



Board effectiveness: A survey of the C-suite

The boardroom mosaic: piecing together the future

April 2024

Contents

03 Introduction

04 Key findings

06 Board effectiveness

09 Board composition

12 Board role and responsibilities

16 Board expertise

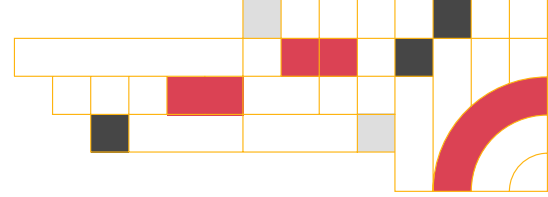
17 Deeper insight: Technology and cybersecurity

20 Deeper insight: Talent and culture

23 Management trust

27 Appendix: complete survey findings





Introduction

Against a backdrop of increasing fragmentation and complexity — in customer, labor, capital markets and society itself — companies are seeking to develop and execute coherent business strategies. Global instability, from proliferating Middle East violence to Russia’s unending war on Ukraine, is forcing business leaders to reconsider alliances and remake supply chains. Generative AI (GenAI) is upending companies’ ongoing digital transformation efforts and poised to impact the scope of almost everything. And several nations around the globe will hold elections in 2024, creating more uncertainty for the future. Amid this chaotic collage, it can be challenging to discern a coherent picture.

Corporate governance needs to keep pace as the pieces of the mosaic are constantly shifting, with directors addressing more topics and fielding input from more stakeholders. Regulators such as the SEC and EU are mandating increased board responsibility and corporate transparency, shareholders are leveraging their influence through activism to initiate change and customers are compelling companies to reconsider their business models. Furthermore, there has been a growing backlash against ESG initiatives, with critics arguing that these efforts prioritize social and environmental concerns over shareholder value. This backlash adds another layer of complexity to corporate governance, as companies must navigate the demands of various stakeholders while ensuring long-term sustainability and profitability.

Through it all, business leaders are looking for more from their boards — and not always finding it. The fourth annual *Board effectiveness: A survey of the C-Suite* from PwC and The Conference Board gauges the perspectives of more than 600 top executives at a wide range of companies and finds them desiring their boards to move beyond traditional roles and expertise. With a keen awareness of shifting pressures and changes to the landscape, and an urgency to adapt or get left behind, executives are hoping their boards can offer greater guidance, leadership and knowledge in emerging areas such as digital, GenAI and environmental/sustainability.

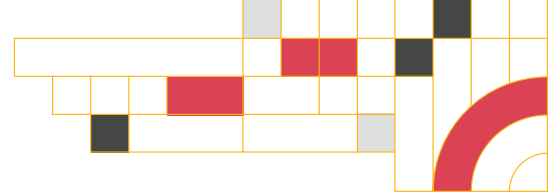
Business leaders are looking for more from their boards — and not always finding it.

Executives continue to express confidence in their boards in traditional areas such as strategy and knowledge of key business risks but are less confident about areas such as digital transformation and ESG. We’re seeing a significant increase in executives who think directors are unprepared, perhaps in large part because executives see an issue with overboarding — their top complaint. This may be one of the reasons a record-high 92% of executives advocate replacing at least one director on their board.

But we are also seeing a noticeable increase in the level of trust that executives have in their boards in areas such as shareholder engagement, value-driven decision-making and guiding the company through times of crisis. With all the challenges companies have had to navigate over the last few years, nearly three-quarters of executives believe their boards foster a collaborative relationship with management.

Throughout the report, we contrast our survey findings with the viewpoints and perspectives of directors from PwC’s *2023 Annual Corporate Directors Survey*. In many areas, directors’ views differ substantially from executives’. We hope that illuminating these differences will help facilitate a more synergistic and productive relationship between the board and management. Piecing together the future of the boardroom is a complex task but one that is crucial for long-term sustainability and profitability of companies.

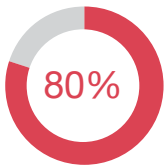
3 Board effectiveness: A survey of the C-suite



Key findings

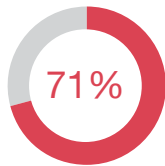
Board effectiveness

Directors have a firm grasp of core oversight areas, with most executives saying boards have a strong understanding of:



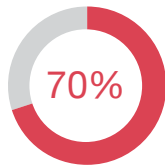
80%

corporate strategy



71%

key business risks and opportunities



70%

executive compensation

Yet views on overall board effectiveness remain low

Only

30%

of executives rate their boards' overall performance as excellent or good

Board composition – refreshment and diversity

Executives, including CEOs, are seeking more turnover

92%

of executives say one or more directors on their boards **should be replaced**



Even

62%

of CEOs say one or more directors on their boards **should be replaced**, compared to 39% in 2022

Yet they're confident in their boards' efforts toward greater diversity, even if progress is slow

69%

of executives **trust their boards** to prioritize board diversity

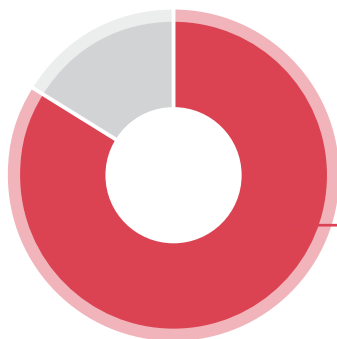
but only

19%

think their own boards are **diverse enough**

Board role and responsibilities

Most executives believe their boards are operating at the right level



84%

of executives **don't think their boards overstep their oversight role**

Yet many executives question whether directors understand the role of the board



40%

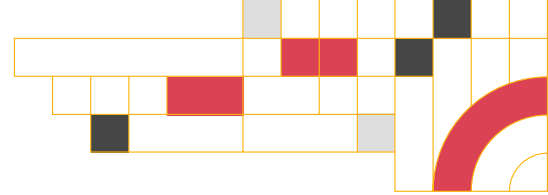
say they don't think their boards **effectively understand their role** of oversight versus that of management

Overboarding is a top concern when it comes to the board's ability to effectively fulfill its role



69%

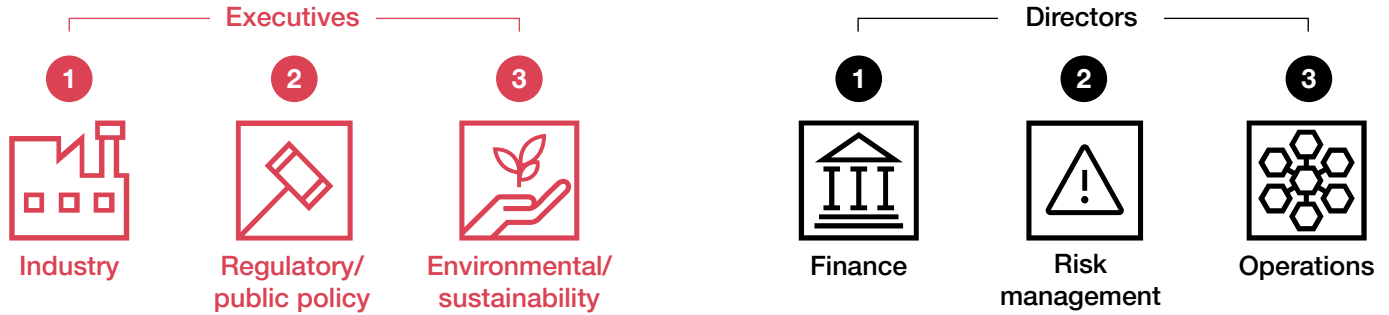
of executives think some of their directors are overboarded, compared to only **7% of directors**



Key findings

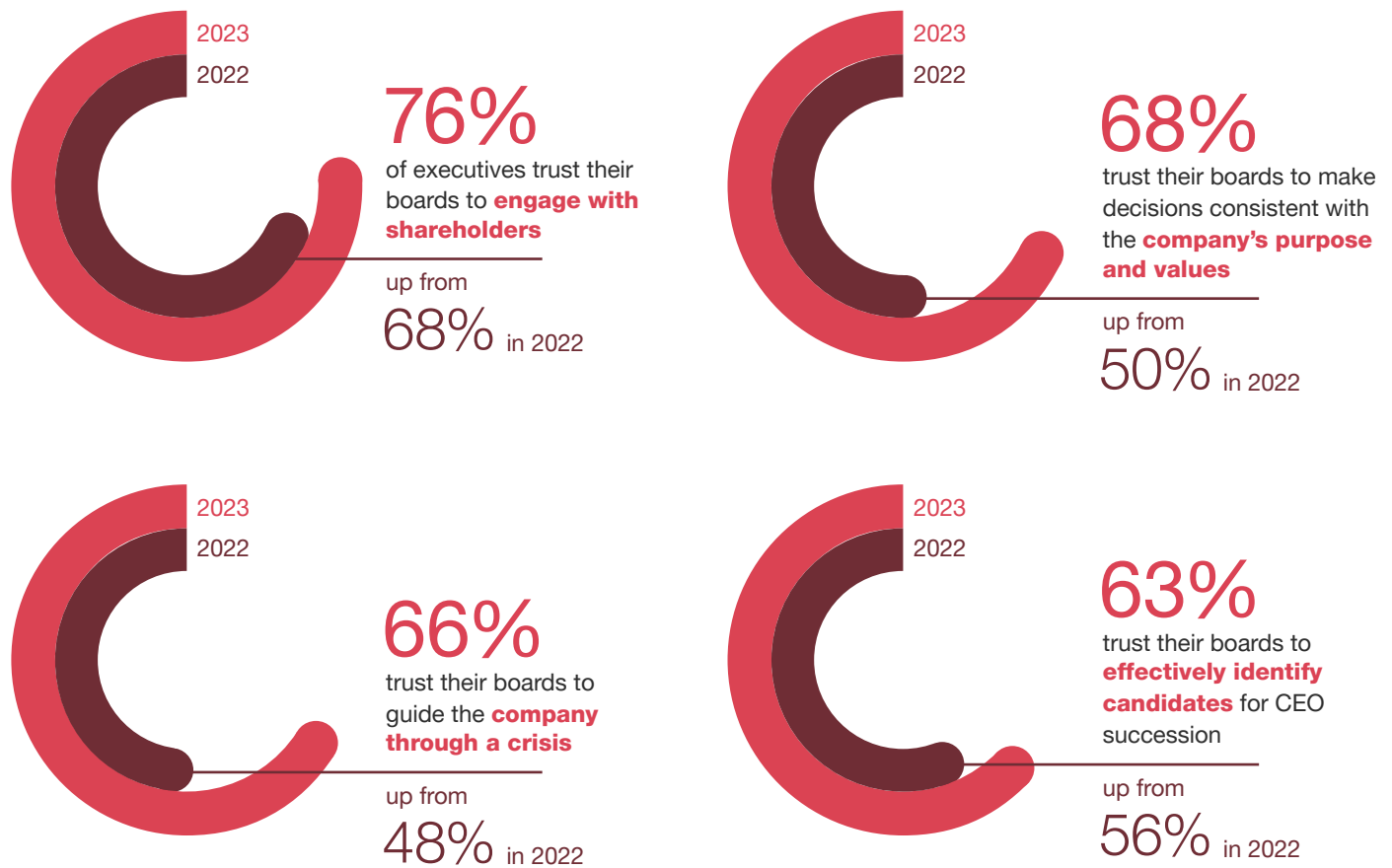
Board expertise

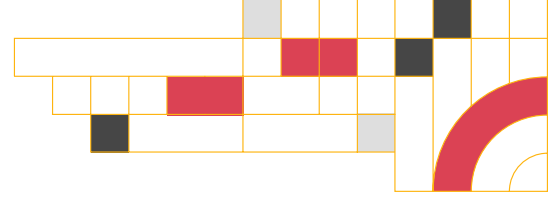
Executives and directors differ on the top three areas of expertise most critical on their boards today



Management trust

Management's trust in the board saw significant improvement from last year





Board effectiveness

Forging core competencies with cutting-edge challenges

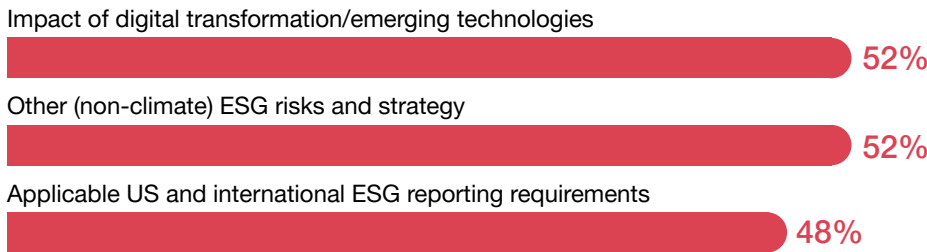
What are executives saying?

Our survey data uncovers a compelling narrative about how C-suite executives perceive their boards. While they give a nod to the board’s proficiency in core oversight areas, they signal a need for upskilling in other areas of board oversight. What’s more, only a modest 30% of executives rate their board’s overall performance as excellent or good.

Executives affirm their boards’ proficiency in key oversight areas



...but identify their boards’ struggles in grasping emerging areas of oversight



And executives are still skeptical about overall board effectiveness

Only **30%** of executives rate their boards’ overall performance as excellent or good, consistent with last year

One in five executives (20%) now think their boards’ overall effectiveness is “poor”

Q3: How well do you think your board understands the following about your company? Response: Very well and somewhat; Q1: How would you rate the overall effectiveness of your board of directors?

Base: 612-620; 620

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

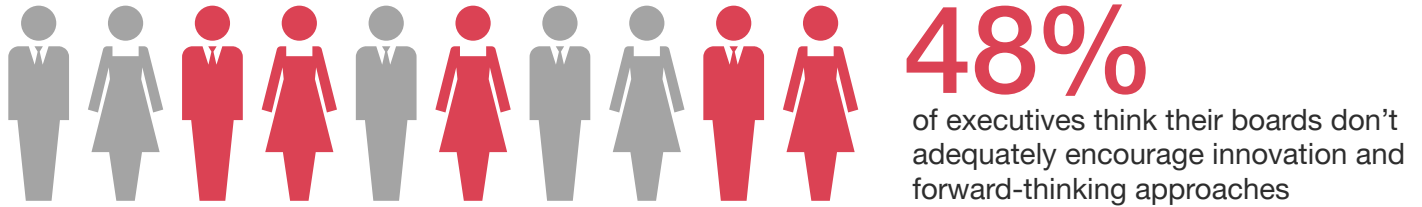


More executives now think their boards have a better understanding of executive compensation, a notable surge from 54% in 2022 to 70%. This uptick could be traced back to the SEC rule of 2022, mandating the disclosure of pay versus performance and prompting companies to take a fresh look. The integration of ESG-related performance metrics into executives’ incentive plans may also be another contributing factor, as many compensation committees are working closely with senior management teams to gain a better understanding of extra-financial performance targets.

What may be driving this?

Executive views of board effectiveness and oversight of some of the emerging areas may hint at an underlying issue: a perceived gap in the board’s ability to pivot and adapt amid the whirlwind of rapidly evolving strategic challenges and business risks.

Are boards struggling to keep up with innovation?



Q11: How well do you think your board encourages innovation and forward-thinking approaches? Response: Not very well and not at all
Base: 585
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

Going deeper

Within the C-suite, views of the board are notably different by function. The views of CEOs, who often serve on the board, tend to align closely with those of directors. The vast majority (86%) of CEOs believe their boards are doing an excellent or good job. Nearly two-thirds (64%) of CFOs, who regularly interact with both the board and audit committee on financial reporting, share this positive sentiment, far more than in last year’s survey.

While CEOs and CFOs seem to be encouraged by their boards’ effectiveness, the views of other executives are not as rosy, with an increasing number of CIOs (38%), CHROs (26%) and COOs (20%) rating their boards’ overall effectiveness as poor. This could be because these executives have limited relationships and interactions with the board; indeed, 35% of directors admit to falling short of developing such relationships outside of the boardroom. This suggests that broadening board engagement could be a key area for improvement. It could also reflect the view that executives wish the board would ask them certain questions in the boardroom that they just aren’t asking today.

CEOs and CFOs seem to be satisfied with their boards’ effectiveness

Our board’s overall effectiveness is **excellent or good**

	2022		2023
CEO	93%	⊖	86%
CFO	42%	⊕	64%
CLO	23%	⊕	28%
COO	22%	⊖	19%
CHRO	21%	⊖	16%
CIO	14%	⊕	17%

Our board’s overall effectiveness is **poor**

	2022		2023
CEO	0%	⊕	2%
CFO	10%	⊖	8%
CLO	11%	⊕	13%
COO	10%	⊕	20%
CHRO	14%	⊕	26%
CIO	23%	⊕	38%

Q1: How would you rate the overall effectiveness of your board of directors?
Base: 568 (2023); 513 (2022)

Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023.

7 Board effectiveness: A survey of the C-suite

What should executives and directors do about it?

Executives

- **Be the guide:** Management plays a pivotal role in making sure the board is fluent in areas relevant to the company's business and strategy. In collaboration with the nominating/governance committee, develop a comprehensive list of resources and continuing education opportunities for directors in areas where they may need information. This could include education provided by management or a third party, outside director education programs, or broader industry or subject matter conferences. Consider how you are educating your board on what's new or changing related to your functional area. Additionally, sharing relevant research, reports and white papers can also help keep directors informed on the latest developments, challenges and opportunities.
- **Remember, relationships are a two-way street:** Directors shouldn't be the only ones trying to foster better relationships — executives can also be proactive. Take advantage of opportunities to connect with board members — for instance, at lunch or dinner prior to or after meetings. Such informal interactions will allow management to identify and address any (perceived) knowledge gaps.

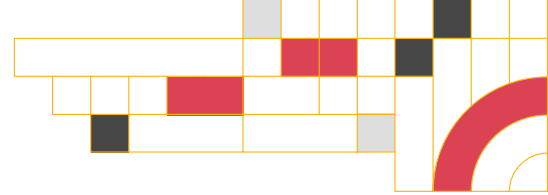
Directors

- **Go beyond the boardroom:** Cultivate deeper, more meaningful relationships with the entire C-suite, not just CEOs and CFOs. Many committee chairs are now in the habit of holding periodic calls with relevant executives in advance of — and even apart from — board and committee meeting schedules. Schedule individual meetings with different executives to establish personal connections and help gain a deeper understanding of board matters relevant to their specific areas of the company. Furthermore, consider asking to attend departmental meetings or participate in industry events together, as these opportunities can help forge stronger relationships and facilitate collaboration.
- **Embrace the new:** Upskill in emerging areas of board oversight that demand innovation and strategic vision. This is especially important for directors who are not actively serving as executives. It is crucial that directors stay abreast of current trends and overall business evolution so that the company's strategy remains sound. Directors can enhance their knowledge by attending conferences and workshops and engaging with industry experts about changes and risks they might need to be aware of.

For more information:

- [2023 Annual Corporate Directors Survey](#)
- [Driving board excellence: Best practices for board education, evaluations, and more](#)





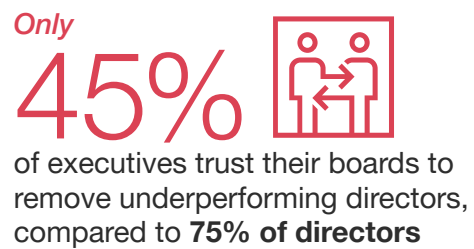
Board composition

Weaving the fabric of tomorrow's board

What are executives saying?

Our surveys reveal dissonance between board and management perspectives on board refreshment. Executives are growing dissatisfied, with a record-high 92% advocating for director replacement. And 45% even want more than two board members replaced. Yet only 45% trust their boards to remove underperforming directors. This suggests a growing disconnect and a call for more decisive action on board refreshment.

Executives are nearly unanimous in wanting boardroom changes



But only
45% of directors think someone on their boards should be replaced

Q8: In your opinion, how many directors on your board should be replaced?; Q4: To what extent do you trust the board to effectively remove underperforming directors?

Base: 620 (executives); 614 (directors); 613 (executives); 550 (directors)

Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC, *2023 Annual Corporate Directors Survey*, October 2023.

Additionally, while most executives (69%) believe their boards prioritize diversity and encourage diverse backgrounds and experiences, only 19% feel their boards are sufficiently diverse. This discrepancy underscores the gap between perceived efforts and actual outcomes in board diversity.

Executive trust in diversity efforts confronts the reality of board composition



Q4: To what extent do you trust the board to effectively prioritize diversity? Response: Very much and somewhat; Q11: How well do you think your board encourages diverse backgrounds and experiences among board members? Response: Very well and somewhat well; Q2: With which of the following general statements about your board do you agree? (select all that apply) The board has sufficient gender/racial/ethnic diversity

Base: 615; 585; 520

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

What may be driving this?

The quest for board refreshment may be driven by executives' desire for directors with backgrounds in nontraditional areas of board oversight, a need amplified by new topics rapidly emerging to change the business environment and risk landscape. But the survey reveals a slight shift in executive views on the reasons for perceived slipping director performance, with 50% blaming excessive tenure and 46% attributing it to advanced age. It is important to note that executives' concerns about age, tenure and expertise may be nuanced. Indeed, tenure can sometimes be a huge advantage. Having directors who possess open minds, a strong desire for continuous learning and the ability to consistently broaden their knowledge is essential.

Executives still connect long tenure with declining director performance – but express growing concerns about director age

Long tenure has led to diminished performance



Advanced age has led to diminished performance



Q7: Do you believe any of the following about any of your company's board members? (select all that apply)

Base: 619 (2023); 600 (2022)

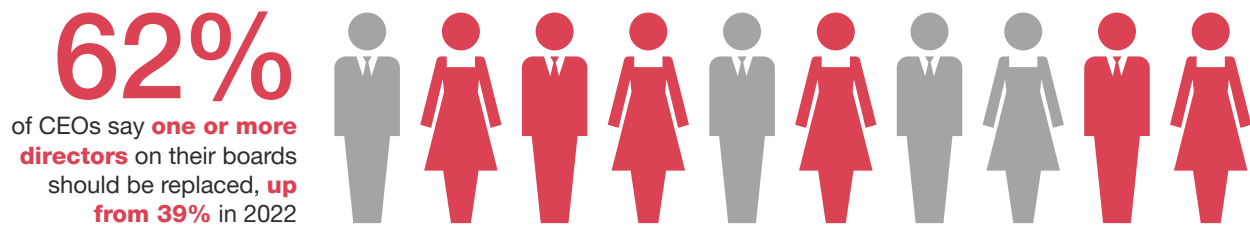
Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023.

Going deeper

CEO perspectives on board refreshment have notably changed. A striking 62% of CEOs are ready to see someone on their board replaced, a significant leap from 39% in 2022. There are a number of potential reasons for this, such as a dissident director who joined the board in response to shareholder activism, or a director who no longer engages constructively. CEOs may also be facing outside pressure to accelerate the refreshment of their board, or they may recognize that certain directors are not adequately meeting the growing expectations being placed on boards today.

This shift in CEO attitudes could also reflect the evolving dynamics of the relationship between one or more directors and the CEO, suggesting a perceived lack of alignment between the board's composition and strengths with the company's strategy. Ultimately, as the company's strategy evolves, it is imperative for the board's experience and knowledge to align with management's direction to help bolster the company's long-term success and viability.

CEOs are more supportive of board turnover



Q8: In your opinion, how many directors on your board should be replaced?

Base: 45 (2023); 41 (2022)

Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023.

What should executives and directors do about it?

Executives

- **Harness the power of feedback:** Take an active role in sharing your valuable insights regarding the skills, expertise and experience needed on the board. Executive input is instrumental in aligning the board's composition with the company's strategic priorities, thereby enhancing the overall effectiveness of the board. But it's important to be realistic and recognize that the board can't be everything to everyone. By clearly articulating your priorities, you enable them to understand what is important to you.

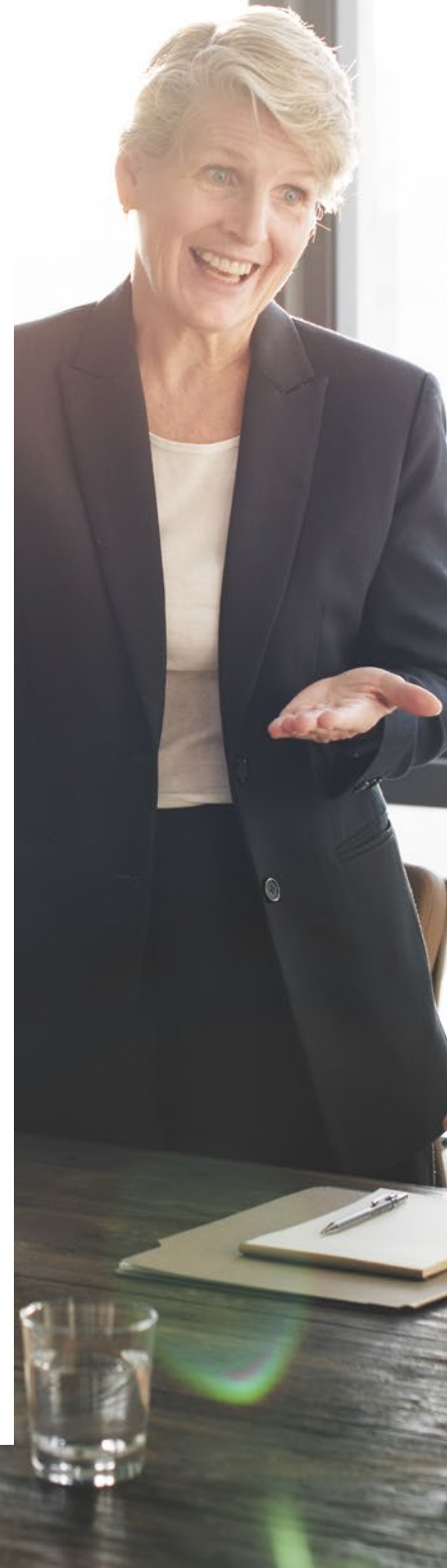
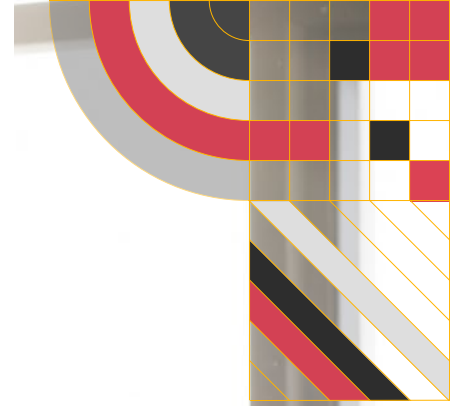
Directors

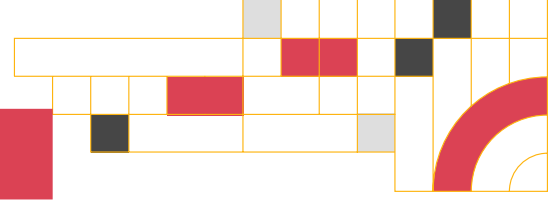
- **Strategically self-assess:** Conduct a comprehensive skills gap analysis of the board's composition and needs, aligned with the company's short- and long-term strategies. This shouldn't be a formality — it should be a strategic evaluation. A disciplined approach that enlists input from the board and management can enable the board to proactively identify the skills and expertise required to evolve with the company's needs.
- **Cultivate succession savvy:** Establish director succession plans, anticipating end of service. Just as importantly, when recruiting new directors, it is very helpful for the nominating committee and full board to discuss expectations regarding board tenure — underscoring that it's natural to expect turnover even before mandatory retirement. Making board refreshment a natural part of the board's culture can help smooth the way for the board's assessment and succession processes. It can be very powerful for a well-respected incumbent director to indicate that he or she is willing to rotate off the board at an appropriate time.
- **Accelerate the diversity drive:** Build a pipeline with diverse, qualified candidates ready to step in and fill any gaps that may arise. Being adequately prepared can be advantageous when a board seat needs to be filled quickly. Actively seek out individuals from underrepresented backgrounds and diverse perspectives of thought. Implement targeted outreach programs to connect with diverse talent networks, professional organizations and educational institutions.
- **Focus on individual growth:** Explore conducting individual director assessments, at least periodically, as part of the annual board self-assessment process. Ask directors to conduct an individual self-assessment, which can be shared with the lead independent director and/or nominating/governance committee. This is a nonthreatening and even-handed way to open the door to a conversation about the individual director's strengths and areas for improvement. This information can then be used to tailor training programs, mentorship opportunities or other resources to help directors enhance effectiveness in their respective roles.

For more information:

- [Board composition: The road to strategic refreshment and succession](#)
- [Why boards should evaluate individual director performance](#)
- [How Board Diversity Can Contribute to Board Effectiveness](#)

11 Board effectiveness: A survey of the C-suite





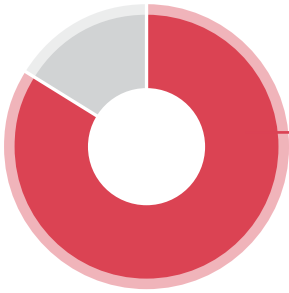
Board role and responsibilities

Crafting the right balance of board involvement

What are executives saying?

A fragmented picture emerges of the board’s role and its responsibilities. While a solid 84% of executives believe their boards are not crossing the line into management territory, there’s a catch. Forty percent (40%) say their boards don’t understand the role of the board versus the role of management. Less than half (49%) see their boards challenging management in a constructive way. And only 34% think their boards are asking tough questions.

Do boards fully comprehend their oversight role?



84%

of executives **don't think their boards overstep their oversight role**

Yet

40%



say they don't think their boards **effectively understand their role** of oversight versus that of management

Q2: With which of the following general statements about your board do you agree? (select all that apply); Q12: How effective do you believe your board is at the following? Understanding the oversight role of the board versus the role of management; Responses: Not very effective and not effective
Base: 520; 587
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

Executives aren't seeing enough effective challenge



Slightly under half

(49%) of executives think their boards constructively challenge management

And only

34%



think their boards **ask probing questions**

Q2: With which of the following general statements about your board do you agree? (select all that apply)
Base: 520
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.



Opinions among executives vary when it comes to their boards’ prowess in effectively challenging management. While only 49% of all executives believe their boards constructively challenge management, 93% of CEOs and 73% of CFOs think their boards are doing so. These two roles typically have the most interaction with the board. This may also be because directors’ roles with respect to oversight of financial statements and filings are well established, compared to other areas where the board’s role may not be as clear.

What may be driving this?

The percentage of executives who think directors on their boards are overboarded continues to increase (69% from 57% in 2022), even though directors still think it is less of an issue (7%). This sentiment is even more prevalent (78%) among executives from the largest companies (>\$10 billion in annual revenue).

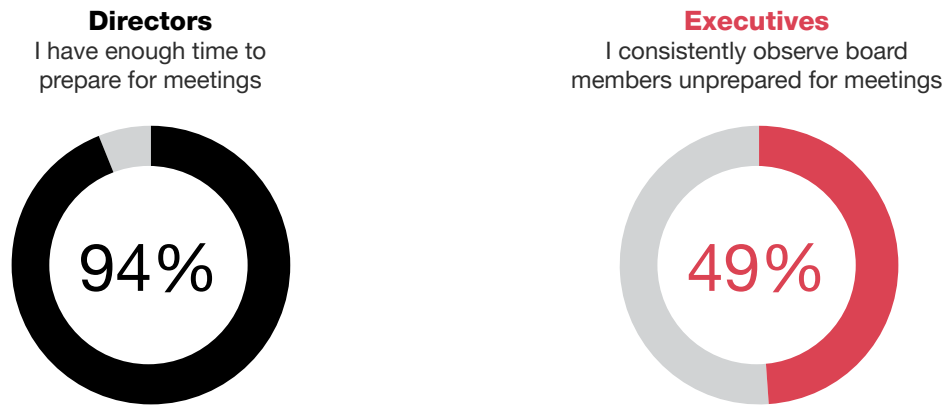
Overboarding concern among executives is rising, but directors aren't seeing it



Q7: Do you believe any of the following about any of your company's board members? (select all that apply) Serves on too many boards
 Base: 619 (executives - 2023); 607 (directors - 2023); 600 (executives - 2022); 693 (directors - 2022)
 Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023; PwC, *2023 Annual Corporate Directors Survey*, October 2023; PwC, *2022 Annual Corporate Directors Survey*, October 2022.

And while almost all directors say they have enough time to prepare for board meetings, the number of executives who think that directors show up to meetings unprepared nearly doubled, from 26% in 2022 to 49%. Even CEOs now express worry in this area, with 32% believing that some board members consistently show up unprepared, an increase from 10% in 2022.

Directors think they have sufficient time for meeting prep, but executives express doubts about preparedness

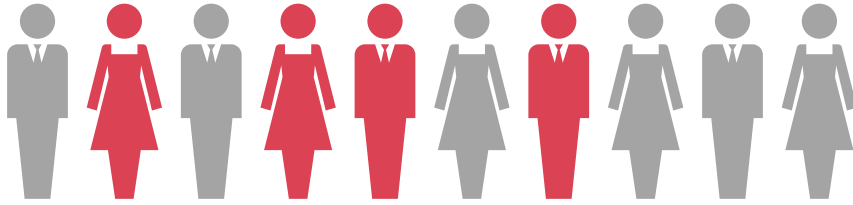


Q: With which of the following statements do you agree? (select all that apply) I have enough time to prepare for board meetings; Q7: Do you believe any of the following about any of your company's board members? (select all that apply) Consistently unprepared for meetings
 Base: 603 (directors); 619 (executives)
 Sources: PwC, *2023 Annual Corporate Directors Survey*, October 2023; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

Going deeper

Nearly 40% of executives say there are directors on their boards who seem to be less engaged in strategic boardroom dialogue. Could it be the board culture or group dynamics that's causing this? There may be underlying factors influencing this behavior that executives just don't get to observe — whether that is inside or outside of the boardroom.

Director engagement in question



Nearly
40%

of executives say they have directors on their boards who do not actively participate in strategic dialogue in board meetings

Q10: Which of the following have you observed in your company's boardroom? (select all that apply) Directors who do not actively participate in the dialogue
Base: 608
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.



What should executives and directors do about it?

Executives

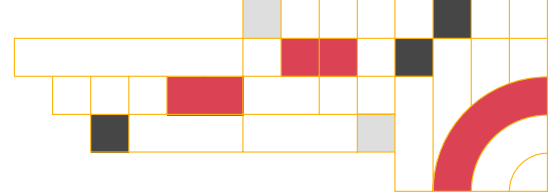
- **Provide clear communication:** Management reporting should be clear about what it believes the board needs to focus on prior to meetings. These materials should be sent well before the meeting to give directors enough time to digest the information. The reports should be comprehensive yet concise, providing directors with a clear understanding of the key topics and priorities. When invited to present at board meetings, executives should keep their presentation interactive and leave enough time for board dialogue and input.
- **Set the stage:** Management should set clear expectations and outline what will be asked of the board during the meeting. Senior executives should highlight areas of risk, opportunity and uncertainty for the topics that will be discussed and identify where the board's perspective would be valuable.

Directors

- **Turn the spotlight inward:** As part of the board's annual assessment process, ask whether the board is sufficiently and appropriately engaged in discussing strategy and, if not, what can be done about it. It is important to recognize that the reasons for lack of engagement may vary. It may be because the board materials or presentations do not lend themselves to discussion. The board's culture may also affect directors' comfort level in expressing opinions that diverge from the majority. By addressing these concerns and encouraging a supportive environment, the board can help all directors feel empowered to contribute valuable insights.
- **Take a fresh look at overboarding:** Overboarding concerns have become a key driver for recommendations or votes against director elections in recent years. It may be time to revisit your company's overboarding policy, especially if it is not aligned with the most recent voting policies by institutional investors and proxy advisors. But a policy goes only so far, especially as the sheer number of boards may not reflect a director's overall workload. This is an ideal topic for each director to address in his or her self-assessment. Do they feel as if they are spread too thin? Would stepping down from a committee for a year help? Or is it time to consider rotating off a board?
- **Embrace your board's worth:** The board must keep pace with the evolving business environment just as the company's workforce must. If the board is not continuously learning, it's falling behind. Understand the reality that certain knowledge that was once highly valued may now be less relevant, while newer areas of knowledge have become essential.
- **Get back to basics:** While it may sound simple, incorporating a routine refresher on board roles and responsibilities into the board agenda, particularly for new directors, can help focus the board's oversight. This can also serve as a valuable exercise for boards as they tackle emerging areas and define their respective roles and responsibilities within those areas.

For more information:

- [Why good boards may make bad decisions: Four factors undermining board effectiveness](#)



Board expertise

Blending traditional oversight with future-ready governance

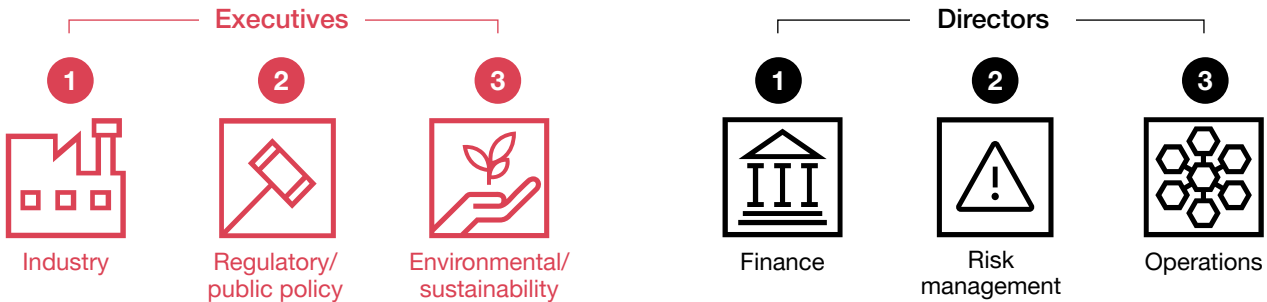
What are executives saying?

Only 28% of executives feel their boards are armed with the right combination of skills and expertise. A closer look at executives' priorities reveals differences with directors on the importance of critical competencies in the boardroom. Executives place a premium on industry, regulatory and sustainability expertise. Directors, by contrast, prioritize finance, risk management and operations acumen — all core but rather traditional board oversight areas.

Decoding the boardroom: the skills valuation gap

Which areas of board expertise are most critical?

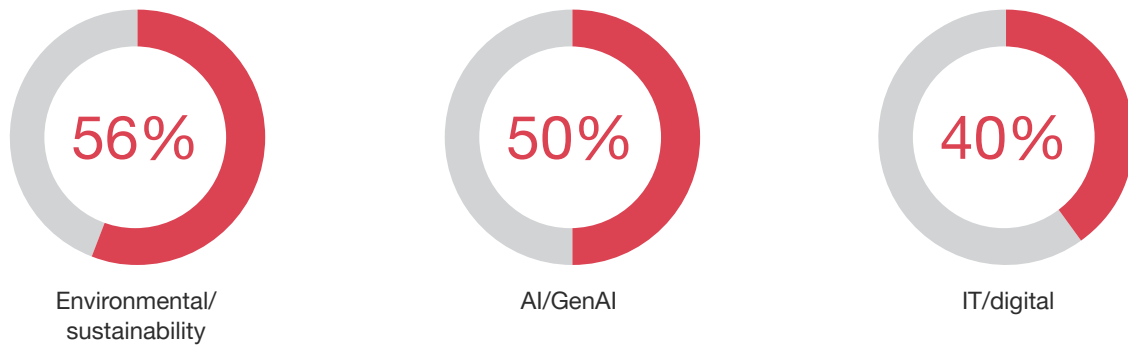
Executives and directors differ on the top three areas of expertise most critical on their boards today



Q5: How would you describe the importance of having the following areas of expertise on your company's board? Response: Very important and somewhat important
Base: 548-569 (executives); 611-616 (directors)
Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC, *2023 Annual Corporate Directors Survey*, October 2023.

Executives are also looking for an infusion of new expertise in the near term

Top three on executives' wish list



Q6: Select the top three areas of expertise that you feel should be added to your board within the next 3-5 years. (Limit to only three)
Base: 599
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.



DEEPER INSIGHT: TECHNOLOGY AND CYBERSECURITY

As AI takes center stage, technology, including cybersecurity, remains a boardroom imperative

Cybersecurity has traditionally been CIOs' top concern, but with the widespread advent of advanced AI, they now rank AI/GenAI expertise as even more critical to have on their boards than cybersecurity expertise. This insight, coming from those at the forefront of digital transformation, underscores the growing recognition of AI/GenAI's transformative potential, as well as risks. Directors should consider whether it makes sense to have deep digital knowledge and expertise on their boards or educate their current directors on some of these topics.

At the same time however, the importance of cybersecurity expertise on the board remains undiminished in the eyes of executives overall, with 84% saying it's an important asset to have. But executives also saw improvements in their boards' understanding of cybersecurity (66% say their boards understand cybersecurity "very well" or "somewhat," up from 50% in 2022). This could be due to several factors, including more boardroom discussions, the addition of cyber expertise, as well as a focus on understanding the SEC's cyber rules that became effective in December 2023 for calendar year-end companies.

Cybersecurity plays a critical role in protecting the company's proprietary knowledge, encompassing security, privacy and intellectual property.

As new technologies continue to shape our digital landscape and businesses become increasingly interconnected, the risk of cyber threats escalates. It is crucial for boards to recognize that cybersecurity cannot be viewed in isolation; rather, it is an integral part of the company's overall strategy. Cybersecurity plays a critical role in protecting the company's proprietary knowledge, encompassing security, privacy and intellectual property. It is also a fundamental component of the company's technology program and resilience program, extending beyond mere risk management. The time has come for management and the board to embrace a more comprehensive perspective on cybersecurity, understanding its impact on various areas such as knowledge protection, technological transformation and operational resilience. The advent of GenAI may serve as a catalyst for this evolution, compelling companies to think more broadly about cybersecurity. By adopting this broader mindset, organizations can effectively balance the opportunities presented by new technologies while ensuring the company's resilience and sustainability in the digital age.

What may be driving this?

Interestingly, the very areas that are on executives' wish list in the near term — environmental/sustainability, AI/GenAI and IT/digital — are the same areas executives say are getting too little board attention.

Executives think boards are insufficiently focused on transformative areas of oversight



Q9: In your opinion, which of the following areas of oversight do not receive sufficient board time/attention? (select all that apply)
Base: 595
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.



While ESG/sustainability is the area that executives feel is most overlooked by the board, we're seeing a shift in one of its key components: environmental/climate risk. Now, fewer executives (48%, down from 65% in 2022) believe it's not getting the board attention it deserves. This is likely a reaction to the current SEC, EU and California climate disclosure rules.

Going deeper

In comparison, only 11% of directors believe board discussions shortchange ESG, while 19% think the area is getting too much airtime. What's more, only 59% of directors see environmental/sustainability expertise as important to have on their boards, compared to 87% of executives. This disconnect between directors and executives could highlight a potential roadblock in the path of executives who are advocating for a more sustainability-focused approach.

What should executives and directors do about it?

Executives

- **Drive the upskilling agenda:** Take a proactive approach by championing subject matter education in emerging areas such as GenAI. Make your priorities known and advocate for educational initiatives, training programs and resources that equip board members with necessary baseline knowledge and understanding in these newer areas. It may not be possible or advisable to add a “GenAI director,” but that doesn’t mean existing board members can’t work to enhance their own understanding.
- **Invest in knowledge:** Allocate a dedicated budget for director continuing education, demonstrating a commitment to ongoing learning and development. Track and monitor this budget’s utilization to verify that directors are actively engaging in educational opportunities. Regularly review and assess the effectiveness of continuing education initiatives to align with the board’s strategic priorities and address the evolving needs of the organization.

Directors

- **Strategize recruitment efforts:** Board candidates should possess broad executive experience and a comprehensive understanding of key board oversight areas. When there are knowledge gaps within the board, it is advisable to seek individuals who can bring a deep background in the area while still contributing as well-rounded directors. If your board is contemplating the addition of a “specialist” director, it is crucial that your company has the necessary management expertise to effectively leverage their skills.
- **Embrace external expertise:** Don’t hesitate to leverage the insights and guidance of external advisors when necessary. If the board and management are lacking expertise in a particular area, specialized knowledge and experience can provide valuable perspectives and support the board’s decision-making process.
- **Increase focus on high-risk areas:** Assess the frequency of board discussions, particularly in areas that demand increased board focus and understanding. For example, most CISOs are presenting quarterly now, versus only once or twice a year. Consider adjusting the frequency of these discussions to allow for more timely and informed decision-making, proactive risk management and effective oversight.

For more information:

- [Sustainability and ESG oversight: the corporate director’s guide](#)
- [The power of AI and generative AI: what boards should know](#)
- [AI in the Era of ESG: Nine Steps Boards Can Take Now](#)





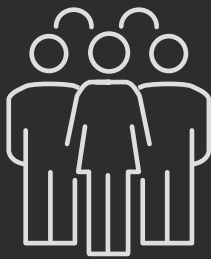
DEEPER INSIGHT: TALENT AND CULTURE

Are talent and culture potentially missing tiles in the mosaic of board oversight?

What are executives saying?

Directors are mostly confident on the topic of talent and culture, with 93% feeling they have a handle on it. Intriguingly, talent and culture was also flagged by directors as one of their board’s top challenges. But only 64% of executives agree that their boards understand talent and culture well. Considering the ripple effect that culture can have on the workforce, it might be wise for boards to make sure they’re seeing eye to eye with management on the talent strategy and the steps being taken to promote a healthy culture.

The board’s understanding of talent and culture gets high marks, but still poses a big risk



64%

of executives say their boards **understand talent and culture** well

93%

of directors also say they **have a good understanding**

But nearly

40%



of directors rated **talent and corporate culture as a top risk**, posing significant oversight challenges for the board

Q3: How well do you think your board understands the following about your company? Talent and corporate culture; Q: Which of the following risks pose significant oversight challenges to your board? (select all that apply)

Base: 613 (executives); 560 (directors); 545 (directors)

Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC, *2023 Annual Corporate Directors Survey*, October 2023.

What may be driving this?

Boards and companies need to maintain an unwavering focus on these issues due to several factors. The fierce competition for talent necessitates strategic attention and proactive measures. At the same time, fostering a culture of continuous learning and innovation is imperative to successfully navigate the dynamic landscape of digital advancements and sustainability transformations. Of course, the anticipation of potential regulations in this domain further underscores the criticality of these areas, prompting a heightened sense of urgency and preparedness.

In September 2023, the SEC’s Investor Advisory Committee pushed for stronger human capital disclosure rules, advocating for including specific metrics and narrative disclosures of how a firm’s labor practices, compensation incentives and staffing align with its overarching strategy. It remains to be seen whether the SEC will address this in the future.

Meanwhile, the Supreme Court’s June 2023 ruling on racial considerations in college admissions has triggered a wave of legal activity, with potentially significant implications for corporate hiring and DEI programs. Although the ruling was initially confined to academia, activists are aiming to apply the court’s stance to the corporate sphere.

Also, institutional investors are now scrutinizing talent management as a component of the company’s overall strategy and stakeholder engagement. This underscores the growing importance of human capital in establishing good governance.

Going deeper

In the complex and contentious ESG landscape, the “social” aspect is gaining prominence among executives, with a marked increase expressing concerns about their boards dedicating too little time and attention to workforce DEI, suggesting that it’s emerging as a potential ESG blind spot for boards.

DEI emerges as a potential ESG blind spot for boards

Executives who don’t think their boards spend enough time on workforce DEI



Q9: In your opinion, which of the following areas of oversight do not receive sufficient board time/attention? (select all that apply)
 Base: 595 (2023); 574 (2022)
 Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023.

Though still a minority, this signals that companies may need to rethink their DEI programs and make sure that the appropriate information is reaching the board.

What should executives and directors do about it?

Executives

- **Become a talent guru:** Be the architect of your company's future by developing a highly qualified and diverse talent pipeline for C-suite functions. Implement targeted recruitment strategies that prioritize diversity and inclusion, ensuring equal opportunities for candidates from underrepresented backgrounds to grow and thrive within the company.
- **Consider embracing a more inclusive approach to diversity:** View diversity as something that goes beyond gender, race and ethnicity but rather something that everyone brings to the table. Companies may also describe more explicitly how diversity links to company performance.

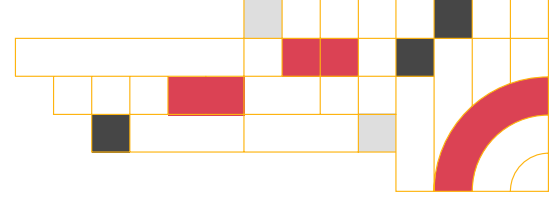
Directors

- **Act on accountability:** Take proactive steps to hold the CEO and other C-level executives accountable for company performance in talent management. Set clear and measurable objectives that align with the organization's talent strategy and business strategy. Collaborate closely with the CHRO to establish key performance indicators and metrics that reflect the desired outcomes in talent acquisition, development and retention. Monitor these talent retention strategies and compensation programs, paying special attention to DEI, corporate culture and even the impact of AI/GenAI on the workforce. Regularly review and assess progress against these objectives, providing constructive feedback and guidance as needed.

For more information:

- [Talent management: an evolving board imperative](#)





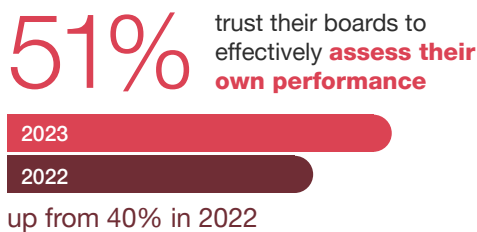
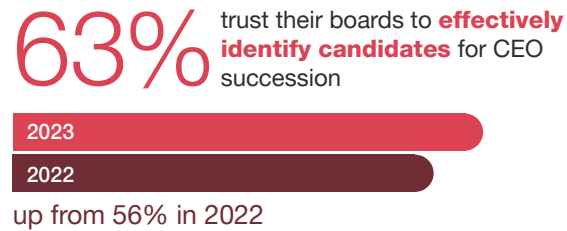
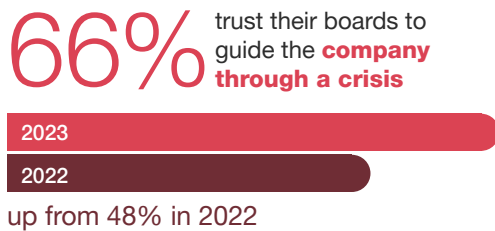
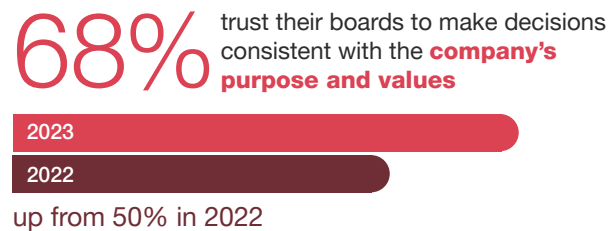
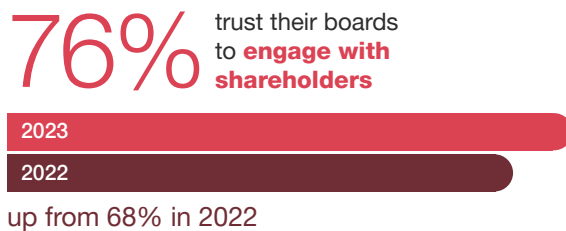
Management trust

Creating a tapestry of renewed trust

What are executives saying?

While executives have been very vocal about their concerns in our survey, from board refreshment to time commitment and skill gaps, a strong beacon of positivity emerged regarding executives' level of trust in their boards. Despite their criticisms, executives are showing a renewed faith in their boards' ability to steer the ship in times of crisis, make value-driven decisions and plan for the future.

Executives' renewed trust in boards amidst criticisms



Q4: To what extent do you trust the board to effectively...?
Base: 610-618 (2023); 590-594 (2022)
Sources: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024; PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, May 2023.

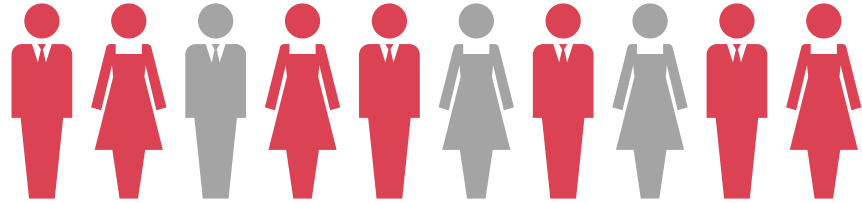
Executives are showing a renewed faith in their boards' ability to steer the ship in times of crisis, make value-driven decisions and plan for the future.

What may be driving this?

The past few years have been tumultuous for boards and management, with everything from cyber threats and geopolitical shake-ups to supply chain breakdowns and labor shortages. It's been a whirlwind of challenges, but most executives (72%) believe their boards have fostered a collaborative relationship and navigated the storm alongside management. It's this teamwork in the face of adversity that could be boosting their level of trust in the board.

Collaboration in the face of adversity

72%
of executives believe their boards foster a collaborative relationship with management

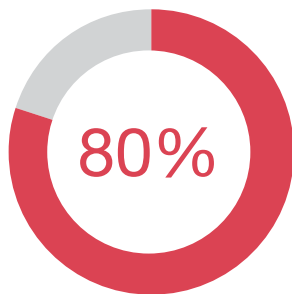


Q11: How well do you think your board fosters a collaborative relationship with the executive team? Response: Very well and somewhat
Base: 586
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

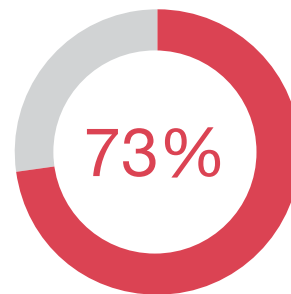
Going deeper

Executives may be handing out mostly “fair” grades when it comes to overall board performance. But 80% give a big thumbs-up to their boards for delivering effective strategic guidance and vision, and 73% recognize that their boards engage in thoughtful risk assessment and oversight — two of the board’s core responsibilities. This tells us that most executives are confident in their board’s ability to lead the way and stay alert to potential risks around the corner.

Boards’ strategic leadership and risk acumen earn executives’ trust



Effective strategic guidance and vision



Thoughtful risk assessment and oversight

Q12: How effective do you believe your board is at the following? Responses: Very effective and somewhat effective
Base: 583-589
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

What should executives and directors do about it?

Executives

- **Expand the board's universe:** Forge a partnership with the board to widen its oversight of strategy. Infuse strategic discussions with insights from diverse areas such as talent management, corporate culture, sustainability and digital transformation. Collaborate with board members to identify key areas of focus. Share research, industry trends and best practices to inform strategic decision-making. Encourage board members to actively seek out diverse viewpoints and challenge conventional thinking.
- **Unlock the potential of the board:** Don't see the board as only an oversight body; leverage it as a strategic advisor. Recognize that directors are more than just watchdogs — they can serve as a valuable think tank. Engage with board members to tap into their expertise, insights and perspectives.

Directors

- **Embrace the transparency wave:** Keep the dialogue with management flowing and open-ended. Implement a culture of open communication by regularly sharing updates on board priorities and activities. Be candid and forthright in your discussions, providing honest and transparent feedback. Encourage two-way communication by actively seeking input and feedback from management.

For more information:

- [Trends shaping corporate governance in 2024](#)
- [Strategy oversight: the top 10 questions boards should ask about their process](#)
- [C-suite Outlook 2024: Leading for Tomorrow](#)





Conclusion

At a time of upheaval and fragmentation in the business landscape, this year’s survey paints a complex picture of the current state of board effectiveness from the perspective of C-suite executives. While there is recognition of the board’s proficiency in traditional oversight areas and confidence in the board’s resolve, there is a clear call for additional education in emerging areas and a need for broader engagement with executives beyond the CEO and CFO.

The path to a more harmonious relationship between management and the board may involve give and take from both sides. Directors need to be willing to ask tough questions and challenge management when appropriate. In turn, management needs to be receptive to criticisms and develop deeper connections with their directors. Working together, directors and executives can reshape a scattered governance picture into a mosaic of effective leadership.



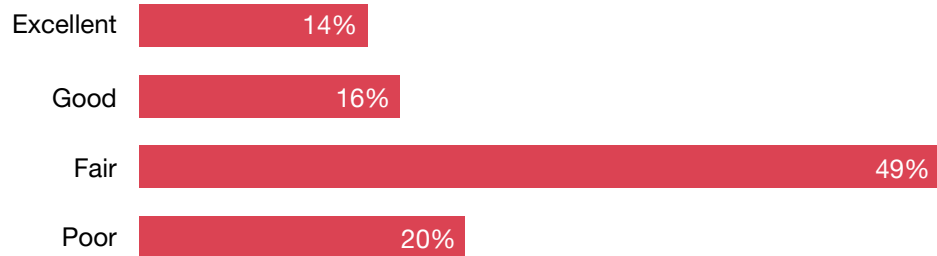
Appendix

Complete survey findings

Note: Due to rounding, some charts may not add to 100%.

Overall board effectiveness

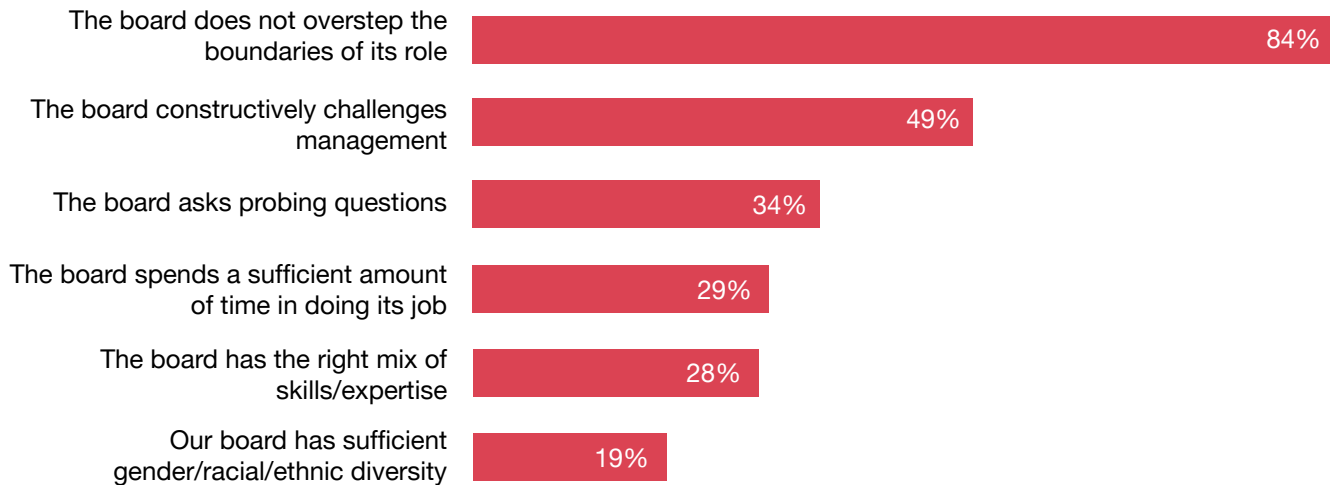
1. How would you rate the overall effectiveness of your board of directors?



Base: 620

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

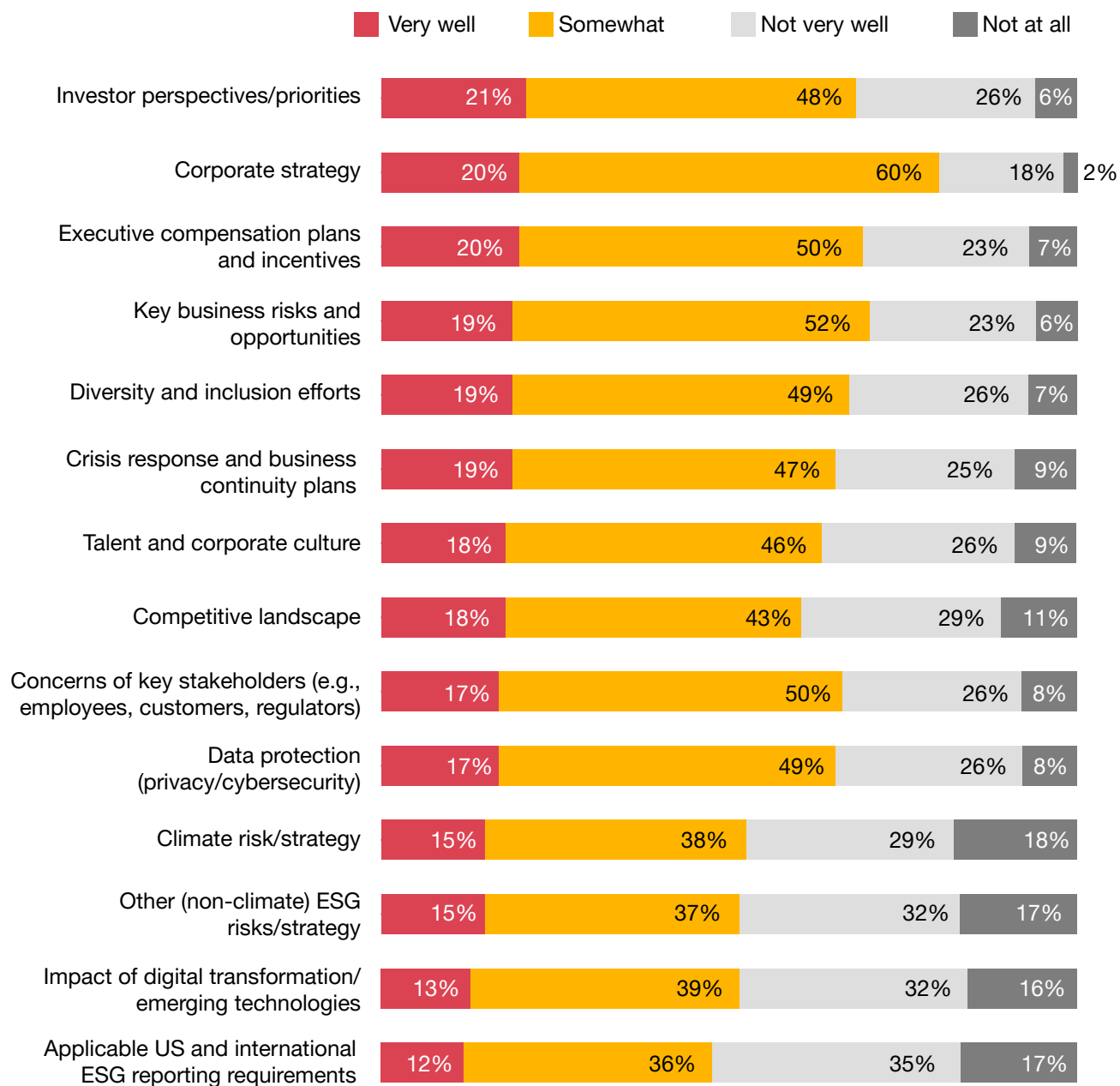
2. With which of the following general statements about your board do you agree? (select all that apply)



Base: 520

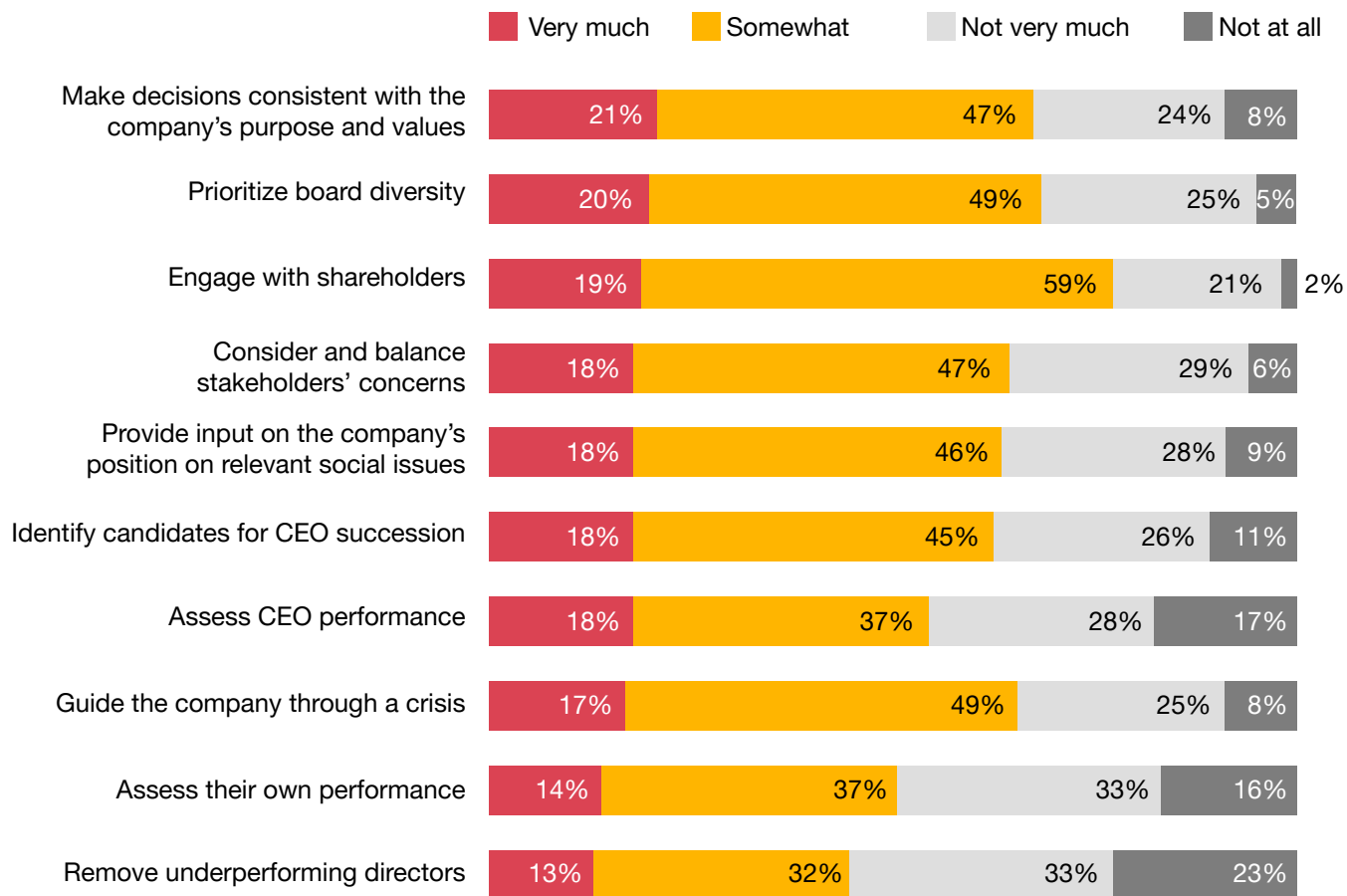
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

3. How well do you think your board understands the following about your company?



Base: 606-620
 Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

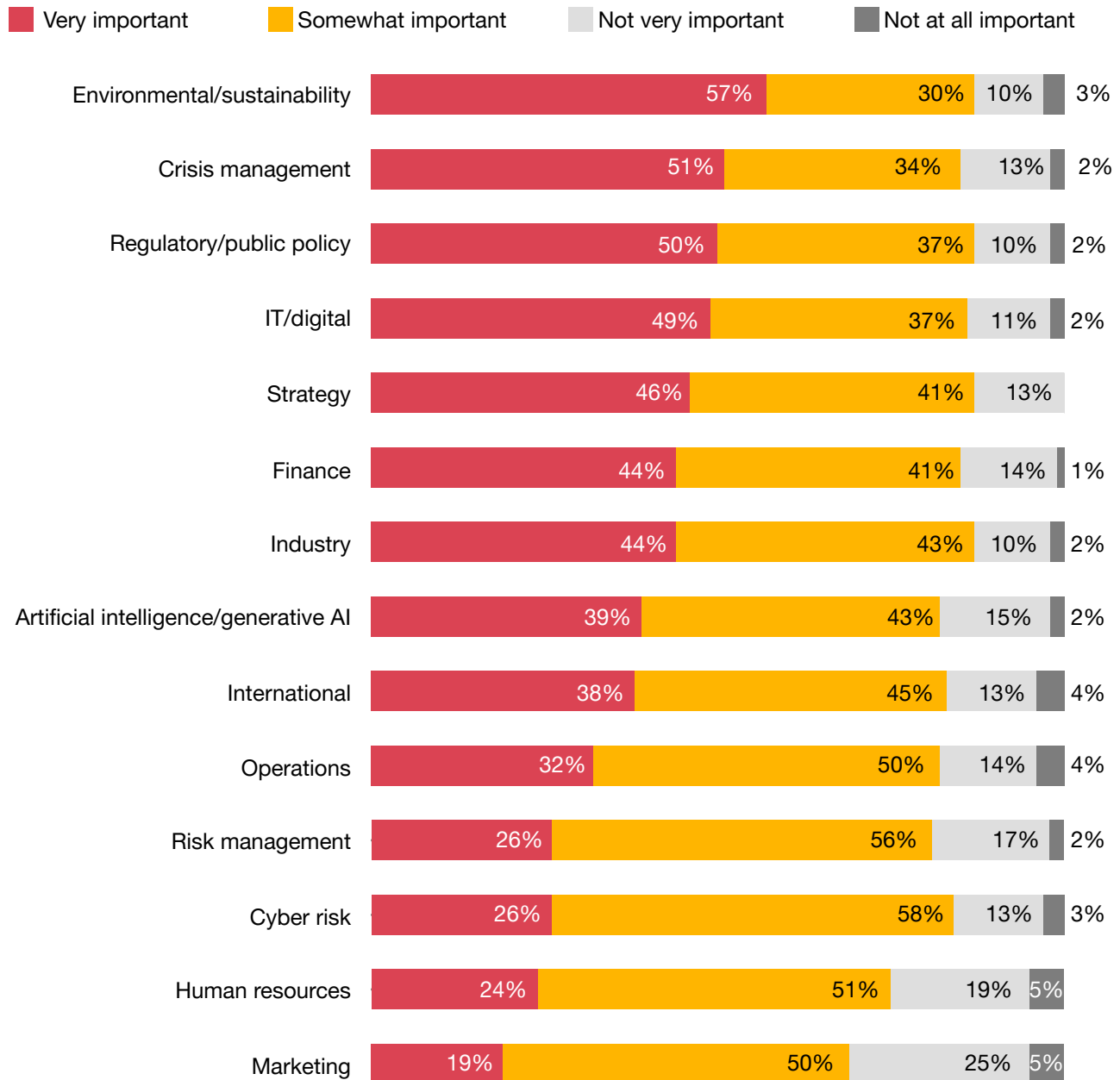
4. To what extent do you trust the board to effectively:



Base: 610-618
 Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

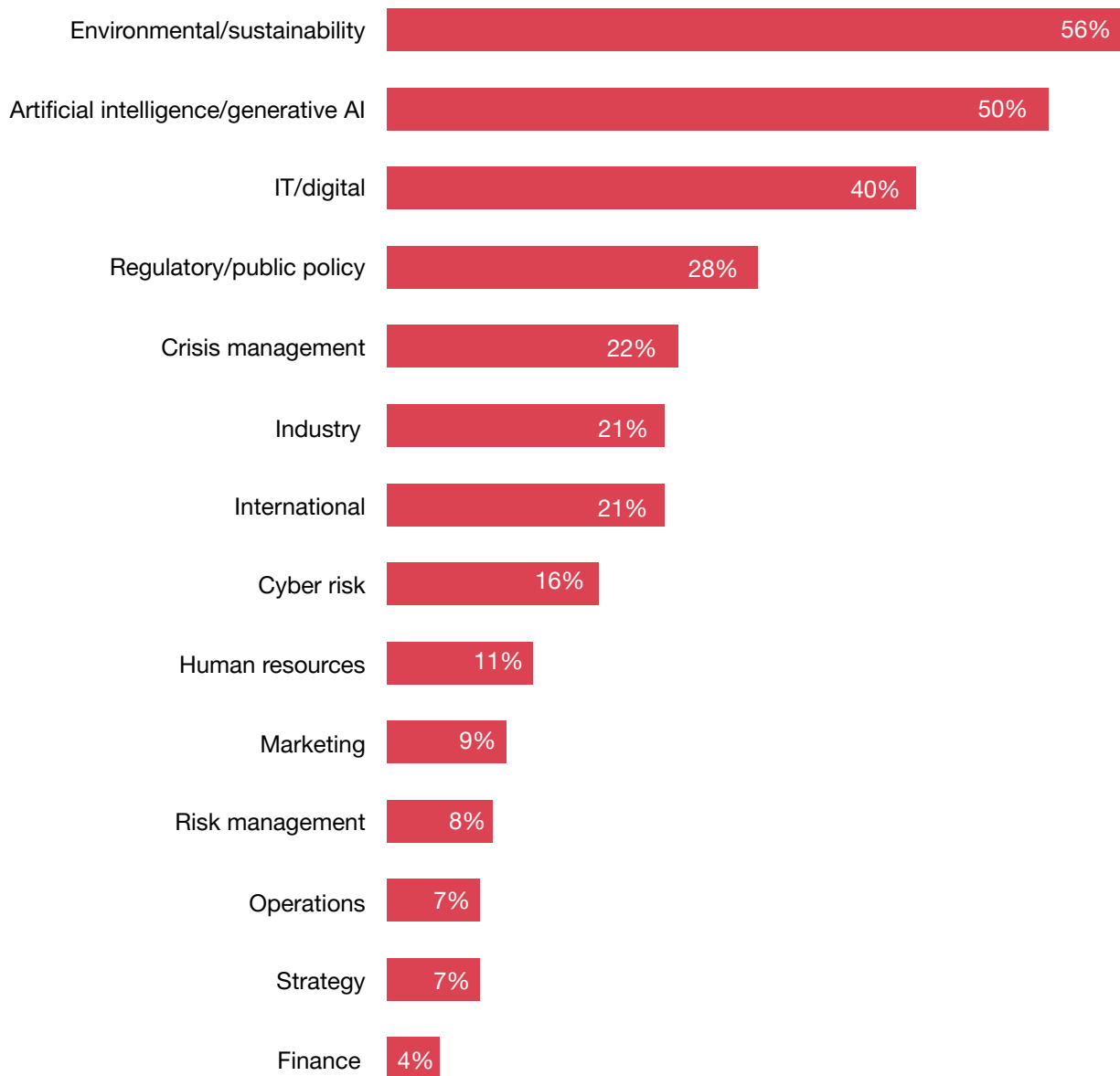
Board composition

5. How would you describe the importance of having the following areas of expertise on your company's board?



Base: 548-569
 Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

6. Select the top three areas of expertise that you feel should be added to your board within the next 3-5 years. (limit to only three)



Base: 599
 Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

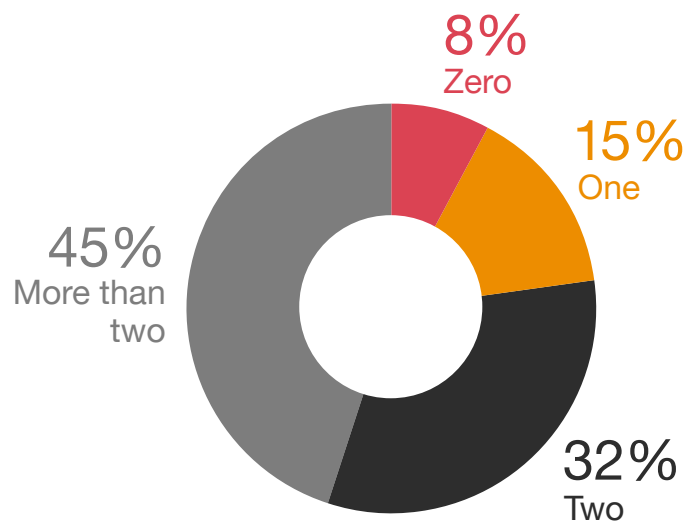
Board practices

7. Do you believe any of the following about any of your company's board members? (select all that apply)



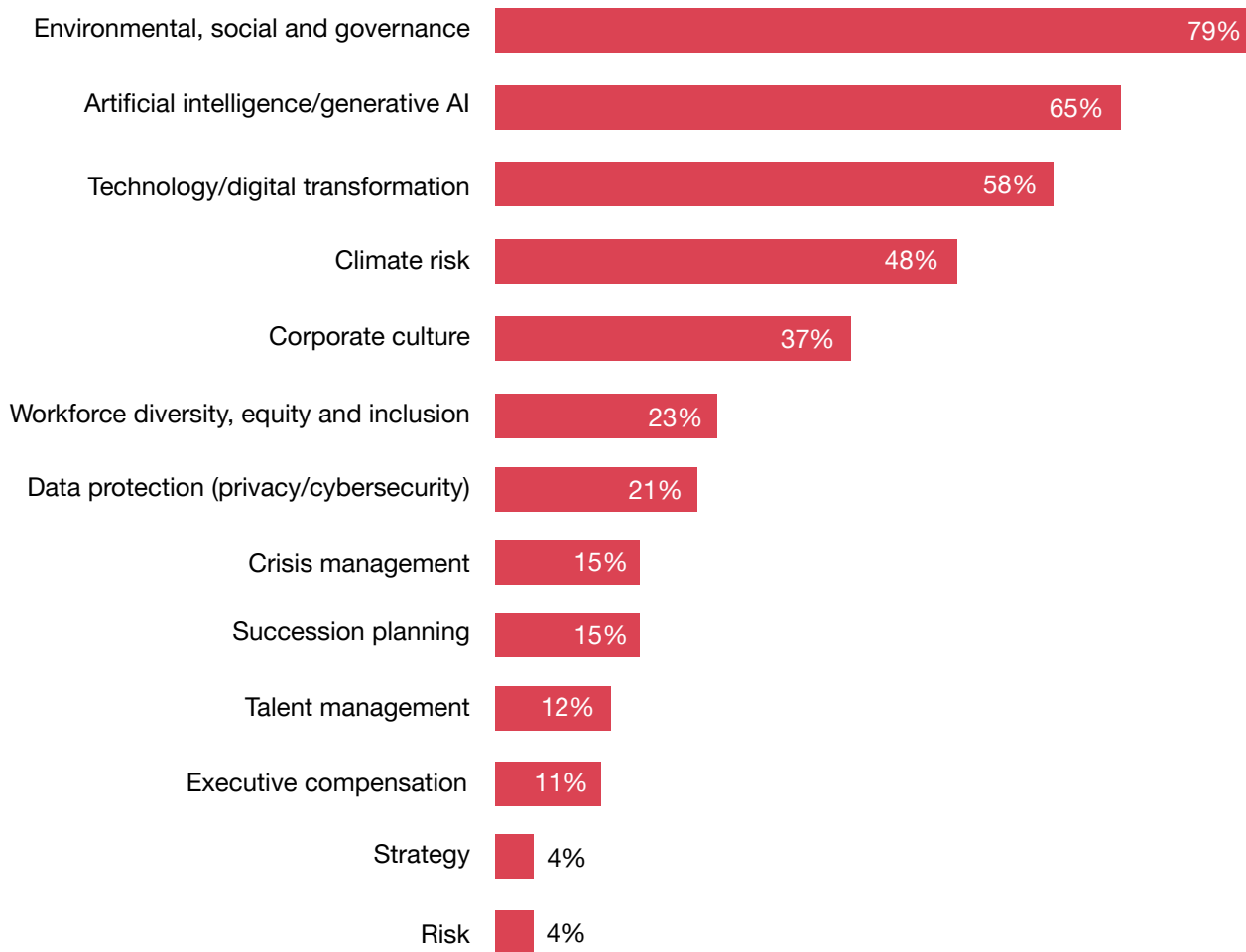
Base: 619
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

8. In your opinion, how many directors on your board should be replaced?



Base: 620
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

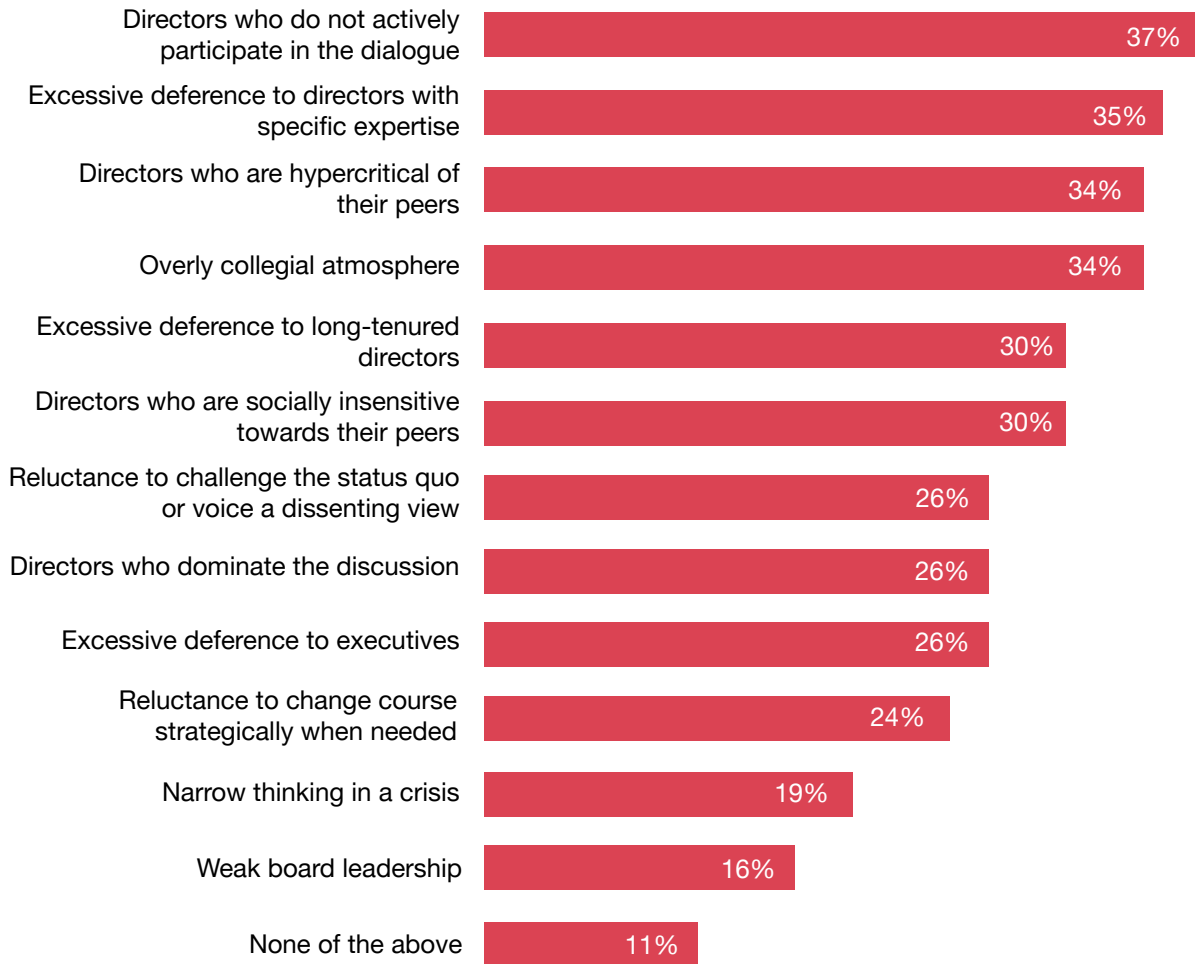
9. In your opinion, which of the following areas of oversight do not receive sufficient board time/attention? (select all that apply)



Base: 595
 Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

Board dynamics

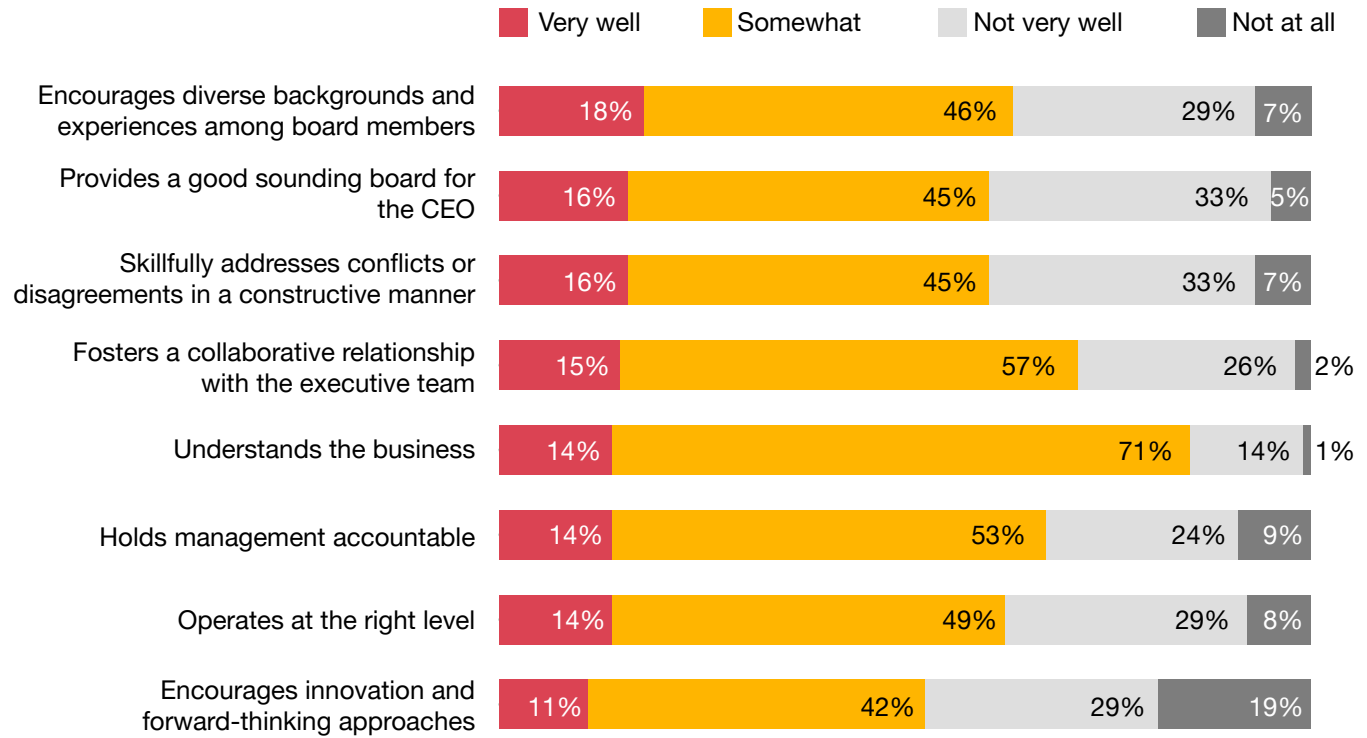
10. Which of the following have you observed in your company's boardroom? (select all that apply)



Base: 608

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

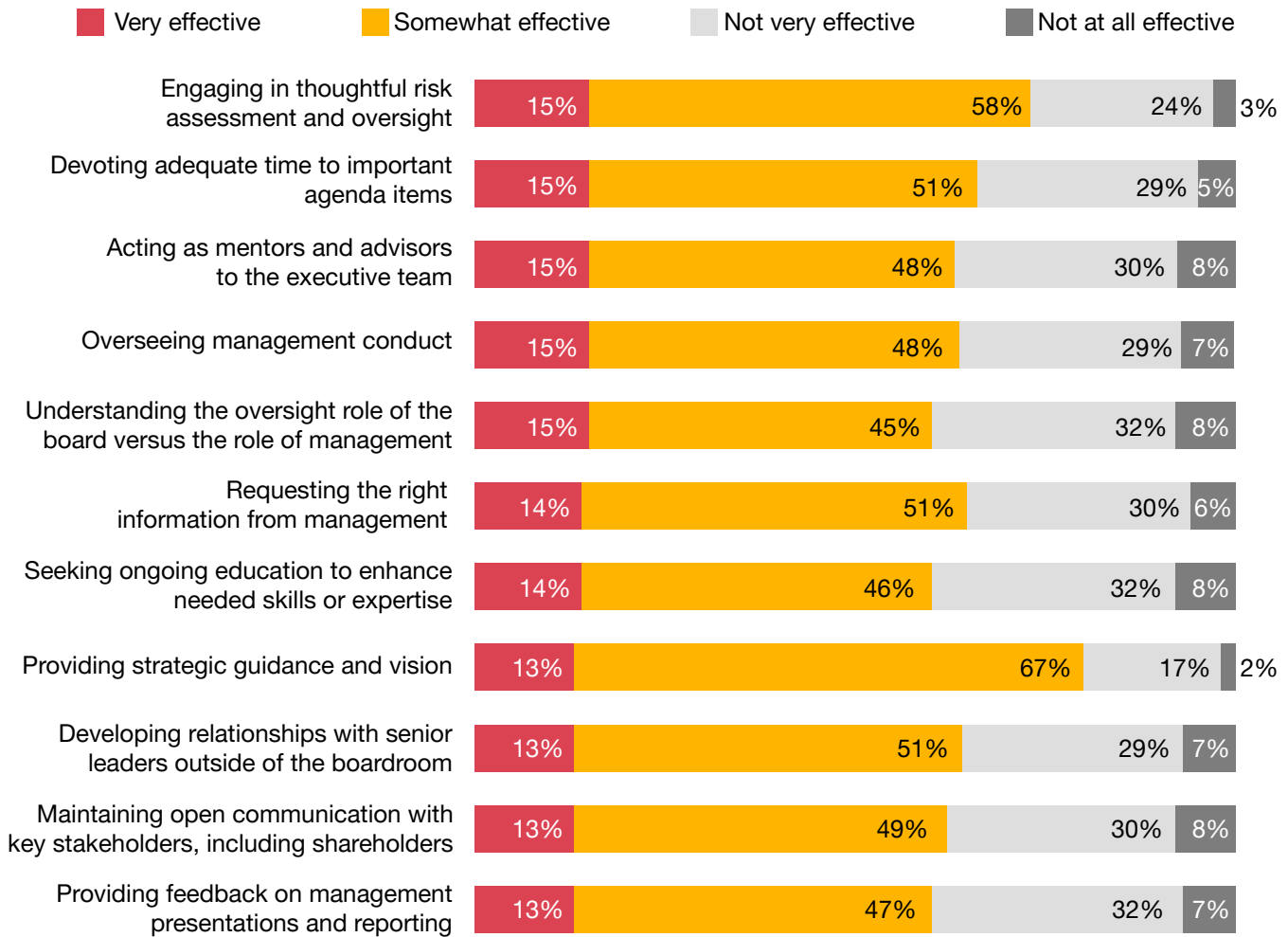
11. How well do you think your board:



Base: 583-589

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

12. How effective do you believe your board is at the following?



Base: 583-591

Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

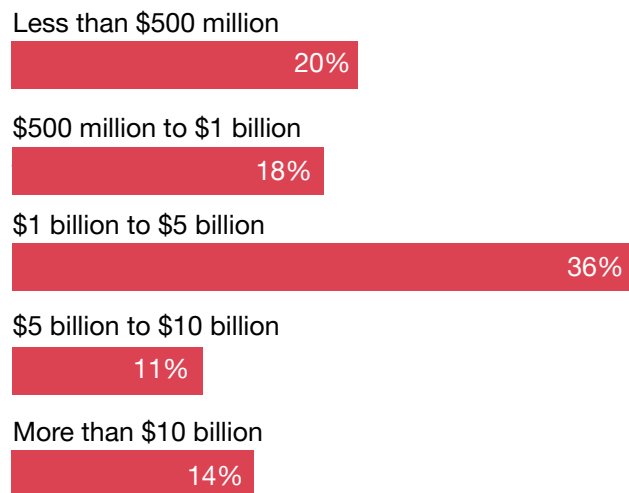
Demographics

Your role is (or is within the office of):



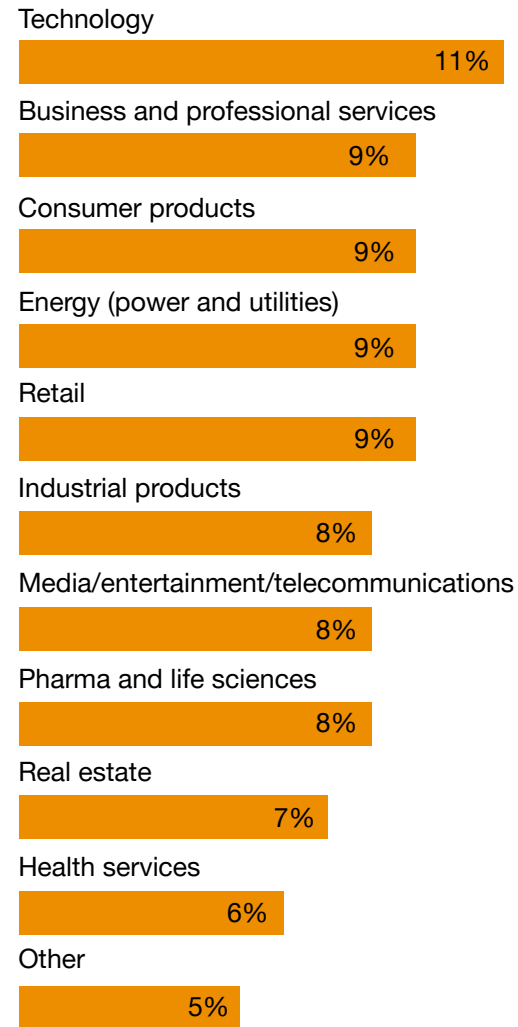
Base: 621
Source: PwC and The Conference Board,
Board effectiveness: A survey of the C-suite, April 2024.

What are the annual revenues of your company?



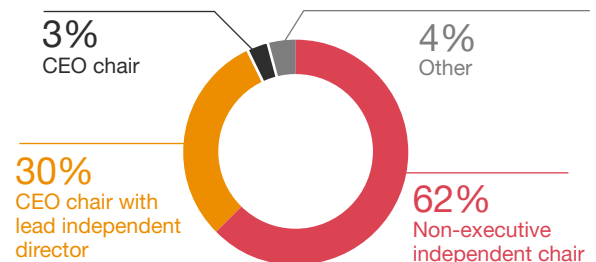
Base: 615
Source: PwC and The Conference Board,
Board effectiveness: A survey of the C-suite, April 2024.

Which of the following best describes your company's industry? (select only one)



Note: Asset and wealth management, banking and capital markets, energy (oil and gas), and insurance each comprised less than 5%.
Base: 620
Source: PwC and The Conference Board, *Board effectiveness: A survey of the C-suite*, April 2024.

Which of the following describes your board leadership structure?



Base: 538
Source: PwC and The Conference Board,
Board effectiveness: A survey of the C-suite, April 2024.

About the survey

PwC and The Conference Board's study, *Board Effectiveness: A survey of the C-suite*, gauges the perception that C-suite executives at public companies across the US have related to the performance of their boards of directors. In 2023, 621 executives participated in our survey. The respondents represent a cross-section of senior executives from over a dozen industries, the majority of whom help to lead companies with revenues of more than \$1 billion.

PwC's Governance Insights Center is a group within PwC whose mission is to provide insights to directors, executives and investors to help them better understand governance topics and trends.

www.pwc.com/us/governanceinsightscenter

The Conference Board is the member-driven think tank that delivers trusted insights for what's ahead. Founded in 1916, it is a nonpartisan, not-for-profit entity holding 501(c)(3) tax-exempt status in the United States.

www.conference-board.org/us/

Additional resources

PwC's Governance Insights Center

[Sustainability and ESG oversight: the corporate director's guide](#)

[The power of AI and generative AI: what boards should know](#)

[Overseeing cyber risk: the board's role](#)

[PwC's 2023 Annual Corporate Directors Survey](#)

The Conference Board

[On the Edge: Driving Growth and Mitigating Risk Amid Extreme Volatility](#)

[Corporate Governance Practices in the Russell 3000, S&P 500, and S&P MidCap 400: Live Dashboard](#)

[Four Steps Toward Increased Board Effectiveness](#)

[Taking a Long-Term Approach to Board Composition](#)

Contacts

PwC's Governance Insights Center

Maria Castañón Moats

Governance Insights Center Leader
maria.castanon.moats@pwc.com

Paul DeNicola

Principal, Governance Insights Center
paul.denicola@pwc.com

Carin Robinson

Director, Governance Insights Center
carin.l.robinson@pwc.com

The Conference Board

Matteo Tonello

Managing Director, ESG Research
matteo.tonello@conference-board.org

Merel Spierings

Senior Researcher, ESG Center
merel.spierings@conference-board.org