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swissVR Monitor: Swiss board members believe the capacity to innovate is being jeopardised by a shortage of skilled labour

Rather than slowing down the innovation activities of Swiss companies, the coronavirus pandemic has actually boosted them. However, innovation requires something that is currently in short supply: skilled labour. According to the new swissVR Monitor, board members believe that this shortage currently poses the biggest danger to economic success. Clever HR marketing and active talent management are therefore being treated as top priorities. At the same time, partnerships are also becoming more important, especially ones with other companies and universities. But according to the more than 400 board members who were surveyed, policymakers must also play their part by creating better general conditions.

Innovation is the main driver of the Swiss economy. As a country, Switzerland has few natural resources and is marked by high prices. Those who want to play in the champions league of the global economy need to be innovative – whether at product and service level, or in relation to business models and processes. Swiss companies realise the importance of innovation: The latest swissVR Monitor suggests there is a strong innovative spirit in the economy. The survey is conducted every six months by the auditing and consulting organisation Deloitte together with the Lucerne University of Applied Sciences and Arts and the swissVR association of board members, in order to gauge the attitudes and opinions of board members. The theme of the 11th edition is innovation.

Pandemic has not put the brakes on innovation

In fact, the pandemic has boosted innovation: 19% of the companies surveyed stepped up their activities in this area during the COVID crisis. In addition, 32% shifted the focus of their innovation efforts, such as towards digitalisation projects. Only 2% of the respondents scaled back their innovation activities, and 7% put them on hold temporarily.

As in the previous year, digitalisation and related topics such as robotics and automation were again at the top of the agenda for boards of directors in 2021. However, this is likely to change during the current year. The survey shows that companies are turning their attention to the lack of skilled labour.

According to the 413 board members who were surveyed, the next 12 months will be dominated by the topic of talent. At the same time, most board members want to focus even more on attracting innovative, highly skilled employees: 57% of board members believe there is room for improvement when it comes to recruiting and training skilled personnel.

Not satisfied with public policies

When recruiting staff, companies are also heavily dependent on the general economic and political conditions. A total of 69% would like to see better policies to reduce the shortage of skilled labour. They believe a failure to address this issue could slow down the economic recovery. The business outlook among board members is currently nine percentage points less optimistic than in the last survey six months ago (positive expectations 66% versus 75%).

“Finding and retaining skilled people is the top priority for companies, as they are crucial to its capacity to innovate. Tax incentives or public funding might also help, but they are not enough alone to drive innovation. To reduce the shortage of skilled labour, companies, policymakers and educational institutions must all pull together,” says Reto Savoia, CEO of Deloitte Switzerland.

Boards of directors must stimulate innovation

Skilled personnel, an open corporate culture, and support from the management – according to board members, these are the three main success factors for innovation. For most of them, it is not a matter of money. Rather, there is a need to change internal processes – 45% of board members believe that silo mentality is a major obstacle to developing innovative new products and services.

But boards of directors also need to take action themselves, whether by improving their own innovation skills or through better communication with their research and development departments. Thirty percent of board members do not or hardly ever communicate with the relevant people in their company. Around a quarter of the boards of directors do not have any members with innovation expertise; for a further quarter, it is not a selection criterion when appointing new members.

“More innovation expertise is needed on boards of directors. The board must elect more people with corresponding skills, as well as acting as a catalyst for innovation projects within the company,” says Christoph Lengwiler, lecturer at the Institute of Financial Services Zug (IFZ) at the Lucerne University of Applied Sciences and Arts.

Collaboration is essential for innovation

Today, innovation alone is no longer enough. The right people and, above all, the right partners are also required. The swissVR Monitor also shows that partnerships with external organisations are at least equally important as a company’s own internal research department. A significant percentage of respondents said they rely on collaboration with other companies (51%), universities and research institutions (40%), as well as on investments in start-ups (18%).

Thus, the external view of innovation is also becoming more important. Open innovation is on the rise: 38% of respondents collaborate with external stakeholders, including customers. External consultants (41%) are also being involved in innovation processes to a greater degree.

“The future of innovation lies in collaboration. Companies need to team up with other players from the worlds of business and science. But collaboration is also important within companies, as innovation often occurs at the interfaces between different departments and silos. It is no longer possible to go it alone,” says Cornelia Ritz Bossicard, President of swissVR.

About the swissVR Monitor

The swissVR Monitor surveys board members at Swiss companies on their outlook for the country’s economy and their own sector and business activities. It also gauges their opinions on corporate governance issues and on current topics that are relevant to boards of directors. First published in 2017, the swissVR Monitor explores a different focus topic in each edition. The 11th edition is all about innovation. The latest survey was conducted in the period from 1 December 2021 to 10 January 2022. The 413 respondents represented board members from listed companies and from small to medium-sized enterprises (SMEs) across all relevant sectors of the Swiss economy.

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swissVR

swissVR is an association for board members in Switzerland, by board members for board members – attractive – independent – focused. With its offering it contributes to the professionalisation of boards of directors in Switzerland. The association has over 1'000 members who hold board membership mandates in various industries and regions as well as in SMEs and listed enterprises. swissVR promotes the exchange of experience among board members and – in collaboration with educational partners – offers its members a range of information and further training programmes that are tailored specifically to their needs. www.swissvr.ch

Lucerne University of Applied Sciences and Arts - the University of Applied Sciences of Central Switzerland

The Lucerne University of Applied Sciences and Arts is the university of applied sciences for the six central Swiss cantons. With around 7,000 students in vocational training and 4,700 in further education, almost 500 current research projects and around 1,900 employees, it is the largest educational institution in the heart of Switzerland. The Institute for Financial Services Zug IFZ of the Lucerne School of Business focuses on governance, risk and compliance, in which it also offers further training for board members. www.hslu.ch/ifz

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