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ASCENDING IN UNCERTAINTY: LEADERSHIP SKILLS FOR AN UNPREDICTABLE WORLD

LETTER FROM
THE CEO

As a CEO and Executive Coach, I have the privilege of speaking with leaders around the world on a daily basis. Every year, there is a mixture of reward and pain. But, for some reason, the sentiments of my conversations with leaders this past year have seemed markedly unbalanced.

2023 bore witness to some of the greatest human suffering since World War 2. From the tragic loss of life in Ukraine to the unspeakable acts of Hamas terrorists, the loss of innocent lives in Israel and Gaza, and the quiet genocide occurring in the Sudan, tragedy and suffering have permeated the year. Layered onto these crises are exponential changes accelerated by AI, worsening climate change, and bitingly high interest rates. With more than 50 elections around the world in 2024, including what invariably will be a polarizing election in the U.S., the clouds may very well darken further.

A leader's job is to set a compelling vision and realize it through others. But what if their followers have run out of steam? What if they feel beat, confused, worn down, change-fatigued, and melancholic? The probability of realizing the vision plummets, thus putting a leader's effectiveness at risk.

But, if the leader can bring their very best self, foster resilience, establish trust, inspire hope, and lead change, the storm can be bearable. The people believe it will pass, no matter how hard the rain falls. Hope outweighs despair. Love outweighs fear. Passion breaks through languishing. The leader's vision can become realized despite uncertainty and a formidable environment.

The only thing certain in the year ahead will be uncertainty. Leaders equipped with the right skills will not only be in a position to navigate the waves of change, but also find ways for their organizations to seize on opportunities, both manifest and hidden. This is our seventh Leadership Trends Report. It always fascinates me what new trends emerge from our research and what remains constant. At AIIR, we passionately believe that leadership is the most crucial lever for change. We hope you derive value from this extensive research and utilize our data and insights to elevate your leadership and shape a better future.

Warm Regards,
Jonathan
CEO | AIIR Consulting

ASCENDING IN
UNCERTAINTY

In March 2020, the pandemic blanketed the world in a cloud of uncertainty. Most of us had never experienced such sudden and significant changes to the way we lived and worked.

But after three years of pandemic and post-pandemic haze, 2023 was supposed to be the year that the fog would lift, allowing leaders to chart a path forward. Instead, we found ourselves facing an unpredictable economy, an unstable geopolitical environment, and an unbroken chain of crises.

While some are still waiting for the cloud of uncertainty that has concealed the path forward to clear, most understand that, for now, it is here to stay. So, leaders must chart a new path; one that carries them and their organizations above the clouds and into the future.

It is more important than ever for organizations to equip their leaders with the skills they need to succeed. And, while the past seven years of conducting this survey have shown us that we cannot always precisely predict the challenges leaders will face in the year ahead, we can benefit from the insights of those who have spent the past year working intimately with leaders on the ground.

They know better than anybody the uncertainty that looms over leaders and their teams, and their insights can help leaders find their way through an unpredictable future.

METHODOLOGY

We surveyed two groups: the HR leaders we work with and the more than 200 coaches in the **AIIR Global Coaching Alliance** — a group of senior executive coaches and consultants with both executive experience and expertise in business psychology. Over the past year, these individuals have spent countless hours with thousands of senior executives across every major industry.

Participants were asked to complete a series of open-ended questions followed by a modified version of the **AIIR Analytics Leadership Genome™**.

Open-ended questions were analyzed using a multi-phased approach to uncover and interpret the themes from the qualitative data. Using OpenAI's Data Analyst, powered by GPT-4, we performed a basic word frequency analysis to identify the most commonly mentioned terms in the responses, which offered an initial insight into the prevalent topics. Building upon this analysis, Data Analyst applied Latent Dirichlet Allocation (LDA), a sophisticated natural language processing technique, to systematically extract and categorize latent themes from the qualitative text data. This method allowed us to identify overarching themes, providing a deeper understanding of the challenges leaders would face in the coming year.

The AIIR Analytics Leadership Genome™ is a two-part survey. The survey first asked participants to identify which of the 45 leadership skills in the AIIR® Leadership Framework would be most important given the challenges leaders are likely to face in 2024. Next, the survey asked participants to rank these critical leadership skills in order of importance.

The results are as follows.

THE CHALLENGES LEADERS WILL FACE IN 2024

1

NAVIGATING AI AND TECHNOLOGICAL INNOVATION

"Leaders must work to understand the implications of rapid advances in technology, particularly artificial intelligence, and to integrate these advances into their organizations. Each organization must assign leaders with vision and expertise in this area to strategically implement educational programs for all employees to be aligned with the company vision and strategy."

Koji Okumura | AIIR Japan

The past decade has seen an unprecedented acceleration of technology, characterized by enhanced computing power, increased network speeds, and advanced analytical capabilities. But nothing has generated more excitement (or engendered more apprehension) than the rapid advancements in generative AI we experienced in 2023.

Generative AI is nothing short of transformational. McKinsey recently released a report detailing the impact of **63** generative AI business use cases that could deliver annual economic benefits ranging from $2.6 trillion to $4.4 trillion across industries.

Business leaders will need to identify which parts of their business can benefit from AI, scale from one application to many, and understand how these new tools will reshape their industry.

While AI has the potential to drive growth and even address complex global challenges, there is no shortage of concerns. While less advanced forms of AI have been in use for decades, generative AI will change the world in ways that are hard to predict, in part because nobody, even its inventors, **fully understands** how it works.

And, like any other major technological advancement, generative AI has the potential to create real pain. While previous advances in artificial intelligence affected physical work, generative AI has the potential to affect knowledge work and even creative work in fields including education, law, technology, and the arts. Studies estimate that AI will replace **45 million** workers by 2030. At the same time, AI and other technology could create as many as **50 million** jobs.

As the pace of adoption accelerates, there will be an increased need to develop leaders to bridge the digital skills gap. Organizations will need to upskill and reskill their workforce to thrive in a technologically driven future. In short, AI adoption is essential for survival. A failure to adopt AI skills and a broader AI strategy runs the risk of falling behind fast, losing competitive advantage, and ultimately risking relevancy.

REDEFINING WORKFORCE DYNAMICS

"We still haven't cracked the nut on how to both maintain productivity and also build culture in the hybrid work environment. Many leaders still cling to 'the way things used to be' and resist the pressures of a workforce that wants greater flexibility. We can't go back to how things were pre-pandemic. Leaders need to prioritize productivity and building culture in the new hybrid world of work. Those who can't figure out the path forward will jeopardize their future because they won't be able to attract and retain the talent needed to secure success."

Holly Teska | Head of Leadership Consultants

In March of 2020, as COVID-19 spread around the globe, most knowledge workers packed up their laptops and headed home. Now, nearly four years later, most of these workers still haven't returned to the office full-time.

Hybrid and remote work are not new, but they are now the norm. Pre-pandemic, **60%** of remote-capable employees spent their week working fully on-site. Last year, that number dropped to just 20%.

For individuals, the hybrid approach holds the promise of autonomy, flexibility, and better work-life balance. And, research has shown that more autonomy, flexibility, and better work-life balance make employees more engaged, innovative, and productive. Which, in turn, makes organizations more competitive and more profitable. For companies, the normalization of hybrid and remote work opens a global talent pool, which helps organizations adapt to market needs more rapidly, leading to enhanced performance and revenue.

But, hybrid and remote work also come with significant downsides. Workers are experiencing an epidemic rise in loneliness and isolation. The dehumanizing effects of remote work have eroded team members' trust in their leaders and each other. For many, the promise of work-life balance has tipped toward longer hours and impossible workloads. And, remote workers often face challenges with visibility and networking opportunities compared to their in-office counterparts. This can sometimes result in them being overlooked for promotions and raises. A recent study showed that remote workers were **24%** less likely to receive promotions than their in-office colleagues.

Organizations, likewise, are still struggling to adapt. Although companies saw small gains in employee engagement in 2023, they were accompanied by a noticeable decrease in employees feeling connected to their organizations' missions — crucial for productivity, loyalty, and retention. Studies show that challenges with communication and collaboration make fully remote workforces around **10%** less productive than fully in-office workers.

As they continue to adjust to the new normal of hybrid work, leaders and their organizations must develop better strategies for effective communication, collaboration, and building culture.

"One of the biggest challenges leaders will face is engaging, connecting, and motivating individuals and teams in the hybrid and remote work culture that is clearly here to stay post-pandemic. Leaders must learn to tap into the power of belonging, which will require both time and effort."

Payal Rajaratnam | AIIR India

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NAVIGATING ECONOMIC AND GEOPOLITICAL UNCERTAINTIES

> "VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) has been an in-vogue term in leadership development since the late 1980s. Moving into 2024, its applicability is more precise than ever when describing the massive implications of macro-economic and geopolitical challenges facing peoples across the globe. Leaders must lock-in on the impacts of these dynamics for their team members and act collaboratively to navigate these challenges."

Martin Scott | AIIR Philadelphia

Today's leaders find themselves dealing with the dual challenges of economic and geopolitical instability. Economic signals point to moderating inflation, a stabilization and eventual decline in interest rates, cooling labor market conditions, and yet resilient consumer spending.

On the other hand, we are entering the second year of a protracted war between Russia and Ukraine. The war between Israel and Hamas has produced a constant stream of horrors and a sense of hopelessness since the attacks of October 7, and the growing possibility of that war expanding across much of the Middle East has the world holding its breath.

In a statement that accompanied the bank's Q3 earnings, JPMorgan CEO Jamie Dimon said, "This may be the most dangerous time the world has seen in decades."

These wars have polarized the population along political and religious lines, leading to an unprecedented rise in hate. It is in this environment that more than **two billion** people in 50 countries, including India, Indonesia, Mexico, South Africa, the United States, and Europe will head to the polls. Participants in 2024's elections account for **60%** of the world's economic output.

Any one of these variables would introduce an intolerable level of instability into the market. How these variables will interact and what effects they will have has proven impossible to predict, eroding the already precarious ground upon which leaders stand and adding to the sense of uncertainty they're already experiencing.

> "Great leaders in companies that operate globally will not only have to engage with customers and suppliers in new ways, but most likely governments and a de-globalizing system as well. The best leaders in 2024 will not only build on industry and sector experience, but develop awareness of the changing influence of world powers as well."

Bob Kinnison | AIIR Dallas

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LEADING THROUGH CHANGE

"The need for leaders to navigate change isn't a new challenge, but the ability of a leader to do it effectively in a more dynamic and complex business environment is becoming more critical than ever. This involves not only navigating organizational changes but also helping cross-functional teams and employees cope with uncertainty and adapt to new ways of working."

Julie Rohmer | AIIR Florida

Leaders have long struggled with complexity. Even before 2020, **68%** of business leaders felt overwhelmed by the rapid pace of change. Then, the pandemic revealed what the **Harvard Business Review** called "a new normal of change," marked by three dimensions:

- It's perpetual — occurring all the time in an ongoing way.

- It's pervasive — unfolding in multiple areas of life at once.

- It's exponential — accelerating at an increasingly rapid rate.

In the coming year, leaders and their organizations will face rapidly changing market conditions, technological advancements, shifting consumer preferences, and global economic uncertainties. Because of this, leaders will struggle more than ever to separate the signal from the noise and focus on what matters amid a constant influx of input.

That lack of focus can come across as inconsistency, which can create a climate of uncertainty and skepticism among employees and, eventually, erode trust in leadership. In fact, recent polling shows just **23%** of U.S. employees strongly agree that they trust the leaders in their organizations. And, that lack of trust is impacting engagement, loyalty, retention, and productivity. **45%** of people say lack of trust in leadership is the biggest issue impacting their work performance.

The workplace looks to its leaders in moments of change and uncertainty. It is their responsibility to cut through the uncertainty and chart a clear path forward.

5

ADDRESSING EMPLOYEE WELLBEING AND MENTAL HEALTH

Burnout is a perennial problem, one that existed long before the pandemic and that will persist in the future. For instance, Gallup polling from 2018 showed that more than **two-thirds** of workers were burned out. But, the uncertainty of the past few years has taken an incredible toll on leaders and their employees.

More than half of workers report that they experience significant stress on a daily basis. Studies show nearly **3 in 5** employees reported negative impacts of work-related stress.

- 26% report lack of interest, motivation, or energy
- 19% report lack of effort at work
- 36% report cognitive weariness
- 32% report emotional exhaustion
- 44% report physical fatigue

And, the further up in the organization you go, the more pronounced these problems become. **Studies** consistently show managers report more stress and burnout, worse work-life balance, and worse physical health than members of their teams.

Clearly, this isn't sustainable. **80%** of surveyed global senior risk professionals predict burnout will have a significant impact on businesses in the next year. But only 41% of them feel that their organizations are equipped to deal with it.

That's a big problem. The American Institute of Stress estimates job stress already costs U.S. businesses more than **$300 billion** per year in losses due to absenteeism, diminished productivity, and accidents. And, **60%** of employees, 64% of managers, and 75% of the C-suite are seriously considering quitting for a job that would better support their well-being.

In the coming year, leaders must do more to attend to both their employees and also their own mental health and wellbeing.

> "Burnout. 75% of my clients have been showing signs of burnout for months. Our nervous systems have not evolved fast enough to meet the demands of today's modern organizations. We also have not figured out how to solve for true whole human support — because productivity and results rule."
>
> Allie Wilkinson | AIIR Boston

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THE SKILLS LEADERS WILL NEED TO SUCCEED IN 2024

In the year ahead, the only thing we can really predict with certainty is unpredictability. We will encounter unexpected events that exert pressure on leaders and their organizations. What are the skills leaders need to succeed in this environment?

Based on decades of research and data from working with thousands of global executives, the AIIR® Leadership Framework is a groundbreaking model for understanding the rudimentary skills that comprise modern leadership. As described earlier in our methodology section, we asked organizational leaders and our coaches and consultants to identify and then order which of the 45 skills in the AIIR Leadership Framework will be most important in 2024.

When we analyzed their answers, we identified a close cluster of skills that scored 10+ points higher than the other skills identified in this paper: resilience, navigating change, and self-awareness.

In a context characterized by increasing uncertainty, these three leadership skills stand out as the most important to master. Faced with unexpected challenges, resilience equips leaders with the energy and capacity to persevere. At the same time, self-awareness helps leaders understand their limits. Together, these skills empower leaders to navigate change and chart a course forward without being able to see what's ahead.

Score	Skill
39.87	RESILIENCE
38.47	NAVIGATING CHANGE
37.03	SELF-AWARENESS
26.59	SELF-CARE
26.21	PRIORITIZATION
24.92	COMMUNICATION
24.26	TRUST

Leading Self

Self Management

Self-Care	Self-Awareness
Confidence	Emotion Management
Resilience	

Decision Making

Curiosity	Problem Solving
Decision Quality	

Time & Energy

Focus	Prioritization
Time Management	Delegation

Leadership Brand

Career Development	Gaining Expertise
Executive Presence	Personal Brand

Leading Others

Building Trust

Trust	Authenticity

Social Acumen

Empathy	Managing Conflict
Listening	Communication
Strengthening Relationships	
Building Relationships	Influence

Managing Performance

Accountability	Coaching
Developing Talent	Motivating Others
Empowering Others	

Team Effectiveness

Team Culture	Team Leadership
Collaboration	Team Productivity

Leading the Organization

Visioning

Innovation	Setting Vision
Inspiration	

Driving Change

Execution	Navigating Change
Leadership Flexibility	

Strategic Leadership

Strategic Thinking	Strategic Management
Stakeholder Management	

Culture Shaping

Culture Building	Inclusive Leadership

1

RESILIENCE

Teddy Roosevelt said that the only person who never makes mistakes is the person who never does anything. Legendary heavyweight boxer Mike Tyson said, "Everyone has a plan until they get punched in the mouth."

In the current business environment, leaders and their teams will experience setbacks more and more frequently than ever. And when they do, it can feel like one of Tyson's legendary uppercuts. Resilience is the ability to take those setbacks in stride. Today, and tomorrow, resilience is an essential leadership skill.

Studies show that resilient leaders:

- > Experience lower levels of stress, anxiety, and depression
- > Have better physical health
- > Are more able to **overcome setbacks** and adapt to change
- > Are **31%** more satisfied with their lives than their less resilient peers

And, importantly, resilient leaders tend to build more resilient teams and organizations. That's an important consideration. **97%** of executives recognize resilience as essential to their success, yet fewer than half of leaders consider their organizations to be resilient.

Leaders and employees alike will need to build resilience to cope with the stress and uncertainty of the coming year. But many of us think of resilience in heroic terms, and too many take the idea to its toxic extreme.

For instance, adopting an optimistic mindset — believing that your future will be better than your present — is an important part of resilience. Faced with a challenge, optimism can bolster your confidence and motivate you to charge ahead. And, studies show that an optimistic outlook leads to **better workplace outcomes**.

When optimism becomes delusion, however, business leaders underestimate the time and resources required to pursue a particular goal, as well as the risks involved. It can also cause leaders to overestimate both the potential rewards and the likelihood of success.

Similarly, although perseverance or "grit" is an important component of resilience, and does contribute to long-term **career success**, many leaders take the idea to the extreme, pushing themselves and their employees to exceed stretch goals, log increasingly long hours at the office, and win at all costs.

As with all things, balance is important. The most successful leaders will build sustainable resilience by balancing optimism and perseverance with realism.

> " Leading during change is not a new challenge. But this is change on steroids. We're facing new levels of ambiguity and uncertainty with economic, geopolitical, social, and environmental pressures escalating, demanding greater agility and resilience from leaders. "

Carol Yang | AIIR Australia

2

NAVIGATING CHANGE

"There are changes occurring internally and externally that are impacting organizations. Leaders must be able to navigate themselves and their teams through these changes. Leading themselves requires having a growth mindset, leading strategically, and considering the skills in VUCA Prime (Vision, Understanding, Clarity, and Agility). Leading teams through change requires meeting the team where they are as individuals along the change curve and with the appreciation that everyone deals with change differently."

Makeda Brown | AIIR Stamford

For most leaders, change is nothing new. But, they are not accustomed to the speed and scale of the change we're experiencing now. Nearly **two-thirds** of leaders said their organization had undergone significant change within the last three years — whether that be reorganization, culture change, reductions in force, mergers and acquisitions, or an IPO.

We know from decades of psychological study and pioneering research from our partners at the Wharton Neuroscience Initiative that human beings are hardwired to resist change. This is why leaders and their employees suffer from change fatigue, and why studies show that employees' willingness to support change initiatives within their organizations dropped from 74% in 2016 to **43%** in 2021.

As a recent **Harvard Business Review** article points out, "Unless functional leaders steer swiftly and expertly, this will stymie organizations' ambitions and undermine the employee experience, fueling decreased engagement and increased attrition."

In the coming year, leaders must build the skills to lead others through ambiguity and resistance. How can they steer their organizations in the right direction through a constantly shifting landscape, and make sure they aren't leaving their employees behind?

Constant change and upheaval can leave leaders feeling rudderless, discouraged, and disengaged. In moments of uncertainty, leaders and their followers benefit from a clear understanding of their values and the values of the organization.

Equipped with this understanding, leaders must communicate to their employees not only what changes are being made but also how those changes align with the company's mission and values. Studies show that open communication throughout the change process can increase change success by as much as **32%**.

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Teams crave clarity to align their goals and effectively execute. Yet, uncertainty persists in companies' ability to be clear in their strategy in an ever-changing marketplace, in their guidance for how to maximize revenue and margin in our post-pandemic world, and in their capability to ensure team effectiveness in the remote, return-to-work and hybrid landscape.

Effective leaders today need to have the skills to lead their teams even in uncertainty. This requires a shift in mindset from 'solving problems' to 'navigating through challenges,' finding the next best step to move the team forward. This capability can be learned so that leaders feel confident in taking risks and placing bets on ways forward, even without all the knowledge, clarity, or certainty they, or their teams, would like.

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Nikki Moberly | AIIR Washington, D.C.

3

SELF-AWARENESS

Self-awareness, understanding your strengths and weaknesses and how those strengths and weaknesses show up at work, is foundational to success as a leader. Self-aware leaders make better decisions. They are able to leverage their strengths and seek support when they need it. They also communicate more effectively, and are more able to establish a trusted and credible leadership presence, all of which are essential for leading through an uncertain environment. In short, they are **more effective leaders**.

The thing is, self-awareness doesn't come naturally.

Imagine if you were able to observe yourself over the course of a normal workday. You might be surprised to find how different you are from the person you think you are. And you wouldn't be alone.

Psychologists David Dunning and Justin Kruger (1999) famously found that most people tend to overestimate their own skills and underestimate their own shortcomings. This includes, by the way, when it comes to estimating how self-aware they are. Another study shows that while **95%** of people believe they are self-aware, only around 10% actually are. These tendencies are amplified in moments of stress and uncertainty. On the other hand, psychologist Daniel Goleman's work established that the best performers almost always accurately estimate, or more often underestimate their own capabilities.

It is impossible for us to be 100% self-aware, especially in moments of stress and uncertainty. But if leaders don't do the work to build self-awareness, they will not be able to overcome the challenges they face.

While counterintuitive, leaders need to set aside time for introspection. Many of the leaders doing this well actually put recurring blocks in their calendar to ensure it is integrated into their weekly work-life. They need to gather and internalize feedback from superiors, peers, and employees. And they should consider going even deeper through a formal developmental assessment process. Psychometrically validated assessments, coupled with 360° assessments, can yield incredibly valuable, actionable insights.

> "Leaders in 2024 must be attentive to their and their teams' needs for renewal and restoration. The chaotic pace of technology change, growing levels of environmental risk, and intensifying political discord have created a context for so many workplace challenges that is cloudy and noisy. Anxiety producing distractions abound and clear thinking is harder even as the importance of measured judgment increases. Thoughtful leaders will be attentive to how these stresses are affecting their teams and alert to their own needs for renewing and focusing their energy."

Jack Huston | AIIR NYC

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SELF-CARE

"Considering the level of complexity we face in 2024 — with politics, war, and the economy — leaders will need to pace themselves, and those in their organizations. These challenges will affect people personally, and spill into work. Leaders will have to balance holding people accountable with compassion."

Melanie Elmquist | AIIR Sweden

Faced with uncertainty, most leaders' instinct is to double down on their time spent working. That means spending more time at work and less time on their personal health, relationships, and hobbies.

The problem is that humans aren't designed to function at maximum capacity 24/7. Working twice as hard doesn't necessarily result in getting twice as much work done. Instead, pushing yourself past the point of exhaustion has been shown to lead to less creativity, reduced working memory and capacity for problem-solving, and worse business outcomes. The brain depends on downtime to process information.

We can see the cost of this constant push for performance in the increase in stress and burnout discussed earlier in this paper. And, the further up in the organization you go, the more pronounced these problems become.

Unfortunately, "self-care" has become so overused as a buzzword that it has become cliché. But actively attending to their own mental, emotional, and physical well-being will be paramount for leaders in the coming year.

Fortunately, self-care doesn't require grand gestures or an elaborate plan. Small investments can have an outsized effect. It can be as simple as slowing down to taste your coffee in the morning or taking a short walk in the fresh air before heading into the office. Steve Jobs famously took long walks to put his problems in perspective.

Of course, leaders need to fully unplug, too. Vacation time should be viewed as mandatory, not optional. Protracted disconnection from work is linked with increased **well-being, engagement**, and **creativity**. Going on vacation can also **lower stress** and **reduce the risk of developing heart disease**.

The most important thing will be for leaders to be intentional about taking care of themselves and thus serving as the ultimate role model for employees to follow suit.

" Leaders today are finding it exceptionally challenging to carve out the time needed to sufficiently reflect and strategize, especially with their team. Between never-ending emails, back-to-back meetings, the pressure of staying connected and communicating frequently with employees, tracking constantly changing trends that affect their business, and the many daily fires they they are called in to address, the one critical thing they must do, to slow down and strategize, is the very thing that is being compromised. Leaders are searching for ways to better protect their time while also meeting these other business needs. "

Mira Brancu | AIIR North Carolina

5

PRIORITIZATION

In the coming year, leaders and their organizations will face a barrage of distractions — daily volatility that will require their immediate attention. As we pointed out earlier, spending most of their time in reactive mode raises leaders' risk of burnout. But it creates other risks as well. When a leader spends all their time in the weeds, they can struggle to get perspective. They create solutions, often in the form of new initiatives and workstreams, to address the immediate issues. But they lose the ability to see what's important and what's not. Under these conditions, everything seems like a priority.

As a result, leaders are swamped. **76%** of HR leaders say that leaders are overwhelmed by growing job responsibilities, and managers have 50% more responsibilities than they can reasonably handle.

Prioritization is about limiting your focus to the things that truly matter.

Knowledge workers spend as much as **41%** of their time on things that could be done by others, or dropped entirely, without significantly impacting the business. Leaders should consider both the urgency and the importance of every task on their plate.

Tasks that are both urgent and important get attended to first, tasks that are urgent but not important get delegated, tasks that are important but not urgent get put on the back burner, and tasks that are neither urgent nor important get thrown out.

For every project, leaders need to consider:

- The relative value of the project or initiative
- The amount of effort required
- The cost, including time, resources, and capital

If a project's reward doesn't justify the effort and resources required, or if there is another project that would offer a similar return faster or with less effort, it gets tossed.

In 2024, prioritization will be as much about deciding which projects to reject as it will be about deciding which projects to pursue. As **Steve Jobs** said, "People think focus means saying 'yes' to the thing you've got to focus on. But that's not what it means at all. It means saying 'no' to the hundred other good ideas that there are."

> " I've observed in my coaching this year that building trust, communicating effectively, and influencing people will continue to be challenges for leaders in 2024. Given that the majority of my clients lead teams across different geographic locations and time zones, and communicate across generations and diverse cultures, the difficulty in influencing and communicating effectively is evident. "

Maria Wade | AIIR NYC

6

COMMUNICATION

Communication is one of the most important skills for leaders today. It affects whether you can engage and inspire your employees, and whether you can influence your organization. Yet, thousands of employees across industries say communication is a skill that most leaders lack.

91% of employees say their leaders lack strong communication skills. And **86%** of employees cite ineffective communication as the cause of workplace failures.

At least part of the blame belongs to the increased volume of communication we field on a daily basis. Leaders and their employees are bombarded by inputs, from instant messages to meetings, and some spend more than half of their workday responding to emails.

And the hybrid workplace only made things worse. A 2021 study of Microsoft 365 users showed that workers were spending **2.5x** more time in virtual meetings, sending 45% more chat messages, and sending and receiving 40.6 billion more emails per month than they were before the pandemic.

In times of uncertainty, people look to their leaders for information. As such, in the year ahead, it will be absolutely essential for leaders to hone their skills so they can communicate with their managers, peers, and employees.

How can leaders become better communicators? Counterintuitively, the most important consideration is not to become a better writer or speaker, but a better listener. Listening is a task that rivals speech in complexity and importance. And, good listening requires as much concentration and effort as any other executive activity.

Finally, in previous years it has been enough for leaders to clearly communicate the task at hand. Now, in this era of uncertainty, leaders are finding that it's important for employees to understand not only what they need to do, but also why they need to do it.

> "CEOs know personal and professional values are increasingly important for engaging themselves and their employees with their companies' purpose and goals. That requires CEOs to be more curious, observant, and respectful of personal values vs. being so focused on being right."
>
> Jim Trunik | AIIR Los Angeles

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In 2024, the urgency to achieve ever-more challenging targets despite the obstacles they face pushes leaders to act with relentless action, eroding the 'vulnerable trust' necessary for a committed, innovative team focused on results. Overlooking care, sincerity, reliability, and not asking for help exacerbates this issue.

Having experienced first-hand the struggle within a global tech giant, I assert that sidelining trust diminishes team performance and innovation and amplifies the challenge of restoring it, a vital pivot for long-term sustainable growth.

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Damian Smith | AIIR Dubai

7

TRUST

The ability to build trust is the cornerstone of effective leadership, especially in uncertainty. Employees at companies run by trusted leaders experienced **74%** less stress and took 13% fewer sick days than those at companies run by less trusted leaders. They also reported:

- 76% higher engagement
- 50% higher productivity
- 40% less burnout

Google's two-year study of its high-performing teams showed that **trust and psychological safety** were the most important factors influencing team performance.

Yet, the ever-increasing pace of change and uncertainty that has characterized much of the past four years, and how leaders have handled it, has eroded trust among employees. Just **23%** of U.S. employees strongly agree that they trust the leaders in their organizations, and **Forrester** predicts that number will continue to decline, along with consumer trust. **45%** of people said lack of trust in leadership was the biggest issue impacting their work performance.

To build trust, leaders must become, in one respondent's words, "authentic truth-tellers who care about both people and results and can speak openly about challenges, failures, and concerns."

Leaders must be transparent about their successes and failures, and be willing to accept feedback up the ladder. Employees, for their part, must be transparent about their successes and failures, and must be empowered to share feedback with their superiors without fear of retribution.

Additionally, leaders must put in the time to build relationships with their employees. Don't underestimate the impact of something as simple as taking a moment to check in with your employees and have a conversation: "I know things are crazy and I appreciate everything you have been doing. How can I help you?"

Since the onset of the pandemic, we have seen leaders who embraced these behaviors create stability amid profound uncertainty and deliver difficult news without diminishing hope. In the year ahead, a commitment to authenticity and transparency will empower leaders to build trust and psychological safety within their organizations.

CHARTING
A NEW PATH
FORWARD

The predictions in this paper are meant to help leaders and their organizations prepare for the challenges they will face in the coming year. But, the past has shown us that, as we look to the future, the only thing we can really be sure of is uncertainty.

In the coming year, we will encounter unexpected events that exert pressure on leaders and their organizations. And the speed and significance of these events will only continue to increase. But in this uncertainty, there is an unparalleled opportunity.

In a context of increasing uncertainty, it's impossible to overstate the impact leaders can have on their organizations. Leaders who fail to master the leadership skills identified in this paper — particularly the crucial cluster of resilience, self-awareness, and navigating change — will continue to struggle, as will their organizations.

On the other hand, leaders who do master these skills will not only navigate the challenges of 2024 successfully, but also will become beacons that guide their organizations. Equipped with these skills, leaders are empowered to ascend above the fog of uncertainty and see a new path toward a better, brighter future.

About this Report

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About the AIIR Leadership Institute

The AIIR Institute is a group of researchers, data scientists, and technologists dedicated to advancing applied leadership development through science and data. Through partnerships with the Wharton Neuroscience Initiative and The Coaching Center of Excellence at Columbia University, the AIIR Institute uncovers insights and pressure tests innovations that benefits AIIR's customers and the industry at large.

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AIIR Consulting is a global coaching and leadership development consultancy dedicated to increasing the effectiveness and performance of leaders and their organizations. Through the strategic integration of psychology, technology, data science, and global expertise, AIIR Consulting delivers high-impact executive coaching and leadership development, team effectiveness, executive assessment, and organizational effectiveness to organizations around the world. Learn more at **www.aiirconsulting.com.**