



BOYDEN GLOBAL EXECUTIVE SURVEY 2023

Exploring adaptivity through strategy and talent

REGIONAL ANALYSIS: EUROPE



EXECUTIVE SUMMARY

In this regional analysis of Boyden's global report, **Exploring adaptivity through strategy and talent**, we highlight findings and trends in Europe with expert sector insight from Boyden partners.

In recent years, multiple 'black swan' events have driven leaders to ask extraordinary things of themselves and the people in their organisations, pushing them to be more closely connected in their decision-making. The impact of conflict in Ukraine on the European psyche, subsequent inflation and rising costs is driving a need for leadership visibility, empathy and inspirational change. Leaders and their teams are responding with exceptional levels of determination, driving innovation and showing a new suppleness in their approach.

What is the value of this research for our European clients and business leaders?

The ability to benchmark instinct against data from regional peers, discovering talent priorities for business longevity and future relevancy. Our findings distil mission-critical conversations in a vacuum of time:

- How do our approaches to strategy and talent compare with global peers?
- How well aligned is our talent to the growth potential of our organisation?
- What is the best talent investment to support our growth drivers?
- What priority risks are driving decision-making in other organisations?
- Are we in keeping with regional peers or out of kilter in managing talent?
- What are the most valuable soft skills for recalibrating our culture?
- Do skills on our board correlate with complexity in the market?



Our research findings show a cohesive narrative around adaptive leadership, rapid change, digital transformation, strategic flexibility and agile decision-making.

In Europe, confidence in organisational growth potential is on par with global peers. The most confident sectors are professional services, healthcare and life sciences.

However, while confidence in talent has increased globally since 2022, in Europe it has fallen across all levels of the organisation. There is a persistent gap between confidence in growth potential and confidence in having the right talent to align with strategy, with a 10-point fall in confidence specifically in the leadership team this year.

**78% very confident or confident in organisational growth potential vs.
60% very confident or confident in having the right talent to align with strategy
58% very confident or confident in the leadership team**

The top three growth drivers are innovation, digital transformation and human capital, as they were in 2022; correlating with this, skills in digital and innovation are in greatest need of strengthening. This year is the first time we have seen sustainability skills in the top three for strengthening talent.



**54% need to strengthen skills in digital (AI, robotics, machine learning)
46% need to strengthen skills in innovation
33% need to strengthen skills in sustainability**

This year little progress has been made in ESG and the landscape remains patchy. Less than half of respondents think their organisations are investing sufficiently in sustainability.

**36% report ESG as part of most business decisions
22% of respondents report ESG deeply embedded in their culture
26% have a dedicated sustainability officer
18% have no designated sustainability lead
12% have a Chief Sustainability Officer**

While organisations demonstrate robust confidence and a clear view on strategic skills, the business environment is challenging; major issues of climate change and energy security are put into perspective by dominant fears over global recession, geopolitical risk and inflation.



**42% identify risk of global recession
40% identify geopolitical risk
32% identify inflation**

In preparing for recession, leadership teams are focusing on **more agile decision-making**, building new businesses and capturing ideas from all parts of the organisation. Lack of local executive talent is of greater concern among European respondents than global peers, and **board-level respondents** are more concerned about **lack of local talent** than they are about global recession.

Internally, respondents identify the greatest risks as lack of innovation, digital transformation and a weak leadership team. They are less concerned about employee burnout than global peers.

Against this backdrop, the biggest driver of culture shifts is **organisational agility**, with the most valuable soft leadership skills being **inspiring teams, driving change and showing empathy**.

Structural change is driven by the need for strategic flexibility, competing for talent and digital advances, with Europeans more focused on competing for the talent.

43% identify strategic flexibility
41% identify competing for the right talent
39% identify digital advances

Talent remains a point of pain, particularly recruitment.



63% anticipate recruitment challenges over the next year
52% expect retention challenges over the next year

Recruitment concerns are about competing with bigger brands, a shrinking talent pool and mobility or relocation issues. Organisations are countering this with **performance-based bonus, flexible and hybrid working, and further leadership development**.

With so many demands on leaders, the relationship between the board and the executive has become much closer, with a thirst for more technical skills at board level as leaders seek greater operational input.

Boards are more concerned about a lack of local talent than a global recession.

We therefore see a keen focus among board respondents on human capital and talent in every dimension of the business.



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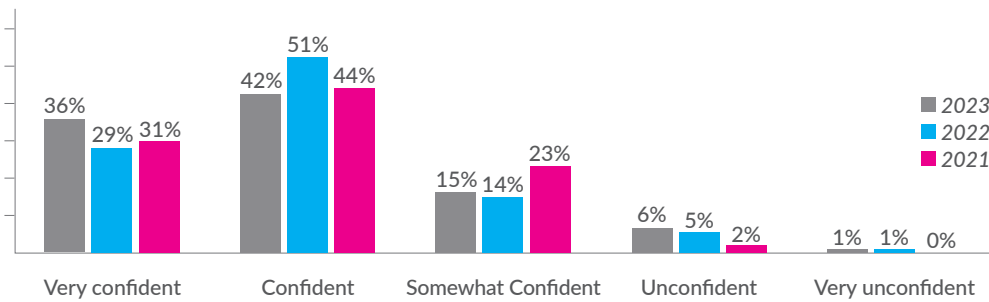
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A note on visual theme:

The recurring motif of rivers serves as a powerful visual metaphor for the concept of adaptive leadership. Much like rivers display extraordinary adaptability and the capacity to navigate obstacles, these images highlight the parallel qualities found in modern leaders. By drawing on the metaphor of rivers, we emphasize the relevance of agility, flexibility, and navigational acumen in guiding organizations through today's ever-changing and demanding landscapes.

01 BAROMETER ON CONFIDENCE

Across Europe, confidence in organisational growth potential is robust, at 78%, on par with the global average of 77% very confident or confident in growth potential to 2025.



78% of respondents are very confident or confident

Confidence is almost in line with 2022 levels, when 80% were very confident or confident; a greater proportion of respondents, 36%, feel very confident this year.

36% Very Confident

42% Confident

From a sector perspective, respondents in **professional services** are particularly bullish, with 86% **very confident or confident** in their organisation's growth potential, expecting growth to be driven by digital transformation. Both **healthcare** and **life sciences** follow closely with 85%, expecting growth to be driven by innovation. These two sectors show remarkably high levels of confidence with 54% **very confident** in their organisation's growth potential.





In the face of the risk of a global recession, geopolitical uncertainties, and inflation, Europe's industrial leaders are placing special focus on strategic flexibility, organisational agility, and decision-making adaptability. This, combined with improved skills in digital technologies such as AI, robotics, and machine learning, as well as a strong emphasis on innovation, instils confidence in European Boards regarding their ability to fully achieve the organisational growth potential. The underlying key drivers of success continue to be recruiting and retaining top talent.

*-Helga Kayser-Dörr, Boyden Germany
Global Practice Leader, Industrial Practice*

Talent aligned to strategy

Confidence in **organisational growth potential at 78%** is not matched by confidence in having the **right talent to align with strategy at 60%**, an 18-point difference.

We look at talent confidence across three distinct areas: (i) overall workforce; (ii) leadership team; and (iii) the board or executive committee. The average confidence level is 60%, falling from an average of 66% in 2022.

Findings show that confidence generally rises with seniority. However, European data show lower confidence than the global average in both the **overall workforce** and **leadership team**. A year-on-year comparison reveals a fall of 10% in Europe for confidence in the **leadership team**. Across all levels, confidence rose globally but fell in Europe.



Confidence in having the right talent to align with strategy

Very confident or confident



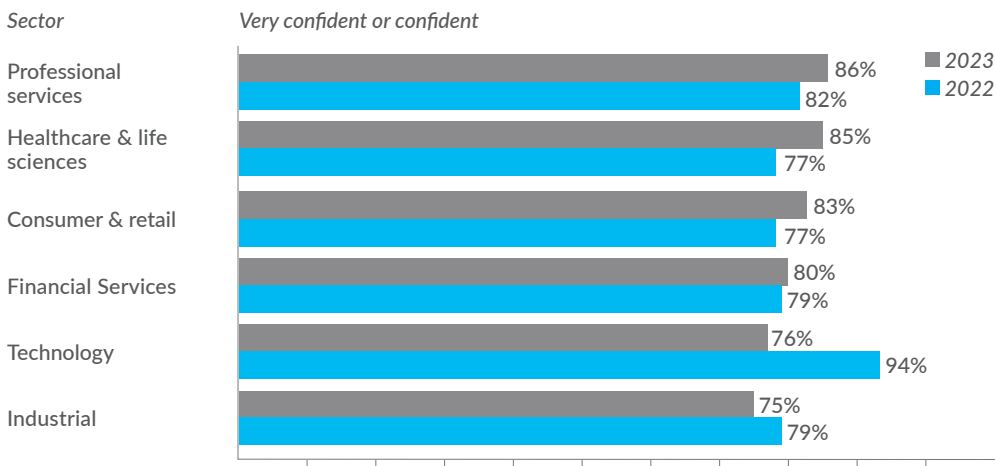
A closer look

Confidence by sector

There is just over a 10-point difference between the respondents in the most confident sector, **professional services** at 86% very confident or confident, and those in the least confident sector, **industrial** at 75% very confident or confident. However, confidence is clustered and buoyant across all sectors.

This year confidence is up in healthcare & life sciences and consumer & retail, and down in technology and industrial, with **technology** showing a significant 18-point drop. This reflects concerns over a global recession, the top external challenge in the tech sector; lack of innovation, the top internal challenge; and competing for the right talent, the top driver of structural change.

To prepare for a predicted recession, tech leaders are focusing on: more agile decision-making; greater use of AI, robotics and automation; and building new businesses. The more confident leaders in healthcare & life sciences are focusing on: more agile decision-making; and shifts in resource allocation.



Confidence by job function

- Those with the highest 'very confident' scores are equally **President/CEOs** and **HR leaders**, among whom 41% respondents are very confident.
- **Tech leaders** are the least confident with 0% very confident; 50% are confident and 50% somewhat confident.
- **Operations leaders** are also cautious; 38% are somewhat, unconfident or very unconfident.



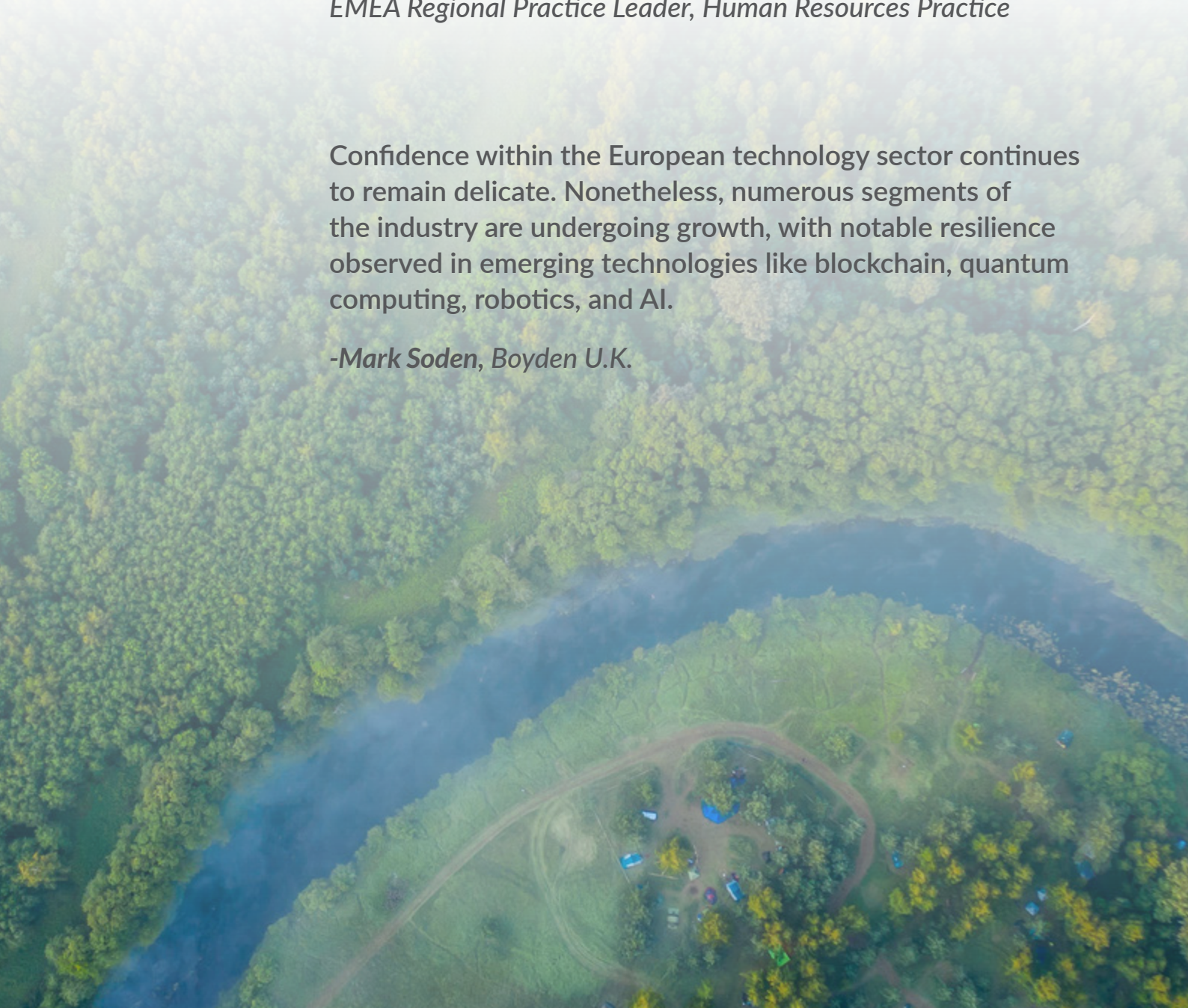
The findings align with the challenges that, in my belief, European business leaders are currently facing across various sectors. Overall, there is a continuous strong outlook on future growth, including the economic prospects. The technology sector and CTOs, in particular, express the greatest concerns among companies and managers.

Agility and flexibility will be critical, and this aspect is deeply rooted in corporate culture and the people within the organisation. To confront the competitiveness and business consequences of the ongoing geopolitical tensions, the human factor remains and will continue to be the cornerstone.

*-Birger M. Svendsen, Boyden Norway
EMEA Regional Practice Leader, Human Resources Practice*

Confidence within the European technology sector continues to remain delicate. Nonetheless, numerous segments of the industry are undergoing growth, with notable resilience observed in emerging technologies like blockchain, quantum computing, robotics, and AI.

-Mark Soden, Boyden U.K.



02 GROWTH OUTLOOK

With such high confidence levels in organisational growth potential, where will growth come from?

The picture this year remains consistent with last year: 37% identify **innovation** as the top driver of growth over the next two years, followed by 35% identifying **digital transformation** and 30% **human capital**.

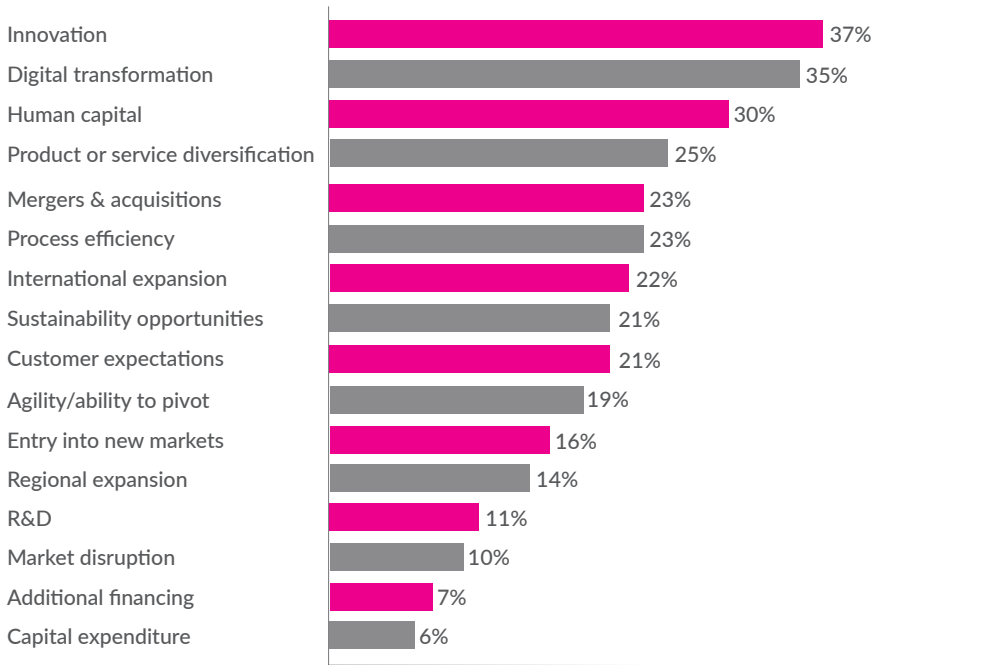
This year there is a stronger focus on **product or service diversification**, in line with organisations creating new businesses to prepare for recession. **Sustainability opportunities** gain greater attention, which is encouraging; net zero initiatives were significantly less considered last year. Overall, as costs continue to rise, the focus is firmly on technology and people, with additional financing and capital expenditure almost negligible in comparison.

37% Innovation

35% Digital transformation

30% Human capital

Organisational growth drivers



Risks and challenges

External risks and challenges

In order to understand shifts in strategy and objectives, we explore the risks and challenges leaders are factoring into their decisions. Previous concerns over supply chain disruption and economic volatility have been eclipsed this year by potential global recession and inflation, while geopolitical risk remains in the top three.

With human capital a top driver of growth, lack of local executive talent remains a key challenge, the fifth top risk, identified by 27%, and is of greater concern to European respondents than global peers, at 21%. Industry disruption appears to have plateaued with industry competition a greater concern this year.

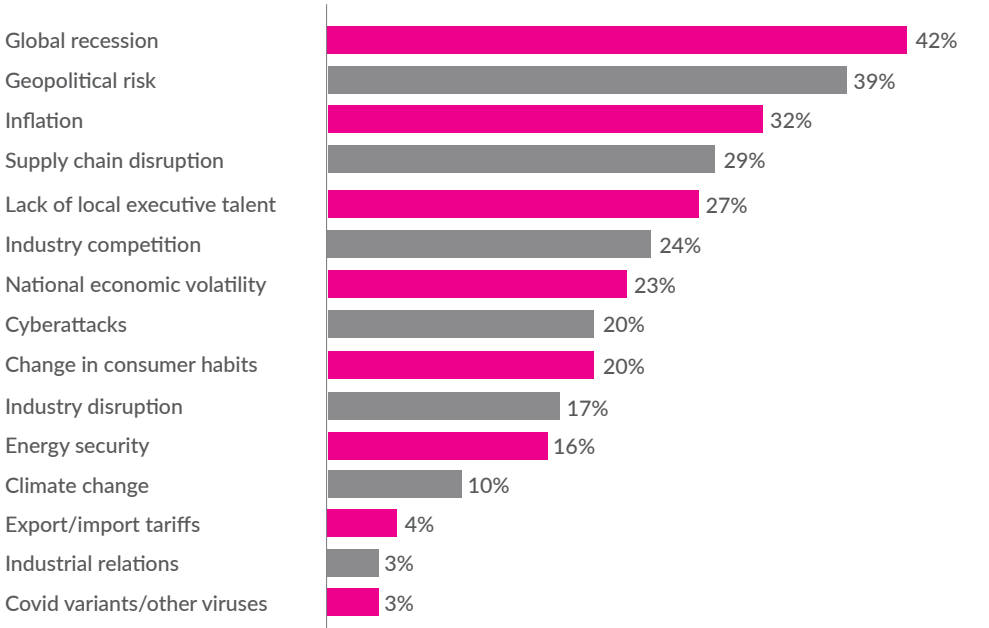
Despite a 'winter of discontent' with widespread strike action, industrial relations are considered very low risk. Major issues of climate change and energy security are put into perspective by dominant fears over global recession and geopolitical risk.

42% Global recession

39% Geopolitical risk

32% Inflation

European external issues





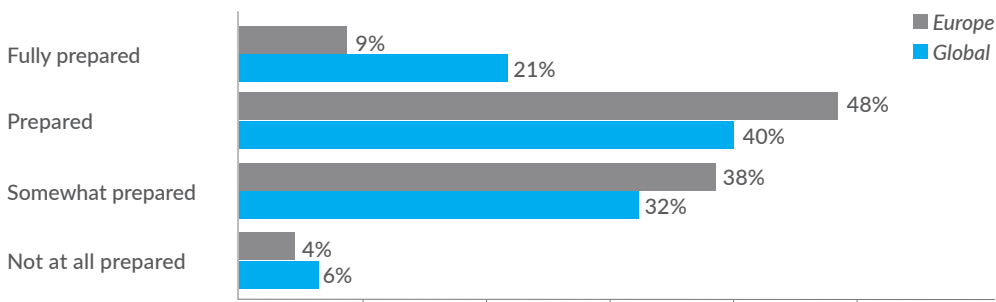
Organisations and their people have been bracing themselves for a looming recession for months, yet it has not materialized as expected. Within the industry sector, even the slightest slowdowns are scrutinized, leading leadership teams to raise their expectations of innovation and digital transformation with the hope that these measures will mitigate the risk of supply chain disruption.

-Kristen Smit, Boyden France

Different sectors have specific concerns:

- **Financial services** respondents are more concerned than other sectors about **industry disruption**, driven primarily by fintech and financial instability
- **Technology** respondents are more concerned than other sectors about **industry competition**
- **Life sciences** and **industrial respondents** are more concerned than other sectors about **supply chain disruption**

We asked respondents to what extent their leadership team is prepared to manage a recession:



Leaders in Europe think their leadership team is significantly less well prepared than global respondents: only 9% of European leaders think their leadership team is 'fully prepared' compared with 21% of global respondents. However, nearly half 48% consider the team 'prepared', while only a small percentage is 'not at all prepared'.



A closer look:

How are leaders handling the threat of recession?

With on-going concerns over recession, we explore the views of respondents on how best to prepare for recession.

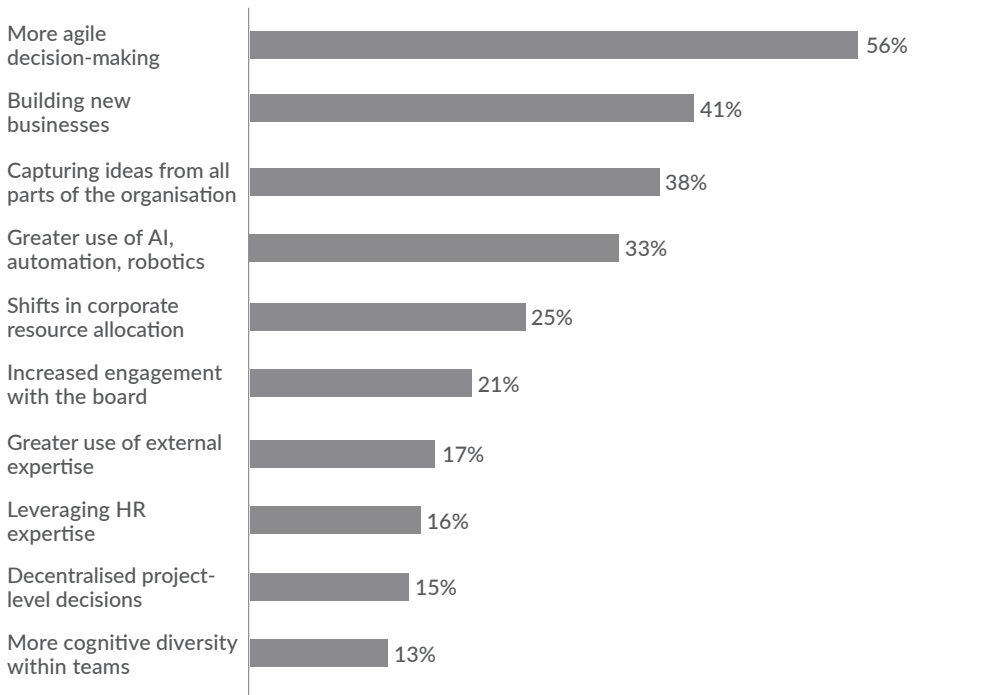
Adaptive leaders are creating adaptive organisations, preparing for a predicted global recession through:



- 56%** of respondents for more agile decision-making
- 41%** for building new businesses
- 38%** for drawing upon the full resources of the organisation

All human capital is valuable, with ideas captured from across the organisation. Inclusion goes beyond the individual; it means ‘all hands to the pump’ in addressing risks, threats and opportunities to ensure strategic flexibility. The pandemic taught us to embrace new solutions, fast; greater use of AI, automation, robotics is a recession-proofing action for a third of respondents, at 33%.

‘What is your leadership team focusing on to prepare for a predicted global economic recession in 2023?’



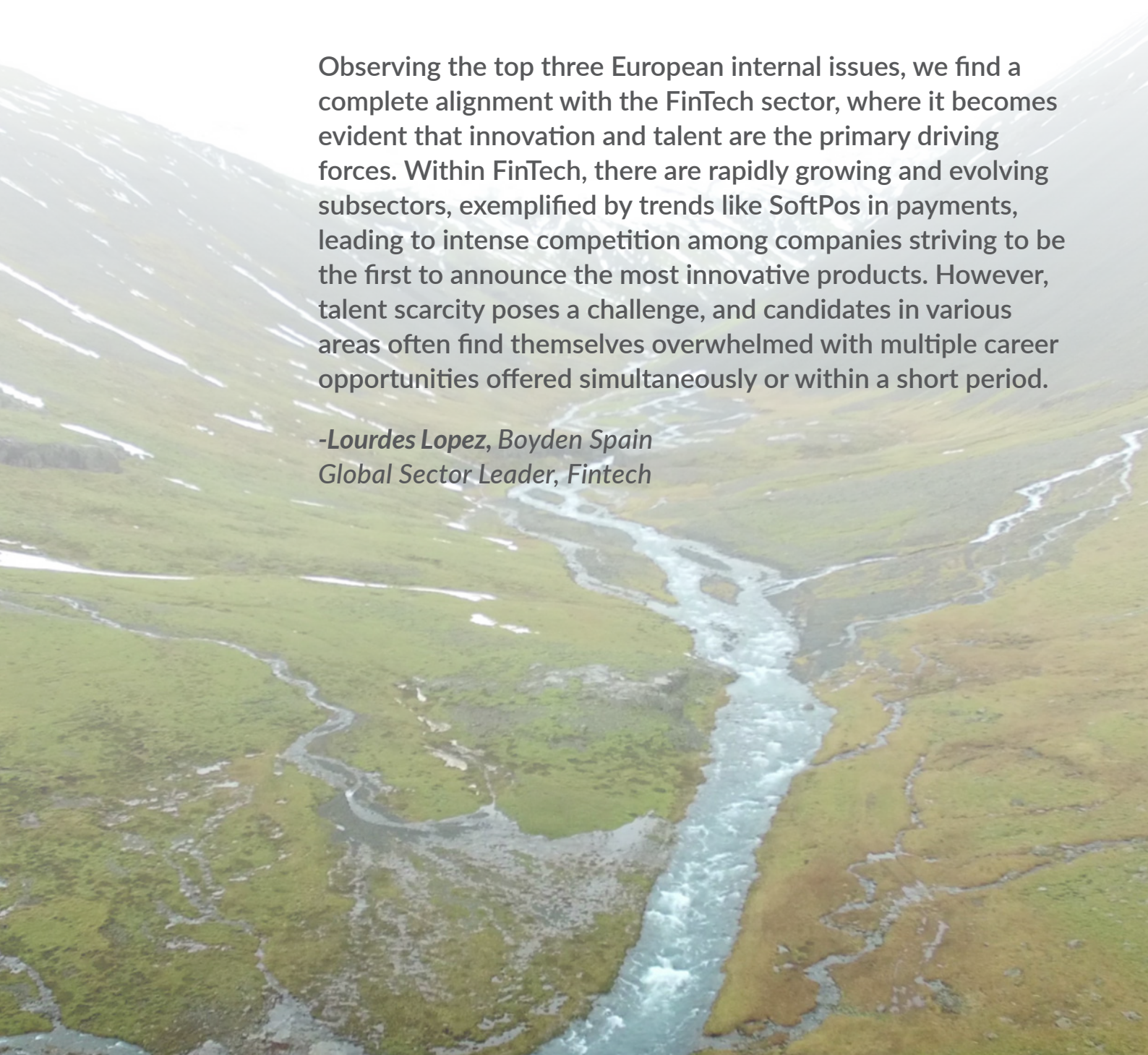


With significant investment in the semiconductor, energy, and telecommunications sectors, leaders who can embrace this new high-tech revolution and motivate their businesses to digitize, innovate, and effectively compete in an increasingly challenging talent landscape will not only develop a highly-skilled workforce but also cultivate agile, future-ready businesses.

*-Bert Pilon, Boyden Netherlands
Global Sector Leader, Semiconductor, Infrastructure &
Embedded Hardware*

Observing the top three European internal issues, we find a complete alignment with the FinTech sector, where it becomes evident that innovation and talent are the primary driving forces. Within FinTech, there are rapidly growing and evolving subsectors, exemplified by trends like SoftPos in payments, leading to intense competition among companies striving to be the first to announce the most innovative products. However, talent scarcity poses a challenge, and candidates in various areas often find themselves overwhelmed with multiple career opportunities offered simultaneously or within a short period.

*-Lourdes Lopez, Boyden Spain
Global Sector Leader, Fintech*



Internal risks and challenges

Within the organisation the top risks and challenges are lack of innovation, digital transformation and a weak leadership team.

These mirror the top drivers of growth: innovation, digital transformation and human capital, reflecting serious concerns about delivering on growth plans.

Concerns over a weak leadership team have moved up from 11th place in 2022 to 3rd place this year as multiple global 'black swan' events challenge leaders as never before. This aligns with confidence in the leadership team, as demonstrated in Section 1, which fell to 58% very confident or confident, from 68% in 2022.

European internal issues



28% Lack of Innovation

27% Digital transformation

25% Weak leadership team

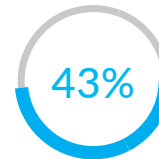
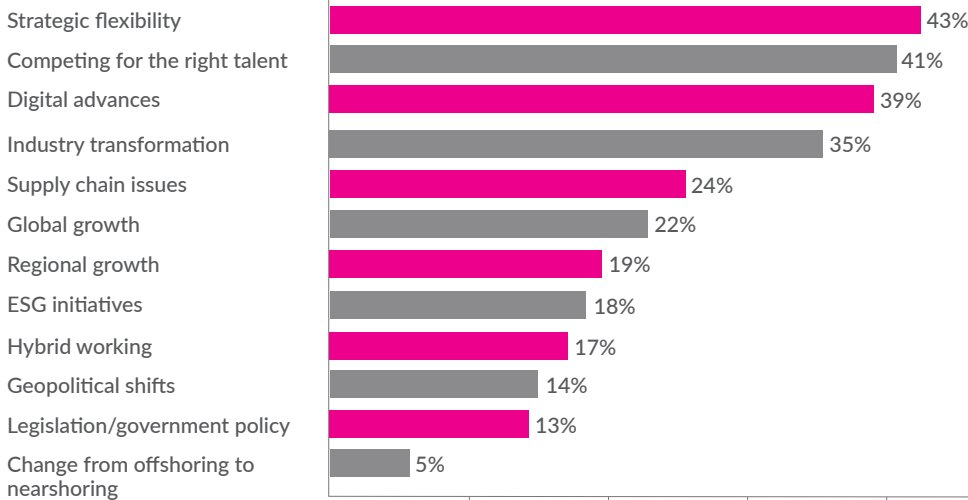


Drivers of structural change

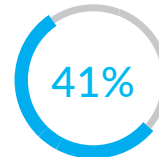
Adaptive leadership at all levels is a reflection of the drive towards transformation and growth through innovation, digital capabilities and human capital.

We therefore see the top three drivers of structural change as: **strategic flexibility**, the top driver for 43% of respondents; **competing for the right talent** for 41% and **digital advances**, for 39%.

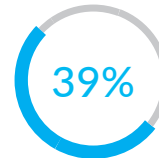
Structural change drivers



Strategic flexibility



Competing for the right talent



Digital advances

Competing for the right talent is a stronger driver of structural change in Europe; 41% cite this as a top driver, compared with 34% of global respondents.





Amid 'black swan' events like Ukraine's conflict and COVID, Turkey's market coped with a 2023 earthquake, urging swift leadership adaptation. Talent scarcity, lack of innovation, and recession expectations mirror global trends. Escalating lending costs triggered credit crunch, hitting finance and investments. Turkish firms, even SMEs, now aggressively globalize, relocating to Europe to bolster resilience and competitiveness. Boyden stands as a trusted partner, aiding firms in these local and international expansion by securing pivotal talent for strategic fulfillment.

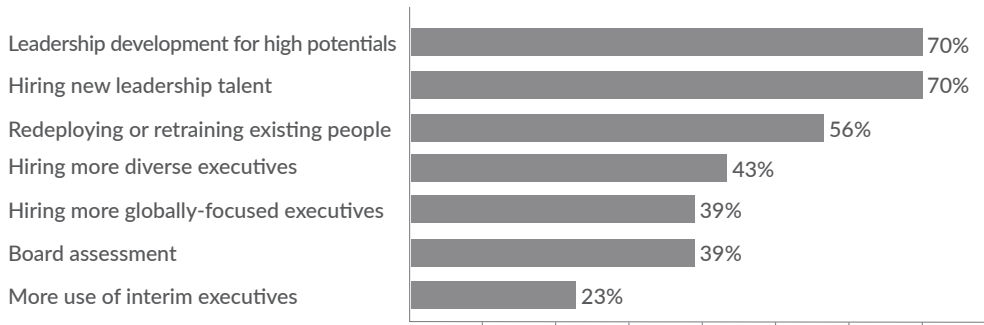
-Ibrahim Paksoy, Boyden Turkey

03 TALENT LANDSCAPE

Investment priorities

In an environment demanding adaptive leadership, what talent-related investments are organisations most likely to make in the next two years?

Talent-related investments



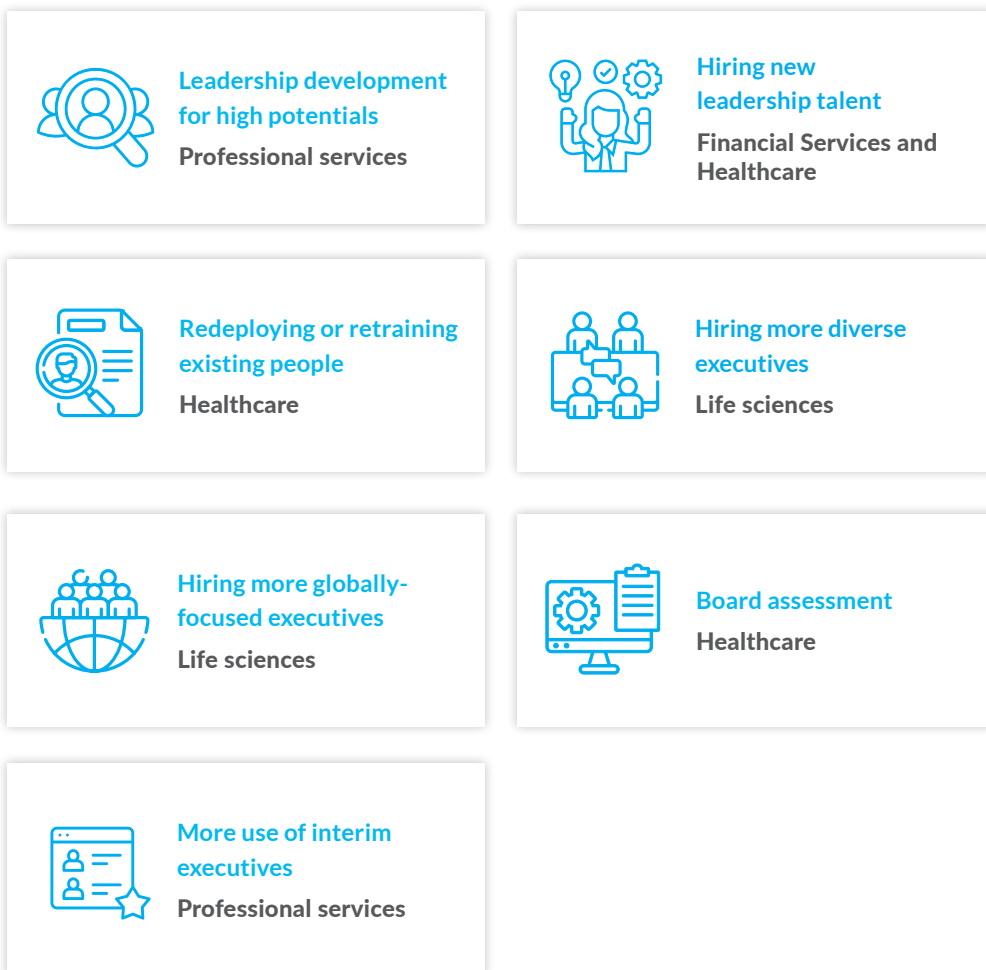
Leadership development for high potentials is consistently the top talent investment in our annual research; this year it is matched by **hiring new leadership talent** as organisations drive adaptivity with fresh external perspectives. There is less emphasis on redeploying or retraining existing people compared with last year.



Compared with global peers, European leaders are a little more likely to hire new leadership talent. They are less likely to hire more diverse or globally-focused executives, or conduct board assessments.

While data indicates that Europeans are less inclined to utilize interim executives extensively, it is noteworthy that Europe already exhibits a significant engagement with interim managers, acknowledging their considerable value.

The top **talent-related investment by sector** is:





The application of AI for businesses stands out as a top priority and a recurring theme among the majority of clients we engage with. Generative AI, in particular, emerges as both the most significant challenge and the most promising prospect on the horizon. Its potential to shape decision-making for senior leaders makes it no surprise that it ranks among the top three priorities for organizations worldwide.

*-Lisa Farmer, Boyden U.K.
Global Co-Leader, Interim Management*

*Georg Larch, Boyden Germany
Global Co-Leader, Interim Management*

Strengthening executive talent

We asked respondents to identify areas where organisations need to strengthen their executive talent.

The top three priorities are the same as global respondents: **digital, innovation** and **sustainability** talent.

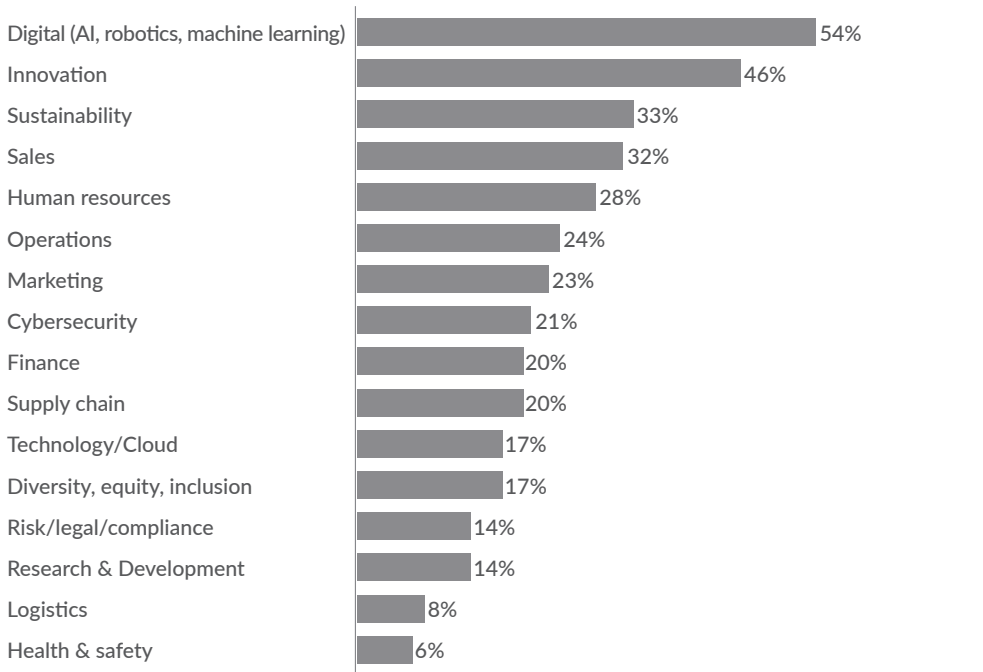
European respondents are focusing more strongly than global peers on **digital, innovation and sales talent**; they are on par with regard to sustainability, human resources and marketing. They are focusing less strongly than global peers on finance, technology/cloud, DEI, research & development and health & safety.

54% Digital (robotics, AI, machine learning)

46% Innovation

33% Sustainability

In-demand executive talent



With innovation and digital transformation the top growth drivers, and lack of innovation a top internal risk, it's no surprise to see **digital** and **innovation skills** the top priorities for strengthening executive talent. In addition, skills in **human resources** have moved from eighth priority in 2022 to fifth priority this year, as the role becomes a central pillar for the organisation to deliver on strategic goals.

This is the first time we have seen skills in **sustainability** so high on the list, recognising the increasing importance organisations place on net zero goals and capitalising on commercial opportunity; note here, that for 21% of respondents, sustainability opportunities are a top three driver of growth.

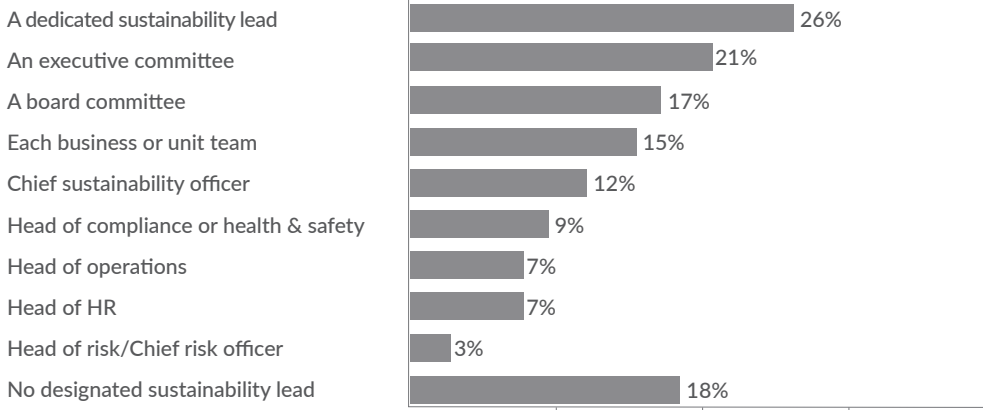
A closer look:

Sustainability

With varied resources across publicly-quoted, private and non-profit organisations, responsibility for sustainability is spread across different corporate functions.

Across the landscape, European respondents are broadly in line with their global peers, although they rely slightly less on accountability through executive committees, board committees or business units. Europe has slightly more **dedicated sustainability leads** at 26% compared with the global average of 23%, but fewer Chief Sustainability Officers at 12% compared with 17% globally. Of concern is the near fifth of respondents who have no designated sustainability lead.

Sustainability accountability

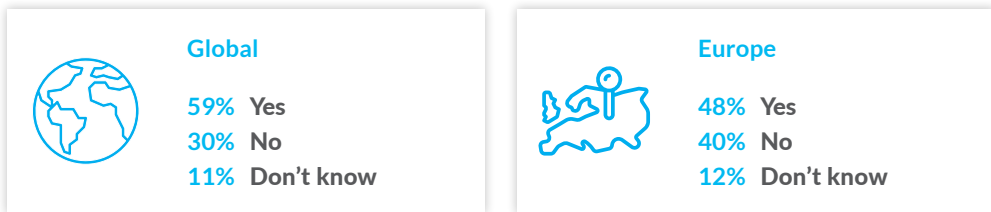


26% A dedicated sustainability lead

21% An executive committee

17% A board committee

This year, we asked respondents 'Is your organisation investing sufficiently in sustainability?':

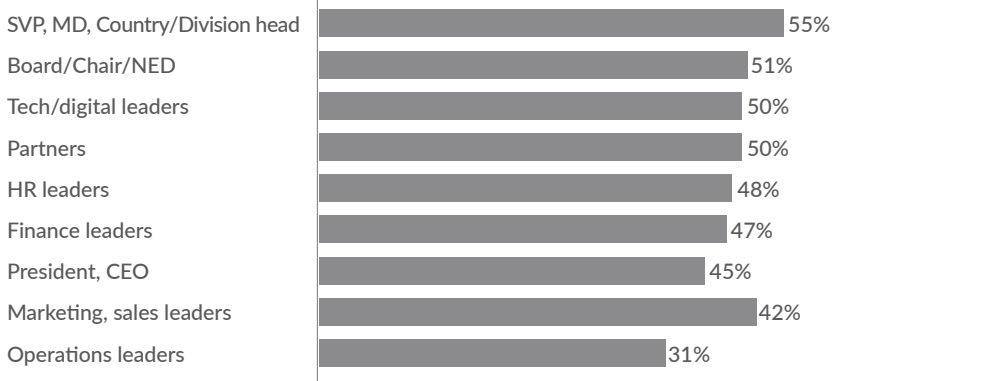


Data by job function show almost no consensus, with contrasting opinions in Europe and globally:

- In Europe, **senior vice presidents, managing directors, country and division** heads are the most positive; 55% think their organisation is investing sufficiently, compared with 61% of global peers.
- Globally, **tech/digital leaders** and **finance leaders** are the most positive; 70% think their organisation is investing sufficiently, compared with 50% and 47% respectively in Europe.
- In Europe, **operations leaders** are the least positive; less than a third think their organisation is investing sufficiently in sustainability, compared with over two thirds of global peers.
- Globally, **HR leaders** and **partners** are the least positive, at 54% and 38% respectively.
- The closest respondents get to a consensus is at **board-level**; 51% in Europe and 55% globally think their organisation is investing sufficiently in sustainability.

'Is your organisation investing sufficiently in sustainability?'

Yes





After 15 years of post-GFC austerity concerning human resources, seismic shifts in the regulatory landscape, and, particularly, the technological landscape, have led to a structural deficit in the talent pool. Simultaneously, we are witnessing generational friction as traditional operating models are compelled to adapt to flexible working practices, ESG/DEI considerations, and an overall shrinking demographic due to boomers exiting the workforce.

*-Lorne Campbell, Boyden Germany
Global Sector Leader, Banking & Capital Markets*

Appointing experienced executives is indispensable, yet the growing understanding of team fit and complementary strategic thinking among management teams has transformed collaboration. Recognizing synergies and potential gaps prompts a data-driven approach, moving away from intuitive assessments to professional, structured analyses. These insights now directly inform the development of management structures and talent pools in their respective areas of responsibility.


*-Andreas Landgrebe, Boyden Austria
Global Sector Leader, Digital Transformation Leadership*

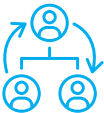
The life science sector maintains a significant emphasis on leadership diversity. This industry ranks higher in gender diversity within its leadership than most. The recurring question throughout any search process is, 'How are we ensuring a diverse slate of candidates?' Until the diversity pipeline is addressed at the graduate level, firms will need to continue their efforts in retaining diverse talent and pushing search firms and internal talent acquisition teams to engage with and attract diverse candidates in a highly competitive market.

*-Nick Bellwood, Boyden U.K.
Global Practice Leader, Healthcare & Life Sciences Practice*

Drivers of recruitment and retention

We asked respondents which incentives they use for senior-level recruitment and retention.

| | Europe | Global | |
|--|---------------------------------------|------------|------------|
|  <p>Recruitment</p> | Performance-based bonus | 67% | 53% |
| | Flexible working | 53% | 45% |
| | Hybrid working | 53% | 44% |
| | Further leadership development | 41% | 34% |

| | Europe | Global | |
|--|---------------------------------------|------------|------------|
|  <p>Retention</p> | Performance-based bonus | 65% | 54% |
| | Flexible working | 56% | 47% |
| | Further leadership development | 47% | 39% |
| | Hybrid working | 42% | 38% |

This year, in contrast to previous years, incentives are the same for both recruitment and retention, with performance-based bonus, flexible working, hybrid working and further leadership development the top incentives.

Data show European respondents are using all these incentives to a greater degree than global peers.

For **recruitment**, in light of executive burnout, a top internal organisational risk, organisations are blending remuneration with flexible and hybrid working. ESG commitments and international exposure are used less than they were in 2022; further leadership development has risen to fourth priority.

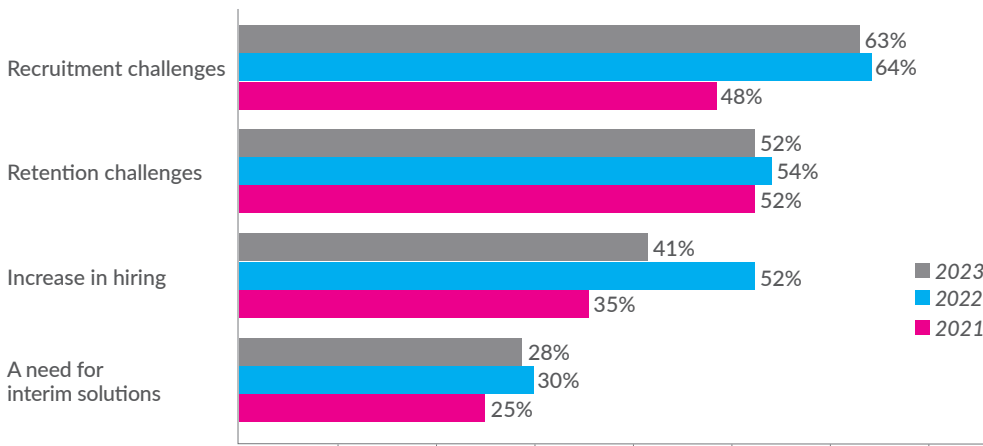
For **retention**, flexible working is more important than hybrid working; further leadership development is a high priority as executives strive to adapt by updating their skills and leadership capabilities.



Talent look-ahead

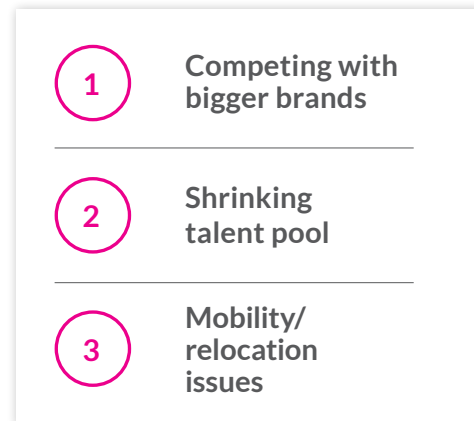
In looking at senior-level talent over the next 12 months, this year's findings are broadly on par with 2022 for expected recruitment and retention challenges and need for interim solutions. Recruitment is expected to be much more challenging than it was two years ago, at 63% compared with 48% in 2021.

Given concerns over rising business and employment costs, hiring expectations have fallen, with 41% expecting an increase in hiring compared with 52% in 2022, although this is higher than a low of 35% in 2021.



We asked our respondents to specify their recruitment challenges, with the following ranking:

1. Competing with bigger brands
2. Shrinking talent pool
3. Mobility/relocation issues
4. Difficulty with cultural fit or fluency
5. Lack of applicable senior-level skill sets
6. Cost/bidding wars/'golden hand cuffs'
7. Insufficient senior-level soft skills to attract strong candidates
8. Risk-averse executives, reticent to move
9. Finding the right executive search expert
10. Reticence over office-based or hybrid working



Like their global peers, for European respondents **competing with bigger brands** is the top recruitment challenge, as digital competition becomes extreme and high performers are attracted by the security and market dominance of 'household names'.

A **shrinking talent pool** is leading to remuneration pressures with escalating salaries and a keener focus on individual, performance-based bonuses, as well as accommodating working preferences.

Mobility/relocation issues are more pressing for European respondents, with dual career, family and cultural considerations.



In times of prosperity, effective leadership fuels innovation, navigates digital transformation, and amplifies human talent. However, the true measure of leadership is revealed in uncertainty and downturns. Great leadership emerges as the guiding light, not only preparing the organization for potential recessions but also ensuring its resilience and adaptability, poised to conquer future challenges with strength and foresight. For these reasons, given our current climate, it is encouraging to see leadership development as the top talent investment priority.

*-João Guedes Vaz, Boyden Portugal
Global Leader, Leadership Consulting*

04 CULTURAL LANDSCAPE

How is organisational culture changing?

The top drivers of cultural shifts are **organisational agility**, **leadership visibility**, and jointly **innovation** and **customer/client needs**. Organisational agility, also the top driver of culture shifts in 2022, aligns with the need for strategic flexibility – the top driver of structural change.

Leadership visibility is given greater prominence this year, rising from fifth place in 2022 to second place, as employees look to their leaders for motivation, reassurance and directional strength. There is also greater recognition this year of employee needs.

Despite employee burnout being a top three internal risk for 20% of respondents, only 12% see avoiding executive burnout as being a top three driver of cultural change, with hybrid and flexible working perhaps seen as sufficient solutions in the short term.

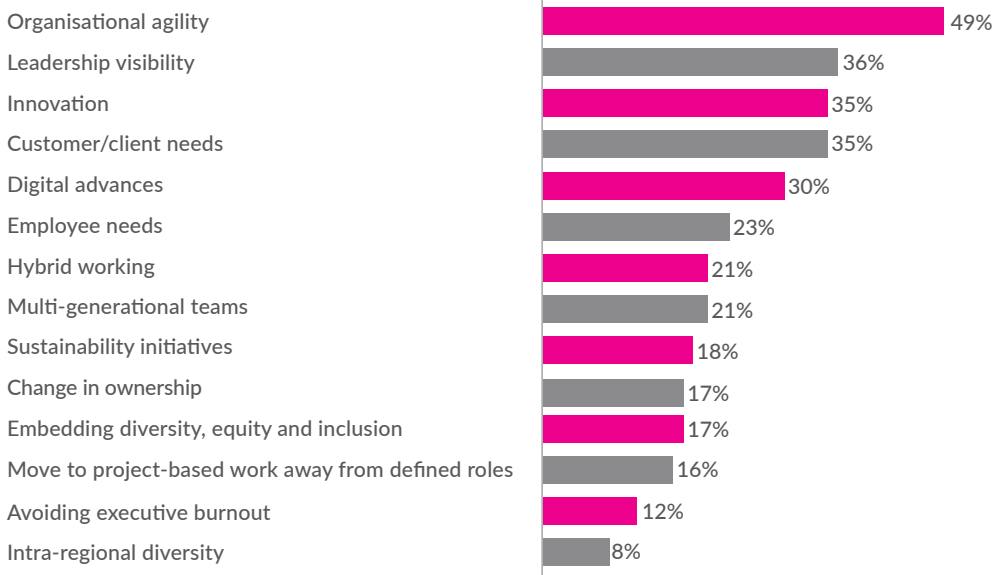
Sustainability initiatives are having a much greater impact on culture this year, with 18% seeing this as a top three driver of culture shifts; net zero initiatives featured low on the scale last year at 12%.

49% Organisational agility

36% Leadership visibility

35% Innovation

Culture shift drivers



At what stage are these cultural shifts? There is no change this year in the **alignment of culture and behaviours to organisational purpose and business objectives**; this stands at a stubborn 6 out of 10.

Environment, social and governance progress

What impact are Environment, Social and Governance (ESG) initiatives having on culture?

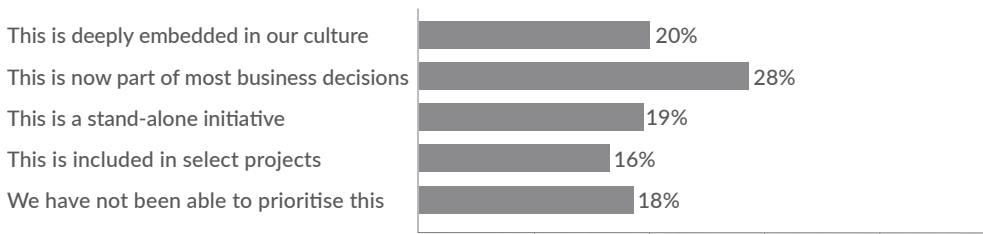
We look at two areas here: ESG in general and Diversity, Equity & Inclusion (DEI) in particular. While we acknowledge that DEI is part of 'social' in ESG, we have separated it out to reflect the high proportion of organisations focusing specifically and separately on DEI.

In our previous surveys, findings show that ESG and DEI are gradually shifting the culture of the organisation.

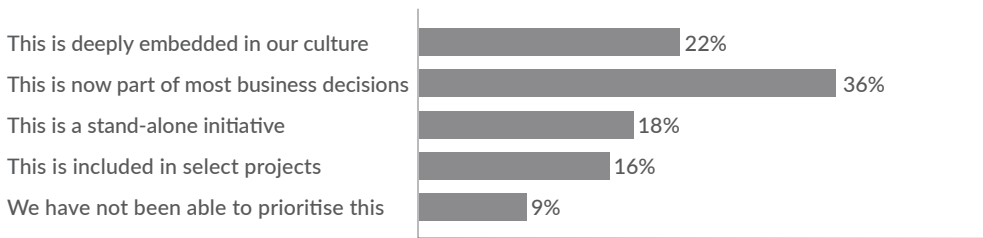
However, little progress has been made in Europe this year, with **DEI** showing a near 10-point difference between global and European respondents: 57% of global respondents have deeply embedded DEI in their culture, or include it in most business decisions, compared with 48% of European respondents. A greater percentage of European organisations treat DEI as a stand-alone initiative, and have not been able to make it a priority.

Reports on **ESG** are more positive. European respondents are ahead of global peers in embedding ESG into company culture or making it part of most business decisions, at 58%, compared with 51% of global peers. Findings also show a lower percentage of European respondents who have not been able to make ESG a priority, at 9%, compared with 13% globally.

Diversity, equity & inclusion progress



Environment, social and governance progress





In the ever-changing world of today, business leaders are confronting a new array of organisational shifts with profound implications for structures, processes, and people. Technology, AI, and digital advancements demand specific skill sets that may not always be available internally but are highly sought after in the market. It becomes crucial to prioritize the alignment of top talents with the highest-value roles, necessitating dedicated HR strategies to effectively identify, attract, and retain them.

-Anita Pouplard, Boyden France

Global Practice Leader, Private Equity & Venture Capital Practice

Soft skills in leadership

Culture comes from the top, from leadership behaviour and soft skills.

We asked our respondents to rank the most valuable leadership soft skills, selecting up to five. While responses are more widely distributed, there are three top skills clearly identified as priorities, consistent with global peers: inspiring teams, driving change and empathy.

In a challenging global business environment, the most valuable soft skill is **inspiring teams**, identified by 43% of respondents; this corresponds to leadership visibility as a top driver of culture shifts. This is followed by **driving change**, identified by 42% and **empathy**, identified by 39%. In a world demanding adaptive leadership, these soft skills are crucial to pivoting from resilience to adaptation, shifting from coping tactics to ensuring strategic flexibility to drive growth and create value.

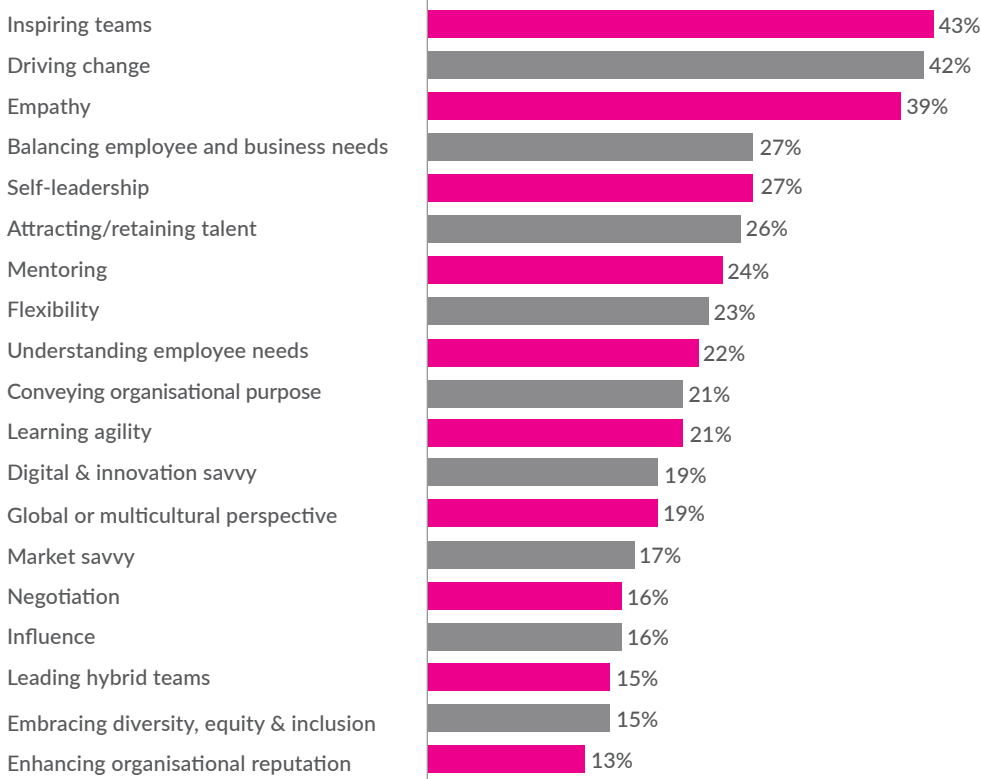
The benefits of leading with a more people-centric approach are well recognised and inspiring teams, driving change and empathy are consistent with the top three findings in 2022. In other areas, European respondents place more value than global peers on **balancing employee and business needs, attracting/retaining talent** and **flexibility**; and significantly less value on influence and embracing diversity, equity & inclusion, reflected in our findings on (limited) DEI progress.

43% Inspiring teams

42% Driving change

39% Empathy

Most valuable soft skills



The most valuable soft skills are very much seen from an internal perspective; nurturing the business and its people. **Balancing employee and business needs** rank equally alongside **self-leadership** as senior executives deliver on strategic goals through their own capabilities in people-centric leadership. **Attracting and retaining talent** is therefore the next most valuable skill. There is little external perspective; enhancing organisational reputation is the lowest priority, despite its relevance to anticipated recruitment challenges.





Leadership visibility and organizational agility have proven to be essential in Eastern Europe, given its unrelenting and challenging political, social, and economic context. Effective leadership demonstrates its benefits by fostering trust, engaging employees, and inspiring confidence amidst uncertainty and turmoil. Meanwhile, organizational agility ensures swift adaptation for crisis management, enabling companies to thrive despite the region's unique challenges following the post-pandemic period and the war in Ukraine.

-Anda Bog, Boyden Romania

In the aftermath of COVID-19, against a backdrop of economic pressures and extensive transformations to address evolving needs, the significance of inspirational leadership within public sector entities has reached unprecedented heights. In response to this, there has been a notable change in emphasis towards leaders who possess technical prowess while remaining acutely attuned to an organization's most vital asset: its people.

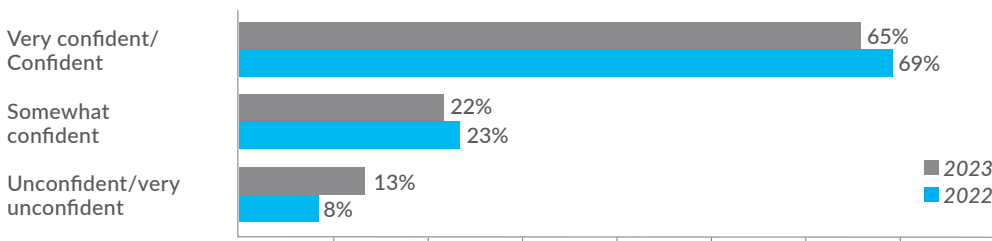
*-Karen Daly-Gherabi, Boyden U.K.
Global Sector Leader, Public Sector*

Over the last decade, major Italian corporations, particularly in banking, energy, and services, have embraced organized ESG strategies. This includes creating efficient committees, earmarking investments for sustainability, and tying bonuses to ESG targets. SMEs have also joined in, setting measurable climate goals. However, achieving carbon neutrality remains a challenge, as underscored by Greta Thunberg. The key hurdle is integrating ESG culture throughout organizations, not limiting it to enthusiasts. Additionally, slowdowns in clean energy adoption can be attributed to economic uncertainties and geopolitical events, such as the Russian invasion in Ukraine.

-Anders Lindholm, Boyden Italy

05 THE BOARD

How confident are respondents that the skill sets within their **current board** are aligned with strategy?



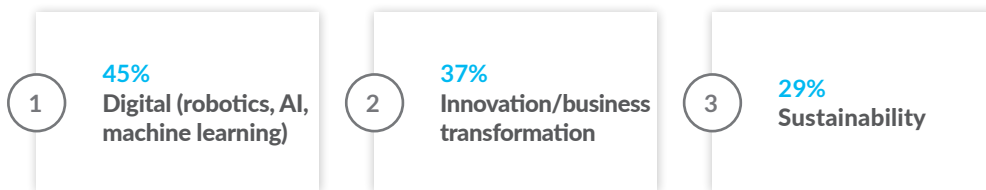
65% of respondents are very confident or confident

Confidence in having the right talent to align with strategy is highest for the board/executive committee, compared with the leadership team and workforce; 65% of respondents are very confident or confident in the alignment of board directors to organisational strategy over the next two years. Confidence has slipped a little compared with last year, with a 4% drop for very confident or confident and a 5% increase in unconfident or very unconfident.

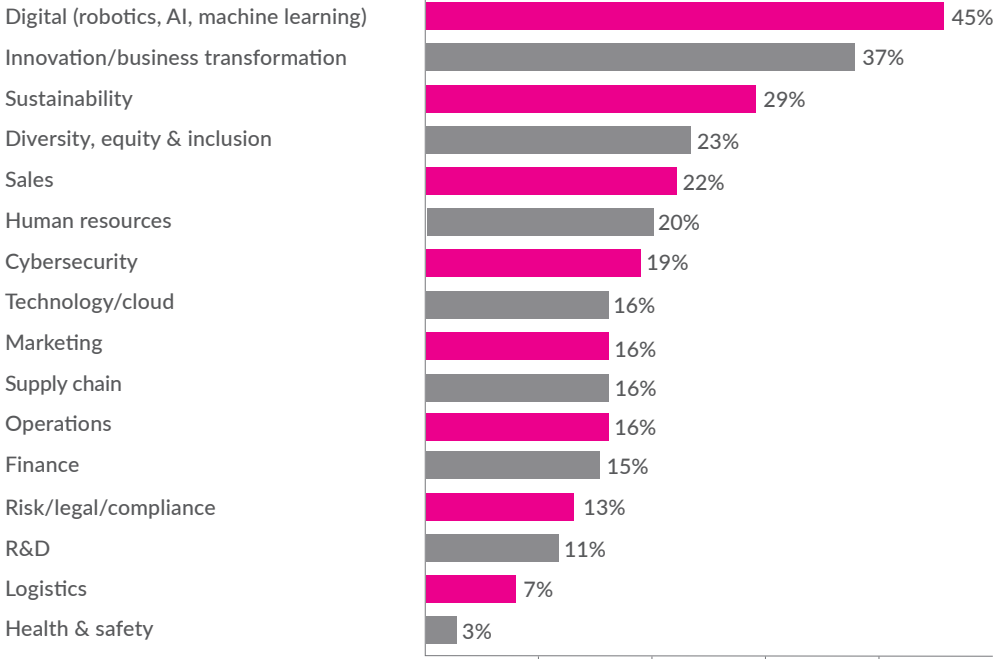
Strengthening board talent – an objective view

We asked respondents ‘Does your organisation need to strengthen board talent in any of the following areas over the next two years?’ providing an **objective** view on the board.

The top three priorities are:



Priority board skills



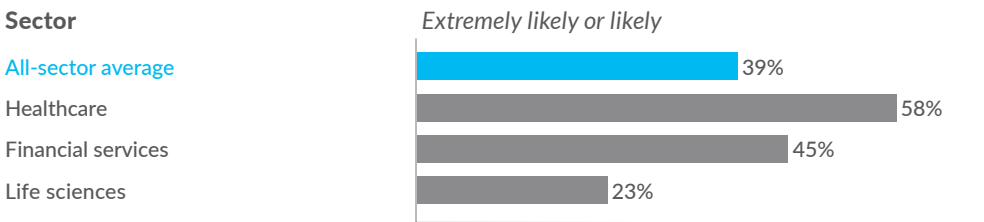
Three key points emerge here:

1. The top two priorities for strengthening board skills, **digital** and **innovation**, align with our top two growth drivers, **innovation** and **digital transformation**;
2. Given the strategic importance of skills in **AI, robotics and machine learning**, digital skills have risen from 6th place in 2022 to top priority for board capabilities this year; skills in **cybersecurity** and **technology/cloud** are particularly high priority in Europe; and
3. Executives are looking to the board for stronger capabilities in sales, with a need for stronger input on **sales** strategy as organisations face rising costs and inflationary pressures.

Given these shifts in priorities, to what extent will organisations conduct **board assessments**? 39% report it extremely likely or likely that their organisation will invest in this over the next two years, compared with 36% in 2022 and 33% in 2021.

There are marked differences by sector; respondents in **healthcare** and **financial services** are most likely to conduct a board assessment; those in **life sciences** are the least likely.

How likely is your organisation to invest in board assessment?



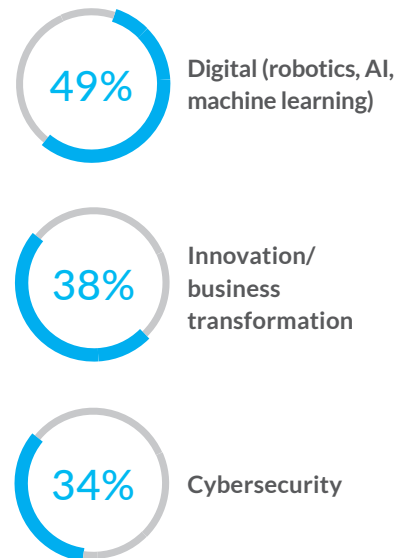
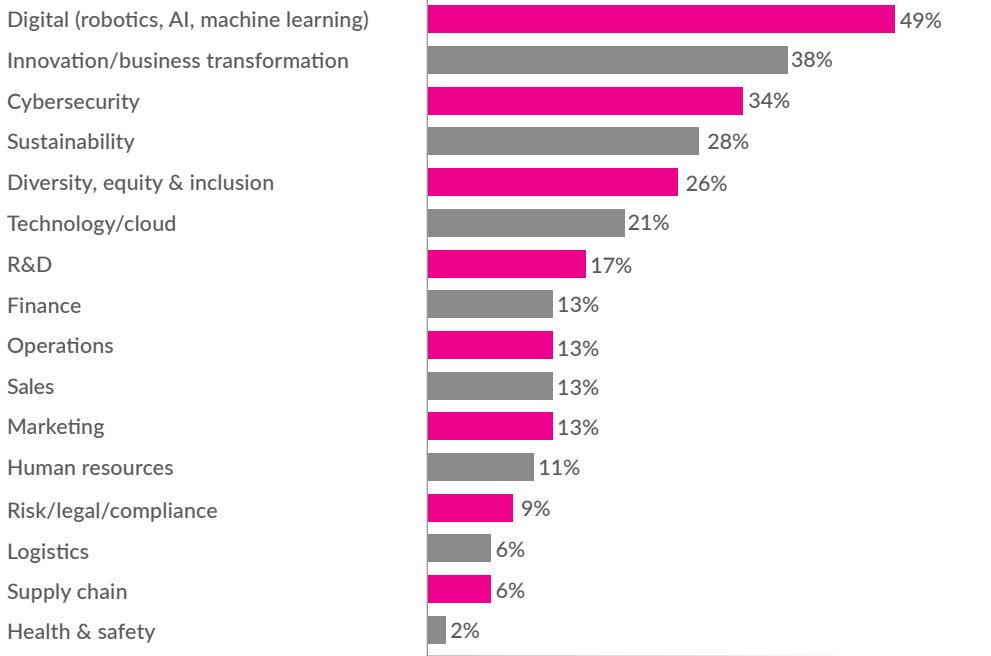
Strengthening board talent – a subjective view

We asked **board respondents** which areas of talent need to be strengthened at board level, providing us with a **subjective** view on their own skill sets.

Board/Chair/NED respondents

The first two priorities match the opinion of all respondents; however, for board-level respondents, **cybersecurity** is the third priority. Boards are clearly more concerned about cyberattacks and understanding the nature of this risk; for all respondents, skills in cybersecurity at board level are seventh priority. The all-respondent group consider skills in sustainability, DEI, sales and human resources to be more important than skills in cybersecurity at board level.

Priority board skills



Ensuring the right blend and hierarchy of skills at board level is most effectively done through **board assessment**, with relatively high expectations among our board respondents; a much higher number, 62% consider a board assessment very likely or likely, compared with all respondents at 39%.



In the current landscape, Boards necessitate a diverse range of strengths and a thorough understanding of an ever-increasing variety of themes and topics. However, their most crucial asset lies in supporting management and the entire organization to evolve and respond swiftly to disruptive developments in the world. Companies are frequently expected to react ultra-fast to situations that cannot be managed centrally. Thus, a Board must inspire management to make decisions, drive change, and facilitate the construction of agile organizations that can readily adapt to evolving circumstances.

*-Armin Meier, Boyden Switzerland
Global Practice Co-Leader, CEO & Board Services Practice*

*Jörg Kasten, Boyden Germany
Global Practice Co-Leader, CEO & Board Services Practice*

Boards must possess an in-depth knowledge of the company and its evolving environment while being skilled and motivated to strategize for the future and steer the course. Essential skills, such as “visionary thinking” and being “analytical and number-driven,” coupled with strong leadership abilities, are vital in navigating dynamic business situations. Especially in the current uncertain environment, where clarity is elusive, boards must be equipped to add exceptional value amidst extraordinary disruptions.

-Carita Lahti, Boyden Finland

A closer look:

Board focus on human capital

Board-level respondents reveal a keen focus on **human capital**, with talent among the top three priorities for growth, risk, structural change, skills and talent investment.

Data on external risks show that boards are more concerned about a **lack of local talent** than they are about a global recession. With human capital the second top driver of growth, over half, 51% anticipate an **increase in hiring** through 2024. With a lack of local talent, that is not expected to be easy; 73% of board-level respondents expect **recruitment challenges**, 10 points more than all respondents.



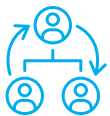
Growth drivers

- Innovation
- Human capital
- Digital transformation
- International expansion



External risks

- Geopolitical risk
- Lack of local talent
- Global recession



Drivers of structural change

- Strategic flexibility
- Competing for talent
- Digital advances



Strengthening executive talent

- Innovation/business transformation
- Digital/AI/machine learning
- Human resources



Talent investment



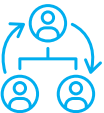


- Hiring new talent
- Leadership development
- Board assessment

A closer look:

Board focus on digital skills

There is distinct organisational synergy around digital skills, notably AI, robotics and machine learning; all respondents, and board respondents, consider these skills essential at board level. This is an on-going reflection of the deeper engagement of the board in day-to-day business as digital capabilities and strategy become intertwined, accelerating the pace of change, and shining a light on the need for digital fluency at all levels.

For board respondents, digital elements feature among the top three priorities for growth, risk, structural change and skills.

| | |
|--|--|
|  <p>Growth drivers Innovation Human capital Digital transformation</p> |  <p>Internal risks Rising business costs Digital transformation Rising employee costs</p> |
|  <p>Drivers of structural change Strategic flexibility Competing for talent Digital advances</p> |  <p>Strengthening talent - executive Innovation/business transformation Digital (robotics, AI, machine learning) Human resources</p> |
|  <p>Strengthening talent - board Digital (robotics, AI, machine learning) Innovation/business transformation Cybersecurity</p> | |



Within the boardroom, transformational agendas encompassing ESG, digitalization, and innovation are gaining more attention across European companies. Those with boards comprising members skilled in these core competencies are making significant strides ahead of their competition. Boyden firmly believes in building a guiding coalition of individuals possessing deep insights in these areas, serving as invaluable sparring partners for the leadership team. Moreover, heightened geopolitical issues, arising from the Russian invasion of Ukraine, are impacting the global footprint of European companies.

The board's role has evolved drastically in the past year, emphasizing agility and the ability to act swiftly. Individual board members now collaborate more closely with management, bringing additional value into the boardroom.

-Morten Winther, Boyden Denmark

CONCLUSION

Adaptive leaders and organisations are moving beyond resilience to championing a new future on the front foot. The focus on strategic flexibility, agile decision-making and capturing ideas from all parts of the organisation is connecting people in different ways to secure growth and create value.

Competing for talent is a strategic priority, and a key driver of structural change. With boards more concerned about lack of local talent than global recession, this is sharpening the focus on expertise in human resources. The confidence of HR leaders in their organisation's growth potential matches that of President/CEOs, as they are empowered to deliver the capabilities their organisation needs to adapt and flourish in an evolving world.

Sustainability is gaining enough traction to be a top driver of culture shifts, and adaptivity is enabling organisations to leverage sustainability as a driver of growth. Business leaders are determined to leave a better legacy as good corporate citizens.

[Read 2023 Boyden Global Executive Survey](#)



This research was conducted in Q2 2023 among senior executives worldwide, with more than 1,000 complete responses comprised of 39 percent from Europe, 24 percent from North America, 20 percent from Asia/Pacific and 11 percent from South America. Respondents include 29 percent board/president/CEOs, 20 percent SVP, division or country heads, 13 percent HR leaders, 9 percent heads of operations, with the remainder across finance, marketing/sales, digital/technology and partner. By organisation, 41 percent are from private/independent, 21 percent publicly-quoted, 18 percent private/family-owned, 9 percent private equity backed and 7 percent social enterprise, with the remainder from start-up businesses. By sector, technology accounts for 22 percent of responses, industrial 21 percent, consumer & retail 13 percent, financial services 11 percent, healthcare & life sciences 10 percent, with the remainder from academic, media/telecoms, non-profit, public, private equity and professional services.

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