



The human success factor – future of talent management

swissVR Monitor I/2021

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About the survey

This is the ninth edition of swissVR Monitor and is based on a survey of 420 members of Swiss company Boards of Directors. The aim of the survey is to gauge Board members' attitudes to the outlook for the economy and for business and corporate governance issues. This edition also focuses specifically on the future of talent management.

The swissVR Monitor survey was conducted by swissVR in collaboration with Deloitte AG and the Lucerne University of Applied Sciences and Arts between 1 December 2020 and 17 January 2021. A total of 420 Board members took part, representing listed companies as well as small and medium-sized companies (SMEs) from every major sector of the Swiss economy. 34% of participants are from large companies, 32% from medium-sized companies and 34% from small companies.

The aim of swissVR Monitor is to offer Board members a benchmark for comparing the issues facing their own Board with those facing their counterparts on other company Boards. SwissVR Monitor also aims to share with the wider public the ways in which Board members perceive their role and the current economic situation.

A note on the methodology

When comparing survey results over time, please note that the sample may have changed. Percentage figures are rounded to add up to 100. Company size is determined by workforce: small companies have between 1 and 49 employees, medium-sized companies have between 50 and 249 employees, and large companies have 250 or more employees.

Foreword

As they look to the future, companies will have to tackle a number of different human resources challenges, including possible skills shortages and the impact of demographic change. As swissVR Monitor I/2021 shows, Board members believe that their company is equipped in general terms to tackle the challenges posed by the future of talent management. However, they also identify room for improvement in some areas of talent management, particularly providing initial and continuing training and skills development for their employees and addressing the diversity and team-working skills of senior management.

Dear reader,

We are delighted to bring you swissVR Monitor I/2021, a survey conducted jointly by swissVR, Deloitte and the Lucerne University of Applied Sciences and Arts. For this edition, we surveyed 420 members of Boards of Directors across Switzerland. The findings not only reflect their attitudes to the economy and the outlook for business, but to relevant areas of their own role as well. The special focus topic in this ninth swissVR Monitor is the future of talent management.

swissVR Monitor I/2021 provides a number of insights:

- Board members rate the economic, sector and business outlook over the next 12 months much more positively than six months ago (swissVR Monitor I/2020), which was a low point.
- Their rating of the economic impact of the COVID-19 pandemic is also more positive than six months ago. More Board members report that the crisis has had a positive impact on their company, while fewer rate the outlook over the next 12 months as negative. However, the more stringent measures to control the pandemic announced by the Swiss Federal Council in January – while the survey was being conducted – are likely to have tempered their optimism somewhat since then.
- Survey participants believe their company is equipped to tackle the challenges posed by the future of talent management but also identify areas where work is needed.
- Their priorities for talent management are taking measures to identify, promote and develop internal talent and making efforts to recruit highly skilled staff.
- They believe that the future of talent management will also include issues such as strengthening employees' sense of responsibility and rewarding entrepreneurial thinking and action. In addition, Board members think that companies should actively ensure their employees are open to change, and are agile, flexible and resilient.
- They perceive 'soft skills' as the most important managerial competencies; these include communication skills and persuasiveness, willingness to take responsibility and team-working skills.
- Many Board members believe that their company's senior management team will have to make greater efforts to ensure that the personalities within the team fit together well and work well as a team.
- Survey respondents are satisfied with the information and reporting their Board of Directors receives. They also believe that their Board committees play an active part in determining corporate strategy.
- Over the next 12 months, the most important issues Boards will have to tackle are improving efficiency/optimising internal processes, digitalisation/robotics/automation, responding to market developments and go-to-market issues.

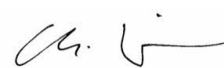
We would like to thank all the Board members who participated in this swissVR Monitor survey. We hope you will find this report an informative and enjoyable read.



Cornelia Ritz Bossicard
President swissVR



Reto Savoia
CEO Deloitte Switzerland



Prof. Dr. Christoph Lengwiler
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of Applied Sciences and Arts

Summary and key findings



23 %

rate Switzerland's economic outlook over the next 12 months as positive.

Improved expectations for the economy compared with previous half-year

Board members are much more optimistic in their rating of Switzerland's economic outlook, the prospects for their sector and their own company's prospects than six months ago, when the COVID-19 crisis was having a major impact. More Board members still rate the outlook for the economy as negative than as positive (27% and 23% respectively), but the rating of their sector's prospects has improved: 39% now rate them as positive, twice as many as rate them as negative (20%). The gap in ratings of their company's prospects is even more marked, with 51% rating these as positive and 13% rating them as negative. However, in January 2021, during the survey period, the Swiss government ordered a further (partial) lockdown of the economy, making it impossible to estimate whether, and how, the measure will have impacted on Board members' assessments.



69 %

think their company is equipped to tackle the future challenges of talent management.

Most companies equipped to tackle future of talent management

Board members who believe their company is equipped to tackle the future of talent management report that their Board regularly discusses fundamental aspects of HR policy and trends in human resource management, has the specialist expertise it needs and identifies talent related risks. Around two out of every five Board members say their Board sets ambitions and targets as part of a talent management strategy. There is clearly still some room for improvement here.



59 %

assume that it will continue to be difficult to recruit highly skilled staff.

Need for action identified in some areas of talent management

Board members recognise the need to identify internal talent, provide initial and continuing training and skills development for their company's employees, and recruit highly skilled staff in future. More than half of all Board members surveyed believe that their company will find it difficult to recruit highly skilled staff in future. However, they indicated there is less room for improvement in relation to ensuring a balance in the workforce (including in relation to age, gender and culture).



87 %

intend to strengthen employees' sense of responsibility and reward entrepreneurial thinking.

Personnel and skills development underpin talent management

Board members focus on strengthening employees' sense of responsibility and rewarding entrepreneurial thinking/action as ways of underpinning talent management. They also believe that it is important to enhance employees' technological skills and digital competencies. Board members in larger companies are more likely than the average to rate this aspect as important. There is also wide agreement among respondents on the need to ensure that employees are open to change, and are agile, flexible and resilient.



66 %

cite communication skills and persuasiveness as the most important competencies for managers.

Wide range of key managerial competencies

Two-thirds of Board members surveyed believe communication skills and persuasiveness are among the five most important managerial competencies. Other competencies rated highly are strategic thinking, agility and flexibility, a willingness to take responsibility and teamworking skills. Board members from the construction and real estate sector are more likely than the average to identify teamworking skills as one of the five most important managerial competencies.



87 %

will pay greater attention in future to ensuring that the personalities within the senior management team fit well together and work well as a team.

Composition and teamworking skills particularly important within the senior management team

A majority of Board members agree that their company will pay greater attention in future to ensuring that the personalities within the senior management team fit well together and work well as a team. Many also agree that their Board will take further steps in future to identify internal talent for management roles and will place greater emphasis on diversity within the senior management team. Board members representing companies in the financial services sector are more likely than the average to place greater emphasis on having a diverse senior management team.

Outlook

Economic, sector and business outlook

The COVID-19 pandemic, which began a year ago, has been responsible for significant shifts in Board members' ratings of the **economic, sector and business outlook** over the next 12 months. Following a record low in the swissVR Monitor survey conducted in August 2020, expectations are now closer to pre-crisis levels. The improving trend in ratings of the outlook over the next 12 months applies both to Board members' view of the outlook for the Swiss economy as a whole as well as expectations for their sector and their company's business (see Chart 1). We interpret these findings as reflecting a widespread hope that COVID-19 and the economic damage it has caused can be reversed in the foreseeable future by the vaccination programme that is now under way. However, it is still unclear whether the (partial) lockdown ordered by the Swiss Federal Council in January 2021 – while the survey was being conducted – has again dampened expectations for the economy.

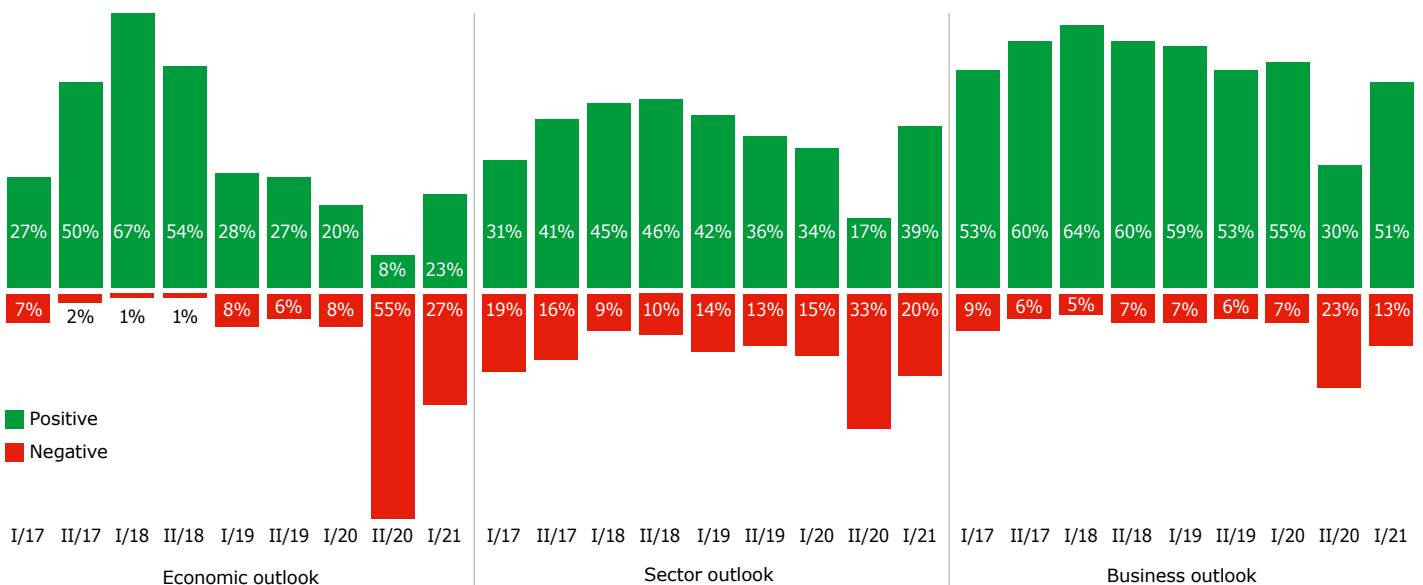
More Board members still rate the **prospects for the Swiss economy** as negative than as positive (27% and 23%

respectively), but the gap is much narrower than six months ago, when only 8% of Board members rated the prospects for the Swiss economy as positive, just a fraction of the 55% who rated them as negative. Given a possible shift in views on the economic outlook, the question now is what form the recovery will take, with options including a V-shaped recovery (economic decline followed by rapid growth), a W-shaped recovery (rapid recovery, followed by a further decline and a further rapid recovery), and a K-shaped recovery (different sectors recovering at a different rate and intensity while others are still in recession).

In terms of **sector prospects**, the percentage of respondents rating them as positive has improved noticeably (up 22 percentage points), with a clear decline in those rating them as negative (down 13 percentage points). With nearly twice as many Board members rating their sector's prospects as positive compared with those rating them as negative (39% and 20% respectively), it appears that Board members are confident about their sector's prospects over the next 12 months.

Chart 1. Economic, sector and business outlook over the next 12 months

Question: How do you rate the prospects for the Swiss economy / the sector in which your company operates / your company over the next 12 months?
 Note: Neutral answers are reflected in the difference between the sum of positive and negative answers.



As in previous surveys, Board members view their company’s **business prospects** as more positive than their rating of the economy as a whole and the prospects for their sector. Around half of all Board members (51%) rate their company’s business prospects over the next 12 months as positive. This

level of confidence in their company’s business prospects is remarkable, given that many risks and uncertainties remain, including the ongoing impact of the pandemic, the unresolved issue of Switzerland’s Institutional Framework Agreement with the EU, Brexit and the political situation in the US.

Economic impact of the COVID-19 pandemic

The **economic impact of the COVID-19 pandemic** has been – and remains – extensive: disrupted supply chains, changes in consumer behaviour, shrinking corporate revenues as a result of official (partial) lockdowns, and nervous stock markets have been the defining characteristics of the business world since the start of the pandemic. However, as with their economic, sector and business outlook, the mood of Board members has improved compared with the summer 2020 survey (see Chart 2). Board members continue to rate the short-, medium- and long-term impact of the pandemic quite differently from each other, but responses across all three timeframes reflect a more positive view than in swissVR Monitor II/2020. Here too, though, it remains unclear what impact the (partial) lockdown in January 2021 will have had on Board members’ ratings.

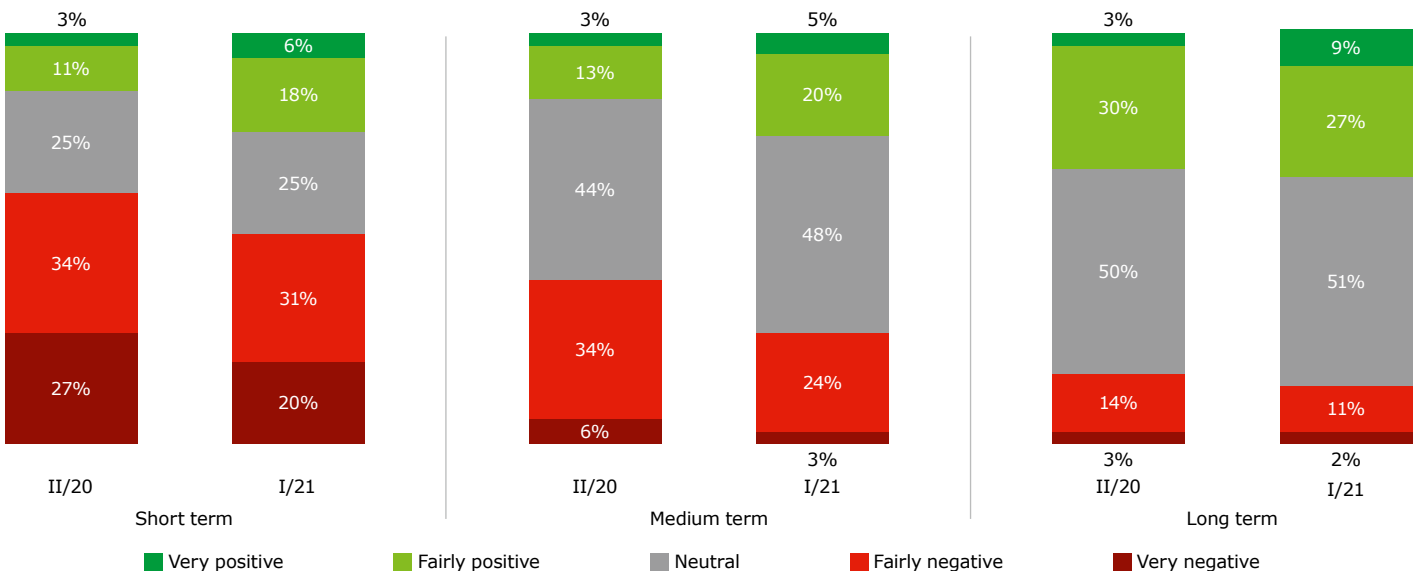
In the **short term**, most Board members continue to rate the economic impact of the pandemic on their company as very negative or fairly negative (51%, down from 61% in swissVR Monitor II/2020). However, around one Board member in four (24%) is now very positive or fairly positive about the short-

term opportunities the pandemic will bring. This figure is up ten percentage points from swissVR Monitor II/2020, suggesting that many companies have adapted rapidly to the changed conditions and may be in a position to benefit from the new situation.

From a **medium term** perspective, almost half of all Board members (48%) rate the economic impact of the COVID-19 pandemic as neutral, with more or less equal proportions rating it as positive and negative. In the **long term**, 51% rate the economic impact of the pandemic as neutral, although it is worth noting that 36% rate it as very positive or fairly positive, almost three times as many as who rate the economic impact as very negative or fairly negative (13%). Some companies clearly expect to emerge stronger from the pandemic, a sentiment that may be attributable to changes in business models, possible market consolidation, or companies’ ongoing digital transformation and greater efficiency. These are, in any case, issues that Board members believe will be important to their Board over the next 12 months (see Chart 13).

Chart 2. Economic impact of the Covid-19 pandemic

Question: How do you rate the economic impact of the COVID-19 crisis on your company?



Focus topic: Future of talent management

As they look to the future, companies will be facing many HR challenges including potential skills shortages, demographic change, and the need continually to develop their staff to manage technological progress. Against this backdrop, the concept of 'future of talent management' means the measures that companies introduce and the efforts they make to meet their ongoing future staffing requirements. From the perspective of a Board of Directors, this involves consider-

ing issues such as identifying and recruiting highly skilled staff and maintaining their loyalty to the company, ensuring succession planning, and monitoring the composition of the senior management team. (The composition of Boards themselves is also an issue, of course, but one that we are not addressing here, as it was the focus of swissVR Monitor I/2018.)

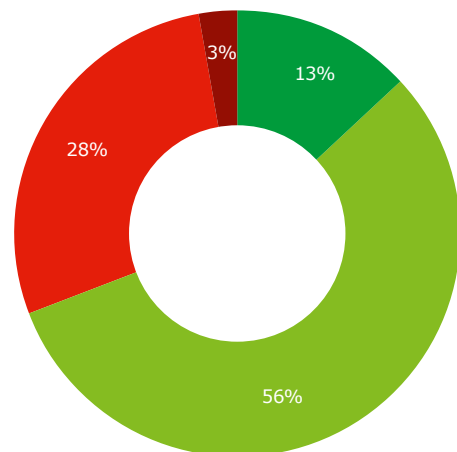
Success factors in the future of talent management

More than two-thirds of Board members (69%) believe their **company is equipped to tackle the future challenges of talent management** (see Chart 3). The companies that these Board members represent are likely to be better equipped than others with respect to the following talent management success factors:

- regular discussion of fundamental aspects of HR policy and trends in human resource management
- robust specialist expertise in talent management
- systematic management of talent-related risks
- appropriate investment of time in talent management
- a talent management strategy that sets out appropriate ambitions and goals.

Chart 3. Readiness for future of talent management

Question: Please rate the following statements on future of talent management and strategy within your company.



We believe our company is equipped to tackle the future challenges of talent management.

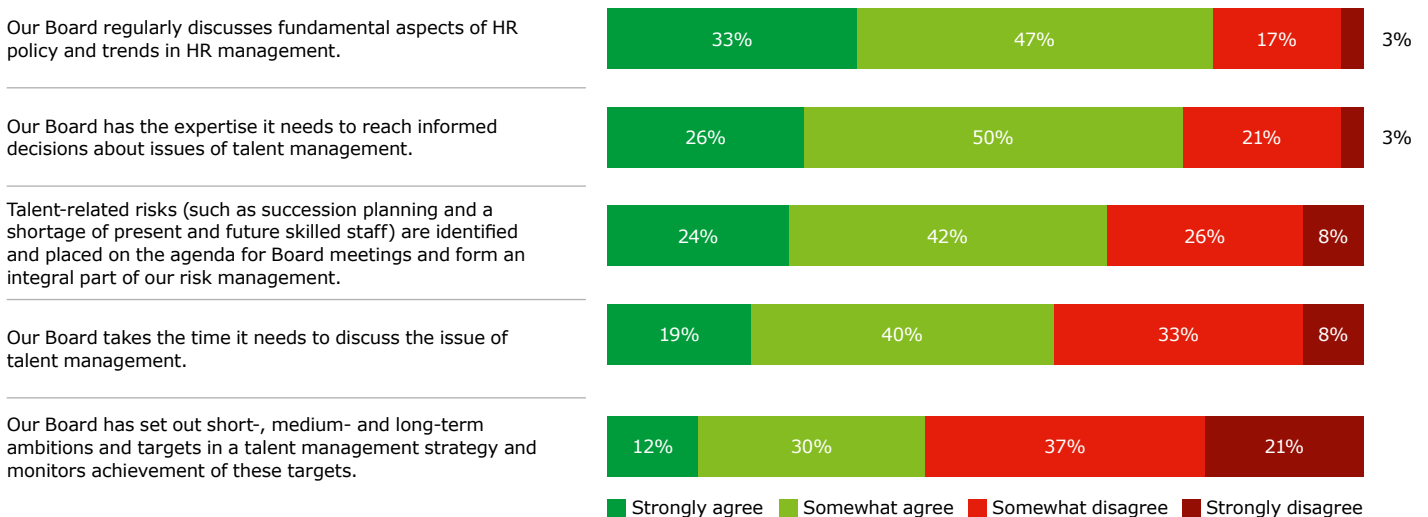
- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

One success factor in the future of talent management is regular Board discussion of fundamental aspects of **human resource policy** and **trends in human resource management**. Eight out of ten Board members (80%) strongly agree or somewhat agree that their Board does this (33% and 47% respectively) (see Chart 4). Three-quarters (76%) strongly agree or somewhat agree that their Board has the **expertise it needs to reach informed decisions about issues of talent management**. And two-thirds of Board members (66%) strongly agree or somewhat agree that **talent-related risks, such as succession planning and a shortage of present and future skills staff**, are identified and placed on the agenda for Board meetings, and form an integral part

of the company's risk management. Board members in the pharma, life sciences, medtech and health sector are most likely to agree (an above-average 76% of respondents from this sector). Three-fifths (59%) strongly agree or somewhat agree that the Board **takes the time it needs** to discuss the issue of talent management. Two-fifths (41%) strongly disagree or somewhat disagree, however, so there is clearly room for improvement on this issue. The area requiring greatest improvement appears to be **talent management strategy**. Just 42% of Board members surveyed strongly agree or somewhat agree that their Board has set out short-, medium- and long-term ambitions and targets in a talent management strategy, and monitors achievement of these targets.

Chart 4. Success factors in the future of talent management

Question: Please rate the following statements on future of talent management and strategy within your company.



Room for improvement and planned talent management measures

Although a majority of Board members believe their company is equipped to tackle the future challenges of talent management, they also see room for improvement (see Chart 5). Around 90% of Board members rate the need to **identify and promote internal talent**, to **provide initial and continuing training and skills development for their employees**, and to **recruit highly skilled staff** as being of high or fairly high urgency. These responses show that Board members take seriously the challenges outlined above of a potential skills shortage, demographic change and the need for lifelong learning. Three in five Board members (59%) therefore believe their company will find it difficult to recruit highly skilled employees in future.

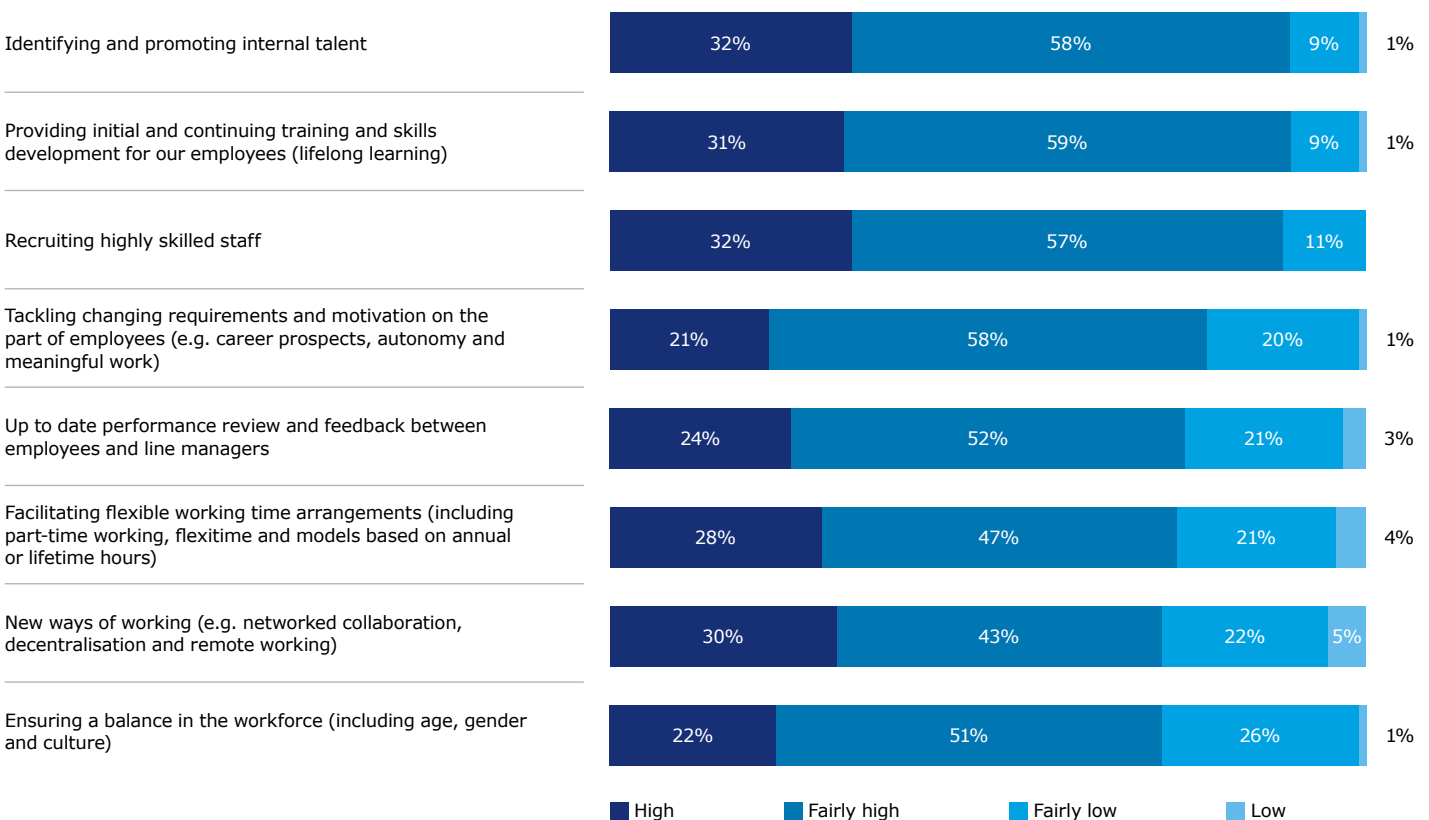
Slightly fewer Board members rate the urgency of other aspects of talent management as high or fairly high. Such aspects include **tackling changing requirements and**

motivation on the part of employees (79% of Board members), ensuring **up to date performance reviews and feedback between employees and line managers** (76%), negotiating **flexible working time arrangements** (75%), and **new ways of working** (73%). Board members in the financial services industry are particularly likely to rate the latter two aspects as highly urgent. In addition, three-quarters (73%) of those surveyed believe that it is highly urgent or fairly urgent that companies should aim for a **balance in the workforce** in terms of age, gender and culture.

It should be noted that for all the aspects of talent management listed, only between 21% and 32% of Board members believe action is highly urgent. Between 43 and 59% of Board members rate the urgency only as fairly high, however, suggesting that there is not universal recognition of this as an urgent issue.

Chart 5. Future urgency in talent management

Question: How do you rate the future urgency of the following aspects of talent management from your company's perspective?



A similarly differentiated picture emerges in relation to Board members' rating of the possible future trends and planned measures in the company's talent management (see Chart 6). 87% of Board members strongly agree or somewhat agree with the statement that the company will **strengthen employees' sense of responsibility and rewards entrepreneurial thinking** (28% and 59% respectively). A similarly high proportion also strongly agree or somewhat agree with statements relating to **enhancing employees' technological skills and digital competencies** (83%) and **taking further initiatives to ensure employees are open to change, are agile and resilient** (82%). This is further evidence that Board members believe a future skills shortage is possible and assume that the pace of technological change will continue. Their responses therefore indicate that they prioritise the development of employees' competencies, skills and attitudes.

The larger the company, the more likely Board members are to agree that their company will enhance employees' technological skills and digital competencies. One reason for this may be that large companies usually have a wider-ranging technological infrastructure, such as an intranet, company-specific software and security technology, that undergoes ongoing development and with which all employees have to be familiar. Another reason may be that large companies are more likely to have a culture of continuing training and the resources to invest in training and promoting their staff.

Board members are rather less likely to strongly agree or somewhat agree that their company will **reflect the changing requirements of younger employees** (73%) and **scrutinise existing employee incentive systems and supplement them with new incentives** (67%).

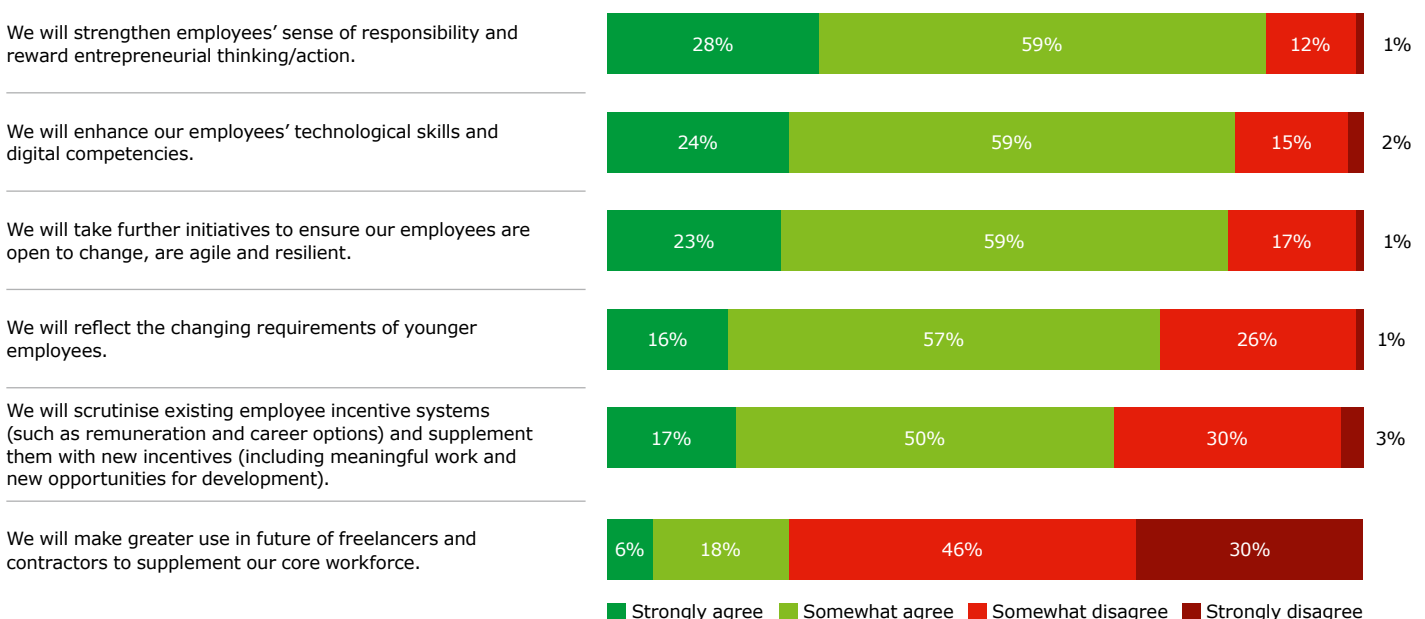
Important managerial competencies

While talent management is an important issue for the workforce in general, it is particularly critical for senior management. The survey therefore asked Board members to identify the five managerial competencies (from a list of 11) that will be important to their company in future (see Chart 7). The most frequently cited, with 66% of all responses, is **commu-**

nication skills and persuasiveness. Skills in this area are also cited in many other surveys of managers and leaders because communication forms the basis for leading staff and managing other hierarchical levels and stakeholders. Other managerial competencies rated as particularly important to the company in future are **strategic thinking** (60%), **agility**

Chart 6. Planned measures in talent management

Question: Please rate the following statements on future trends in staffing in your company.



and flexibility (58%), willingness to take responsibility (56%) and teamworking skills (55%). Board members in the construction and real estate sector are more likely than the average to rate teamworking skills as an important managerial competence (71% of Board members from this sector cited teamworking skills), which may reflect the fact that construction projects are relatively complex undertakings involving many parties and individuals.

As our analysis shows, fewer than half of all Board members (45%) rate **specialist expertise and experience** as one of the most important managerial competencies. This suggests that soft skills, such as communication skills, agility and teamworking, are seen as more crucial managerial competencies. It may also be the case that specialist expertise and experience are taken for granted as managerial competencies and that managerial positions require a more generalist and wide-ranging outlook.

Just two out of five Board members rate **openness and transparency** and **reflectiveness and critical abilities** as a particularly important managerial competency (41% and

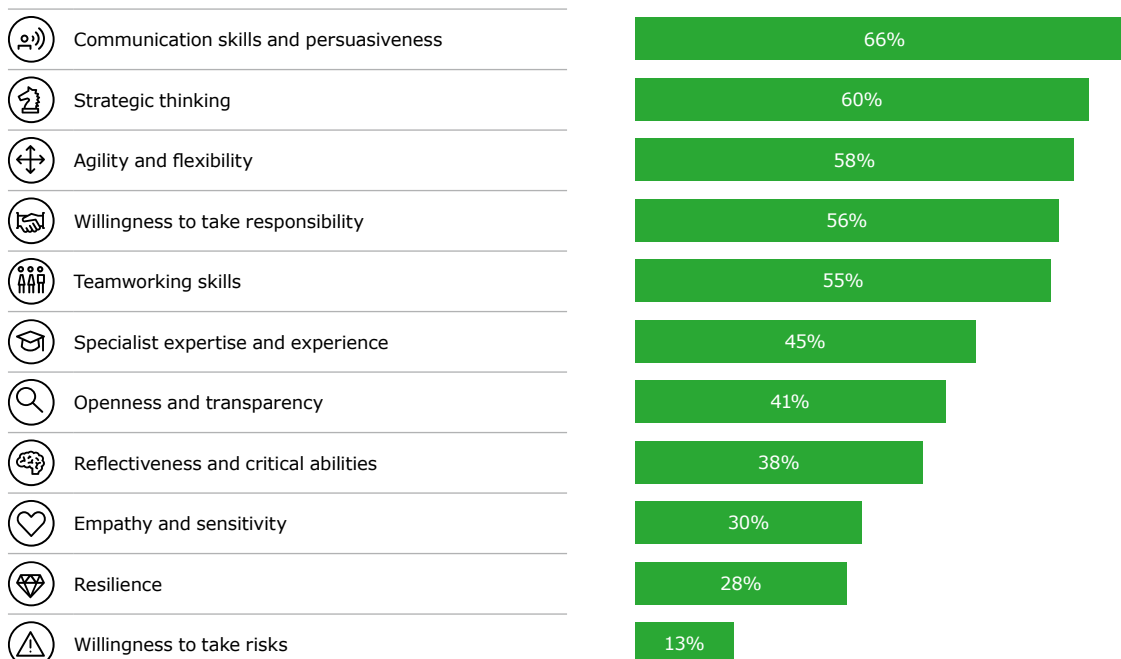
38% respectively). However, it is notable that reflectiveness and critical abilities are among the competencies rated most highly by Board members from the corporate services and information and communications technology sectors (56% of Board members in both cases).

Even lower down the list of the most important managerial competencies come **empathy and sensitivity (30%)** and **resilience (28%)**. It is notable, however, that resilience is cited by 52% of Board members in the tourism and hospitality sectors, twice the average of 28%, as one of the most important future managerial competencies.

Just 13% of Board members cite **willingness to take risks** as an important future managerial competency. This finding is difficult to interpret. It may be the result of the current challenging economic conditions in which companies and their management seek to avoid risk as far as possible. Boards may also see managers who take excessive risk as a problem. The crucial ability of all managers to seize opportunities and to take decisions involving a certain amount of risk is clearly not equated with 'willingness to take risks'.

Chart 7. Managerial competencies

Question: Which of the following managerial competencies (particularly on the part of members of the senior management team) will be important to your company in future? [Please select up to 5 competencies].



Future of talent management at senior management level

Board members also see room for improvement in talent management at senior management level (see Chart 8). Board members are most likely to strongly agree or somewhat agree that their company will in future pay greater attention to **ensuring that management team personalities fit well together and work effectively as a team** (87%). This aspect underlines the importance of the team-working skills alluded to above, which are one of the most crucial managerial competencies and underpin current moves towards 'shared leadership' in companies.

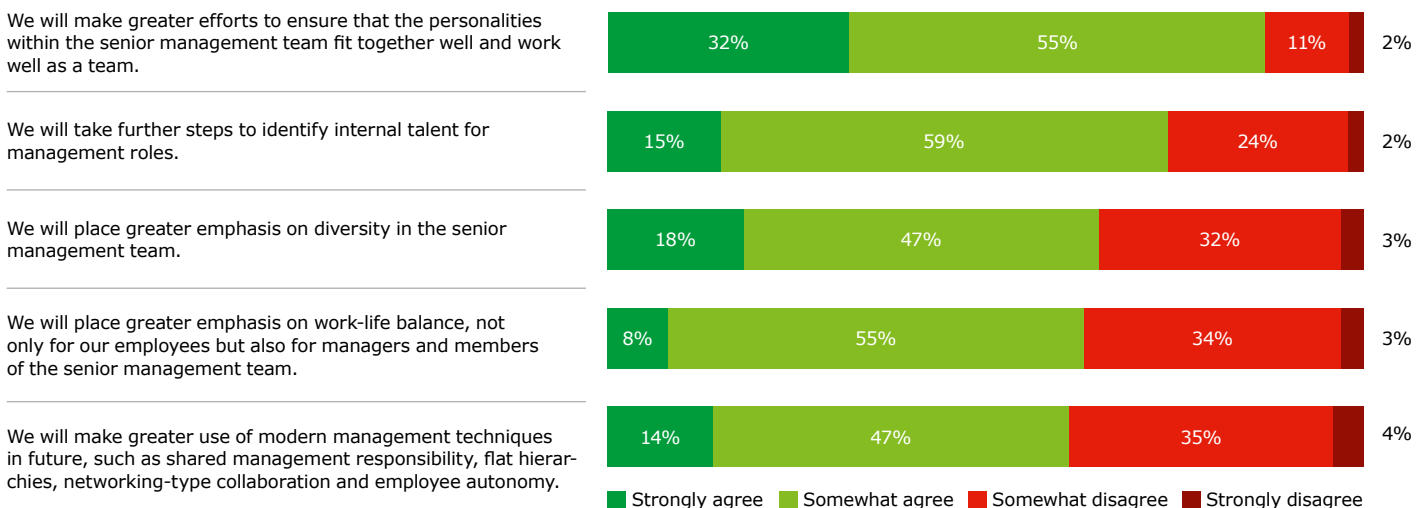
74% of Board members strongly agree or somewhat agree with the statement that their company attaches importance to **identifying and promoting internal talent**. This proportion is particularly high in the construction and real estate sector (94%). Identifying and promoting talent not just among the workforce (see line 1 of Chart 5) but also within the senior management team is an important component of talent management. One reason for this is the potential shortage of skilled staff and managers. However, the advantages of promoting outstanding staff internally and training them rather than engaging in lengthy and uncertain external recruitment procedures are also evident.

A majority of Board members strongly agree or somewhat agree with the other three statements in Chart 8 on the future of the senior management team. The debate across society about diversity, including at the most senior level within companies, means that two-thirds of Board members (65%) strongly agree or somewhat agree that their company will in future **place greater emphasis on diversity within the senior management team**. Diversity may relate to a number of characteristics of senior management team members, including gender, age and culture. Board members in the financial services sector are more likely than the average to agree (83%), while those in the construction and real estate sector are less likely than the average to agree (57%).

Slightly fewer Board members agree with statements about **work-life balance for members of the senior management team** and **making greater use of modern management techniques** including shared management responsibility, flat hierarchies and flexible networking structures (63% and 61% respectively).

Chart 8. Future urgency at management level

Question: Please rate the following statements on the future of the senior management team in your company.



Structural and strategic issues facing the Board of Directors

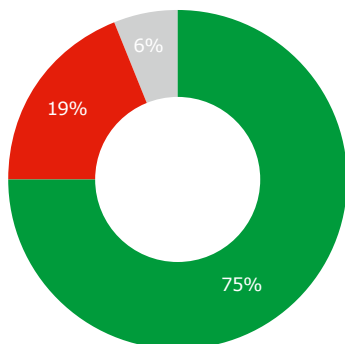
Agreed targets and feedback discussions with the senior management team

As well as questions on the focus topic of future of talent management, this issue of swissVR Monitor also asked the Board members participating in the survey about a number of structural and strategic issues. One corporate governance theme is agreed targets and feedback discussions with the senior management team. Good communication between the Board of Directors and senior management or between the President of the Board and the CEO is a key success factor. Such communication often takes place on an ad hoc basis or as part of regular meetings. However, it may also be helpful to arrange periodic formal feedback discussions at which participants both look back and set targets for the future.

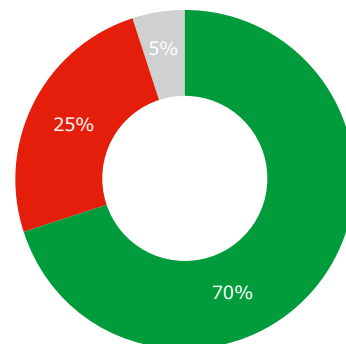
As the survey findings show, three-quarters (75%) of Board members report that the **President of the Board agrees targets with the CEO and regularly holds feedback discussions with him/her** (see Chart 9). Only one in five (19%) Board members said that this was not the case. It is evident that both informal exchanges and formal target agreements and feedback discussions between the Board of Directors and the senior management team, are considered routine.

Chart 9. Agreed targets and feedback discussions with management

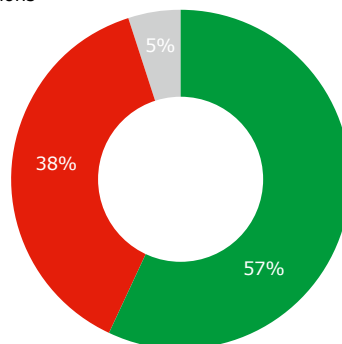
Question: Do the following statements on agreed targets and feedback discussions with the senior management team apply to your company?



The President of the Board of Directors agrees targets with the CEO and regularly holds feedback discussions with him/her.



The Board is informed of the agreed targets and of feedback discussions with the CEO.



The Board is informed of the agreed targets and of feedback discussions held between the CEO and other members of the senior management team.

■ Yes
 ■ No
 ■ I do not know

In 70% of cases, the **Board is informed of the agreed targets and feedback discussions with the CEO**. This shows that agreed targets and feedback discussions with the senior management team form an integral part of the leadership process at Board level. Agreements between the President of the Board and CEO are probably more binding as a result.

This applies also to **agreed targets and feedback discussions between the CEO and other members of the senior management team**. More than half the Board members surveyed (57%) report that the Board is informed of the discussions and targets agreed, so there is some room for improvement in this area.

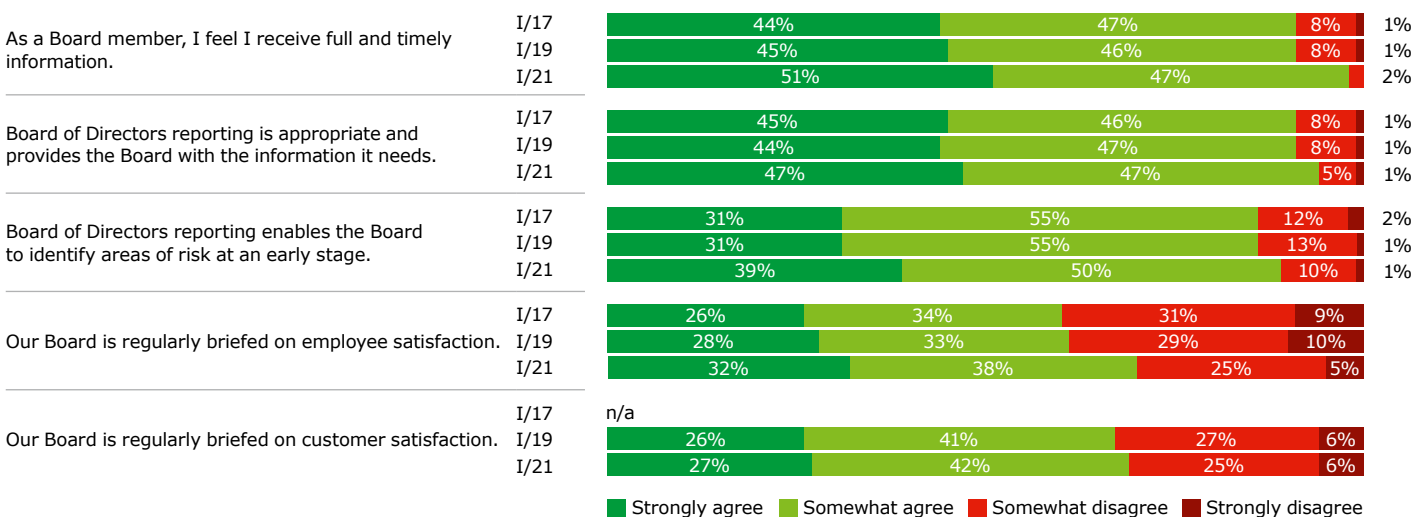
Information and reporting to the Board of Directors

This issue of swissVR Monitor again rates the quality of reporting to the Board of Directors (the issue was previously surveyed in 2017 and again in 2019). Overall, it is clear that the Board members surveyed are mostly satisfied with reporting from the senior management team (see Chart 10). 98% strongly agree or somewhat agree that they **receive full and timely information**, 94% that **Board of Directors reporting is appropriate and provides the Board with the information it needs**, and 89% that reporting to the Board enables it to **identify areas of risk at an early stage**. The figures for regular briefing on **employee satisfaction** and **customer satisfaction** are somewhat lower, at 70% and 69% respectively. As the survey findings show, there is a correlation with company size: Board members in larger companies are more likely to give higher ratings to the information and reporting their Board receives.

Compared with swissVR Monitor I/2017 and I/2019, Board members surveyed consistently rate reporting to the Board more positively. The proportion of respondents strongly agreeing is also higher than in 2017 and 2019 (the dark green bands in Chart 10). A higher proportion than in 2017 strongly agree or somewhat agree (dark green and light green bands) that their Board **receives full and timely information**, is able to use reporting to **identify areas of risk at an early stage** and is regularly briefed on **employee satisfaction**: these figures are 7, 3 and 10 percentage points higher, respectively, in 2021 than in 2017. This more positive rating compared with early surveys may be attributed among other things to the fact that over recent years, Boards have become increasingly professionalised and are now more proactive in requiring targeted reporting from senior management.

Chart 10. Information and Reporting to the Board of Directors

Question: Please rate the following statements.



Strategy and corporate goals for the Board of Directors

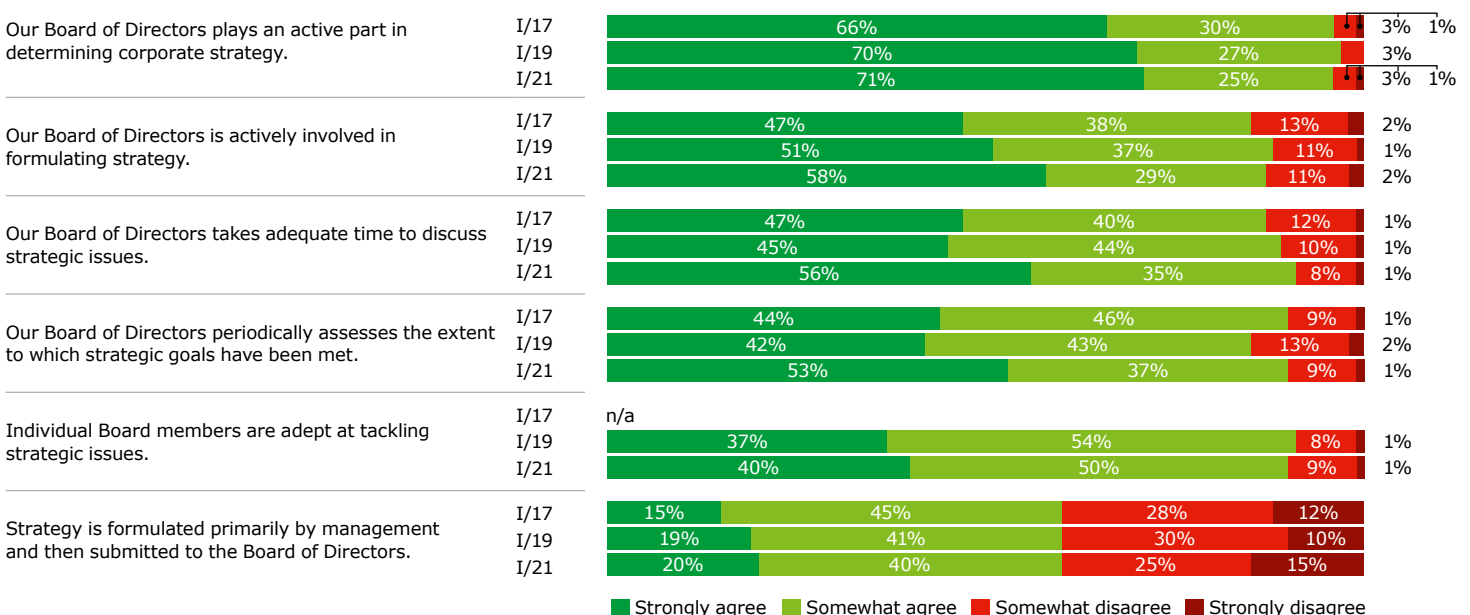
Formulating corporate strategy and top-level corporate goals are core responsibilities for a Board of Directors. As the survey shows (see Chart 11), virtually all Board members (96%) strongly agree or somewhat agree that their Board is **actively involved in determining corporate strategy** (71% and 25% respectively). Agreement with other statements is only slightly lower, although the proportion of respondents strongly agreeing is considerably lower and may indicate certain concerns. The overwhelming majority consider that the Board of Directors is **actively involved in formulating strategy** (87%), that the Board **takes adequate time to discuss strategic issues** (91%) and that individual Board members are **adept at tackling strategic issues** (90%).

Nine out of ten Board members (90%) report that their Board **periodically assesses the extent to which strategic goals have been met**. The larger the company, the more likely this is to be the case. One explanation for this finding may be that large companies – and their Boards – put strategy monitoring on a more formalised footing than small companies.

As with information and reporting, comparison with swissVR Monitor I/2017 and I/2019 shows a small improvement in relation to the Board’s involvement in corporate strategy. It is notable that the proportion of Board members indicating strong agreement with the statements listed here is higher than in the two previous surveys. Compared with 2017, this proportion (the dark green band in Chart 11) is markedly higher: up 11 percentage points in terms of active involvement in formulating strategy, up 9 percentage points in terms of the Board taking the time it needs to discuss strategic issues, and up 9 percentage points in terms of monitoring achievement of targets. As with information and reporting to the Board, one possible explanation for the difference may be that Boards have become markedly more professional and are consciously spending more of their time on strategic issues.

Chart 11. Corporate strategy and corporate goals

Question: Please rate the following statements.



Key issues for the Board of Directors

As part of their mandate, Board members address a very wide range of issues, from strategy, organisation and processes to human resources, compliance and risk (see Chart 12). The most important issues that Boards have had to tackle over the **last 12 months** includes **formulating a new corporate strategy** (38% of Board members) and **digitalisation/robotics/automation** (also 38%). Board members from the financial services sector are more likely than the average to stress the importance of digitalisation (54%), reflecting the significance of digital and technological systems to this sector. **Compliance** is the issue that has risen most rapidly up the rankings (up 7 places), and here, too, Board members in the financial services industry are more likely than the average to cite this issue (49%).

Over the **next 12 months**, alongside the important issues mentioned above, Board members rate **improving efficiency/optimising internal processes** and **go-to-market issues** as the most important: these issues rank first and fourth, respectively over the next 12 months. Board members in the tourism and hospitality sectors are particularly likely to regard go-to-market issues as one of the most important over the next 12 months (67% of Board members). Improving efficiency/optimising internal processes and go-to-market issues are likely to have been influenced by the ongoing pandemic and the economic uncertainty it has created. In such a situation, companies will have to focus increasingly on cost efficiency and finding new sales strategies.

Chart 12. Key issues for the Board of Directors

Questions: What have been the most important issues that your Board of Directors has had to tackle over the last 12 months?
In your view, what will be the most important issues that your Board of Directors will have to tackle over the next 12 months?

| | Rank I/2021 | | Rank II/2020 | | Next 12 months | Issues |
|--|-------------|---|--------------|--|----------------|---|
|  | 1 (38%) |  | 4 (30%) | | 8 (22%) | Formulating a new corporate strategy |
|  | 1 (38%) |  | 1 (38%) | | 2 (37%) | Digitalisation / robotics / automation |
|  | 3 (32%) |  | 5 (26%) | | 3 (35%) | Responding to market developments / behaviour of competitors |
|  | 4 (30%) |  | 2 (36%) | | 1 (39%) | Improving efficiency / optimising internal processes |
|  | 4 (30%) |  | 3 (32%) | | 6 (25%) | Risk management |
|  | 6 (28%) |  | 5 (26%) | | 10 (20%) | HR challenges at management level |
|  | 7 (25%) |  | 11 (20%) | | 4 (31%) | Go-to-market issues (marketing and sales strategy) |
|  | 8 (23%) |  | 15 (14%) | | 13 (16%) | Compliance (with legislation and internal codes of conduct) |
|  | 9 (22%) |  | 7 (22%) | | 12 (17%) | Corporate transactions (acquisitions, cooperation arrangements and mergers) |
|  | 10 (18%) |  | 13 (16%) | | 17 (12%) | Company level restructuring / reorganisation |



Strategy



Organisation & processes



HR



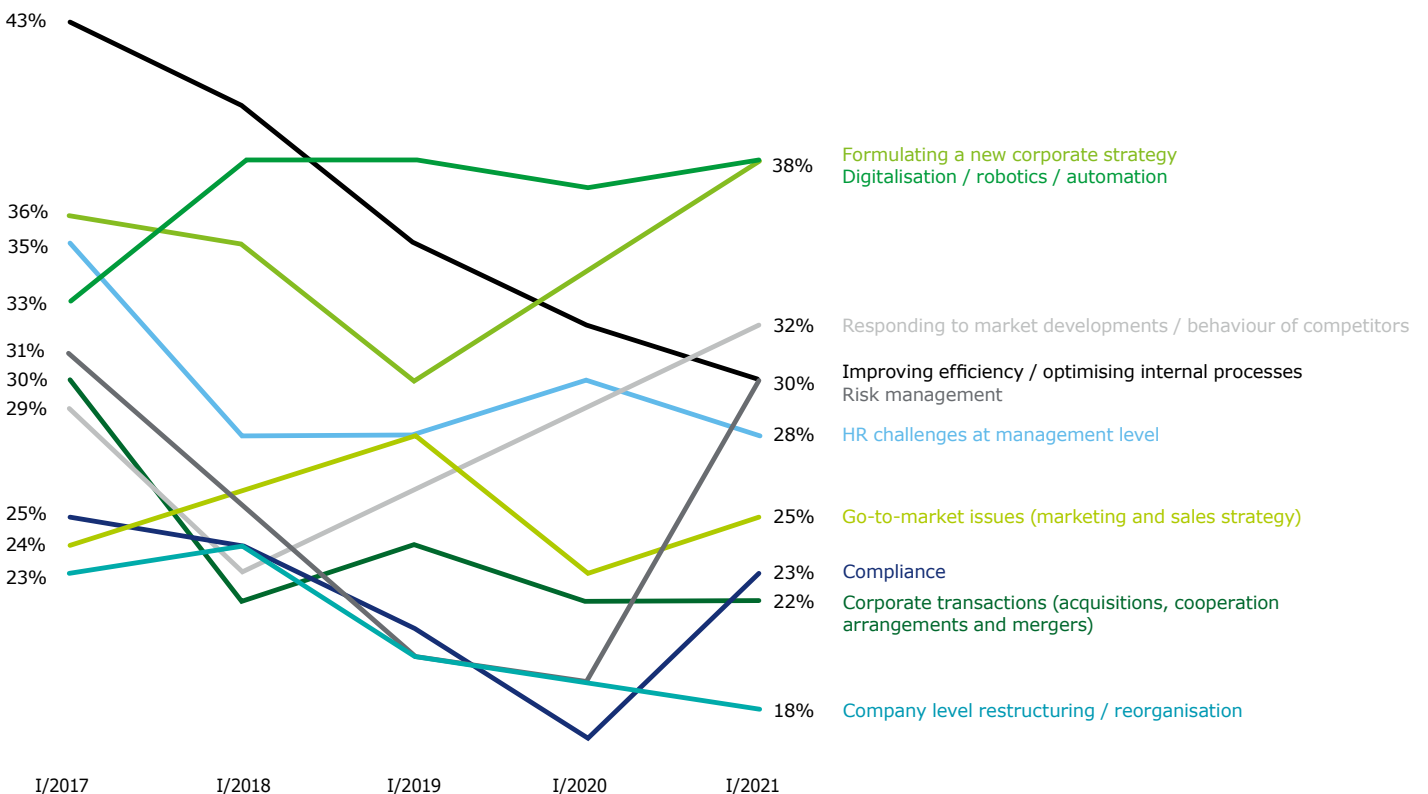
Compliance & risk

Over recent years, Board members have consistently identified **formulating a new corporate strategy** and **digitalisation/robotics/automation** as the top two issues facing their Board (see Chart 13). These issues are directly related: a new corporate strategy often explicitly focuses on or is based on digitalisation. The major change over the period is with the issue of improving efficiency/optimising internal processes, which has now slipped further down the list of Board priorities than any other issue. The other issues in the list either gain or lose importance relative to each other over time, suggesting that Board members have frequently had to switch their focus to many different issues, depending on their company's situation and changes in its operating environment.

Chart 13. Key issues for the Board of Directors

Question: What have been the most important issues that your Board of Directors has had to tackle over the last 12 months?

Note: Figure contains only a selection of the most important / frequently mentioned issues for the Board of Directors.



Interviews

The Board of Directors' role in talent management

Jean-Christophe Deslarzes, Chairman of the Board of Directors of Adecco Group

"At its meetings, the Board of Directors must challenge management to make sure that the right people are in place today as well as going forward. This discussion must be just as thorough as on financial figures because, at the end of the day, people will deliver the financial results and not the other way around!"



Jean-Christophe Deslarzes was appointed Chairman of the Board of Directors (BoD) of the Adecco Group in April 2020, having joined the BoD five years previously. He was also Chairman of the BoD of ABB India Ltd. from 2018 to 2021 and has been a Special Advisor of the BoD of Constellium since January 2021. He began

his career in 1991 as a tax and legal consultant at Arthur Andersen in Switzerland. From 1994 to 2010, he worked at Rio Tinto and its predecessor companies, Alcan and Alusuisse in Europe and Canada, amongst others as Senior Vice President Human Resources and member of the Executive Committee of Alcan Group as well as President and CEO, Aluminium Downstream Businesses, Rio Tinto. He then served as Chief Human Resources Officer and member of the Executive Committee of Carrefour Group, based in France (from 2010 to 2013) and of ABB Group, based in Switzerland (from 2013 to 2019).

swissVR Monitor: As a Board member what do you see as the greatest strategic challenges facing management teams with respect to talent management in the future?

Jean-Christophe Deslarzes: One of the biggest challenges I see is to build a purpose-led team fit for the future. The purpose, strategy and values must be clearly set, resulting in the corresponding leadership competencies either through in-house development or external resources. If this is done in a thorough manner, the company will have the right capabilities to execute its strategy successfully.

At the Adecco Group, for example, we have identified six critical leadership competencies that allow us to successfully define and implement our new Future@Work strategy. Let me give you three examples as follows:

First, strategic planning and judgment, i.e. leaders need to be able to define high-impact strategies, display a strong analytical mind and foster an environment of creative problem solving. Second, leaders need to drive financial results and innovation with a clear focus on customers and candidates, ultimately to deliver the best results. As part of that, it is important to create a safe environment for appropriate risk-taking and creativity. And third, enthusiastic leadership of teams. We are looking for well-rounded, global citizens who establish diverse, high-performing teams with a strong sense of engagement and corporate culture.

Essentially, we want to foster a respectful, trustworthy, collaborative environment as well as an authentic leadership style. The ability to challenge yourself, learn from mistakes and adapt is key. This is not only a management responsibility. The Board of Directors must ensure that management has the means to execute the strategy long term and, consequently, supervise people reviews and succession planning of (at least) the executive committee as well as other senior key roles.

Ultimately, having a strong purpose and corresponding values will define and nurture a company's culture. The leadership competencies and behaviours exemplifying the values 'in action' are a key ingredient for the corporate culture and should not merely remain nice words on glossy paper.

swissVR Monitor: To what extent has the COVID-19 crisis influenced your company's talent management strategy?

Jean-Christophe Deslarzes: As a result of the COVID crisis, employee expectations towards their leaders have changed and leadership has adapted. The crisis has not only ravaged economies around the world, destroying millions of jobs, but also left people vulnerable and battling anxiety, isolation and sometimes depression. This is the reason why emotional intelligence and empathy have become even more important leadership attributes than before. With many people being forced to work from home, sometimes alone for weeks, leaders must move even closer to their teams and ensure their wellbeing. This must start with the CEO, having frequent video calls with the core team, clients and other stakeholders.

Last year proved that the companies that previously heavily invested in their digital capabilities have been in a position to function more efficiently in a virtual world. This has been the case at the Adecco Group including all the stages involved in the sourcing and onboarding of candidates, which is crucial for our business continuity. Technology has become a great enabler, providing employees and candidates with the tools to remain emotionally and socially connected even while not working physically together every day.

The crisis has also resulted in the need for continuous up- and reskilling, in particular of digital capabilities. It is a huge opportunity for individuals to learn and adapt, as well as continuously challenge themselves in a rapidly changing work environment.

I would not say that the above fundamentally changed the Adecco Group's talent management strategy, but it has accelerated and/or enhanced parts of the existing strategy.

swissVR Monitor: Which competencies do you see as being most crucial for managers in future in terms of successful corporate management?

Jean-Christophe Deslarzes: Many of the critical leadership competencies will remain the same as in the past. We should be careful not to throw the baby out with the bathwater; not everything is changing or will change in terms of leadership capabilities. However, the COVID crisis has undoubtedly increased the need for leaders to have soft skills, such as empathy, emotional intelligence, collaboration and creativity. In a survey we conducted last year among some 8,000 people across eight countries, including the US, the UK, Germany and France, the findings were crystal clear. Some 28% of participants stated that their mental health had suffered during the first lockdown. And only one in ten leaders exceeded expectations in supporting their teams during the crisis. This is a rather poor result.

A remote work environment requires additional skillsets from leaders. Furthermore, even before the crisis hit, we saw a huge demand for so-called STEM (Science, Technology, Engineering, Mathematics) skills. Data management, coding, cyber security and so on have been areas where companies have increased recruitment. What has since emerged is a trend towards what we can call 'STEM-PATHY', a combination of STEM skills and empathy. This could well be the recipe for success for future talent as well as leaders in many post-crisis jobs.

swissVR Monitor: What will be the most important aspects of succession planning for the management team in future?

Jean-Christophe Deslarzes: Although the Board of Directors should (at the minimum) focus on the executive committee (EC) level and critical positions, any solid succession planning starts well below the EC level. At the Adecco Group, we want people to be able to grow through the ranks, foster talent, encourage the younger generation and promote diversity.

This means that people's reviews and succession planning must start at the operational team level. We then 'move up' the organisational ladder and identify successors for leaders throughout the organisation. All key leaders need at least three potential successors, taking diversity including gender into account.

At the Adecco Group, we've set ourselves ambitious targets: 50/50 gender parity throughout our top 300 leaders, by 2030 at the latest. At the same time, we are committed to creating a positive, respectful and inclusive work environment for all stakeholders around the world.

In other words, we want to empower people right across the organisation, give them a vision for their careers and mentor them throughout the process: ultimately that makes us all stronger.

swissVR Monitor: And what will be the most important aspects of succession planning for the management team in future?

Jean-Christophe Deslarzes: Not only the 'what' counts, but the 'how' is equally important. In other words, leaders must achieve their targets, but HOW these are achieved is critical, i.e. with the identified leadership competencies (that are coupled to the values). As we know "culture eats strategy for breakfast" and companies that are only focused on their short-term results, without nurturing their culture through sound leadership, will not be successful in a sustainable manner. These principles have been reinforced by the COVID crisis and the right leadership behaviours have gained even more importance and must, thus, be appropriately assessed.

Our survey also showed that there is a need for a new productivity measure. People want contracts based on impact, not hours worked. In a sense, the 9-5 model of work is dead, with more than two-thirds of employees and employers see-

ing clear benefits of a hybrid work model. An approximate 50/50 mix of office-based and remote work is likely to prevail in future and this means that – where still in place – traditional performance evaluation systems will have to be revisited, including the additional required leadership competencies that I already addressed.

swissVR Monitor: How can the Board of Directors help ensure that talent management is tackled in a forward-looking way and that risks to the company are minimised?

Jean-Christophe Deslarzes: The Board of Directors' key role is to set the purpose and strategy for the long term and make sure that it is executed successfully in order to drive shareholder value. Yet, a successful execution will only be possible with the right people in place, i.e. the people who are equipped to implement the strategy.

As I said earlier, after having identified the capabilities necessary, these capabilities must be developed within the company, or else acquired. This cannot be done overnight but must be embedded in a strategic workforce planning process that the Board of Directors needs to request from management. This must be a Board of Directors' priority and, at its meetings, the Board of Directors must challenge management to make sure that the right people are in place today as well as going forward. This discussion must be just as thorough as on financial figures because, at the end of the day, people will deliver the financial results and not the other way around!

Having a winning strategy in place AND the right people to execute it rigorously will remain the two key ingredients for making companies successful in a sustainable manner.

The future of talent management

Simone Stebler, consultant at Egon Zehnder

“In uncertain times, an inclusive corporate culture is more important than ever. These days, nobody has all the answers on all the issues, and anyone in the workforce can come up with good solutions, regardless of where they are in the hierarchy or how much experience they have.”



Simone Stebler is a consultant for Egon Zehnder in Zurich. She works primarily with national and global businesses in the finance industry and specialises in Board & Executive Search and Management Development. She is an active member of the global Diversity & Inclusion and Legal Professionals practice groups.

Before joining Egon Zehnder, Simone Stebler was a lawyer with Nater Dallafor and then Bär & Karrer AG in Zurich. One focus of her work was on directors' liability. Simone Stebler has a Master's degree in law (summa cum laude) from the University of Fribourg and an LL.M. from the New York University School of Law. She is licenced to practise as a lawyer in Switzerland.

Outside work, Simone Stebler's passion is climbing and mountaineering in the Alps.

swissVR Monitor: What do you see as the greatest strategic challenges facing management teams with respect to talent management in the future?

Simone Stebler: Politically, this is a really hot topic right now, with a whole series of firsts around the world. Kamala Harris has just become the first female Vice President of the US as well as the first of black and Asian descent. Nanaia Mahuta is New Zealand's first female Minister of Foreign Affairs and the first Māori woman to hold this post. She was appointed by Prime Minister Jacinda Ardern, one of the world's youngest female heads of state. And, back in the US, Pete Buttigieg, who is openly gay, has been confirmed as secretary

of transportation. Where governments around the world lead, business should follow, not least given the many benefits of diversity, including greater innovativeness, preventing 'group-think', enhanced reputation and the advantages in terms of employer branding.

Our Global Board Diversity Tracker 2020 showed that female CEOs and CFOs are a rarity, particularly in the Swiss companies we surveyed, so Swiss Boards still have a long way to go in exploiting the potential for greater diversity and inclusivity when they think about succession planning. And it is worth Boards taking the time to think carefully about the specific advantages to their company of greater diversity and to take genuine action to realise these advantages. Where companies make the mistake of treating diversity solely as a box-ticking exercise, they miss out on creating the basis for an inclusive corporate culture.

swissVR Monitor: Which competencies do you see as being most crucial for future managers?

Simone Stebler: In uncertain times, an inclusive corporate culture is more important than ever. These days, nobody has all the answers on all the issues, and anyone in the workforce can come up with good solutions, regardless of where they are in the hierarchy or how much experience they have. So when they think about succession planning, Boards would do well not only to consider candidates' conventional competencies, such as vision and a results orientation, but also to scrutinise their team-working competencies, such as good facilitation and communication skills, a willingness to listen, and an openness to trying new things.

Future successful leaders will also need commitment to reflecting on their own performance and satisfaction in personal development. And successful managers should not just see lifelong learning as an obligation but should embrace it as an opportunity for personal growth. We are seeing a growing interest at Board level both in the further development of each member's own effectiveness in their role as a Board member, as well as in external input in the form of training sessions focused on issues such as agility and data governance.

swissVR Monitor: Which current management trends do you think are becoming increasingly important within Swiss companies?

Simone Stebler: There has recently been much discussion in Switzerland about digital ecosystems. It is important not to

see this merely as a passing trend but to acknowledge it as a permanent reality. Leaders who can speak not only to the diverse members of their own team but also to their growing and heterogeneous stakeholder ecosystems will be able to create synergies.

For digital platforms to be successful, they need a good starting point and, ideally, the perfect solution for each customer. And that solution starts with the customers themselves and should be developed using agile methods.

Agile leadership methods are going to become increasingly important, with inclusive management also crucial as a way of creating a whole that is greater than the sum of its diverse parts. Boards of Directors have an important part to play as role models for inclusive behaviour.

swissVR Monitor: What do you think represents best practice when it comes to identifying future managers?

Simone Stebler: Creating greater diversity at management level means those involved in the selection process need to become aware of their own prejudices. These prejudices often relate to characteristics such as colour, age, gender or education and career history. We show unconscious bias towards individuals who look and behave like us – and this works against diversity. Being aware of our own prejudices, tackling them honestly as part of the succession process in the selection committee and overcoming them are key factors involved in successfully identifying future leaders.

swissVR Monitor: What opportunities do you think companies have when they are recruiting new CEOs and senior managers?

Simone Stebler: Very few CEOs and senior management team members with the right skills for the future have developed their own competencies for the role or already have them when they are appointed. It's more common for future top managers to need space to grow, to have genuine sparring partners and in-house preparation.

Our CEO survey shows that just 37% of CEOs seek honest feedback on their own development from the President of their Board of Directors, while only 28% of CEOs who have been promoted internally feel well prepared for their role. So there is potential for more open, honest and constructive feedback as part of the interaction between the Board and CEO, and for CEOs to receive greater support with their

personal development throughout their time in the role. Taking on a responsible position is always like jumping in at the deep end, but with good 'swimming' training beforehand and ongoing coaching afterwards, people need not be left treading water.

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