



A Look into Asia's Sustainability Talent Market

Concerns about climate change, investor pressure, and an ongoing transition to a green economy have brought sustainability to the forefront of executive's minds across the globe. While different countries and regions are responding at varying speeds in taking collective action, global organizations are recognizing that they must make meaningful and impactful change quickly or risk losing customer loyalty. Within Asia, sustainability is a rapidly growing topic, as consumers demand increased transparency across ingredient sourcing, manufacturing, and broader corporate governance. In a recent McKinsey study,¹ Indonesian consumers were found to feel more strongly in favor of promoting sustainability than the average global consumer and are willing to spend more to "go green." As such, companies are beginning to think about how to incorporate this important dimension into their day-to-day operations and need the talent to be able to drive these initiatives.

The explosive demand for sustainability professionals is creating a talent shortage in the industry, especially in Asia. To help firms better understand how to hire and retain sustainability leaders, Russell Reynolds Associates set out to analyze the sustainability talent in the Asian market. We conducted an in-depth analysis of 69 senior sustainability professionals across the consumer and industrial industries in the region including Australia, China, India, Singapore, Malaysia, Indonesia, Thailand and Vietnam to understand the talent market and the profile of these leaders. Additionally, we compared these data points to RRA's proprietary global benchmark of sustainability executives.



Our findings identified several trends:

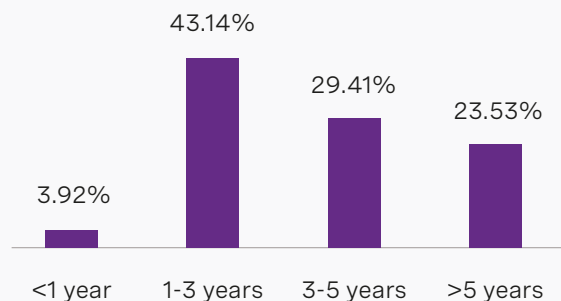
1. The Head of Sustainability role is becoming broader in scope and more senior in profile

As expectations for sustainable strategy and operations grow, more companies are elevating the seniority and profile for this role. For example, a global consumer products organization has broken out the sustainability role from the communications function and made it a standalone role reporting into the head of their Asia and Middle East region. This is a result of the role's scope becoming broader and requiring management of more senior stakeholders, influencing leaders to see the long-term benefits of sustainability, and supporting the organization in the change journey.

2. Lack of a career track has led to a dearth of talent

As the importance of sustainability is only now gaining traction, the talent pool is thin. In large part, this is because these roles were traditionally embedded into other functional roles, such as communications, procurement, and supply chain. In order to progress their careers, these leaders were required to wear multiple hats and broaden their expertise beyond a pure sustainability focus. Given the nascency of the role, there is almost no talent in the market that has grown up in focused sustainability roles—and the specialized talent that does exist is being snapped up quickly.

Current Role Tenure of Sustainability Leaders



3. Talent everywhere is increasingly pivoting to purpose-based roles

Regardless of their historic focus, we see an increasing number of senior leaders seeking to pivot their skillsets to the sustainability arena. The pandemic raised awareness around sustainability issues, the inter-connectedness of markets and the role of business in society at large, while also giving candidates a chance to step back and think about their longer-term goals in life. The result has been a large increase in uptake of sustainability-related educational degrees and corporate training. An example, Ernst & Young has partnered with Hult University to offer any of its 312,000 global staff the chance to earn a MA degree in sustainability.²

Profiles of Asian sustainability leaders



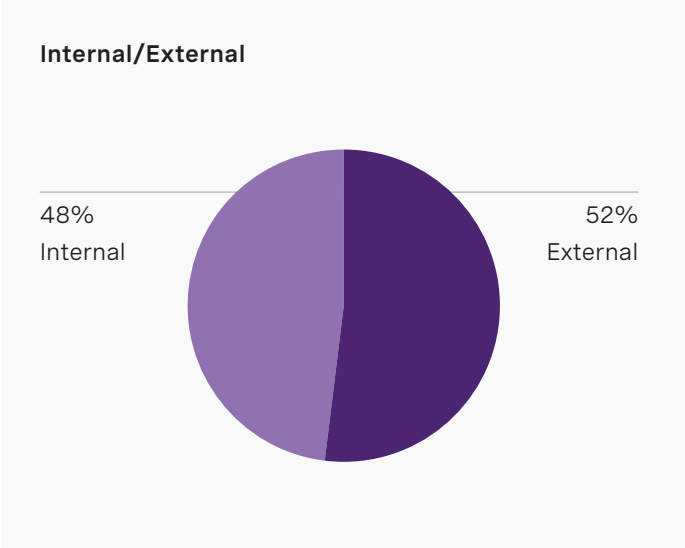
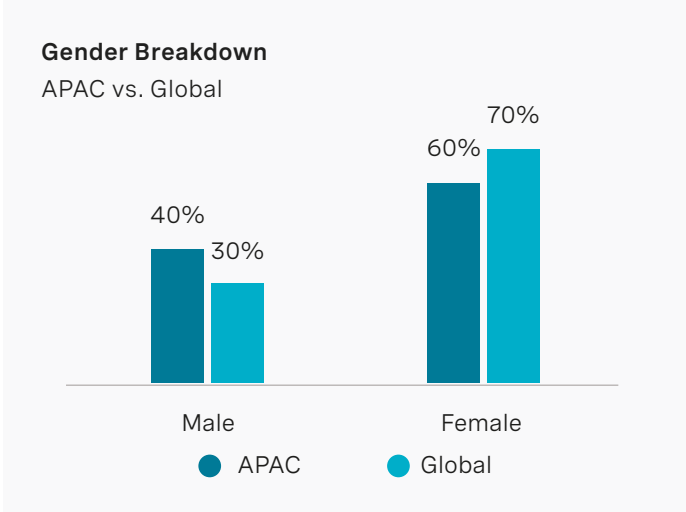
Senior executive profiles in the Asian market are continuously evolving, and differentiated by a few characteristics:

1. The scale is tipped on gender diversity:

Gender diversity in the region is strong, with 60% of sustainability leaders identifying as female. Given the nascency of the ESG function and the fluidity of background requirements, companies have been able to look beyond a traditional search aperture for best in class in talent. In turn, there have been fewer barriers for female executives ascending to senior roles. As companies continue to prioritize diversity in the C-suite, the ESG function will be an important talent pool to leverage, especially given the cross-functional expertise of these leaders. While organizations are moving towards increased diversity and alignment on a global scale, recruiting, retaining, and developing sustainable talent must be a priority.

2. Narrow talent pool in a nascent function:

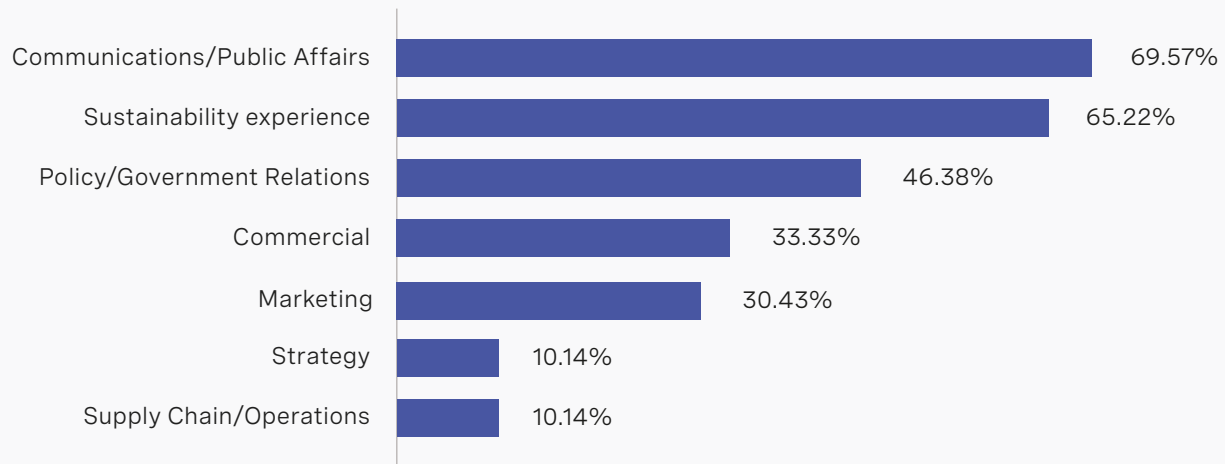
Only recently have organizations really prioritized building out sustainability capabilities, given that 43% of sustainability leaders have been in the role for one to three years. Right now, companies are still reacting to investor, consumer, and organizational pressure to “go green,” as opposed to thinking strategically about opportunities for value creation and long-term talent needs. As organizations respond and hire executives, it is an even split between internal vs. external appointments (52% vs. 48%, respectively.) Given the nascency of the role, organizations are looking everywhere they can for talent, rather than making concentrated efforts to develop pipelines.



3. Leaders spike in communications:

As discussed above, Asian sustainability leaders hail from a wide range of backgrounds. That said, 70% of these leaders have communications in their background, while only 10% bring strategy experience. This is in stark contrast to global benchmarks, which show that sustainability leaders in other regions tend to be most experienced in strategy and are least likely to bring communications experience to their role.³

Functional Background of Sustainability Leaders



RRA Proprietary Analysis, 2021

	 The Strategic Integrator	 The Product Innovator	 The Operations Guru	 The Storyteller
Description	Track record of strategy or P&L ownership, who integrates priorities across product, operations and brand	Experience successfully growing sustainable product or service line in response to customer needs and sustainability priorities	Track record of transforming operational practices in support of firm sustainability strategy	Experience using data and emotion to tell a sustainability story that connects with stakeholders and builds brand loyalty
Strengths	<ul style="list-style-type: none"> Strategic visionary capable of managing short-term priorities while pursuing long-term vision Brings holistic understanding of how sustainability efforts across org are mutually reinforcing 	<ul style="list-style-type: none"> Embeds sustainability lens into product and service innovation Disruptive innovator who challenges traditional approaches to eliminate trade-off between profitability and sustainability 	<ul style="list-style-type: none"> Systems thinker who thrives on solving complex problems Strong results orientation who will enable leaders across business to set and meet sustainability KPIs 	<ul style="list-style-type: none"> Deep understanding of customer/ stakeholder lens on decision-making Able to connect tactical sustainability strategy to broader corporate purpose and brand
Typical Talent Pools	<ul style="list-style-type: none"> Strategy Business Unit leaders 	<ul style="list-style-type: none"> Strategy Business Unit leaders R&D leaders Marketing or Product 	<ul style="list-style-type: none"> Supply chain Operations R&D leaders 	<ul style="list-style-type: none"> Marketing and Communications Government/ Corporate Affairs

Given the functional backgrounds of leaders in the region, "The Storyteller" is the most commonly observed archetype. This type of leader can connect with stakeholders, build brand equity, and link corporate purpose to all messaging. This externally orientated approach is common in organizations that focus on managing reputational risk, as opposed to those focused on improving their environmental footprint. Ultimately, as organizations seek to attract best-in-class talent, they will need to move towards the other archetypes to stay relevant and avoid green-washing accusations. As the function advances and becomes more intertwined with overall business strategy, best-in-class talent is increasingly looking for strategic sustainability roles, as opposed to those with purely marketing and communications flavors.



Team structures

Chief sustainability officers, who report to regional heads, are hard to come by in Asia. One can find sustainability leads embedded within different functions:

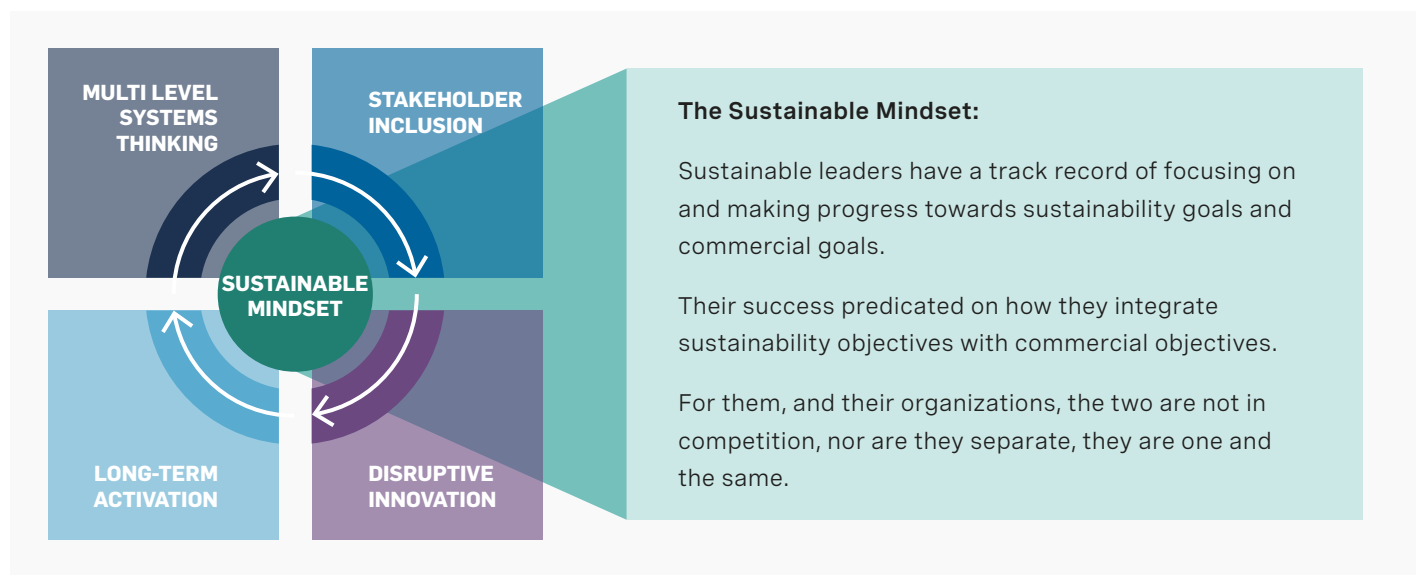
- In industrial companies, the sustainability leader reports into supply chain because of manufacturing's importance
- Within more consumer-based companies where marketing and brand identity are key, this person typically sits in communications/marketing
- In more regulated companies (e.g., tobacco), sustainability leaders sit in government affairs/corporate affairs departments, reflecting their role in ensuring the company navigates increasingly strict regulatory restrictions
- In companies where there is a large compliance component to sustainability, this talent typically sits in the audit/finance function

More companies are breaking sustainability out from corporate affairs/finance/supply chain to be a standalone function typically reporting directly into the regional head. For example, a multinational consumer products organization recently hired a Head of Sustainability for the region as opposed to dropping the role into an already developed function. By separating out sustainability, organizations are elevating the role and ultimately allowing for more cross-functional collaboration, agility, and autonomy for these leaders.

Recommendations for companies looking to hire sustainability talent

- **Clarify your focus:** Be very clear on the focus of your ESG strategy and the stakeholders to whom it addresses, as this will help identify the required skillset and therefore the talent needed. What sustainability issues does your company grapple with the most? Which stakeholders are most important to engage, and do you understand their priorities? Be it packaging or environmental concerns, have a firm handle on the focus areas so you can prioritize those skillsets.
- **Internal candidates often a plus:** If your organization is complex with many explicit and implicit stakeholders to manage, an internal candidate often experiences better initial traction, as they will be able to manage a familiar landscape while implementing changes. More than many other senior roles, sustainability leaders must be masters of persuasion and influence, and pre-existing networks within the organization can make this easier.
- **Be clear and realistic about sustainability leaders' credentials:** External candidates in Asia will not have had long careers in sustainability, as it is a new function. Set those expectations upfront with senior management. In many cases, there is a desire for local talent representing the sustainability agenda; however, if deep sustainability expertise and experience is needed, in most cases this talent will come from outside of Asia.
- **Prioritize passion & commercial orientation for the topic:** Through our work supporting companies with talent to drive sustainability agendas, RRA found that a passion for the subject, along with specific set of leadership skills identified below, are leading indicators for the ability to make an impact in the sustainable leader role.

Russell Reynolds developed a new model of sustainable leadership that helps companies to effectively select, promote, and develop their own ESG leaders. These individuals demonstrate four critical leadership attributes, which are driven by their sustainable mindsets:



For more detail on the model, please read RRA's "[Assessing and Selecting Sustainable Leaders | Russell Reynolds Associates.](#)"

Post-pandemic, as we look to redesign our companies, recruitment processes, and promotion paths for all future leaders, it is more critical than ever to identify sustainable leadership that will improve the way the world is led.

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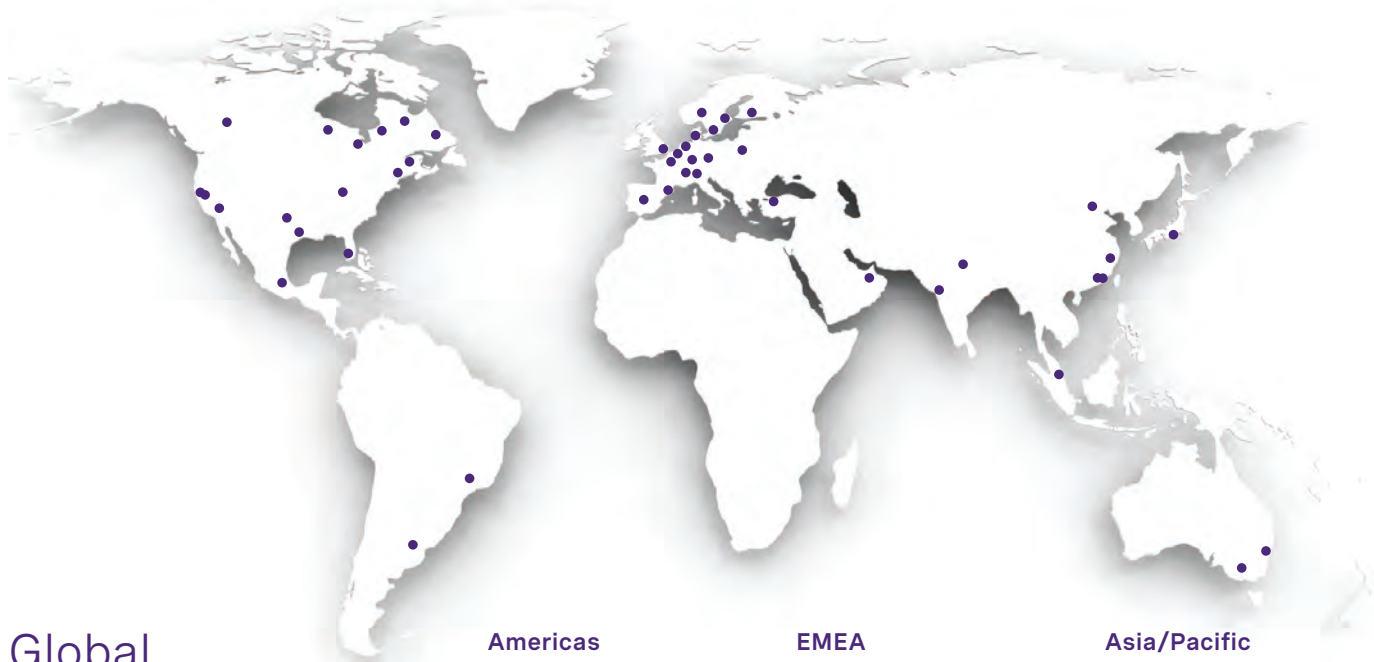
References

1. Anna Granskog, Oskar Lingqvist, and Daniel Nordigården, "Sustainability in packaging: Consumer Views in Emerging Asia," McKinsey, March 8, 2021.
2. Stephen Jones, "EY is paying for its 312,000 staff to take an MA in sustainability as part of wider efforts to help retain and attract staff," Business Insider, February 24, 2022.
3. RRA Proprietary Analysis.

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory and search firm. Our 470+ consultants in 47 offices work with public, private and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic and political trends that are reshaping the global business environment. From helping boards with their structure, culture and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led.

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