The 1st Annual Asian Strategic Impact Survey

Addressing the Challenge of Impact, Image and Income

Oxford HR is a global leadership consultancy dedicated to searching for and supporting remarkable leaders and teams creating lasting positive social and environmental impact.

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Introduction

i) About Oxford HR

Oxford HR is a global leadership consultancy, offering a suite of leadership services to clients across the globe working in social and environmental impact. We work to identify, appoint, and support visionary leaders and teams so they can maximise their organisational impact and achieve their world-changing goals. Established in 1995, we now have offices in Oxford, Amsterdam, Nairobi, Singapore and Washing opening in September 2023, with staff in every time zone and expert local knowledge.

With a strong business foundation in executive search and leadership and change, and a team with experience grounded in impact-driven roles, we are aware of the unique challenges facing the sector when it comes to funding, talent retention and succession and seek solutions using our collective knowledge.

In 2022 we formally established our Asia office in Singapore, having worked with clients in the Asia Pacific region for more than 20 years. Through our engagement with these organisations, in tandem with our work across Africa, Europe and the Americas, we began to notice patterns in organisational behaviour. The ability to observe these organisations from a place of genuine care and understanding gave us the opportunity to evaluate the impacts of external and current issues, and explore the potential strategies being adopted by our peers.

ii) The purpose of this study

Oxford HR recognises the power of collective knowledge. Our vision is to embrace this wisdom to help define the direction the sector needs to take to move forward. We truly believe that collaboration is key to success.

Our research agenda is simple; to define the challenges we face as leaders of social and environmental impact organisations operating in the Asia region, and more importantly, identify how to address them. We also want to identify the strategies that other organisations are employing and explore whether there is a disconnect between function and/or local, regional, and international leadership.

We hope this study will help to frame your own strategic direction and to understand how other organisations are evolving and embracing the uniqueness of the Asia market.

> *"Asia Pacific is evolving rapidly, balance and stability is no longer a given, and the guiding principles to growth are no longer obvious. Businesses must act quickly to build trust, create value and deliver sustained outcomes."*
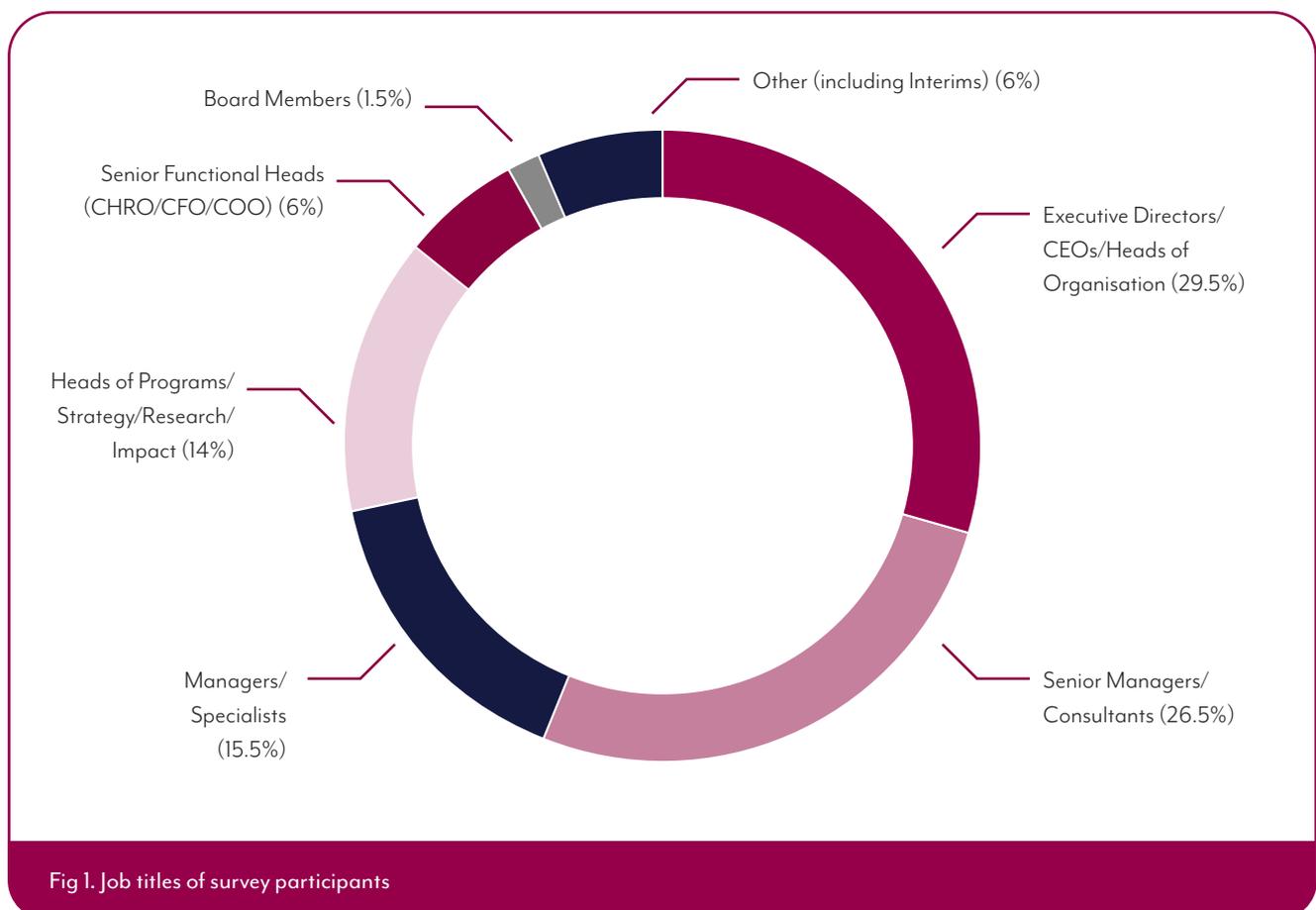> *(PWC, Asia Pacific's Time – Responding to the New Reality)*

iii) Research design

For this study, two primary methods of research were utilised. Firstly, we collected data in the form of an in-depth questionnaire, asking participants to select their three main challenges and rank the effect each challenge had on various aspects of their organisational operations. We then asked questions on which strategies their organisation are/would implement to deal with these challenges. The quantitative data from the questionnaire was then supplemented with qualitative data collected through a series of interviews with individuals active in the sector.

The Survey

Our questionnaire was developed using the knowledge from within the Asia Pacific team. It was dispersed to the wider Oxford HR community over the course of two months, targeting those individuals, in particular, working in the region, within senior management and/or operational roles.

From the demographic statistics in the survey:

Board Members (1.5%)
Senior Functional Heads (CHRO/CFO/COO) (6%)
Heads of Programs/ Strategy/Research/ Impact (14%)
Managers/ Specialists (15.5%)
Other (including Interims) (6%)
Executive Directors/ CEOs/Heads of Organisation (29.5%)
Senior Managers/ Consultants (26.5%)

Fig 1. Job titles of survey participants

Introduction

Of these, the remits of the roles were:

Local (29.7%)

Regional (37.5%)

International (32.8%)

Fig 2. Remit of participants

In organisations working in:

Environment, Climate, Conservation & Sustainability
Livelihoods & Agriculture
Health
Education
Disaster & Humanitarian
Human Rights & Equality
Trade & Economic Development
Other
Data, Technology & Research

Fig 3. Sector specialisms of participants
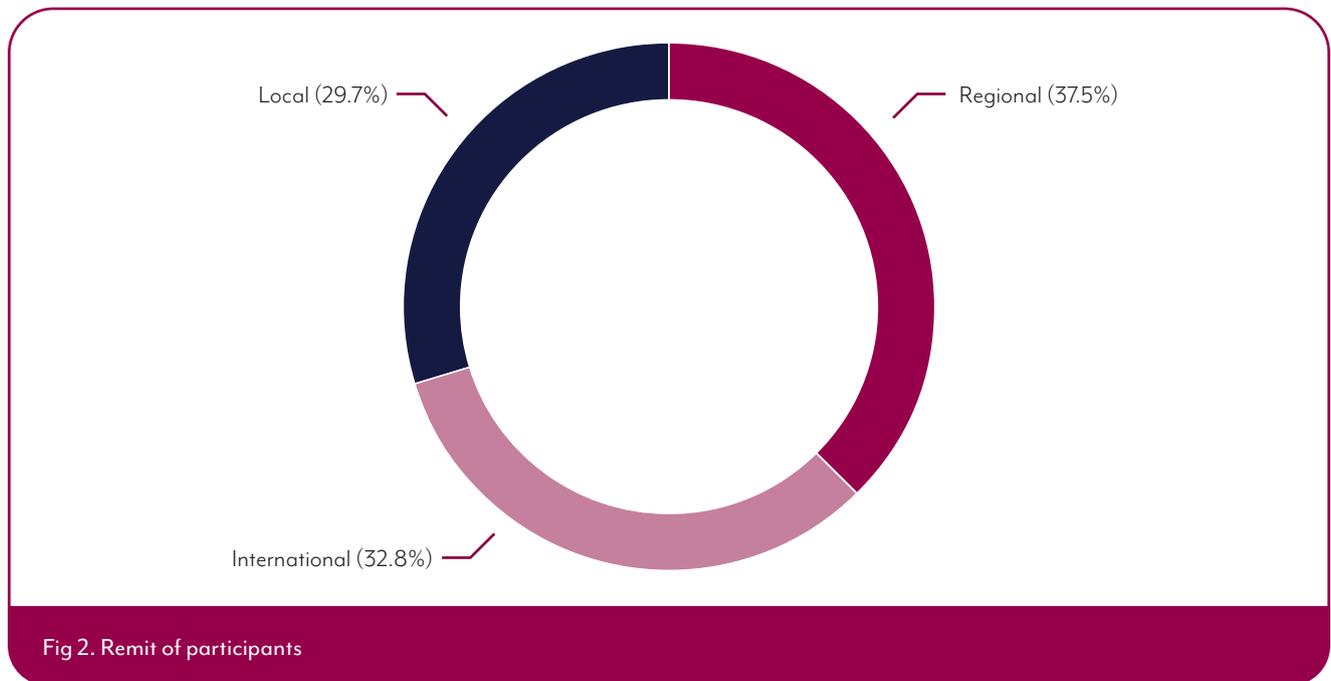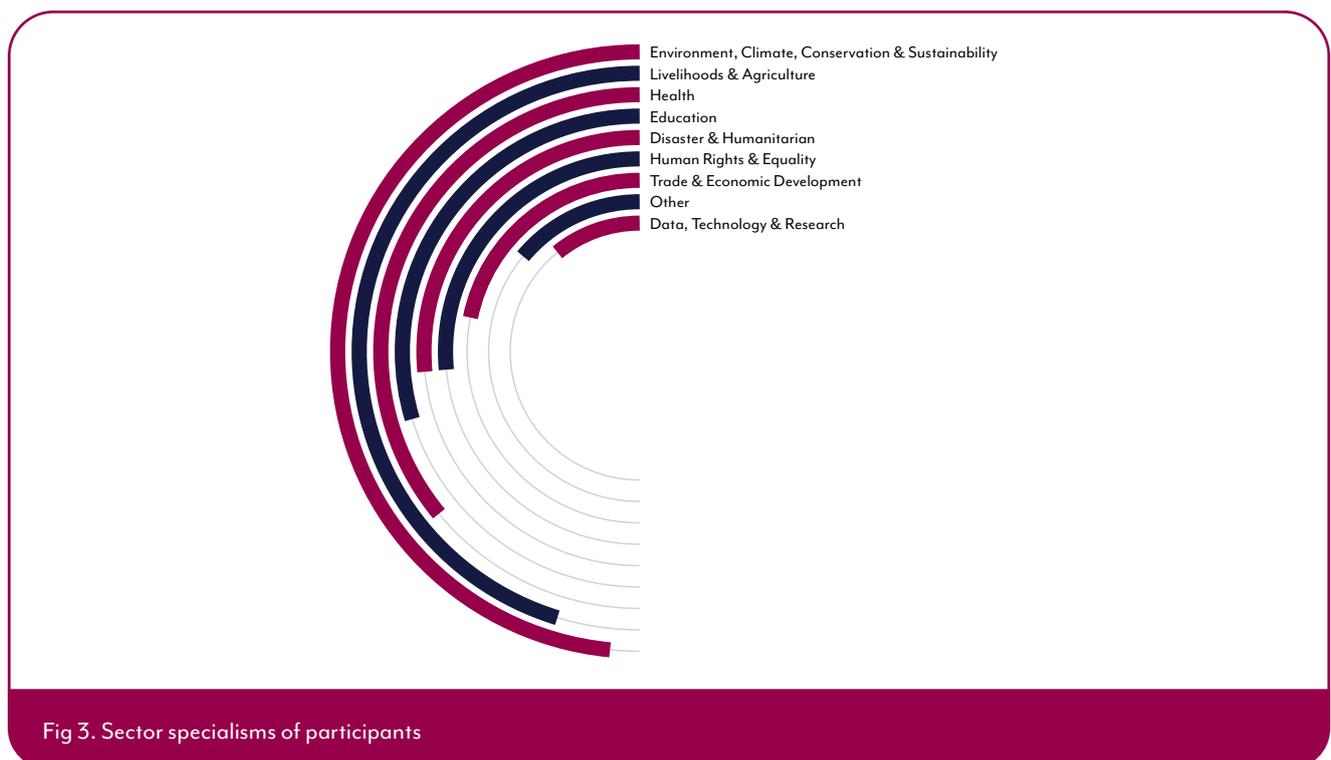
The Interviews

We conducted informal interviews with the survey participants willing to provide further input, in addition to individuals selected for their unique perspectives and relationship with Oxford HR. The interviews took place online and lasted from around 15-30 minutes. There were no set questions as to gauge individual views on challenges pertaining to their specific sub-sectors.

iv) About the authors

Nick Sutcliffe – Managing Director, Asia
Nick is Oxford HR's Managing Director, Asia. Based in Singapore, he has 20 years of international business experience and particular expertise in the Asian context. Nick is a seasoned business leader with extensive experience working with Fortune 500 companies and advising on C-Suite strategies including HR transformation, innovation, change management, and digital transformation. Nick has published a broad range of business-led research encompassing all facets of the future of work, regional talent strategies, human capital analytics and strategic workforce planning.

Ruth Davis – Communications Manager
Ruth is a communications professional with a particular interest in communicating impact for mission-led organisations. Within Oxford HR she has worked with across all of our offices, identifying partnerships and sourcing thought-leadership pieces. More recently, she is leading on Oxford HR's BCorp application process and measuring our organisational impact. Ruth holds a BA from the London School of Economics and is currently studying MSc in Sustainable Development.

Mayank Parekh – Associate Consultant, Asia
Mayank is an Associate Consultant at Oxford HR based in Singapore. Mayank has wide-ranging international management experience across industries and geographies, including business development, mergers & acquisition, human capital management and organisation design. Most recently, Mayank was the founding CEO of the Institute for Human Resource Professionals (IHRP) responsible for the credentialling and professional development of HR professionals and spearheading various initiatives to nurture progressive HR practices to support companies' business transformation. He holds an MA in Economics from University of Cambridge, UK and MSc in Human Resource Management from Rutgers University, USA.

The Challenges Identified

Working with the wider Oxford HR community, including our clients, candidates and the knowledge gathered from within our team, we identified the seven most prominent issues facing organisations in the sector:

Deteriorating financial and economic conditions
Leadership, management and succession
Enhancing transparency and improving governance
Geopolitical and legal risks
Impact of climate change and ESG
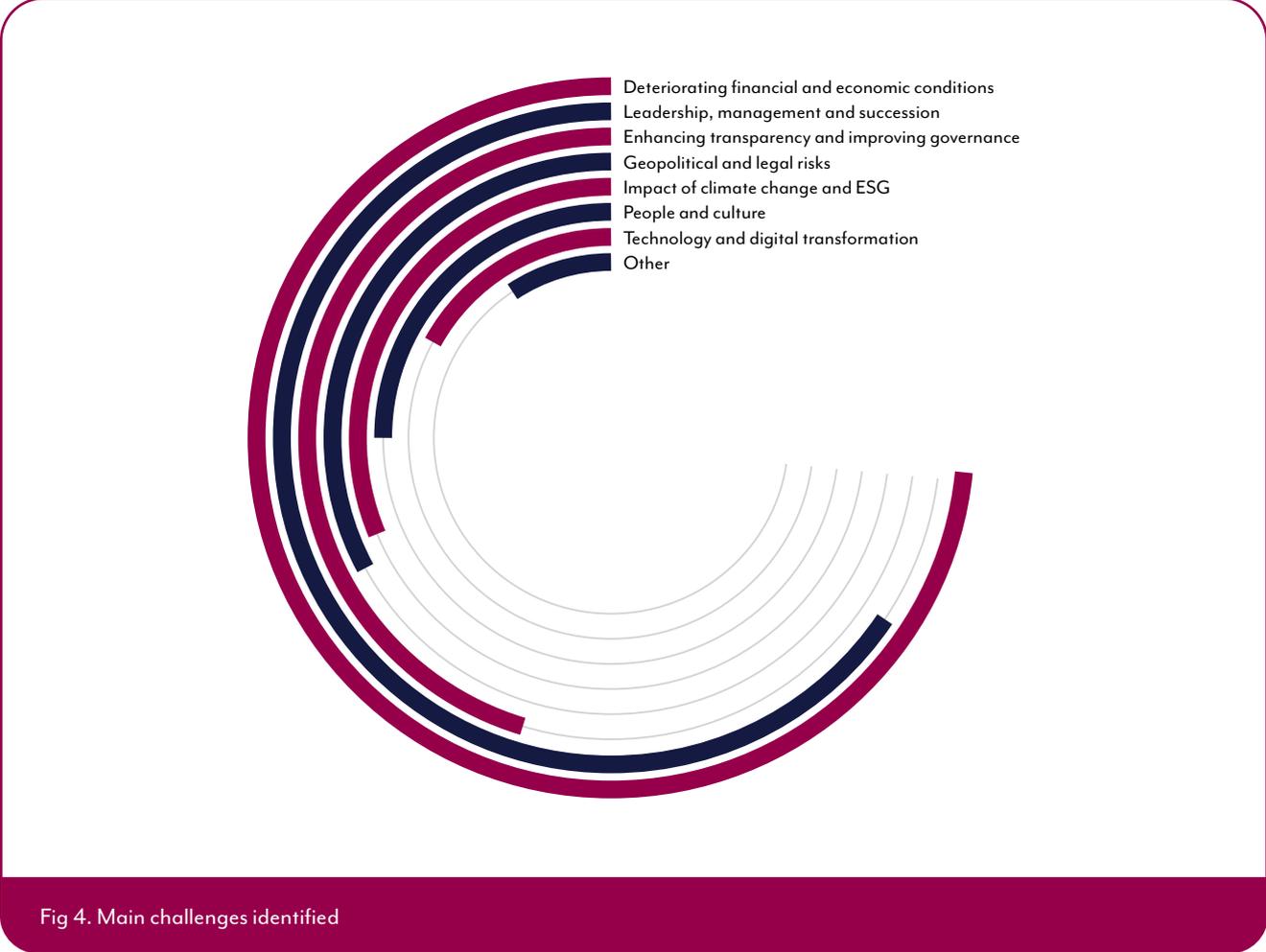People and culture
Technology and digital transformation
Other

Fig 4. Main challenges identified

1
Deteriorating Financial and Economic Conditions

It was no surprise that the data displayed the deteriorating financial and economic conditions as the most pressing challenge faced by organisations in the region. While economic growth has brought wealth and prosperity to the region, it has also created challenges such as income inequality and environmental degradation.

73.44% of participants said this was the number one challenge faced by their organisation.

Economic downturns can have a significant impact on social and environmental organisations; reducing government/donor aid budgets, increasing demand for services, and creating greater competition for funds. At the same time, the demand for social services and support provided by these organisations tends to increase as individuals and communities face greater challenges and hardships during tough economic times. This can create significant pressure to meet the rising demand for services while also struggling with decreased funding. Organisations must be prepared to navigate these challenges by exploring alternative funding sources and diversifying their revenue streams.

To navigate these challenges, organisations can implement several strategies to strengthen their financial health and sustainability. To mitigate the impact of recessionary pressures on charitable donations, organisations can focus on building relationships with donors, communicating the impact of their donations, and highlighting the need for continued support during challenging times. As such the strategies to secure sufficient funding for operations and programmes are imperative.

Building a stronger relationship with potential funders is crucial. Once potential funders are identified and researched, organisations must develop a compelling case for support that clearly articulates the organisation's mission, goals, and impact. Organisations should customise their communication to the needs and interests of each potential funder and create opportunities for engagement. This was the number one ranked strategy from survey participants. An interesting strategy that emerged in conversation was that of pitching an organisation strategy as opposed to a short-term project. This can lead to a myriad of benefits, including the ability to hire talent for the long term as opposed for just the lifecycle of a programme.

1. Deteriorating Financial and Economic Conditions

> *"I'm obsessed with strategies in terms of delivering our work. We pitch our three, five year strategy to donors and say, you can fund this. You can have a piece of the strategy. This means they become less project driven and more focused on the overall strategy."*
> *Bjarne Pedersen, Clean Air Asia*

Exploring alternative funding sources, such as partnerships with private sector companies, can also address a downturn in economic conditions, by reducing reliance on government/donor aid budgets. In the same vein, collaboration among impact-led organisations can help to reduce competition for funds and resources. Organisations can collaborate on joint initiatives, share resources, and work together to address common challenges, creating a more significant impact than they could achieve individually. Interestingly, a collaborative approach was not as big a priority, ranking fifth out of the seven options in the survey questions.
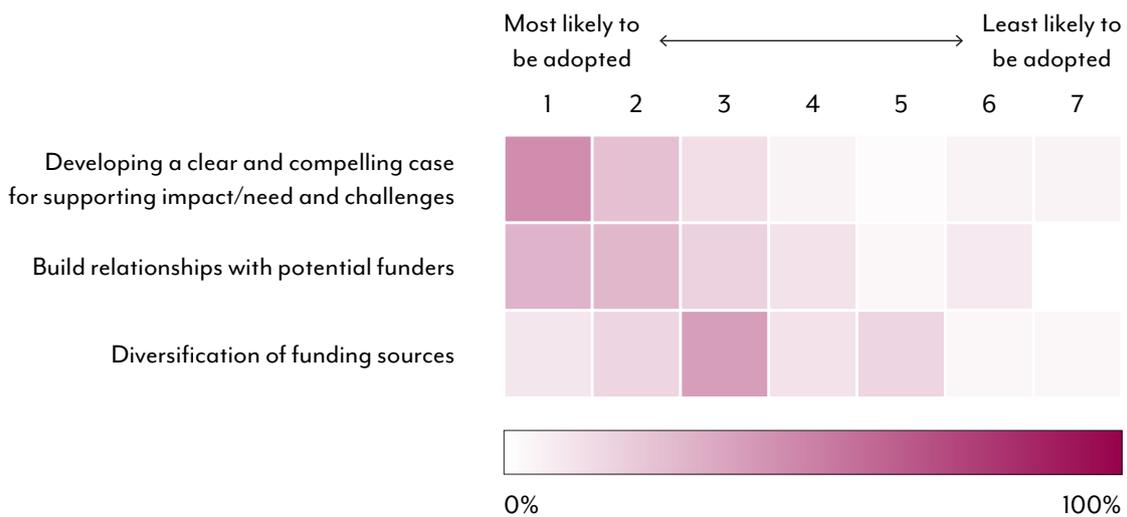

Fig 5. Strategies to secure sufficient funding: Ranked

Short-termism and Funding

"Leaders these days are necessarily focused on short-term responses to crises, but they also need to think longer term and cultivate fit-for-purpose behaviors."
*(McKinsey, The State of Organisations 2023)*

Short-termism, defined as the "practice of considering only the immediate advantages of particular actions" (Cambridge English Dictionary) is inherent within the mission-driven sector due to the nature of funding cycles. While short-term funding provides crucial support, it does not help organisations think long-term about their impact and people strategy, often hiring, training, and implementing projects for the lifecycle of the funded project. In order to encourage longevity in programmatic work, and in turn allow impact-led organisations to develop their staff and create long term, sustainable impact, unrestricted funding should be advocated.

As John Rendel discusses in his article for Oxford HR on 'Why trust is important in funding', unrestricted funding offers a myriad of benefits, to name a few:

- It encourages long-termism by reducing the short-term focus on keeping the lights on
- It encourages organisations to compete for funds on strategy, leadership, governance and impact per dollar received, rather than on their ability to dream up the most fundable projects in an inefficient race to the bottom
- It is flexible – if the organisation is well run, money is allocated to where it's needed and that may change within a grant cycle
- It reduces grantees' incentive to 'mission creep' as they 'follow the money'
- It encourages organisations to compete for funds on strategy, leadership, governance and impact per dollar received, rather than on their ability to dream up the most fundable projects in an inefficient race to the bottom
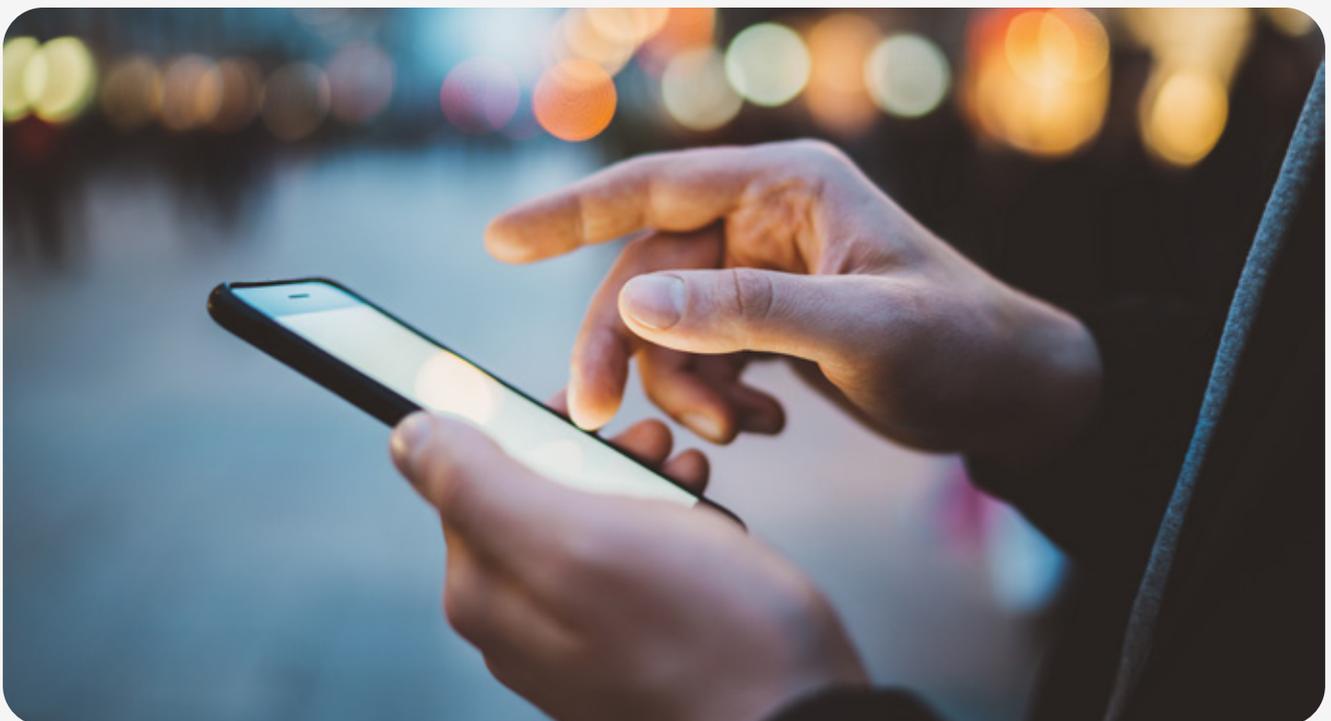
2
Geopolitical and Legal Risks

The beginning of this decade has brought about a disruptive period in human history, with the COVID-19 pandemic being followed by the outbreak of war in Ukraine, triggering crises in food and energy. As we entered 2023, the world was facing a set of risks that felt both new and familiar. We saw the return of "older" risks, such as inflation, cost-of-living crises, trade wars, and social unrest, which few of this generation's leaders have experienced. These risks are being amplified by newer developments in the global risk landscape, including unsustainable debt levels, low growth and investment, de-globalisation, declining human development, rapid development of dual-use technologies, and growing climate change pressures. All of these factors are converging to shape a unique, uncertain, and turbulent decade ahead.

"NGOs have opportunities from crises, to take back the narrative."
Wisal Hin, PLATFORM Impact

Geopolitical and legal risks can have a range of impacts on the operations of international mission-led organisations, NGOs and charities. These impacts include the reduction in government or donor aid budgets, which can affect the resources available to these organisations to carry out their work. Closely linked to the previous chapter, our survey findings indicate that challenges related to finance, including reductions in aid budgets, are the number one concern of impact-led organisations in the geopolitical risk category. These types of reductions can often be predetermined by geopolitical factors, such as governments prioritising domestic issues, changes in government administrations, redirection of resources to other causes (notably pandemic preparedness and response) and changes within international relations. It is important to note that all of these aspects are entirely out of the control of organisations reliant on aid and grants.

Staying informed of risks and changes is therefore important to enable effective risk management. However, this can be a challenge for organisations, especially those operating in volatile contexts. High risk situations can also encourage short-termism, with many organisations 'fire-fighting' in order to stay afloat in particular instances.

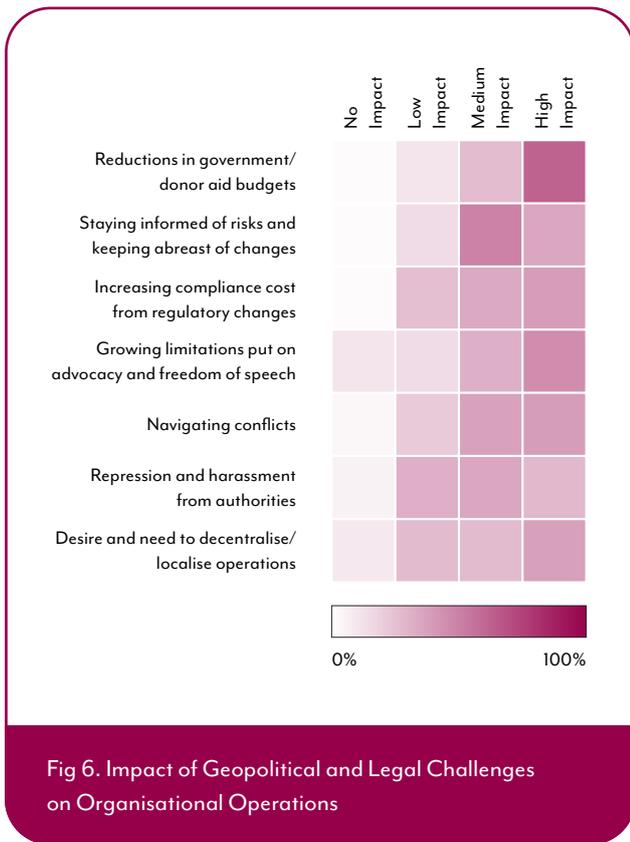|	No Impact	Low Impact	Medium Impact	High Impact
Reductions in government/ donor aid budgets				
Staying informed of risks and keeping abreast of changes				
Increasing compliance cost from regulatory changes				
Growing limitations put on advocacy and freedom of speech				
Navigating conflicts				
Repression and harassment from authorities				
Desire and need to decentralise/ localise operations				

0%   100%

Fig 6. Impact of Geopolitical and Legal Challenges on Organisational Operations

Limitations on advocacy and freedom of speech can restrict the ability of organisations to effectively carry out their work while navigating conflicts and can pose significant challenges for their operations. Repression and harassment from authorities can also impact the safety and security of staff and operations. In certain contexts, as we found from our qualitative interviews, strict government guidelines, and in extreme cases, repression, can severely hinder how mission-driven organisations carry out their work. A stable political system and administration can help organisations working in international development function more effectively; with the caveat that regulation does not become too rigid. Too much bureaucracy, as noted by our interviewees, can waste precious time and resources. In certain regions, only a handful of regional NGOs are allowed to operate, meaning they are under more scrutiny than ever before.

"It's a challenge to operate in rapidly narrowing democratic spaces. You have to be constantly mindful of not overstepping lines."
Bjarne Pedersen, Clean Air Asia

There is a growing desire and need within the sector to decentralise or localise operations to better serve communities. This requires building stronger relationships with local partners and stakeholders, as well as understanding and adapting to local cultural, political, and legal contexts. Interestingly, considering current dialogues in the international development sector, this was the lowest of the ranked impacts; suggesting that many organisations might already have in place a strong strategy in this area.

"A combination of crises, impacts of legacy fossil fuel-dependent economic development priorities, and ongoing geopolitical challenges place Asia Pacific further behind to achieve SDG targets."
(PWC, Asia Pacific's Time: Responding to the New Reality)

The risks posed by geopolitical and legal issues in Asia can be mitigated through various strategies. Monitoring, keeping abreast, and staying informed can help organisations with geopolitical challenges of this nature and involves being up to date with the latest developments in the geopolitical and legal landscape. Organisations can establish teams or use technology to monitor risks and alert the leadership to emerging issues. Our data shows that keeping updated on current issues is the most employed strategy regarding geopolitical

challenges, with the utilisation of digital platforms being ranked last. This could suggest an opportunity to develop digital tools and utilise technology to stay ahead of the curve and reduce reactionary measures.

Organisations can also develop a clear understanding of local legal requirements; involving understanding and complying with legal requirements in the region. This includes laws related to labour, data protection and intellectual property, which could reduce government scrutiny and time wasted having to jump through legal requirements. Tied closely with short-termism, having a longer term outlook would allow organisations to train and retain staff who already have an understanding in this area, rather than hiring expats who then have to take time to learn local customs, norms and regulations.

"Organisations that take a serious, systematic, and senior-driven approach to political risk management are likely to be surprised less often and recover better."
Condoleezza Rice and Amy Zegart, Political Risk: How Businesses and Organisations Can Anticipate Global Insecurity (Hachette, 2018)

In conclusion, the risks posed by geopolitical and legal issues in Asia can be mitigated through a combination of strategies. Organisations should be proactive in monitoring risks, engaging with stakeholders, and developing robust policies and plans to address emerging risks.

Integrity

"There is an unconscious tension between the results agenda and the solidarity agenda. The most important thing is to stand among people and stand with their challenges."
Joshua Hallwright, Centre for Humanitarian Leadership

A theme that emerged from our quantitative analysis is that of ensuring integrity as a mission-driven organisation. With recent international crises and a need to secure funding, organisations can create projects that do not align fully with their mission and values, solely for financial needs. It can then be difficult to carry out these projects at short notice, hiring specialist staff for singular programmes.

It can also confuse organisational messaging; although being able to illustrate demonstrable results to funders is undoubtedly important, standing firm with your mission and niche highlights dedication and can build trust, which is equally important when looking to stand out in a saturated funding landscape.

It's therefore hugely important for impact-led organisations to identify, and adhere to, their individual areas of impact, demonstrating both commitment to the cause amongst the communities worked with, and authenticity to potential donors and funders.

"If you stand for something and you do it well, the funding and reputation will come your way."
Theethuch Klomsuwan, Change Fusion

3

Impact of Climate Change and ESG

Climate change and environmental, social, and governance (ESG) guidelines have had an increased impact on NGOs and international organisations in recent years. This impact takes different forms such as increased demand for climate and sustainability-related initiatives, greater accountability and transparency, collaboration opportunities, changes in funding priorities, and the need for increased expertise. Our team are seeing an increased demand for candidates with experience in sustainable business/supply chains, ESG/CSR, climate finance and policy frameworks.

The issue of climate change requires organisations to have a greater understanding of environmental and social issues and how they are interconnected, which may require hiring staff with expertise in areas such as climate science, climate finance, impact measurement,

sustainability, and environmental policy. Overall, climate change and ESG create both challenges and opportunities to advocate for more sustainable practices, collaborate with other organisations, and increase impact.

Once again, the main impact on operations as found by our survey results, in terms of ESG, was that of economic sustainability, closely followed by inclusive, equitable growth for employees, suppliers, communities and beneficiaries. Reputation management and the ability to continue operations in a sustainable manner were of least significance, most likely due to the fact that NGOs and impact organisations have been early adopters of ESG measures having been more exposed to the communities affected by climate change.
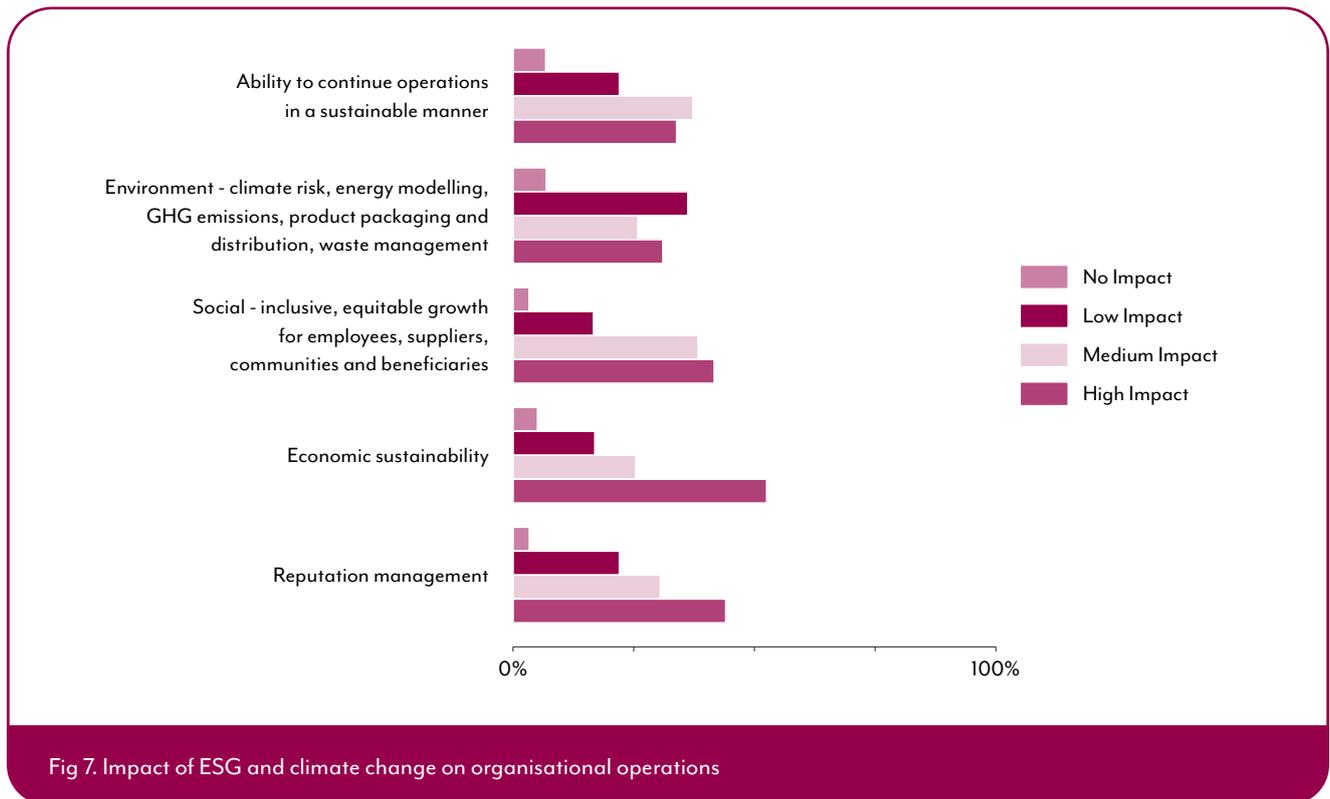
3. Impact of Climate Change and ESG

Fig 7. Impact of ESG and climate change on organisational operations

"Under a business-as-usual scenario, Asia and the Pacific may represent more than 60% of global GHG emissions by 2060, and some of the most vulnerable countries are here. As such, the battle against climate change is won or lost in Asia. ADB has repositioned ourselves as the Climate Change Bank for Asia and the Pacific to make sure that the battle is won."
Jacob Wienberg Sorensen, Asian Development Bank

The challenges of climate change and ESG for impact-led organisations operating in Asia can seem daunting, but by taking a proactive approach and implementing strategies such as monitoring and mapping the impact of climate change on their organisation, defining resilience goals, and developing sustainability plans with leadership buy-in, organisations can make meaningful progress. Continuous improvement and evaluation of progress and communicating their ESG efforts and results to stakeholders is critical for transparency and accountability. By adopting new strategies, organisations can demonstrate leadership in addressing the challenges of climate change and ESG, while also advancing their organisational goals.

"Nonprofit organisations have both helped to drive this innovation — acting as both watchdog groups and advocates — and benefitted from ESG as recipients of grant funds and sponsorships as companies race to align themselves with pertinent social causes and reputable partners."
(Forbes, ESG is good for Nonprofits too)

From our data, the strategies most likely to be employed by social and environmental impact organisations are:

1. Defining climate change resilience for your organisation and linking to organisational goals
2. Monitor and map climate change related impact for your organisation
3. Assessment of sustainability and developing a plan that meets leadership buy-in

Interestingly, 'collaborating with other organisations to increase knowledge of industry practices' was not a highly ranked strategy. Given the globality of the climate crisis and its sense of urgency, we should be seeing more cross-organisational, and even cross-sector, knowledge sharing and collaboration in how to effectively implement and innovate ESG measures.
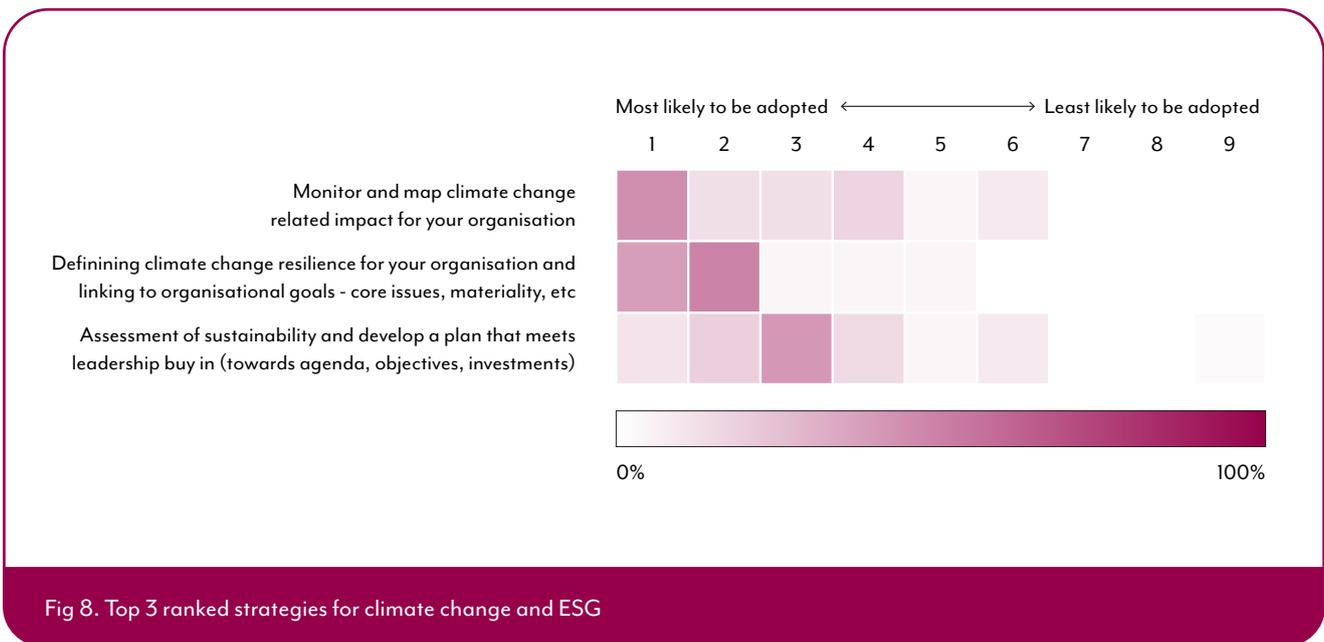

Fig 8. Top 3 ranked strategies for climate change and ESG

An Era of Collaboration to Address Climate Impact

The increase in collaboration between NGOs, international organisations, and the private sector to address the challenge of climate impact is a positive development in the ongoing efforts to tackle climate change. This collaboration recognises the need for collective action and the importance of leveraging the resources, expertise, and influence of different sectors to address the complex and global nature of climate change.

Benefits of collaboration:
- **Access to resources and expertise:** Social and environmental impact organisations and the private sector bring different strengths to the table. The former often have a deep understanding of local communities and grassroots engagement, international organisations possess global reach and policy expertise, and the private sector brings financial resources, innovation, and technological capabilities. By collaborating, they can pool their resources and expertise to develop more effective solutions.
- **Scalability and impact:** Climate change is a global challenge that requires large-scale action. The private sector, with its financial resources and capacity for innovation, can help scale up sustainable technologies and solutions. NGOs and international organisations can provide guidance and ensure that these actions align with social and environmental objectives. Together, they can have a greater impact than they would individually.
- **Policy influence and advocacy:** Social and environmental impact organisations play a crucial role in advocating for climate action and influencing policy change. By partnering with the private sector, they can leverage the industry's influence and lobby for supportive policies and regulations. This collaboration can help create an enabling environment for sustainable practices and encourage other companies to follow suit.
- **Innovation and entrepreneurship:** The private sector's entrepreneurial spirit and ability to take risks can drive innovation in climate solutions. By collaborating with NGOs and international organisations, they can access valuable insights into the needs and challenges faced by communities and ecosystems affected by climate change. This collaboration can lead to the development of innovative technologies, business models, and practices that contribute to mitigating and adapting to climate change.
- **Public-private partnerships:** Collaborations between NGOs, international organisations, and the private sector often take the form of public-private partnerships (PPPs). These partnerships bring together the strengths and resources of different sectors to implement sustainable development projects and initiatives. PPPs can facilitate knowledge sharing, joint decision-making, and the allocation of responsibilities, resulting in more effective and sustainable outcomes.

It is important to note that collaboration alone is not sufficient to address the challenges of climate change. Adequate policies, regulations, and financial incentives from governments are still crucial to drive the necessary transformations. However, the increased collaboration between NGOs, international organisations, and the private sector can contribute significantly to advancing climate action and achieving the Sustainable Development Goals.

4
People and Culture

Talent development is the process of improving the abilities, skills, and knowledge of individuals to enhance their performance, retain their talent and ensure that employees reach their full potential. This can include formal training programmes, mentoring, coaching, and career development opportunities. This is often used in the context of organisations to improve the skills and capabilities of their employees and to build a talent pipeline, building a highly skilled and capable workforce that can help an organisation to achieve its mission.

Within the challenge of people and culture, our data illustrates that the impacts of most concern are the attraction and retention of talent; compensation and benefits; and defining future skills of the organisation. Organisations must work hard to adapt to the new reality of the workplace, in order to ensure their workforce feels valued and able to work in the ways they want to. The pandemic has drastically shifted the status-quo when it comes to remote working and flexible hours, with the added dimension that the world of work has opened up and employees have greater opportunity to seek work internationally.

"Thousands of expats continue to shift around the region — some countries seeing fewer expat numbers, others burgeoning. Many locals have returned home, and millions of workers have quit or changed jobs. Most want flexibility in a manner not previously demanded or offered."
(PWC, Asia' Pacific's Time: Responding to the New Reality)

Based on the impact ratings provided, it appears that the most impactful strategies for attracting, developing, and retaining talent are: identifying the current/future skills gaps using skills assessments and career levelling plans; enhancing the Employee Value Proposition (EVP) to attract and retain top talent; and leveraging technology to create a culture of learning and development.
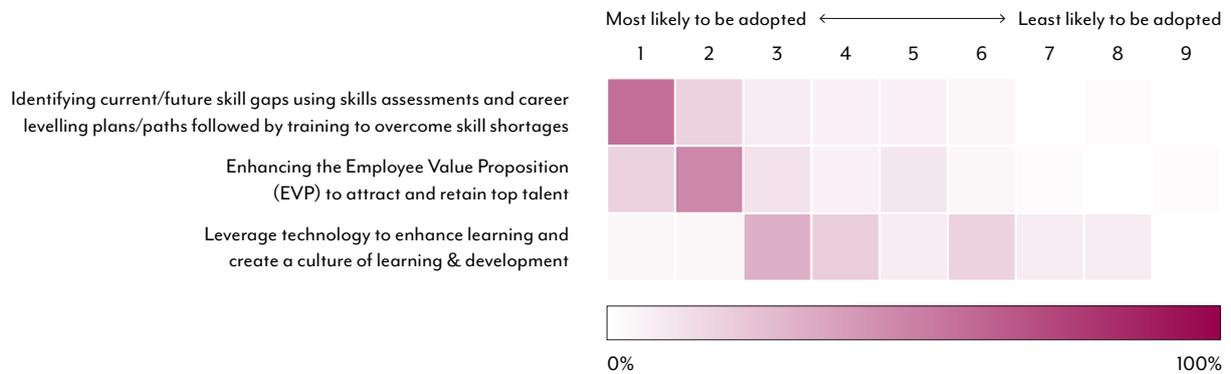
4. People and Culture

Most likely to be adopted ← → Least likely to be adopted

	1	2	3	4	5	6	7	8	9
Identifying current/future skill gaps using skills assessments and career levelling plans/paths followed by training to overcome skill shortages									
Enhancing the Employee Value Proposition (EVP) to attract and retain top talent									
Leverage technology to enhance learning and create a culture of learning & development									

0%   100%

Fig 9. Top three ranked strategies for People and Culture

Another dimension of people and culture is mindfulness and staff well-being. All organisations should strive to create a positive work environment that promotes mental health and supports employee well-being. This can be achieved through regular check-ins, flexible work arrangements, and employee assistance programmes. There is a unique challenge to the Asia Pacific region in this respect; with many employees working for international organisations suffering from increased burnout, due to working extended hours in order to accommodate meeting times with Europe and the US. Singapore is leading the way with increased workplace wellbeing programmes, with the state backing these new measures. The Economist notes that Business leaders in Asia need to address the wellbeing gap between management and the broader workforce; if not, they may struggle to retain their talent, especially as remote work opens up new opportunities for workers in the Asia-Pacific region to seek jobs elsewhere. (Rethinking Wellbeing, The Economist)

Workers in Asia may also suffer more acute financial stress than their counterparts in the West. The lack of unemployment safety nets makes financial stress a more considerable source of mental ill health than in Europe where state support is more significant.
(Rethinking Wellbing: Asia's Changing Approach to Workers' Health, The Economist)

Managing remote teams has become an essential skill for international organisations, especially during the pandemic. Remote working has become the norm, and organisations must adapt to this new reality by developing policies and processes that support remote collaboration, communication, and productivity.

Interestingly, there are also perspectives which are wary of this shift, emphasising the importance of face-to-face communication and meeting colleagues in country offices. Robert Dawson (former CFO at Green Climate Fund), makes the case for this, and warns of HQ offices that are not aware of what is going on at a country level.

Nurturing a positive and inclusive culture is crucial for retaining top talent and creating a thriving organisational culture. Organisations that embrace diversity and inclusion can tap into a wider pool of talent and create a more creative and innovative workforce. Research indicates that the higher the representation within a company, the more likely they are to perform above their competitors[1]. Harvard Business Review even discovered that diversity can unlock innovation within an organisation[2], with further evidence suggesting that teams perform better and employers are more likely to retain their talent when they are working as part of a diverse and inclusive team.

Compensation and benefits are critical factors in attracting qualified and capable staff. We are seeing challenges in this relating to expat pay disparity; often local salaries are subject to benchmarking, whilst expatriates are able to demand bigger salaries and benefits due to the issue of relocation. This ties closely with the growing trend of localisation and moving leadership to regions of operations, away from the traditional expatriate model that is common in the NGO sector.

"Westerners are leading for the most part; it's an effort to make your voice heard. This really needs to be changed. We need empowered people working in the programme for effective delivery."
Bhawna Sharma, Freelance Consultant (Research and Public Health)

At Oxford HR, we recognise the need to create a dynamic and innovative workforce that is well-equipped to meet the challenges of the future, whilst also understanding the nuances of the social and environmental impact space, including themes of diversity and inclusion, salary benchmarking and decentralisation of leadership.

"The workforce in Asia is at the brink of digital exhaustion and burnout, but this can be turned around if leaders relook at the overall employee experience. Empathy will have to become core, with leaders engaging more authentically and taking time to understand and empower their workforce to navigate through their unique experiences."
Rosalind Quek at Microsoft Asia, Rethinking Wellbeing.

[1] https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

[2] https://hbr.org/2013/12/how-diversity-can-drive-innovation

Symptom Vs Challenge

In the context of social and environmental impact organisations, strategic challenges can indeed be just a symptom of underlying issues within their operations. One such example is the lack of talent within organisations, which can be attributed to their project-driven nature rather than having a long-term strategic focus and talent development approach.

Many international impact-led organisations operate on a project basis, meaning they focus on implementing specific initiatives or programmes to address immediate needs or crises. While this project-driven approach allows for targeted interventions and visible impact, it often leads to a neglect of long-term strategic planning and talent development.

- **Lack of Talent:** Organisations that primarily focus on short-term projects may not invest sufficient resources or attention to talent development. Without a strategic outlook, there may be a lack of emphasis on attracting, training, and retaining skilled individuals who can contribute to the organisation's long-term growth and sustainability. This can result in a scarcity of talent within the sector.
- **Limited Organisational Capacity:** The absence of a long-term strategic focus may hinder the development of organisational capacity. Organisations may struggle to build robust systems, processes, and structures necessary for effective operations and future scalability. This lack of strategic planning can affect their ability to attract and retain talented individuals who seek opportunities for growth and professional development.
- **Inadequate Resource Allocation:** A project-driven approach often leads to a concentration of resources on immediate programme implementation rather than investing in talent development initiatives. Without a long-term strategic focus, organisations may struggle to allocate resources towards training, mentorship programs, and leadership development opportunities. Consequently, this hampers the organisation's ability to nurture and retain talent.

Addressing the root causes of these symptoms involves adopting a more strategic approach to operations:

- **Long-Term Strategic Planning:** organisations should incorporate long-term strategic planning into their organisational culture. This includes setting clear goals, defining a strategic vision, and aligning project activities with the overall mission.
- **Talent Development Programmes:** Organisations should prioritize talent development initiatives to attract and retain skilled individuals. This can involve establishing training programs, mentorship opportunities, and career progression plans. By investing in their employees' growth and development, employers can foster a sense of commitment and loyalty, ultimately enhancing their talent pool.
- **Collaboration and Partnerships:** Organisations can mitigate talent challenges by forging collaborations and partnerships with other organisations, academic institutions, and industry experts. This enables access to a wider talent pool, fosters knowledge-sharing, and provides opportunities for cross-learning and capacity-building.
- **Organisational Culture and Leadership:** Organisations should cultivate an organisational culture that values talent and emphasizes long-term strategic thinking. Leadership plays a crucial role in driving this cultural shift by promoting talent development, creating opportunities for advancement, and fostering a learning environment.

By recognising that strategic challenges can be symptoms of underlying operational issues, organisations can take proactive measures to address talent shortages and build long-term sustainability. By adopting a strategic focus and investing in talent development, organisations can ensure a stronger workforce, improved organisational capacity, and enhanced effectiveness in achieving their mission.

The ability to nurture, guide and develop our staff is extremely important
Izabella Koziell, ICIMOD

5

Leadership, Management and Succession

"Leadership of today's workforce requires a more people-centric approach. One that is representative and inclusive, that trusts and empowers, is collaborative and empathetic. Traditional models of hierarchical leadership are outdated and no longer effective."
(PWC, Asia Pacific's Time: Responding to the New Reality)

Succession planning, defining future leadership styles and competencies, and leadership development are all critical impact factors for building a sustainable organisation and ensuring its long-term success. Leadership, management and succession was the second highest ranked challenge by our survey participants, illustrating it as a vital component of organisational wellbeing and success.

65.63% of participants identified leadership, management and succession as the greatest challenge facing their organisation.
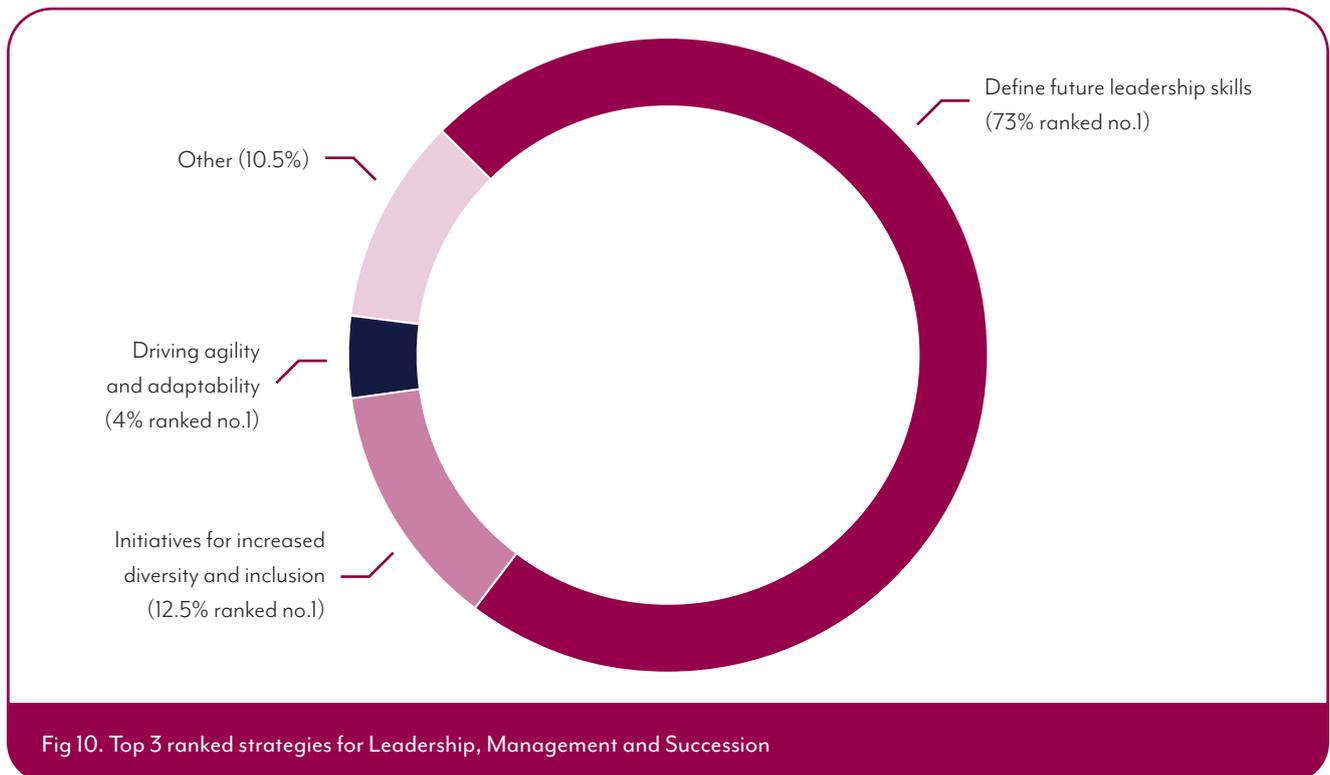
Building a sustainable organisation is essential for social and environmental impact organisations to ensure their long-term viability and impact. Organisations need to identify and develop high-potential leaders, provide them with opportunities for growth and development, and ensure they have the skills and competencies required to lead the organisation in the future. This can help to avoid leadership vacuums or a rushed recruitment process, which, in a CXO capacity, is of vital importance. Leadership development programmes can help to identify and develop leadership potential within their organisation, build skills and knowledge, and prepare leaders for future challenges.

5. Leadership, Management, and Succession

It would be remiss to not include a note here on the unique nature of CEO successions in environmental and social impact organisations, especially when they are Founder-CEO successions. These transitions are often a pivotal moment in the lifespan of an organisation, with much of the perceived identity and mission tied closely to the exiting founder. This can lead to unrealistic expectations for an incoming CEO, or in some cases, to set up the incumbent for failure before they have even started in the role. It is important for funders to be open to new relationships with successors and remember that they are funding the organisation and not the individual. Coaching and on-boarding can be crucial here, in addition to completing a thorough and fair recruitment process with necessary assessment processes.

Strategies for leadership and succession are essential for the long-term success of organisations across the globe. Organisations need to define future leadership skills and competencies and develop initiatives for increased diversity and inclusion. This can involve actively seeking out and promoting individuals from diverse backgrounds, creating an inclusive culture that values and respects differences, and addressing biases and discrimination within the organisation.

Other (10.5%)

Define future leadership skills
(73% ranked no.1)

Driving agility
and adaptability
(4% ranked no.1)

Initiatives for increased
diversity and inclusion
(12.5% ranked no.1)

Fig 10. Top 3 ranked strategies for Leadership, Management and Succession

Driving agility and adaptability is critical for NGOs to respond to the changing needs of their stakeholders and the environment. This requires leaders who can make quick and effective decisions, embrace innovation and experimentation, and foster a culture of continuous learning and improvement. However, this is not always easy for organisations without flexible funding, as Joshua Hallwright from the Centre for Humanitarian Leadership notes, 'a lot of it comes down to business models and financing.'

Recognising leadership potential and promoting from within is crucial for building a sustainable leadership pipeline. Organisations can incorporate leadership development into their performance management plans, monitor, and measure the effectiveness of their leadership development programmes, and continuously adapt and improve their strategies to meet evolving needs and challenges. Although ranked as the least employed strategy, the continual monitoring and measurement of the effectiveness of leadership development can be a key tool for addressing leadership challenges in social and environmental impact organisations.

Effective impact-led leadership

Effective leadership in social and environmental impact organisations requires a combination of factors, including:

- **Expertise and knowledge:** Leaders need a deep understanding of the issues they are addressing and the context in which they operate. This can come from academic research, professional experience, and working closely with affected communities/lived experiences.

- **Strategic thinking:** Leaders must have the ability to analyse complex problems, identify root causes, and develop long-term strategies to address them. This often requires skills in programme design, monitoring and evaluation, and policy advocacy.
- **Collaboration and networking:** Successful leaders build partnerships and coalitions with various stakeholders, including governments, corporations, and NGOs. They need to navigate complex relationships and negotiate to achieve their organisation's goals.
- **Communication and advocacy:** Effective leaders are skilled communicators who can articulate their organisation's mission, engage diverse audiences, and advocate for change. They must be able to raise awareness, mobilise support, and influence policy decisions.
- **Management and organisational skills:** Leading an impact-driven organisation involves managing resources, finances, and a diverse team of staff and volunteers. Leaders must have the ability to set strategic priorities, allocate resources effectively, and ensure transparency and accountability.
- **Emotional intelligence:** a previous Oxford HR research study found that the following elements of emotional intelligence were key to being an effective purpose-led leader:
  - Self awareness
  - Empathy
  - Inclusivity
  - Vision
  - Authenticity
  - Vulnerability

6 Technology and Digital Transformation

The digital transformation has affected every industry, and the social impact sector is no exception. Although not ranked highly as one of the most pressing issues in our research, one major impact is the challenge facing organisations to leverage technology and expand their reach, engage with stakeholders, and deliver services more effectively.

Technology has enabled the collection, analysis and leveraging of data to inform decision-making and increase impact. Organisations can use data analytics to identify trends, monitor progress, and evaluate the effectiveness of their programs. Organisations need to ensure that their staff have the necessary technical skills and knowledge to effectively use digital tools and platforms, including investing in training and development programmes, hiring tech-savvy staff, and partnering with technology firms and experts.
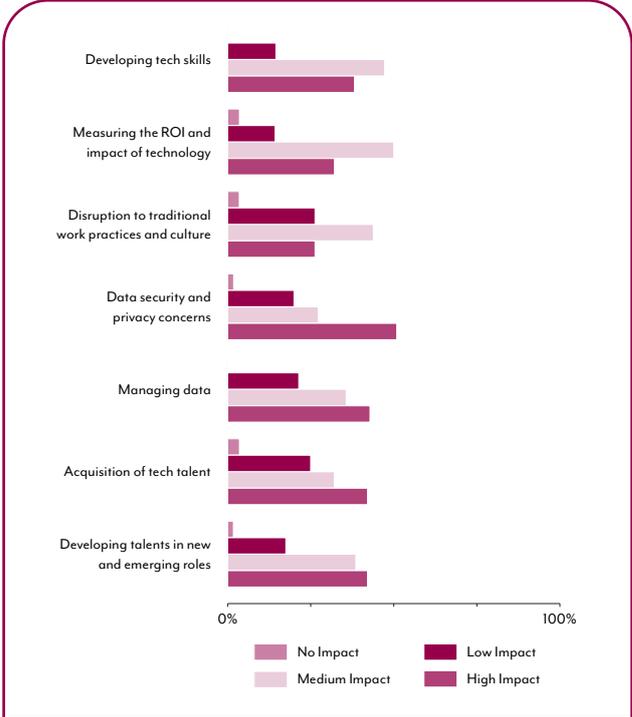

Fig 11. Impact of technological challenges on operations: Ranked

Organisations must have clear metrics and indicators to assess the effectiveness of their technology investments and ensure that they are achieving intended outcomes. This can involve developing performance metrics, tracking, and analysing data, and conducting regular evaluations. The digital transformation has also disrupted traditional work practices and culture. Organisations need to ensure that they have a culture that values innovation and experimentation and encourages staff to embrace change and adapt to new technologies.

Organisations must ensure that they have robust data security and privacy policies and practices in place to protect the personal information and data of their stakeholders. Managing data can be a challenge, particularly as increasing amounts of data are being stored. Effective data management systems and processes are needed to ensure that data is reliable, accruable and readily accessible. Organisations must also stay ahead of the curve with emerging technologies and seek to develop talent with the necessary skills to leverage these technologies.
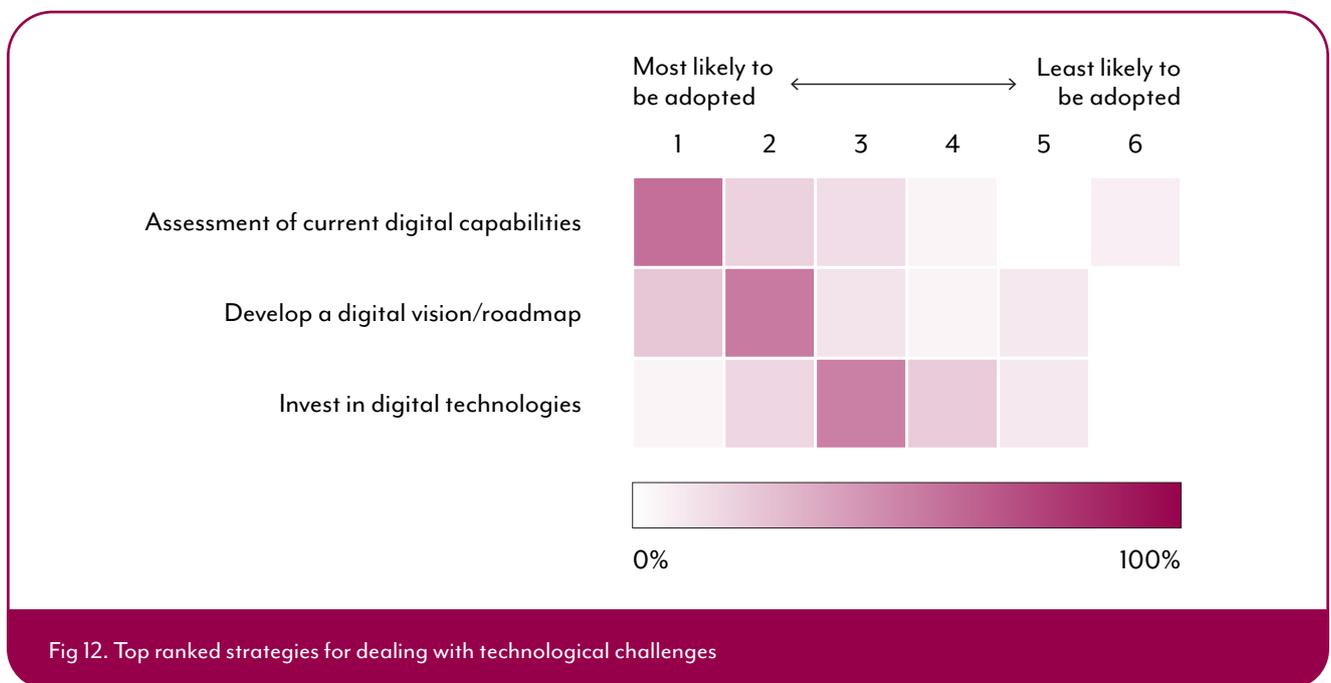

Fig 12. Top ranked strategies for dealing with technological challenges

Transformation affects each level of an organisation and brings together data across areas to work together more effectively. To drive innovation, organisations need to embrace a multifaceted approach.

In order to embrace emerging technologies, organisations should seek to identify the gaps in their current IT infrastructure, allowing them to create a digital roadmap which outlines the steps needed to take to achieve goals in this area, and invest in technology that allows that to operate more efficiently. This can be difficult given the financial restraints for many organisations operating in the social and environmental impact space. Once new technology is in place, a culture of innovation within the workplace needs to be fostered. Due to lack of sufficient funding, certain organisations can be said to have been slower adopters of new technology. However, the pandemic might have had a powerful role here in forcing adoption.

Artificial Intelligence

Artificial intelligence (AI) is becoming widely used in all sectors; providing both opportunities and challenges. AI can analyse vast amounts of data to identify patterns and insights that can inform decision-making and improve programme effectiveness. This information can be used to monitor programme outcomes, identify trends, and optimise operations.

> *"Companies are already using AI to create sustainable, long-term talent pipelines; drastically improve ways of working; and make faster, datadriven structural changes to their organisations."*
> *(McKinsey, The State of Organisations, 2023)*

Ways of implementing AI in organisations are varied; from predictive modeling where future outcomes and trends can be forecast (particularly useful for natural disasters and humanitarian contexts), to natural language processing (NLP), a branch of AI that focuses on processing and analysing human language and the use of computer vision, where visual data is monitored.

In particular, technologies such as Chat GPT and Dall.E present unprecedented opportunities for social and environmental impact organisations, but not without risk. There are certain ethical concerns related to the use of AI, such as the potential for algorithmic bias and the perpetuation of harmful stereotypes. This might also become an issue when considering a computer-generated image may be used for fundraising purposes; should the donor or fundraiser have the right to know that the image is not 'real?' AI also requires significant internal resource, including technical expertise and financial investment, to be implemented effectively. It may also require new and updated policies for safeguarding purposes.

> *The primary aim of visual storytelling is to humanise an issue by providing glimpses into the real lives of others. When these images are computer-generated, the overall authenticity of the storytelling is undermined. It opens the door for larger questions of credibility — such as, how closely does the organisation have ties to its community if it cannot produce real imagery of them?*
> *Tara Todras-Whitehill, Visual Storyteller*

AI has the potential to transform the workplace in social and environmental impact organisations, but it is important to approach its adoption thoughtfully and responsibly, keeping in mind the ethical implications and potential challenges. It offers huge opportunities for organisations that might otherwise not have a large budget for photography, copywriting or marketing.

7
Enhancing Transparency and Improving Governance

"At the root of trust, however, is good governance."
Board Agenda

Impact-focused organisations face a range of challenges when it comes to transparency and governance. Clear and open communication between staff members, stakeholders, and donors can help build trust and strengthen relationships. However, a lack of standard reporting processes can make it difficult to ensure transparency and accountability, particularly when dealing with sensitive issues such as cultural challenges, ethical dilemmas, and risk management. PWC discusses a 'trust deficit' in the region, explaining that data (particularly in relation to ESG), remains fragmented, leading to difficulty in reporting[3].

"Asia-Pacific boards must revisit their strategies through a new lens, as organisations digitalise faster, race toward net zero, and address critical talent shortages and retention."
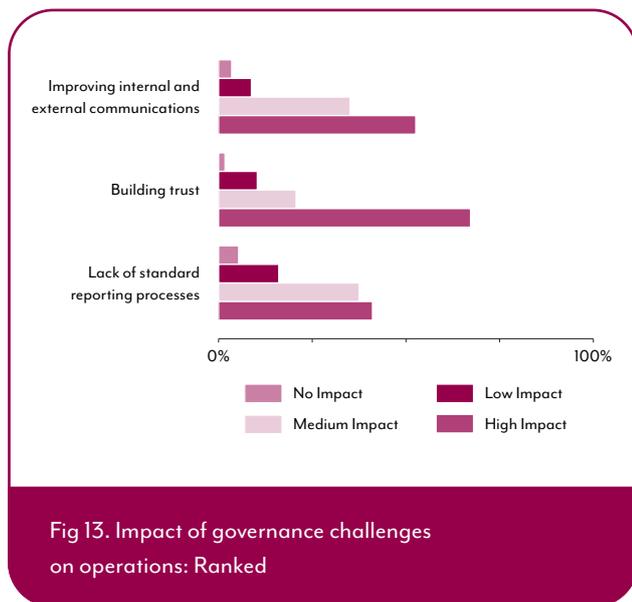*Patrick D. Winter, EY Asia-Pacific Area Managing Partner*

Organisations need to be able to demonstrate the effectiveness of their programmes to donors and stakeholders, but this can be challenging without clear metrics and reporting processes in place. Our quantitative data revealed the importance of learning from the corporate sector in this respect; however, there must be a balance. Simply exporting measurements and metrics across sectors will not generate success due to the uniqueness of social and environmental impact organisations. Human-centric results are difficult to measure quantitively and the bottom line is not the best measure of success for mission-led organisations.

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[3] https://www.pwc.com/gx/en/asia-pacific/asia-pac-time/asia-pacific-time-report-2.0.pdf

Fig 13. Impact of governance challenges on operations: Ranked

transparently. Furthermore, it can be helpful to conduct regular board reviews, to identify knowledge gaps and ensure that members are adhering to board principals and the wider mission of the organisation. It can also help highlight the need for succession planning, which can be a sensitive topic to raise.

"NGOs should therefore properly define the role of directors and ensure regular assessments take place looking at the board's role, tasks and practices. Internal discussions should be used to identify gaps in a board's skills or knowledge."
Board Agenda

The biggest challenge within governance, as shown by our data, is that of building trust. Increased trust between an organisation's board, senior leadership team, donors and other key stakeholders will allow for quicker and more effective decision-making, with improved transparency and accountability. It also allows for open discussion, fully incorporating a wide range of viewpoints, culminating in a more robust outcome. Trust is also vital in funding relationships, meaning it has a key role to play in the long-term sustainability of impact-led organisations.

Effective board management is essential, as boards must ensure that the organisation is operating ethically and transparently and that funds are being disbursed in a responsible manner. Board mandate is important to define, to avoid board members becoming weighed down, reducing effectiveness and creating internal tension. A diverse board of directors can provide valuable input and oversight, bringing different perspectives to the organisation. Board members with experience in areas such as finance, law, and management can help ensure that the organisation is operating ethically and

International organisations must be able to provide accurate and timely financial reports, as well as comply with relevant regulations and standards. Disbursement of funds can also be a challenging area, particularly when dealing with conflict-of-interest issues. Social and environmental impact organisations must be careful to ensure that funds are being allocated fairly and without bias, and that any potential conflicts of interest are identified and managed appropriately.

Organisational governance is important because it helps to ensure accountability, transparency, and effectiveness in the management and use of resources. Good governance helps to build trust with stakeholders, including donors, volunteers, and the communities served by the organisation. It also helps to establish clear lines of authority, decision-making processes, and policies that guide the organisation's operations. Clear policies and procedures can provide guidance for staff members and volunteers, ensure consistency, and promote accountability.

Role of the donor

The impact of the donor cannot be understated; nearly every challenge in this study has, at some point, circled back to the role of the donor.

Being absolutely critical to the functioning of most environmental and social impact organisations, donors, especially those that are government or institutional donors, can often hold most of the power in the funder-grantee relationship. This issue is exacerbated further when considering that most of the funding power is based in the Global North. This can create an illusion of 'donor-requirements'; with organisations making assumptions on the perceived need of donors, often having to make changes in mission in order to accommodate certain projects in order to gain funding.

"In many cases on the administrative side, many people worry too much about the donor and do things because they think the donor wants something."
Bob Dawson, Green Climate Fund

This links back to short-termism within the sector, with too heavy a focus placed on individual programmes. This lens of operations also leads to other problems, such as hiring staff for short contracts and high rates of attrition, whereas the focus needs to be on continual learning and creating a longer term vision of sustainability.

Trust is absolutely crucial when it comes to funding, and improving donor relationships may help in this respect. However, it should always be maintained that donors are funding organisations not individuals, and personal bias should not become embedded in the process. New leaders can often struggle with taking over funder relationships.

"We need to remember we are funding projects not people."
Anonymous Funder

Conclusion

A key theme emerging in this research is the importance of collaboration in the social and environmental impact space; be this across the mission-driven space, with the private sector, or with government. Closely linked to this, and indeed underpinning many challenges noted in this report, is the complex and interconnected nature of the climate crisis and subsequent environmental challenges.

In these areas diverse collaboration is even more vital; in order to achieve agendas of mitigation, adaptation and resilience-building, organisations must share knowledge and learnings. Collaboration across governments, businesses, academia and other stakeholders can leverage resources, enhance collective impact, foster innovation and enable the scaling up of successful initiatives needed to address key challenges.

The notion of people capital is also of central importance. Building people capital focuses on developing human potential, fostering skills and capacities, promoting education and healthcare, and enhancing social and cultural aspects of a community. It recognises that lasting impact and sustainable development are achieved through empowering individuals and communities to take charge of their own progress.

Organisations that prioritise building people capital understand that financial capital alone is insufficient to bring about meaningful change. While financial resources are essential for running programmes and addressing immediate needs, investing in people capital ensures the long-term well-being and self-sufficiency of communities. By providing education, vocational training, healthcare, and social support, social and environmental impact organisations can empower individuals to become active participants in their own development, breaking the cycle of dependency and creating self-sustainable communities.

In summary, building people capital in the impact-led world means investing in the human potential and well-being of individuals and communities, empowering them to become active participants in their own development. While financial capital is crucial for supporting programmes, the long-term sustainability and impact of organisations depend on prioritizing people capital alongside financial resources.

While Asia has experienced significant success, it is important to acknowledge that challenges and disparities still exist within the region. Income inequality, environmental degradation, social issues, and geopolitical tensions remain areas that require ongoing attention and concerted efforts. Nonetheless, the Asia success story showcases the region's resilience, dynamism, and potential for continued growth and development.

"Progress can go backwards" Asia is not done!
Ryan Joseph Figueiredo, Founder and Executive Director, Equal Asia Foundation

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