The role of leadership in business remains a key issue, regardless of the economic climate. In the new post-crisis world, demands made of members of management and supervisory boards are increasing. They are expected to have not only knowledge and a commitment to financial performance, but also an understanding of the company’s situation in a broad business context. Companies need effective leaders in order to function effectively in a fast-changing world.

The Deloitte report – Leaders of Today - Leaders of Tomorrow – is the first analysis in Poland on the leadership competencies of members of management and supervisory boards. The report is based on a comprehensive survey of top managers. The unique advantage of the study is its innovative approach based on the new Leadership Competency Model. The model is based on the knowledge and experience of experts and business practitioners, and is the first tool of its type in Poland.

The report Leaders for Today – Leaders for Tomorrow is the beginning of a discussion on the issue of leadership in an increasingly demanding business environment. The results of the analysis confirm the global trend that the world needs leaders with the skills to build a stable future for their companies, to carry out change and develop talented employees. I believe that the report will be an inspiration for the business community to take up the topic of leadership and its importance to the challenges facing companies.

Marek Metrycki
President of Deloitte in Poland
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Introduction

In the last five years, sociologists have observed significant changes in the lifestyle and values that predominate in Western societies. The economic crisis of 2008 led to a change in economic conditions, which in turn led to changes in how goods and services are produced, sold and purchased, and primarily how people function in everyday life. The balance in the global markets is still unstable. Continuing unemployment (at unprecedented levels among young and well-educated people) and a worsening economic stagnation are driving two adverse global social processes: the growth of fear and loss of confidence. These factors are crucial for the functioning of not only society but also the business environment.

The study carried out by John Gerzema¹ involving 64,000 respondents in 13 countries representing 65% of global gross domestic product shows that: since the crisis people trust only 1 in every 4 companies and are disappointed in how both governments and businesses operate.

The definition of leadership and a leader’s role in a business is changing

An important factor for the positive perception of the future of business is trust in the competencies of the people who run them. The survey² commissioned by Deloitte shows that the majority of consumers perceive the competencies of business leaders to perform their functions as average at most (chart 1). This opinion is independent of age, gender, place of residence and education (although people with higher education assess the competencies of leaders a little higher).

Chart 1: Assessment of the level of competence of members of management and supervisory boards by consumers depending on education

The data shows that almost 70% of Polish respondents perceive the competence of the management of companies as weak and average, and 27% as good or very good. This assessment is a clear indication that both the public and employees expect an improvement in the competence of company managers. The method of management dominant in recent years is becoming increasingly less effective in today’s world and needs to be changed.

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¹ Doktryna Ateny, J. Gerzema, M. D’Antonio, Wydawnictwo Studio EMKA, 2014
² Omnibus survey conducted by the Homo Homini Institute of Public Opinion Research commissioned by Deloitte in April 2014 on a sample of 1100 Poles aged over 18
The Deloitte study into leadership competencies, two perspectives were investigated: board members who are involved in the current operational and strategic management of a company, and supervisory board members who are not directly involved in daily activities but provide a more strategic and supervisory role. The study was carried out on a sample of 172 managers at various levels representing the largest companies in Poland.

The market needs a new Leadership Competency Model

New challenges resulting from changes in economic conditions require a new set of competencies. Before the survey, the group of experts and business practitioners selected a defined 10 leadership competencies (figure 1) that are important for the management of a company. The group included Deloitte experts with direct management experience (partners, department directors), business advisors (psychologists, sociologists) and representatives of companies involved in recruitment for top management positions. The Leadership Competency Model (figure 2) developed within this group is the first tool of its kind in Poland prepared by experts.

The model was used to create survey and examine whether and to what extent the board members of Polish companies have the selected competencies. The question of whether the skills possessed today have to change so that leaders will be able to face new challenges.
**Figure 1 - Leadership Competency Model – definitions**

<table>
<thead>
<tr>
<th>Competency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taking a broad perspective</strong></td>
<td>understanding the situation of the company in a broad business context; making a proper assessment of the company’s development opportunities, recognising potential limitations; understanding market trends and the ability to use them to develop the business.</td>
</tr>
<tr>
<td><strong>Financial perspective</strong></td>
<td>using financial analyses to evaluate strategic business opportunities and make key decisions relating to the operation of the company.</td>
</tr>
<tr>
<td><strong>Creation and implementation of a vision</strong></td>
<td>presenting a clear vision of the development of the organisation and its implementation with determination and passion; translating a vision into a clear business strategy, consistent objectives and action plans.</td>
</tr>
<tr>
<td><strong>Flexibility in action</strong></td>
<td>acting effectively and constructively even under stress and pressure; adapting quickly to new business circumstances; having high emotional intelligence, also in situations of uncertainty.</td>
</tr>
<tr>
<td><strong>Leading change</strong></td>
<td>recognising and promoting the benefits of changes and their initiation in the organisation; creating a positive atmosphere (orientation) to change; perceiving the risks associated with change and taking responsibility for preventing their negative consequences.</td>
</tr>
<tr>
<td><strong>Orientation on growing the company’s value</strong></td>
<td>presenting a strong orientation on the success of the organisation and building a strong position in the market; creating ambitious goals and striving to achieve them, perceiving new business opportunities and exploiting them effectively to build the company’s growth and competitive advantage; supporting innovative solutions.</td>
</tr>
<tr>
<td><strong>Building effective relationships</strong></td>
<td>attention to building a network of effective relationships inside and outside the organisation; acting ethically and reliably; presenting a high level of consistency between words and actions.</td>
</tr>
<tr>
<td><strong>Developing talent</strong></td>
<td>creating a positive climate and conditions for cooperation and the development of others; selecting and promoting talented employees; preparing successors by delegating tasks and sharing permissions.</td>
</tr>
<tr>
<td><strong>Exerting influence</strong></td>
<td>presenting ideas clearly and convincingly ideas and communicating the company’s business development vision; exerting real influence on the opinions and actions of others; effectively involving others in the development of ideas and projects; showing a high level of energy, passion and commitment.</td>
</tr>
<tr>
<td><strong>Building a company based on values</strong></td>
<td>building a long-term sustainable future for the company; action and leadership based on values such as respect for diversity, ethics and responsibility.</td>
</tr>
</tbody>
</table>
“A good leader is hungry for success to surprise the market, but verifies each new idea in terms of its impact on the business. He is bold in taking risks, yet conservative and restrained where necessary. A leader looks to the future, but remembers about the past. He works with a team of individuals who are able to work together. He has his own vision, but it is based on the initiatives and enthusiasm of employees so that together they implement plans consistently. His enthusiasm is infectious, but also accepts solitude when difficult decisions have to be made. This is the perfect type of leader, though perfection doesn’t exist.”

Zbigniew Jagiello, President of PKO BP
1. Companies should shape leaders more effectively

Global social, political and regulatory changes are changing business priorities. Organisations are increasingly recognising the paradox that it is getting harder to find workers with the right skills, despite the relatively large labour supply. Companies that employ professionals have to compete with each other on a global scale for workers with unique skills to respond quickly to changing market needs. The dynamic development of technology means that the market needs increasingly newer skills. Still, the success of the company and its competitiveness is greatly affected by the social competencies of its employees, such as the ability to cooperate and initiative, and the effectiveness of its leaders.

The Deloitte report HR Trends 2014 shows that leadership and development are among the most important priorities for companies.

The need to develop leaders is caused by the changing expectations of employees and new challenges. The market places a premium on speed and leadership in conditions of uncertainty. There is also an increasing need for competencies such as flexibility, willingness to change and the ability to work effectively in rapidly changing situations. These attributes, which are to a large extent social competence and yet very important for the business processes, are assessed as being among the most important for board members and their effectiveness as business leaders. In this context, companies need to re-examine and create competency development programs based on a new model of leadership.

They should also modify their culture in order to foster the development of leadership attitudes at all levels of management. This entails a need to update existing competency models, and build a pool of successors by creating conditions in which employees can develop their potential.

"The members of the boards of Polish companies are certainly well prepared in terms of competencies related to the financial performance of their company. It is in these skills that receive the most investment, which is associated with the enormous pressure from shareholders, owners and analysts who expect results in a short, often only annual perspective. I believe, however, that there is not enough investment in competencies that build the long-term value of a company. So, for example, managers don’t learn flexibility or building lasting relationships, they don’t develop the skills to shape talent or think about the vision and mission of a company in the long term."

Dominika Bettman, Vice President for Financial Affairs, Siemens Sp z o.o.

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3 Deloitte report HR Trends 2014, June 2014
2. Competencies of board members – from strategy to results

2.1 Strategic competencies are of key importance in management boards

- Almost 90% of Polish managers indicate that taking a broad perspective, leading change and a financial perspective are competencies that are important for board members.
- Evaluation of the market and consumers is similar – of key importance are competencies of a strategic nature, involving an understanding of a company’s situation in a broad business context.
- Also emphasised is the importance of competencies that create an organisational culture based on ethical values. Business ethics is therefore as important as a focus on achieving business results.

The most important management competencies identified by the participants in our study (chart 2) can be divided into three groups (figure 3). The most important of them are related to the perception of one’s own organisation in the wider business context, leading change, having and implementing a vision and financial competencies. Also important are social capital competencies – building relationships and flexibility in daily activities as well as a focus on value. The skill group that has gone by the wayside in the face of post-crisis challenges are leadership competencies (preparing successors and exerting influence) as well as an orientation on increasing a company’s value.

"The results indicate that management boards are currently evaluated based on their results. The most important competencies for managing a company are of a strategic nature that bring long-term benefits. "In such a rapidly growing world and changing market environment, a lot of people say that there is no time for long-term planning. Short-term goals can be achieved through the stick and the carrot approach, “delivering” results in each subsequent quarter. It is said that the average age of a company is about 20 years. However, companies that have a strategic perspective (or even a people management strategy) exist at least twice as long, namely 40-50 years.”

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski

Chart 2: The importance of the competencies of management board members in the opinion of surveyed managers

- Adopting a broad perspective
- Leading change
- Financial perspective
- Creating and implementing a vision
- Building a company based on values
- Building effective relationships
- Flexibility in action
- Developing talent
- Exerting influence
- Orientation on growing a company’s value

<table>
<thead>
<tr>
<th>Competency</th>
<th>Critically important</th>
<th>Very important</th>
<th>Averagely important</th>
<th>Not very important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopting a broad perspective</td>
<td>49%</td>
<td>49%</td>
<td>4%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Leading change</td>
<td>44%</td>
<td>47%</td>
<td>10%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Financial perspective</td>
<td>41%</td>
<td>49%</td>
<td>10%</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Creating and implementing a vision</td>
<td>40%</td>
<td>48%</td>
<td>14%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Building a company based on values</td>
<td>31%</td>
<td>53%</td>
<td>15%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Building effective relationships</td>
<td>28%</td>
<td>55%</td>
<td>14%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Flexibility in action</td>
<td>28%</td>
<td>58%</td>
<td>14%</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Developing talent</td>
<td>23%</td>
<td>51%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Exerting influence</td>
<td>23%</td>
<td>63%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Orientation on growing a company’s value</td>
<td>19%</td>
<td>61%</td>
<td>18%</td>
<td>23%</td>
<td>23%</td>
</tr>
</tbody>
</table>
Leadership competencies rated as important for board members

- **Taking a broad perspective**: understanding the situation of the company in a broad business context; making a proper assessment of the company’s development opportunities; recognising potential limitations; understanding market trends and the ability to use them to develop the business.

- **Leading change**: recognising and promoting the benefits of changes and their initiation in the organisation; creating a positive atmosphere (orientation) to change; perceiving the risk associated with change and taking responsibility for preventing their negative consequences.

- **Financial perspective**: using financial analyses to evaluate strategic business opportunities and make key decisions relating to the operation of the company.

"Boards are assessed on the implementation of the strategy and its market as well as financial effects. These take the form of accounting records and don’t always inform about how the company has used its opportunities and what its potential for development is. At shareholder meetings this is what they talk about, and not about achieving a financial result. When profit is discussed, it is in the context of how it will be shared. Plans for a company’s development are the starting point and any decision about the distribution of profit is a consequence of that. The management board presents these plans and a strategy for further development as well as the necessary financial resources for its implementation. Part of these funds is retained earnings. Of course, in order for all or part of the profit to stay in the business, you need to first have it."

**Dr. Małgorzata Starczewska-Krzysztofsz, Chief Economist, Lewiatan Confederation, Member of the Prime Minister’s Economic Council**
It is interesting that leading change is recognised as a key competency in management both by managers and consumers.

Dominika Bettman, Vice President for Financial Affairs, Siemens Sp. z o.o.

“In recent years the importance of human capital has been growing, both at management and executive levels. This means that the skills to manage people, identify their needs and inspire action and creativity are becoming more highly prized. It is necessary to invest in their development, especially since this can give a much higher rate of return than investments in fixed assets. Increasingly important in the management of people is the ability to build a team and work in it. Men, unfortunately, are worse in this area – they are oriented more on leadership, and not on cooperation. Women definitely cope better with management through cooperation and teamwork, and willing listen to the opinions of others. This does not mean that they cannot make decisions for themselves, but to build their own opinion they willingly use the knowledge of others and different points of view. This feature – the ability to listen to the opinions of others and to implement them into their own decisions – is not often found in men. In addition, women, unlike men, willingly share their knowledge. This in turn makes the effectiveness of the teams they manage is greater.”

Dr. Małgorzata Starczewska-Krzysztof, Chief Economist, Lewiatan Confederation, Member of the Prime Minister’s Economic Council
2.2 The strongest element of a management board are the competencies linked to the achievement of financial results

- The strength of Polish board-level managers boards are competencies that translate directly into financial results. There is a deficit in terms of competencies associated with the building of the social capital of the company and engaging staff and leading change.
- The higher the position of a manager, the better he assesses the level of competence of board members.
- Stable companies that have been successful in the market are managed by managers who have a significantly higher orientation not only financial competencies and increasing the value of the company, but also on social capital competencies.

The survey shows that managers evaluate most highly those competencies that directly translate into business performance: ability to perceive their own companies in a broad business perspective, an understanding of the financial aspects of its operation, and the mindset to increase the company’s market value (chart 4). It is certainly a group of competencies that in times of crisis managers need to develop intensively. This is because it has helped managers operate efficiently and achieve business results in a period that has been marked by intense competition and the recruitment of people oriented on effectiveness.

According to those managers interviewed, leadership competencies associated with the building of teams: developing talent, creating effective relationships, exerting influence, etc, are evaluated lower. The ability to lead change was assessed lower in relation to its importance (see figure 2). This indicates a significant gap that affects the effectiveness of the implementation of strategies and the building of trust and commitment of employees.

Chart 4: Assessment of the level of the competencies of board members in the opinion of surveyed managers
In the assessment of those surveyed, the competencies that have a direct influence on financial results (financial perspective and an orientation on growing the value of a company) are not only important in management, but are also present at a good level among board members. In addition, managers believe that they possess competencies that translate into business performance (financial perspective and an orientation on growing a company’s value) at a level expected by stakeholders (chart 5). The greatest discrepancy between the importance of competencies and their level can be seen in social capital competencies: developing talent, leading change, building relationships and creating and implementing a vision. This group of competencies is also perceived by the average consumer as important and expected of managers.

Chart 5: Importance of competencies and the level of competencies in the opinion of surveyed managers

Dominika Bettman, Vice President for Financial Affairs, Siemens Sp z o.o.

“Certainly, the crisis of authority associated with the recent economic downturn is widespread. Watching Polish companies in terms of people with authority, I can say that there are many women among them. I think that building a business today requires the participation of the female element, especially due to the fact that, in a sense, purely pragmatic values have been compromised. I think it is women who genuinely and honestly represent the values that the market now expects – they are focused on relationships and people and are conciliatory and flexible. I also believe that women have always tried to break into companies with these values. Until now, it has been difficult, because they have hit a wall of total pragmatism and orientation on goals. But now the moment has come to search for other methods of company management and operating in the market.”

Dominika Bettman, Vice President for Financial Affairs, Siemens Sp z o.o.

Respondents evaluated the importance of competencies on a scale of 1 to 5 (where 1 – not important, 5 – critically important), and the level of competencies on a scale of 1 to 5 (where 1 – very low, 5 – very high).
The higher the position of a manager, the better he assesses the level of competence of board members. Lower-level managers give them a lower evaluation (chart 6). This may be due to the limited direct contact of lower-level managers with board members. Accordingly, ideas about competencies are based on indirect observations and random elements, such as the type of decisions made, which are not always adequately communicated internally.

**Chart 6: Assessment of the level of the competencies of board members according to the level of the manager**

“I think that the value of soft skills has always been very high, but little has been said about them because they have been dominated by a completely different set of skills. Characteristics associated with flexibility, willingness to change and seeking agreement were seen as less important. In a business model based on fighting the competition it was difficult to use soft skills such as the ability to cooperate and communicate with employees. According to me, the need for these skills has always existed, but it was not visible. Now we have started to talk about the positive impact of soft skills to doing business.”

Dr. Mirosław Kachniewski, President of Association of Listed Companies
Most of the surveyed managers evaluate their competencies significantly higher than the competencies of the members of the board that manage them (chart 7). Only two skills important for managing the business of a company are rated similarly – financial perspective and an orientation on growing the value of a company. However, in the area of leadership competencies, namely building trust and authority and stability among staff, board members in the eyes of their employees are less competent than themselves. Regardless of the objective assessment of this fact, it is an important for top management to be aware of this, as it shows a deficit of authority. Taking care not only about the business condition of a company, but also about the sense of competence and adequacy of the people who work in it, is a serious challenge for top managers.

Wiesław Thor, Advisor to the Board at Deloitte

Chart 7: The level of the competencies of board members in the opinion of surveyed managers

"Lower-level managers, and in particular, their subordinates, perform very specific tasks and are technically responsible for selected issues or part of them. They are also specialists in narrow fields. In the case of a member of management or supervisory board, the situation is different. The people in these bodies have not been specialists in narrow fields for a long time because there is no need. On the other hand, they have different skills. These include competencies associated with motivating teams, controlling tasks and completing projects. These elements are not always visible and sometimes it is hard for lower-level managers to understand them. On the other hand, one of the most difficult tasks of board members is to give the right context and importance to the work of specialists within the perspective of the whole company."

Wieslaw Thor, Advisor to the Board at Deloitte

"Issues related to poor communication can affect organisations that are quite hierarchical. These enterprises should think about the flow of information. If managers at lower levels of the hierarchy rate lower the level of competence of board members, this may indicate that the key information stops at a certain level and senior managers are not performing their duty to communicate downwards. I would say that this is widespread. I do not want to generalise, but I think that in many organisations this happens – having information goes along with having more power. It is not just the ability to communicate, but the overall culture of communication – a conscious sharing of information."

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski

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5 Respondents evaluated the importance of competencies on a scale of 1 to 5 (where 1 – not important, 5 – critically important), and the level of competencies on a scale of 1 to 5 (where 1 – very low, 5 – very high).
3. Competencies of supervisory boards – from organisational culture to results

3.1 The supervisory board should see the company in a broad perspective and take care of its growth

- Almost 80% of Polish managers indicate that taking a broad perspective, focusing on a company’s growth and a financial perspective are competencies that are important for supervisory board members.
- Members of supervisory boards should also foster actions based on values, and thus build trust both among employees and customers.
- There is an increasing stress on the personal responsibility of supervisory board members and an increase in the impact of the market and consumers, who expect greater involvement in building a responsible business.

In the opinion of the managers, among the most critical competencies of members of the supervisory boards are those that are associated with looking at the wider perspective of the company, its financial condition and growth in market value (figure 4). This group also includes a competence that is relevant to the promotion of activities based on values, and thus building confidence in both employees and customers (chart 8). The survey results indicate that supervisory board members, in addition to protecting the business, are expected to take care of the organisational culture of a company and consider its actions from an ethical point of view.

### Figure 4

Leadership competencies rated as important for supervisory board members

- **Taking a broad perspective** (89%)
  - Understanding the situation of the company in a broad business context;
  - Making an effective evaluation of business development opportunities;
  - Perceiving potential limitations;
  - Understanding market trends and the skill to exploit them to develop the business.

- **Orientation on growing the company’s value** (88%)
  - Presenting a strong orientation on the success of the organisation and building a strong position in the market;
  - Creating ambitious goals and striving to achieve them;
  - Perceiving new business opportunities;
  - Exploring them effectively to build growth and competitive advantage;
  - Supporting innovative solutions.

- **Financial perspective** (83%)
  - Using financial analyses to evaluate strategic business opportunities and make key decisions relating to the operation of the company.
Chart 8: The importance of the competencies of supervisory board members in the opinion of surveyed managers

<table>
<thead>
<tr>
<th>Competency</th>
<th>Critically Important</th>
<th>Very Important</th>
<th>Averagely Important</th>
<th>Not Very Important</th>
<th>Not Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopting a broad perspective</td>
<td>50%</td>
<td>39%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orientation on growing the company’s value</td>
<td>36%</td>
<td>52%</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial perspective</td>
<td>36%</td>
<td>47%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building a company based on values</td>
<td>31%</td>
<td>52%</td>
<td>14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating and implementing a vision</td>
<td>19%</td>
<td>31%</td>
<td>36%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Building effective relationships</td>
<td>13%</td>
<td>39%</td>
<td>34%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Exerting influence</td>
<td>13%</td>
<td>50%</td>
<td>29%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Leading change</td>
<td>13%</td>
<td>29%</td>
<td>38%</td>
<td>18%</td>
<td></td>
</tr>
<tr>
<td>Flexibility in action</td>
<td>13%</td>
<td>36%</td>
<td>38%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Developing talent</td>
<td>9%</td>
<td>24%</td>
<td>38%</td>
<td>24%</td>
<td></td>
</tr>
</tbody>
</table>

“The competencies of the supervisory boards should be to a small extent operational competencies, and above all strategic. Politicians are sometimes asked to join supervisory boards, and – in the case of state-owned or municipal companies – representatives of public administration. Probably, it is believed that this may have a positive impact on the image of the company. It is important that the members of supervisory boards, who are supposed to supervise the growth of their company in the long term, have accumulated knowledge and experience in business. Members of supervisory boards should be supportive and act as mentors to the management board.”

Dr. Małgorzata Starczewska-Krzysztofeszk, Chief Economist, Lewiatan Confederation, Member of the Prime Minister’s Economic Council
3.2 Managers have high expectations of supervisory board members

- The level of the majority of competencies of supervisory board members is judged to be lower than expected.
- A deficit can be seen in competencies associated with taking a broad perspective and building a company based on values.
- In the current conditions, increasing demands are being made of supervisory board members. They are expected to have not only knowledge and a commitment to financial performance, but also an understanding of the company’s situation in a broad business context.

**Figure 5**

<table>
<thead>
<tr>
<th>Competency</th>
<th>Average</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing talent</td>
<td>29%</td>
<td>38%</td>
</tr>
<tr>
<td>Creating a positive climate and conditions for cooperation and the development of others; selecting and promoting talented employees; preparing successors by delegating tasks and sharing permissions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building a company based on values</td>
<td>20%</td>
<td>32%</td>
</tr>
<tr>
<td>Building a long-term sustainable future for the company; action and leadership based on values such as respect for diversity, ethics and responsibility.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building effective relationships</td>
<td>18%</td>
<td>35%</td>
</tr>
<tr>
<td>Attention to building a network of effective relationships inside and outside the organisation; acting ethically and reliably; presenting a high level of consistency between words and actions.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The business community assesses the level of competence of supervisory board members as lower than expected. Over 60% of surveyed managers rated the level of competence of developing talent, building a company based on values and leading change as average or low in this group (figure 5). Only competencies associated with a financial perspective and a focus on the growing value of the company were assessed as being at a high level. By contrast, a deficit can be seen in competencies perceived as key to fulfilling the function of a member of a supervisory board, associated with taking a broad perspective and building a company based on values. Managers see a need for members of supervisory boards to understand better the broader context of a company (chart 9).

Chart 9: Assessment of the level of the competencies of supervisory board members in the opinion of surveyed managers
Those managers surveyed evaluate the competence of board members as lower than their own. In the case of the assessment of the competencies of supervisory board members, this disparity is particularly high (chart 10). It primarily concerns two key competencies for performing this function: taking a broad perspective and building a company based on values. The conclusion is that for managers supervisory boards are not authorities when it comes to understanding a business and managing it.

"In order to efficiently run a business, it is essential that both the supervisory and the management boards have a high level of competency. Let’s start with the fact that each member of these boards is faced with a completely different range of tasks that involves a different level of commitment to the company, a different level of responsibility and, finally, a different level of competence. Management boards must not only be focused on strategic goals, but at the same time they also have to do business successfully. The role of the supervisory board consists of guiding the direction of the company, and therefore requires a holistic approach. If I had to choose whether the competencies of the supervisory board or the management board are more important, I would choose the management board. A lack of competence in this body immediately translates into results. On the other hand I also believe that without the effective functioning of both these bodies it is very difficult to do business with long-term success."

Dr. Mirosław Kachniewski, President of the Association of Listed Companies

"Our supervisory boards have a long road in front of them. You can see that from year to year they are becoming increasingly professional. Several years ago, a lot of supervisory boards were made up of members who were in the body mainly just to meet legal requirements. Private owners of companies often perceived supervisory boards as merely a formal element whose function may be limited to 2-3 meetings a year and the signing of resolutions required by law, without expecting a more substantial contribution. This, however, is changing, and a growing number of supervisory boards are beginning to appoint people on merit and who are independent. Increasingly, supervisory boards are appointing experienced managers, experts, and not only those who attend board meetings just to sign the required documents, the attendance list and not cause problem."

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski
The recent economic crisis has meant that short-term measures taken to navigate the economic slowdown have taken precedence. These include issues relating to capital management, corporate governance and compliance of a company’s operations with the law.

Issues related to long-term action regarding strategy, growth, innovation and talent management remained in the background. However, supervisory board members interviewed by Deloitte\(^6\) in 2012 felt that strategy, growth, implementing plans and managing capital will be the main areas of their work over the next years. Today, members of supervisory boards are facing growing challenges from regulators. These relate to their active participation in the performance of ongoing supervision. Supervisory board members are also expected to be more involved in the financial reporting process and in the development of the prevention and detection of fraud.

Under the new “Principles of Corporate Governance for institutions supervised by the FSA”\(^7\), supervisory boards and audit committees should be involved in determining the risk management strategy for their companies. In addition, it is expected that supervisory boards will be responsible for the implementation and oversight of the remuneration policy of board members. To all the requirements involve active cooperation with internal audit in the shaping and functioning of control systems. The challenges faced by members of supervisory boards also include the aspect of financial responsibility. The regulation introduced by the EU Directive of 22 October 2013, which Poland has until November 2015 to implement into local law, introduces the ability to punish members of supervisory boards with financial sanctions of up to EUR 2 million.
5. Competencies of management boards and competencies of supervisory boards

5.1 Management board competencies are more important for a company than supervisory board competencies

- More is expected of management board members in terms of creating the company’s vision, leading change, building relationships and developing talent.
- Supervisory board members are expected to look after the growth of their company’s value and build a company based on ethical values.

In the opinion of those managers surveyed, the competencies of supervisory board members are less important than those of management board members. For both of these groups, competencies related to the understanding of the business should be just as important (chart 11), while the ability to create a vision, lead change and develop talent should be more important for management board members rather than those on supervisory boards.

“Sometimes it’s hard to think about a bird’s eye view of the company in daily activities. The supervisory board is charged with managing the financial perspective and the management board is more focused on developing the company’s value in the long term. Each board has a specific role to play in the company’s development.”

Dr. Małgorzata Starczewska-Krzysztoszek, Chief Economist, Lewiatan Confederation, Member of the Prime Minister’s Economic Council

Chart 11: The importance of the competencies of management board and supervisory board members

“People managing companies have to think strategically, analyse and be able to identify the right development path, but they should also keep an eye on everyday issues, and think and manage operationally. While supervisory board members don’t need to go into details. Of course, the both groups should have the ability to analyse financial data and reach conclusions for the present and future activity of the company, but a broader perspective based on accumulated business experience should dominate in supervisory boards, thereby allowing for adjustments to be made to the vision of development and the implementation of the strategy proposed by the management board.”

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski

“The people who manage a company are required to have strategic competencies, but also those that are associated with the company’s daily activities. In contrast, the members of supervisory boards are expected to have both a broader perspective (taking a bird’s eye view of the company) and financial knowledge enabling data to be evaluated and good questions asked that inspire the management board to question the current situation. I believe that the supervisory board shouldn’t cross over into the competencies of the management board. The management board is appointed precisely to deal with details, and the supervisory board should support, give constructive feedback, identify risks and contest if necessary.”

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski
6. Assessment of the competencies of men and women in top management positions

6.1 The competencies of women are assessed to be higher than the competencies of men in management boards

- Surveyed managers, regardless of level, evaluate the competencies of women on management boards higher than those of men.
- Women are rated higher especially in competencies related to building effective relationships, developing talent, leading change and building a company based on values.

Assessing competencies in managerial positions in relation to gender requires taking into account the specific situation of men and women in business. Companies recruit as many women as men in junior positions. However, at other levels of management, this ratio changes. The participation of women in the supervisory boards of companies listed on the Warsaw Stock Exchange in 2013 amounted to 10.3% (EU average of 17.6%), while the proportion on management boards of these companies was 6.8% (EU average of 11%)8.

Numerous studies show that both men and women have different preferences in terms of leadership style, building their position in the organisation and the use of power. Women use a leadership style based on building their own authority, while men base their style on transactional and rational activities9. According to the Deloitte report "Women and Power in Business"10, women for often use tools based on persuasion, explanation and engagement, while men use pressure and the creation of coalitions.

Global studies also confirm that in the face of the global financial crisis of 2008 there was a stalemate in the task-based competitive style of management that is often used by mężczyzn11. Both the public and people directly involved in business expect greater participation in managing companies from people with social capital skills associated with building relationships and ethical values and being flexible.

"Women must be generally better than the average man if they want to get to a high position in a company. Therefore, women who are in high positions have very good competencies. Unfortunately, this is also how men think... I remember when I was promoted to the board of a financial holding company in the Netherlands, where there were more than a dozen men, and I was the only woman. The head of the group, when he presented me, said that if a woman wants to join such a board, she needs to be better than five other men. Then I asked him the question that made him ponder ... Why does it have to be like that?"

Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski

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8 Report of the European Commission, Gender balance on corporate boards, March 2013
The results of the Deloitte survey show that managers, regardless of level, evaluate the competencies of women higher than those of men in management boards. The exceptions are typical business skills (financial perspective and a focus on growing the value of a company), in which women are judged to be at the same level as men (chart 12).

**Chart 12: Assessment of the level of competencies of male and female members of management boards**

!”Many women are very well prepared to perform management functions. Men more likely to be gung-ho; they have higher self-esteem. Women on the other hand invest more time and energy to prepare well for their role. They think “can I manage?” and often don’t believe in themselves regardless of their knowledge and skills.”

**Zofia Dzik, Member of the Supervisory Board of PKO Bank Polski**

“I have met women in my career who have displayed above average thoroughness, remained in the office much longer and who have approached their tasks with attention to detail. The form of communication was as important as the content; they didn’t tolerate any errors, even small ones like spelling or misplaced commas, etc. Their successors (men), however, focused on speed, the message and the pace of work.”

**Wieslaw Thor, Advisor to the Board at Deloitte**
6.2 Men and women on management boards

- Men think that women on management boards are just as competent as men in most areas.
- Women in selected areas perceive their competence significantly higher than that of men. Perceive themselves and other women as more competent, while men do not notice this difference.

When we look at the assessments of the competencies of men and women made by men we don't see specific differences. Men think that women on management boards are just as competent as men in most areas, with the exception of areas related to leading change and exerting influence. On the other hand, women perceive the competencies of women much higher than those of men in most areas (chart 13, figure 6).

Chart 13: Assessment of the level of selected competencies of male and female members of management boards in the opinion of women

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Flexibility in action
<table>
<thead>
<tr>
<th>Competencies of women</th>
<th>Competencies of men</th>
</tr>
</thead>
<tbody>
<tr>
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<td>3.4</td>
</tr>
</tbody>
</table>

Leading change
<table>
<thead>
<tr>
<th>Competencies of women</th>
<th>Competencies of men</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Building effective relationships
<table>
<thead>
<tr>
<th>Competencies of women</th>
<th>Competencies of men</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>3.3</td>
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</table>

Building a company based on values
<table>
<thead>
<tr>
<th>Competencies of women</th>
<th>Competencies of men</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>3.3</td>
</tr>
</tbody>
</table>
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“General assessments of the competence of men and women are inaccurate due to the fact that we always rely on our own experience. If, hypothetically, someone had the opportunity to work with competent women and with less competent men it means that women are usually more competent. When the experience is reversed, the results of the assessment also change. I personally have had the opportunity to work with some very talented managers of both sexes who could boast a wide range of knowledge, rich experience and enjoyed great respect. Therefore, I believe that being competent is not dependent on gender, and personality characteristics and all other evaluations are subjective.”

Dr. Mirosław Kachniewski, President of Association of Listed Companies
“Higher self-evaluations may result from women finally finding themselves in a situation in which someone asks them about their opinion and they have the opportunity to comment. We’re talking about prominent, educated women with a high level of awareness of their own value. These women already occupy senior positions, and they didn’t get there by chance. They got there by hard work, determination, talent and often by having better leadership skills than their male counterparts. Women in senior positions display a high level of awareness and are confident; hence their evaluation of themselves is what it is.”

Andrzej Maciejewski, Managing Director of Spencer Stuart
6.3 The competencies of women are assessed to be higher than the competencies of men on supervisory boards

- The competencies of women on supervisory boards are rated significantly higher in most areas surveyed.

As in the case of management boards, there are fewer women than men on supervisory boards. Their competencies, as in the case of management boards, are rated significantly higher in all areas except for two – financial perspective and an orientation on growing a company’s value – in which women are judged on the same level as men (chart 14, figure 7).

![Chart 14: Assessment of the level of competencies of male and female members of supervisory boards](image)

[Table of competencies assessed]

<table>
<thead>
<tr>
<th>Category</th>
<th>Competencies of Women</th>
<th>Competencies of Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taking a broad perspective</td>
<td>3.7 3.5</td>
<td>3.7 3.8</td>
</tr>
<tr>
<td>Orientation on growing the company’s value</td>
<td>3.7 3.7</td>
<td>3.6 3.6</td>
</tr>
<tr>
<td>Financial perspective</td>
<td>3.6</td>
<td>3.1 3.1</td>
</tr>
<tr>
<td>Building effective relationships</td>
<td>3.6 3.2</td>
<td>3.5 3.3</td>
</tr>
<tr>
<td>Building a company based on values</td>
<td>3.5</td>
<td>3.3 3.1</td>
</tr>
<tr>
<td>Flexibility in action</td>
<td>3.5</td>
<td>3.2 3.1</td>
</tr>
<tr>
<td>Creation and implementation of a vision</td>
<td>3.5</td>
<td>3.3 3.1</td>
</tr>
<tr>
<td>Exerting influence</td>
<td>3.5</td>
<td>3.3 3.1</td>
</tr>
<tr>
<td>Leading change</td>
<td>3.3 3.1</td>
<td>3.2 3.2</td>
</tr>
<tr>
<td>Developing talent</td>
<td>3.2 3.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>
Leadership competencies assessed to be higher among women on supervisory boards

- **Taking a broad perspective**: understanding the situation of the company in a broad business context; making a proper assessment of the company’s development opportunities, recognizing potential threats; understanding market trends and the ability to use them to develop the business.

- **Flexibility in action**: effective and constructive action under stress and pressure; adapting quickly to new business circumstances; having high emotional intelligence, also in situations of uncertainty.

- **Orientation on growing the company’s value**: presenting a strong orientation on the success of the organisation and building a strong position in the market; creating ambitious goals and striving to achieve them; pursuing new business opportunities and exploiting them effectively to build the company’s growth and competitive advantage; supporting innovative solutions.

- **Creation and implementation of a vision**: presenting a clear vision of the development of the organisation and its implementation with determination and passion; translating a vision into a clear business strategy, consistent objectives and action plans.
Men do not assess the competencies of either gender as being higher. Women, on the other hand, assess certain competencies of women on supervisory boards as being higher (chart 15). This refers to skills that are key to being a good member of a supervisory board: taking a broad perspective and an orientation on growing a company’s value.

Men believe that the sex of a supervisory board member is not important. It might be that they cannot see differences in the level of competence of the two sexes, as the small number of women in the male environment of supervisory boards are not seen as being different. Women have a different perspective. They clearly appreciate the different value that women bring to supervisory boards and are aware of a specific group of “feminine” competencies.

"Women working in business are pragmatic and well-organised because they manage not only a company, but also their family; they make decisions taking into account all stakeholders. Women point out that men are reluctant to seek the views of people working at lower levels in their companies, and such opinions are helpful in making decisions. Women value that characteristic – the ability to use the knowledge and opinions of people working with them as it provides added value to a business, but men do not see this. Therefore, women rate men as inferior managers who do not use the available potential."

Dr. Małgorzata Starczewska-Krzysztofek, Chief Economist, Lewiatan Confederation, Member of the Prime Minister’s Economic Council

<table>
<thead>
<tr>
<th>Competencies of women</th>
<th>Competencies of men</th>
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</thead>
<tbody>
<tr>
<td>Taking a broad perspective</td>
<td></td>
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<tr>
<td>Flexibility in action</td>
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<tr>
<td>Orientation on growing the company’s value</td>
<td></td>
</tr>
<tr>
<td>Creation and implementation of a vision</td>
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</tbody>
</table>

Chart 15: Assessment of the level of selected competencies of male and female members of supervisory boards in the opinion of women
7. Quotas - business and market prospects

- The public believes that there is a greater acceptance for the regulation of gender equality on company boards and it is higher among women (63%) than among men (48%). Support for parity increases with the age and education of consumers.
- The opinions of women managers are not significantly different from other women, though more of them support quotas (68%).

In 2012, the European Parliament started a discussion on rules governing the participation of women in decision-making bodies of companies operating in the countries of the European Union\(^\text{11}\). In November 2013, it adopted a quota directive, an initiative aimed at increasing women’s participation in the supervisory boards of companies listed on stock exchanges.

In the opinion of the public\(^\text{12}\) there is a greater acceptance for the regulation of gender equality in decision-making bodies of companies and it is higher among women (63%) than among men (48%). The opinions of women managers are not significantly different from other women, though slightly more of them support quotas (68%) (chart 16).

![Chart 16: Attitude to the introduction of quotas for women and men from non-business backgrounds performing managerial functions](chart)

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\(^{11}\) The directive of the European Parliament and the EU Council on improving the gender balance among non-executive directors of companies whose shares are traded on the stock exchange and related measures

\(^{12}\) Omnibus survey conducted by the Homo Homini Public Opinion Research funds on behalf of Deloitte, April 2014
In business, the attitude to parity does not change significantly along with the position held (chart 17).

**Chart 17: Attitude towards the parity managers in various positions**

- **Supervisory Board**: 63% support, 38% don’t support, 0% have no opinion.
- **Management Board**: 44% support, 44% don’t support, 13% have no opinion.
- **Higher**: 55% support, 31% don’t support, 14% have no opinion.
- **Average**: 43% support, 26% don’t support, 30% have no opinion.

Legend:
- Green: I support it
- Blue: I don’t support it
- Grey: I have no opinion
Women are definitely in favour of quotas at the beginning of their careers and at the highest levels of management (chart 18). There is a greater percentage of undecided women at intermediate levels.

Supporters of quotas assess the competencies of women on management boards significantly higher than the competencies of men. The attitude to quotas is not related to the assessment of the competencies of men (chart 19).

"Achieving gender balance in management in companies is definitely a difficult issue. In my opinion, simply introducing quotas is not a good solution, because I fear very negative consequences in the market, especially perceptions about the competencies of women. Human nature is such that we defend ourselves against things that are imposed on us. The introduction of mandatory quotas could indeed provide an increase in the participation of women in company bodies, but it would not necessarily at the same time increase their role in decision making. It could also lead to a paradox – when selecting female candidates for governing bodies the competence and experience of women wouldn’t be a key factor, but rather availability and time, because all companies would have to fulfill the requirements at the same time."

Dr. Mirosław Kachniewski, President of Association of Listed Companies
As many as 44% of businesses in 20 countries around the world decided to launch in the last four years internal policies and practices that are designed to contribute to the professional development of women. In 47% of cases they are related to management levels. Among the most frequently mentioned were tools for professional development plans, flexibility in the workplace, social assistance in the form of parental leave and also working with a mentor. Despite this obvious progress, there is still a concern that more than half of companies do not have any plans to encourage women to develop their leadership competencies.

The preference of forms of support for women is affected by the geographical location. For example, representatives of German companies declared that they support their female managers primarily through flexible and part-time work in management positions. On the other hand, in the US mentors and programs for leaders have the greatest impact on the development of women, while in Asia the focus is on schematising professional development plans. Although in the last four years, 66% of companies have increased the number of women in leadership positions, at the same time a large proportion of women decided to leave employment in organisations (22% of companies).

The biggest catalysts for change within companies and advocates for the advancement of women are usually the president, senior management and board members. The tools that have the greatest impact on facilitating the professional development of women are activation programs (19%), self-regulation in business (12%) and corporate governance (11%). The most important influence groups that can bring about an increase in the number of women in management are the women in a given company who work towards activation (17%), as well as voluntary internal company regulations (16%). This is true both in countries where there are quotas for the number of women for a given job position, as well as those where there is no such top-down regulation. Studies and observations show that self-regulation and internal practices work best within business; these are the biggest engines of change. There are only effective, however, provided that go beyond simply making declarations.

The Deloitte study “Leaders for Today – Leaders for Tomorrow. What competencies do the chiefs of Polish companies have?” also shows important changes in terms of the perception of women’s leadership competencies. Surveyed managers, regardless of level they occupy in the hierarchy, evaluate the competencies of women on management boards higher than those of men. For the first time, a significant positive difference can be seen in women’s self-assessment and the perception of their leadership skills. We can talk about Polish female managers, who increasingly perceive their value for businesses, breaking through the psychological glass ceiling. The increasing and better exploited potential of women may constitute an important differentiator for a company in gaining a competitive advantage in the future.
Methodology
A group of business experts, researchers, consultants and specialists from HR and recruitment selected and defined the Leadership Competence Model for competencies that are important in the management of a company. Experts emerged ten core competencies: Taking a broad perspective, Financial perspective, Creation and implementation of a vision, Flexibility in action, Leading change, Orientation on growing the company’s value, Building effective relationships, Developing talent, Exerting influence and building a company based on values. Based on this model, a questionnaire was created that was used in an online survey.

The study was conducted in three phases.

The first was an online questionnaire survey on a sample of 172 managers at various levels (management board members, supervisory board members, high-level managers, middle-level managers, low-level managers) of the largest companies in Poland carried out by means of an online survey in April-May 2014. The study involved 49% men, 51% women. The seniority of 75% of those surveyed exceeded more than 8 years.

The second stage was a nationwide survey on a representative random-quota sample of 1,100 respondents aged over 18 years carried out in April 2014 using standardised computer-assisted telephone interviews (CATI). The study consisted of in-depth interviews with six senior managers, business opinion leaders, which were conducted in May-June 2014.

14 Omnibus survey conducted by the Homo Homini Public Opinion Research funds on behalf of Deloitte.
Thanks
We thank all those who participated in the study “The leadership competencies of members of management and supervisory boards”, and those who completed the online survey.

A special word of thanks goes to the people who agreed to take part in in-depth individual interviews.

We would like to thank the consulting company Spencer Stuart for their participation in the panel, which resulted in the creation of the first expert Leadership Competency Model in Poland.

We thank the Polish Association for Human Resources Management for their help in the distribution of questionnaires.
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The report was made in collaboration with Prof. Beata Krzywosz-Rynkiewicz, a psychologist from the University of Warmia and Mazury
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