

boyden

Strengthening the human-centric core of Industry 5.0

How can organisations thrive in a complex world of risk?

REGIONAL ANALYSIS: ASIA-PACIFIC



Executive Summary

In this regional analysis of Boyden's global report, Strengthening the human-centric core of Industry 5.0: How can organizations thrive in a complex world of risk?, we highlight findings and trends in Asia-Pacific with sector insight from Boyden partners.

Strengthening the human-centric core of Industry 5.0 is both an opportunity and a challenge in Asia-Pacific.

An opportunity, in that hiring new leadership talent, including more diverse executives, is a greater priority this year; competing for the right talent is a driver of structural change; leadership visibility is the top driver of culture shifts; and greater use of interim management solutions is expected.

A challenge, in that just 29% of respondents put human capital in their top three drivers of growth, below the global average; weak leadership teams are a top three risk; concerns over recruitment, retention, executive burnout and rising employee costs are high; and customer expectations as a growth driver are given less consideration compared with global peers.

Humans as customers, executives and leaders need a sharper focus in Industry 5.0.

Confidence in organisational growth potential is lower in Asia-Pacific than the global average, with 65% very confident/confident compared with 70%, and boosted by high levels of confidence in the healthcare & life sciences sector, where 88% are very confident/confident.

Again this year there is a gap in confidence between organisational growth potential and having the right talent to align with strategy, with 65% for the former and 47% for the latter. Asia-Pacific respondents are distinguished by persistent low levels of talent confidence compared with other regions.

Growth is expected to come from digital transformation, innovation and product or service diversification. External challenges are identified as geopolitical risk, supply chain disruption, global economic volatility and distinctive for Asia-Pacific, COVID/other viruses. Consequently, internal challenges are employee burnout, rising business costs and concerns over weak leadership teams.

Structural change is driven by industry transformation, digital advances and competing for the right talent; culture shifts are driven by leadership visibility, organisational agility and innovation.

Anticipated investment in talent is encouraging, with a strong majority planning leadership development for high potentials, hiring new leadership talent and hiring more diverse executives.

Competing for talent will be supported by sign-on bonuses, transport allowance and performance-related pay. Tactics for retention are led by leadership development, recognition of family care/responsibilities and stock options.

Today's leaders have their work cut out following peak COVID years and now having to cope with geopolitical risk and economic volatility. In this environment, the most valuable soft skills for senior leaders are identified as inspiring teams, driving change and self-leadership.

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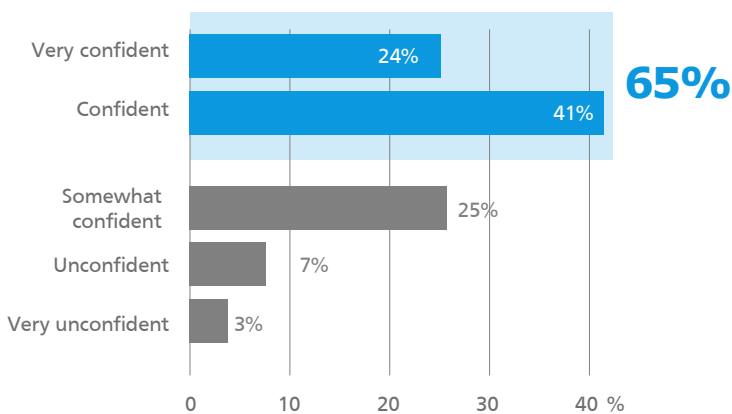
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A barometer on confidence

The majority of respondents in Asia-Pacific, 65%, are very confident/confident in their organisation's growth potential through 2023, a slight drop compared with 2021 findings of 70%, and lower than the 2022 global average of 70%.

Confidence in organizational growth potential



Respondents in **healthcare & life sciences** are the most bullish, with 88% very confident/confident in their organisation's growth potential, with growth driven equally by innovation and product or service diversification. Respondents in **consumer & retail** are also more confident than the average, with 73% very confident/confident.

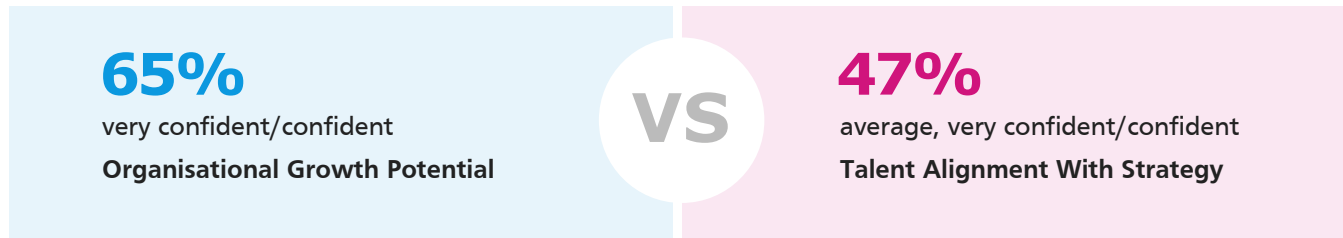
Respondents in **technology** are less confident than their global peers, with 64% very confident/confident in Asia-Pacific, compared with 94% in Europe and 76% in North America.

| | |
|----------------------------|-----|
| Healthcare & life sciences | 88% |
| Consumer & retail | 73% |
| Technology | 64% |



Talent aligned to strategy

Confidence in organisational growth potential is not matched by confidence in having the **right talent to align with strategy**.









This year we look at talent confidence across three distinct areas: (i) overall workforce; (ii) leadership team; and (iii) the board. The average confidence level across these three areas is 47%, slightly above overall talent confidence of 44% in 2021.

Asia-Pacific is unusual compared to other regions; in 2021 the majority of global respondents expected to invest in leadership development for high potentials, hire new leadership talent, and redeploy or retrain existing people, including respondents in Asia-Pacific.

These investments appear to have boosted confidence in talent particularly in Europe, up from 42% to 66% very confident/confident; and North America, up from 43% to 52%; but there is little movement in Asia-Pacific, with confidence rising only from 44% to 47%. This reflects concerns about recruiting and retention, as well as having the right skills and leadership capabilities across the organisation to achieve growth.

In looking across the organisation, findings show that confidence rises with seniority in every region; however, confidence in the overall workforce and leadership team is significantly lower in Asia-Pacific compared to the global average, while confidence in the board is at the same level.

| Confidence in having the right talent to aligned with strategy | Confidence in overall workforce | Confidence in leadership team | Confidence in the board |
|--|---|--|---|
| Asia-Pacific | <p>35% Very confident/ confident</p>  | <p>45% Very confident/ confident</p>  | <p>62% Very confident/ confident</p>  |
| Global average | <p>55% very confident/ confident</p>  | <p>60% very confident/ confident</p>  | <p>62% very confident/ confident</p>  |

Despite continued concerns over labour shortages, supply-chain issues, recession and the continued depreciation of Asian currencies, the outlook for many healthcare & life sciences companies in Asia Pacific continues to be positive. The pandemic accelerated the development and approval process of innovative therapies and has further encouraged investment in these markets. There continues to be a significant need for agile executives who can lead organisations through this transformation from a volume-based to a value-based approach.

- STEPHEN L. IRISH, PH.D., BOYDEN JAPAN

Business confidence by sector shows different reactions to the current macroeconomic environment and post-pandemic life. Low unemployment and the end of a long hiatus boosted the consumer and retail industry, while the reopening of hospitals and clinics helped the life sciences industry. Higher interest rates and people going back to offline, real-life activities is a double whammy for the technology sector, especially for companies still unable to generate positive cash flow.

- MIRKO PETRELLI, BOYDEN SINGAPORE AND CHINA

In consumer and retail, competitive organisations continue to invest in digitisation, but less than half are fully confident in their leadership teams. Brand and customer journey meshed with omnichannel remain priorities, while devalued Asian currencies force product and merchandising innovation to meet the needs of Asia's diverse and sophisticated consumers. With post-pandemic labour changes, fluctuating inbound tourism and continued perceived instabilities, respondent confidence in the overall workforce is low, placing an increased emphasis on HR and talent management.

- THOMAS FORTIER, BOYDEN JAPAN

Growth Outlook

02

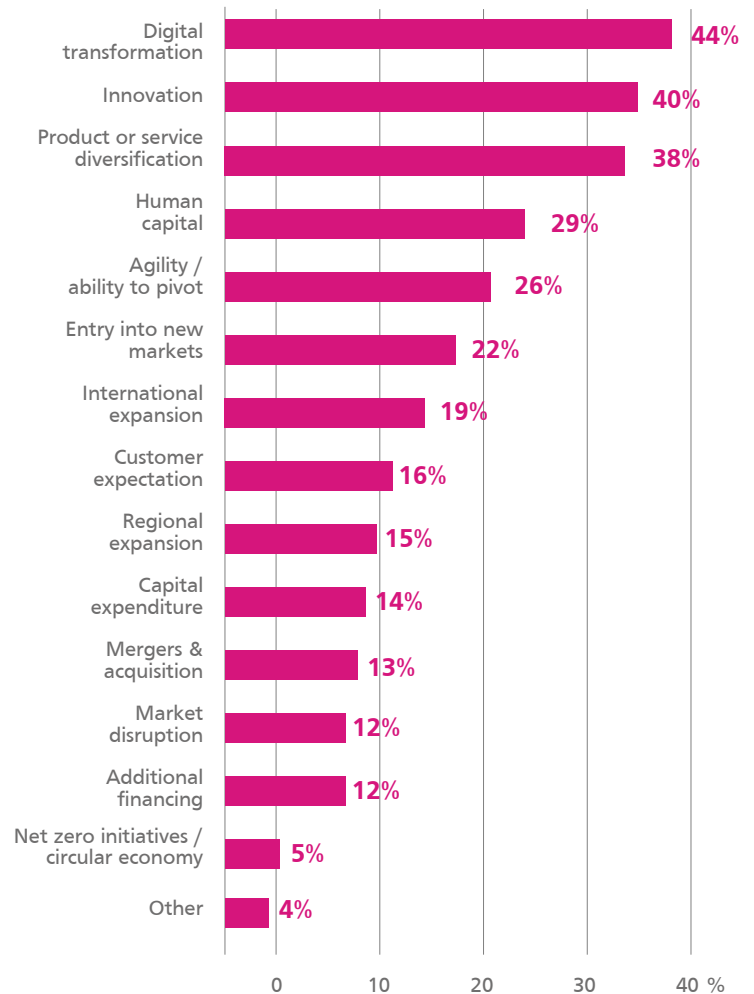
Despite low levels of talent confidence, with 65% of respondents very confident/confident in their organisation's growth prospects, where will that growth come from?

44% 01
DIGITAL
TRANSFORMATION

40% 02
INNOVATION

38% 03
PRODUCT OR SERVICE
DIVERSIFICATION

Organisational growth drivers



In Asia-Pacific, 44% identify digital transformation, 40% innovation and 38% product or service diversification as the top three drivers of growth over the next two years; 29% identify human capital as a top driver, in fourth place.

While global averages also identify digital transformation and innovation, human capital is the second top driver of growth; respondents in Asia-Pacific are thus placing less emphasis on talent-led growth, except for those in professional services who cite human capital as their second growth driver.

GLOBAL DRIVERS OF GROWTH

01 INNOVATION

02 HUMAN CAPITAL

03 DIGITAL TRANSFORMATION

The top growth drivers by sector are:

| | |
|----------------------------|--|
| Consumer & retail | Digital transformation |
| Healthcare & life sciences | Innovation Product or service diversification |
| Industrial | Digital transformation |
| Professional services | Innovation |
| Technology | Agility/ability to pivot |

Customer expectations, a top three driver in North America, feature low in the ranking of anticipated growth drivers at number eight among Asia-Pacific respondents, with growth expected to come more from agility, entry into new markets and international expansion.

Somewhat disappointingly, net zero initiatives are at the bottom of the list, as in North America, with just 5% of respondents in Asia-Pacific seeing this as a driver of growth, compared to 13% in Europe.

Discrepancies between board members and President/CEOs show a lack of alignment in growth strategy. A greater proportion of board members anticipate growth through digital transformation, product diversification, new markets, M&A and the circular economy than President/CEOs. The only source of growth where President/CEOs outnumber board members is human capital: 29% of President/CEOs see growth coming from human capital, compared with 22% of board members.

It's not a high figure for either group: the focus is very much on what surrounds the human centric core of Industry 5.0.

| Growth through... | Board members | President/CEOs |
|------------------------------------|---------------|----------------|
| Human capital | 22% | 29% |
| Digital transformation | 61% | 47% |
| Product or service diversification | 50% | 29% |
| Entry into new markets | 35% | 11% |
| Mergers & Acquisitions | 28% | 0% |
| Net zero/circular economy | 6% | 0% |

Risks and challenges

External risks and challenges

In order to understand shifts in strategy and objectives, we explore the risks and challenges leaders are factoring into their decisions.

For respondents in Asia-Pacific the top external challenge, as it is for those in Europe, is **geopolitical risk**, followed equally by **supply chain disruption** and **global economic volatility**, in keeping with global averages. However, as with their peers in Europe, risks are more vigorously identified by respondents in Asia-Pacific, with more than 40% identifying these risks, compared with around a third of respondents globally.

In keeping with a lack of attention towards net zero/circular economy opportunities, **climate change** is cited as a risk by only 10% of respondents.

45% 01
GEOPOLITICAL RISK

42% 02
SUPPLY CHAIN
DISRUPTION

42% 03
GLOBAL ECONOMIC
VOLATILITY

External risks and challenges

| | |
|-----|--------------------------------|
| 45% | Geopolitical risk |
| 42% | Global economic volatility |
| 42% | Supply chain disruption |
| 33% | COVID variants/other viruses |
| 29% | Industry competition |
| 27% | Lack of local executive talent |
| 21% | Inflation |
| 20% | Change in consumer habits |
| 18% | National economic volatility |
| 16% | Industry disruption |
| 10% | Climate change |
| 8% | Export/import tariffs |
| 2% | Energy security |

Respondents in Asia-Pacific are more concerned about **COVID variants/other viruses** than their global peers, identified by 33%, making it the fourth top risk, compared to a ranking of seven globally, at 22%. Together with geopolitical risk, **COVID variants/other viruses** is the top concern among respondents in **professional services**. Other distinctive responses show that for **technology** respondents, **industry competition** is of equal concern alongside geopolitical risk and global economic volatility.

Internal risks and challenges

External risks and challenges are having a major impact on people, with the consequences seen in the top **internal** risks and challenges:

33% 01
EMPLOYEE BURNOUT

30% 02
RISING BUSINESS COSTS

29% 03
WEAK LEADERSHIP TEAM

GLOBAL INTERNAL RISKS AND CHALLENGE

| | | |
|----|---|-----|
| 01 | RISING BUSINESS COSTS | 35% |
| 02 | EMPLOYEE BURNOUT | 34% |
| 03 | NEED FOR DIFFERENT EXECUTIVE SKILL SETS | 34% |

Internal risks and challenges

| | |
|-----|--|
| 33% | Employee burnout |
| 30% | Rising business costs |
| 29% | Weak leadership team |
| 26% | Supply chain resilience |
| 26% | Need for different executive skill sets |
| 25% | Legacy business model |
| 25% | Lack of innovation |
| 22% | Rising employee costs |
| 21% | Staying on top of digital transformation |
| 19% | Cyber security |
| 14% | The 'great resignation' |
| 11% | Staying current on digital advances |
| 11% | Effective internal communication |
| 10% | Hybrid working |
| 1% | Shift in power to employee |
| 1% | Legal liability |

Like their global peers, Asia-Pacific respondents reveal major concerns about people, with employee burnout and a weak leadership team in the top three risks, as well as rising business costs.

By sector, a **weak leadership team** is the top risk for **technology** respondents, while those in **professional services** face equal concerns of **rising business costs**, **rising employee costs** and a **need for different executive skill sets**.

Discrepancies by job function reveal 28% of board members see a weak leadership team as a top three risk, compared with 12% of President/CEOs.

Drivers of structural change

The top three drivers of structural change confirm momentum in Industry 5.0:

45% 01 **INDUSTRY TRANSFORMATION**

42% 02 **DIGITAL ADVANCES**

41% 03 **COMPETING FOR THE RIGHT TALENT**

There is a greater global consensus on the drivers of structural change than there is on risk. **Industry transformation** is the top driver of structural change in Asia-Pacific, reflecting growth drivers of digital transformation, innovation and product or service diversification.

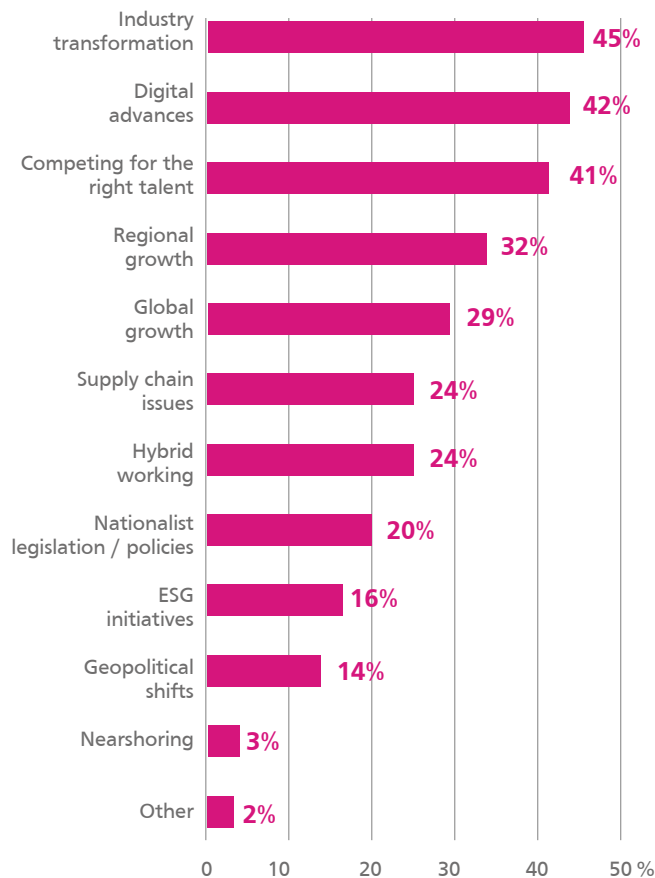
Competing for the right talent is the top driver of structural change in the **Healthcare & life sciences** and **professional services** sectors.

ESG initiatives receive little attention, although one third, 33% of **board members** consider ESG initiatives a top three driver of structural change, compared with just 6% of **President/CEOs**.

The top driver of structural change by sector is:

| | |
|----------------------------|--------------------------------|
| Consumer & retail | Digital advances |
| Healthcare & life sciences | Competing for the right talent |
| Industrial | Industry transformation |
| Professional services | Competing for the right talent |
| Technology | Industry transformation |

Structural change drivers



The market for professional services continues to see growth in this region. The battle for senior talent remains key as all firms seek to deliver solutions that meet the pace of innovation and digital transformation playing out across all sectors. Identifying and remunerating the right talent remains a key challenge, placing real pressure on the cost of doing business in professional services and delivering innovative outcomes.

- CLAUDE RINGUET, BOYDEN AUSTRALIA

With Asia-Pacific a major global manufacturing hub, digital transformation is a top growth driver for manufacturers as they establish resilient supply chains through data connectivity and demand-sensing technologies. Best-in-class manufacturers are those that automate and digitise their factory floors and supply chains, while ensuring that proper security systems are in place to minimise cyber-attacks.

- VICTOR FILAMOR, BOYDEN CHINA AND SINGAPORE

Industry 5.0 requires executives to have specific competencies and skills, and companies the technological breakthroughs to enable them to embrace opportunities such as artificial intelligence; this will transform all sectors due to IoT and systems connectivity downstream to upstream. In addition, ESG objectives will increase sustainability particularly among energy and raw materials enterprises. However, disruption of supply chains from the Ukraine war and China's zero-COVID policy undermine global and regional growth, making executives more hesitant to take new opportunities.

- BERYL CHU, BOYDEN CHINA

Talent Landscape

Investment priorities

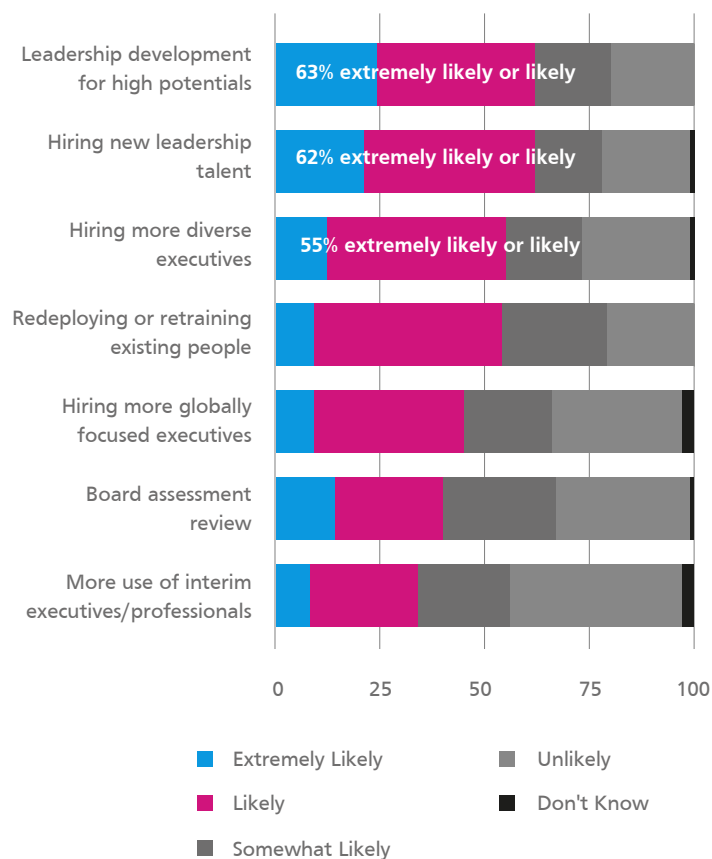
With human capital the fourth driver of growth, what talent-related investments are organisations likely to make in the next two years?

We see quite a different picture this year. **Leadership development for high potentials**, previously a much greater investment than hiring, is now almost matched by **hiring new leadership talent**. In addition, the third priority, by a small margin, is now **hiring more diverse executives**, distinguishing respondents in Asia-Pacific from the global average, where retraining or redeploying existing people remains third priority.

Hiring new leadership talent and **more diverse executives** through 2023 is being driven by the need for different executive skill sets, notably in **healthcare & life sciences** and **professional services**; concerns over a weak leadership team in technology; and a focus on **industry transformation** among **industrials**.

A major change is in the **use of interim executives**: 34% are extremely likely or likely to bring in interim executives in Asia-Pacific, up from 22% in 2021. The value of interim management is increasingly well understood, evidenced during peak pandemic years.

Talent-related investments



The top
talented-related
investment by
sector is:

| | |
|---|--------------------------------|
| Leadership development | Professional services 92% |
| Hiring new leadership talent | Technology 71% |
| Hiring more diverse executives | Professional services 75% |
| Hiring more globally focused executives | Healthcare & life sciences 75% |
| Retraining/redeploying existing people | Financial services 67% |
| Board assessment | Professional services 50% |



Discrepancies by job function show that 83% of board members consider it extremely likely or likely their organisation will hire new leadership talent, compared with 47% of President/CEOs.

Green energy is driving demand for new roles and upskilling in green hydrogen, wind, solar, EV charging and battery manufacturing, leading to expatriate hiring globally. Demand for R&D leaders and chief technology officers from the global talent pool in green energy, surfactants, refractories and fibre manufacturing suggests 'India Inc.' is driving innovation locally. Despite inflation, devaluation and supply constraints, confidence in the Reserve Bank of India and Finance Ministry is strong, so GDP growth of six to seven percent is achievable.

- DINESH MIRCHANDANI, BOYDEN INDIA

Strengthening executive talent

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

01

91%

TECHNOLOGY/CLOUD/
CYBERSECURITY

02

91%

HEALTH & SAFETY

03

90%

MARKETING & SALES

In-demand executive talent

| | | | |
|------------------------------------|--|---------------------------------------|---------------------------------------|
| | | Technology / Cloud / Cybersecurity | Health & Safety |
| | | 91% | 91% |
| Marketing & Sales | Digital (Robotics, AI, Machine Learning) | Operations | Human Resources |
| 90% | 89% | 88% | 86% |
| Research & Development (R&D) | Innovation / Business Transformation | Supply Chain / Logistics | Risk / Legal / Compliance |
| 86% | 84% | 82% | 78% |
| | Finance | ESG - Sustainability | ESG - Diversity, Equity, Inclusion |
| | 78% | 73% | 76% |

Again, we see a very different picture this year. In 2021, **Technology/cloud/ cybersecurity** was the fourth priority for respondents in Asia-Pacific, while **Health & safety** was the lowest priority. They are now the top two; this is not surprising given growth through digital transformation, and COVID variants/other viruses being among the top external risks.

Skills in ESG-DEI, previously ranked 6th, are the lowest priority this year, together with ESG-sustainability, although results are quite clustered.

Given concerns over talent, it is disappointing to see **human resources** ranked 6th, particularly given that globally human resources went from 7th priority in 2021 to 4th this year, due to the importance of talent and the intensity of talent challenges.

Top three **global** areas to strengthen executive talent:

01

81%

DIGITAL (ROBOTICS,
AI, MACHINE
LEARNING)

02

80%

TECHNOLOGY/
CLOUD/
CYBERSECURITY)

03

79%

MARKETING
& SALES



Drivers of recruitment and retention

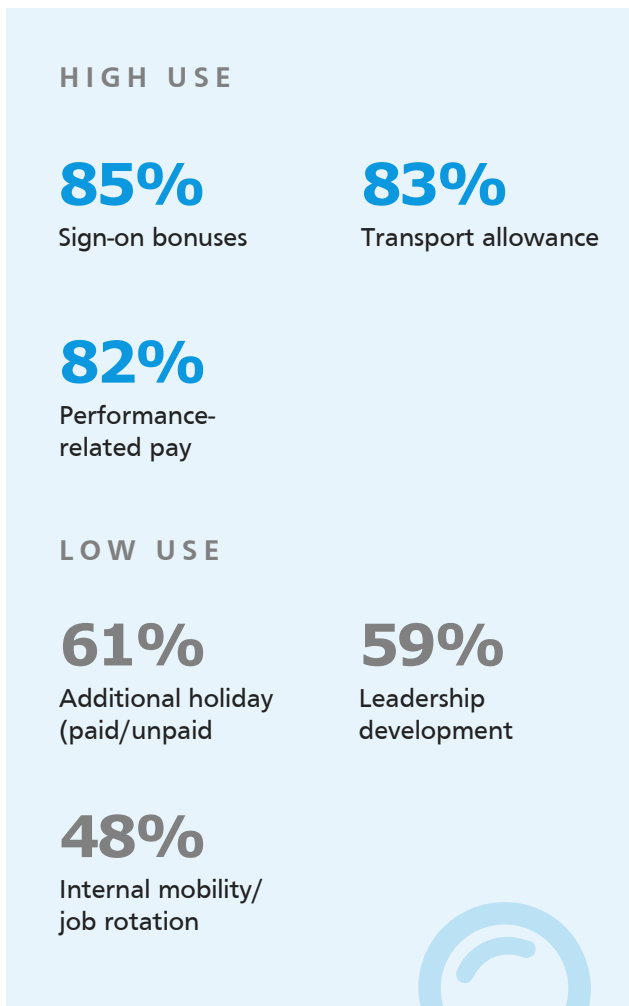
We asked respondents which incentives they use for senior-level recruitment and retention.

For recruitment,

respondents reveal a narrower focus on financial reward, rather than career development or lifestyle, involving: **sign-on bonuses**, **transport allowance** and **performance-related pay**.

For retention,

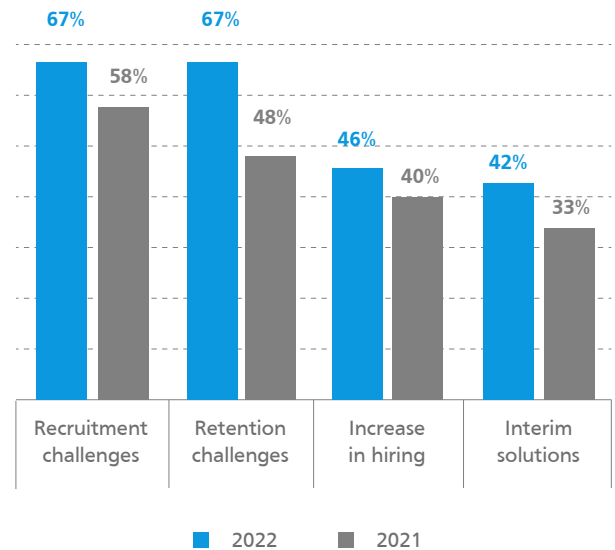
respondents have a slightly different focus, providing **leadership development** in common with global peers, but then **family care** and **stock options**, which are distinctive to Asia-Pacific.



Talent look ahead

In looking at talent over the next 12 months, respondents are more concerned about recruitment and particularly retention challenges than they were last year. This correlates with 'competing for the right talent' being identified as the third driver of structural change.

With **hiring new leadership talent** and **hiring more diverse talent** in the top three priorities for talent investment, 67% of respondents anticipate recruitment challenges through 2023, up from 58% in 2021.



An increase in hiring through 2023 is anticipated by 46% of respondents, up from 40% in 2021. Increased use of interim solutions, which may alleviate recruitment challenges, is expected by 42% of respondents, up from 33% in 2021.

By sector:

Professional services expect the greatest **recruitment** and **retention** challenges, and will be the most active in **hiring**.



Technology, where there are concerns over weak leadership teams, leads the engagement of **interim managers**.



By job function:

56% of board members expect to see an increase in interim solutions over the next 12 months, compared with 38% of President/CEOs.



In supporting business growth against a backdrop of uncertainty in the global economy, organisations are focusing on strengthening their executive leadership. Over the last year, we have completed a significantly higher number of confidential searches to replace business or functional leaders in our clients' companies with stronger leaders to take the company to the next level.

- NITA KESWANI, BOYDEN INDIA

The baptism that many executives experienced during the pandemic, in terms of breadth of exposure and the pressure of leadership in its many guises, is playing out in the candidate market. As the post-covid race for talent continues, leadership tenure is getting shorter. Opportunities are multiplying as organisations compete to acquire leaders who can steer already vulnerable organisations through the global economic maelstrom.

- ALUN PARRY, BOYDEN AUSTRALIA

Increasingly, organisations are looking to create 'infinite relationships,' essentially partnerships for life with their stakeholders, from clients and vendors to, most importantly, employees. Digital HR transformation will differentiate employers embarking on this journey. Only through the real-time analysis of performance, root cause identification and solution implementation can organisations improve talent acquisition, retention, employee education and leadership development.

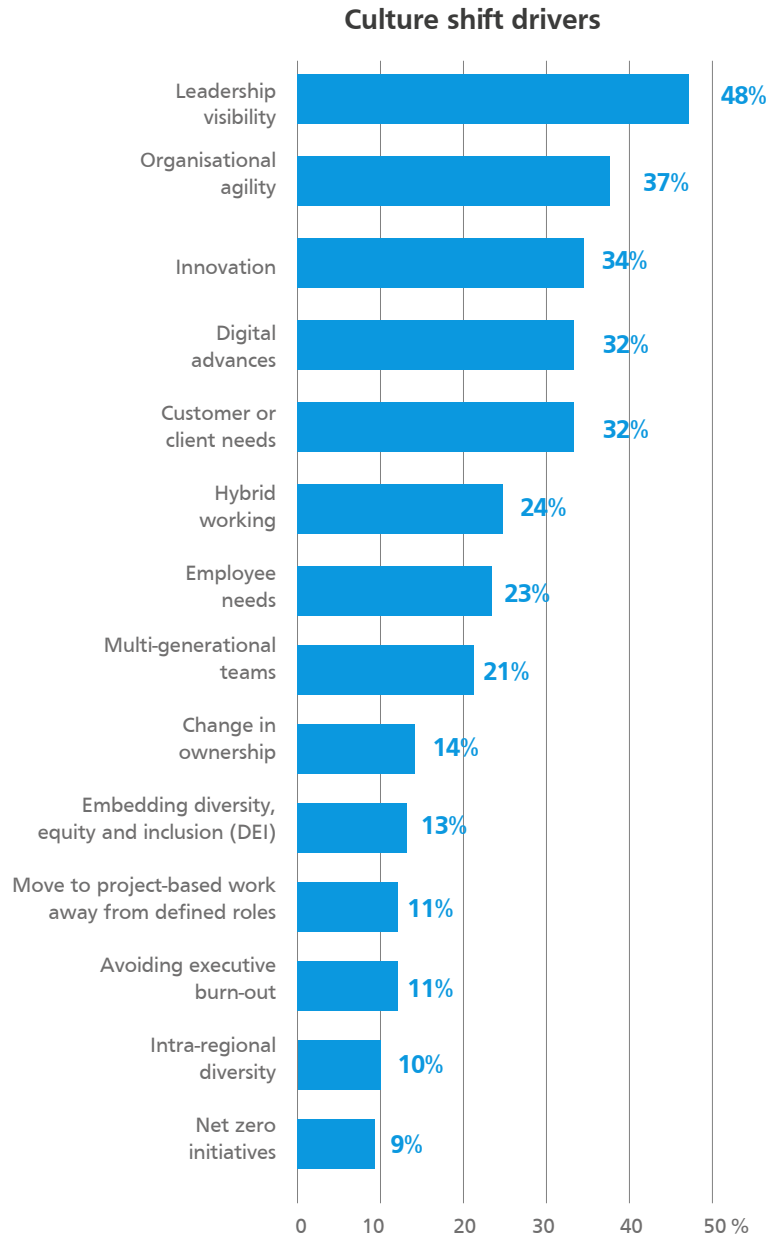
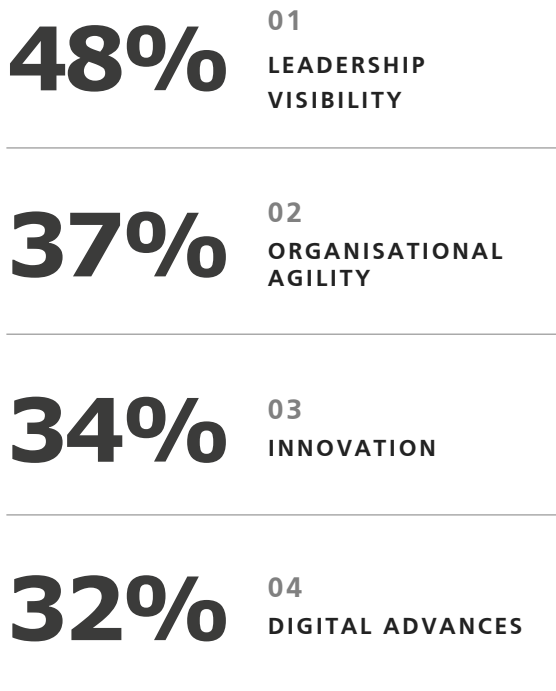
- NEIL MORRISON, BOYDEN CHINA AND SINGAPORE

Cultural Landscape

04

With so much focus on digital transformation, innovation and product or service diversification, how is organisational culture changing?

The top drivers of culture shifts are:



The top driver of **culture shift by sector** is:

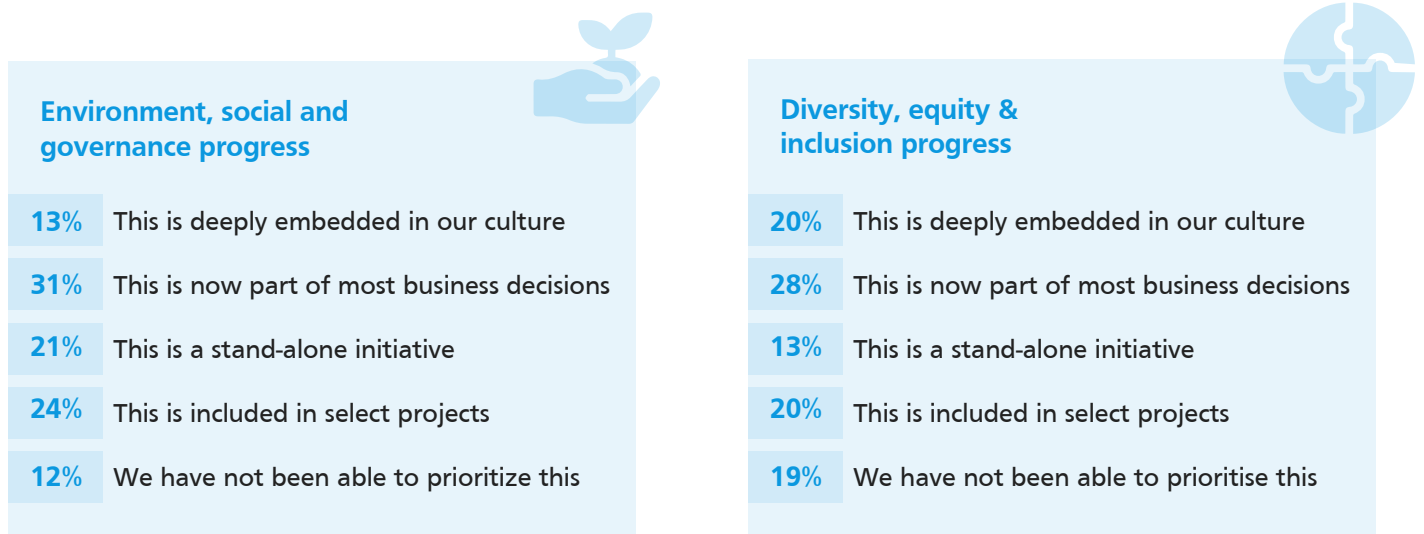
| | |
|----------------------------|--|
| Consumer & retail | Organisational agility = leadership visibility |
| Healthcare & life sciences | Leadership visibility |
| Industrial | Leadership visibility |
| Professional services | Client needs |
| Technology | Leadership visibility |

At what stage are these cultural shifts? Taking the temperature of the **alignment of culture and behaviours** to **organisational purpose and business objectives** leaves us lukewarm; respondents score this 6 and out of 10, in line with the global average.


Environment, social and governance progress

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

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



Respondents are broadly on par with their global peers. A lower proportion, at 13% have ESG **deeply embedded in the culture**, compared with 17% globally. DEI is included more in **select projects**, at 20%, compared with 13% globally.



Whilst it is disappointing to see ESG issues and topics being 'deeply embedded in [our respondents'] organisational cultures', at 13 percent regionally and 17 percent globally, this will become an accelerating journey. We see organisations investing significant capital in developing ESG strategies beyond energy consumption and climate change, to modern slavery, diversity and inclusion, sustainable investment and social and community impact. Boards and CEOs see ESG as an area needing their very direct attention.

- ALLAN MARKS, BOYDEN AUSTRALIA

Soft skills in leadership

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

We asked respondents to rank the five most valuable soft skills for their organisation among senior leaders. While responses in this area are more widely distributed, the top five are:

46% 01
INSPIRING TEAMS

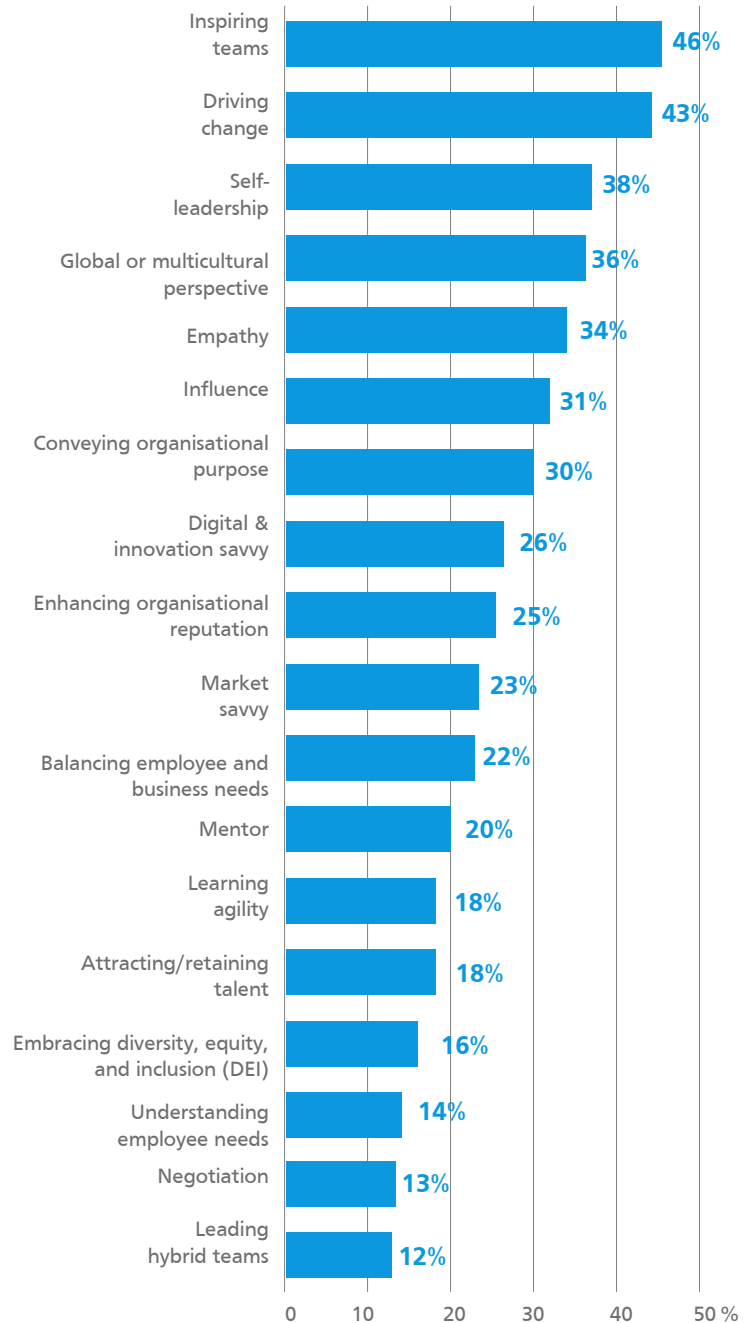
43% 02
DRIVING CHANGE

38% 03
SELF-LEADERSHIP

36% 04
GLOBAL OR
MULTICULTURAL
AWARENESS

34% 05
EMPATHY

In-demand soft leadership skills



The most valued skill of **inspiring teams** corresponds to the biggest driver of culture shifts, leadership visibility, and driving change.

Respondents in Asia-Pacific are distinctive in having self-leadership in the top three, with 38% identifying this as one of the most valuable soft skills for their organisation.

Given the investment priorities of **hiring new leadership talent** and **hiring more diverse talent**, the data raise concerns: attracting/retaining talent ranks 14th, while embracing DEI ranks 15th. Only 16% identify embracing DEI as the one of the five most valuable soft skills for their organisation.

Strengthening the human capital core of 5.0 will be challenging.

The **most valuable soft skill** by sector is:

| | |
|----------------------------|--|
| Consumer & retail | Driving change |
| Healthcare & life sciences | Inspiring teams |
| Industrial | Self-leadership Inspiring teams Driving change |
| Professional services | Influence |
| Technology | Inspiring teams |

Findings among industrial respondents remind us of a lesson learned in the pandemic, that of self-leadership; avoiding burnout and taking measures to support the personal resilience required in tough times for leaders.



While compensation, leadership roles and purposeful work continue to drive employees, culture is the key differentiator for retaining good talent in this sector, with leaders adapting to the power of values-driven leadership. Important trends in India include encouraging a sustainable environment, developing diversity leaders and offering flexible working practices. Providing a rewarding employee experience, professional growth and wealth creation are on-going principles.

- SHALINI KANDHARI, INDIA

Many Asian countries are noted for virtues such as modesty and being less assertive, especially in the industrial manufacturing environment, where many local employees display these characteristics. Leaders need to consider this and as working styles and conditions change, lead people differently through a more dynamic and proactive approach.

- SEIJI IWAMURA, BOYDEN THAILAND

Medium and small medical devices businesses are often still run on personal connections and as the Globus Medical scandal proved in 2020, kickbacks and close personal connections are still seen as a viable sales and marketing method. With inevitable crackdowns, these businesses will have to evolve. From a recruiting standpoint, importing leadership from large businesses used to the regulatory spotlight will be necessary, as will modernising their sales and marketing strategies.

- JAMES DENNIER, BOYDEN JAPAN

The Board

05

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

Asia-Pacific

62% VERY CONFIDENT/
CONFIDENT

19% SOMEWHAT
CONFIDENT

20% UNCONFIDENT/
VERY UNCONFIDENT

Global

62% VERY CONFIDENT/
CONFIDENT

24% SOMEWHAT
CONFIDENT

14% UNCONFIDENT/
VERY UNCONFIDENT

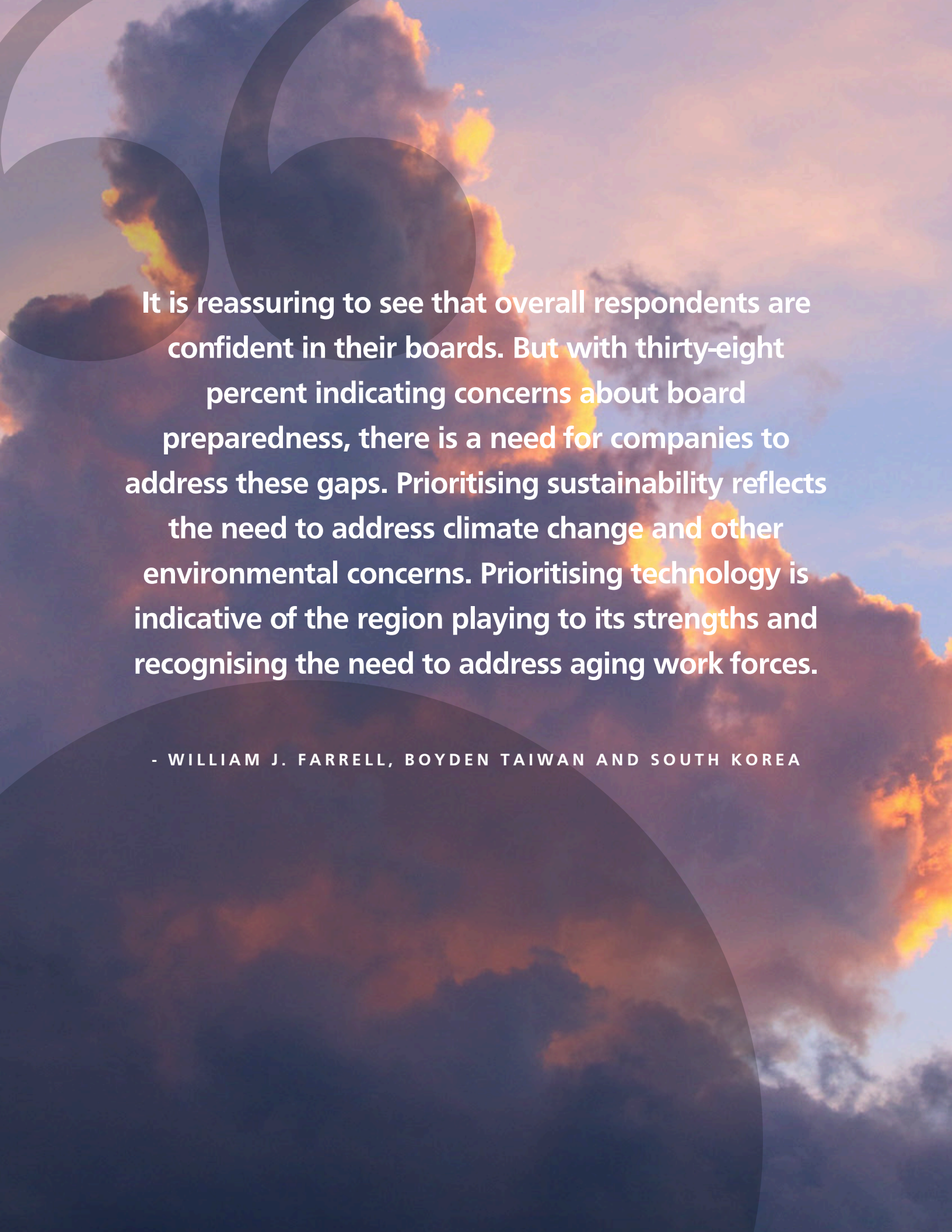
Confidence in having the right talent is highest for the **board/executive committee**, compared to the overall workforce and leadership team.

Asia-Pacific respondents have the same level of confidence in their board/executive committee as the global average, at 62% **very confident/confident** in alignment to organisational strategy over the next two years. Nearly a fifth are somewhat confident, 13% are unconfident and 7% very unconfident.

How do these figures relate to **board assessment**? 41% of respondents think it is **extremely likely/likely** that their organisation will invest in this over the next two years, compared with 33% in 2021.

Board members themselves suggest a greater importance, with 78% considering it extremely likely/likely that they will undergo an assessment over the next two years.





It is reassuring to see that overall respondents are confident in their boards. But with thirty-eight percent indicating concerns about board preparedness, there is a need for companies to address these gaps. Prioritising sustainability reflects the need to address climate change and other environmental concerns. Prioritising technology is indicative of the region playing to its strengths and recognising the need to address aging work forces.

- WILLIAM J. FARRELL, BOYDEN TAIWAN AND SOUTH KOREA

Strengthening board talent

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

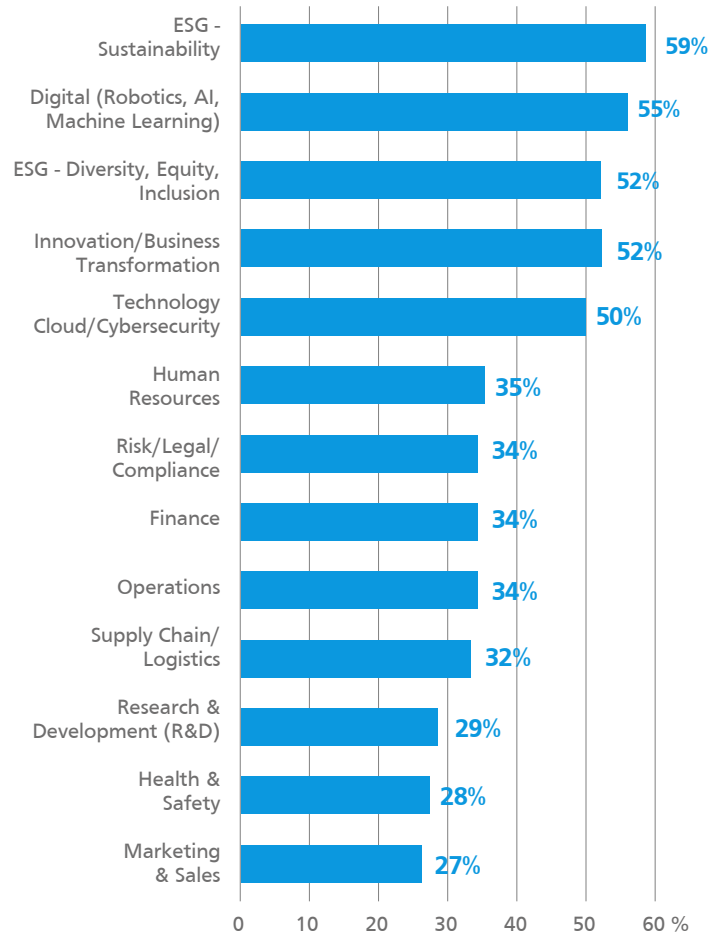
The top three priorities are close to the global average, with ESG-DEI and ESG-sustainability in the top two globally, but with digital skills distinguishing respondents in Asia-Pacific: digital skills are the sixth priority for board skills among global averages. Innovation / Business Transformation ties with ESG-DEI in the top three.

59% 01
ESG - SUSTAINABILITY

55% 02
DIGITAL (ROBOTICS, AI, MACHINE LEARNING)

52% 03
ESG-DEI - INNOVATION / BUSINESS TRANSFORMATION

In-demand board talent



Leaders of tier one companies and original equipment manufacturers point to the need for greater alignment between management's strategic plan and the board's vision, with directors helping the organisation to drive culture from the top. Board directors also need more depth around strategic intent, given the revolution in e-mobility. With digital transformation potentially increasing profits by twenty percent, boards need to push their CEOs to aim higher and invest in long-term initiatives.

It is very positive that ESG skills are seen as important at board level: board members need to analyse how to operationalise a net zero strategy while senior leaders are focusing on technology/cloud/cybersecurity, health & safety and marketing & sales as they steer the organisation through Industry 5.0.

While respondents are not yet focusing on so-called 'net zero opportunities' and a 'circular economy,' they are prioritising ESG capabilities and are broadly on par with global colleagues in their organisation's cultural approaches to both ESG and DEI.

Making key strategic choices around ESG is difficult and time-consuming for leaders. Goals must be integrated into company strategy so conflicts with other ambitions can be resolved or treated as trade-offs. Firms seek executives who combine ESG expertise with a customer perspective; with so few in the market, they are developing their own talent. While 'SG' involves strong board stewardship, people focus and an understanding of the crucial role many investments play in the local economy, the 'E' component presents the biggest opportunity.

- KRISTA ESPALDON, BOYDEN SINGAPORE AND CHINA

Conclusion

Asia-Pacific leaders have a broad focus, driving growth through digital transformation, innovation and diversification, while striving for visibility to inspire teams and drive change.

Having the stamina and energy to focus also on leadership talent comes across as a challenge, with limited recognition of attracting/retaining talent as a valuable soft skill among senior leaders.

As Industry 5.0 gains momentum, our research shows that this era needs people-focused leadership. Human capital and digital capabilities need to be further aligned to maximise their potential, jointly and separately.

The business environment is impacted by geopolitical risk, economic volatility and rising costs. Maximising the skills and capabilities of boards, leaders, executives and teams is an on-going priority as human ingenuity drives us forward.

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One of our respondents says,

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

Organisations need to be laser focused on how to attract and retain the talent they need.

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