



BOYDEN GLOBAL EXECUTIVE SURVEY 2023

Exploring adaptivity through strategy and talent

Today's complex landscape demands adaptive, empathetic leaders, who accelerate decision-making to navigate opportunity and mitigate risk.



EXECUTIVE SUMMARY

We live in a world where the extent and pace of change has driven leaders to ask extraordinary things of themselves and the people in their organisations.

Climate change, the pandemic, historic energy costs and AI's coming of age. All these changes are happening simultaneously, and what would previously have been a 'black swan' event has become business as usual.

As we face existential levels of complexity, those who survive are those who adapt best to their changing environment. From corporate social responsibility to purpose and ESG priorities, society needs adaptive organisations led by adaptive leaders.

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

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

- 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 industry 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?



The findings in our research reveal a cohesive narrative around adaptive leadership, rapid change, digital transformation, strategic flexibility and agile decision-making.

Confidence levels in organisational growth potential are back to 2021 levels; however, there is a persistent gap between confidence in growth potential and confidence in having the right talent to align with strategy.

**77% very confident or confident in organisational growth potential vs.
65% very confident or confident in having the right talent to align with strategy**

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.



41% need to strengthen skills in digital (robotics, AI, machine learning)
40% need to strengthen skills in innovation
33% need to strengthen skills in sustainability

Commitment to ESG has not moved much since 2022. ESG is part of most business decisions for less than a third of respondents, and is deeply embedded in the culture for just one fifth.

17% of respondents have a Chief Sustainability Officer
23% have a dedicated sustainability lead
20% have no designated sustainability lead

As business transformation continues, digital capabilities remain the key differentiator and means of survival across all industries. Tech/digital leaders are the most intent on hiring more diverse, and globally-focused executives.

40% of tech/digital leaders say it's 'extremely likely' they will invest in more globally-focused executives.

The external context is challenging with global recession the top concern, followed by inflation and geopolitical risk. 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.



38% identify risk of global recession
33% identify inflation risk
28% identify geopolitical risk

Internally, teams identify the greatest risks as rising costs, employee burnout, lack of innovation and a weak leadership team.

With such potent external and internal risks, the biggest driver of culture shifts is **organisational agility**. However, constant change leads to stress and potential burnout, so leaders need to balance the need to do things differently while maintaining a degree of stability. The most valuable soft leadership skills are thus **inspiring teams, driving change and showing empathy**.

Structural change is driven by the need for strategic flexibility, digital advances and competing for talent.

- 42% identify strategic flexibility
- 36% identify digital capabilities
- 34% identify competing for the right talent

Amidst all this turbulence, talent is a point of pain.



64% anticipate recruitment challenges over the next year
58% expect retention challenges over the next year

Recruitment concerns are about a shrinking talent pool, competing with bigger brands, concerns over cultural fit, a lack of the right senior-level skills, and costs or bidding wars for talent.

Organisations are countering this with **performance-based bonus, flexible and hybrid working**.

With multiple 'black swan' events, the relationship between board and executive has become much closer, with the board more 'hands on,' more visible and more involved in framing the organisation. We therefore see a keen focus among board respondents on human capital and digital skills, strengthening digital skills at board level, and focusing on talent in every dimension of the business.



CEO MESSAGE

The world is changing faster than at any other time since the industrial revolution. We see this rate of change accelerated by technology, economic, cultural factors and political change.

In response, CEOs are speeding up transformation initiatives to position their businesses for the next decade, embracing the ongoing technology revolution, total enterprise reinvention and accessing the potential of talent.

Our response at Boyden is two-fold: first, to provide even deeper specialisation through our sector teams; and secondly, to enable our clients to connect digital transformation initiatives with sustainability commitments through a matrix approach that leverages knowledge and experience across our global footprint.

We are all working in ways that are faster, smarter and more connected. One of the findings in this study that struck me is the capture of ideas from all parts of the organisation. Every person has ideas, skills, competencies and unique perspectives to bring to the table. Our future depends on valuing diversity in all its forms.

Our industry is at an inflexion point. We are simultaneously guides, servants, knowledge hubs and interpreters of change. We are more closely connected to our clients, our candidates, global executives and each other than ever before. Accelerated decision-making requires us to be the best we can be, every day.

Talent is our business and it is people that drives us. People deliver change, people deliver a better world.

Chad Hesters
President & CEO, Boyden

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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.



What does 'adaptivity' actually mean? You need to listen for triggers – so you can adapt – and really understand what people are saying, to figure out a way to help them adapt. What got you here isn't going to get you there. We all need to be flexible, able to pivot and transform. It may feel risky to adapt – the way we did things clearly worked... but now we have to do things differently.

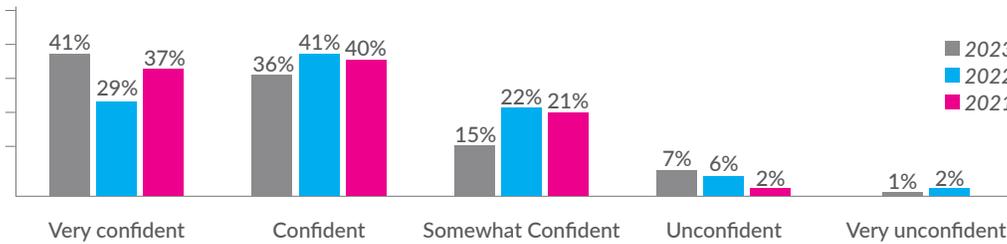
-Rikard Scoufias, Chair, Hellenic Hydrocarbons and Energy Resources Management Company (HEREMA S.A.)

01 BAROMETER ON CONFIDENCE

Organisational growth potential

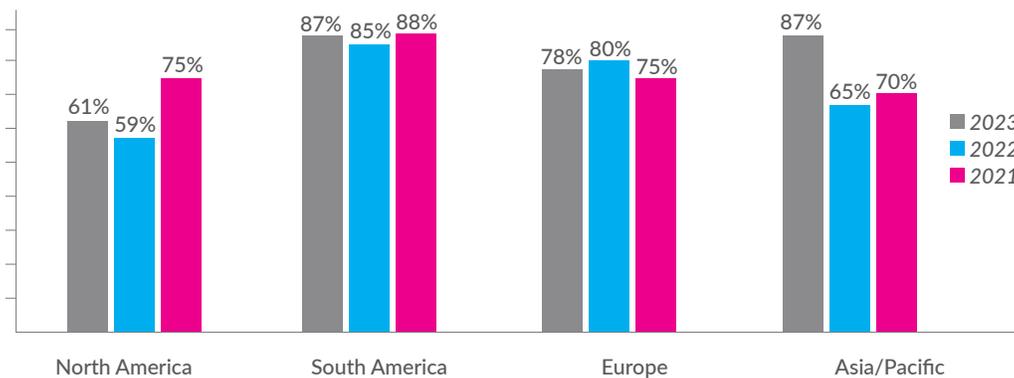
Globally, 77% of respondents are very confident or confident in their organisation's growth potential, up 7 percent from our 2022 global study and back to 2021 confidence levels.

Organisational confidence tends to be high, being within the control of leaders and senior management. Organisations are adapting to the impact of the invasion of Ukraine, inflation and rising costs, and with technological advances gaining traction, the proportion of respondents who are 'very confident' has increased by 12% compared with 2022.



41% Very Confident
36% Confident

Regional response percentages indicating 'very confident' or 'confident' reveal a surge in confidence in Asia/Pacific; the region is expected to lead global economic growth with a rate of between 5.1% and 4.6% in 2023¹, compared with a global growth forecast of 2.8%².



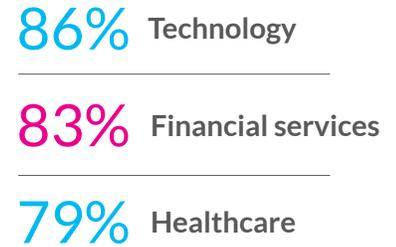
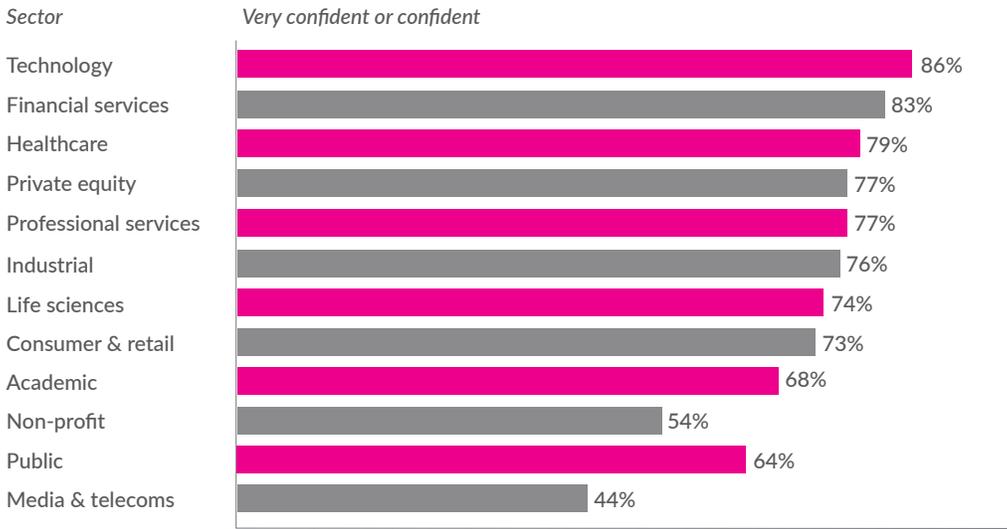
¹ In Q1 2023, the World Bank forecast growth in East Asia and the Pacific of 5.1% in 2023, while in Q2 2023 the International Monetary Fund forecast growth in Asia-Pacific of 4.6%. Other regional comparisons: 1.6% in the United States, 0.8% in the Euro area and 1.6% in South America.

² <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

A closer look

Confidence by sector

Respondents most confident in their organisation's growth potential are those in the **tech sector at 86%**; while media & telecoms, struggling with rising costs and widespread competition trail the list at 44%:



Notable improvements in confidence this year are in the **academic** and **financial services** sectors, although it should be noted that this research was carried out before banking failures in North America and Europe.



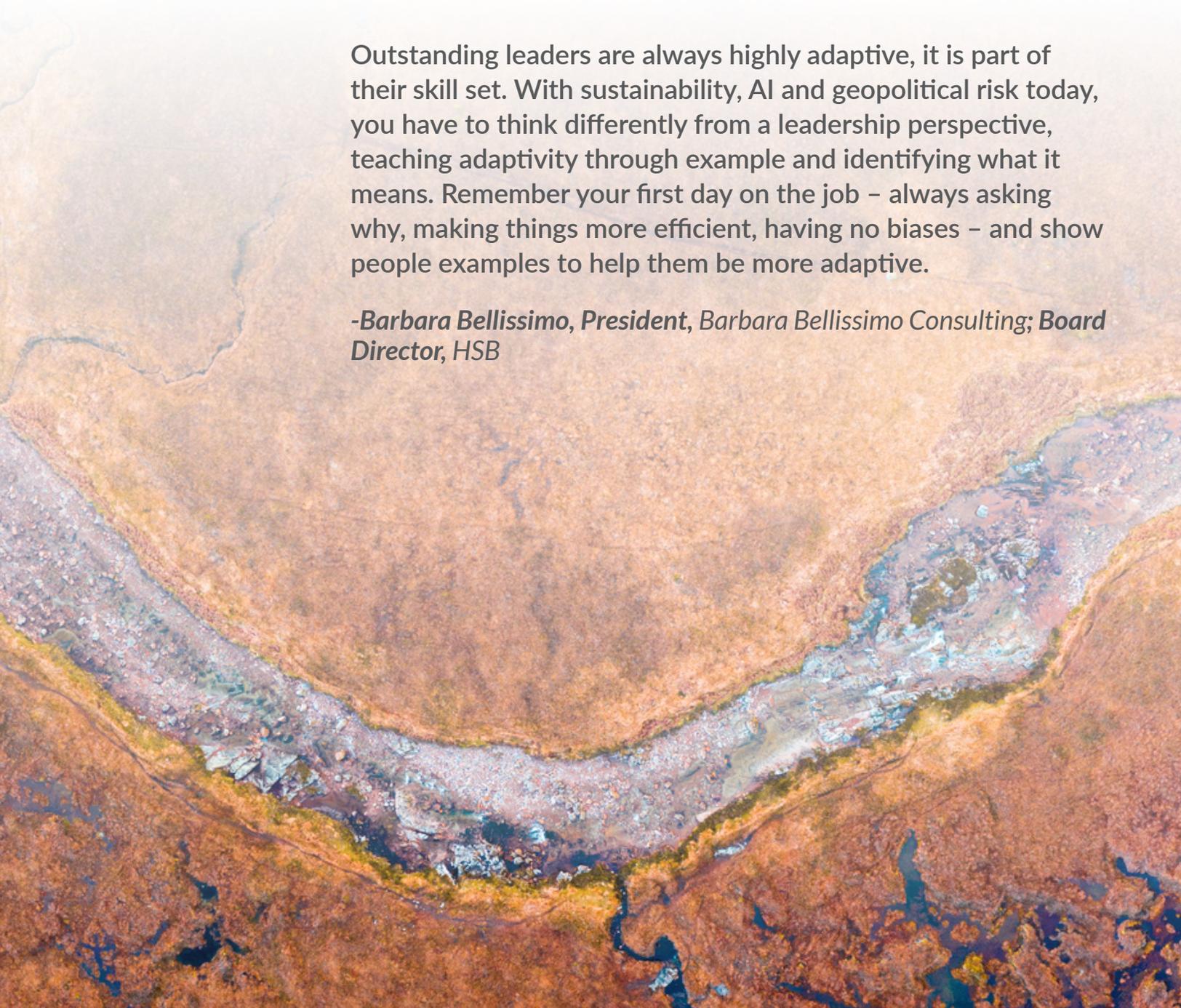


Agility and organisational learning to adapt in the right way are critical elements for company survival. It's even more important today, having faced strong headwinds over the last two years with the Russia-Ukraine crisis and inflation. If you have the capability to adapt and people who can move very fast and anticipate, so they can adapt in advance, then you are well placed to address key issues.

-Philippe Piron, President & CEO, GE Power Conversation and Grid Solutions

Outstanding leaders are always highly adaptive, it is part of their skill set. With sustainability, AI and geopolitical risk today, you have to think differently from a leadership perspective, teaching adaptivity through example and identifying what it means. Remember your first day on the job – always asking why, making things more efficient, having no biases – and show people examples to help them be more adaptive.

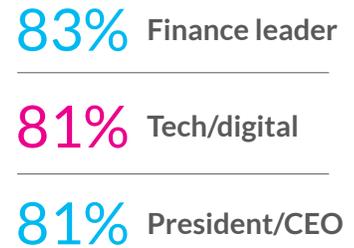
-Barbara Bellissimo, President, Barbara Bellissimo Consulting; Board Director, HSB



Confidence by job function

Finance leaders are the most confident, with 83% very confident or confident, followed by tech/digital leaders and President/CEOs both at 81%. HR leaders are more bullish this year at 78%, compared with 71% in 2022.

In a crowded, competitive and low growth environment, marketing & sales leaders are the least confident among the corporate team; partners (primarily professional services) are the least confident overall, facing competition and on-going business model disruption.



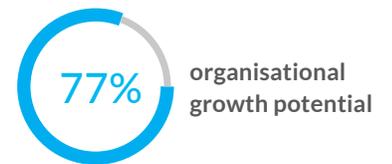
Talent aligned to strategy

Confidence in organisational growth potential at 77% is not met by confidence in having the right talent to align with strategy at 65% very confident or confident.

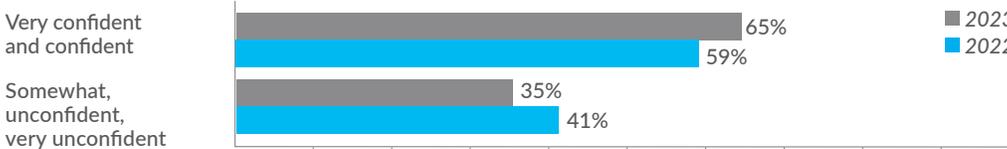
However, confidence in talent is 6 percentage points higher than in 2022 at 59%. Organisations are benefitting from investment in strategic talent priorities: leadership development, hiring new leadership talent, redeploying existing talent and bringing in interim management.

We explore talent confidence across three distinct categories; (i) overall workforce, (ii) leadership team and (iii) board/executive committee. Opinions are more polarised this year, with roughly two-thirds very confident and confident and roughly one third somewhat confident, unconfident or very unconfident.

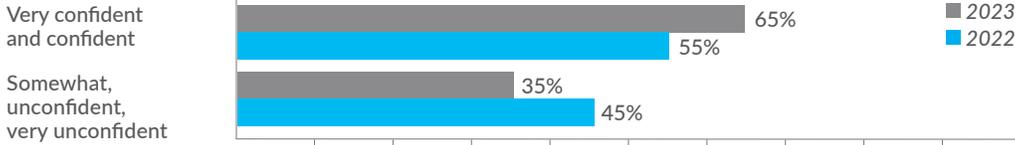
Confidence rises slightly with seniority, with more confidence in board directors or executive committee members, then the leadership team, then the overall workforce.



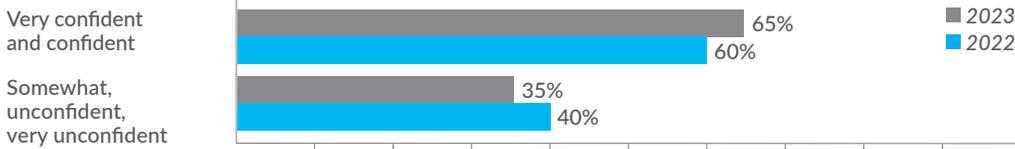
Average level of confidence



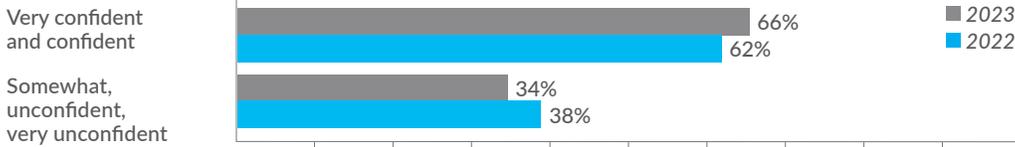
Overall workforce



Leadership team



Board/executive committee



A closer look

Sector outliers

In terms of sector, for the **overall workforce**, the most confident, compared with the all-sector average of 64% are in:



77% Private equity
74% Financial services
73% Public
72% Technology

The least confident are in:

50% Media, telecoms
50% Non-profit
42% Consumer & retail

For the **leadership team**, the most confident, compared with the all-sector average of 65% are in:



77% Professional services
72% Financial services

The least confident are in:

57% Media, telecoms
52% Life sciences

For the **board/executive committee**, the most confident, compared with the all-sector average of 66% are in:



77% Private equity
74% Financial services
72% Professional services

The least confident are in:

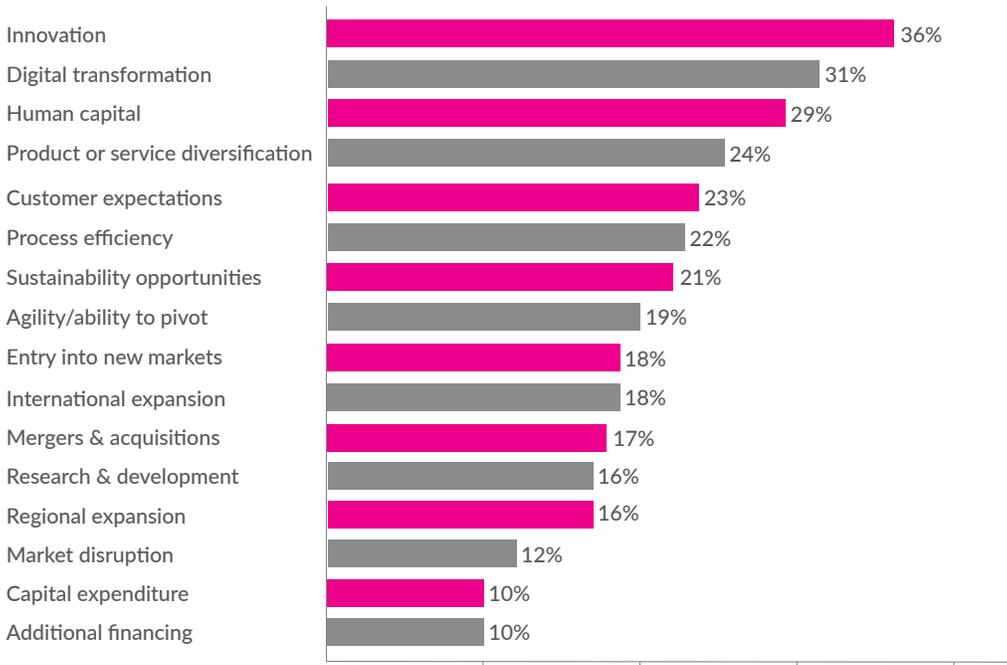
55% Non-profit
51% Academic
51% Media, telecoms



02 GROWTH OUTLOOK

With robust confidence in organisational growth potential at 77%, where is growth coming from?

Well over a third of respondents, 36%, identify **innovation** as their top driver of growth over the next two years. **Digital transformation** is the second most frequently cited driver at 31%, and **human capital** is third, at 29%.



36% Innovation

31% Digital transformation

29% Human capital

The trend away from regional expansion, M&A and capital expenditure continues. This year we see a greater focus on **sustainability opportunities**, a top three driver of growth for 20% of respondents, compared with just 7% of respondents who saw opportunities in net zero initiatives in 2022.

By sector, the strongest believers in sustainability are **private equity** with 46%, **professional services** with 30% and **industrial** with 27% of respondents who see sustainability opportunities as a top three driver of growth.



It's key to have colleagues you trust. Our structural change involves value add solutions in three areas: service providers to maintain short term results; enterprise, developing a B2B business; and government. We strive for more and more professional services to increase the level of services we provide, to connect more value to our clients and be more relevant than our competitors.

-José Renato de Mello Gonçalves, CEO Brazil, NEC

A closer look:

Growth drivers

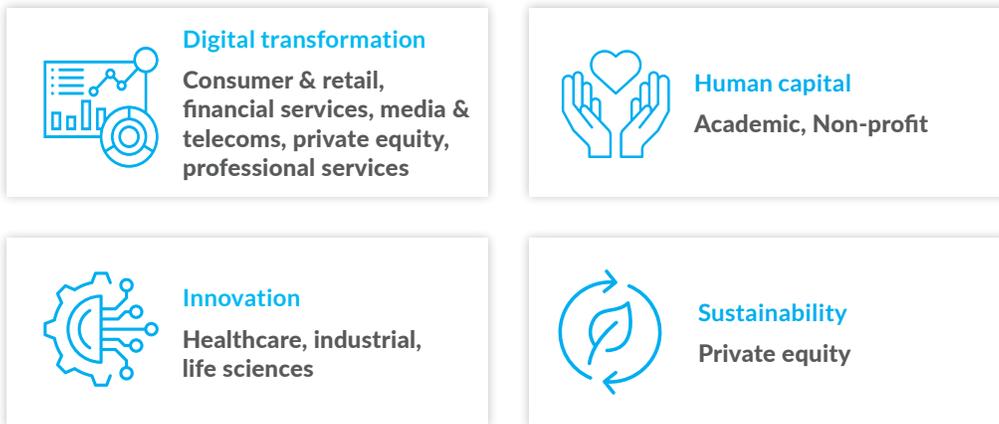
From a regional perspective, North America is highly focused on people, with human capital and customer expectations as top growth drivers, followed by innovation. South America, Europe and Asia/Pacific focus on innovation and digital transformation, while South America and Asia/Pacific are distinctive in seeing sustainability as a top three driver. South America also prizes product or service diversification and process efficiency, while Asia/Pacific also prizes human capital.



North America	South America	Europe	Asia/Pacific
1 Human capital	Innovation	Innovation	Digital transformation
2 Customer expectations	Digital transformation	Digital transformation	Innovation
3 Innovation	Sustainability = Product/service diversification = Process efficiency	Human capital	Human capital



From a **sector** perspective, the top growth drivers are:



Growth drivers by sector are more homogenous this year, with the forward-looking **private equity** sector focusing on sustainability as well as digital transformation, and people-based areas such as **academic** and **non-profit** focusing on human capital. With disruption concerning partners in **professional services**, this year digital transformation has replaced human capital as the top growth driver in this sector.

A closer look:

Tech/digital leaders

Tech/digital leaders, typically Chief Information, Chief Technology and Chief Digital Officers, are the most confident about their organisation’s growth potential at 81%, compared with the all-respondent average of 77%. More globally-focused, they consider their organisation’s top growth drivers to be:



In making talent-related investments, tech/digital leaders reveal the highest expectation (extremely likely and likely) that their organisation will invest in:

- Hiring more diverse executives 67%**
- More use of interim executives = Board assessment 66%**
- Hiring more globally focused executives 64%**

These leaders are most distinctive in their views on globally-focused executives: as many as 40% consider it extremely likely that their organisation will invest in this profile of executive, compared with 17% for all respondents.

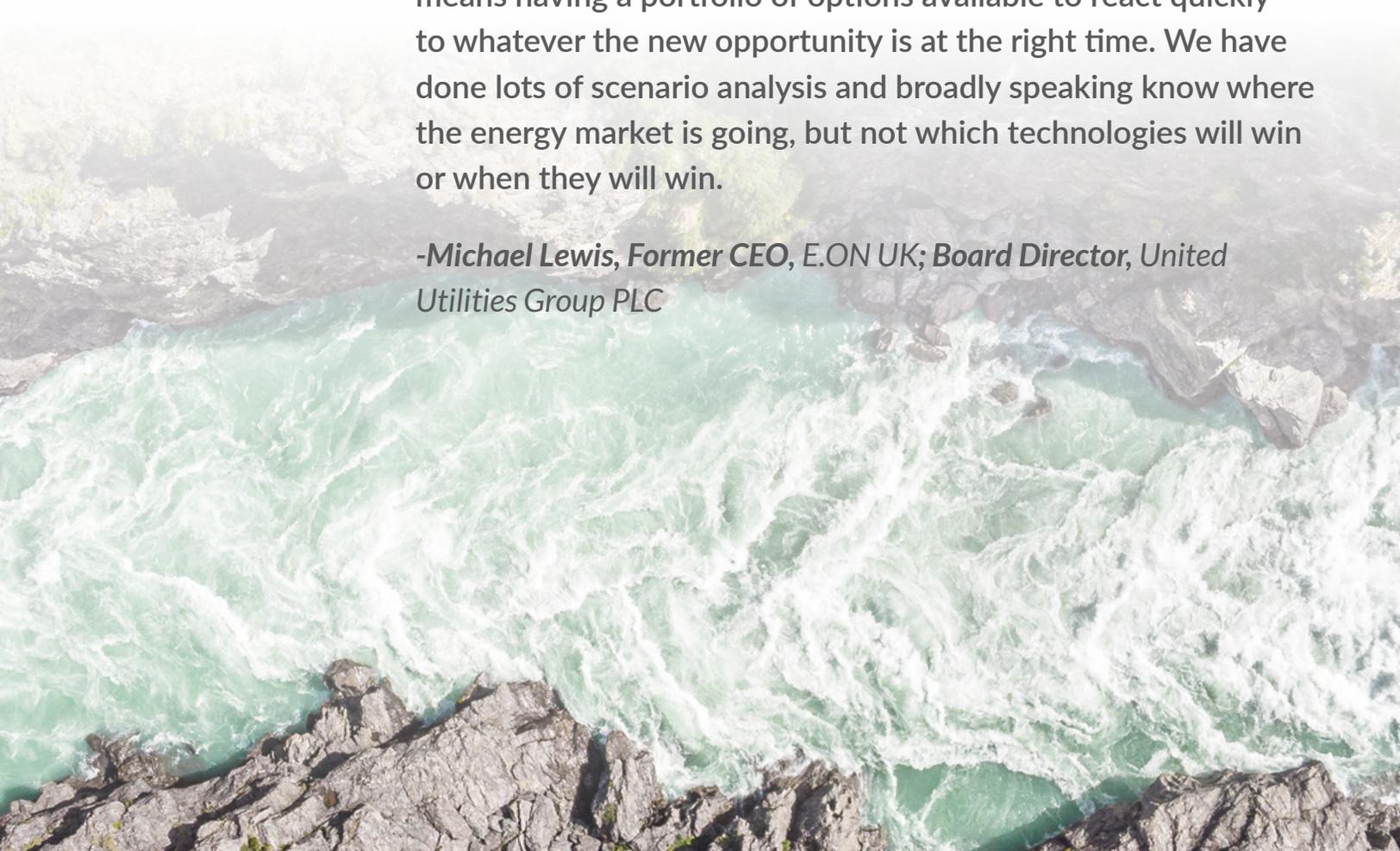


HSB Canada set an ambitious growth target for itself in 2020, to double revenues by 2025. This has required the company and its leadership to do things differently and some things it has not done before. As with big ambitions, some adjustments have had to be made. It requires the board to push leaders to do things differently, as well as being supportive and encouraging. While the leadership team adapts ways of working, there is value in the board in holding them accountable. It's a partnership, rather than oversight, presenting options to the CEO so they get the best value in helping with a very aggressive goal.

-Barbara Bellissimo, President, Barbara Bellissimo Consulting; Board Director, HSB

It's about creating optionality, when the future is more uncertain than it has ever been. You have to be ready to move quickly into a space where value is suddenly emerging, which means having a portfolio of options available to react quickly to whatever the new opportunity is at the right time. We have done lots of scenario analysis and broadly speaking know where the energy market is going, but not which technologies will win or when they will win.

-Michael Lewis, Former CEO, E.ON UK; Board Director, United Utilities Group PLC



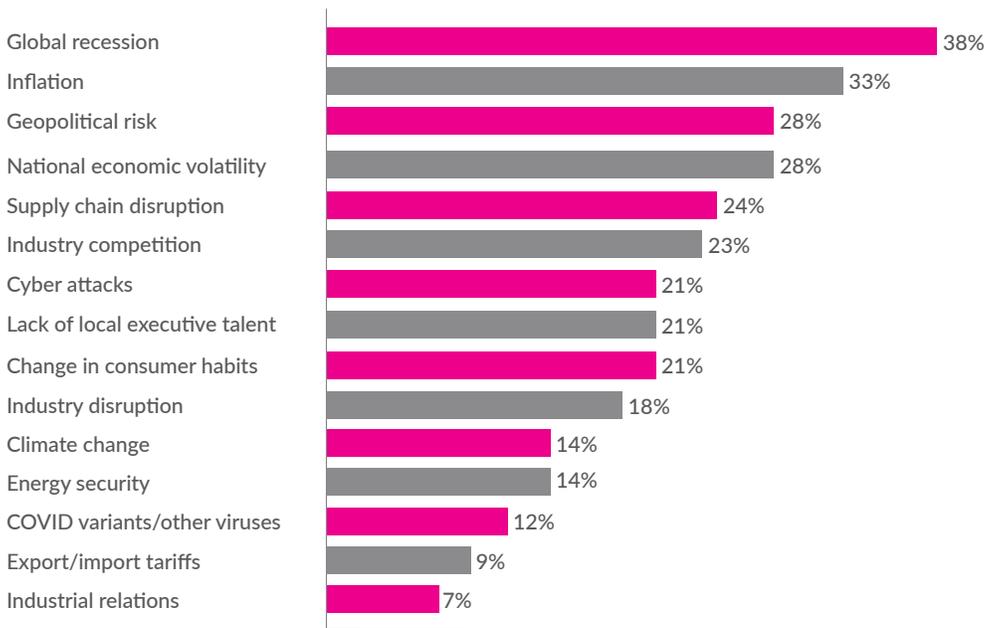
Risks and challenges

External risks and challenges

In order to understand strategic priorities and talent objectives, we examine the risks and challenges leaders are factoring into their decision-making.

From an external perspective, the top three risks and challenges are: global recession, inflation, and geopolitical risk.

Global external issues



38% Global recession

33% Inflation

28% Geopolitical risk

External risks remain big picture, impacting prospects for business and job growth. Global recession is the overriding concern. Inflation remains a pressing issue in a global market dominated by government and federal attempts to pull the right levers in monetary policy. As the invasion of Ukraine prompts other nations to consider territorial challenges, geopolitical risk is a key factor in global business dialogue.

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

Just one fifth, 21% think the leadership team is fully prepared; 40% prepared, while almost the same amount, 38%, think the leadership team is somewhat or not at all prepared.



A closer look:



21% Fully prepared
40% Prepared

32% Somewhat prepared
6% Not at all prepared

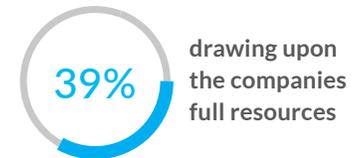
How are leaders handling the threat of recession?

With on-going concerns over recession, we explore the views of **all respondents**, **Board/Chair/NED** and **President/CEO** respondents on being prepared for recession.

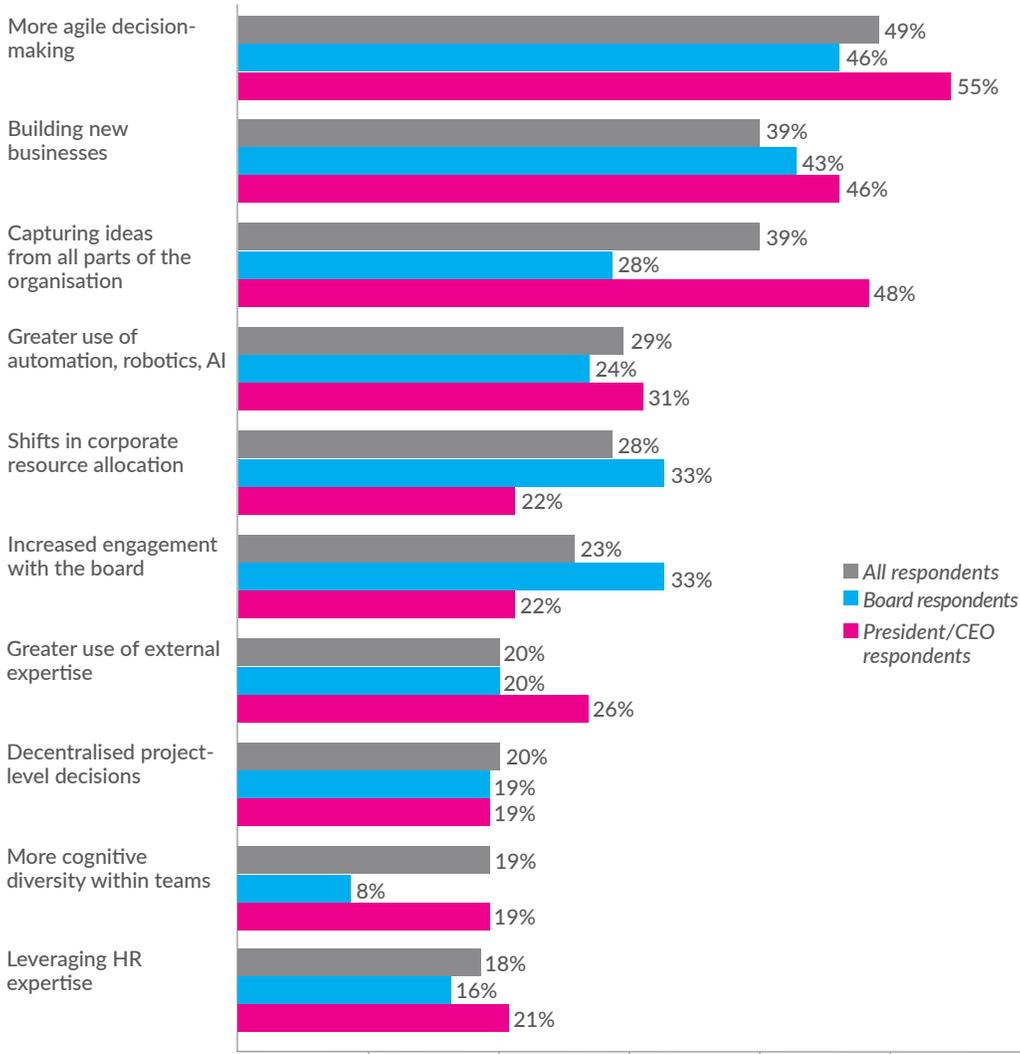
Adaptive leaders are creating adaptive organisations, with agile decision-making for 49% of respondents, new businesses for 39% and drawing upon the full resources of the company for 39%. All human capital is valuable, with ideas captured from across the organisation. Inclusion goes beyond the individual; it means ‘all hands to the pump’ in addressing risks, threats and challenges to create strategic flexibility. The pandemic taught us to embrace new solutions, fast. Greater use of automation, robotics and AI are recession-proofing actions for well over a quarter of respondents, at 29%.

Board respondents see the leadership team focusing on: (i) more agile decision-making, (ii) building new businesses and (iii) jointly, increased engagement with the board and shifts in corporate resource allocation.

This contrasts with **CEOs/Presidents** who are driving the leadership team to focus more keenly on: capturing ideas from all parts of the organisation and use of robotics, AI, machine learning; and focus less on engaging with the board and corporate resource allocation.



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



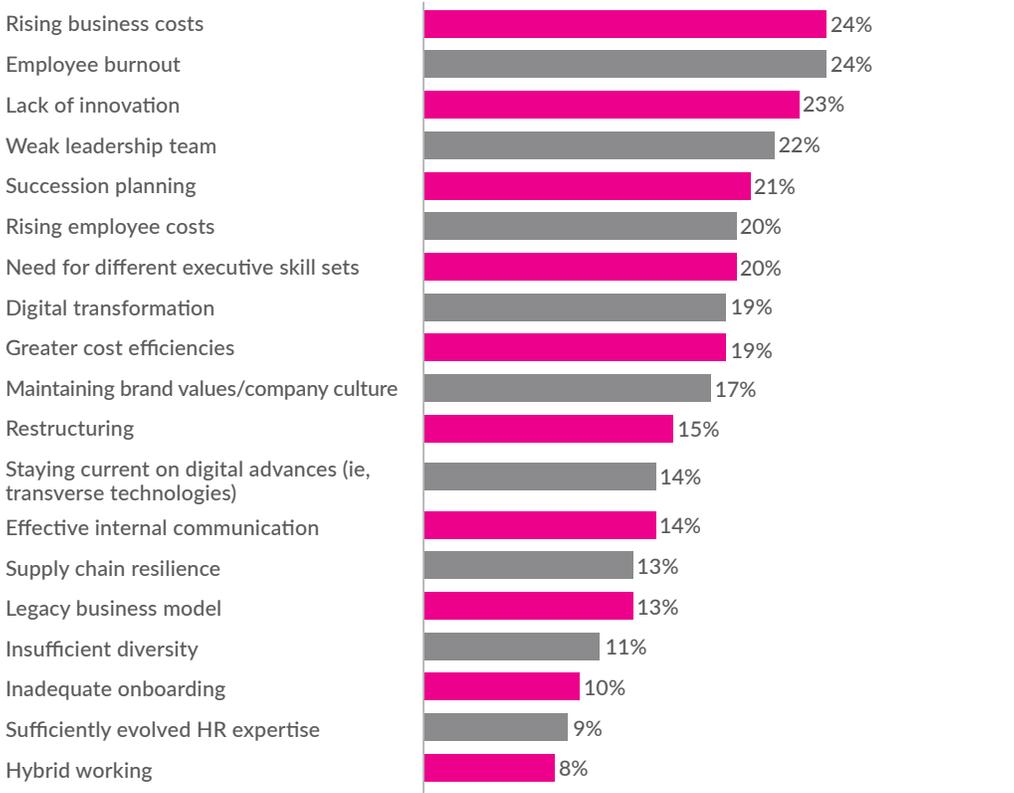
Internal risks and challenges

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

Rising business costs and **employee burnout** tie as the top challenge for organisations, as executives face ongoing pressure to maintain growth or business value. With innovation the top driver of organisational growth, 23% cite **lack of innovation** as a top three internal risk/challenge.

With organisations facing such a difficult market, a **weak leadership team** is a top concern for 22% of respondents; we remember here the 35% of respondents who are ‘somewhat confident, unconfident or very unconfident’ in having the right leadership team to align with strategy.

Global internal issues



24% Rising business costs

24% Employee burnout

23% Lack of innovation

22% Weak leadership team



A closer look

External and internal risks and challenges

By sector: the top *external issues* are:



Change in consumer habits
Academic, public sector



Global recession

Consumer & retail, financial services, healthcare, life sciences, media & telecoms, private equity, professional services, technology



Supply chain disruption
Industrial



National economic volatility

Non-profit, private equity



Inflation
Private equity,
Public sector

The top *internal issues* are:



Employee burnout
Academic, healthcare,
professional services



Rising business costs

Consumer & retail,
industrial, media &
telecoms, non-profit, public



Weak leadership team
Financial services



Need for different executive skill sets

Life sciences



Lack of innovation
Private equity, technology

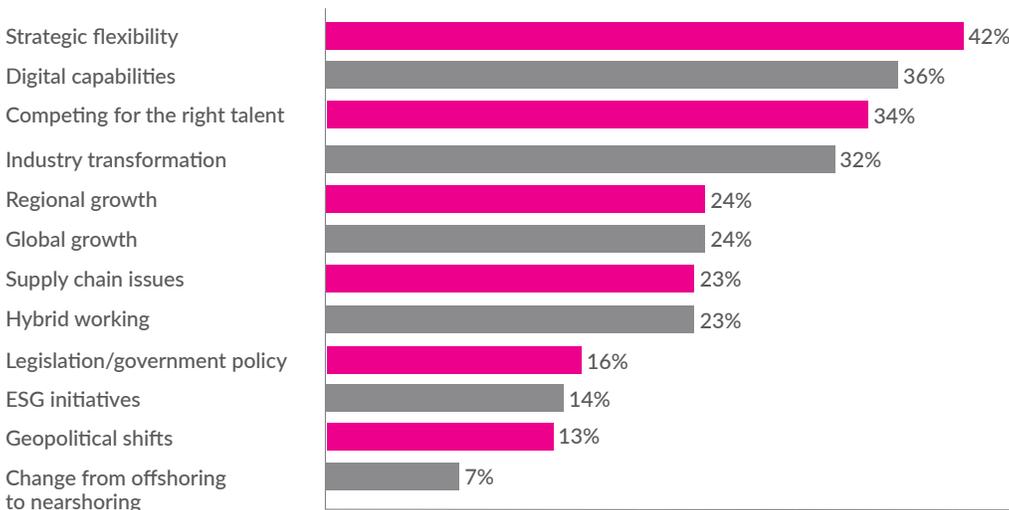
Concerns about recession and business costs dominate, with employee burnout a major concern for people-based businesses in academic, healthcare and professional services. The need for different executive skill sets is most pronounced in life sciences, as leaders strive to address the unmet needs of patients. Other drivers of economic growth, private equity and technology are concerned about innovation on which progress now rests.

Drivers of structural change

Adaptive leadership at the individual, team and organisational 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 42% of respondents; **digital advances**, the top driver for 36% of respondents; and **competing for the right talent** for 34% of respondents.

Structural change drivers



42% Strategic flexibility

36% Digital capabilities

34% Competing for the right talent



Strategic flexibility is the top driver of structural change, as leaders strive to create adaptive organisations. Again this year digital capabilities, competing for the right talent and industry transformation are top priorities.

This year **supply chain issues** are less of a driver of structural change, with organisations having shifted to near-shoring or even ‘friend-shoring’ among geopolitical allies in overcoming disruption.

Nevertheless, for respondents in the **industrial sector**, supply chain issues feature more prominently in a cluster of drivers that include competing for the right talent and industry transformation. In **life sciences**, supply chain issues are the second driver of structural change, together with competing for the right talent.

In **financial services** the proliferation of fintech payment solutions both as pure-plays and within banks is driving a focus on digital advances. **Private equity** is looking to accrue critical mass through regional growth.

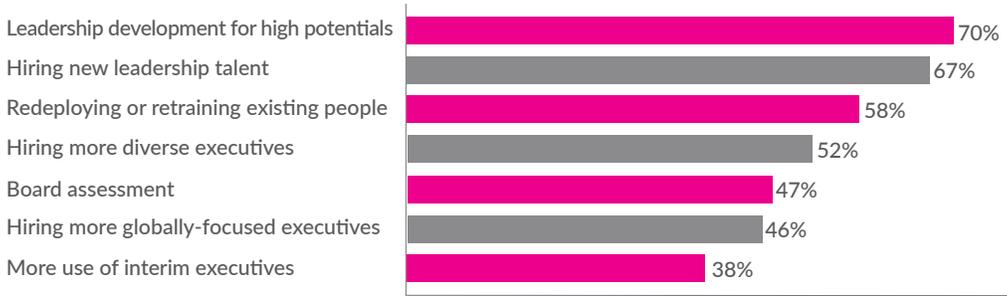


03 TALENT LANDSCAPE

Investment priorities

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

Global talent-related investments



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 developing leaders in more complex environments, updating skills to drive innovation, securing talent pipelines and retention, are well recognised; and consistent over the last three years.

Recognition of the value of **interim executives** continues to grow; 38% are extremely likely or likely to bring in interim executives, up from 35% in 2022 and 22% in 2021. This increase has been driven by the pandemic, the value private equity firms place on the right leadership at key stages, and event- or crisis-driven leadership needs in turbulent times.





Yes, we are investing in tech, and this is becoming more humanised, but it's still about understanding people. This means in the future we will see, at a strategic level, a greater focus on having a deeper understanding of what really drives and motivates people.

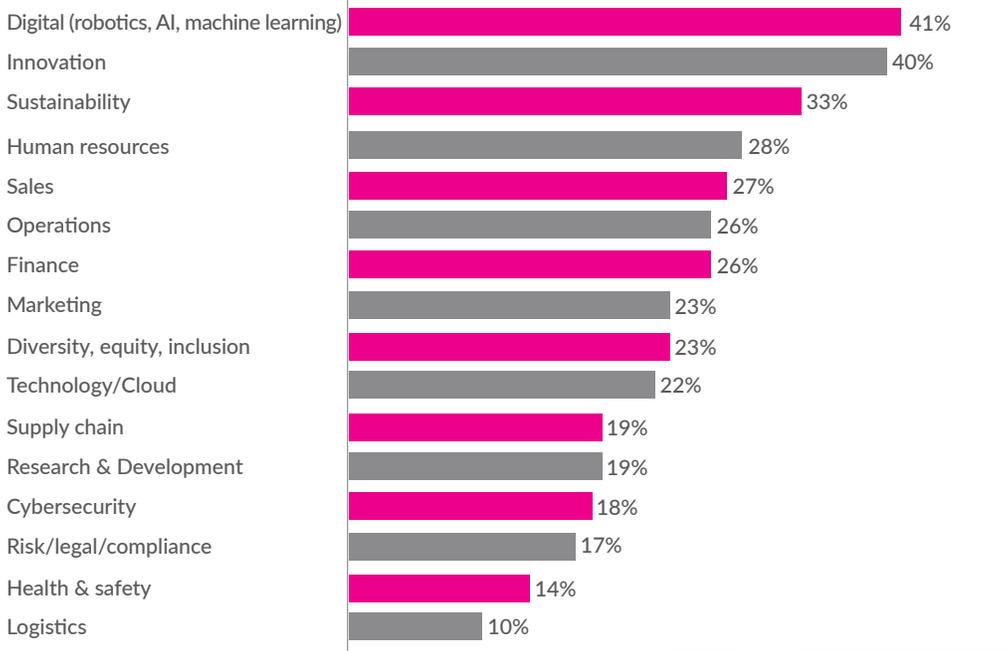
-Rikard Scoufias, Chair, Hellenic Hydrocarbons and Energy Resources Management Company (HEREMA S.A.)

Strengthening executive talent

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

The top three areas are: Digital (robotics, AI, machine learning), Innovation, Sustainability.

In-demand executive talent



41% Digital (robotics, AI, machine learning)

40% Innovation

33% Sustainability

With **innovation** and **digital transformation** the top drivers of growth, and lack of innovation a top internal risk, it's no surprise to see these priorities for strengthening executive talent.

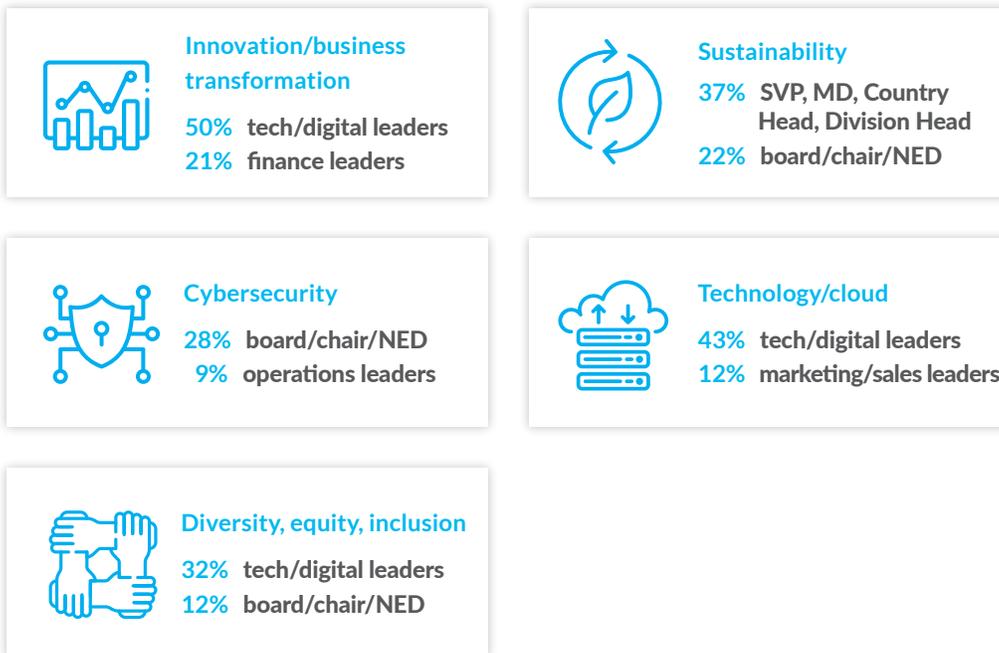
However, this is the first time we have seen skills in **sustainability** so high on the list, recognising the importance organisations place on net zero goals and capitalising on commercial opportunity; note here, that for 20% of respondents, sustainability opportunities are a top three driver of growth.



A closer look:

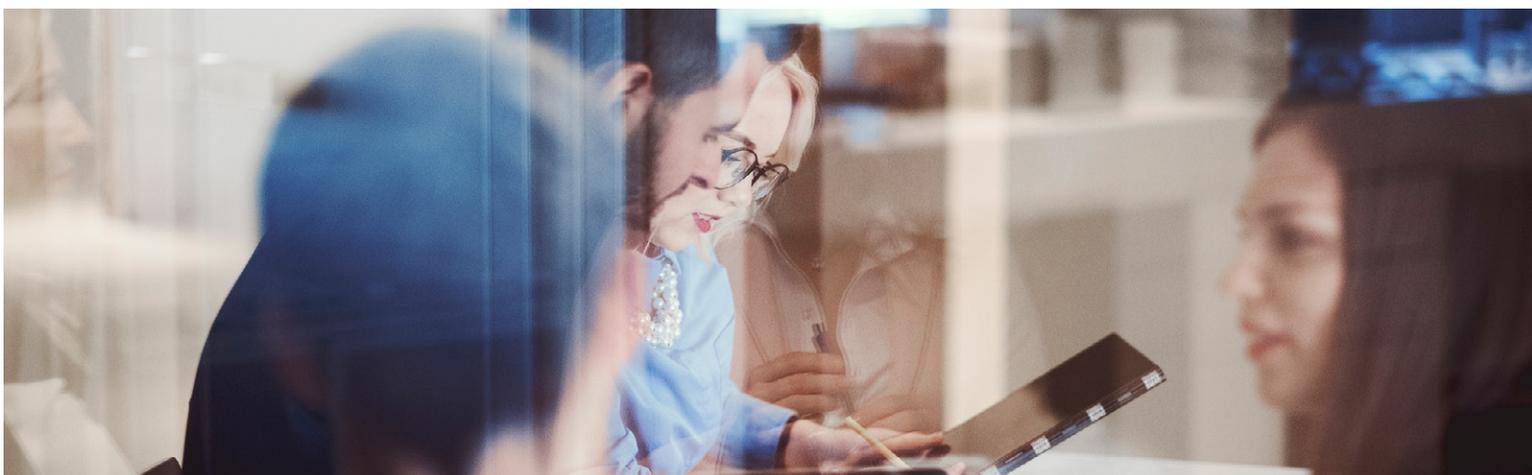
Strengthening executive talent

By function: data reveals discrepancies among leadership functions regarding which skills need to be strengthened:



There are notable discrepancies between board level and other leaders, particularly in cybersecurity, sustainability and DEI. Tech and marketing leaders are misaligned regarding technology/cloud skills, while tech and finance leaders are misaligned regarding innovation/business transformation.

Adaptive leadership will challenge executives in different areas to look at the bigger picture, growth opportunities and risk management and to ensure every role is aligned to our changing environment.





As well as compensation, retention is about how we can keep people committed to the company. I bring them into taking decisions with me so they feel they are part of the process, then we are winning together or losing together. That's really important when we talk about people and management; they want to feel part of company decisions at all levels.

-José Renato de Mello Gonçalves, CEO Brazil, NEC

Today, business line leaders and teams are as important as they always have been. In functional leadership HR and finance are the key ones, particularly at GE because all functions need to be operational. Legal, finance and HR are extremely involved in day-to-day operations and have strong knowledge of each business line. To reconnect the impact of business strategy to the commercial side finance and HR are very key; this is particular to the DNA of GE.

-Philippe Piron, President & CEO, GE Power Conversation and Grid Solutions

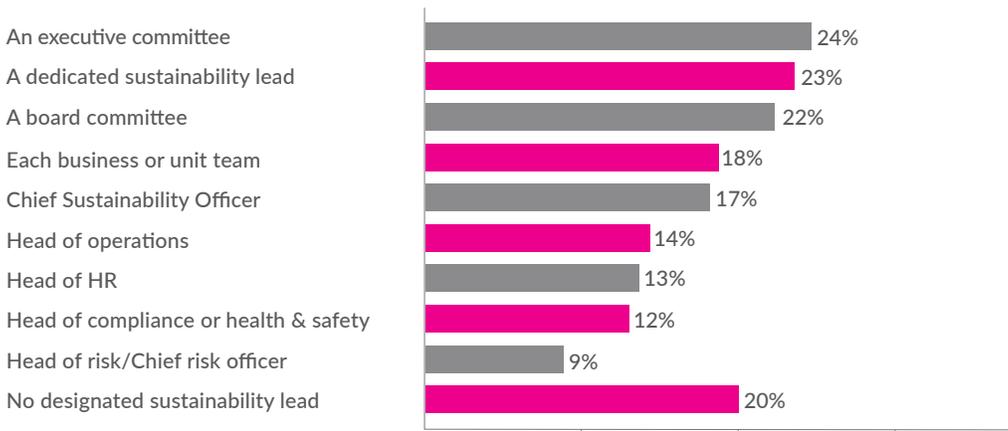
A closer look:

Sustainability

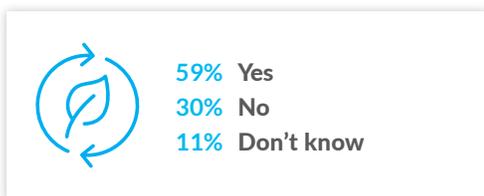
Sustainability capabilities are captured in different ways across the corporate landscape, as demonstrated in the data below. With differing resources across publicly-quoted, private and non-profit organisations, responsibility for sustainability is spread across a number of different corporate functions.

However, with the Global Stocktake for meeting the goals of the Paris Agreement coming up at COP 28 in December 2023, it is concerning that just 23% of respondents have a dedicated sustainability officer and only 17% a chief sustainability officer. Nearly half, 46%, have sustainability led by a board or executive committee, and a fifth have no designated sustainability lead at all.

Sustainability accountability



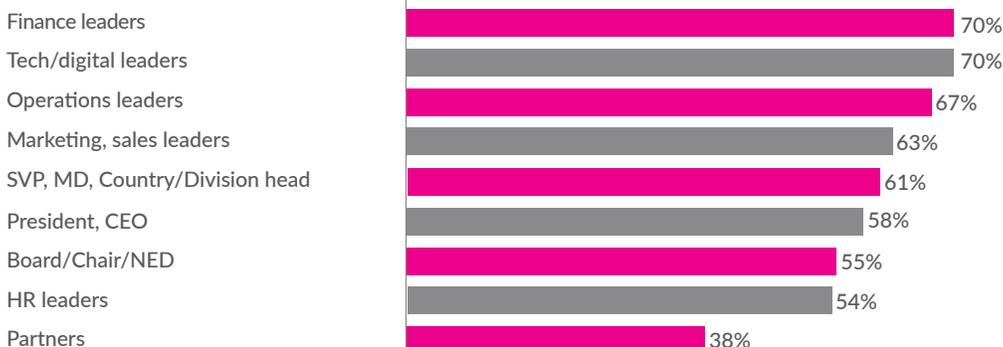
We asked respondents ‘Is your organisation investing sufficiently in sustainability?’:



By job function: data reveals discrepancies among leadership functions over whether their organisation is investing enough in sustainability.

There is a much greater proportion of board and C-suite leaders, as well as HR leaders, who think organisations could be investing more in sustainability, compared with their functional leadership colleagues.

'Is your organisation investing sufficiently in sustainability?'



Drivers of recruitment and retention

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

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

In general, there is less focus on financial incentives this year as organisations hold firm against salary escalation, instead meeting work preferences. As sustainability gains traction, ESG commitment is less distinctive in attracting or retaining talent.

For **recruitment**, in light of executive burnout, a top internal organisational risk, organisations are blending remuneration with flexible and hybrid working; previous elements such as long-term bonus and performance-related pay are lesser levers. International exposure is more prevalent this year.

For **retention**, leadership development is still an incentive, but job rotation is no longer the strong incentive it was last year.



Recruitment

- 53% Performance-based bonus
- 45% Flexible working
- 44% Hybrid working

Low use

- 17% ESG commitment
- 14% Additional holiday
- 10% Childcare allowances



Retention

- 54% Performance-based bonus
- 47% Flexible working
- 39% Leadership development
- 38% Hybrid working

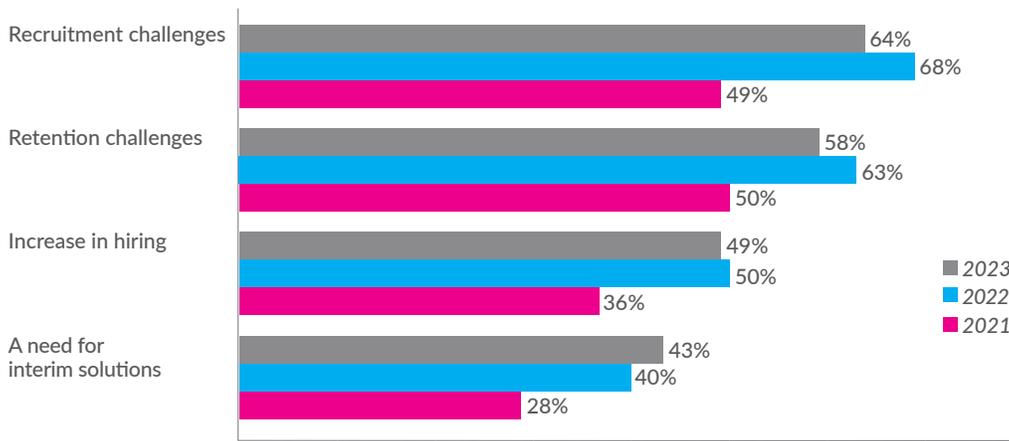
Low use

- 22% Internal mobility/job rotation
- 15% ESG commitment
- 10% Childcare allowances

Talent look-ahead

In looking at senior-level talent over the next 12 months, a majority of respondents, 64%, expect to experience recruitment challenges, and 58% expect retention challenges. Nearly half, at 49% expect an increase in hiring, while 43% anticipate a need for interim managers.

A need for interim managers has grown rapidly in recent years, rising to **43% this year from 28% in 2021**.



Organisations continue to pursue effective approaches for retention, expected by slightly fewer respondents this year at 58%, compared with 63% in 2022. While concerns over recruitment peaked in 2022 at 68%, this remains a significant concern at 64% today, particularly compared with 49% in 2021.

We asked our respondents to specify their recruitment challenges:

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

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. A lack of applicable senior-level skill sets is driving investment in leadership development and hiring.

1 Competing with bigger brands

2 Shrinking talent pool

3 Difficulty with cultural fit or fluency

A closer look:

Talent look ahead by sector

By sector: respondents in **technology** face a double whammy, topping the list for both recruitment and retention challenges. The **financial services** sector also faces both. Significant recruitment challenges are expected in the **industrial** sector.

Again, **private equity** leads hiring, and this year the engagement of **interim managers**.

Recruitment challenges	Retention challenges	Increase in hiring	Use of interim solutions
76% Technology	69% Technology	67% Private equity	67% Private equity
68% Industrial	64% Financial services	63% Technology	54% Financial services
66% Financial services	62% Public	57% Financial services	53% Technology
61% Consumer & retail	59% Healthcare	52% Professional services	47% Healthcare
58% Non-profit	59% Industrial	49% Industrial	45% Public
56% Media, telecoms	58% Academic	48% Public	44% Life sciences
56% Professionals services	55% Professional services	47% Healthcare	42% Non-profit
54% Public	48% Consumer & retail	38% Life sciences	40% Professional services
52% Life Sciences	47% Non-profit	38% Media, telecoms	38% Media, telecoms
51% Healthcare	46% Private equity	33% Consumer & retail	36% Academic
48% Academic	44% Life sciences	32% Academic	31% Industrial
42% Private equity	38% Media, telecoms	14% Non-profit	

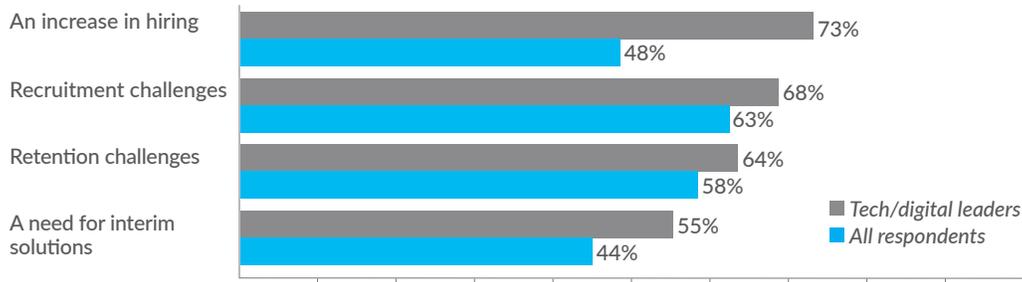


A closer look:

Talent look ahead among tech/digital leaders

Tech/digital leaders have distinctive expectations around talent through 2023.

Among these respondents, 25% more expect an increase in hiring, at 73% compared with 48% for all respondents. More of them expect recruitment and retention challenges, while 11% more expect greater use of interim solutions, at 55% compared with 44% of all respondents.



In addressing retention challenges, tech/digital leaders make greater use of long-term bonuses, with 47% using this approach.

The top, specific **recruitment challenges** identified by tech/digital leaders are:



- 33% Shrinking talent pool
- 32% Difficulties with cultural fit/fluency
- 30% Insufficient senior-level soft skills = Finding the right executive search expert

The most valuable **soft skills** are identified as:



- 42% Balancing employee needs with the needs of the business
- 35% Mentoring = Inspiring teams
- 30% Global/multicultural perspective = Digital/innovation savvy

04 CULTURAL LANDSCAPE

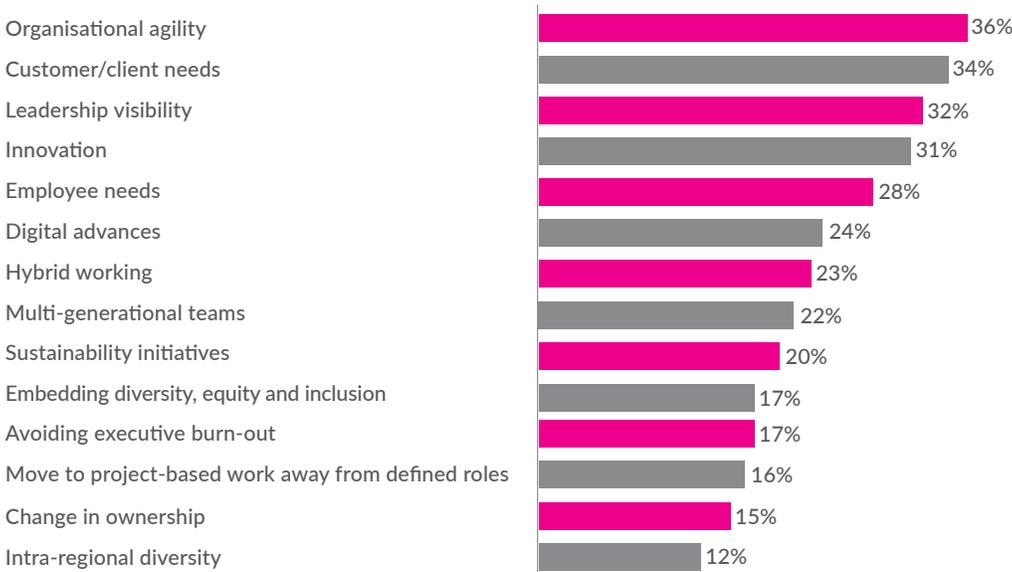
How is organisational culture changing?

The top drivers of cultural shifts identified by our respondents are **organisational agility**, **customer/client needs** and **leadership visibility** closely followed by **innovation**, consistent with 2022 findings. Organisational agility aligns with strategic flexibility – the top driver of structural change.

Sustainability initiatives are having a much greater impact on culture this year, with net zero initiatives barely registering on the scale last year.

This year we see a slight improvement in the **alignment of culture and behaviours** to **organisational purpose and business objectives**; respondents score this 7 out of 10.

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 'social' in ESG, we have separated it out to reflect the high proportion of organisations focusing specifically and separately on DEI.

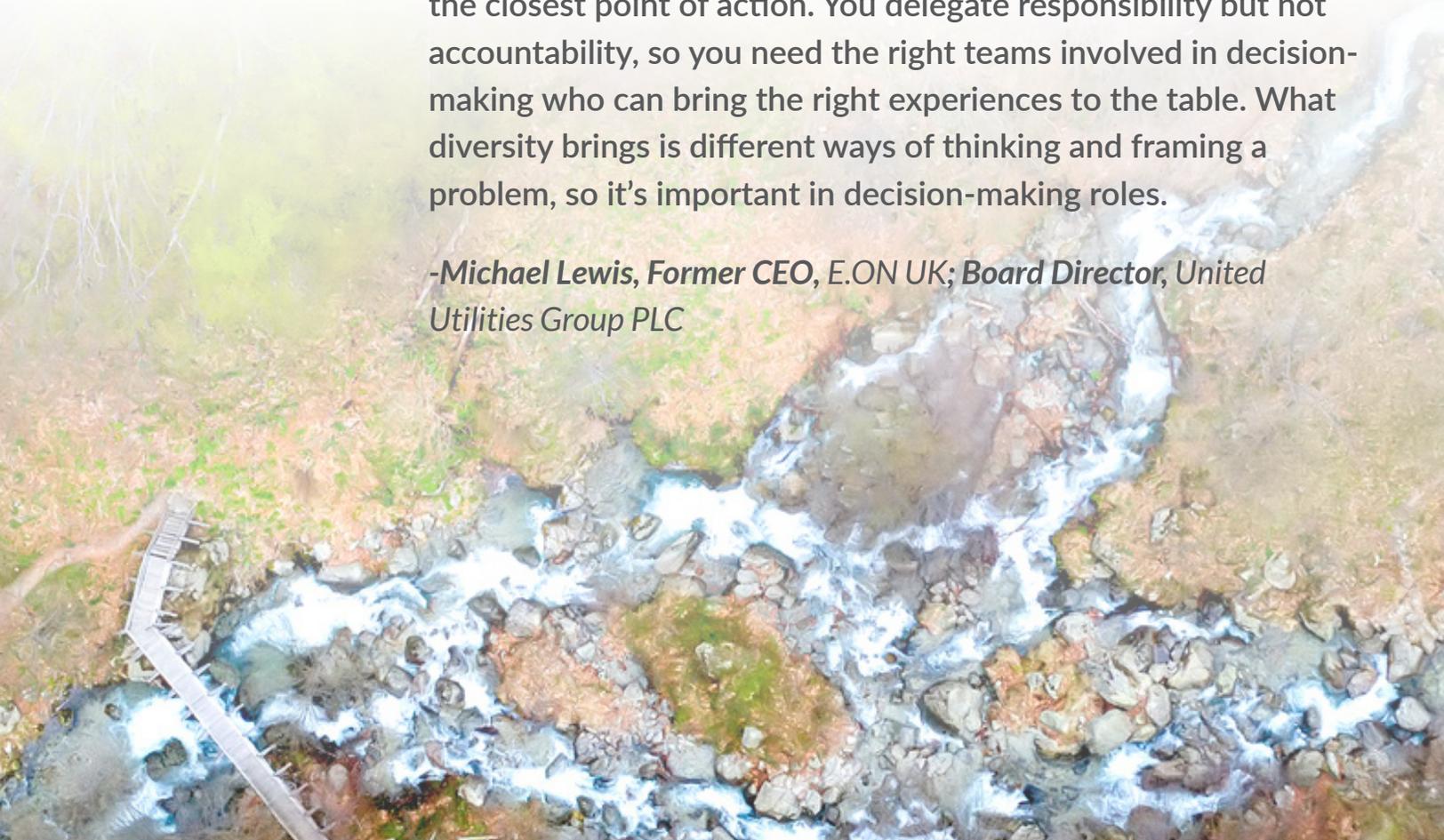


Customers expect a more entrepreneurial mind set, some of our customers are growing very fast, with double digit or triple digit growth; so, the question from them is how can you sustain and help us to deliver what is needed in terms of energy security and huge transitions, driven particularly by electrification in Europe... With new technologies, the customer pushes us on innovation, because you need two to three system providers offering technologies to provide security for them, with interoperability and inter-connectivity of the different systems. What they are looking at more and more is sustainability and imposing drastic conditions on how we will deliver, with regard to scope one, two and three.

-Philippe Piron, President & CEO, GE Power Conversation and Grid Solutions

Decision-making needs to be much faster, due to the environment moving so quickly. You have to delegate more to the closest point of action. You delegate responsibility but not accountability, so you need the right teams involved in decision-making who can bring the right experiences to the table. What diversity brings is different ways of thinking and framing a problem, so it's important in decision-making roles.

-Michael Lewis, Former CEO, E.ON UK; Board Director, United Utilities Group PLC



Findings show that ESG and DEI are gradually shifting the culture of the organisation. The greatest change we see this year is DEI being 'part of most business discussions' or 'deeply embedded in organisational culture' advancing 5% points to 57%.

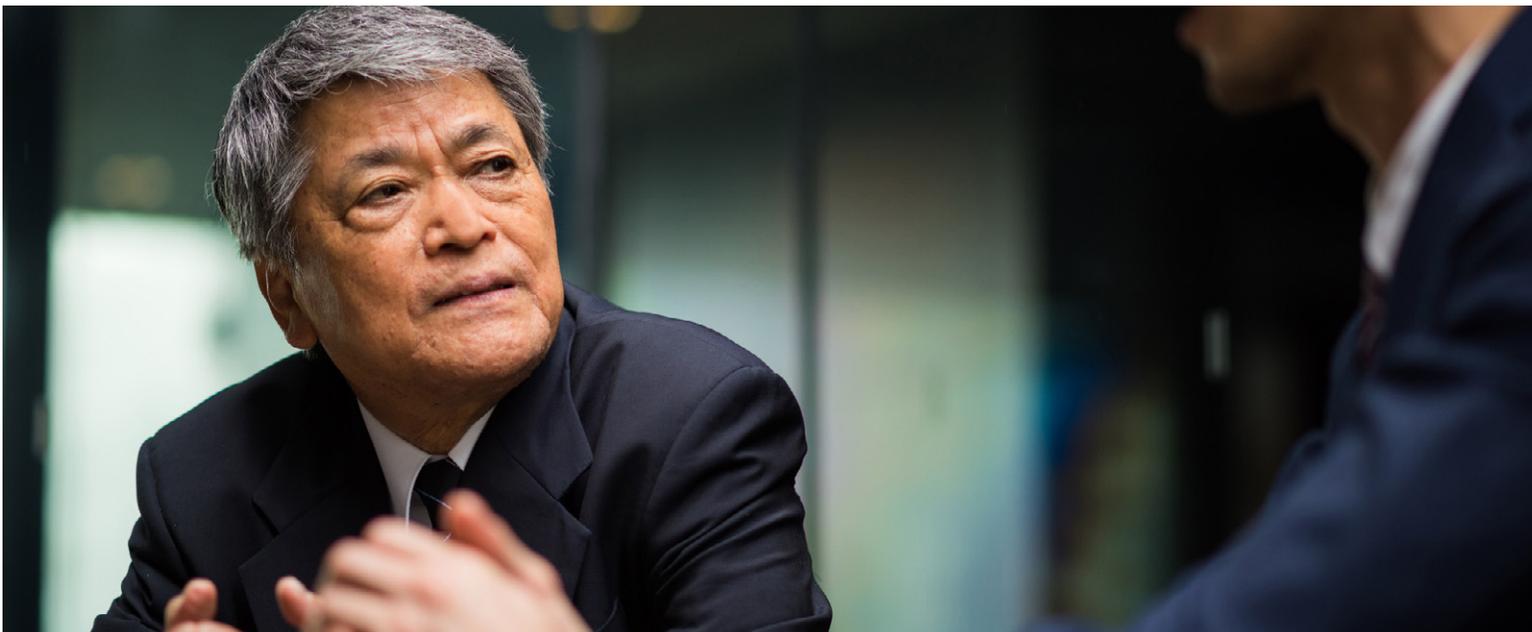
For 52% of respondents, **ESG** is primarily 'part of most business discussions' or 'deeply embedded in organisational culture'. For 19% of respondents ESG remains a stand-alone initiative; for 17%, it is included in select projects; 13% have not been able to prioritise ESG.

For 57% of respondents **DEI** is primarily 'part of most business discussions' or 'deeply embedded in organisational culture'. For 15% of respondents DEI remains a stand-alone initiative; for 14% it is included in select projects; 14% have not been able to prioritise DEI.

Environment Social and Governance Progress



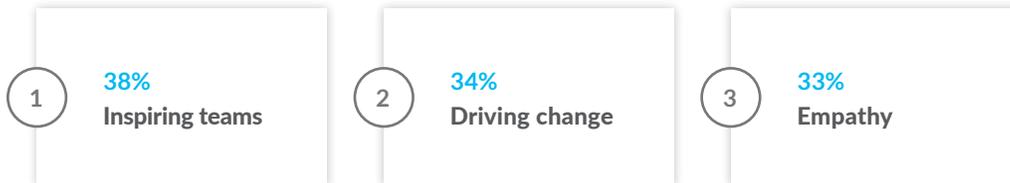
Diversity, Equity & Inclusion Progress



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. While responses in this area are more widely distributed, the following three rank at the top:



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

The benefits of leading in a more people-centric way are well recognised. Inspiring teams, driving change and empathy are consistent with the top three findings in 2022, with mentoring is seen as much more valuable, rising from 11th to 5th place this year.



Most valuable soft skills



38% Inspiring teams

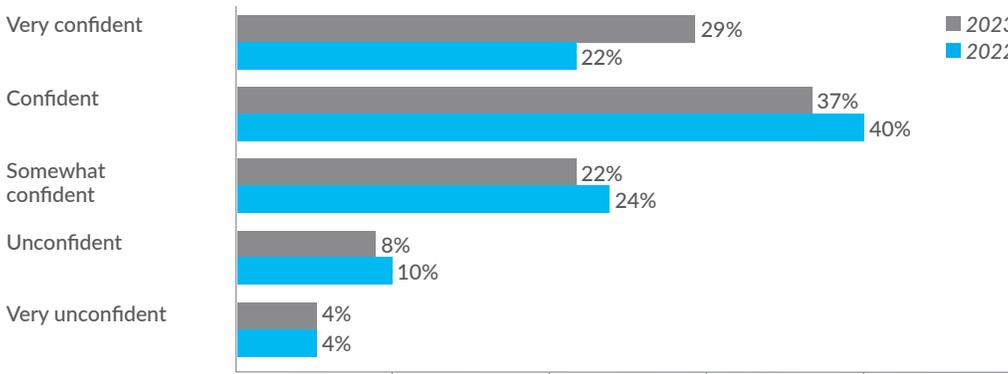
34% Driving change

33% Empathy

With talent recruitment and retention an on-going challenge, it is surprising to see **attracting or retaining talent** fall from fourth to seventh position this year. However, actively inspiring teams, driving change and showing empathy will have a knock-on effect on attracting or retaining talent.

05 THE BOARD

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



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. Distinctive this year is the 7% increase in respondents who are 'very confident' in the alignment of board level skills.

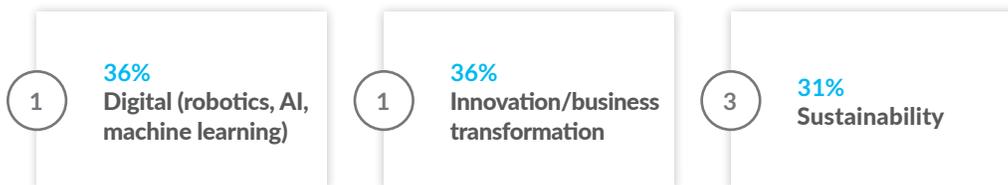
From a sector perspective, respondents in **private equity, financial services** and **professional services** are the most confident in their boards. Respondents in **non-profit, academic** and **media, telecoms** are the least confident.

Strengthening board talent – an objective view

We asked **all 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.

All respondents

The top three priorities are:

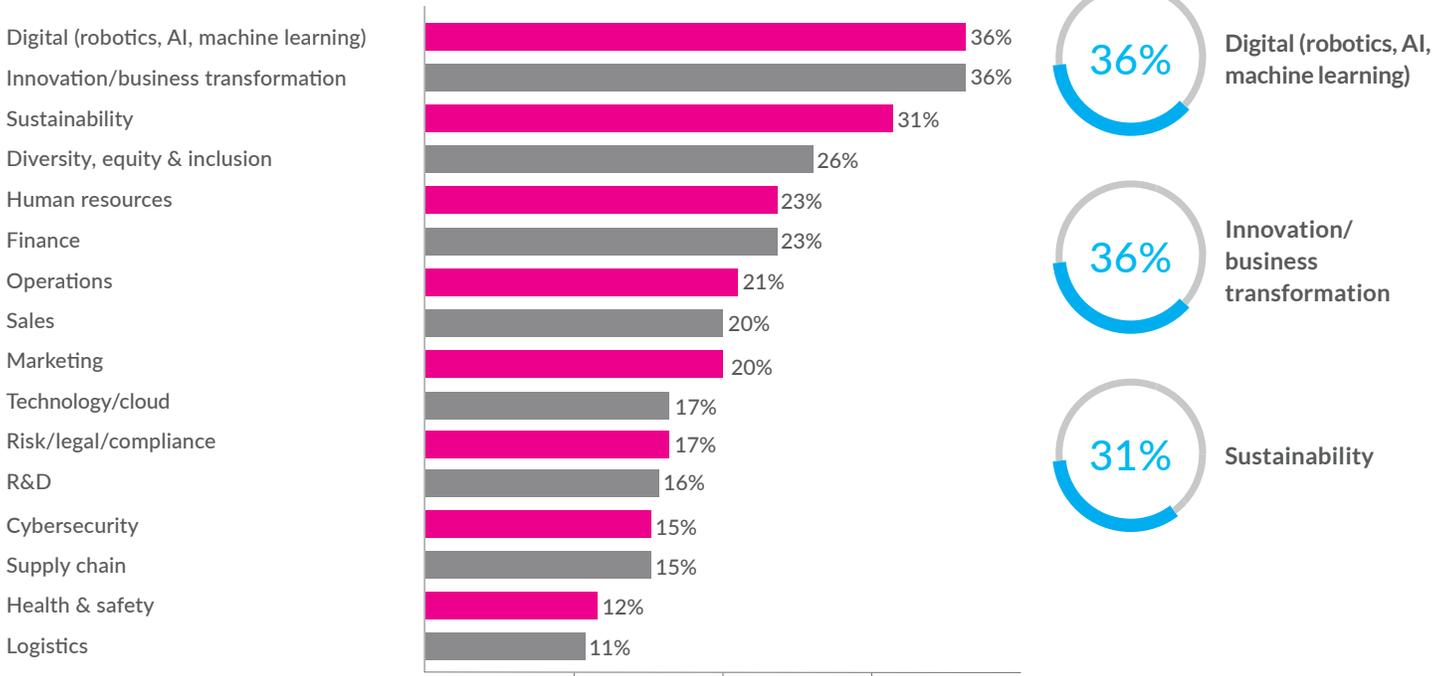




The supervisory board is more visible in today's organisation, and more involved in framing the organisation, that's a good thing. A change in skills from a safe pair of hands... it won't be safe if business is shifting as fast as it is. Adaptability is the watch word. A diverse supervisory board can be a real help.

-Michael Lewis, Former CEO, E.ON UK; Board Director, United Utilities Group PLC

Priority board skills



Three key points emerge here:

1. The top two priorities for strengthening board skills align with our top two growth drivers – innovation/business transformation and digital;
2. Strengthening skills in human resources has risen from 11th to 5th priority this year; and
3. Given the strategic importance of skills in robotics, AI and machine learning, digital skills have risen from 6th place to joint top priority for board capabilities this year.

With the board increasingly ‘hands on’, it is no surprise that nearly half, 47% of all respondents consider a board assessment extremely likely or likely, showing a 6% increase from last year.

From a sector perspective, respondents in **technology** are, at 60%, most likely to conduct a board assessment, followed by **financial services** at 59%, and **public sector** at 54%. Among **media and telecoms** respondents, with the lowest confidence in organisational growth potential and board skills, just 38% consider board assessment extremely likely or likely.

Strengthening board talent – a subjective view

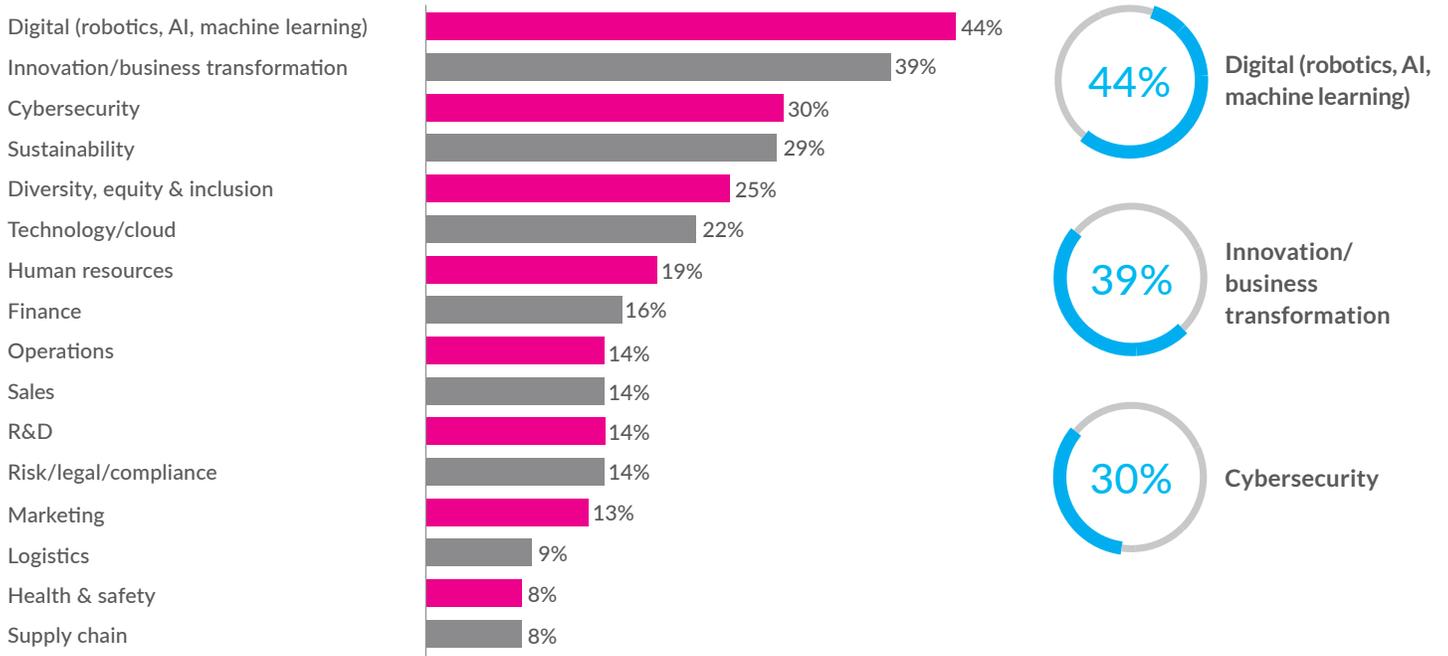
We asked **board respondents** which areas of talent need to be strengthened at board level, providing us with a subjective view on their own skill sets.

Board/Chair/NED respondents

While digital and innovation/business transformation skills top the list, **board respondents** are notably concerned by cybersecurity, identifying it as third priority; conversely, all respondents rank this 13th for strengthening board skills. Sustainability skills remain a high priority for boards.

A much higher number of board respondents, 60% consider a board assessment very likely or likely, compared with all respondents at 47%.

Priority board skills





With HSB, we certainly see a change in relationship with the board. The organisation wants more than fiduciary fulfilment; outside directors have expertise and the executive wants to engage with it. Organisations need help with innovation, growth, being on track strategically and getting away from unconscious bias. Boards can alert the executive, have deeper questioning, dialogue and discussion – that’s the exciting part – if you have the talent and expertise at board level, it’s a waste if you don’t use it.

-Barbara Bellissimo, President, Barbara Bellissimo Consulting; Board Director, HSB

If we accept the premise that we are undergoing a more profound shift than the last forty years, it follows logically that we will have to think in different terms about how to strategize and navigate the whole landscape. If the board is custodian of strategy and the CEO has the executive skill set and ability to manoeuvre, then it does require more interaction and different skills.

-Rikard Scoufias, Chair, Hellenic Hydrocarbons and Energy Resources Management Company (HEREMA S.A.)

A closer look:

Board focus on human capital

Board/Chair/NED respondents reveal a keen focus on human capital across all areas of our research.

Human capital, local talent, succession planning, competing for talent, HR skills, hiring talent and attracting/retaining talent all feature as top three priorities:

 <p>Growth drivers = Innovation = Human capital Digital transformation Product/service diversification</p>	 <p>External risks Geopolitical risk Global recession Lack of local talent</p>
 <p>Internal risks Rising business costs Succession planning Digital transformation</p>	 <p>Drivers of structural change Strategic flexibility Competing for talent Digital advances</p>
 <p>Strengthening executive talent Digital/AI/machine learning Innovation/business transformation Human resources</p>	 <p>Talent investment Leadership development Hiring new talent Board assessment</p>
 <p>Most important soft skills = Driving change = Inspiring teams Attracting/retaining talent</p>	

It is encouraging to see that **attracting/retaining talent** is prized as a top three soft skill among board respondents, particularly given pressures on recruiting and retention. Attracting/retaining talent is 7th priority for all respondents.

A closer look:

Board focus on digital skills

There is distinct organisational synergy around digital skills, notably robotics, AI 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 of the organisation.

Businesses are building momentum with innovation, digital transformation and human capital – the same three drivers of growth as last year. At board level, innovation and human capital are the joint top drivers of growth, with digital transformation and digital skills featuring across our research among board respondents:

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

CONCLUSION

Adaptive leaders and organisations are moving beyond resilience to championing a new future on the front foot. Boards, leaders and their teams are energised by growth opportunities in sustainability, embracing new digital tools and working in ways that are more closely connected. The organisation is defined by the collective capabilities of its people – agile, flexible and responsive to the evolving needs of customers, consumers and the world we live in.



The more teams understand the strategy, the greater their engagement in finding solutions.

As we grapple with geopolitical change and economic turbulence, business leaders maintain our sense of normalcy, progress and hope for a better world. They don't do it alone; the more teams understand the strategy, the greater their engagement in finding solutions. Digital advances continue to democratise the workplace and it's up to all of us to play our part in driving success and using our capabilities to do good.



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.