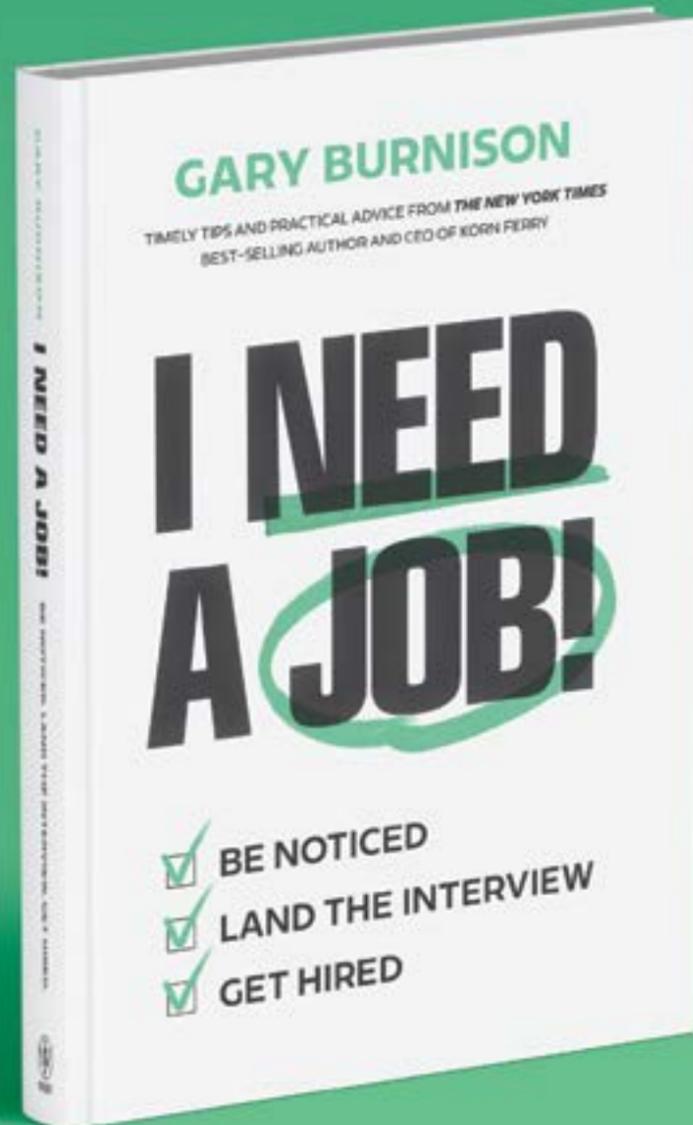


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LEADERSHIP

*“The low confidence figures are stunning.”*



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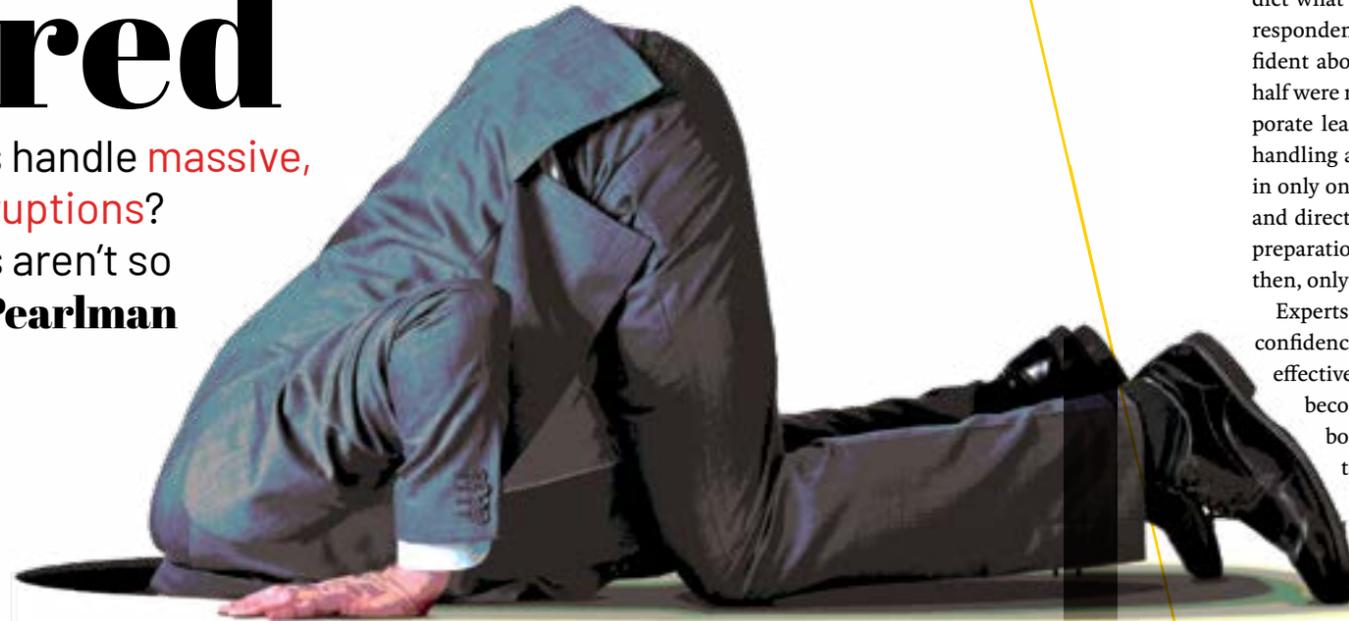
Insiders on today's top management issues.

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LEADERSHIP

# Confidence: Shaken and Stirred

Can organizations handle massive, simultaneous disruptions? Corporate leaders aren't so sure. **By Russell Pearlman**



THE TAKEAWAY

Risk may have increased, but dealing with it wisely remains a challenge.

says Jane Edison Stevenson, a Korn Ferry vice chair and global leader of the firm's Board and CEO Succession practice.

Of all the major risks they face, CEOs and directors say they're least confident about geopolitical risk. That's understandable, says leadership consultant Jimmie Lee, since the current US administration is upending several decades of norms. This has pushed many leaders worldwide into being more reactive than proactive. "We don't know how to predict what comes next," Lee says. Just 21 percent of respondents said they were extremely or very confident about handling geopolitical risk; fewer than half were moderately confident. But it's not as if corporate leaders feel overwhelming assurance about handling any of the big issues facing them. Indeed, in only one area of risk did more than half of CEOs and directors express confidence about their firms' preparation: regulatory and compliance risk. Even then, only 52 percent of them did so.

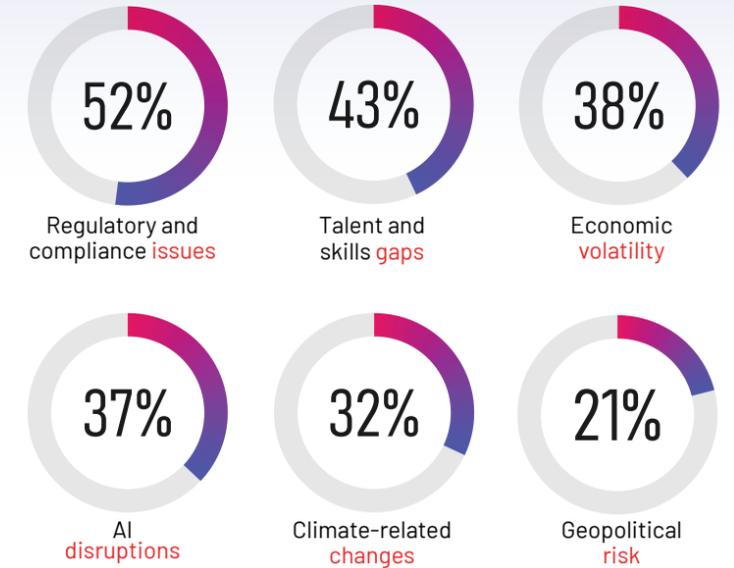
Experts say CEOs and directors need to project confidence, even if they're uncertain, in order to be effective. Employees can be left demoralized—and become less productive—when they sense the boss is directionless. Similarly, outside investors might agitate for change if they feel a CEO or board can't execute. CEOs can strengthen their confidence, Lee says, by reminding themselves of purpose—both their own and the organization's.

Having purpose in mind allows them not only to make long-term strategic decisions, but also to intelligently consider any necessary course corrections. "Your 'why' is your insulator," he says. At the same time, bosses should remind themselves that risk isn't all bad. "Many times people look at risk as a four-letter word and don't realize that it can be an opportunity to capitalize on change," says Dennis Carey, a Korn Ferry vice chairman and co-leader of the firm's Board Services practice.

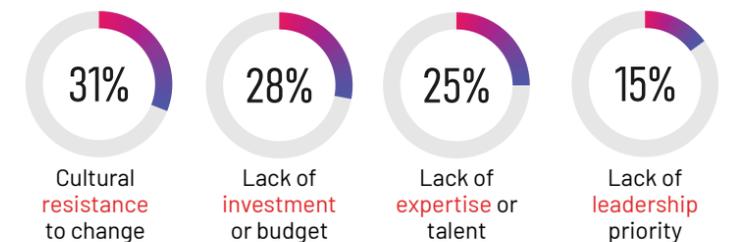
From a director's perspective, **there's nothing particularly new about the process of how to analyze risk**, says Arie Brish, a management professor at the Bill Munday School of Business at St. Edward's University who currently sits on corporate boards in the US and UK. Make a list of all the risk factors, calculate the probability of each one occurring

## WE CAN DO IT... MAYBE

How confident (extremely or very) are you in your organization's ability to manage these specific risks?



### WHAT'S THE BIGGEST BARRIER TO IMPROVING YOUR RISK RESILIENCE?



Source: Korn Ferry CEO and Board Survey 2025

(high, medium, or low), and estimate its potential impact on the business (again: high, medium, or low). Focus on the risks that are both high probability and high impact. What's challenging, Brish says, is having the discipline to create an objective list of risks and engage in honest conversations about them with management, then prompt management to develop responses. Don't take no for an answer, he says. "I've heard too many times comments from executives such as 'Just talking about it will impact morale.'" ■

**Y**ou don't become the top boss without a pretty good track record of tackling risk. At one time or another in any CEO's career—perhaps at multiple times—they've probably faced a massive problem that was seemingly out of anyone's control. Whatever it was, the CEO not only confidently solved the problem, but also took the business to new heights.

Most board directors have similar experiences, too, either while serving as the top leader themselves or working on a strong, high-performing team.

But in 2025, so many massive problems seem to be out of control simultaneously: trade policies

changing daily, geopolitical upheavals, AI's disruption of nearly everything, and economic slowdowns worldwide—to name just four. The world's corporate chiefs have noticed, and they're not exactly brimming with confidence that they can handle them.

In its first annual top leadership survey, Korn Ferry asked 250 CEOs and board members at large organizations across the world about the dangers their firms currently face. Some 63 percent of respondents said their firm's risk had increased since 2024. (Only 3 percent said it had decreased.) Just 11 percent said they were extremely confident their organizations could handle that risk, and just 51 percent said that they were extremely or very confident. "The low confidence figures are stunning,"

DNY58/Getty Images

Roman Pysazhnik/Getty Images

# Working Women: Back to the Future?

TALENT BY PETER LAURIA

**FOR WORKING WOMEN**, 2025 may end up being a “back to the future” year—and not in a good way.

The phrase, which refers to recycling an old way of doing things, perfectly describes how specific changes in the culture of work—among them return-to-office mandates, a pullback on inclusion, and the rise of AI—may be causing a disturbing exodus of women from the workplace. “The business world in the

US in 2025 is no more hospitable to women than it has historically been for them,” says Jeffrey Pfeffer, a professor of organizational behavior at the Stanford Graduate School of Business.

Since the start of the year, women have been leaving the workforce at nearly double the rate at which men have been entering it. The trend mirrors other data showing that efforts to advance women, after rising significantly earlier in the decade,

Jorgenmac/Getty Images

## THE TAKEAWAY

New productivity pushes from leaders can hit the workforce unevenly.

have slowed down considerably. The percentage of newly appointed women directors has fallen since 2023, for instance, and only 17 percent of new CEOs of S&P 500 companies appointed last year—11 out of 64—were women. Other figures show promotions being handed out disproportionately, with just 85 women being promoted per 100 men.

Systemic issues like lower pay and high childcare costs are, of course, partly responsible: Studies show women are often paid less for the same job, and handle more of the childcare at home. “I can’t tell you the number of HR professionals who have told me that the lack of affordable childcare is having a significant impact on hiring and retaining women,” says Brad Bell, director of the Center for Advanced Human Resource Studies at the Cornell University School of Industrial and Labor Relations. But evidence is mounting that return-to-office mandates are also playing a major role, with surveys showing more men than women have returned to the office. Anecdotally, experts say AI is having the most impact on traditionally female-dominated roles and functions, like back-office, retail, and human-resources positions.

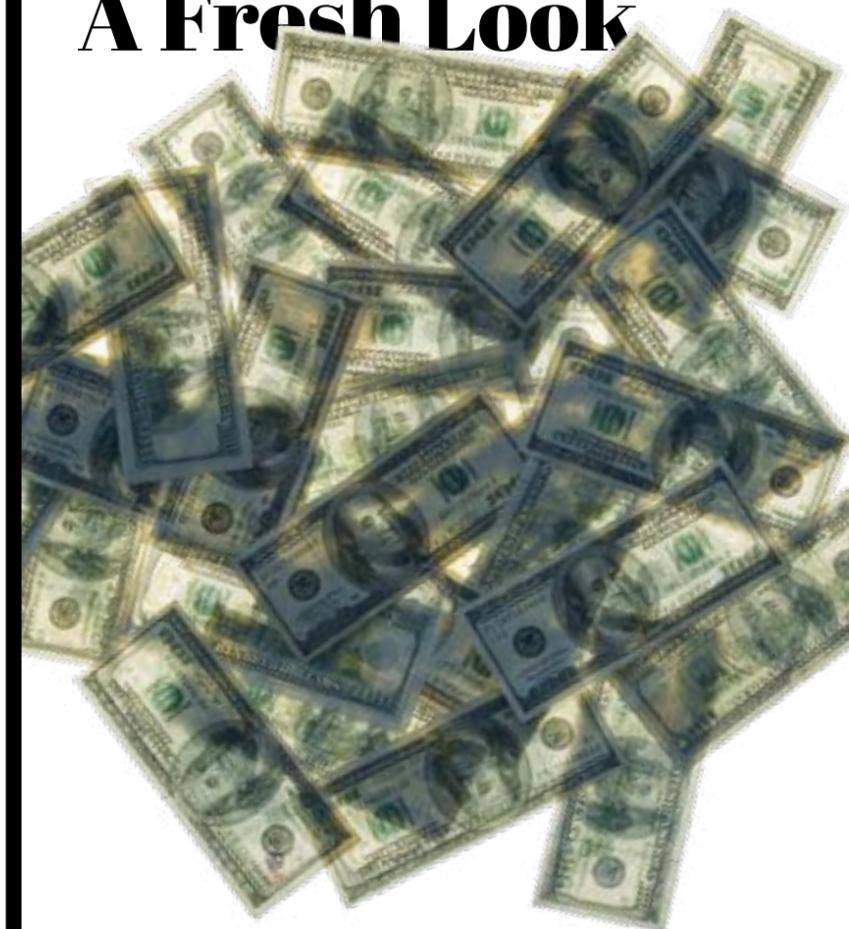
Flo Falayi, a senior client partner in the Leadership and Executive Development practice at Korn Ferry Advisory, sees **a correlation between culture and the exodus of women from the workforce**. He says return-to-office mandates and reduced flexibility are signals to women that they won’t get the support they need from their firms and leaders. “Companies need a structural redesign of work and jobs to provide flexible hybrid-work support systems for women,” says Falayi.

The hope for the rest of the year is that the return-to-office push will level out and that the labor market will strengthen enough to compel women back to the workforce. But the outcome many analysts are predicting is that neither will happen. If those fears are realized, women are likely to keep leaving the corporate world, says Kim Waller, a senior client partner in the Organizational Strategy and DEI practices at Korn Ferry. “As opportunities to advance are less forthcoming, women are less likely to be patient with their corporate roles and may look to put their talent to work in other ways,” says Waller. ■

Kuraad/Getty Images

COMPENSATION BY ARIANNE COHEN

# Pay Transparency: A Fresh Look



**IT’S ON THE BOOKS IN AT LEAST** a dozen US states and cities, not to mention much of Europe: If a company is posting a job, it needs to post a pay range. Somehow, that’s not happening.

According to a survey by Aon, a professional-services firm, fewer than a third of firms in the US are fully compliant with laws that apply to states and cities covering 44 million workers. Europe isn’t much better, with one survey finding that only 20 percent of job postings in both Germany and Italy had salary ranges. “Most firms aren’t just behind on policy—they’re behind on positioning,” observes

workforce and visibility consultant Patrice Williams-Lindo. She says that many companies are grappling with the tension between internal inequity and brand image.

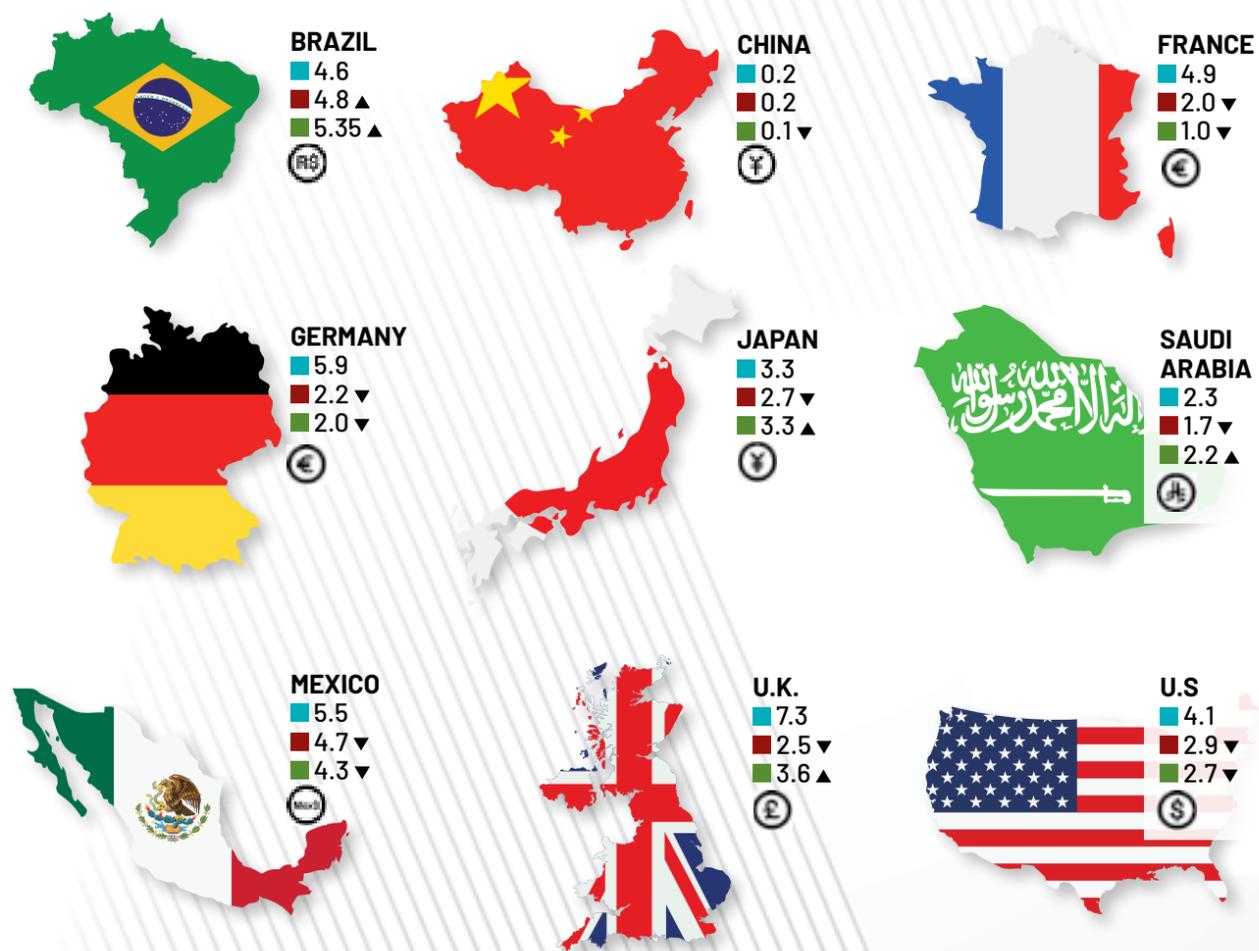
To be sure, some organizations have found ways

to comply with the laws on paper, but only by posting absurd job ranges—like \$65,000 to \$399,000. In most cases, experts say, they're trying to avoid upsetting low-paid workers, not to mention ducking a barrage of questions: *How is this pay range*

DATA

## HAS INFLATION STOPPED INFLATING?

Fast-rising prices have been a massive challenge for both producers and consumers worldwide for several years. While prices aren't going down, inflation rates seem to have plateaued in many major economies, at least for now.



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THE TAKEAWAY

Firm leaders need to see pay transparency as an opportunity, not a headache.

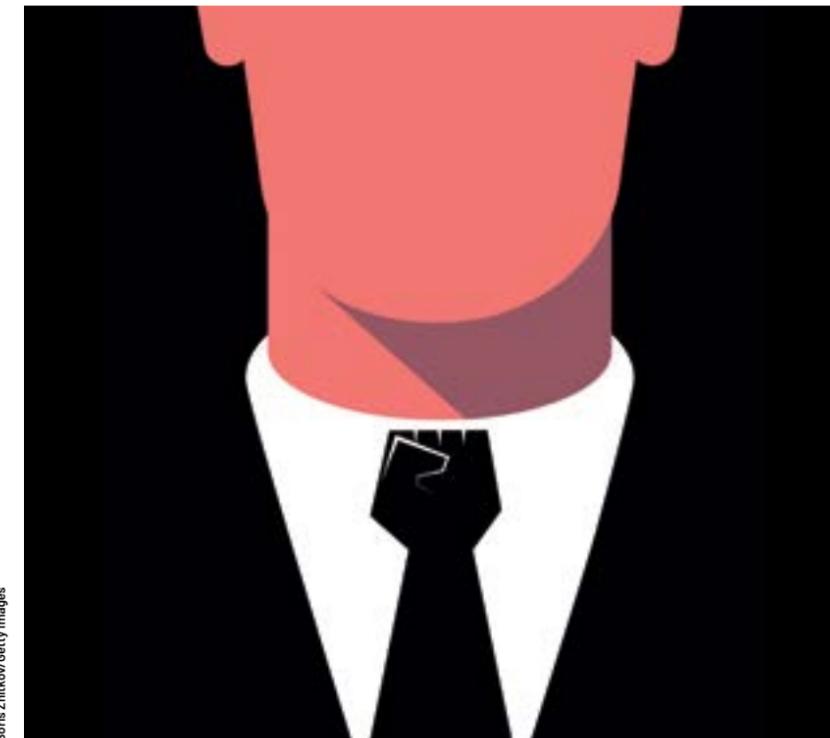
*determined? Why am I at the low end of the pay range, despite my three years in the job? Why does Jean have a higher-ranking title than Billie, whose job is undeniably harder?* “These questions require companies to get very transparent on a broad range of topics beyond compensation,” says pay expert Tom McMullen, senior client partner at Korn Ferry.

**But a growing number of experts say most firm leaders have it all backwards:** In today's world, they say, greater disclosure can create a healthy level of trust between employers and employees. And firms need workers to trust them—one survey found that more than two-thirds don't. For his part, McMullen says that employees who understand their pay calculus, and feel it's fair, are more likely to trust their employer. A 2022 study by PayScale found a 27 percent increase in employee trust at companies that promote salary transparency.

But pay transparency only works when a firm

has set up a compensation system that's equitable and easy to explain. Despite the looming transparency laws, many comp leaders have failed to do internal audits to determine the current status of their own comp policies or map out where they need to go. Simply put, pay transparency is a nightmare for any firm that lets bosses use their own discretion on, say, salaries and job titles. “A company can only tell a good story about pay programs if they have a good story to tell,” says McMullen.

Firms that can tell a good story about their pay programs will likely pick up the talent they need, experts say, even if they're not offering the highest salaries. Pay transparency isn't just about compliance; it's about treating people fairly, which employees find appealing and firms can use as a point of engagement. “There's an ethics aspect of this—it's just the right thing to do,” says McMullen. ▮



Boris Zhilkov/Getty Images

LEADERSHIP BY PETER LAURIA

## A Battle Brewing in the C-Suite?

**FRUSTRATION WAS MOUNTING** between the two executives. The chief technology officer wanted to license a new AI application but was having trouble convincing his counterpart. The CTO felt it was the best fit for the company's overall AI strategy; his counterpart worried it felt too clunky to drive widespread adoption at the firm. It was a standstill between the CTO and the head of human resources.

A new battle is brewing in the C-suite between leaders who have rarely clashed before. With AI being integrated into workflows, employees need a lot of training and reskilling to drive adoption, creating a mounting interdependency between CHROs and CTOs. Just how much training is needed? Which employees, in fact, are essential? The decision now rests in two hands, instead of one, unless the CEO steps in. “Finding ways to ensure cooperation is critical,” says Peter Cappelli, director of the Center for Human Resources at The Wharton School, who anticipates the push and pull will only increase as AI marches deeper into the workplace and corporate strategy.

Already, some firms have gone so far as to combine IT and HR into one unit, a somewhat dramatic step that remains an outlier for now. Instead, **friction reigns at many firms:** According to one recent survey, two-thirds of tech leaders say they are experiencing differences with HR counterparts over everything from talent acquisition to strategic direction to resources. CHROs have complaints of their own. They say CTOs don’t consider negative repercussions for

existing employees or talent-acquisition strategies when making new AI investments. “As the silos between the two functions break down, the friction is becoming more visible,” says Philippe Remy, managing director in France for Korn Ferry.

C-suite leaders, regardless of position, don’t give up power easily, especially when the viability of their role is at stake. But Emilie Petrone, a Korn Ferry vice chairman and member of the firm’s Global Human Resources and CEO Succession practices, cautions both CHROs and CTOs not to miss the big-picture opportunity in front of them. “They could own the narrative at the enterprise level and position themselves as critical strategic advisors to the CEO and board,” says Petrone. One way to do that is by creating more fluency between the two functions—with CHROs boosting digital literacy and CTOs working on their soft skills with workers. Firms could also encourage alignment through task forces or ad hoc committees—but a solution is needed sooner than later, all agree. “A closer CHRO/CTO collaboration will be a defining feature of high-performing executive teams in the future,” Remy says. ■

**THE TAKEAWAY**

The C-suite can’t afford to have many differences among its members.

**WHAT’S ON THE NEXT BOARD AGENDA****1****AI**

Boards need to be updated on their firm’s current strategy for the technology.

**2****ACTIVISTS**

After slowing, activist campaigns are expected to heat up this fall.

**3****UNCERTAINTY**

Geopolitical events will continue to create the need for more management agility.

**HISTORY LESSON**

BY ARIANNE COHEN

**Spreading Its Wings—  
Too Far, Too Fast**

PEOPLEExpress, the original big-discount airline, may go down as one of the more influential failed businesses.

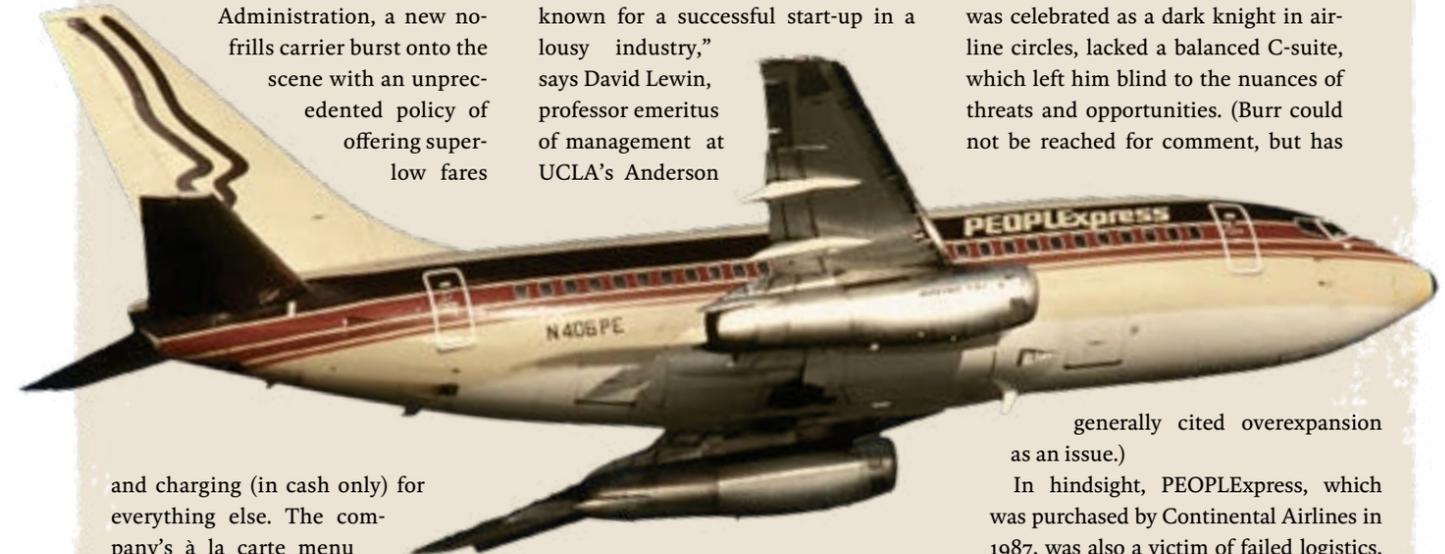
**ANY AIR TRAVELER KNOWS** the drill: If you want just about anything extra, you’ll be charged for it. Charged for checked bags. Charged for seat selection. Charged for sodas and snacks.

It hasn’t always been that way—but back in the early days of airline deregulation under the Reagan Administration, a new no-frills carrier burst onto the scene with an unprecedented policy of offering super-low fares

The company, PEOPLEExpress, was the brainchild of its founder, Don Burr, who seems to have inherited his swagger from his ancestor Aaron Burr, the US vice president. In 1981, he launched the airline in a previously dusty corner of Newark International Airport, with just regional flights. “Burr became known for a successful start-up in a lousy industry,” says David Lewin, professor emeritus of management at UCLA’s Anderson

to 130 cities. The name PEOPLEExpress struck fear into executives at major airlines, who were still accustomed to the protected world of government-regulated fares.

But as with many successful but short-lived businesses, the airline expanded way too fast, creating enormous debt. “They went up, and flamed down,” says Lewin, who once hosted Burr as a speaker at Columbia Business School. He observes that Burr, who was celebrated as a dark knight in airline circles, lacked a balanced C-suite, which left him blind to the nuances of threats and opportunities. (Burr could not be reached for comment, but has



and charging (in cash only) for everything else. The company’s à la carte menu included \$3 per checked bag and between 50 cents and a dollar for sodas and snacks. What caught travelers’ attention were the fares: as low as \$19 from Newark to cities like Boston, Syracuse, and Cleveland, all at a time when the major airlines might charge ten times as much on these routes.

School of Management. But Burr had in mind more than a successful regional airline. Two years after launching, he inaugurated non-stop service to London’s Gatwick Airport at bottom-of-the-barrel prices (think \$149 one-way), and no-frills travelers went nuts.

By 1985, he had bought Frontier Airlines, creating an empire with routes

generally cited overexpansion as an issue.)

In hindsight, PEOPLEExpress, which was purchased by Continental Airlines in 1987, was also a victim of failed logistics, with competitors telling maintenance and food-service firms to ignore the company. The lesson, says Lewin, is that expansion requires infrastructure, as well as strong predictive models for future demand. “It was an entrepreneurial gem for a little while,” he says, “then it tried to expand, and fell off the face of the Earth, making a very large thump.” ■