

# HEIDRICK & STRUGGLES

## Global Boards Show Progress in Sustainability, But AI and Geopolitical Risks Loom Large, Reports Heidrick & Struggles

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*New global survey by Heidrick & Struggles, BCG, and INSEAD, reveals growing confidence in sustainability governance, but boards and CEOs still lack confidence in each other's leadership*

LONDON, Nov. 19, 2024 /PRNewswire/ -- [Heidrick & Struggles](#) (Nasdaq: HSII), a premier provider of global leadership advisory and on-demand talent solutions, has teamed with [Boston Consulting Group](#) (BCG) and the [INSEAD Corporate Governance Centre](#), to publish a report exploring how boards are responding to complex trends and disruptions they currently face. [Boards and Society: How Boards Are Evolving to Meet Challenges from Sustainability to Geopolitical Volatility](#) reveals boards have made meaningful advances to address sustainability topics, but are less confident when it comes to their understanding of other issues such as the rising importance of generative AI, intensifying trade and geopolitical disruptions. These four interconnected pillars are forcing directors and CEOs to navigate an increasingly unpredictable environment filled with conflicting and often politically charged demands.

Additionally, the report shows evidence of simmering discord among company leadership on how best to enhance competitiveness amid the challenges they face.

### Key Findings from the Boardroom

- 77% of boards believe their company has a responsibility to address sustainability concerns
- 36% feel prepared to leverage the disruptive potential of AI
- 37% believe their company has a sufficient strategy around geopolitical risk
- 29% of directors do not have faith in their CEO to navigate uncertainty
- 26% of CEOs do not have faith in their board's effectiveness
- Half of respondents are not confident their company is equipped to identify new threats and opportunities related to sustainability, generative AI and geopolitics

The report reveals that 77% of the global board members surveyed believe their company has a responsibility to address societal concerns, although more than half (54%) believe that business objectives should remain the primary focus. In contrast to this enthusiasm around sustainability, only 36% of directors feel prepared to leverage the disruptive potential of AI, while just 37% agree that their companies have sufficient strategies in place to manage geopolitical risks.

These findings highlight an urgent need for greater balance between traditional governance with forward-looking strategies and increased investment in board competency. Despite lower levels of confidence for the prevailing risks and emerging technologies of our time, it is encouraging to note that more than 60% of directors stated that their boards are "leaning in" on risk management, suggesting a desire to tackle these challenges head on, regardless of their complexity.

### Lack of Confidence Amid Growing Complexity

In a concerning indication of division within the boardroom, the new report reveals that 29% of directors lack confidence in their CEO's ability to navigate disruption and boost long-term value. Meanwhile, a comparable number of CEOs (26%) are equally skeptical of their board's effectiveness, reflecting an increasing tension between top leadership teams grappling with a more complex and diverse range of issues than ever before.

The report also finds that roughly half of directors are not confident their company is equipped to identify new threats and opportunities related to sustainability, generative AI and geopolitics, nor are they able translate them into a competitive advantage. As global business landscapes continue to shift, the ability of boards to stay cohesive, align with leadership, and adapt to new challenges with innovative corporate strategy will be more critical than ever. Effective governance that embraces both foresight and resilience will be key in turning these disruptions into opportunities, allowing businesses not only to survive but to thrive in an increasingly volatile world.

**Commenting on the findings, Jeremy Hanson, Partner with Heidrick & Struggles and Co-author of the report, commented:** *"While it is encouraging that boards are stepping up on sustainability, this year's survey reveals tensions between directors and management regarding each other's capacity to navigate disruption. With so much at stake—and an increasing complexity to unpack—alignment between board directors and management isn't just a best practice; it's essential for addressing both today's challenges and those of the future. Importantly, alignment does not mean boards should shy away from constructive debate with management. In fact, fostering open, even difficult, conversations is crucial for boards to reach resilient, well-rounded decisions in today's demanding environment."*

**Sonia Tatar, Executive Director of INSEAD Corporate Governance Centre, said,** *"Boards today can benefit from moving from being reactive to proactive. Beyond understanding disruptions, they can focus on looking ahead—anticipating future shocks and potential risks and finding ways to capitalize on the emerging trends to leverage opportunities. By translating insights that inform decision-making into strategic actions, they will be better positioned to guide companies in becoming more resilient and navigating change effectively."*

**Also commenting on the report, David Young, Managing Director and Senior Partner of BCG added:** *"Boards are facing new and increasingly complex challenges, amid geopolitical uncertainty, rapid advances in technology, and continued concerns over the impact of climate change. But boards have made notable progress in tackling sustainability—and now there is opportunity for them to learn from these efforts as they engage in deep conversations with executive leadership to confront this expanding agenda."*

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**About BCG:**

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

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**About INSEAD Corporate Governance Centre:**

The INSEAD Corporate Governance Centre (ICGC) has been actively engaged in making a distinctive contribution to the knowledge and practice of corporate governance globally. Its vision is to be the leading center for research, innovation, and impact in corporate governance. Through its educational portfolio and advocacy, the ICGC seeks to build greater trust within the public and stakeholder communities, so that businesses are a powerful force for improvement, not only of economic markets but also for the global societal environment. For more, visit [www.insead.edu/centres/corporate-governance](http://www.insead.edu/centres/corporate-governance).

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