The pace of change in today’s digital economy puts new demands on executive leadership, but the results of a global research program by Oxford Economics and SAP show that most companies are stuck in the past. Some companies are more prepared for the digital future. Oxford Economics identified a set of capabilities and practices that define the best-led organizations—we call them Digital Leaders. At most companies, digital transformation is just beginning: 24% of respondents to our survey qualify for this elite group in Southeast Asia, compared with 16% of the overall sample.

Our analysis of the data shows organizations that meet our criteria see better financial results and have happier, more engaged employees.

Four themes, outlined on the following pages, emerged from our research. By focusing on any shortfalls in these areas, companies can boost their chances of becoming Digital Leaders.

This fact sheet outlines key findings for Southeast Asia, including Singapore, Malaysia, Thailand, the Philippines, and Indonesia.
Lack of leadership slows digital transformation

Executives and employees at most companies say management lacks critical digital skills.

- Southeast Asian executives are more confident in senior leadership's abilities than are their employees. For instance, 65% of executives say senior management is highly proficient at using technology to achieve competitive advantage, vs. only 47% of employees.
- Only one-third of executives say they mainly fill roles from within the company.
- Just 31% of executives—and 39% of employees—say their organization devotes resources to training the next generation of leaders.

Diversity pays off

Diversity levels are not where they should be for most companies—but it is higher at those with superior executive leadership and better financial performance.

- Less than half of executives say leadership recognizes the importance of diversity, but nearly two-thirds say diversity has had a positive impact on culture.
- Three-quarters of executives and 71% of employees say that diversity has increased among the general workforce over the past three years.

Note: Bullet points represent survey results not pictured in the charts.
Millennial executives are impatient for change

*A new generation is rising up the org chart, and these young executives want more from leadership.*

- 22% of executives in our survey from Southeast Asia are Millennials, compared with 17% worldwide.
- Despite the high percentage of young executives in the region, only 45% of Southeast Asian executives say leadership works with employees to develop their careers—an important step in cultivating Millennial talent.
- Just 56% of executives say they have strategies for developing talent within the organization, and only 46% actively encourage all employees to participate in training and development programs.

Digital Leaders have more engaged employees

*Employees who work at companies with better executive leadership are more satisfied and engaged—and less likely to leave for a new position.*

- Just 12% of employees in Southeast Asia are from Digital Leader companies.
- Employee engagement in Southeast Asia tends to lag worldwide respondents. Only 47% of employees feel loyal to their manager, and 48% say their manager is key to their engagement with their job.
- One possible reason for this disconnect: only 41% of employees say that leadership has regular contact with employees.

Note: Bullet points represent survey results not pictured in the charts.
Conclusion

Though nearly a quarter of companies in Southeast Asia are Digital Leaders, leaders at these companies should not rest on their laurels—survey results indicate that these companies in the region are not devoting enough resources to developing future leadership, employee skills, or employee engagement. Our research identifies several areas where companies can improve their leadership skills—and their business performance.

- **Communicate a company-wide digital vision.** The best leaders not only have a strategy for going digital—they are sharing it with employees across the organization.

- **Continuously update executive and employee skill sets.** Everyone, from the ground floor to the executive suite, needs digital skills and the ability to learn new ones quickly.

- **Flatten the organization.** Leadership needs to empower managers and workers across the enterprise to make decisions quickly, without bureaucratic bottlenecks.

- **Emphasize diversity.** Companies that cultivate a diverse workforce and take a broad range of employee perspectives into account are better poised to succeed in a global economy—and to keep employees happy and engaged.

- **Listen to young executives.** The growing cohort of Millennial executives has a strong vision for leadership in the digital economy. Taking their advice may be a shortcut to digital transformation.

For more on what it takes to become a Digital Leader, see [www.successfactors.com](http://www.successfactors.com)

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About the research

Oxford Economics and SAP surveyed 2,050 senior executives and 2,050 employees from 21 countries in the second quarter of 2016 about leadership and workforce development for the Digital Economy. Roughly 12% of the overall sample comes from Southeast Asia.

**Location:** United States, Canada, Brazil, Mexico, Colombia, Singapore, Malaysia, Thailand, Philippines, Indonesia, Australia, New Zealand, Japan, Korea, China, India, France, United Kingdom, Germany, Spain, and Russia

**Industries:** The overall sample is split roughly evenly among Financial Services, Retail, Public Sector, Healthcare, Consumer Goods, Professional Services, Manufacturing, and Technology

**Functions:** The overall sample is split evenly among Finance, HR, IT, Sales/Marketing, and Procurement

**Company size:** 25% $250m–$499 m; 25% $500m–$1 bn; 50% more than $1 bn

**Gender:** 50% male, 50% female

**Age:** 50% of employees are Millennials