

# Skills 4.0

How CEOs shape the  
future of work in Asia



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## Preface

“Skills 4.0: How CEOs shape the future of work in Asia” is an Economist Corporate Network (ECN) report. It is based on a survey of the primary members (Regional/Country CEO/President) of the 500+ ECN clients based in the Asia Pacific region. The report was sponsored on a regional basis by Hays. The findings and views expressed in this report are those of the ECN alone and do not necessarily reflect the views of the sponsor.

The report was written and edited by Florian Kohlbacher in Tokyo with assistance from Christoph Schimkowsky and Rehabya Wijaya and editorial input from Mary Boyd in Shanghai, Robert Koepp in Hong Kong and Pamela Qiu and Andrew Staples in Singapore. Gaddi Tam in Hong Kong was responsible for design.

We would like to thank all the respondents and focus group participants for their time and input.

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# Key findings

## A quick read of the brief and its findings

### We asked:

- What are the changes driving the need for new kinds of skills in the workforce?
- What skills are necessary and sought-after by forward-looking businesses in Asia?
- What are the challenges businesses face in “skilling up” their workforce, and what are their strategies in facing them?
- How do corporate leaders see the relationship between their leadership and future skills management?

### We learn that:

- Megatrends matter: Technological progress and digitisation of the economy are seen as an opportunity; climate change and industry convergence are most often viewed as a threat.
- The majority of CEOs believe that most of the skills required for their business to respond to global megatrends are new skills that they neither appreciate nor use today; soft skills are more important than hard skills for their business currently and increasingly so in the future.
- Communication of the skills management strategy, getting the right structures for skills development in place and CEO’s time constraints are the key challenges.
- 70% of respondents agree that shortage of suitable skills is limiting localisation of management positions in their companies in Asia.
- 63% of CEOs prefer a combination of *buying* and *building* talent when it comes to skills in their workforce.
- 90% of CEOs claim to be personally strongly involved in making sure their company has the right skills. Only 4% said that this was not the case. More involvement is seen as crucial.
- Only about 10% of the surveyed CEOs stated they leave strategic decisions about skills and the skills development of the workforce to the human resources department.



## Skills 4.0

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# Introduction

## Asia's business leaders share their thoughts on megatrends and the challenges they pose to companies' skills management strategies

Skills are the essential resource in the knowledge economy of the 21st century. With the unprecedented economic developments in Asia and the dramatic changes rattling through many industries, companies need to make sure they are ready to embrace the disruptions and fend off potential skills gaps and talent shortages. The driving forces behind these changes are a series of global megatrends including demographic change, climate change, technological progress, urbanisation, globalisation as well as the digitisation of the economy and the convergence of industries.

Managing the business responses to these trends and developing the organisation's human capital to equip them with the skills needed in this environment is becoming a key challenge for businesses. The skills required are likely to comprise of both soft and hard skills, ie both people skills and technological as well as business skills.

At the same time, if they were to be successful and sustainable, responses to these megatrends need to be sensitive to the cultural and organisational realities of the Asian business environment. Tomorrow's markets will be more complex; to thrive in this environment businesses will need to be able to develop the ability to attract, develop and retain the best talents available to them.

This new report from the Economist Corporate Network examines the CEO's perception of the challenges and opportunities that arise from megatrends in terms of the organisation's skills and talent management, and explores the extent to which CEOs are taking ownership of the future skills and "skilling up" agenda in Asia. We conducted a survey of our 500+ clients and contacts across Asia Pacific in September and October 2016. Focus group meetings with a small number of invited CEOs and HR executives were held in Hong Kong, Shanghai, Singapore and Tokyo to discuss the issues in the local context. This paper is a summary of the survey and the focus group discussions.





# Megatrends and their impact

## What are the changes driving the need for new kinds of skills in the workforce?

### Megachanges await us

Megatrends and the “megachanges” they trigger have become more and more important—and are increasingly recognised as having a tremendous impact on societies, economies as well as individual businesses<sup>1</sup>. These megatrends comprise various social, economic, demographic and technological changes, including globalisation, population ageing, climate change, technological progress, social change, urbanisation, digitisation of the economy, industry convergence, etc. Managers all across Asia are becoming more sensitive towards these developments and as a result are looking for the relevant business intelligence to make sense of them. In our survey, more than 70% of the respondents reported spending more time on identifying megatrends now than they used to before. A staggering 85% of them also spend more time thinking about what kind of skills their businesses will need in order to deal with these megatrends.

### Megatech

Technological progress seems to accelerate at unprecedented speed. Self-driving cars, 3D printing, next generation robots and artificial intelligence are at the cusp of establishing themselves in the business world and society at large<sup>2</sup>. This offers business opportunities, but also creates risks for companies and their workforce. According to some estimates, 5m jobs will be lost by 2020 as technology renders human work redundant in some areas<sup>3</sup>, especially when it comes to single-skillset jobs<sup>4</sup>. In the words of Brynjolfsson and McAfee, the authors of the *New York Times* bestseller “The Second Machine Age”, “as technology races ahead, it’s leaving some people behind”. To retain their place in the labour force, individuals have to acquire skills that match the socio-technological changes in the work environment<sup>5</sup>. Companies thus have to “re-train and re-skill workers to avoid crisis”. Technological changes require a workforce that is able to keep up with technological developments. At the same time, they also challenge the workforce to surpass technological progress time and again in order to not be replaced by them. For this innovation of work, new and adapted skills are of fundamental importance.

### Unpredictable?

Megatrends such as industry convergence, technological change and globalisation lead to an increasing complexity, which in turn poses new challenges for managing businesses. A more unpredictable and complex social and business world requires more qualified workers who can adjust to a variety of situations and challenges. The challenges brought on by megatrends have thus long since reached companies and come to the attention of senior executives. According to our survey, only

<sup>1</sup> Franklin, Daniel; Andrews, John (2012): *MEGACHANGE: The world in 2050*.

<sup>2</sup> Brynjolfsson, Erik; McAfee, Andrew (2014): *The Second Machine Age. Work, Progress, and Prosperity in a Time of Brilliant Technologies*.

<sup>3</sup> World Economic Forum (2016): *The Future of Jobs. Employment, Skills, and Workforce Strategy for the Fourth Industrial Revolution*.

<sup>4</sup> World Economic Forum (2016): *The jobs of the future—and the two skills you need to get them*.

<sup>5</sup> Brynjolfsson, Erik; McAfee, Andrew (2014): *The Second Machine Age. Work, Progress, and Prosperity in a Time of Brilliant Technologies*.



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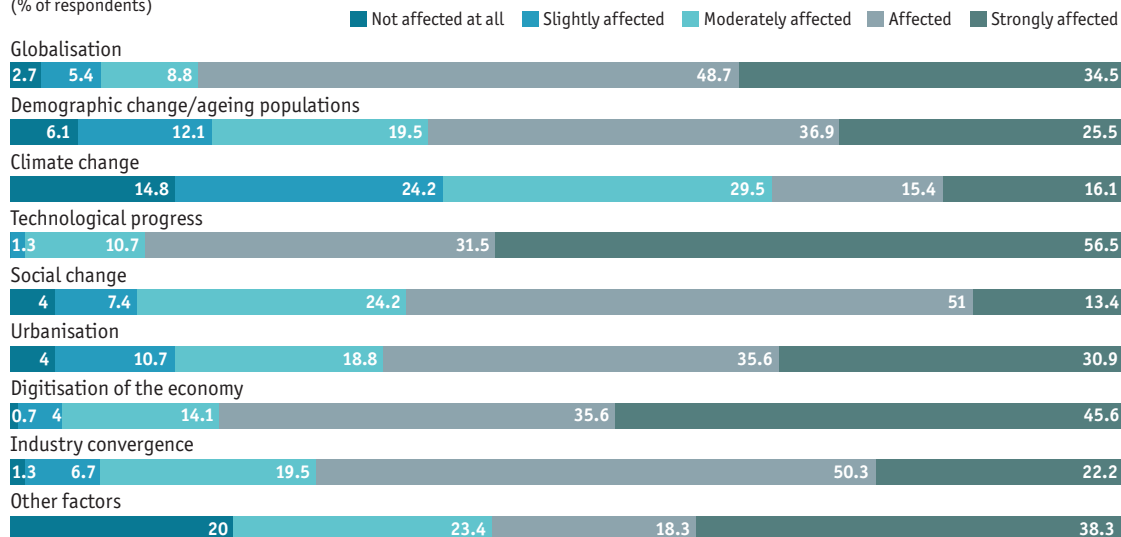
10% of CEOs do not have a clear idea what megatrends are and what kind of business implications they present. At the same time, less than one third of the surveyed senior executives state that they are completely sure about the business impact of megatrends. The majority (54.4%) say that they have some sort of understanding of what global megatrends are and how they may affect their business. This implies that, while there is a certain level of awareness and understanding of the business implications of megatrends, plenty still needs to be done to ensure executives have the relevant business intelligence to interpret megatrends in a meaningful way.

## Mega-important megatrends

While CEOs recognise the impact of all eight major megatrends surveyed in this study (see Chart below), they assign the most importance to the processes of globalisation, technological progress and digitisation of the economy. Over 80% of the surveyed senior executives think that the above mentioned trends *affect* or *strongly affect* their companies. Among these, technological progress is seen as the most important trend, with almost 60% of CEOs stating that it *strongly affects* their company.

**Chart 1: To what extent is your company affected by the following megatrends and their implications?**  
Please indicate how strongly your company is affected.

(% of respondents)



## Threat or opportunity?

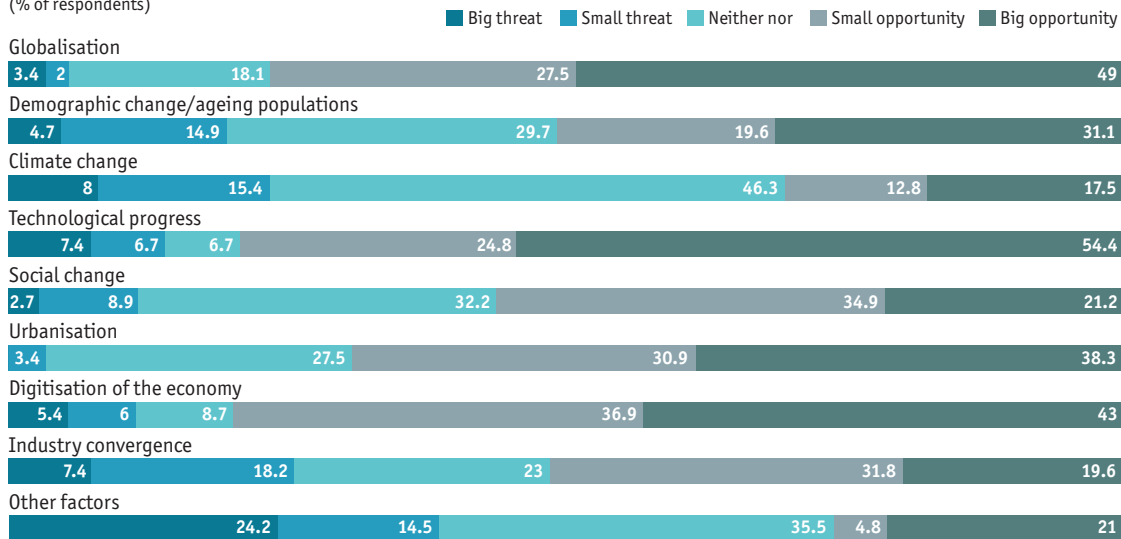
It is obvious that megatrends bear business implications. But the big question is whether they pose a threat or bring opportunity. According to our survey, CEOs tend to see most of these trends as opportunities rather than as threats. For example, technological progress and digitisation of the economy are seen as an opportunity by close to 80% of the respondents. Among the surveyed megatrends, climate change (23%) and industry convergence (26%) are the trends that are the most often viewed as a threat by CEOs.





**Chart 2: To what extent do you perceive the following megatrends to present a threat or an opportunity?**  
Please indicate how strongly your company is affected.

(% of respondents)



## Other factors

Apart from the eight megatrends surveyed by us, CEOs also brought up further trends or issues they perceive to be relevant. These include protectionism, social change triggered by rising living and education standards, political instability and rise of nationalism in several countries. Interestingly, with about 39% these trends were considerably more likely to be seen as a threat by CEOs. A possible explanation for this is that the trends we included in our survey are larger in terms of their implications and thus more widely recognised. Accordingly, companies are more likely to have already some response systems in place that allow them to view these well-established megatrends as opportunities; conversely there is less awareness about smaller/emerging trends mentioned by respondents themselves. Businesses are apparently less prepared to face them, and thus more likely to see them as a threat.

## Are you ready for the megachanges?

No matter whether the above mentioned megatrends are perceived as threats or opportunities, only a small number of CEOs are confident that their company is *completely prepared* to deal with these trends. While urbanisation, globalisation and technological progress are among the megatrends that CEOs are most prepared for, they feel significantly less prepared for trends such as industry convergence and climate change. This is obviously directly connected to the fact that these two trends are more strongly perceived to be threats than the other three megatrends for which they feel more prepared (urbanisation, globalisation and technological progress).

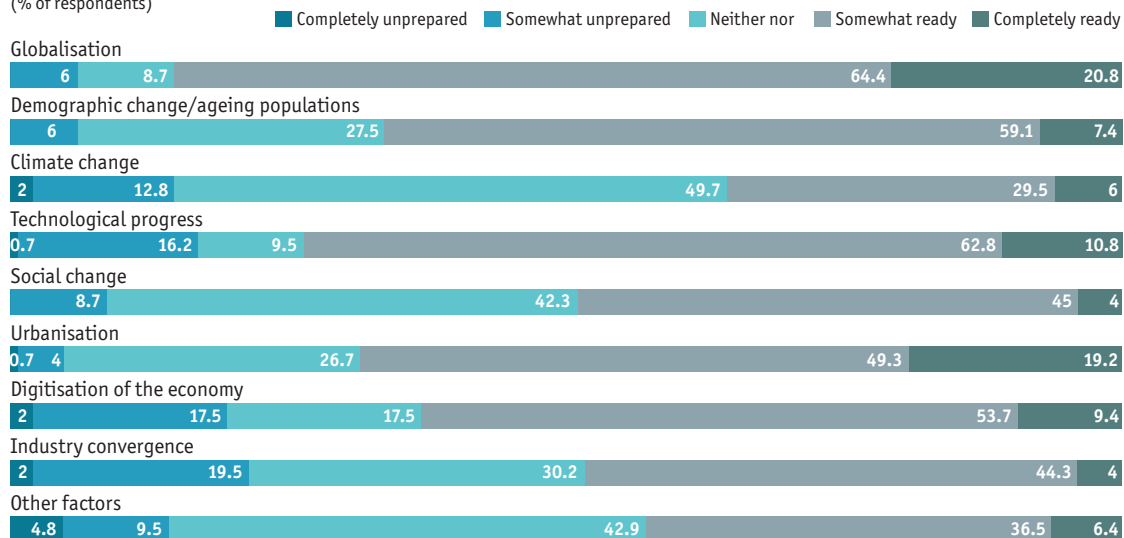


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**Chart 3: To what extent are you ready to face the changes, challenges, and opportunities that arise from these global megatrends?**

(% of respondents)



### Summary points

- CEOs spend an increasing amount of time on identifying megatrends as well as on thinking about what kind of skills their businesses will need to deal with these megatrends.
- More than 80% of CEOs believe the megatrends *affect* or *strongly affect* their companies. Technological progress is seen as the most important trend, with almost 60% of CEOs stating that it *strongly affects* their company.
- Technological progress and digitisation of the economy are seen as an opportunity by close to 80% of the respondents. Climate change (23%) and industry convergence (26%) are the trends that are the most often viewed as a threat by CEOs.
- Only a small number of CEOs are confident that their company is *completely prepared* to deal with these trends.



# Which skills are needed—now and in the future?

## What skills are necessary and sought-after by forward-looking businesses?

### Skills 4.0

A staggering 90% of the senior executives are confident they know what skills are required to respond to global megatrends. This seems promising but does not guarantee that companies actually have these skills already in their workforce. Indeed, about 58% of CEOs believe that most of the skills required for their business to respond to global megatrends are new skills that they neither appreciate nor use today. But there is some regional variance to this. While 61% of the respondents in China agree that the skills needed in the future are new skills, only 48% in Singapore agree; in Japan it is only one third of the CEOs who believe so, with 47% disagreeing (the rest are unsure). This could be interpreted in two ways. On the one hand, these supposedly *new* skills might already be familiar to respondents in Japan—regardless of these megatrends. On the other hand, the exposure to megatrends might be greater and more intense in Japan—to the extent that firms are already responding by acknowledging these *new* skills.

### Soft skills rising

Overall, most CEOs agree that it is mostly soft skills that are needed to rise to the challenges brought on by megatrends. Of the surveyed CEOs 71.9% feel that soft skills are more important than hard skills for their business currently. With perspective to the future, this number increases to 85.9%. In a similar vein, complex problem solving, co-ordinating with others and people management are seen as the three top skills for businesses in the present and are expected to remain similarly important in the future. Taken together this indicates a clear shift away from hard skills towards soft skills. Business leaders thus can expect soft skills to become increasingly important in the future.

### Hard vs soft skills

This emphasis on soft skills is also reflected in CEOs' evaluation of individual skills. Abilities such as co-ordinating with others and active listening are considered as (*very*) *important* by an overwhelming number of respondents. Hard skills such as computer programming or machinery operations are considered significantly less important. Examples of critical soft skills that were highlighted during our focus groups across the region included the ability to identify new opportunities, resilience as well as the determination to close a deal or conclude a project. This also includes the capacity to learn, adapt, change, think critically, and challenge oneself as well as the ability to turn insight into solutions.

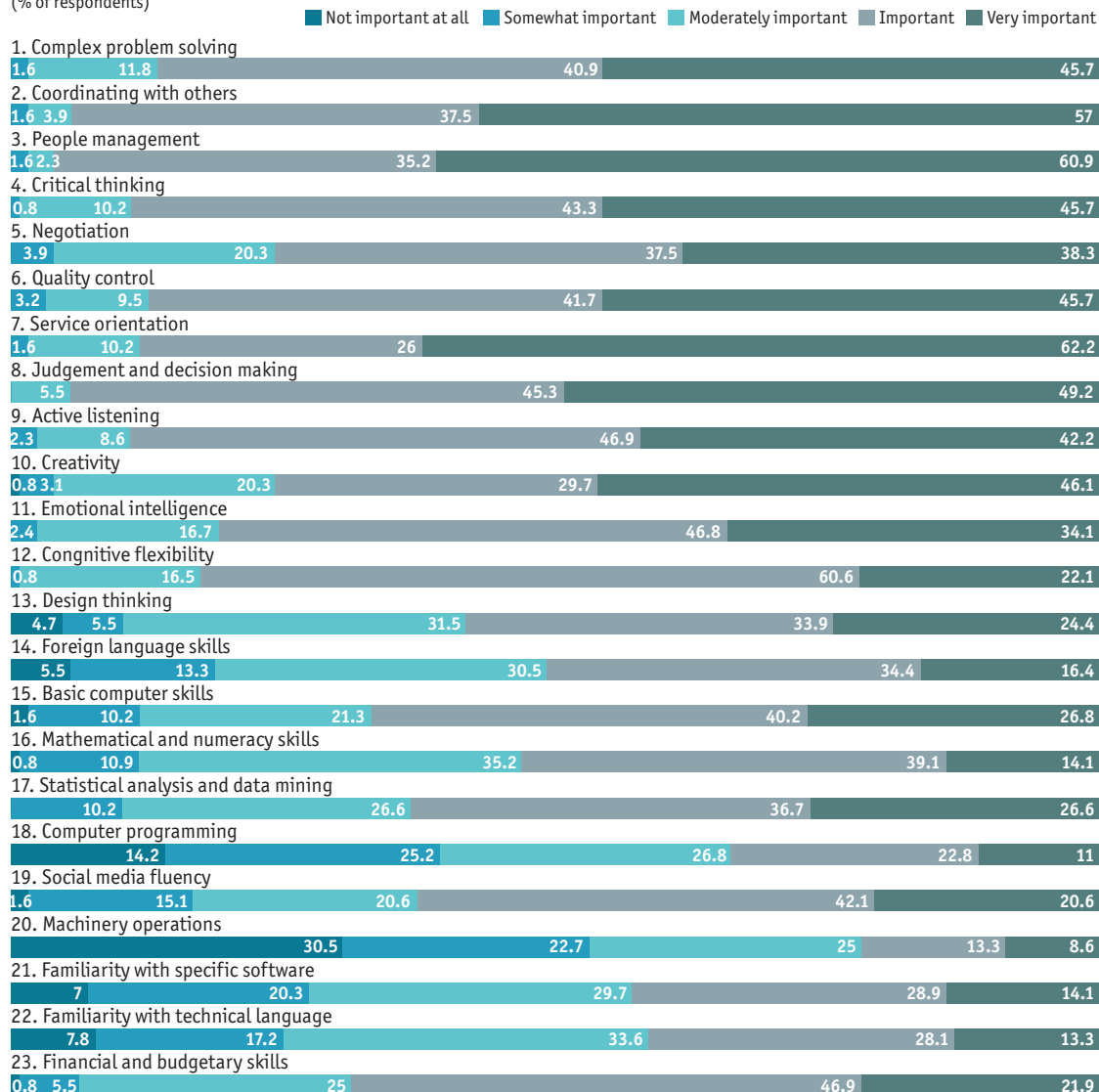


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**Chart 4: How important are the following skills for your business currently?**

(% of respondents)



## People skills and technological skills

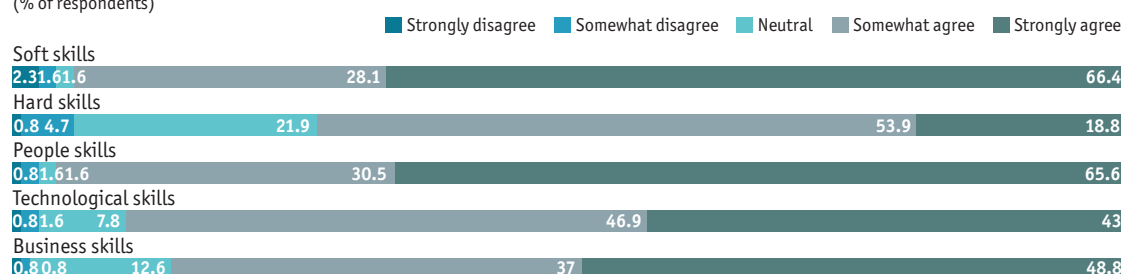
Technological progress obviously does not mean that everybody has to become a technician, nor does it necessarily mean that hard skills become more important. However, the greater integration of technology in work processes does require some level of technological literacy of employees. Indeed, basic computer skills are seen as important by almost 70% of CEOs. Accordingly, people skills, soft skills and technological skills are seen as the three skill sets most needed to rise to the challenges of the future. Furthermore, they are also understood to be the three skill sets that are most likely to increase in importance compared to today. This finding was also echoed in the focus groups that we held across the region. Certain hard skills such as data analytics were seen as important, but soft skills



were seen as even more critical. In particular, participants were of the opinion that hard skills can be more easily acquired and often these skills can be conveyed through in-house training if the employee does not already bring them with him/her. But the soft skills are much for difficult to build which makes it all the more important to identify, attract and retain the right talent. For example, it is much more difficult to find people who can implement new innovative technologies for the business than to find data analysts.

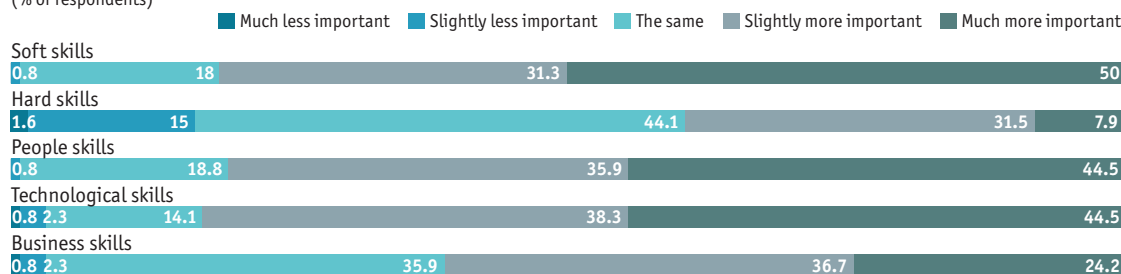
**Chart 5: The skills required to respond to the challenges in the future are likely to be:**

(% of respondents)



**Chart 6: Compared to today, the following skills will in the future be:**

(% of respondents)



## Summary points

- The majority of CEOs believe that most of the skills required for their business to respond to global megatrends are new skills that they neither appreciate nor use today.
- 71.9% of the surveyed CEOs feel that soft skills are more important than hard skills for their business currently.
- Certain hard skills such as data analytics were seen as important, but soft skills were seen as even more critical.
- While hard skills can be more easily acquired and often conveyed through in-house training soft skills are much for difficult to build.



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# Developing and acquiring the right skills

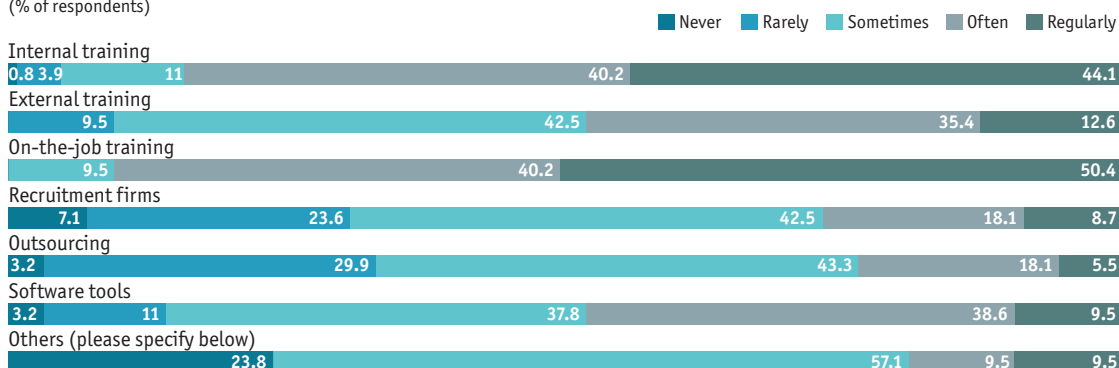
**What are the challenges businesses face in “skilling up” their workforce, and what are their strategies for facing them?**

## Build or buy?

How can companies acquire the talent and skills needed to maneuver the business world? 63% of CEOs prefer a combination of *buying* and *building* talent when it comes to skills in their workforce. Just buying talent is not considered a suitable strategy by most CEOs, with only 6% of respondents presenting it as their favoured approach to secure skills for their workforce. 31% of the surveyed CEOs predominantly build talent in-house. Training and retraining the workforce is thus seen as important by an overwhelming majority of the participants. Predominantly, this happens through internal and on the job-training. Buying/renting skills from outside the company, such as through outsourcing or recruitment firms are relatively less often used. There seems to be a clear imperative for companies to develop the skills in their own workforce in-house<sup>6</sup>. But given that CEOs actually prefer a combination of *build* and *buy*, there should also be a need for outside options offered by outsourcing or recruitment firms. The fact that the companies surveyed do not seem to use these options as much indicates scope for improvement. Service providers operating in this space may want to consider “skilling up” their offerings.

**Chart 7: In terms of skills development, we make use of:**

(% of respondents)



## Training the talent

Overall, one-quarter of the surveyed CEOs are unsure whether their company has the right structures in place to “skill-up” existing employees. While about one-half of the respondents *somewhat agree* that their business already possesses the required institutional mechanisms to equip their workforces with the skills needed for future challenges, only 5% of CEOs have absolute confidence in the skill training structure of their companies. One-quarter of them believe that they do not have the right structures in

<sup>6</sup> See also: World Economic Forum (2016): *The Future of Jobs. Employment, Skills, and Workforce Strategy for the Fourth Industrial Revolution*.



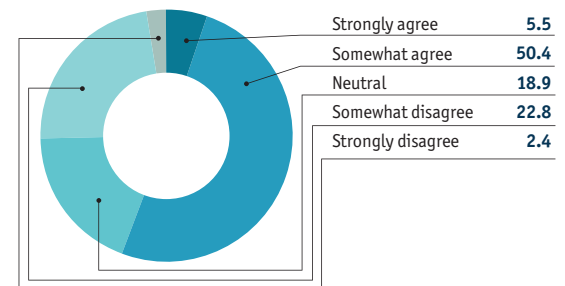


place. In Hong Kong, this figure was as high as 64%. This result is alarming and should serve as a wake-up call to executives to ensure they make their businesses ready for the skills and talent challenges of the future.

## Managing future skills

CEOs are split over their company's ability to manage future skills. While over 60% think that they are keeping up with their peers or are even ahead of the curve, nearly 40% of the surveyed CEOs feel that their company is struggling or still at an early stage when it comes to skills management. Similarly, while more than 60% of CEOs are confident about their company's managing of future skills, slightly less than 40% are not. When it comes to their own ability of clearly communicating the company's skill management strategy, CEOs are more confident, with 60% of participants stating that they experience little or no problems. However, 20% of CEOs still lack confidence in their ability to articulate their company's skills management strategy.

**Chart 8: We have the right structures in place to skill up our existing employees.**  
(% of respondents)



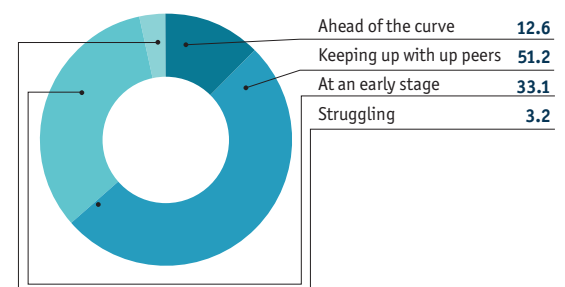
## Skills management communication

Communicating the company skills management strategy to the workforce is another issue, with only half of the CEOs believing that it is clearly conveyed to employees. In Japan this figure was even lower. A mere 40% thought these strategies are clearly communicated to employees. This also came up during our focus group in Japan. Interestingly, the problem does not seem to be that CEOs are not involved enough in HR strategy, but it is rather that the strategy is either is not communicated well throughout the company, or that there is a discord in what the CEOs want to convey and what is being conveyed to the employees.

## Proactive leaders needed

The ability of CEOs to articulate a clear skills management strategy and the communication of this strategy to all employees is crucial for successful skills and talent management. It is imperative for executives to become more proactive in this communication process in order to drive their company's skills management. As became evident in our focus group in Hong Kong, teaching managers new ways of thinking is now part of strategic skills management. Top managers such as business unit leaders are telling middle managers to consider themselves to be "the CEO of your own department". Overall, there is increased emphasis on lateral thinking and encouragement to see things more in terms of *context* than *content*.

**Chart 9: When it comes to managing future skills, we are (select one response only):**  
(% of respondents)



## Lack of local talent

Another issue that became evident throughout our study is the lack of suitable local talent. 70% of respondents agree that shortage of suitable skills is limiting localisation of management positions



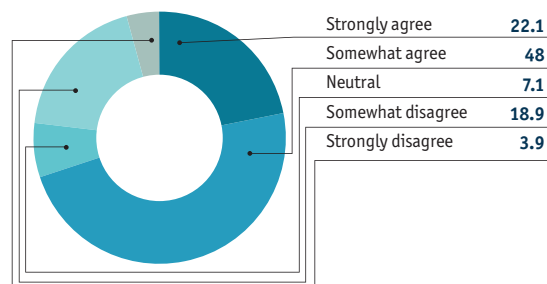
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in their companies in Asia, which often leaves companies little choice but to look for future talent globally. This can however lead to various inefficiencies due to increased cost and lack of local and cultural knowledge of talent coming from outside. The only exception here was Hong Kong, where the majority did not think that a shortage of skills in Asia is affecting their localisation of management positions. Nevertheless, almost 75% of the respondents in Hong Kong are increasingly looking globally for future skills. In Japan, 80% are increasingly looking globally, with a staggering 87% thinking that there is a shortage of skills that is limiting localisation of management positions.

**Chart 10: Shortage of suitable skills is limiting our localisation of management positions in Asia.**

(% of respondents)



## Culture matters

CEOs feel that the reasons for the shortage are often rooted in the local societies. For example, in our focus group interviews in Japan, participants highlighted that the Japanese education system does not adequately equip students with the skills needed in today's world and implied that a Japanese culture of perfection is at odds with the work requirements in modern multinational companies. Having the courage to fail and to learn from failure was seen as a crucial skill in itself.

### Summary points

- 63% of CEOs prefer a combination of *buying* and *building* talent when it comes to skills in their workforce.
- One-quarter of the surveyed CEOs are unsure whether their company has the right structures in place to "skill-up" existing employees.
- Only 5% of CEOs have absolute confidence in the skill training structure of their companies.
- While over 60% think that they are keeping up with their peers or are even ahead of the curve, nearly 40% of the surveyed CEOs feel that their company is struggling or still at an early stage when it comes to skills management.
- While more than 60% of CEOs are confident about their company's managing of future skills, slightly less than 40% are not.
- 20% of CEOs still lack confidence in their ability to articulate their company's skills management strategy.
- 70% of respondents agree that shortage of suitable skills is limiting localisation of management positions in their companies in Asia.



## The views from China and Japan

For many China-based and Japan-based CEOs, the ongoing redefinition of job descriptions today has made flexibility and willingness to adapt to new roles the most essential skills they look for in potential hires. In China, the country's rapid economic growth has itself generated challenges for workforce planning. High turnover and the need for constant hiring and training of replacement staff has resulted in skills shortages. This volatility has been compounded by technological changes and regulatory requirements that have redefined roles within the workplace. Some enterprise growth has been organic, but frequently has come about through mergers and acquisition, often on a large scale and at a very fast pace.

Against this background, it is not surprising that many participants in the Shanghai focus group discussion commented on pressures due to post-merger efforts to integrate work forces, noting various examples of post-merger strategies—some successful, others less so. One model cited featured a high degree of autonomy for the acquired company, leaving it to retain its own corporate culture more or less intact. At the other extreme were examples of premeditated strategies to identify key employees at the target company prior to the acquisition, and the crafting of a proactive policy to retain them post-acquisition, within a three-year timeframe. In the example cited, the company routinely pursues a deliberate valuation of personnel “assets” as integral to the value of the acquisition, and allows a generous timeframe to inculcate the new corporate culture.

Meanwhile, the challenges for corporate leaders in Japan stem not so much from rapid economic growth, but from persisting deflation and economic stagnation. Participants in the Tokyo focus group discussion remarked how people in Japan have become increasingly inward-looking and averse to risk and failure, and how this has actually shrunk the talent pool. Part of this, they observed, is cultural and reinforced by society. One participant observed how

Japanese workers tend to prefer to be perfect at what they do and dislike straying outside their areas of expertise or responsibility. This tendency is exacerbated by societal institutions and corporate practices that severely punish failures and downplay personal successes.

In addition to these, corporate leaders in China and Japan are also tasked with setting and maintaining the tone for a positive work environment. Participants had several examples where companies make deliberate efforts to establish an empowered culture within the workplace, through team work, accessibility and interactivity of training and consultation with staff. All of these practices were felt to be beneficial in strengthening the soft skills of employees and in identifying high potential candidates. There was lively discussion about the importance of corporate cultures, and the difficulty of encouraging good communication practices and independent thinking, particularly for employees more accustomed to hierarchical organizational structures.

Finding candidates with appropriate hard skills was usually not an issue in both China and Japan. However, the educational system in both countries was faulted for failing to develop critical thinking and proactiveness in risk-taking, particularly amongst new graduates. One participant in Shanghai shared that the most effective hiring philosophy was based on “hire for attitude, train for skill”, and cited “learning agility” as the most valuable (yet most elusive) quality in new hires. Participants in the Tokyo focus group discussion seem to agree. One participant noted that the ideal profile is someone who not only has learning agility, but also the curiosity and desire to learn and venture outside their comfort zone. Various companies represented in both focus groups practiced a variant of triage for employees—those identified as lacking in commitment were weeded out quickly, while those showing the required talent and attitudinal grit were given special grooming to develop their soft skills and leadership potential.



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# The role of the CEO in skills development

## How do corporate leaders see the relationship between their leadership and future skills management?

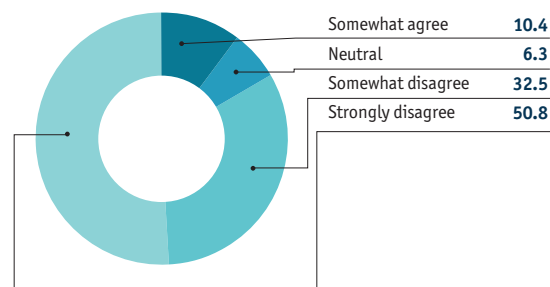
### CEO involvement

CEO involvement is imperative to bring talent management issues onto the strategic agenda. In our survey, 90% of CEOs claimed to be personally strongly involved in making sure their company has the right skills. Only 4% said that this was not the case. This is also reflected in the fact that only about 10% of the CEOs surveyed stated they leave strategic decisions about skills and the skills development of the workforce to the human resources department. The vast majority seem to be at least somehow involved in these strategic decisions. While this is positive, there certainly remains leeway for improvement and an even stronger CEO commitment and involvement.

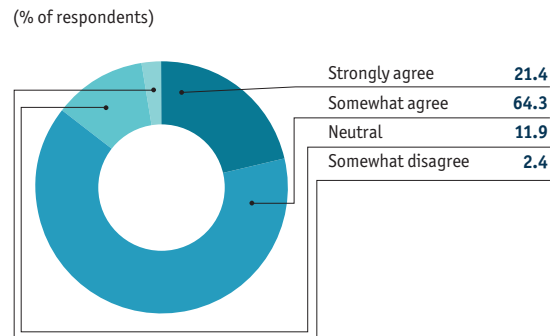
### Megatrends and future skills

As mentioned earlier in this report, 70% of our respondents say they spend more time on identifying megatrends than before. This seems to underline that CEOs recognise the increasing relevance of megatrends for their business. In a similar vein, more than 80% of the respondents spend more time on thinking what skills their business will need in the future now than they did before. Only 2.4% said that this was not the case, while around 12% were undecided. Again, these findings seem promising, but in order to stay ahead of the curve in this era of megachanges, a more proactive role of the senior leadership in driving the skills and talent agenda of their companies is critical. According to the discussion at our focus group in Tokyo, the role of the CEO includes to gain the trust of the employees by being authentic, honest and frank and through leading by example. In a nutshell, the CEO needs to create a culture that motivates and drives success.

**Chart 11: I leave strategic decisions about skills and the skills development of our workforce entirely to HR.**  
(% of respondents)



**Chart 12: I seem to spend more time on thinking what skills our business will need in the future now than I did before.**  
(% of respondents)





## Time constraints

So what is holding CEOs back from becoming more involved with the strategic planning and decision making related to skills and their development? According to our survey, almost 50% feel time constraints keep them from becoming as involved in skills and skills development decisions as they would like to be. Time constraints are obviously a classic conundrum for executives. But given the rising importance of megatrends and megachanges and skill development, it is about time that CEOs break these time constraints and get more strongly involved in these strategically important decisions.

**Chart 13: Time constraints keep me from becoming as involved in skills and skills development decisions as I would like to be.**

(% of respondents)



### Summary points

- 90% of CEOs claimed to be personally strongly involved in making sure their company has the right skills. Only 4% said that this was not the case.
- Only about 10% of the CEOs surveyed stated they leave strategic decisions about skills and the skills development of the workforce to the human resources department.
- Almost 50% of CEOs feel time constraints keep them from becoming as involved in skills and skills development decisions as they would like to be.



#### Skills 4.0

How CEOs shape the future of work in Asia

## Focus on “skilling up” in Asia

A common theme that was brought up by business leaders in the focus group discussions was the clash between local values and the values that are deemed to be desirable by forward-looking businesses. We have already established that risk-taking, failure-embracing, and perseverance are some of the essential qualities businesses are increasingly looking for in a potential hire. However, in some Asian countries—Japan and China for example, CEOs observed that societal norms and values do not appreciate those who take risks, and even more so those who take risks and fail. In addition, CEOs at our Singapore focus group expressed their concern about managing the “strawberry generation”, a colloquial term used to describe some generation-Y workers who bruise easily when put under slight pressure. This group of workers lacks the perseverance and commitment to solve problems and tackle challenges in their day-to-day work.

The challenge then, is for businesses in Asia to either try to shape the local culture to the ideal, or to make the local culture work for their corporate culture. The answer lies somewhere in the middle. On the one hand, businesses should encourage risk taking and embrace failure. One executive in the Tokyo focus group discussion explained how he and his HR team recorded dancing videos and showed them to other employees, illustrating that it is fine not to be perfect—that it is perfectly okay to be bad at something. On the other hand, CEOs, especially those from abroad, have to gain the trust of their local employees in ways the latter are most accustomed to. In Asia, this often involves socialising at drinking gatherings after work. Expatriate CEOs should immerse themselves more in the local cultures and norms.



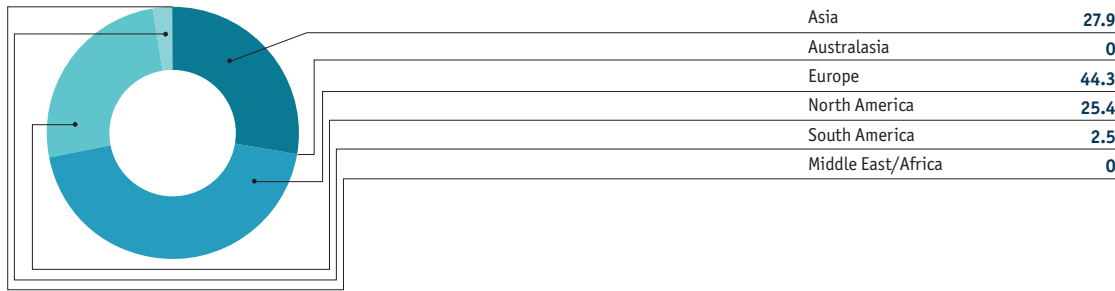


# Appendix

## Participant data

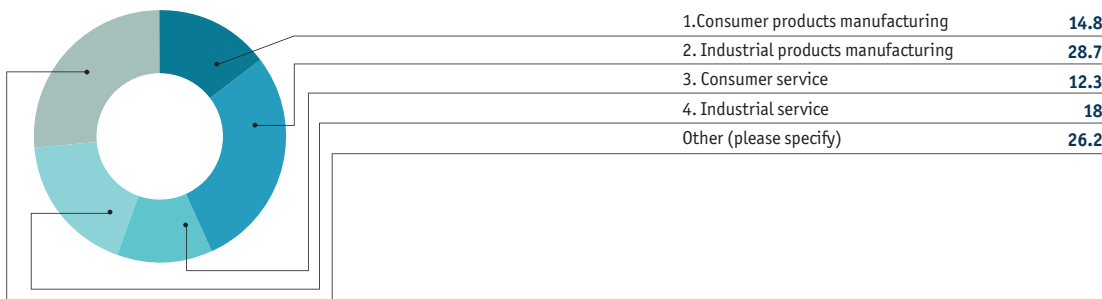
### Where is your firm's global HQ?

(% of respondents)



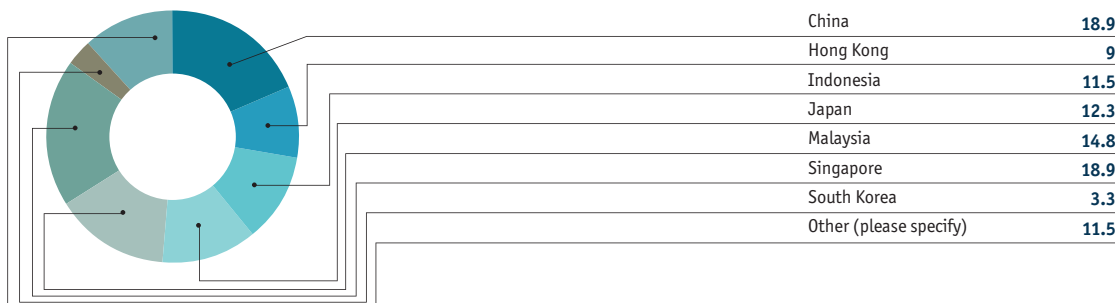
### How would you describe the industry of your company? Please choose the most appropriate one that describes your primary business (i.e., the largest part of the business).

(% of respondents)



### Where is the location of the entity that you manage?

(% of respondents)





## Skills 4.0

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### What were your firm's global revenues for its latest financial year?

(% of respondents)



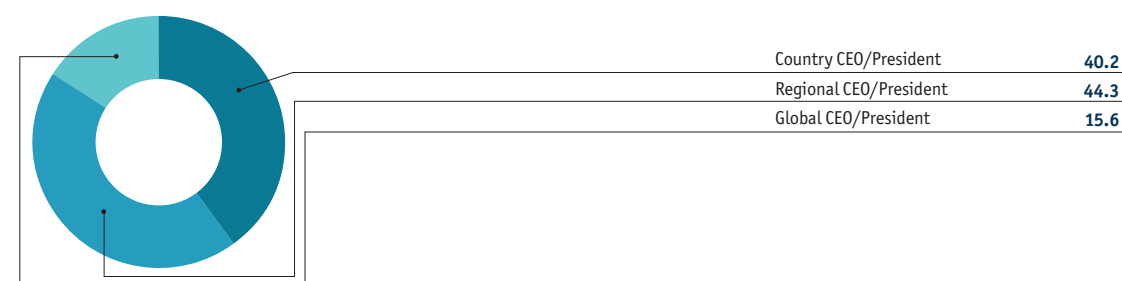
### What were the revenues for the entity that you manage (regional/country) for latest financial year?

(% of respondents)



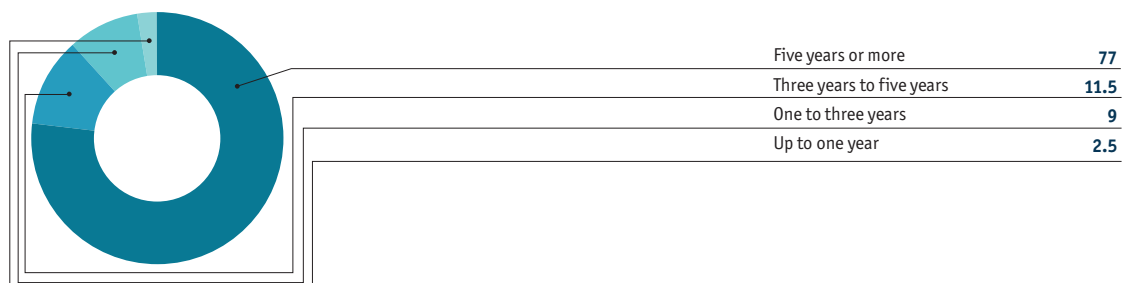
### Geographic scope of your responsibilities.

(% of respondents)



### Total years in an executive (C-suite) position

(% of respondents)



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