

HKMA Supports The Conference Board CEO Challenge 2015 Survey and Reveals Top 10 Challenges Facing HK CEOs for the First Time

Since 2013, The Hong Kong Management Association (HKMA) has been a regional partner of The Conference Board in its annual CEO Challenge® survey, which is an annual survey asking CEOs, presidents, and chairmen across the globe to identify their most critical challenges. The HKMA is proud to announce that, for the first time, an individual report of the top challenges facing Hong Kong CEOs has been produced this year. And the survey results were presented at the Fuji Xerox/HKMA 2015 Leadership and Management Seminar Series on "CEO Challenges" held in late June.

Top 10 Challenges: Global vs Hong Kong

In the 2015 edition, CEOs globally rank **Human Capital, Innovation, Customer Relationships, Operational Excellence, and Sustainability** as their top five long-term challenges to drive business growth. CEOs in Hong Kong have a different view, however. While they do include **Human Capital** (tied for first), **Operational Excellence** (tied for first) and **Customer Relationships** in their top five, they also cite **Global Political/Economic Risk** and **Corporate Brand and Reputation** among their top five. At number seven, they give one of the lowest rankings globally to **Innovation**, even as their peers across the region cite it as one of their most critical challenges to drive growth and maintain competitiveness. While Hong Kong CEOs certainly see the criticality of Human Capital to long-term success, they are also focused on an enterprise-wide integrated approach in their growth strategies that equally values excellence in execution, building a strong leadership pipeline, high levels of employee engagement, and a strong customer focus.

Challenges	Hong Kong	Global
Human Capital	T1	1
Operational Excellence	T1	4
Corporate Brand and Reputation	3	6
Customer Relationships	4	3
Global Political / Economic Risk	5	9
Government Regulation	6	7
Innovation	7	2
Global /International Expansion	8	8
Sustainability	9	5
Trust in business	10	10

What is keeping CEOs up at night?

Financial instability in China is the top-ranked hot-button issue keeps CEOs in Hong Kong up at night. Changes in Customers' Behaviour is the only hot-button issue to make the top five in all global regions, and it is placed second in Hong Kong. Locally, CEOs are feeling the bite of Wage Inflation in a talent market that remains tight, where key positions are even harder to fill than in the previous year.

Some Global Big-Picture Trends

While the long-term challenges identified by CEOs show a great congruence across regions, the strategies they are employing to meet these challenges highlight the disparity of the issues in their micro climates. Some major trends clearly emerge from this year's survey responses:

- Success in meeting the most urgent business growth challenges is inextricably linked to the strength of their human capital base. Effective utilization of human capital resources remains CEOs' top challenges, and their strategies to improve productivity centre on greater leadership effectiveness, building a performance culture through measurement and accountability, providing training to upskill their existing workforce, and raising employee engagement
- Judging by the importance CEOs place on customer-centric strategies to meet an array of challenges, understanding changing customer needs is at the centre of their growth strategies. CEOs in Hong Kong are highly focused on customer-related strategies to meet an array of their most critical challenges and see the development of a customer-centric culture as a fundamental building block of high performance.
- For the first time, Sustainability rises to a top five challenge in the survey. CEO priorities revolve around meeting market demand for socially and environmentally conscious products and ensuring sustainability is part of their corporate brand identity. While not high on their challenge list compared to peers in China and the region, Hong Kong CEOs seek to promote sustainability as part of the corporate brand and enhance their portfolio of products and services to meet evolving customers' needs. They also see a need to improve measurement and reporting.
- Mastering cross-cultural competencies is a relatively low strategic priority globally. However, CEOs in Hong Kong demonstrate more sensitivity than their regional colleagues when it comes to cross-cultural issues, giving relatively higher rankings to cross-cultural and diversity-related strategies to meet various challenges. They also rank Develop a Global Mindset among Our Leaders in their top 10 strategies to achieving high performance—one of the highest rankings in the world.

The Conference Board

The Conference Board is a not-for-profit organization in the USA. Working as a global independent membership organization in the public interest, it conducts research, convene conferences, make forecasts, assess trends, publish information and analysis, and bring executives together to learn from one another.

Please visit www.hkma.org.hk/ceochallenge.pdf for the report on Hong Kong results.