BY PETER LAURIA

Why Companies Fall Out of Line

A new study finds leaders look at their own abilities and organizations through rose-colored glasses.

Artwork by: Borja Bonaque

At first glance, it sounds pretty good. Asked if their companies were making the right strategic and talent moves, among other steps, leaders around the world gave a slew of upbeat ratings.

The only hitch was that one group didn't quite see it that way: the employees.

Welcome to that all-too-elusive goal nearly every company dreams of: reaching the top of Mount Alignment. In a perfect world, leaders and their troops would agree on where the company stands—good or bad—on a host of critical traits. Is the company doing a good job of setting and clarifying goals? Is the strategy where it should be? Compensation—way off or right on target? Whatever the answers, leaders and workers would generally agree on the focus and use their strength in numbers to move forward.

But according to new Korn Ferry Institute research that takes a globally deep dive into all this, alignment is still off-kilter overall, despite years of effort and untold billions of dollars to get things in line. And the problem appears to start at the top: In every strategic dimension of its business, it's senior management that gives the company higher marks than everyone else. "It makes sense that leaders would have a bullish outlook on themselves and their organizations, but to see such misalignment across every category is troubling," says Michael Distefano, Korn Ferry's chief marketing officer and chief operating officer for Asia Pacific. "The question is, how can leadership close the gap to drive greater performance?"

Although it doesn't make many headlines, alignment is one of those key components that can make or break a company. Sound strategies and vision from the C-suite are great to have, but if employees don't see what's in it for them, or if the message mutates from the top, then competitors can pounce. And fast integration throughout an organization is especially important in today's ever-shifting global economy and upending tech disruptions.

Yet it's tricky for a company to know whether its alignment is off. For the study, researchers surveyed nearly 1,000 executives to get their views on seven key business dimensions and found significant perception gaps between the views of senior management and those of middle managers

Eye to Eye

WE SURVEYED NEARLY 1,000 executives globally to compare their views on seven key business dimensions, such as accountability and fairness. Here's how, by region, senior management's ranking of the company's "leadership" differed from general employees'.

See kornferryinstitute.com for more details.

and general employees. The biggest were in "vision and purpose" (the company's goals) and "commitment" (its ability to motivate employees), suggesting there is work to be done communicating goals and offering better career development.

Not all of this is surprising. In his best-selling book, "When Cultures Collide," author Richard D. Lewis argues that no two cultures view leadership in the same light, and academia has long debated the topic. "It is difficult for managers to manage upwards and downwards," says Tomas Chamorro-Premuzic, professor of business psychology at University College London and author of "The Talent Delusion." "Senior leadership is usually more strategic and focused on the big picture, whereas middle managers are typically more focused on everyday activities."

> **Better alignment leads to more "discretionary energy."**

In some regions, managers do seem to be bridging the gap better. In North America, the boss and staff ranked nearly all seven conditions equally high. (The only noticeable gap was in senior management's more upbeat view of their company's "accountability and fairness," understandable as this category contemplates compensation.) But in the Europe/Middle East/Africa region, the top tier was significantly apart from everyone else in about half of the categories.

And in Asia Pacific, there were significant gaps in all categories. Citing more data, Janice Ho, senior director and head of research at Korn Ferry Institute, says only a third of employees are highly engaged in that region, and open communication from senior management is not as common as it is in other parts of the world. Employees tend to suggest ideas in subtle ways or with non-verbal cues, she says. "They shy away from asking an authority figure any questions, for fear of being seen as challenging authority." She adds that may change as more millennials enter the workforce there.

Indeed, several demographic and economic trends may be working in many companies' favor throughout the world, with globalization breaking down regional distinctions that throw off alignment. And experts say better alignment only leads to better "discretionary energy," where employees work harder and are more committed. "The research shows greater alignment means more of the kind of discretionary energy that maximizes performance and the bottom line," says Distefano. "It drives understanding and accountability on both sides."

In other words, a world more in line. ●

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