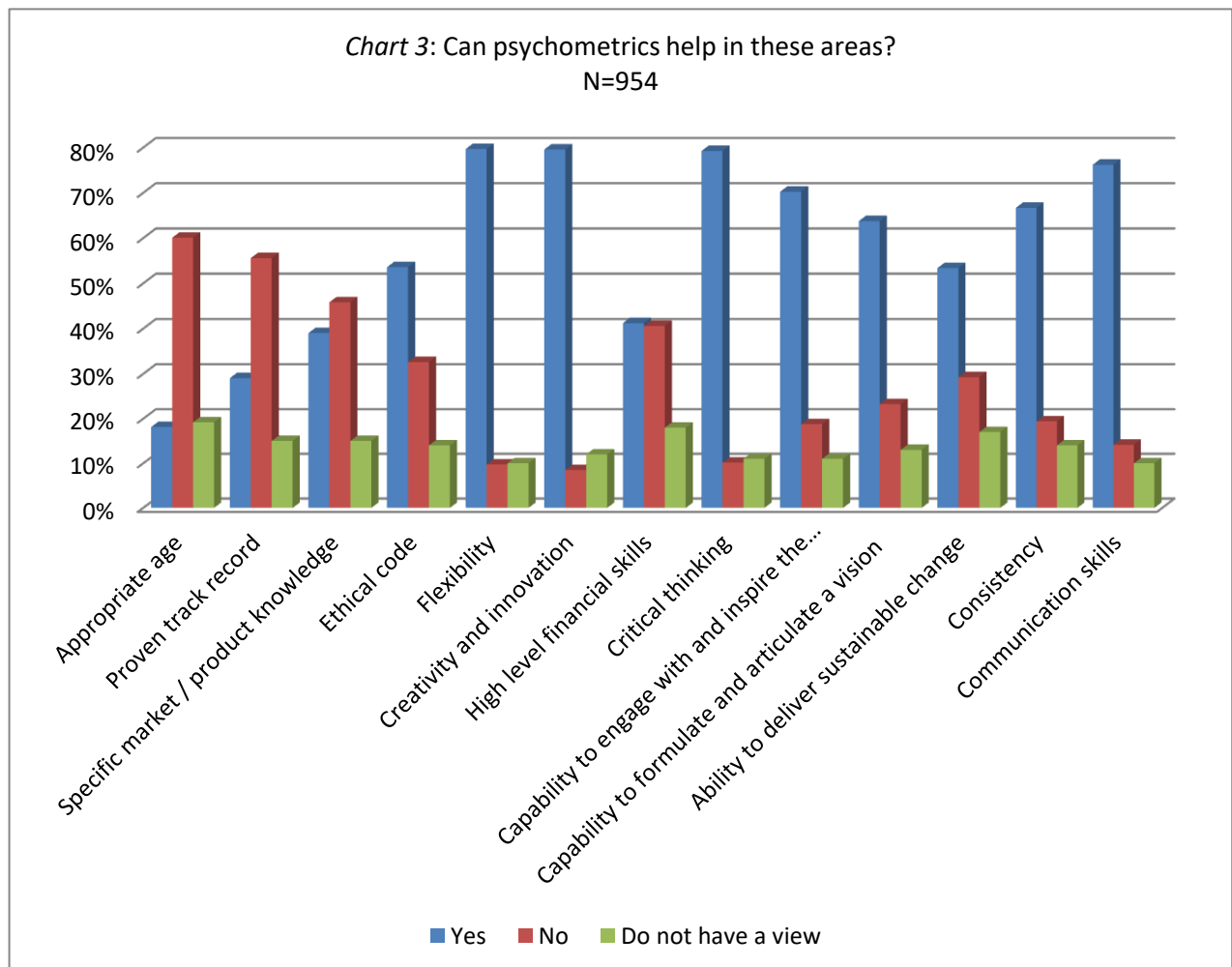
<sup>27</sup> Dr Bernd Wildenmann, Wildenmann Consulting, Germany (ETPG customer)

<sup>28</sup> Jürg Hubacher, JHC, Germany (ETPG customer)

## Where can psychometrics help?

We have seen the areas which are reported as being those of greatest importance, do psychometric assessments help to identify and assess these areas?

The ETPG is a trade association of psychometric assessment publishers and has witnessed a growth in the variety and number of tests available for use in leadership development, recruitment, team building and succession planning.



From the responses from the ETPG customers – or at least those in the market to make use of the information psychometric assessments provide – it seems that they believe that these standardised assessments can help identify:

- **Flexibility (80%)**
- **Creativity and innovation (80%)**
- **Critical thinking (79%)**
- **Communication skills (76%)**
- **Capability to engage with and inspire the workforce (70%)**
- **Consistency (67%)**

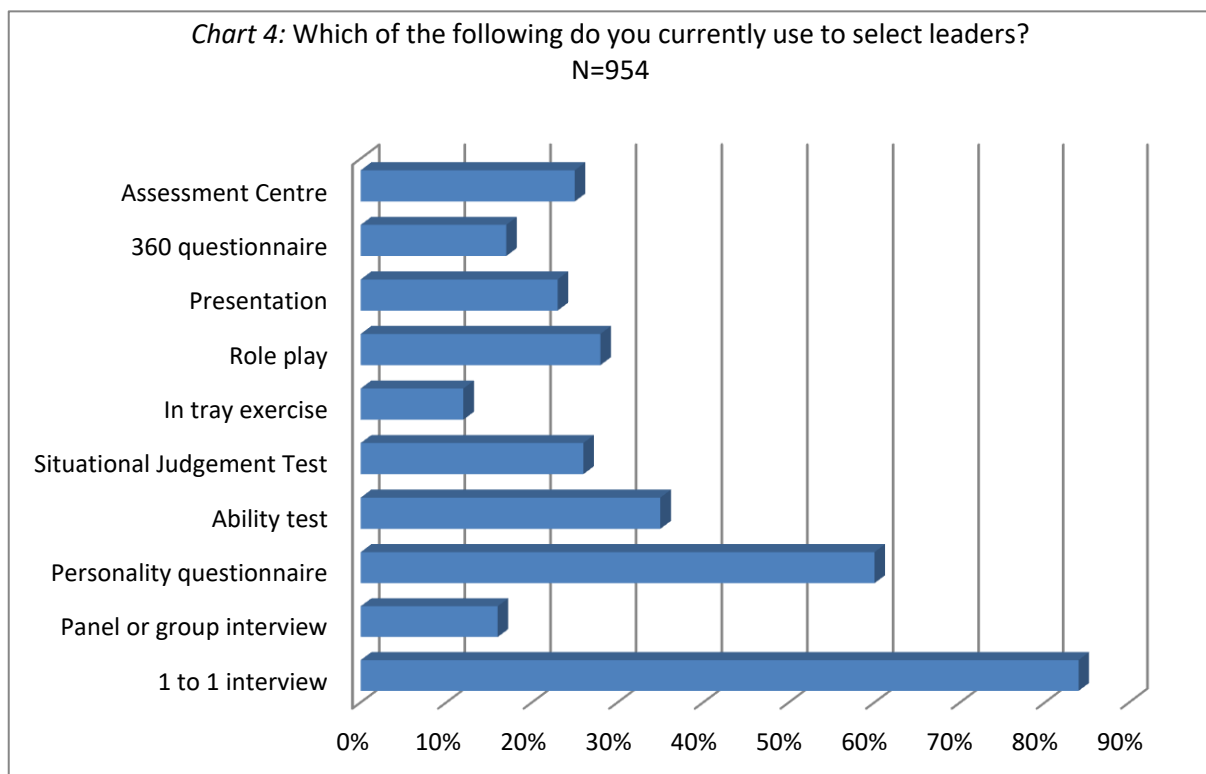
- **Capability to formulate and articulate a vision** (64%)
- **Deliver sustainable change** (53%)

It is interesting to note that the areas of **‘appropriate age’**, **‘proven track record’** and **‘specific market / product knowledge’** are not seen as being areas that psychometrics can add to and also received some of the fewest response rates as being important areas.

There is, though, a high degree of overlap between those areas flagged as important to look at when selecting or developing a leader, and those where psychometrics can help (**‘capability to engage with and inspire the workforce’**; **‘communication skills’**; **‘capability to formulate and articulate a vision’**; **‘capability to deliver sustainable change’**; **‘creativity and innovation’**.)

Given that these areas are important and are seen as being identified by psychometrics, how are leaders selected and developed currently?

## How are leaders currently assessed during selection and appointment – and then for development purposes?



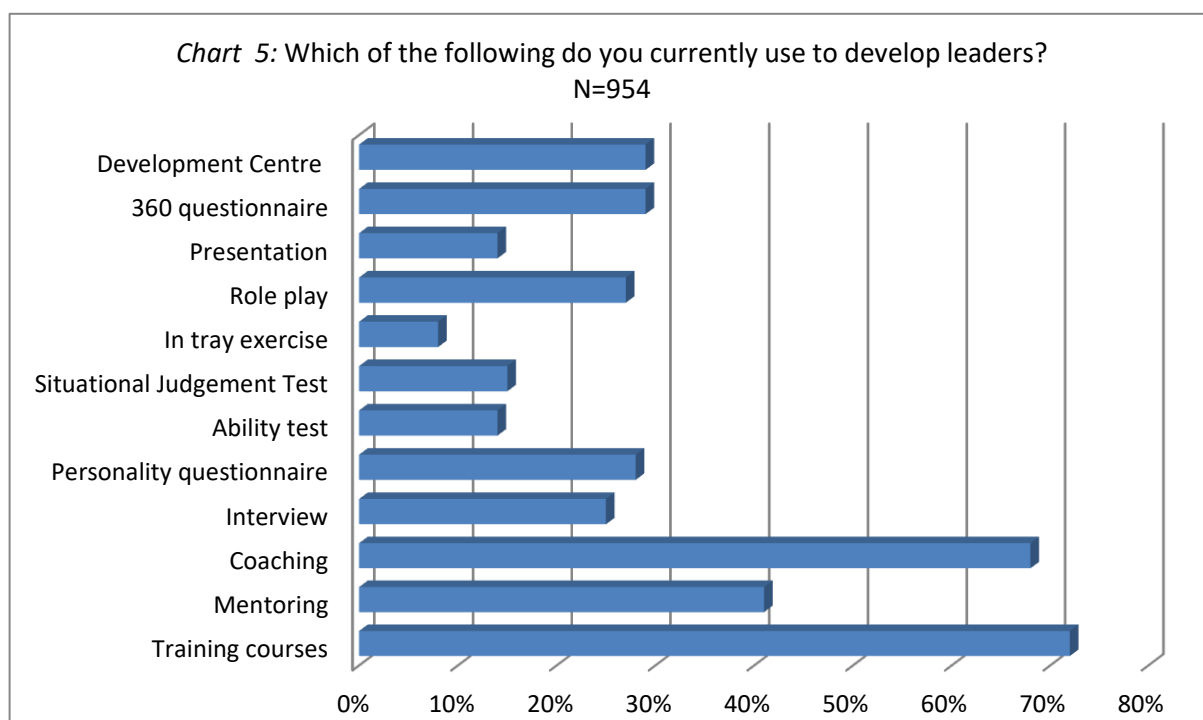
Not surprisingly over 80% of people make use of a 1 to 1 interview with a leadership candidate – and 16% use a panel or group interview.

Personality questionnaires are used by almost 60% of those asked, ability tests by 35% and situational judgement tests by 26%. Assessment centres – often combining many of the other methods – are used by 25% of those responding to the survey. Psychometrics are reportedly well used.

However, from the research interviews it is suggested that at the very senior leadership positions, standardised assessment isn't widely used. Krunoslav Matešić, jr. (ETPG member) comments that in Croatia "one half of leaders are political appointments - rather than ability or performance on a test" and Vaclav Harluj<sup>29</sup> (ETPG member) comments that "the more the senior the position is, the less tests, role play and in-box exercises are used and the focus is on the 1:1 interview."

Reasons given for this lack of use of assessment at a higher level may focus around the expectations of the leader him or herself: that is, by the time that they reach senior levels he or she expects that evidential track record – and performance at the interviews – is enough to secure a post.

To develop leaders, there is little surprise that training courses (72%) and coaching (68%) are widely used.



<sup>29</sup> Vaclav Harluj, Hogrefe – Testcentrum sro, Czech Republic (ETPG member)

## Selecting and developing leaders in the future

We have seen that the online survey respondents believe that the leader of today adopts different behaviours than those of five years ago. And this trend looks set to continue. 69% of survey respondents believe that there is more change to come in the next five years.

We asked the survey respondents how they envisage assessment methods changing.

In the selection of leaders, respondents anticipate a growth in the use of situational judgement tests, personality questionnaires, assessment centres, 360 feedbacks and role play. In development, training, mentoring and coaching all continue to increase and there is also a predicted increase in development centres, 360 feedback, and role play suggesting a more behaviourally rooted set of development activities.

Robert McHenry (ETPG member) notices a trend within the UK market regarding the way in which the results from personality questionnaires are evaluated: “We’ve seen a shift in the way customers look at personality profiles following an assessment. Key areas of consideration used to be dominance and control now these seem less important than the ‘softer’ characteristics of listening and influencing.”

Training courses look to continue to be well used to help develop leaders. But this sort of intervention needs to be coupled with experience. The tradition in France is that leadership is ‘taught’ at business school. The result may be that “highly qualified people who know the theory and the management text don’t necessarily have the practical know-how to lead, motivate and engage once within an organisation. Nothing can replace the fact that the leader needs experience, experience, experience.” comments Isabelle Gillet<sup>30</sup> (ETPG member).

Coaching and mentoring are also predicted to increase in use. This may be more of greater need in some of those leaders within European countries who are barely a generation into the freedoms brought about by democracy as there have been few role models on which to base their own leadership style and behaviour upon. As Dušica Boben (ETPG member) comments “Leaders today haven’t been able to observe and learn from leaders. There is no tradition here of what one needs to do or know or how to behave – and there are no mentors.”

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<sup>30</sup> Isabelle Gillet, Editions Hogrefe France SAS, France (ETPG member)



Chart 6: What changes will there be in how leaders are assessed during selection in future?  
N=954

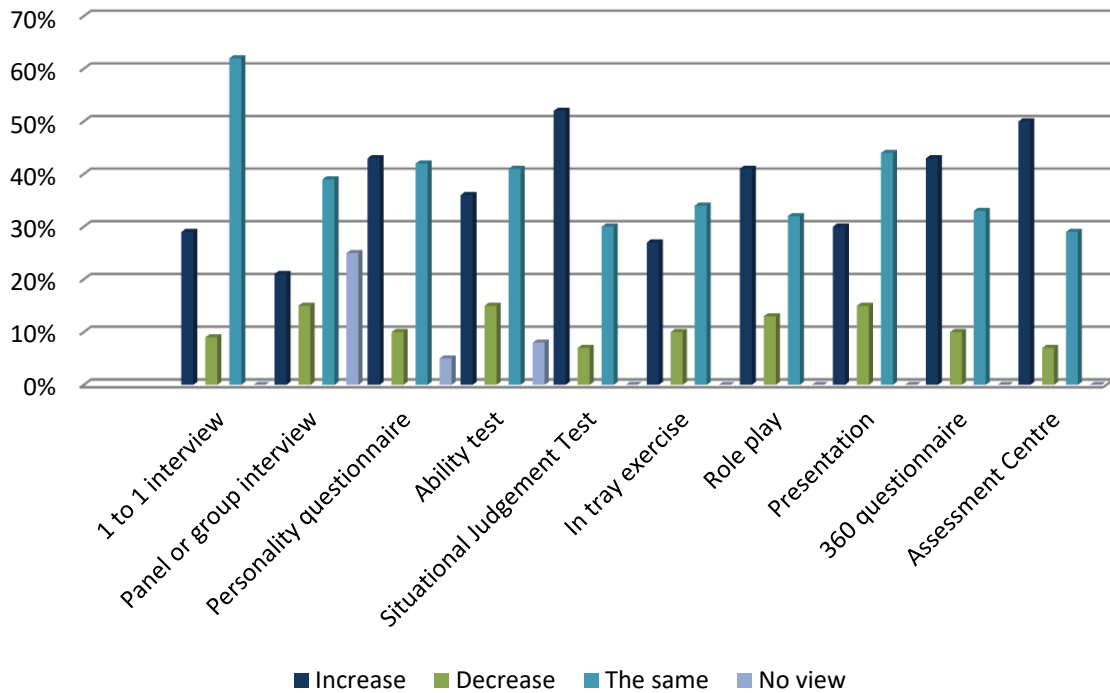
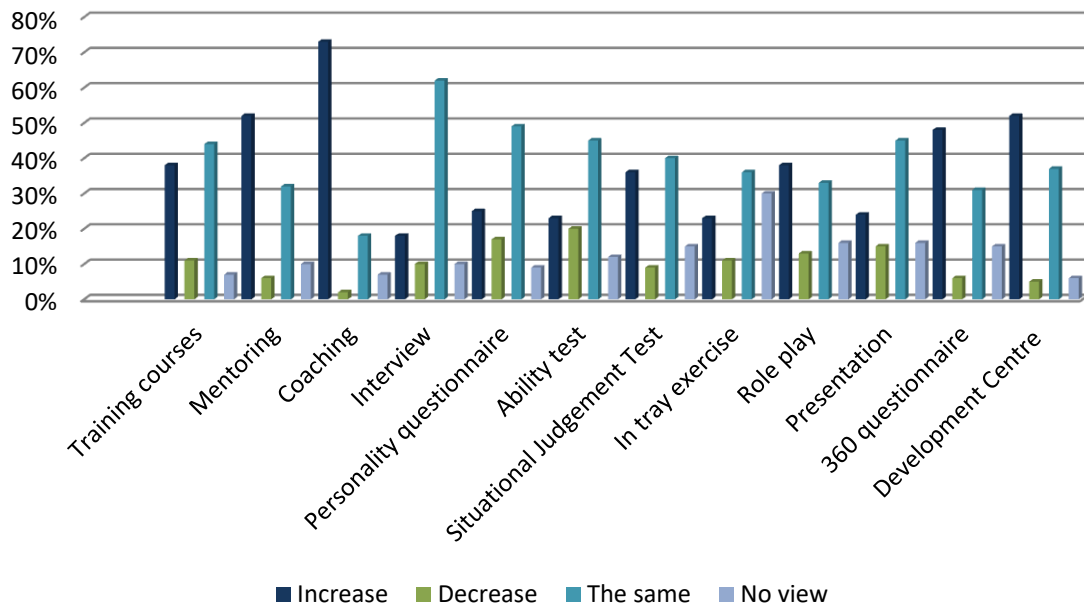


Chart 7: What changes will there be in how leaders are assessed for development purposes in the future?  
N=954



## A new dawn of assessment?

We have seen that there is a close match between the areas seen as key for leaders, and the areas where psychometrics can help.

However, many of the measures actually used today focus on management rather than leadership skills: they assess how much a person is able to control, delegates etc rather than the areas of charisma, influencing style and engagement.

With the rapid rate of change, Cécile Pannetier (ETPG member) suggests that the assessment of leaders “should be more focused on their ability to adapt, learn and incorporate new codes, new technologies, new businesses and so on.” Wendy Lord (ETPG member) comments that we need to ensure an assessment of “strategic thinking and the capacity for visioning the future” is developed. David Cooper<sup>31</sup>, a chartered psychologist and accountant specialising in the application of insights from business psychology and organisational behaviour to help create value and manage risk in high stakes financial contexts has seen that people are now understanding that there is no single, proven template for leading. “The key element is to be aware of yourself and develop your own self-insight so you are mindful of your own tendencies – and then learn how to adapt your style and behaviour accordingly.” He also believes that, going forward, we will need to take a more in-depth, less simplistic view of leadership and recognise that there is, for example, a very different set of leadership skills required in managing a business day-to-day (for example the growth, joint venture and acquisition programme of BP) and the leadership needed during a crisis (such as BP during the Gulf of Mexico oil spill).

We have seen that the use of personality questionnaires is commonplace in leadership assessment. Prof Etzel<sup>32</sup> believes that using such instruments for identifying leaders is becoming more important as, in contrast to the typical personnel selection process, identifying leaders requires a long term prediction and therefore constructs which are stable over time need to be assessed - and these are based in personality. By contrast, Isabelle Gillet (ETPG member) comments: “Many regard leadership as simply a question of personality – but personality questionnaires are not sufficient to detect talented leaders alone.” She believes that we should be looking at additional assessment formats such as those that look at situational judgement by leaders.

Certainly a more scenario, situationally-based assessment seems to be of interest across the ETPG members. As a customer, Hazel Moss comments on the need to supplement current psychometric assessment with typical scenario assessments that the individual may face – a view echoed by Sybille Moos<sup>33</sup>.

Tanya Brickler (ETPG member) highlights that one challenge facing organisations and test publishers alike is how best to assess for a leader’s ethical stance and transparency commenting that personality test may not be the best way to do this.

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<sup>31</sup> David Cooper, CooperLimon, UK (ETPG customer)

<sup>32</sup> Prof Etzel, Pro facts assessment and training, Germany (ETPG customer)

<sup>33</sup> Sybille Moos, Hogrefe AG (ETPG member)

But as well as content, how should the new assessments be delivered? Online testing has become the norm for most personality assessment – and, at the time of introduction, opened up a new way of assessing people. What is the next step change?

Christian Aarestrup-Michaelsen (ETPG member) and Nadine Schuchart (ETPG member) both comment that we could draw on some of the current gaming technologies used to create virtual environments for leadership assessment, creating a more realistic job simulation where one can assess not only accuracy of decision-making and outcome, but speed of decision-making and interaction with others. That said, Robert McHenry (ETPG member) believes that despite the fact that new methods of assessment are being developed based on computer gaming, standardised, objective questionnaires will remain as a valuable data source for both benchmarking and for providing a framework for conversation with a test-taker in a feedback session.

Developments in other areas of psychology – such as neuropsychology – and psychometrics may have a role to play in improving leadership assessment. Wendy Lord (ETPG member) comments: “One of the overriding characteristics of the leader of the future is that of creativity and their ability to process and understand information. If that is the case we need to add to our use of ‘output’ measures such as ability tests and look more at how the information is being processed. This is an entirely new area of assessment where we are only beginning to explore. Going forward, we will need to draw on other areas of psychology to better understand how and why we make decisions and this may in turn lead to a very different way of assessing people than the online or paper-based assessments we use today.”

If we are to better understand what it takes to be a leader, and to then be able to differentiate between people to identify these ‘better leaders’ then we need to embrace what new technologies and scientific advances are telling us.

# Appendix One: The online survey in more detail

Customers, clients and contacts of ETPG members were invited to complete an online survey, typically in their local language.

1,463 respondents completed the survey, taking between 5 and 15 minutes to complete it.

## Geographical spread of the respondents

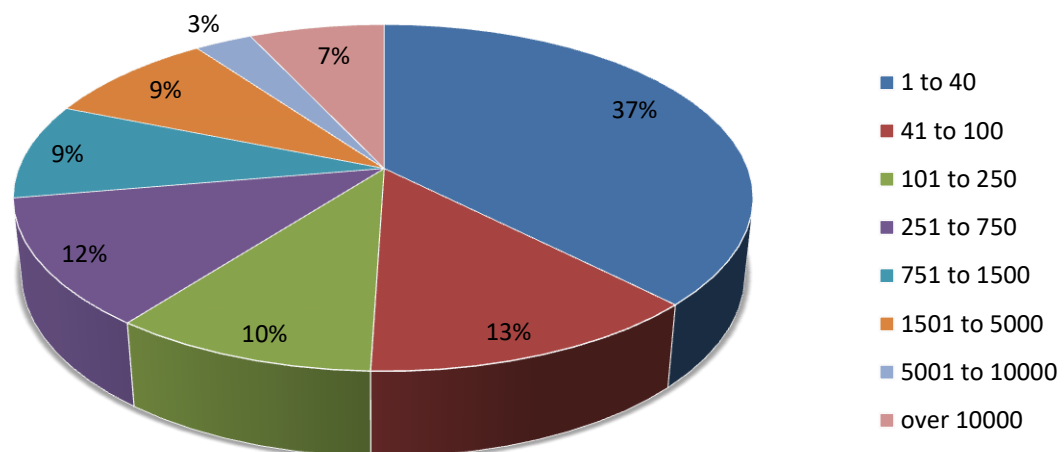
The authors recognise that this survey is not a representative sample across the ETPG member countries but does provide us with views from very different positions with regard to their study of and interest in leadership practices.

Country	Number of respondents
UK	5
Slovenia	62
Spain	124
Italy	67
France	348
Sweden	49
Norway	8
Finland	2
Denmark	69
Austria	4
The Netherlands	21
Bulgaria	174
Hungary	14
Ukraine	24
Romania	421
Portugal	16
Germany	29
Croatia	4
Switzerland	18
Other	4

## Size of organisation

With regard to size of organisation measured by number of employees, 37% of respondents are based in organisations with less than 40 employees – and indeed 50% are in organisations of less than 100 people.

Chart 8: How many employees within your organisation?  
N=1,463



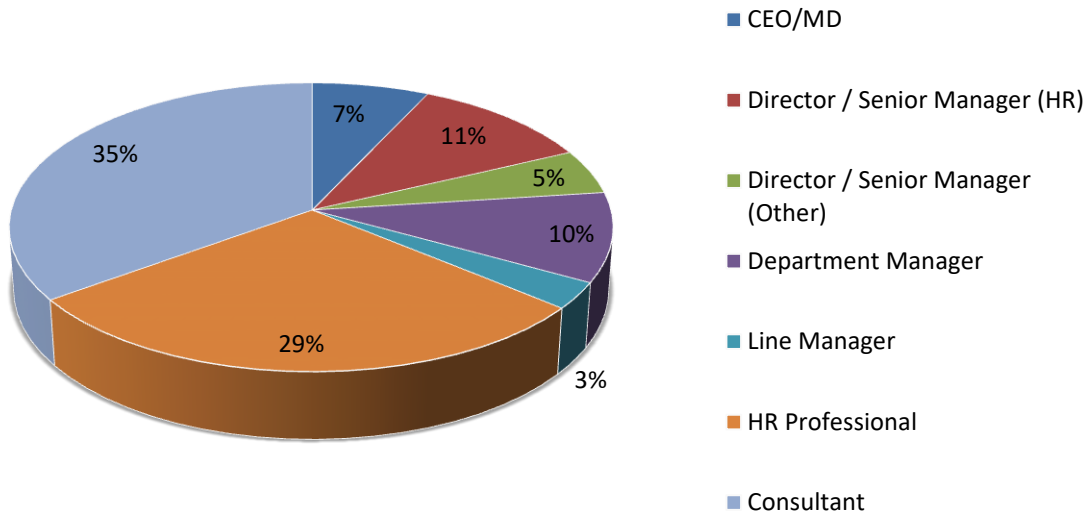
## Sector

74% of the respondents are based within the private sector: 26% within the public sector.

## The job level and responsibilities of the respondents

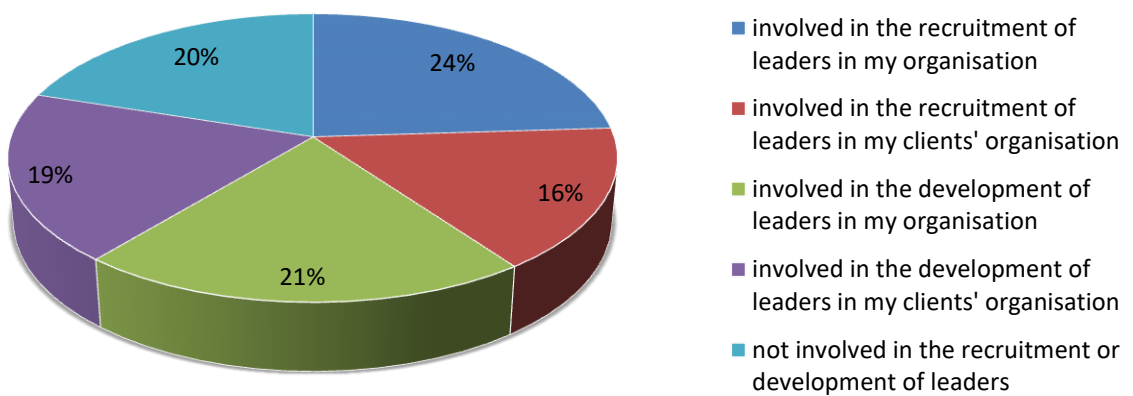
The respondents were asked to indicate their job level. 35% are consultants working within other organisations. For these consultants they were asked to complete the survey considering their experience of leadership within their client organisation.

Chart 9: Which of the following best reflects your job level?  
N-1,463



80% of the respondents are involved with the development and the recruitment of leaders either within their own or their clients' organisations.

Chart 10: Are you involved in... ?  
N=1,463



# Appendix 2: About the ETPG

The European Test Publishers Group (ETPG) is a trade association of psychometric assessment publishers founded in 1991. It was set up to react to the growing influence of the EU on policy in a number of areas, as well as to the extraordinary growth in test use in schools, hospitals and, particularly, in businesses. The greater variety and number of tests available for use in leadership development, recruitment, team building and succession planning threatened measurement quality and the way testing was used. ETPG's members were concerned about this and the effect that bad instruments and unprofessional usage would have on people's lives and organisations performance. Since 1991 ETPG's activities and membership have changed, reflecting:

- a golden age in the advancement of our understanding of the brain and human psychology;
- the decreased dependence on US approaches to human measurement, many of which are over 50 years old;
- the transformative effect of digital technologies;
- the political rewriting of Europe and new links between East and West;
- increasing internationalisation of ETPG's members' and their clients' businesses

Yet the Group remains with a single purpose – to help create, maintain and improve a psychological test publishing community in Europe. It is a growing network of assessment publishers working in clinical, educational, organisational and other contexts throughout Europe.

To find out more about ETPG's goals, activities and about the testing industry in Europe contact [ian.florance@btinternet.com](mailto:ian.florance@btinternet.com)



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