WELCOME FROM ROD CARTWRIGHT
PARTNER & DIRECTOR, GLOBAL CORPORATE & PUBLIC AFFAIRS PRACTICE

Five years ago, we set out to answer two simple questions through the Ketchum Leadership Communication Monitor (KLCM):

“What does the world think of its leaders?”
“What can those leaders and the organizations they steer do to restore confidence?”

These issues are at the heart of what we at Ketchum do to help organizations, and those at their helm, establish and maintain leadership advantage.

As we unveil the fifth edition of KLCM, conversations with more than 25,000 members of the public across five continents have revealed a detailed picture of what people think of leaders across 22 industries: a low-trust, high-expectation gap is the new normal for leaders and leadership concerns have a direct, sizable impact on bottom-line outcomes.

The 2016 study paints a worrying picture of stark barriers blocking equal access to leadership opportunities as a result of race, gender, disability and sexual orientation. Interestingly enough, people put their confidence in corporate actions and individual responsibility as the most effective means of shattering that “leadership glass ceiling.”

These findings present the corporate community with an unprecedented opportunity to lead the way on social and economic issues if, and only if, business leaders are open to aligning what they say and what they do on such critical issues.

This is a global business imperative and an area in which Ketchum will continue to lead in the months and years to come.

GET IN TOUCH. LET US KNOW WHAT YOU THINK.

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A FIVE-YEAR WORLDVIEW: HOW READY ARE YOU?

Our findings, over five years, also challenge leaders and their advisors to honestly ask themselves key questions – driven by what our research shows to matter most in establishing perceptions of effective leadership.

1. What measures do you have in place to ensure reasonable expectation-setting and to avoid “say-do” gaps between what you do and the expectations you set through what you say (especially in a crisis)?

2. How open are those in your organization – individually and collectively – to genuinely listening to understand your audiences’ definition of transparency?

3. Does your approach to leadership balance a clear vision with a willingness to admit mistakes and make continuous improvements?

4. How committed are you and your organization to enabling leadership at every level?

5. Beyond legal and legislative requirements, how are your leaders breaking down barriers to equal leadership opportunity in areas such as gender, age, ethnicity, religion, sexual orientation, class and disability?
MANAGING THE LOW TRUST – HIGH EXPECTATION NORM

What does the world think of its leaders? Our fifth edition of KLCM sees leadership performance on all key measures consistently flat-lining in the face of enduringly high expectations. This is a sizable challenge, of course, but also an enormous opportunity for those willing and able to consciously focus on taking leadership communications to a new level.

Fewer than 1 in 4 respondents (23 percent) believe leaders are leading well and give them 8 out of 10 or higher for their performance. At no point in five years has that number risen above 25 percent.

Five points worse than last year, pessimism trumps optimism, as 27 percent are less confident in effective leadership over the coming year, compared with 17 percent more confident than last year. Scores on accountability are also at an all-time low – just 13 percent of respondents score leaders at or above 8 out of 10.

These enduring, long-term concerns hit sales harder than ever. A striking 65 percent of respondents either have boycotted or bought less from a company in the last 12 months as a result of poor leadership behavior (compared with 51 percent last year and 61 percent in 2014). A mere 47 percent either have started buying or bought more as a result of positive leadership (a result nearly flat with 46 percent last year and 52 percent in 2014).

In looking at the direct link between perceptions of leadership and actual consumer spending in the past 12 months across 21 industries, the food and beverage sector is the most sensitive to both negative and positive perceptions. No sector is harder hit commercially by consumers unimpressed by leadership, but at the same time, no industry is more richly rewarded when providing more laudable leadership.

Companies today are being punished more severely for poor leadership than they are rewarded for good behavior, which makes a sharp focus on leadership communication a corporate imperative, not a nice-to-have.
If the world is impressed with any one type of leader, the business community is the one showing the way. While the corporate sector has considerable room for improvement in multiple areas, business leaders have extended their advantage on effective leadership this year (having reached the top every year since the start of KLCM). Business leaders enjoy an eight-point lead over the next best category, non-profits. Levels of optimism about further improvement in business leader performance over the coming year markedly outstrip pessimism as well.

That said, only 32 percent of respondents globally include business leaders in their top three for effective leadership and only 21 percent feel their leadership will improve over the coming year. This lack of confidence in leaders overall is illustrated in the trend table below.

The message for corporate and other leaders is clear: you can do better.

### DISMAL CONFIDENCE IN LEADERS OVERALL

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POLITICIANS GETTING THE RIGHT THINGS WRONG

Political leaders – who continue a long-term trend of drawing profound public disillusionment – have the most to learn from the corporate community. Business leaders outperform them by an average of eight percentage points on the characteristics most important to effective leadership.

Nearly two-thirds (61 percent) believe political leaders have fallen short of expectations in the past year, with just seven percent saying those leaders take appropriate responsibility when they do fall short. Only 1 in 5 respondents globally say politicians lead effectively, and more than half (51 percent) expect their performance to get even worse over the coming year.

In the three areas of greatest importance to respondents – corruption, the national economy and education – there is a sizable gap between the importance of the issue and the effectiveness with which political leaders’ address it: 47 percentage points for corruption, 38 for education and 36 points for the national economy. By contrast, the issues which politicians are perceived to be best at addressing – national security, terrorism and climate change – sit further down the list at fourth, sixth and eighth place among issues that respondents think are most important.

At the root of the deepening global crisis of confidence in political leaders is the belief that they are – put simply – getting the right things wrong and the wrong things right.
A PERSISTENT LEADERSHIP GLASS CEILING

A remarkable finding of KLCM 2016 is this discovery: a multi-dimensional leadership glass ceiling is not only pervasive but also extensive beyond the question of gender.

Our research reveals that the widely-recognized barriers to equality of leadership opportunity – race and gender – have been joined by disability and sexual orientation.

A majority of respondents worldwide believe barriers persist across all those areas except religious beliefs – and nearly half see religion as a barrier too.

Amazingly, despite all the social progress of recent decades, not one country saw a majority believing in equal opportunities spanning all five areas – with respondents in Brazil, Japan and Spain feeling particularly strong about the inequality of leadership opportunities in their country.

PEOPLE WHO THINK THESE ISSUES ARE BARRIERS TO EQUAL LEADERSHIP OPPORTUNITY

- Religious Beliefs: 47%
- Gender: 53%
- Ethnicity: 55%
- Sexual Orientation: 59%
- Disability: 67%
Politicians were seen more as part of the problem than the solution to this troubling issue, reinforcing public concerns about political leaders as a source of viable solutions to real-world problems. Corporate behavior and individual responsibility were seen globally as the most effective means of shattering this unexpectedly broad leadership glass ceiling, with actions by legislators and policy-makers closer to the bottom of the list.

**WHICH IS MOST EFFECTIVE IN HELPING PEOPLE ACHIEVE LEADERSHIP POSITIONS?**

- **Actions by companies & other employers**: 53%
- **Individual responsibility from every citizen for their own future**: 51%
- **New laws & legislation**: 48%
- **More open public debate on the issues**: 48%

Additional dynamics revealed by our research illustrate an inbuilt tendency of people to believe that leaders aged 35 to 49 and at the height of their powers are the most effective source of leadership. This presents very real challenges for younger leaders under 35 or those with the most accrued experience in their 50s and beyond.
MORE FEMININE AND TITLELESS LEADERS RISE

Previous years of KLCM research pointed to a clear and growing trend away from heroic, singular leadership by an individual and towards a more collective, dispersed leadership model. Employees are ranked considerably higher than their C-suite counterparts as trusted sources of information about a company and as drivers of purchasing behavior. Equally, respondents favor leaders who focused on listening, collaboration and consultation in how they reach decisions.

This year's study extends and deepens that pattern, showing that while the C-suite still matters enormously, the leadership of the future will lean far more towards titleless leadership by all. Indeed, 38 percent of study respondents believe that leadership would be most effective coming from the company/organization overall and everyone within it, compared with 29 percent for the CEO and only 17 percent for senior management.

In parallel, while the world continues to look to male leaders to steer us through difficult times (61 percent for male over 39 percent for female), female leaders in 2016 continue to outperform male counterparts on a majority of the attributes seen as most important to effective leadership, including all of the top three: leading by example, communicating in an open and transparent way, and admitting mistakes.

This in no way suggests that the days of male leaders are numbered. Rather, our findings point to a future model for leadership communication that is markedly more “feminine,” non-hierarchical and dispersed, versus the singular, top-down “macho” version that is palpably failing to cut it with people around the world. This leaves us with crucial lessons for leaders of both genders, as both men and women at the helm strive to restore confidence.

FEMALE LEADERS BEST DEMONSTRATE TOP THREE EFFECTIVE LEADERSHIP TRAITS
Research by Gallup in 2014 on employee disengagement found more than 68 percent of U.S. employees “not engaged” or “actively disengaged” costs the U.S. economy up to $550 billion a year in lost productivity – and these employee disengagement levels were echoed around the world. Our own research sees leaders failing to break through the 25 percent barrier on leadership effectiveness at any point in the five years of this study.

There are very real opportunities open to leaders willing and able to tackle the continuing barriers to truly inclusive leadership in their organization. Leaders must embrace the titleless mantra and adapt a more “feminine” leadership archetype while exhibiting the leadership attributes the world craves through their words and their deeds.
In terms of importance, the link of effective communication to great leadership – a core focus of KLCM since its inception – is as strong as ever.

Seventy-one percent of respondents gave effective communication a score of 8 out of 10 or higher in terms of its importance to great leadership, while over a third globally (31 percent) gave effective communication 10 out of 10.

However, the gap between the importance of effective communication and leaders’ delivery against it remained worryingly high at 40 percentage points.
ALIGNING WORDS WITH DEEDS
KEY TO LEADERSHIP SUCCESS

What matters most in a leader? The same attribute as last year took the top spot: 70 percent of respondents selected leading by example in the top three leadership qualities. Hot on its heels, and battling for the top every year, was open, transparent communication.

The research also highlights the importance of balancing hard leadership attributes with softer ones such as admitting mistakes, handling controversial issues or crises calmly and confidently and making tough decisions. This underlines the critical need for leaders to fuse decisiveness under pressure with humility and humanity.
The findings show that the world wants down-to-earth, collaborative and measured leaders who use everyday language, bring real-world experience, and are willing to admit fault.

The leadership styles people crave:

- A leader who speaks in everyday language (vs. complex language): 86%
- A leader who apologizes for mistakes (vs. stands his/her ground): 82%
- A leader with real-world experience (vs. academic credentials): 78%
- A leader who makes decisions based on the collective (vs. on their own instinct): 77%
- A leader who speaks his/her mind (vs. politically correct): 66%
- A leader of few words (vs. of many words): 66%
- A leader you relate to on an intellectual level (vs. on an emotional level): 64%
WHAT ATTRIBUTES DO PEOPLE WANT IN A COMPANY?

Looking across 22 different industries, product and service quality tops the list of attributes, for the second year in a row, that people look for in a company for it to be seen as a leader. Customer focus has risen up the rankings to take second place, while trustworthiness falls into third and out of the top two places for the first time in KLCM’s five-year history.

For the first time in those five years, innovative enters the top five, sitting in equal fourth place alongside customer service and quality of management (only the second time it has made the top tier).

With continuing political and economic uncertainty being the new normal, this suggests consumers are taking a somewhat more functional approach to how they view leadership by corporations and brands. It is not that trustworthiness is suddenly unimportant – it is quite the opposite.

Consumers seem to be taking a more value-driven approach to products and services, placing a premium on a combination of quality and innovation that focuses on their needs.
CORPORATE AND PERSONAL COMMUNICATION HOLD THE KEY TO CREDIBILITY

When it comes to the communications activities and assets which have the greatest impact on consumer perception of corporate leadership, a combination of formal corporate channels, such as news releases and websites, and interactions involving the personal presence of the leader, such as speeches and interviews, hold the top seven spots. This indicates consumers’ desire to form their own judgment on a corporation through both what it claims about itself and how those claims stand up to scrutiny in live-fire, in-person situations.

At the other end of the scale, while television advertising comes in eighth, print, online and radio advertising all are in the bottom six – underlining the judicious use of paid media in the corporate communications mix. Corporate social channels, networks and assets are the meat in the sandwich between slices of corporate and personal communications and paid communications.

IN FORMING A VIEW ON THE LEADERSHIP OF A COMPANY OR ORGANIZATION, WHICH COMMUNICATIONS ACTIVITIES HAVE THE GREATEST IMPACT ON YOUR OPINION?

- In-person speeches & appearances: 56%
- Formal announcement & news release: 56%
- TV interviews: 53%
- Website: 51%
- Official company reports: 43%
- TV advertising: 25%
- Print advertising: 14%
STEPS TO ESTABLISH AND MAINTAIN LEADERSHIP ADVANTAGE

Taken together, the results from KLCM 2016 – and from our five-year conversation with more than 25,000 consumers around the world – point to a set of practical lessons for leaders to embrace as they and their advisers strive to establish leadership advantage.

**Say what you will do, do what you say, and set realistic expectations.** Closing the “say-do gap” between words and deeds is critical, and setting unachievable expectations is a dangerous habit to form, particularly in crisis situations when balancing a human face with decisive action is vital.

**Be genuinely willing to listen and learn your audiences’ definition of transparency.** Transparency is non-negotiable and it will be imposed on you if you do not provide it voluntarily. Unless you start truly seeing the world through the eyes, hearts and mind of those whose permission you seek, that permission will remain elusive.

**Deliver on vision, acknowledge mistakes and demonstrate a genuine commitment to continuous improvement.** The world still seeks leaders who demonstrate clear, decisive action. The willingness to admit mistakes is a mark of strength, especially as the “hero leader” model recedes.

**Collaborate to bring out the best in others, celebrate employees as your most powerful advocates and deliver leadership at every level.** Powerful brands start on the inside. Five years of KLCM research point clearly to the leader as an empowering facilitator of others’ development at every level, rather than a know-it-all autocrat.

**Advocate for diverse leaders.** Both genders have much to learn about the leadership attributes people crave in their leaders, although female leaders are currently out-performing their male counterparts. With stark barriers remaining firmly in place to true leadership diversity, the benefits are huge for organizations willing to take on diversity challenges in their words and deeds – be it on gender, age, class, ethnicity, religion or sexual orientation.
Ketchum Global Research & Analytics conducted an online survey of 3,001 respondents in 10 markets from March 29 to April 19, 2016. These markets included the United States, United Kingdom, Germany, Spain, China, Singapore, Japan, the United Arab Emirates, South Africa and Brazil. The global margin of error is +/-1.79 percent. The research explored respondents’ views of both different categories of leader (business, political, community, non-profit and union/labor organization) and of 22 vertical industries. All data collection was handled by Ipsos Observer.

For more information, visit www.ketchum.com/leadership-communication-monitor-2016

Follow the conversation on Twitter @KetchumPR #KLCM.

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THE GLOBAL LEADERSHIP CRISIS CONTINUES

- Percentage who believe that leaders overall are effective: 23%
- Percentage who believe that leaders take appropriate responsibility: 13%

65% of people purchased less or stopped purchasing products due to negative leadership behavior over the last year.

COMMUNICATION GAP GROWING

- Say communicating effectively is important to great leadership (8 out of 10 or above): 71%
- Say leaders overall are communicating effectively (8 out of 10 or above): 31%

PEOPLE WHO THINK THESE ISSUES ARE BARRIERS TO EQUAL LEADERSHIP OPPORTUNITY

- Religious Beliefs: 47%
- Gender: 53%
- Ethnicity: 55%
- Sexual Orientation: 59%
- Disability: 67%

WHICH GENDER OF LEADER IS MOST LIKELY TO NAVIGATE US THROUGH CHALLENGING AND RAPIDLY CHANGING TIMES OVER THE NEXT FIVE YEARS?

- Female: 61%
- Male: 39%

FEMALE LEADERS BEST DEMONSTRATE TOP THREE EFFECTIVE LEADERSHIP TRAITS

- Leading by Example
- Communicating in an open & transparent way
- Admitting mistakes
- Handling issues/crises calmly & confidently
- Making tough decisions

EARNED TRUMPS PAID: WHICH CHANNELS HAVE GREATEST IMPACT?

- In-person speeches & appearances: 56%
- Formal announcement & news release: 56%
- TV interviews: 53%
- Website: 51%
- Official company reports: 43%
- TV advertising: 25%
- Print advertising: 14%
The Ketchum Global Satisfaction Index combines country-level data across leadership, communication, confidence in leaders, accountability and meeting expectations. The 2016 Index is drawn from the fifth annual Ketchum Leadership Communication Monitor, exploring public perceptions of leadership and communication among 3,001 people in 10 countries.

Learn more at Ketchum.com/leadership-communication-monitor-2016 Follow the conversation at #klcm @KetchumPR © 2016 Ketchum. All Rights Reserved.
The Ketchum Global Industry Leadership Index was developed by combining industry-specific data on leadership, communication, accountability and meeting of expectations across 22 sectors. The 2016 Index is drawn from the fifth annual Ketchum Leadership Communication Monitor, exploring public perceptions of leadership and communication among 3,001 people in 10 countries.

### Utilities, Banks, Oil & Gas sit in the same bottom three places as 2015

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<th>Sector</th>
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<td>Utilities</td>
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<td>Banks</td>
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<td>Oil &amp; Gas</td>
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### Brewing & Spirits has jumped from fourth to the top spot this year

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<th>Sector</th>
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<tr>
<td>Brewing &amp; Spirits</td>
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100 is the Average
A FIVE-YEAR WORLDVIEW

TOP ATTRIBUTES PEOPLE SEEK IN INDIVIDUAL LEADERS

2012
- OPEN COMMUNICATION: 69%
- HANDLING CRISIS CALMLY: 68%
- LEADING BY EXAMPLE: 68%
- MAKING TOUGH DECISIONS: 68%
- ADMITTING MISTAKES: 65%

2013
- OPEN COMMUNICATION: 66%
- LEADING BY EXAMPLE: 63%
- ADMITTING MISTAKES: 64%
- HANDLING CRISIS CALMLY: 63%
- MAKING TOUGH DECISIONS: 62%

2014
- LEADING BY EXAMPLE: 63%
- OPEN COMMUNICATION: 61%
- ADMITTING MISTAKES: 62%
- BRINGING OUT BEST IN OTHERS: 59%
- HANDLING CRISIS CALMLY: 58%

2015
- LEADING BY EXAMPLE: 63%
- OPEN COMMUNICATION: 61%
- ADMITTING MISTAKES: 59%
- HANDLING CRISIS CALMLY: 58%
- BRINGING OUT BEST IN OTHERS: 57%

2016
- LEADING BY EXAMPLE: 70%
- OPEN COMMUNICATION: 69%
- ADMITTING MISTAKES: 68%
- HANDLING CRISIS CALMLY: 67%
- MAKING TOUGH DECISIONS: 65%

TOP ATTRIBUTES PEOPLE SEEK IN LEADING CORPORATIONS

2012
- TRUSTWORTHY: 46%
- QUALITY PRODUCTS / SERVICES: 43%
- CUSTOMER SERVICE: 35%
- GOOD PLACE TO WORK: 35%
- QUALITY OF MANAGEMENT: 34%

2013
- QUALITY PRODUCTS / SERVICES: 48%
- TRUSTWORTHY: 48%
- CUSTOMER SERVICE: 41%
- GOOD PLACE TO WORK: 39%
- ETHICAL BUSINESS PRACTICES: 37%

2014
- TRUSTWORTHY: 50%
- QUALITY PRODUCTS / SERVICES: 49%
- CUSTOMER SERVICE: 43%
- CUSTOMER FOCUS: 36%
- ETHICAL BUSINESS PRACTICES: 34%

2015
- QUALITY PRODUCTS / SERVICES: 45%
- TRUSTWORTHY: 44%
- CUSTOMER SERVICE: 39%
- CUSTOMER FOCUS: 36%
- ETHICAL BUSINESS PRACTICES: 33%

2016
- QUALITY PRODUCTS / SERVICES: 45%
- CUSTOMER FOCUS: 33%
- ETHICAL BUSINESS PRACTICES: 32%

DISMAL CONFIDENCE IN LEADERS OVERALL

2012
- BELIEVE LEADERS COMMUNICATE WELL: 37%
- BELIEVE LEADERS ARE EFFECTIVE: 25%

2013
- BELIEVE LEADERS COMMUNICATE WELL: 28%
- BELIEVE LEADERS ARE EFFECTIVE: 24%
- MORE CONFIDENCE IN LEADERS FOR 2014: 15%

2014
- BELIEVE LEADERS COMMUNICATE WELL: 29%
- BELIEVE LEADERS ARE EFFECTIVE: 22%
- MORE CONFIDENCE IN LEADERS FOR 2015: 17%

2015
- BELIEVE LEADERS COMMUNICATE WELL: 24%
- BELIEVE LEADERS ARE EFFECTIVE: 24%
- MORE CONFIDENCE IN LEADERS FOR 2016: 18%

2016
- BELIEVE LEADERS COMMUNICATE WELL: 31%
- BELIEVE LEADERS ARE EFFECTIVE: 23%
- MORE CONFIDENCE IN LEADERS FOR 2017: 17%
MAINTAINING LEADERSHIP ADVANTAGE

Ketchum’s five-year conversation with over 25,000 consumers across five continents has revealed a set of clear, practical lessons for leaders and their advisors to embrace as they strive to establish and maintain leadership advantage.

HOW READY ARE YOU?

What measures do you have in place to ensure reasonable expectation-setting and to avoid “say-do” gaps between what you do and the expectations you set through what you say (especially in a crisis)?

How open are those in your organization – individually and collectively – to genuinely listening to understand your audiences’ definition of transparency?

Does your approach to leadership balance a clear vision with a willingness to admit mistakes and make continuous improvements?

How committed are you and your organization to enabling leadership at every level?

Beyond legal and legislative requirements, how are your leaders breaking down barriers to equal leadership opportunity in areas such as gender, age, ethnicity, religion, sexual orientation, class and disability?

PRACTICE THESE LESSONS

Say what you will do, do what you say and set realistic expectations. Close the “say-do gap” between words and deeds, particularly in crisis situations when it is crucial to balance a human face with decisive action.

Be genuinely willing to listen and learn your audiences’ definition of transparency. Transparency is non-negotiable and it will be imposed on you if you do not provide it voluntarily.

Deliver on your vision, but also acknowledge imperfections. The willingness to admit mistakes is a mark of strength, especially as the “hero leader” model recedes.

Collaborate to bring out the best in others and celebrate employees as your most formidable advocates. Powerful brands start on the inside with your own people.

Actively promote and encourage diverse leadership. Both genders have much to learn about the leadership attributes people crave, on which women are currently out-performing men. And remember, gender is not the only leadership glass ceiling.