

# What's top of mind for board and executive team members?

Findings from the first-ever joint survey on management and governance topics by Roy C. Hitchman Executive Search and the IMD Global Board Center



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# Executive summary

# 01

With organizations facing relentless disruption and uncertainty, how board members and executives navigate the abundance of risks, challenges, and trends confronting them is fast becoming an important differentiator for performance.

In this first joint survey by Roy C. Hitchman Executive Search and the [IMD Global Board Center](#), we aimed to understand which topics are top of mind for board members and executives and identify key areas of alignment and divergence.

A major takeaway from the survey, carried out in 2023, is that both senior executives and board members are struggling today to prioritize the most relevant and impactful drivers of performance for their organizations.

A particular challenge is balancing the need to invest in R&D to create value with a lack of strategic clarity, as well as the tension between the desire for shared principles and calls for greater diversity. This might be explained by the difficulty in managing the day-to-day business needs while responding to external pressures, including those related to technology adoption, diversity initiatives, and environmental concerns.

The review of individual survey questions underscores the absence of clear priorities, with a broad spectrum of topics garnering similar attention across industries and demographics. Possible explanations include the subjective nature of assessing priorities and the impact of varying organizational challenges faced by respondents.

While board members and executives have different and complementary roles in governance, our findings indicate a significant degree of convergence in many dimensions of corporate governance. One crucial (and perhaps unsurprising) lack of convergence between board members and executives is that the former exhibit a more future-oriented perspective characterized by longer time horizons. A common concern shared by both groups is the perceived lack of specific skills, a gap that poses a significant risk to organizations.

Overall, the survey highlights the need for executives and board members to recognize and reconcile the interplay between strategy and the cultivation of organizational health – with board members playing an important role in the oversight of executives, notably when it comes to risk. It emphasizes the importance of developing clear priorities and fostering alignment between strategy and purpose to effectively navigate the complexities of contemporary business environments – though with key differences in time horizons and areas of risk focus. Board members and executives have a distinct, yet complementary, role in doing so.

# Key insights

In the survey, participants were asked for their views on 11 topics:

1. General sentiment
2. Human capital management
3. Strategic investments
4. Corporate governance
5. Value creation and innovation
6. Leadership pipeline
7. Culture
8. Growth
9. Capital strategy
10. Technology
11. ESG

# 02

From these responses, we identified seven key insights:

## Insight #1:

### There is a lack of clear priorities among executives and board members

Executives and board members are struggling to establish clear priorities, likely due to varied organizational challenges and a similar distribution of attention across multiple topics. The high ranking of strategy, innovation, and growth raises questions about the efficacy of traditional approaches and the tension between agility and strategy.

*Recommendation: Board and management need to clearly delineate their respective roles and responsibilities, to ensure both complementarity and additionality.*

## Insight #2:

### There is a divergence between board members and executives on human capital

Executives prioritize culture and behavior while board members emphasize future leadership pipelines. While perhaps unsurprising given the nature of their roles and different time horizons, this discrepancy suggests potential mistrust or a greater focus on risk by board members than executives when it comes to talent management between boards and executive teams. The results show that 50% of board members are unhappy with their pipeline of future leaders.

*Recommendation: A board strategic discussion on human capital, and the implications for culture, leadership development, and talent, is critical to ensure alignment and oversight.*

## Insight #3:

### There is a need to better align strategic decisions and investment choices

Human factors are often overshadowed by technology themes like digital transformation and automation when it comes to strategic investments, highlighting the influence of industry trends and consultant narratives. This disconnect between prioritized investments and strategic uncertainty underscores the need for greater alignment between strategy and investment decisions.

*Recommendation: Board processes need to ensure alignment of investment decisions with strategy – from clear and focused information architecture directly linked to strategic priorities to scenario planning and KPIs.*

## Insight #4:

### Skills and leadership deficiencies are seen as significant risks

Perceived deficiencies in skills and leadership are seen as significant risks, prompting introspection about whether these assessments are self-critical or critiques of colleagues' competencies. Leadership behavior and agility are key concerns, although the practical implications and strategies for addressing these issues remain unclear. Persistent culture-related challenges and gender discrepancies question the effectiveness of cultural transformation efforts.

*Recommendation: 360 evaluations at both board and executive level help to identify strategic and leadership gaps, which can then be reinforced through professional development and/or talent acquisition.*

## Insight #5:

### There is a discrepancy between growth and execution

While there is confidence in new product development and business model innovation, there are significant challenges in execution. This discrepancy between prioritized areas and actual performance calls for greater scrutiny of organizational capabilities when realizing growth aspirations.

*Recommendation: Board oversight relies on effective KPIs, which are forward-looking and which drill down into key drivers of performance on strategic priorities.*

## Insight #6:

### A better understanding of the risk profile and value proposition of emerging technologies is needed to inform decision-making

AI and cloud computing dominate technology investments, reflecting both industry hype and practical considerations. There is a need for a better understanding of the value proposition and risk profile of emerging technologies like AI for boards and executive teams to make informed decisions.

*Recommendation: A key board responsibility is defining how the risk appetite is impacted by emerging technologies and the implications of strategy over different time horizons.*

## Insight #7:

### There is a struggle to balance external pressures with corporate agendas

Climate change and carbon emissions rank high, reflecting broader societal concerns. However, skepticism about the climate crisis and the disparity between public discourse and organizational priorities highlight the complexities of ESG integration and the influence of external pressures on corporate agendas.

*Recommendation: Mapping of stakeholder concerns allows their integration into relevant strategic and risk processes and allows the board to prioritize decisions according to their materiality.*

In summary, the survey reveals nuanced challenges in organizational decision-making, reflecting the interplay of industry trends, internal dynamics, and external pressures on executives and board members. Critical reflection and strategic alignment are essential for addressing these challenges and driving sustainable organizational success.

# Methodology

# 03

Our 2023 joint survey was an online questionnaire sent to executive and non-executive team members who were asked to identify their top three (maximum) choices per question on different dimensions of corporate governance.

The data was then analyzed along the following axes:

- Executive/non-executive
- Female/male
- EU/Switzerland
- Small/large firms

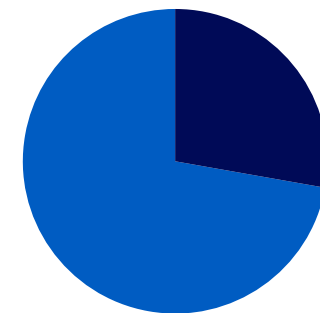
Of 578 respondents, 51.9% were board members and 48.1% were executive team members. Regarding gender diversity, just 28% of board members were women compared with 72% of men. This imbalance was even more pronounced in our executive audience, with only 17% of executives comprised of women versus 82% of men. Most respondents were based in Switzerland (84%), with the remaining 16% in the EU (11%) and the rest of the world (5%).

The dimensions upon which respondents were surveyed were their views of the general sentiment, human capital strategies, strategic investments, risks to corporate governance, value creation, leadership pipeline, corporate culture, corporate growth, capital strategies, technology, and ESG.

**578**  
Respondents

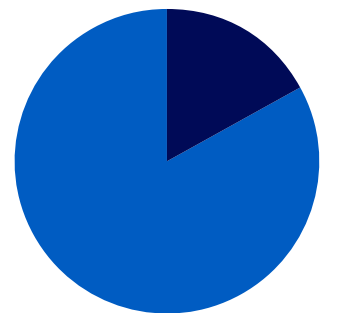
**51.9%**  
Board members

**48.1%**  
Executive team members



**28%**  
Women

**72%**  
Men



**17%**  
Women

**82%**  
Men

**84%**  
Switzerland

**11%**  
EU

**5%**  
Rest of the world

# Findings at a glance

# 04

Unsurprisingly, since it's integral to the role of non-executive directors and executive leaders, a primary area of focus is the company's future strategy, innovation, and growth. **Diversity and inclusion, supply chain management and ESG issues** were less prominent on business leaders' agendas.

Regarding human capital questions, **building and strengthening the pipeline for future leaders comes at the top of the non-executive list of priorities** and is ranked third by the executives. Retaining essential skills and changing the culture and behavior are the other two top priorities for both audiences.

Strategic investments are focused on driving digital transformation, the automation of processes and systems, and the advanced use of IT. Much lower on the investment agenda of both board members and executives are a presence in the metaverse, exploring alternative energy sources, and relocating operations.

A critical perceived risk to corporate governance is the lack of specific skills in cyber, risk, digital, ESG, and technology. This is perceived as the top risk across respondent groups. Shareholder activism or lack of transparency are perceived as lower-risk areas.

Customer insights and proprietary R&D are viewed as key drivers of value creation, as well as (to a much lesser degree) industry consortia and collaboration with startups.

Regarding the leadership pipeline, **a lack of sufficient diversity, and a solid process to identify internal high potentials are ranked as the top two areas of concern.**

On corporate culture, respondents prioritized building and strengthening a culture of agility to adapt more quickly to change, followed by the leadership team's style and behavior and its impact on the organization.

**Commitment to creating an inclusive and diverse workplace** and fostering a culture of psychological safety comes at the end of the list. This may be explained by the perception that these elements are already in place and, therefore, need less attention.

Respondents see new products and solutions in existing markets, new business models, and leveraging new strategic partnerships as the most promising sources of the company's future growth.

Regarding capital strategies, the focus is on strategic partnerships and joint ventures, financial risk management, and working capital management. Share buybacks and capital restructuring rank lowest.

Not surprisingly, AI is viewed as the most relevant technology by far, followed by cloud computing and migration, and the implementation of advanced cybersecurity technologies. The metaverse, quantum computing, 5G networks, and related applications are not yet prominent on the radar of boards and executives.

Lastly, **the ESG agenda is dominated by climate change and carbon emissions, followed by data protection and weak employee engagement.** Human rights, gender parity, and executive compensation are less of an issue for participants.

Didier Cossin



**Didier Cossin**, Chaired Professor of Governance and Finance and Founder and Director of the IMD Global Board Center

“Both board members and executives are confronted with a growing number of forces that challenge their governance practice. This affects the respective roles they play in ensuring good governance – namely that the right people, structures and processes, information architecture, and governance culture are in place and strong enough to weather a context increasingly characterized by conflict and disruption. Human capital is viewed as a risk that board members need to actively oversee and address with executive teams.”



“The most surprising finding is that 50% of the board members are unhappy with their current pipeline of future leaders. This might result in stressful cooperation between boards and executive teams and almost always limits business excellence.”

**Roman Huber**, Managing Partner of Roy C. Hitchman Executive Search



Roman Huber

# Zooming into the questions

# 05

## 1. General sentiment

Question: “What keeps you up most at night? Select your top three.”

Board members and executives are relatively aligned on the top three issues that keep them up at night. Female leaders tend to rank human issues higher than their male peers. The geopolitical situation, as well as inflation and the economy, is more of a concern outside Switzerland. Within Switzerland, company innovation and growth and human capital issues are more on respondents’ minds. Do companies in Switzerland care more about their employees and feel more “accountable?” It’s fair to say that Switzerland has proven itself to deal with a challenging context in the past, such as a strong currency, challenging market access, and other adverse conditions.

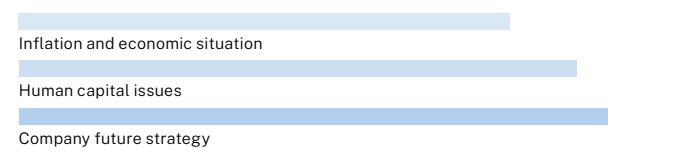
The top three listings of all respondents are:

- **Company innovation and growth**
- **Company future strategy**
- **Inflation and economic situation**

### All respondents



### Female respondents



### Male respondents



#### Questions to consider:

*Is the economic situation taking the focus off important future themes like diversity, ESG, and supply chain resilience?*

*Why is the future strategy creating so much discomfort? Is it time to review the strategy process?*

*What impact might this have on the respective roles of the board and executive leadership team when it comes to strategy?*

*Is there an innovation process? Is it measured and delivering the expected results? Is innovation enjoying an adequate timeslot on the board agenda?*



## 2. Human capital management

Question: “What areas of your human capital strategy will you focus on over the coming 18 months? Select your top three.”

Board members were significantly more focused on building or strengthening the pipeline of future leaders (50.2% of respondents) than executive team members (37%). However, culture and behavior were higher on the agenda of executive team members than board members. Hiring and retaining talent was equally a concern for both. It becomes apparent that small companies are much more focused on hiring new or right talent than large ones.

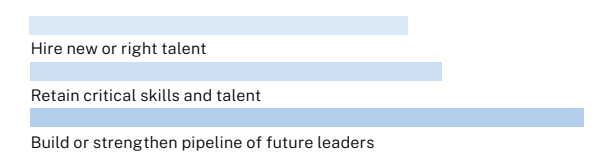
The top three listings of all the participants are:

- **Build or strengthen the pipeline of future leaders**
- **Change culture and behavior**
- **Retain critical skills and talent**

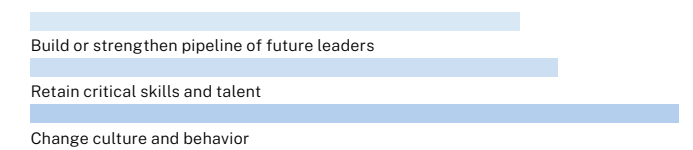
### All respondents



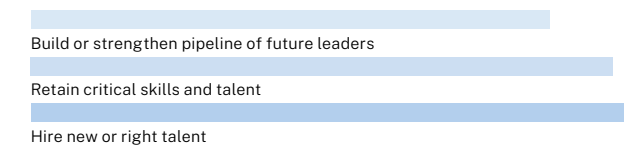
### Board members



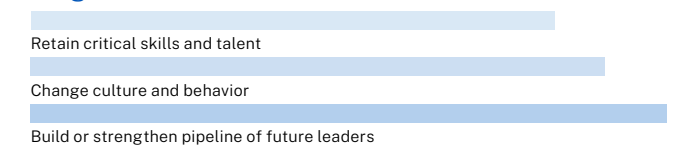
### Executives



### Small firms



### Large firms



0% 10% 20% 30% 40% 50% 0% 10% 20% 30% 40% 50%

Questions to consider:

*Do boards trust their executives?  
Do boards and executives not believe in the benefits diversity and inclusion may promise?*

*Are more female leaders needed to change the corporate cultures effectively?  
Can small companies attract and hire the right talent they need?*

*What is the board's role in overseeing human capital and aligning it with organizational purpose, strategy, and culture?*

### 3. Strategic investments

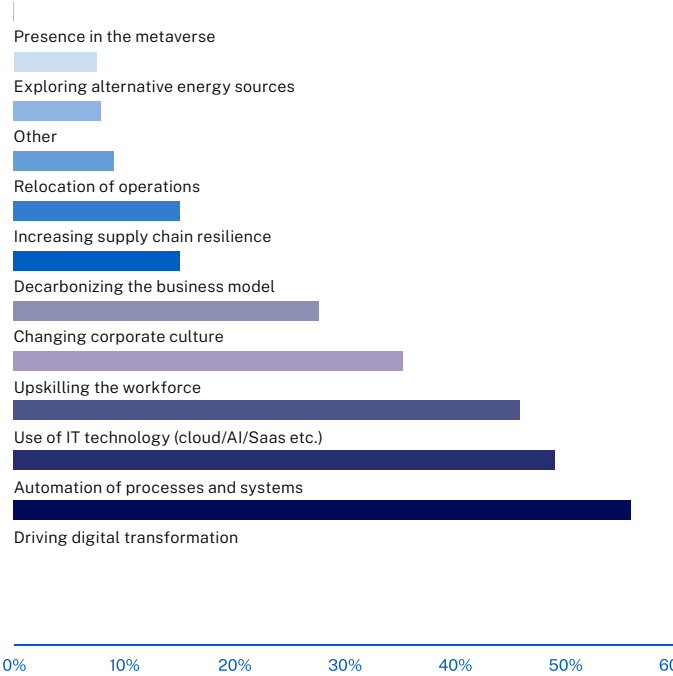
Question: “What strategic investments are you making over the next 18 months? Select your top three.”

Driving digital transformation, as well as the use of IT technology and automation of processes, are the top three priorities among all respondents. Executives were more focused on automating processes and systems than board members. Decarbonizing the business model is of much higher importance outside Switzerland and with female respondents. Investing in alternative energy sources, decarbonizing the business model, and relocating operations were relatively low, with no one considering investment in the metaverse.

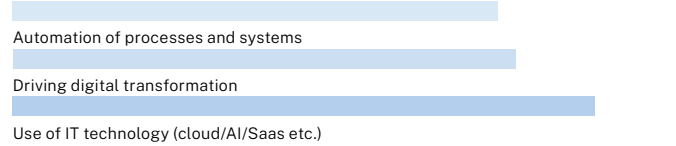
The top three listings of all the participants are:

- **Driving digital transformation**
- **Automation of processes and systems**
- **Use of IT technology**

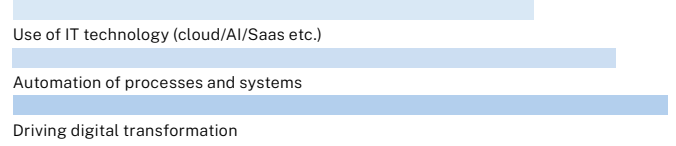
#### All respondents



#### Small firms



#### Large firms



Questions to consider:

*Are boards and executive teams following the “obvious” and not grasping investment opportunities in the future?*

*Are board members thinking long-term enough when it comes to strategic investments?*

*Do Swiss leaders not value the decarbonization of the business model as a future competitive advantage?*

*Are business leaders assuming that supply chains will stay intact and reliable in the years to come?*

### 4. Corporate governance

Question: “What are the main risks to corporate governance today? Select your top three.”

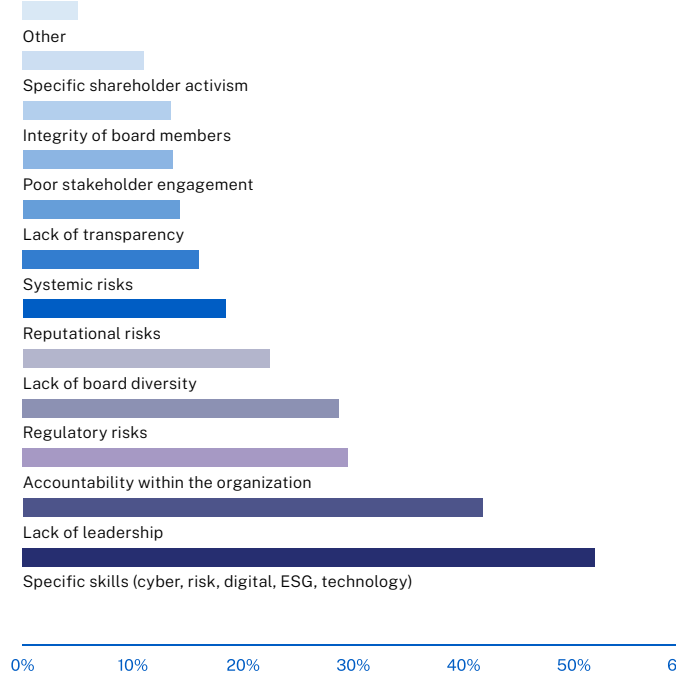
Boards and executive teams seem overwhelmed by the complexity and potential threats of cyber, digital, and technology. The advancements in these fields are tremendous, and the potential for operational damage resulting from attacks is severe. Both board members and executives see the lack of specific skills (cyber, risk, digital, ESG, technology) as a key corporate governance risk.

Over a third of female respondents viewed lack of board diversity as a key risk, compared with just under 20% of male respondents. On the other hand, 46% of male respondents saw a lack of leadership as a key risk to corporate governance, compared with 25% of female respondents. Large companies are more concerned about regulatory risks, lack of leadership, and reputational risks. The integrity of board members seems to be much more of an issue in Switzerland than in Europe.

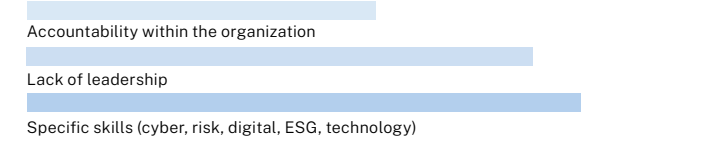
The top three rankings of all respondents are:

- **Specific skills (cyber, risk, digital, ESG, technology)**
- **Lack of leadership**
- **Accountability within the organization**

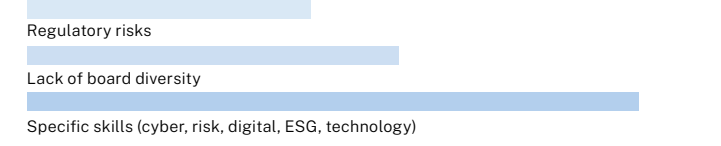
#### All respondents



#### Male respondents



#### Female respondents



Questions to consider:

*Have leadership teams fully anticipated the needed technologies for the future?*

*Has diversity become predominantly a priority specific to female leaders?*

*What are boards and executive teams doing to enhance leadership and accountability?*



## 5. Value creation and innovation

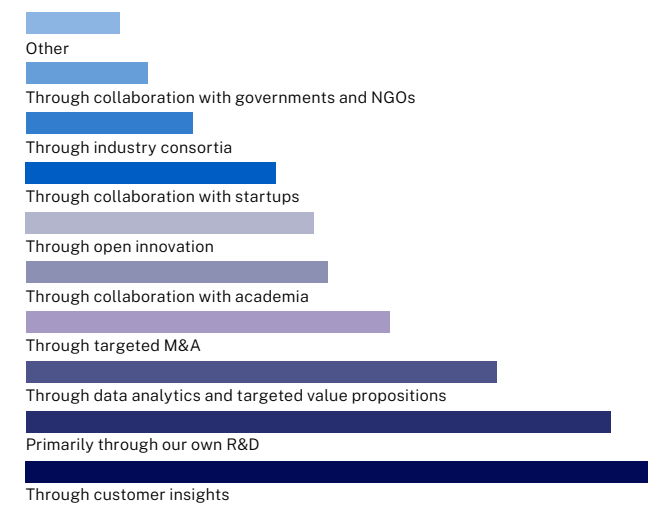
Question: “How does your company create value? Select your top three.”

For both executives and board members, value creation is primarily viewed as being through customer insights and targeted M&A, as well as the company’s R&D. Board members have a slightly more external focus, viewing open innovation, startups, and collaboration with academia as being somewhat more important than executives. European companies are using open innovation much less than Swiss ones. M&A is seen as less of a strategic option for creating value for small companies.

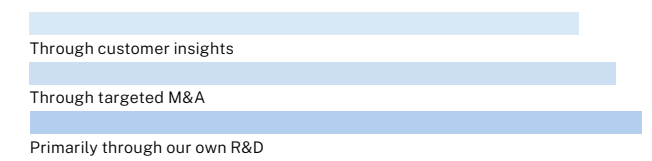
The top three rankings of all respondents are:

- Through customer insights
- Primarily through own R&D
- Through data analytics and targeted value propositions

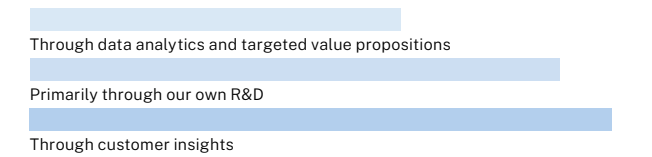
### All respondents



### Large firms



### Small firms



0% 10% 20% 30% 40% 50% 0% 10% 20% 30% 40% 50%

Questions to consider:

*Can boards and executives do more to encourage internal processes to support the identification of high potential?*

*Is open innovation more of a nice concept than an effective innovation source?*

*Are industry consortia now considered outdated?*



## 6. Leadership pipeline

Question: “What is true about your company’s senior leadership pipeline? Select your top three.”

Both executives and non-executives saw a need to strengthen the senior leadership pipeline and appeared confident in their ability to use external support to do so. However, when it came to processes to identify internal leaders, 36.5% of executives perceived these as lacking compared with 22.4% of board members, which may be explained by the more strategic and external role of boards.

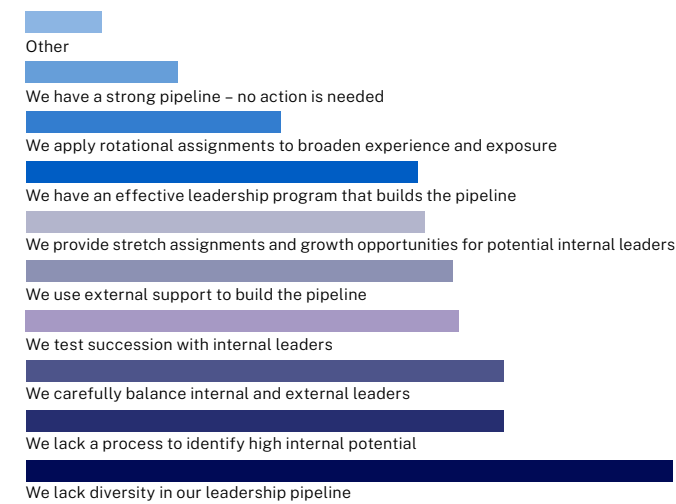
Small companies do not have effective leadership programs to build a pipeline, and they use much more external support for building the pipeline or finding the right leaders. Female leaders seem to provide

more opportunities for rotational assignments to broaden the experience and increase the exposure of potential internal candidates.

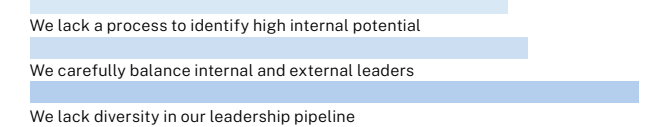
The top three rankings of all respondents are:

- We lack diversity in our leadership pipeline
- We lack a process to identify high internal potential
- We carefully balance internal and external leaders

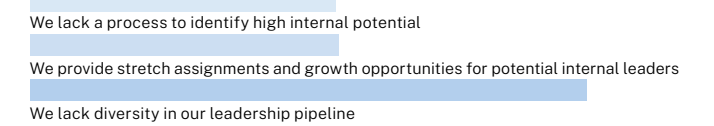
### All respondents



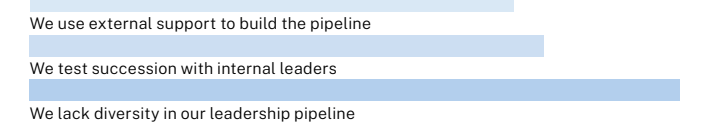
### Male respondents



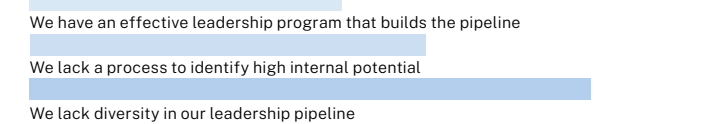
### Female respondents



### Small firms



### Large firms



0% 5% 10% 15% 20% 25% 30% 35% 40% 0% 5% 10% 15% 20% 25% 30% 35% 40%

Questions to consider:

*Why is leadership diversity still an issue after years of being on boardroom and executive agendas?*

*Are expectations regarding leadership style and personal priorities for female leaders wrong and too much “male-oriented”?*

*What can large companies learn from small ones regarding succession planning?*

## 7. Culture

Question: “What cultural elements are you trying to build/strengthen in the near future? Select your top three.”

In building a culture, the focus of board members was on strengthening the organization’s long-term aspirations and goals. Executives, in contrast, placed greater emphasis on the style and behavior of the leadership team and their impact on the organization. Female leaders focus more on building a more diverse workplace and providing psychological safety. Small companies are more interested in sharpening their purpose, while large firms focus more on generating shared beliefs and principles that guide the organization’s behavior and decision-making.

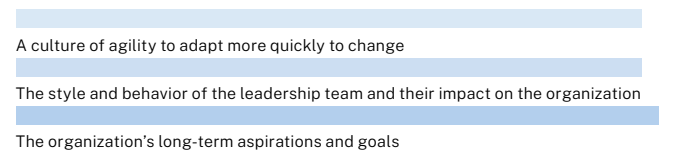
The top three listings of all the participants are:

- A culture of agility to adapt more quickly to change
- The style and behavior of the leadership team and their impact on the organization
- The shared beliefs and principles that guide the organization’s behavior and decision-making

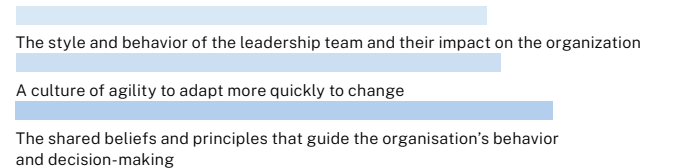
### All respondents



### Male respondents



### Female respondents



Questions to consider:

*Does company culture make a difference, and if yes, is it high enough on leaders’ agenda?*

*Can a corporate culture be shaped, formed, or changed without a significant time and role model investment from the board and executive teams?*

*A culture of increased agility is the number one focus – how have companies changed their processes to provide the empowerment required?*

## 8. Growth

Question: “Where will your company’s future growth come from? Select your top three.”

According to board members and executives, the most promising new growth sources are new products or solutions in the same markets and new business models. Lower on the list, particularly on small companies, was a focus on sustainability as a source of growth. Smaller companies leverage new strategic partnerships much more than large ones, which aim more toward M&A and leveraging data analytics. The focus on sustainability is also much higher outside Switzerland and with female leaders.

The top three listings of all the participants are:

- New products and solutions, same markets
- New business models
- Leveraging new strategic partnerships

### All respondents



### Swiss companies



### European companies



Questions to consider:

*Do we need more female leaders to transform into a more sustainable business world?*

*Will the classical proprietary R&D department soon be a thing of the past?*

*Data analytics and digital transformation are high on the agenda – are boards knowledgeable enough in this field, and are companies progressing fast enough?*



## 9. Capital strategy

Question: “What issues will be at the forefront of your capital strategy over the next 18 months? Select your top three.”

M&A, strategic partnerships, and joint ventures were perceived as key capital strategy issues for both board members and executives. Equity financing was more on the radar of board members than executives. Female leaders focus much more on working capital management than their male peers. They are, however, more reserved when it comes to spin-offs and divestitures. Mergers and acquisitions are popular with large firms, whereas smaller companies prefer equity financing. Climate change and sustainability projects are also more on the agenda of large firms.

The top three rankings of all respondents are:

- Strategic partnerships and joint ventures
- Financial risk management
- Mergers and acquisitions

### All respondents



### Large firms



### Small firms



0% 5% 10% 15% 20% 25% 30% 35% 0% 5% 10% 15% 20% 25% 30% 35%

Questions to consider:

*Are strategic partnership and asset-lighter business models outpacing the traditional matrix of owning the most strategic resources?*

*Is financial risk management experiencing a renaissance due to recent financial services and real estate market events?*

*Do large-scale M&A add the expected value?*

# 10. Technology

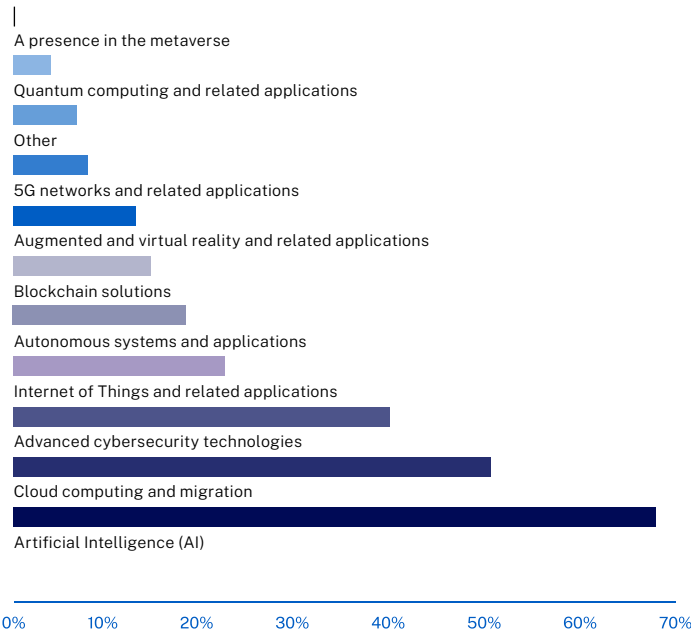
Question: “What technologies are relevant to your business over the next 18 months? Select your top three.”

Artificial intelligence, cloud computing, and advanced cybersecurity technologies are dominant among all respondent rankings and views in the survey by far. Future “killer” technologies like quantum computing and blockchain ecosystems are still very low on leaders’ agendas. Autonomous systems and the Internet of Things will most probably rise on the agenda once the top three priorities are handled.

The top three rankings across all respondents are:

- AI
- Cloud integration
- Advanced cybersecurity

## All respondents



Questions to consider:

*Do board members understand technology well enough to guide the companies into the next chapter strategically?*

*Are the business leaders paying enough attention to future potential killer technologies like quantum computing and blockchain ecosystems?*

*Are customer experiences and journeys through virtual or augmented and mixed reality underestimated?*

# 11. ESG

Question: “What ESG issues is your company most concerned about? Select your top three.”

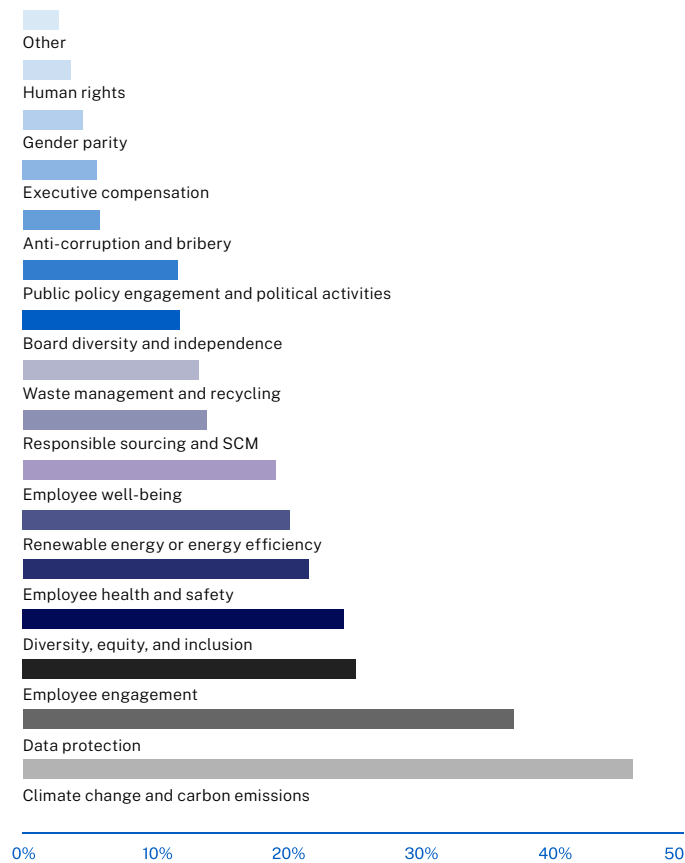
Climate change dominates the ESG agenda for board members and executives, followed by data protection (more of a concern for executives) and DE&I. Renewable energy and energy efficiency are much higher issues in Europe than in Switzerland.

Female leaders are less worried about employee engagement than their male peers. They also view public policy engagement and political activities as less of an issue. Data protection is a bigger issue for smaller companies than for large corporates. Larger companies also place more emphasis on employee well-being and employee engagement.

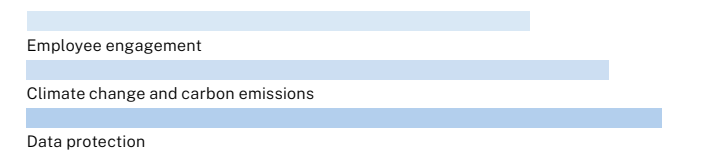
The top three rankings of all respondents are:

- Climate change and carbon emission
- Data protection
- Employee engagement

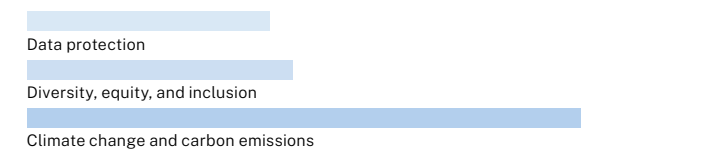
## All respondents



## Small firms



## Large firms



Questions to consider:

*Is investing in carbon emissions reduction becoming considered strategic or is it still more of a compliance issue that businesses do for partners and the “public”?*

*Are those topics that are ranked very low, like gender parity, board diversity, and anti-corruption and bribery, more for the analysts and the press, or are the companies perceiving their performance on these matters as already good enough?*

*Are Swiss leaders strategically still comfortable with the current energy mix, or is the pressure on pricing and opening to new sources not high enough?*

# Final thoughts

In a rapidly evolving governance landscape, board members and executives are aligned on several dimensions, though their unique perspectives and priorities are also clear on others.

Addressing the gender gap and bolstering specific skillsets are shared challenges while focusing on a balanced approach to current and future risks and opportunities continue to be a concern for both.

We would encourage board members and executives to more clearly delineate their respective governance roles and responsibilities to ensure they are working together in a complementary manner.

Board members have a unique governance responsibility to take a longer-term view and challenge management from this perspective. By acknowledging their areas of convergence as well as where they potentially require greater differentiation, and in some cases (where they may not have adequate understanding, such as AI), both boards and management can ensure they are making a solid and coordinated contribution to organizational governance – which is increasingly a differentiator for success in a disrupted context.

# 06



**Data sample**

Overall participants

578

— How many employees does your company have?

- Less than 100 \_\_\_\_\_ 28.22%
- Between 100-1,000 \_\_\_\_\_ 24.83%
- Between 1,000-5,000 \_\_\_\_\_ 23.02%
- More than 5,000 \_\_\_\_\_ 23.93%

— In which industry does your company generate most of its revenues?

- Financial services \_\_\_\_\_ 20.41%
- IT/media/entertainment/digital \_\_\_\_\_ 13.61%
- Engineering/manufacturing \_\_\_\_\_ 11.11%
- Other \_\_\_\_\_ 7.94%
- General services/consulting \_\_\_\_\_ 7.71%
- Retail/distribution/logistics \_\_\_\_\_ 7.48%
- Healthcare \_\_\_\_\_ 6.12%
- Life sciences/pharmaceuticals \_\_\_\_\_ 5.67%
- FMCG \_\_\_\_\_ 4.31%
- Energy \_\_\_\_\_ 4.31%
- Public sector/non-profit \_\_\_\_\_ 4.31%
- Construction \_\_\_\_\_ 3.63%
- Hospitality \_\_\_\_\_ 1.81%
- Agriculture \_\_\_\_\_ 1.59%

— In which country/region do you live?

- Switzerland \_\_\_\_\_ 84.32%
- Europe (excl. Switzerland) \_\_\_\_\_ 10.91%
- Rest \_\_\_\_\_ 4.77%

— Are you male/female/other?

- Male \_\_\_\_\_ 75.75%
- Female \_\_\_\_\_ 23.33%
- Other \_\_\_\_\_ 0.92%

— Are you answering as an executive or non-executive member?

- Executive \_\_\_\_\_ 48.10%
- Board member \_\_\_\_\_ 51.90%

