

Board Transformation survey: Leadership in transition, how boards and directors are adapting to a post- pandemic reality

Razvan Butucaru, Partner, Financial Services &
Advisory Leader Mazars

26 January 2022



Contents

1. Methodology

2. Key findings

- Organisational value
- Business strategy and boardroom skills
- Digital transformation
- Capital and financial transformation
- ESG and organisational culture
- A practical guide for boards and leadership teams on sustainability

3. Summary

Board Transformation survey: Leadership in transition, how boards and directors are adapting to a post-pandemic reality

Senior board members and executives give their views on organisational resilience, strategy, digital transformation, capital, and financial management and ESG issues. The answers are illuminating and will help frame the transformation debate.



Full study available at [Mazars.ro](https://www.mazars.ro)

270+ respondents

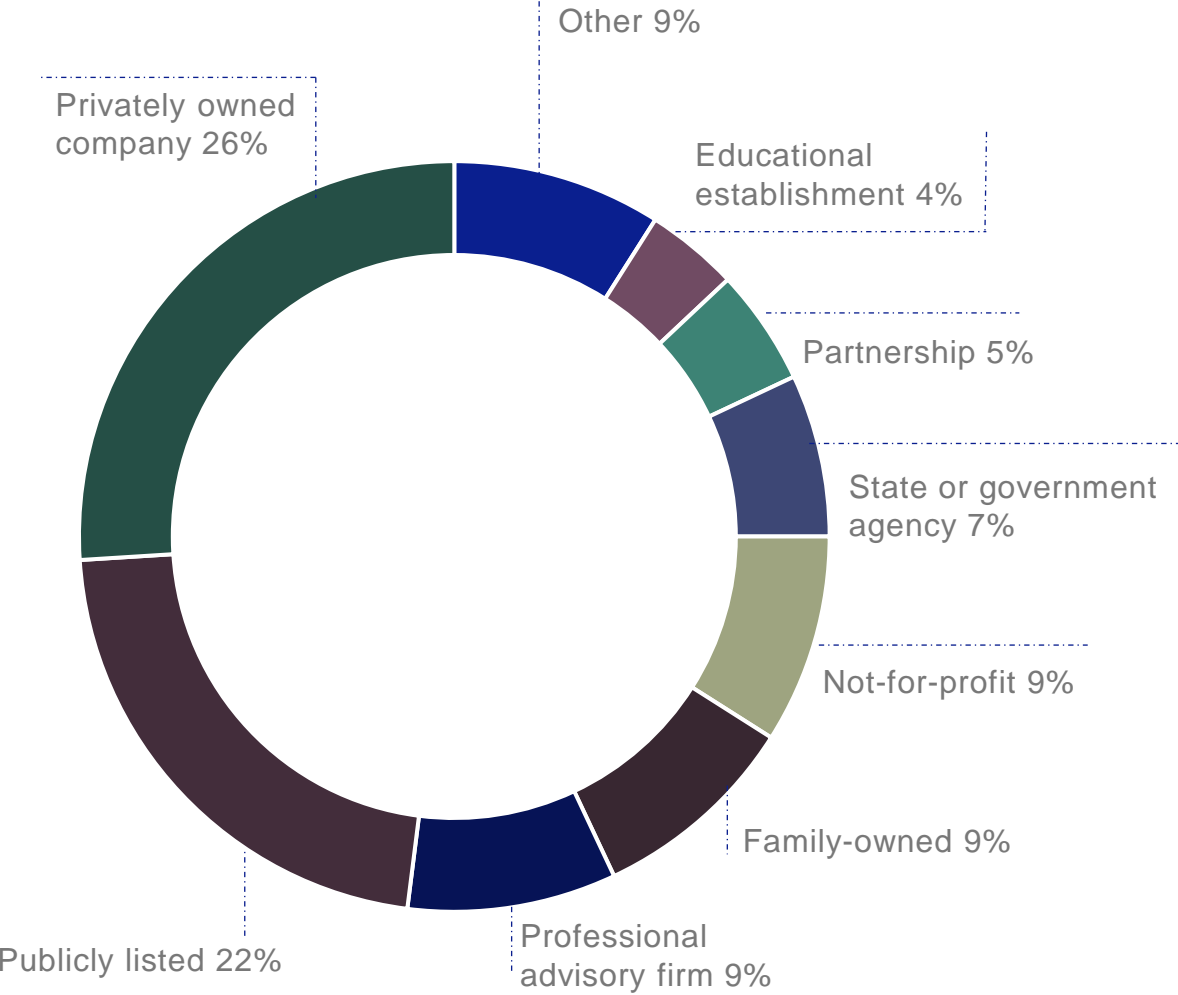
Audience: Senior business leaders, including board chairs, chief executive officers, chief financial officers, chief operating officers, chief risk officers, executive and non-executive directors, and company secretaries.

Regions: UK (43%), EU countries (16%), North America (13%), Australia & New Zealand (6%). The remaining 22% came from a wide variety of countries around the world.

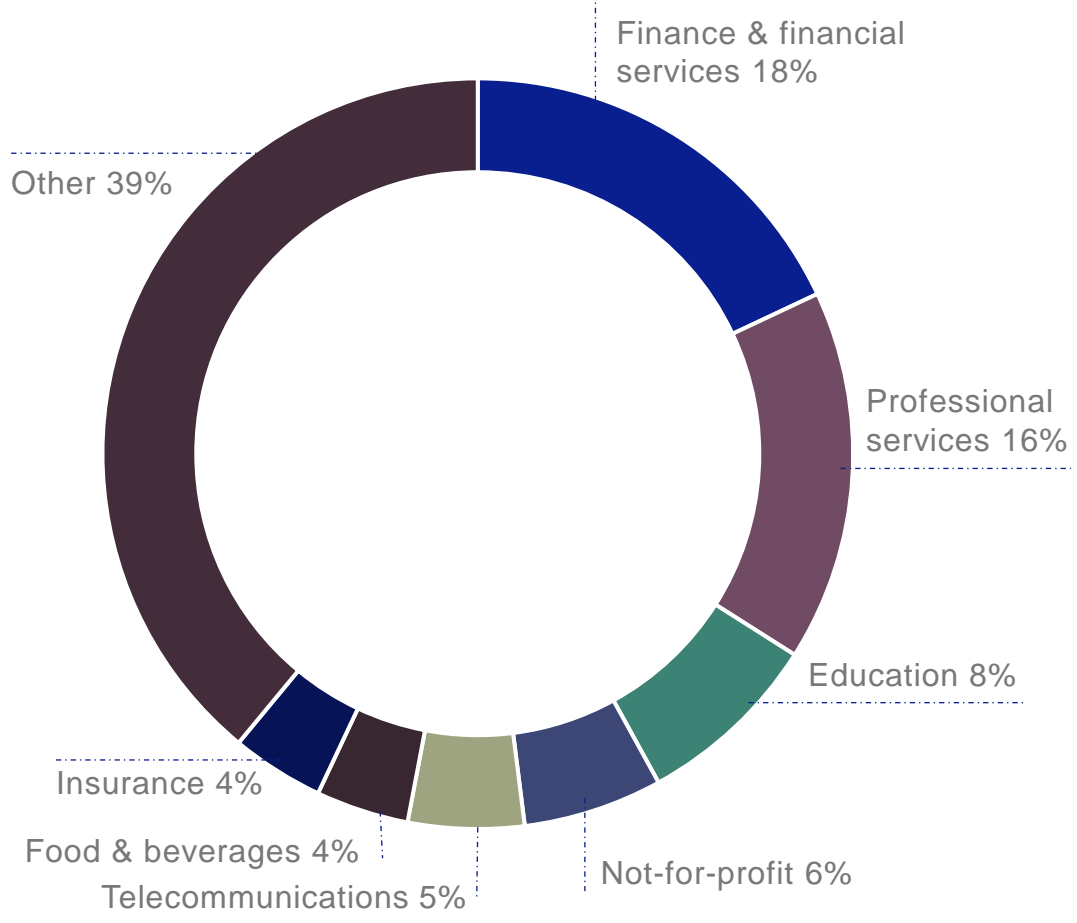
Methodology

Respondents and process

Company type



Industry



Organisational value

Organisational resilience starts from the top

Boards are clearly placing equal weight on not just the threats to the organisation, but also the opportunities that have rapidly emerged for digital transformation and other areas of innovation.

Combining risk management and innovative transformation can create a powerful force for ensuring long-term resilience and therefore the sustainability of an organisation.

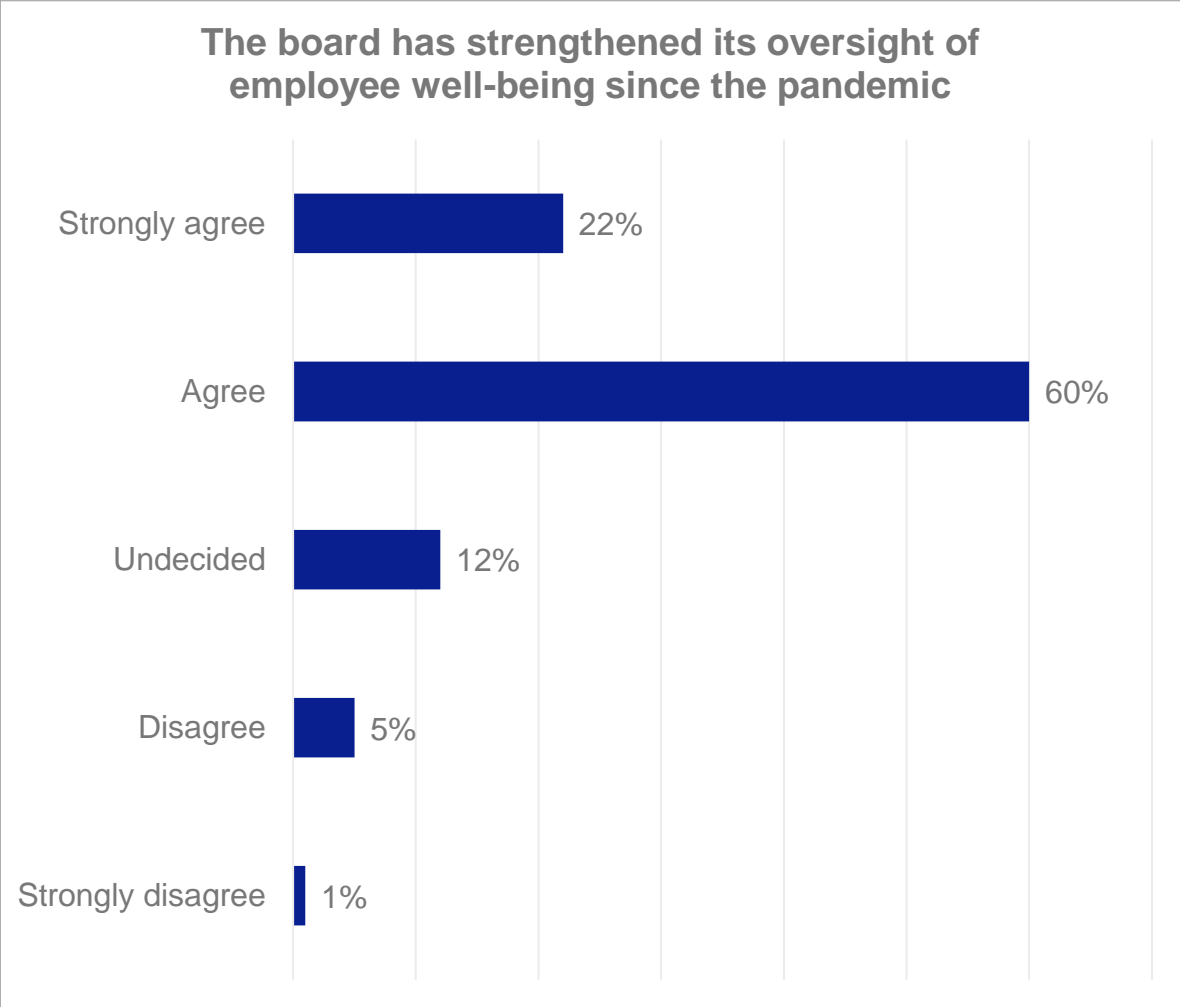


Organisational value

Employee well-being

This is **one of the most significant findings of the survey** and illustrates how much boards have shifted in their views on corporate wellbeing—observers in the past might not have expected to see such issues this high on the board agenda

“Boards must be more aware of employee sentiment and how, if negative, it can deeply impact the company.”



Business strategy and boardroom skills

New opportunities for businesses

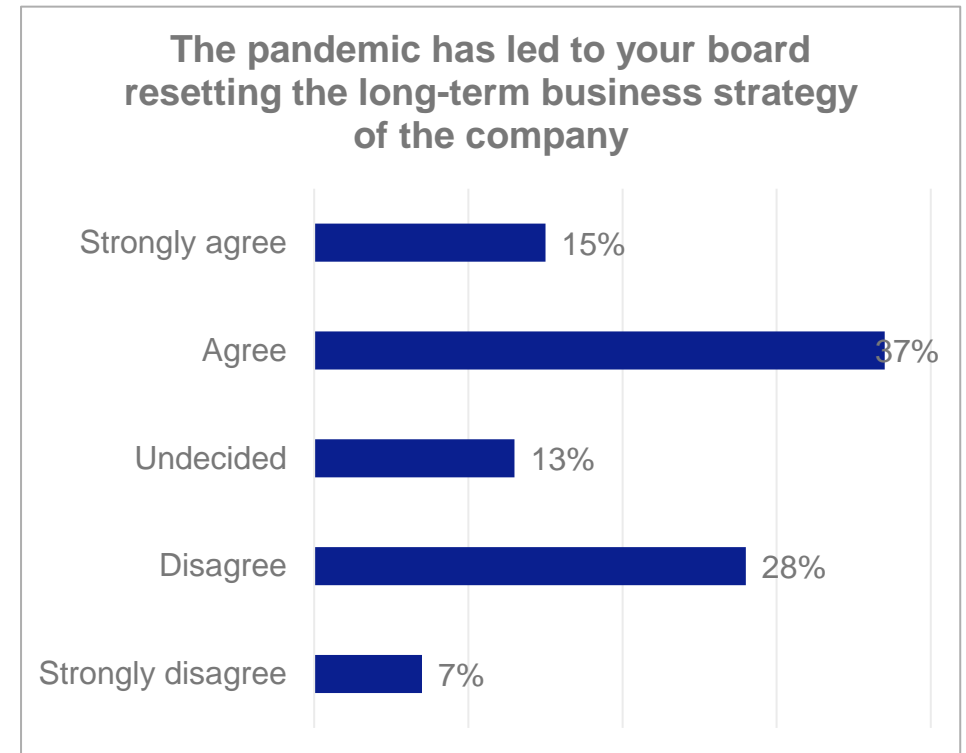
Just over half (52%) of respondents say their boards have reset their long-term business strategy, but over a third (35%) say this has not happened within their own organisation.

While many have taken the events of the past 18 months as a clear signal for the need to review strategies, there remains a significant minority that have yet to do so, or indeed see no need to do so.

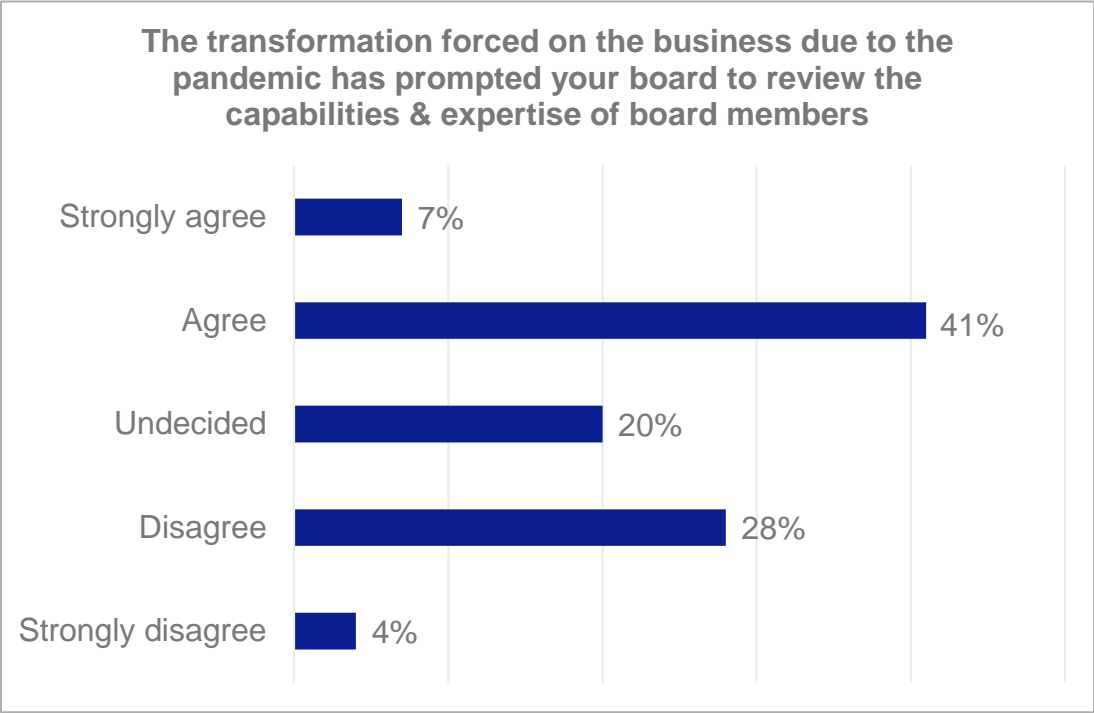
“[There is a] need to improve strategic thinking and implementation capabilities.”

Past performance during the pandemic should not be mistaken for future success. The business landscape has materially shifted, and it is highly likely that this will continue.

Competitors are reviewing their strategies to take these shifts into account, seizing new opportunities, so all boards should be reviewing their strategies.

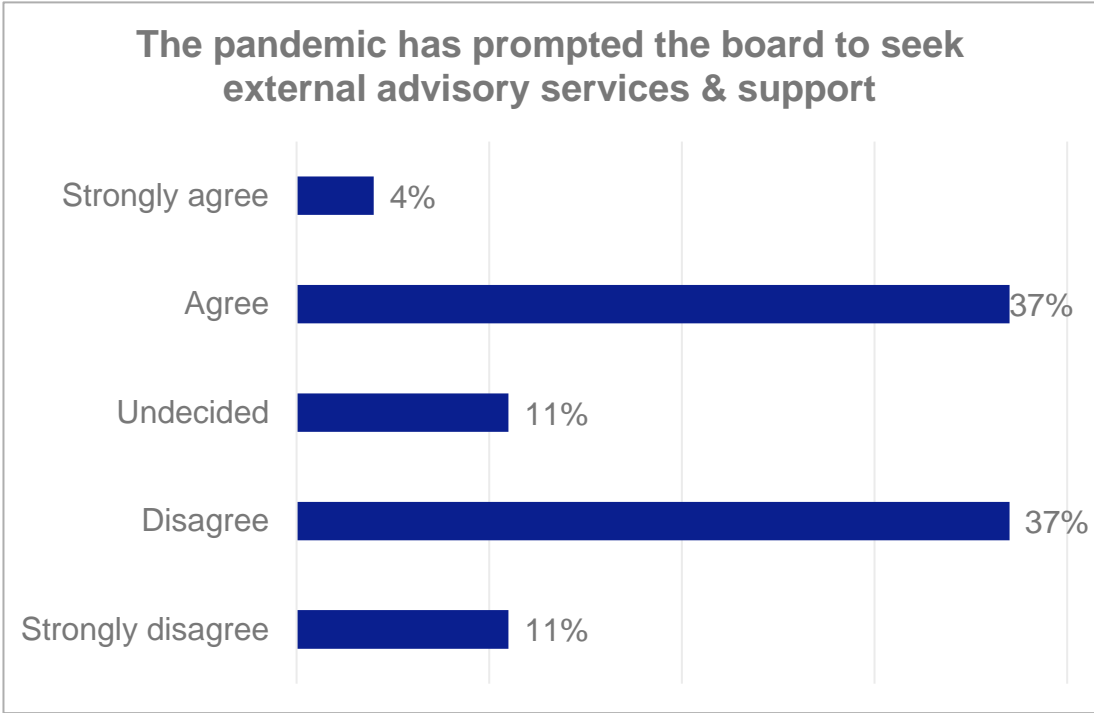


Business strategy and boardroom skills



“Are there sufficient and appropriate skills on the board today to cope with tomorrow’s demands? Is now the time to review those capabilities?”

The pandemic and the resulting disruption have come with opportunity: **it is a wake-up call for board members.** They need to ensure they have the **right expertise.**



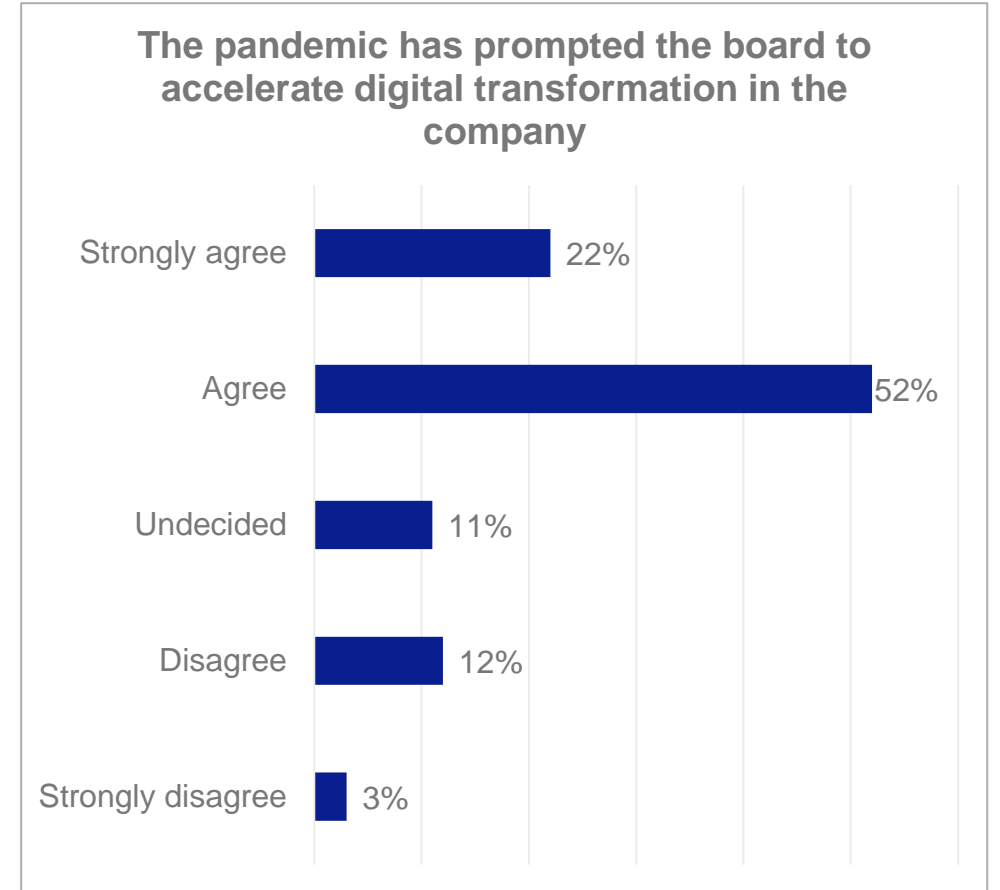
Digital transformation

Virtual board meetings will remain in place for 70%

The implementation of digital strategies during the pandemic was brought forward to rapid deployment and the gradual shift to remote working accelerated almost overnight.

However, with this acceleration has come risk: **cyber attacks are on the increase**, leaving data security under threat, and the speed of digital transformation leaves some firms and individuals behind.

“Boards also acknowledge the speed with which this transformation has taken place. Nearly three-quarters agree that the pandemic has prompted the board to accelerate digital transformation.”

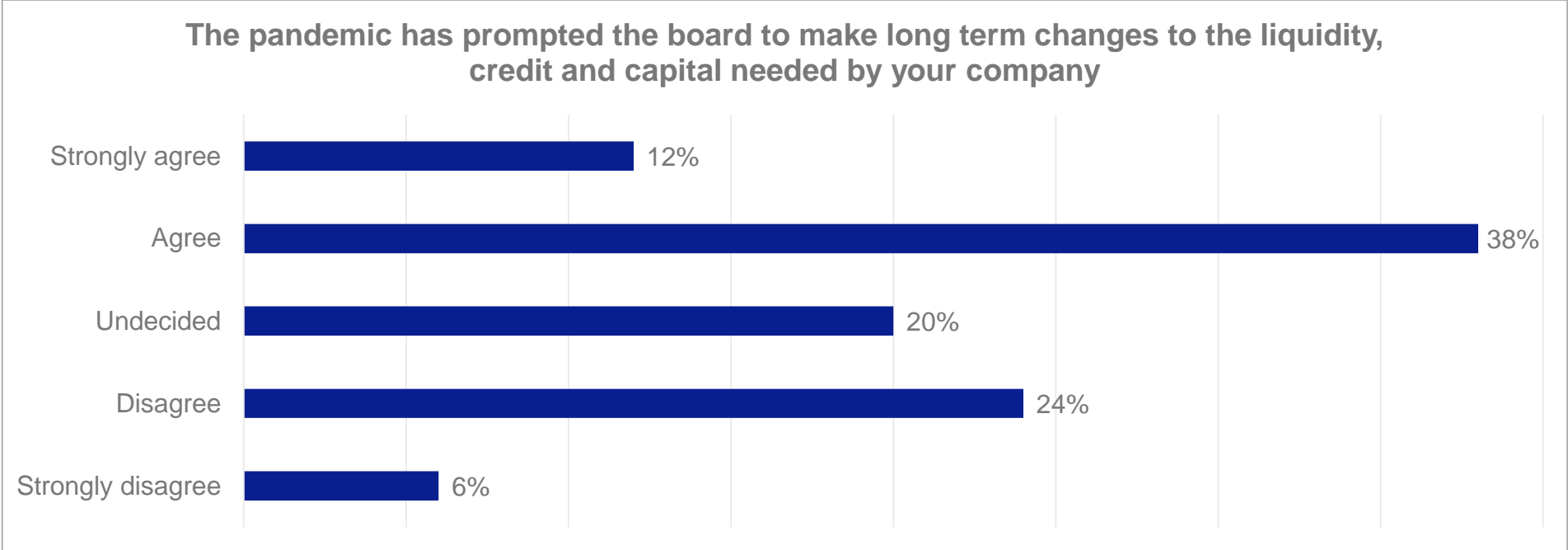


Capital and financial transformation

The finance function is now able to use **data analytics to capture trends and predict future scenarios**, data that will radically transform how boards plan and decide the future strategy.

Forecasting will need to be more accurate while the use of predictive analytics will transform the board's visibility of future trends.

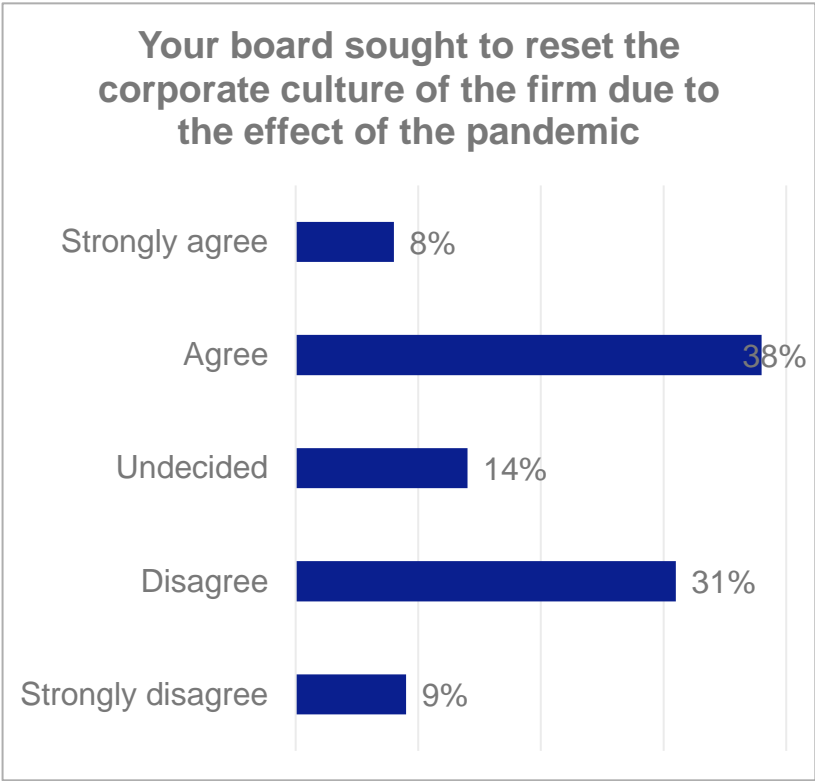
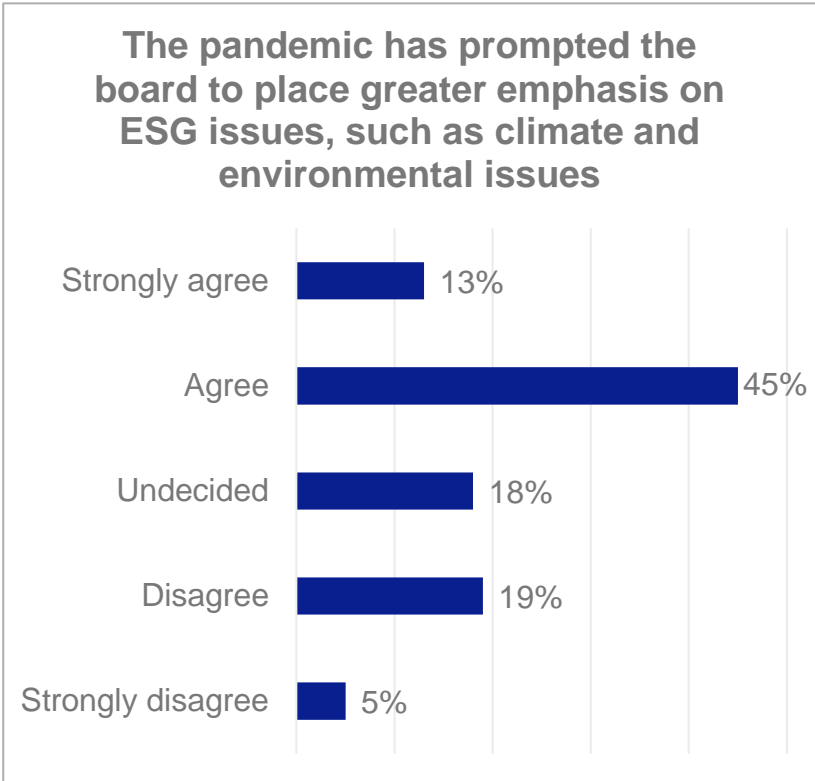
Such trends have led the board to review its financing arrangements, with **half agreeing** that they have been prompted to make long-term changes to the liquidity, credit, and capital needs.



ESG and organisational culture

How has the role of the board and its oversight of these issues been transformed by the pandemic?

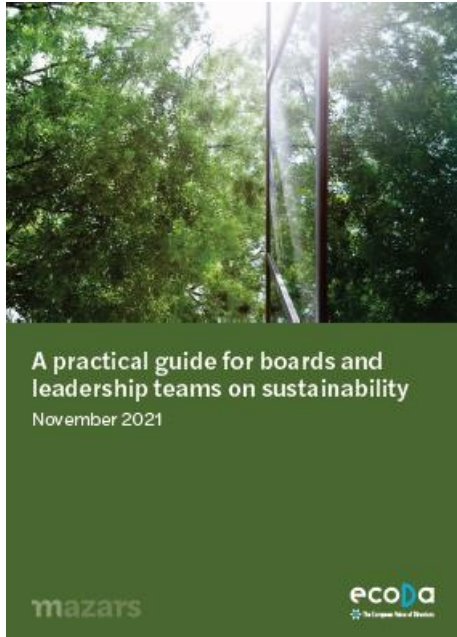
Environmental, social and governance (ESG) issues are now more in focus as organisations look ahead to a post-pandemic world.



“More agility, more diversity, more focus on ESG factors, different director skills needed.”

It is important to note that four out of 10 did not agree with the corporate culture statement

A practical guide for boards and leadership teams on sustainability























Why sustainability should be high on the agenda of the board and leadership team:

- Covid-19 has led to a step change in the focus on sustainability
- Society's expectations
- Regulatory requirements
- Competitive advantage
- More motivated and engaged employees
- Greater investor engagement
- Expectations of finance providers
- Sound risk management

Mazars global study

Available on mazars.ro

Top risks

by likelihood	by impact
 Extreme weather	 Infectious diseases
 Climate action failure	 Climate action failure
 Human environmental damage	 Weapons of mass destruction
 Infectious diseases	 Biodiversity loss
 Biodiversity loss	 Natural resource crises
 Digital power concentration	 Human environmental damage
 Digital inequality	 Livelihood crises
 Interstate relations fracture	 Extreme weather
 Cybersecurity failure	 Debt crises
 Livelihood crises	 IT infrastructure breakdown

ESG and organisational culture

Seven critical success factors for a sustainable board and leadership team

For boards with a genuine commitment to building businesses focused on long-term sustainable success for the benefit of all their stakeholders and wider society, applying the seven critical success factors will help to successfully implement the ‘**commit, think, act**’ approach outlined in the introduction.

Available on <https://esg.mazars.ro>



Summary



82%

Eight out of 10 boards are strengthening their employee wellbeing policies as a direct result of the pandemic.

48%

Nearly half of respondents say there needs to be a review of boardroom capabilities.

58%

Agree the need for greater emphasis on ESG.

50%

Half say they are making changes to long-term liquidity, credit, and capital.

56%

Of boards have made substantial changes to the structure or operations of the business while nearly three-quarters have increased its long-term resilience.

Contact

Mazars

4B Ing. George Constantinescu street, 5th floor
Globalworth Campus, Building B
Bucharest, Romania

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 42,000 professionals – 26,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

In Romania, Mazars has 26 years of experience in audit, tax, financial advisory, accounting and payroll, and HR advisory. Our strength lies in the people we work with - the local team has 230 professionals.

*where permitted under applicable country laws.

www.mazars.ro

Follow us:

LinkedIn:

Mazars Romania

Facebook:

Mazars in Romania

Instagram:

Mazars Romania