



# Strengthening the human-centric core of Industry 5.0

.....  
How can organisations thrive in a complex world of risk?





## CEO MESSAGE

Having lived in a world of constant change, we now live in a world of constant uncertainty. The world is more complex, the risks greater. The pandemic accelerated digital transformation, and revealed the importance of putting people at the heart of business. Global issues are compelling organisations to embrace a human-centric revolution.

The research presented in this report explores the merging of digital progress with human capital which is gaining momentum. Industry 5.0 is here.

Where Industry 4.0 was driven by digital capabilities, Industry 5.0 is driven by people. With the right talent and leadership in place, Industry 5.0 has the potential to help organisations achieve ESG objectives, reduce costs, empower workers, attract talent, drive adaptation and new skills, gain a competitive edge, and improve safety and well-being. Critical issues for us all.

Through our work, we are ideally positioned to gather nuanced intelligence on executive talent and other information that helps our clients align their boards, leaders and teams in the achievement of their strategic goals.

Now more than ever, we embrace our role to guide and advise our clients, alleviating the pervasive uncertainty that is a sign of the times. We do so by leveraging our insight, market intelligence and research to understand global talent in all its richness – so that amidst complexity and risk, organisations can depend upon their most unique resource, their people.

Trina D. Gordon  
President & CEO, Boyden

# EXECUTIVE SUMMARY



## The innovators strike back

The fieldwork for our study was carried out after the invasion of Ukraine and just before its global repercussions became evident. Remarkably, amidst the chaos of war, we continue to witness in business the unfolding story of human ingenuity, with growth and value creation more purely dependent on people than ever.

While confidence in organisational growth potential has dropped from 2021, it remains robust at 70%, compared with confidence in having the right talent to align with strategy, which has increased to 59%.

Our respondents identify **innovation, human capital and digital transformation** as the top three drivers of growth. Less so geographic expansion, M&A, infrastructure, capital expenditure and consumer needs. It's about innovation, it's about human ingenuity.

Talent priorities for investment include developing high potentials, recruiting new leaders and redeploying existing talent. In recruitment, executives with **digital, technology** and **marketing & sales** capabilities – in short, innovators – top the list.

Rising business costs are the top internal risk, followed closely by employee burnout. There seems to be little sign of easing. The top external risks are inflation, global economic volatility and supply chain disruption. Supply chain issues are a major theme in our findings: For consumer & retail and industrial organisations, supply chain resilience is the top internal risk.



# EXECUTIVE SUMMARY



***Where will growth come from in this tough environment?*** Innovation, human capital and digital transformation. Industry 5.0<sup>1</sup> has come of age and is increasingly shaping our world. Findings show that structural change is being driven by industry transformation, competing for the right talent, and digital advances.

With talent front and centre, organisations will continue to invest in leadership development for high potentials, recruiting new leadership talent, and redeploying or retraining existing people. Ensuring team diversity is also a priority, with nearly half of respondents expecting to make this investment.

While global and national economic volatility are major business concerns, financial resources are a major concern for employees. Organisations are competing for talent through bonuses, performance-related pay, hybrid working and leadership development. Other, more creative approaches are being used to attract top talent, but monetary incentives are driving recruitment and retention.

With the executive talent focus firmly on digital, tech and marketing & sales, boards are focusing on strengthening expertise in innovation/business transformation, the top driver of structural change.

For human ingenuity to flourish, ESG-DEI must take top priority at board level. It does. And for business to thrive, ESG-sustainability must be a top priority. It is. The challenge is to recruit directors with the right cognitive abilities, skill sets and technical understanding, as well as purpose and vision. Only 62% of respondents are *very confident* or *confident* in having the right talent on the board; and yet only 40% are likely to conduct a board assessment.

# EXECUTIVE SUMMARY



***How is organisational culture faring?*** The top drivers of cultural shifts are jointly customer/client needs and organisational agility, followed, again jointly, by leadership visibility and innovation. Findings on environment, social and governance goals are encouraging as ESG and its social component, DEI, gradually shift organisational culture. For 50% of respondents ESG is 'primarily part of most business discussions' or 'deeply embedded in organisational culture'. For 52%, DEI is 'primarily part of most business discussions' or 'deeply embedded in organisational culture'.

***What does this mean for leadership?*** Our respondents rank the top three most valuable soft skills as inspiring teams, driving change, and empathy. Executives need connection and leadership visibility. They need their leaders to engage both their hard and soft skills in driving change, and be empathetic as teams cope with a rapidly changing, complex and hugely demanding work environment.

***Will things improve over the next 12 months?*** Yet again, this depends on people. Recruitment and retention challenges are much higher this year at 68% and 63%, compared with 49% and 50% in 2021. There will be a marked increase in hiring to 50% from 36% and use of interim solutions, at 40% up from 28%.

While many displayed resilience during COVID-19, employee burnout is cited as the second most pressing internal risk, after rising business costs. The need to mitigate the risk of burnout offers further evidence of the need to prioritize people. We are seeing what human ingenuity can accomplish. But it needs to be understood and nurtured. And a people-centric approach, once adopted, needs to have staying power.



# TABLE OF CONTENTS



- 01. A barometer on confidence** Pg. 7
  - + Organisational growth potential; Talent aligned to strategy
  
- 02. Growth outlook** Pg. 12
  - + Risks and challenges; Drivers of structural change
  
- 03. Talent landscape** Pg. 19
  - + Investment priorities; Strengthening executive talent; Drivers of recruitment and retention; Innovative approaches in recruitment and retention; Talent look ahead
  
- 04. Cultural landscape** Pg. 28
  - + Environment, social and governance progress; Soft skills in leadership
  
- 05. The board** Pg. 32
  - + Strengthening board talent



# 01.

## A barometer on confidence

### Organisational growth potential

Globally, **70%** of respondents are *very confident* or *confident* in their organisation's growth potential, down 9% from 2021 study results.

Organisational confidence tends to be high, being within the control of leaders and senior management. However, with economic and other serious external threats, the number of respondents who are *very confident* has declined by 21% since 2021.

#### Confidence by region

Regional response percentages indicating *very confident* and *confident*:

59%  
NORTH AMERICA

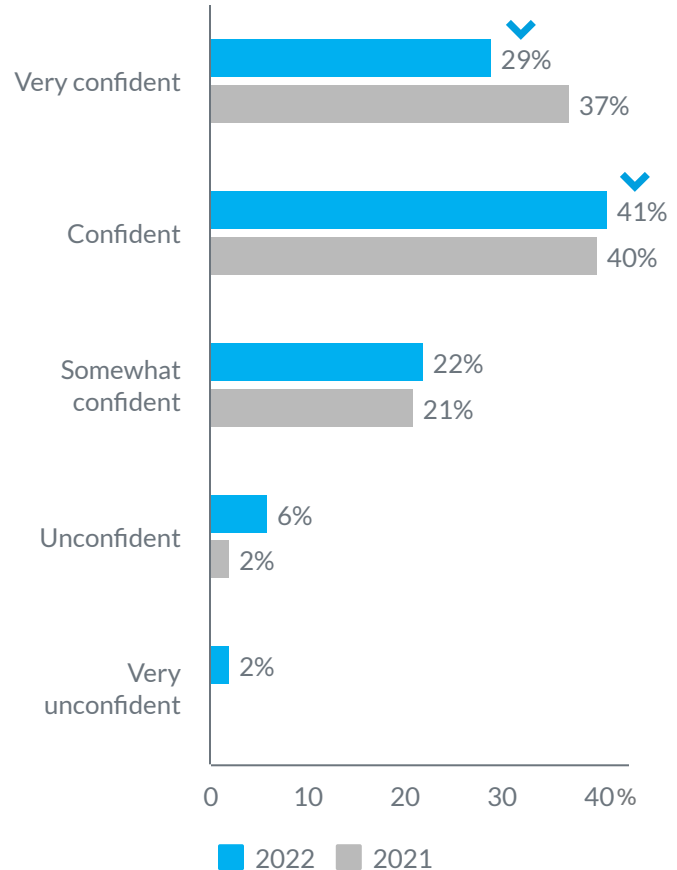
80%  
EUROPE

70%  
GLOBAL

65%  
ASIA-PACIFIC

85%  
SOUTH AMERICA

### Global growth potential confidence

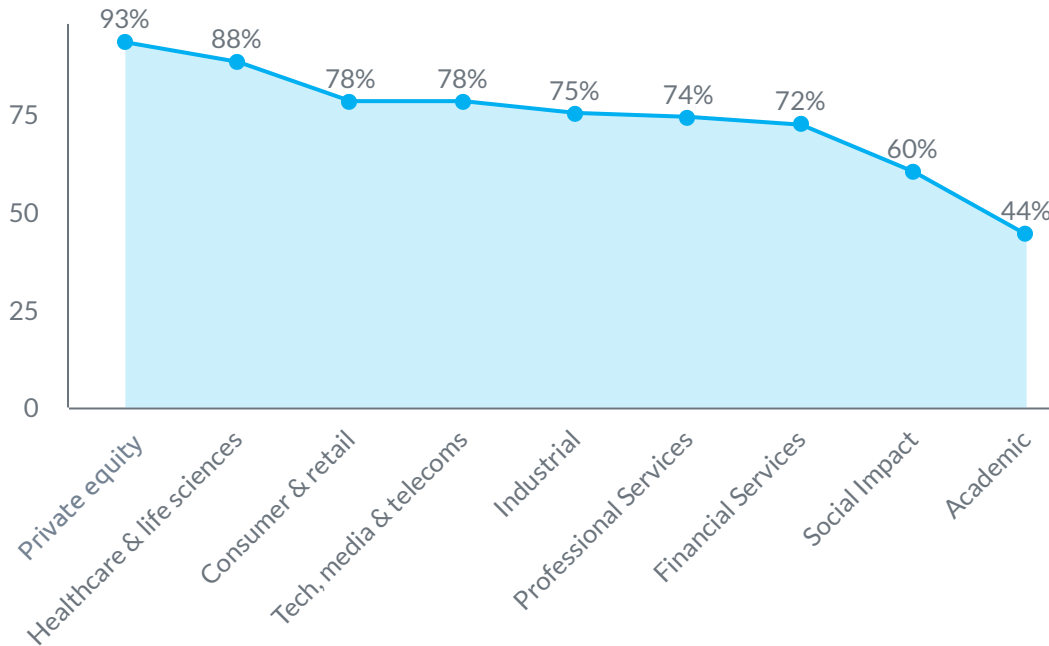


# A closer look: Organisational growth potential



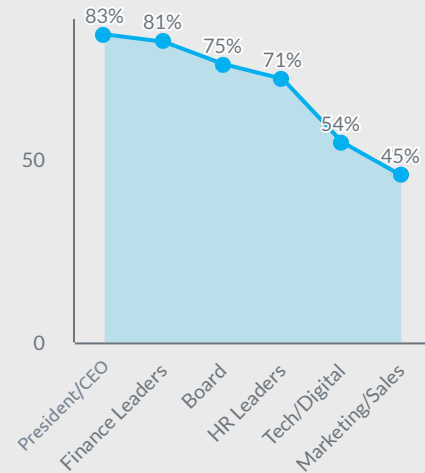
## Confidence by sector

Respondents who are *very confident* or *confident* in their organisation's growth potential are led by private equity at 93%, with academic trailing the list at 44%:



## Confidence by function

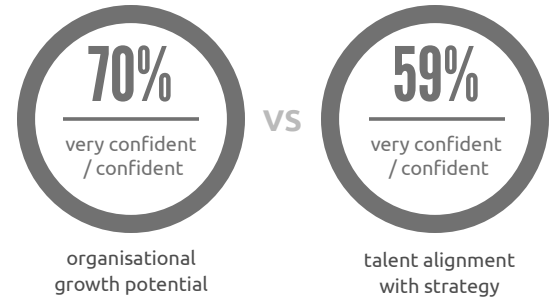
There is a major disparity between those feeling the pressure, the marketing and sales leaders, and those giving direction, the President and CEO: Marketing and sales leaders are the least confident, at 45%, compared with President/CEOs at 83%.





# Talent aligned to strategy

Confidence in **organisational growth potential** is not matched by confidence in **having the right talent** to align with strategy. While broadly higher than in 2021, respondents confidence in having the right talent to align with strategy is at 59%.



We explored talent confidence across three distinct categories to provide more nuanced comparisons:

## Confidence in board/ executive committee

**62%** Very confident/confident  
**38%** Somewhat, unconfident, very unconfident

## Confidence in leadership team

**60%** Very confident/confident  
**40%** Somewhat, unconfident, very unconfident

## Confidence in overall workforce

**55%** Very confident/confident  
**45%** Somewhat, unconfident, very unconfident

Opinions are polarised. Confidence rises slightly with seniority, with more confidence in board directors or executive committee members, followed by the leadership team, and lastly the overall workforce.

# A closer look: Talent aligned to strategy



## Sector Outliers

### Board/executive committee



The **most confident** in their board/ executive committee, compared with the global average of 62% are in:

- Private equity.....79%
- Technology, media, telecom.....71%
- Healthcare & life sciences.....70%

*The least confident are:*

- Academic (45%)
- Social impact (48%)

### Leadership team



The **most confident** in their leadership team, compared with the global average of 60% are in:

- Private equity.....93%
- Financial services.....72%

*The least confident are:*

- Academic (28%)
- Industrial (51%)
- Healthcare & life sciences (52%)
- Consumer & retail (52%)

### Overall workforce



The **most confident** in their overall workforce, compared with the global average of 55% are in:

- Private equity.....64%
- Technology, media, telecom.....61%

*The least confident are:*

- Academic (42%)
- Consumer & retail (46%)
- Industrial (47%)



Organisations need the right balance of top-down direction, based on strongly experienced leaders, and bottom-up proactiveness and ability to execute.



# 02.

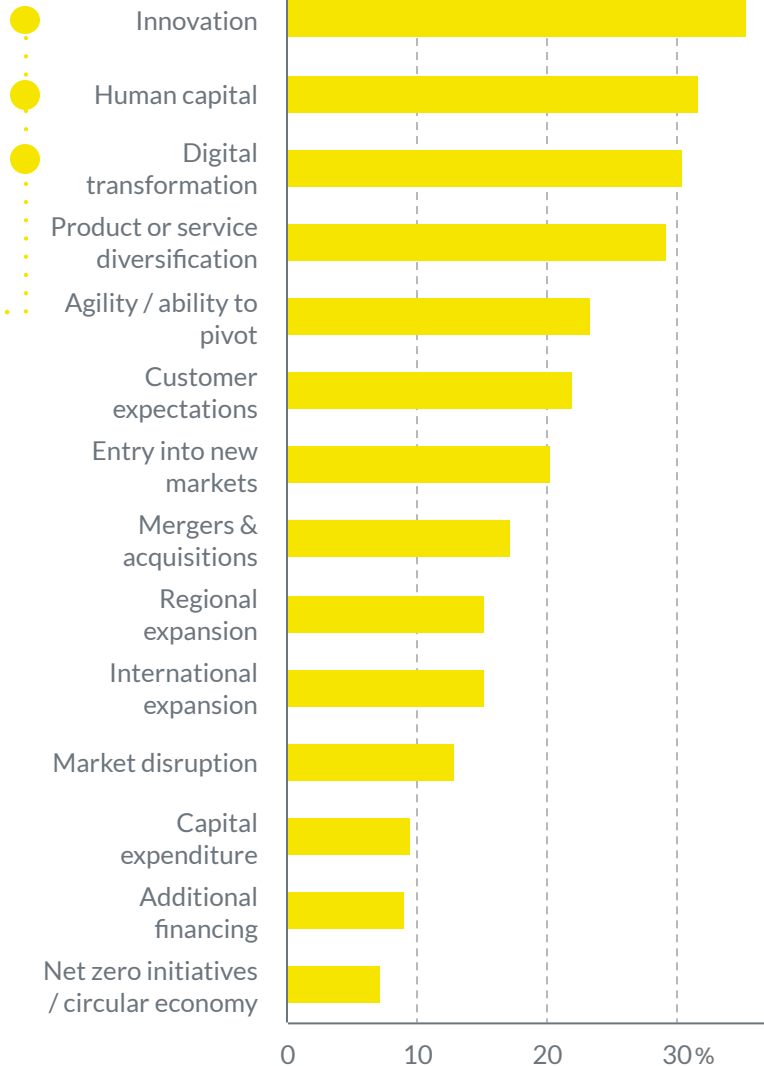
## Growth outlook

With fairly robust confidence, where is growth coming from?

Over a third of respondents, 36%, identify **innovation** as their top driver of growth over the next two years. **Human capital** is the second most frequently cited at 32%, and **digital transformation** is third, at 31%.

Organisations are therefore looking after the 'home front'. Traditional growth drivers such as geographic expansion, M&A and capital expenditure are less promising as organisations face down geopolitical risk and economic volatility. Instead they are addressing the most immediate areas where they can have impact, minimising risk exposure.

Global growth drivers



Even though enlightened leaders are seeing business opportunities in net zero initiatives and the circular economy, just 7% of respondents consider this one of their organisation's top drivers of growth over the next two years. Private equity, social impact and industrial respondents are the believers here. Overall, despite ESG commitment and advancing through human ingenuity being top three drivers of recruitment, leaders are thinking shorter term, prioritising business over brand values.

Identifying these drivers sheds light on emerging priorities within executive talent needs.

## A closer look: Growth outlook



**By region:** North America, South America and Europe share a common focus on **human capital**, ranking within the top three, though **product/service diversification** is North America's top growth driver. South America and Europe share **innovation** as the top growth driver, whereas Asia-Pacific puts **digital transformation** in the top spot. Human capital ranks fourth in Asia-Pacific.



**By sector:** The top growth drivers by sector are:

Digital transformation	Consumer & retail
Innovation	Healthcare & life sciences, industrial
M&A	Private equity
Product/service diversification	Technology, media, telecom
Human capital	Academic, financial services, professional services, social impact

It is fitting that M&A is the top growth driver for private equity, where market disruption also features. For social impact and professional services agility is important, and in healthcare, product/service diversification and M&A are also key growth drivers.

# Risks and challenges

## External risks and challenges

In order to understand shifts in strategy and objectives, it is important to examine the risks and challenges that leaders are factoring into their decisions.

From an external perspective, the top three risks and challenges are:



These external risks are driving up business costs, creating complexity for executives and potentially sharpening their focus on different executive skill sets such as digital capabilities, agility and change management. Lack of local executive talent remains a top challenge for 19% of respondents, although executive mobility is relatively unfettered and hybrid working has extended the talent pool.

Climate change receives less attention, cited as a top risk for just 13% of respondents, the majority of whom are in the social impact, financial services, professional services and industrial sectors. Our study was carried out just before energy prices skyrocketed, with energy security a top risk for just 12% of respondents, mostly in the financial services, consumer & retail, private equity and industrial sectors.

## Global external issues

Inflation - 35%

Global economic volatility - 34%

Supply chain disruption - 34%

Geopolitical risk - 31%

National economic volatility - 25%

Industry competition - 23%

Variants/other viruses - 22%

Lack of local executive talent - 19%

Industry disruption - 16%

Change in consumer habits - 15%

Climate change - 13%

Energy security - 12%

Export/import tariffs - 8%

## Internal risks and challenges

Mixed confidence over having the right talent to align with strategy reflects internal risks and challenges.

From an internal perspective, the top three risks and challenges are:



While rising business costs are the top challenge overall for organisations in our study, pressure on executives to maintain growth or organisational value is high, with 29% of respondents citing employee burnout. The cost of this is difficult to measure, but can be quite high due to low productivity and/or high turnover. The need for different executive skill sets, at 23%, rounds out the top three internal risks.

Therein lies the challenge. Employee burnout and the need for different skill sets are major obstacles to achieving growth or maintaining value through innovation. It is hard to draw dividends from human capital, let alone spark human ingenuity, when employees have limited or no reserves. Once leaders identify their role in creating the stress that leads to burnout, be it heavy workloads, job insecurity, or routines that leave too little time for creative work, they can counteract the problem with organisational measures.

## Global internal issues

Rising business costs - 31%

Employee burnout - 29%

Different executive skill sets - 23%

Cybersecurity - 22%

Supply chain resilience - 21%

Lack of innovation - 21%

Weak leadership team - 20%

Rising employee costs - 20%

Staying on top of digital transformation - 20%

Legacy business model - 18%

Internal communication - 18%

The 'great resignation' - 15%

Ongoing digital advances - 13%

Hybrid working - 11%

Legal liability - 7%

# A closer look: external and internal risks and challenges



**By sector:** The top *external issues* are:

- Supply chain disruption.....Consumer & retail, healthcare & life sciences, industrial, social impact
- Geopolitical risk.....Academic, private equity
- Global economic volatility.....Financial services, professional services
- Inflation.....Social impact
- Industry competition.....Technology, media, telecom

The top *internal issues* are:

- Employee burnout.....Academic, social impact
- Supply chain resilience.....Consumer & retail, industrial
- Cybersecurity.....Financial services, private equity
- Rising business costs.....Professional services
- Internal communications.....Healthcare & life sciences
- Rising employee costs.....Technology, media, telecom



## RESPONDENT QUOTES

“ *The ongoing shortages of material, disrupted supply chain, increased cost and potential long-term losses of markets due to war on Ukraine are of biggest concern.*

*Management of risk will take a different approach in the future and will not be limited to some business sectors in isolation. For example, life insurance risk would likely be integrated with other forms of insurance and not taken in isolation.*





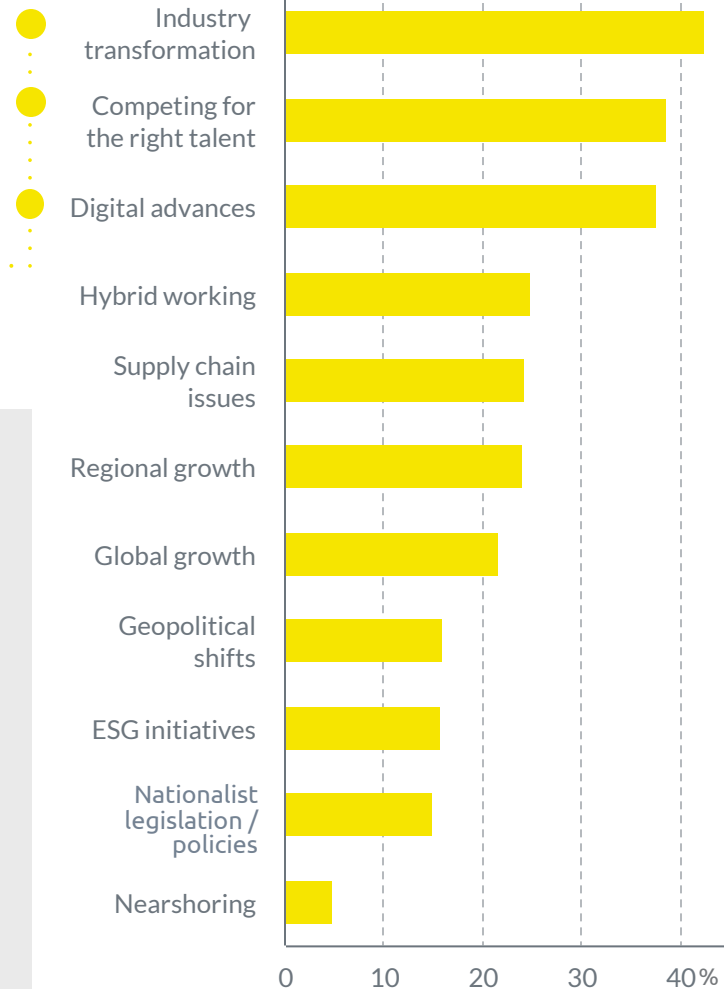
# Drivers of structural change

Industry 5.0 is increasingly shaping our world. Against the backdrop of external and internal challenges, structural change is being driven quite markedly by **industry transformation**, a top driver for 43% of respondents; **competing for the right talent**, a top driver for 39%; and **digital advances**, a top driver for 38%.

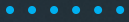
ESG initiatives, at just 16%, are less of a driver of structural change. Many organisations are making headway in social and governance imperatives, driven largely through leadership and culture. However, concerns over making the right investment amid rising business costs is perhaps inhibiting structural change in support of ESG goals.

Respondents who do see ESG initiatives as a top driver of structural change are in social impact, and in the likely better resourced private equity and financial services sectors.

Global structural change drivers



## Respondent Quote



Collaboration and cooperation should be high priority. We succeed by working together, where all minds are engaged and the best ideas come from anywhere in the organisation. Asking the right questions and bringing everyone together to work out solutions is a powerful organisation model.



# 03.

## Talent landscape

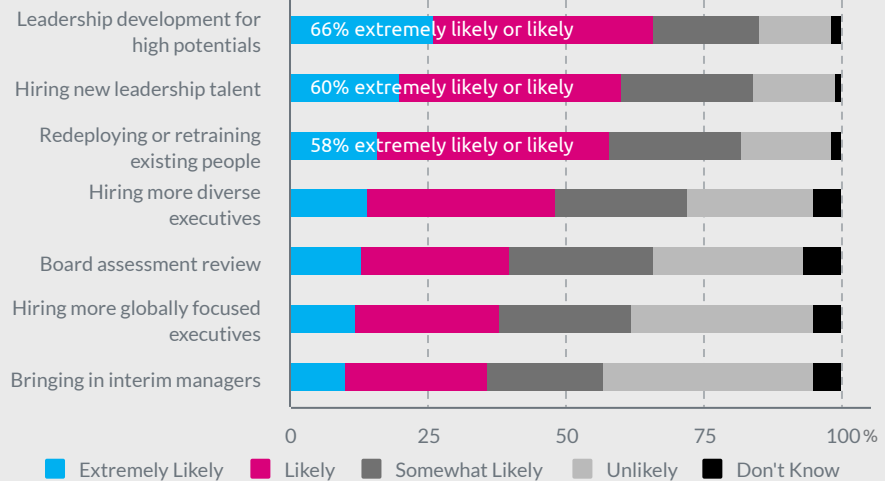
### Investment priorities

As we discovered, in terms of global averages, one of the top three internal risks/challenges is the need for different executive skill sets; and for growth, the second strongest driver is human capital. So, what talent-related investments are organisations most likely to make in the next two years?

Leadership development for high potentials is the top talent investment, followed by hiring new leadership talent and redeploying or retraining existing people. The benefits of these strategies, in terms of retention, executive aspirations and talent pipelines are increasingly well recognised; in fact, they are the same top three priorities reported in [2021](#).

The biggest change is the use of interim executives: 35% are extremely likely or likely to bring in interim executives, up from 22% in 2021, as the value of interim management becomes more widely understood, highlighted in peak COVID-19 years.

Global talent-related investments



# Strengthening executive talent

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

The top three areas are:



Notably this data, ranging from 81% to 69%, is more 'clustered' than the corresponding data from 2021, which ranged from 56% to 20%, demonstrating more of a consensus around skill requirements in 2022.

While digital, tech and marketing & sales roles are mission critical, with digital ranking 25 percentage points above last year's top score, high importance is ascribed to other functions as well. These include supply chain/logistics, a major concern, with 73% very likely or likely to strengthen talent in this area, up markedly from 29% in 2021.

Human resources, the seventh priority in 2021, is now as important as operations, sharing fourth position. Greater understanding of this role is a strong positive coming out of the pandemic. And with growth depending on human ingenuity, exceptional HR leadership is mission critical.

## In-demand executive talent

Digital (robotics, AI, machine learning) - 81%

Tech/cloud/cybersecurity - 80%

Marketing & sales - 79%

Human resources - 78%

Operations - 78%

Finance - 75%

Health & safety - 75%

Research & development - 74%

Supply chain/logistics - 73%

Innovation/business transformation - 73%

ESG-sustainability - 71%

ESG-DEI - 69%

Risk/legal/compliance - 68%

Despite ESG\* appearing further down the list, demand has increased significantly for capabilities across DEI and sustainability in comparison to 2021 results of 39% and 32% respectively. While organisations are making headway in acquiring skills and understanding of ESG practices, these are generally longer-term initiatives. Against the more immediate internal and external issues that organisations face, such as rising costs, geopolitical risk and economic volatility, ESG could seem less pressing.

*\*A note on environment, social and governance (ESG). 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 diversity, equity & inclusion (DEI).*

## A closer look: Strengthening executive talent

**By function:** Data reveals discrepancies among leadership functions regarding which skills need to be strengthened, as demonstrated by the following:



### Digital

74% CEOs  
52% Marketing & sales leaders



### ESG-DEI

68% Finance leaders  
33% Marketing & sales leaders



### ESG-sustainability

79% Tech leaders  
50% Marketing & sales leaders



### Finance

73% CEOs  
50% Board directors



### HR

77% Board directors  
50% Tech leaders



### R&D

93% Board directors  
55% Operations leaders

Given the critical nature of digital skills and ESG initiatives, such divergent opinions suggest that not only boards would benefit from expert assessment; a strong argument could be made for evaluating the digital and ESG teams.



In ESG-related HR, we need people who understand that COP26 rules are mostly political intent and need fleshing out and operationalisation by industry. In improving a client's strategy towards net zero, most consultants know little more than how to buy carbon credits for rainforest projects; nobody knows how to design new credits for new processes and technologies, which must be the drivers of Carbon Capture Readiness.



# Drivers of recruitment and retention

We asked respondents which incentives they use for senior-level recruitment and retention. It's clear that organisations are using hard currency, literally, creating a frothy remuneration market and making rising employee costs the top internal issue in the technology/media/telecom sector.

For **recruitment**, respondents use remuneration and ESG commitment. Sign-on bonuses top the list, followed by performance-related pay. Leadership development, additional holidays and job rotation are used the least. Despite leadership development being the top talent investment, it is not often used as an incentive for hiring.

For **retention**, respondents use bonuses, hybrid working, leadership development and job rotation. Bespoke remuneration, childcare allowances and ESG commitment are used the least.

## RECRUITMENT

- Sign-on bonuses: 76%
- Performance-related pay: 73%
- ESG commitment: 72%
- Hybrid working: 71%

### *Low use*

- Leadership development: 58%
- Additional holiday: 55%
- Internal mobility/job rotation: 52%

## RETENTION

- Bonuses: 76%
- Hybrid working: 73%
- Leadership development: 72%
- Internal mobility/job rotation: 71%

### *Low use*

- Bespoke remuneration: 55%
- Childcare allowances: 54%
- ESG commitment: 52%



# Innovative approaches in recruitment and retention

We asked respondents if they utilize any unusual or innovative approaches to acquire or retain talent. Almost a quarter, 24%, answered in the affirmative, sharing some of their tactics:

✓ 24%

## Recruitment



**Innovative recruitment tactics** include providing part-time options to retiring employees, refer-a-friend programmes, paid internships, mass media advertising, and more use of interim resources.

## Retention



**Innovative retention tactics** include paying into private pensions, recognition of family responsibilities, internal job swaps, allowing executives to run (non-conflicting) private businesses, and scholarships for dependents. Bonuses in all forms are used: extra annual bonuses for best performance, guaranteed bonuses and long-term incentive plans.

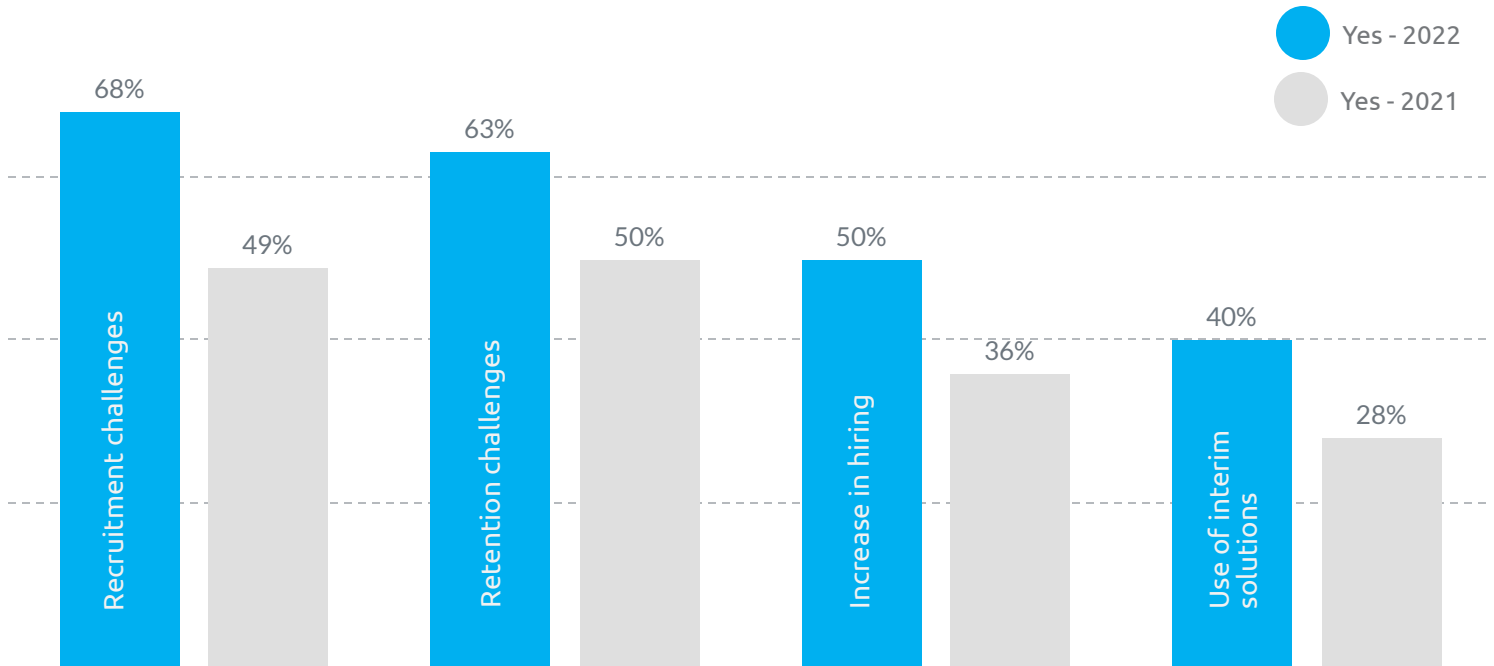
**Hybrid working** has become the norm in recruitment and retention. However, the impact on innovation is unclear; when asked about concerns over the **loss of spontaneous ideas/innovation** due to work-from-home practices, respondents are 'on the fence,' scoring this **5 out of 10**.





# Talent look ahead

In looking at talent over the next 12 months, most respondents - 68% - expect to experience recruitment challenges above all else, compared to 49% in 2021. This may partly explain the rise in interim solutions, with 40% expecting to use interim executives, up from 28% in 2021. Hiring is also up, from 36% to 50%, while retention challenges have grown from 50% to 63%. Talent is a hot market.



# A closer look: talent look ahead



**By sector:** From a sector perspective, respondents in professional services expect the greatest recruitment challenges, and those in academia expect the greatest retention challenges. Private equity leads hiring, and financial services leads in the engagement of interim managers.



## RECRUITMENT CHALLENGES

Professional services - 77%  
Academic - 75%  
Technology - 73%  
Consumer & retail - 73%  
Financial services - 72%  
Social impact - 68%  
Healthcare & life sciences - 63%  
Industrial - 61%  
Private equity - 43%



## RETENTION CHALLENGES

Academic - 75%  
Technology - 71%  
Professional services - 66%  
Consumer & retail - 65%  
Private equity - 64%  
Healthcare & life sciences - 61%  
Financial services - 58%  
Social impact - 58%  
Industrial - 56%



## INCREASE IN HIRING

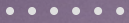
Private equity - 71%  
Technology - 59%  
Healthcare & life sciences - 54%  
Industrial - 50%  
Financial services - 50%  
Professional services - 49%  
Social impact - 45%  
Consumer & retail - 45%  
Academic - 42%



## USE OF INTERIM SOLUTIONS

Financial services - 55%  
Academic - 53%  
Consumer & retail - 45%  
Private equity - 43%  
Social impact - 40%  
Professional services - 39%  
Technology - 37%  
Healthcare & life sciences - 37%  
Industrial - 37%

## Respondent Quote



The world feels like we have two distinct types of business: those that profited through COVID and those that did not. For those companies that suffered during the pandemic, we need to innovate more and work harder to stay relevant to today's talent. Re-doing old solutions is not good enough. We need to be laser focused on how to attract and retain the talent we need.



# 04.

## Cultural landscape

How is organisational culture changing?

The **top drivers of cultural shifts** identified by our respondents are customer/client needs and organisational agility, jointly in top place at 37%, followed jointly by leadership visibility and innovation at 34%. It's about connection: organisational alignment to customers/clients externally, and connection through leadership visibility and innovation internally.

However, the connections appear to be loose.



Taking the temperature of the **alignment of culture and behaviours to organisational purpose and business objectives** leaves us lukewarm; respondents score this **6 out of 10**.

Global culture shift drivers



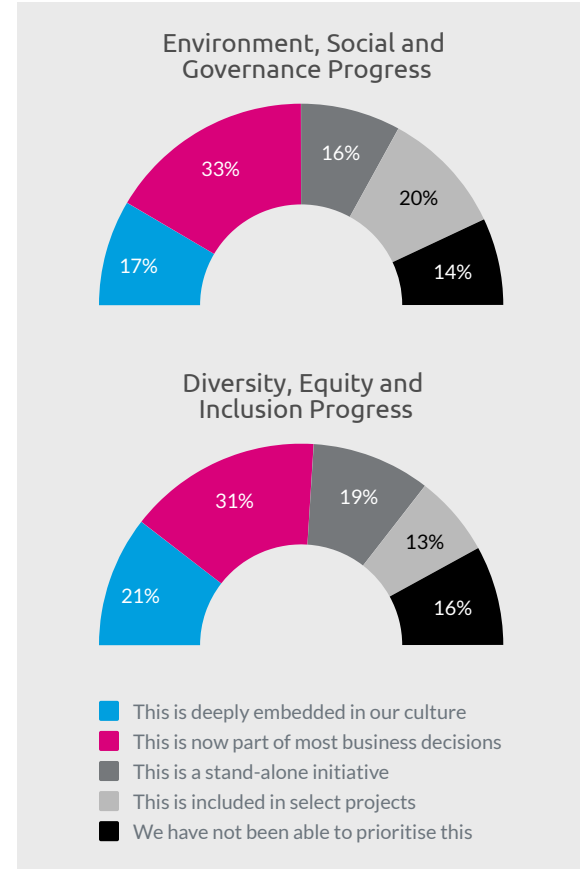
# Environment, social and governance progress

What impact are environment, social and governance (ESG) initiatives having on culture?

We looked at two areas in ESG: ESG in general and diversity, equity & inclusion (DEI) in particular. While we acknowledge that DEI is part of the 'social' in ESG, we have singled it out to reflect the high proportion of respondents focusing specifically and separately on DEI when asked to select the most applicable statement for their organisation.

Findings show that ESG and DEI are gradually shifting the culture of organisations. For 50% of respondents, ESG is 'part of most business discussions' or 'deeply embedded in organisational culture', indicating change at the strategic and operational levels. For others, the priority of ESG remains in question: 16% consider it a stand-alone initiative; 20% include it in select projects; and 14% have not been able to prioritise ESG at all.

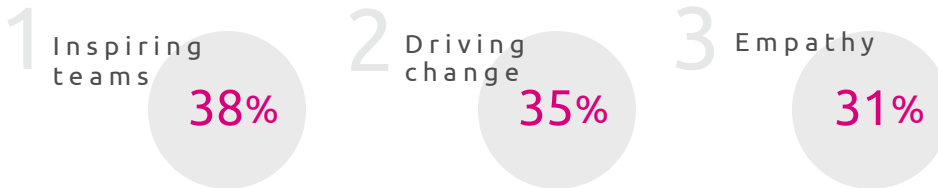
On its own DEI ranks slightly higher, with 52% of respondents classifying it as 'part of most business discussions' or 'deeply embedded in organisational culture'. But for nearly a fifth of respondents DEI remains a stand-alone initiative; 13% include it in select projects; and 16% have not been able to prioritise DEI.



# Soft skills in leadership

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

We asked our respondents to rank the most valuable leadership soft skills. While responses in this area are more widely distributed, the following three rank at the top:



One of the biggest drivers of cultural shifts is leadership visibility. This corresponds to the most valued soft skill of inspiring teams, followed by driving change and empathy. The importance of connection emerges once again, both to the external world, and within organisations. Executives want to see and hear their leaders, and in turn, be heard themselves.

With talent recruitment and retention an ongoing challenge, the fourth most valuable soft skill for senior leaders is attracting or retaining talent.

Recurring themes in respondent commentary such as creativity, agility, solutions oriented, digital mindset, and integrated thinking manifest in the most in-demand functional capabilities and soft skills.

## In-demand leadership soft skills

Inspiring teams - 38%

Driving change - 35%

Empathy - 31%

Attracting/retaining talent - 30%

Self-leadership - 27%

Global/multicultural perspective - 25%

Balance employee & business needs - 25%

Learning agility - 24%

Understanding employee needs - 24%

Conveying organisational purpose - 24%

Mentor - 22%

Influence - 22%

Digital & innovation savvy - 20%

Embracing DEI - 19%

Market savvy - 19%

Enhance organisational reputation - 18%

Negotiation - 17%

Leading hybrid teams - 16%



Courage, versatility and adaptability have never, ever been such important traits for CEOs.



# 05.

## The board

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



very confident



confident



somewhat confident



unconfident



very unconfident

Confidence in having the right talent is highest for the board/executive committee: 62% of respondents are **very confident** or **confident** in the alignment of board directors to organisational strategy over the next two years. Nearly a quarter are **somewhat confident**, 10% are **unconfident**, and 4% are **very unconfident**.

Given the challenges and uncertainties of the business and geopolitical environment, 62% is not a particularly comfortable figure.

Despite the implications, rigorous board assessment is not on very many radars. Less than half, 40% of respondents, consider it extremely likely or likely that their organisation will invest in a board review over the next two years.



# Strengthening board talent

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

The top three priorities are:



It is very positive that these skills are seen as critical at board level: Board members need to analyse how to operationalise a net zero strategy while senior leaders focus on digital, tech and marketing/sales as they steer the organisation through Industry 5.0.

Demand for these skills at board level resonates with our top growth drivers of innovation, human capital and digital transformation. More broadly, the high ranking of ESG-related talent mirrors the human-centric nature of Industry 5.0. It's a good thing. Net zero initiatives and a circular economy will become increasingly important for future-proofing businesses and attracting investment, top talent and ethical consumers, who grow exponentially with each new generation.

## In-demand board talent

ESG-DEI - 55%

ESG-sustainability - 52%

Innov/business transformation - 50%

Risk/legal/compliance - 47%

Tech/cloud/cybersecurity - 45%

Digital - 43%

Supply chain/logistics - 43%

Finance - 41%

Health & safety - 41%

R&D - 41%

Human resources - 37%

Marketing & sales - 35%

Operations - 34%

# A closer look: Strengthening board talent



**By function:** Data reveals discrepancies between leadership functions around which board skills need to be strengthened, making a strong case for board capabilities assessments:

## President & CEOs:



Innovation/business transformation - 52%  
ESG: sustainability 52%  
ESG: DEI - 43%

## Finance leaders:



Digital - 55%  
Human resources - 50%  
Risk/legal compliance - 45%  
Supply chain/logistics - 45%

## HR leaders:



ESG: DEI - 63%  
ESG: sustainability - 51%  
Finance - 50%

## Technology leaders :



Risk/legal/compliance - 77%  
Innovation/business transformation - 59%  
Human resources - 57%

## Operational leaders:



ESG: sustainability 62%  
Innovation/business transformation - 59%  
Tech/cloud/cybersecurity - 58%

## Marketing/sales leaders:



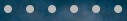
ESG: DEI - 75%  
Health & safety - 67%  
Risk/legal/compliance - 67%

Taking a closer look at [board assessment investments](#), we see that two thirds, just over 66% of board members think it is very likely or likely they will conduct a board assessment. This is in contrast to President/CEO respondents at 44% and HR leaders at 41%. Finance leaders, at 57%, are more in favour.



**By sector:** From a sector perspective, respondents in financial services are, at 53%, most likely to conduct a board assessment review, followed by technology at 48%, consumer at 49% and healthcare at 48%. Industrial organisations show less interest, with just 34% likely to conduct a board assessment.

## Respondent Quote



I do not believe a specific background makes a good board member or executive. Rather, it is the ability to see the bigger picture, the risks inherent in the industry and/or business climate, and steps needed to position the business to succeed. Diversity of thought and experience are critical to open discussions and long-term success.



# CONCLUSION



Emerging from the pandemic, organisations are confronting new risks and challenges. Yet most executives are confident in their organisation's growth potential. And they see growth coming largely from within, driven by innovation, human capital and digital transformation. Looking inward for solutions, to what human ingenuity can contribute, is the guiding principle of Industry 5.0.

In order to realise growth potential or maintain organisational value, organisations will need to address internal challenges. Again, the human element is crucial. Most executives remain in doubt over having the right talent to align with strategy. Further, the pandemic either exposed or created other serious internal risks, including employee burnout and the need for different executive skill sets.

Talent-related investments favour leadership development, as well as hiring new leadership talent. The drive to grow through innovation and digital transformation is contributing to a spike in demand for technology leaders. This is followed by marketing & sales, while HR has leapt from seventh in 2021 to fourth. There is also a need for stronger ESG-DEI capabilities, particularly at board level, which would expand access to human ingenuity.

Greater importance is now being placed on uniquely human 'soft skills' as well, which resonates with the human-centric approach of Industry 5.0. Our respondents emphasise skill in inspiring teams, driving change, empathy, and attracting/retaining talent.

There is, however, a lack of consensus between different leadership functions regarding which types of executive talent need to be strengthened. Against daunting risks and challenges, executive teams and boards will need to collaborate and coordinate. A clear-eyed assessment could be in order.



# CONCLUSION



The need to strengthen executive and board talent is broadly acknowledged. And with people now at the heart and the forefront of business, we have entered a very hot talent market. Recruitment and retention challenges have never been higher, and organisations plan to recruit more executives and interim managers than last year.

The resilience shown through the pandemic was exceptional. Organisations have learned much about people and their essential value. The challenge now is to continue to ensure organisations have the right skills across the workforce, at leadership level, and on the board. Driven by technology, we are moving in faster business cycles. This means staying ahead by constantly evaluating what organisations and people need.



---

## Methodology

The survey was distributed to senior executives worldwide from April 11, 2022 to May 27, 2022. A total of 640 complete responses comprised of 32% from Europe, 32% from North America, 18% from Asia-Pacific, and 16% from South America. Respondents include 27% board/president/CEOs, 21% SVP, division or country head executives, 11% heads of operations, 10% heads of human resources, with a remainder of executives across multiple functions including finance, marketing and technology. By organisation, 36% from private/independent, 24% are from publicly quoted, 17% from private/family-owned, 12% from social enterprise, with the remainder from start-up or private equity backed. Industrial sector accounts for 28% of responses, followed by 14% within both consumer & retail and professional services, and 11% from both technology/media/telecoms and healthcare & life sciences, with the remainder of responses from financial services, academic, social impact, and private equity. These data are therefore indicative only throughout the report, due to lower responses in these sectors.