

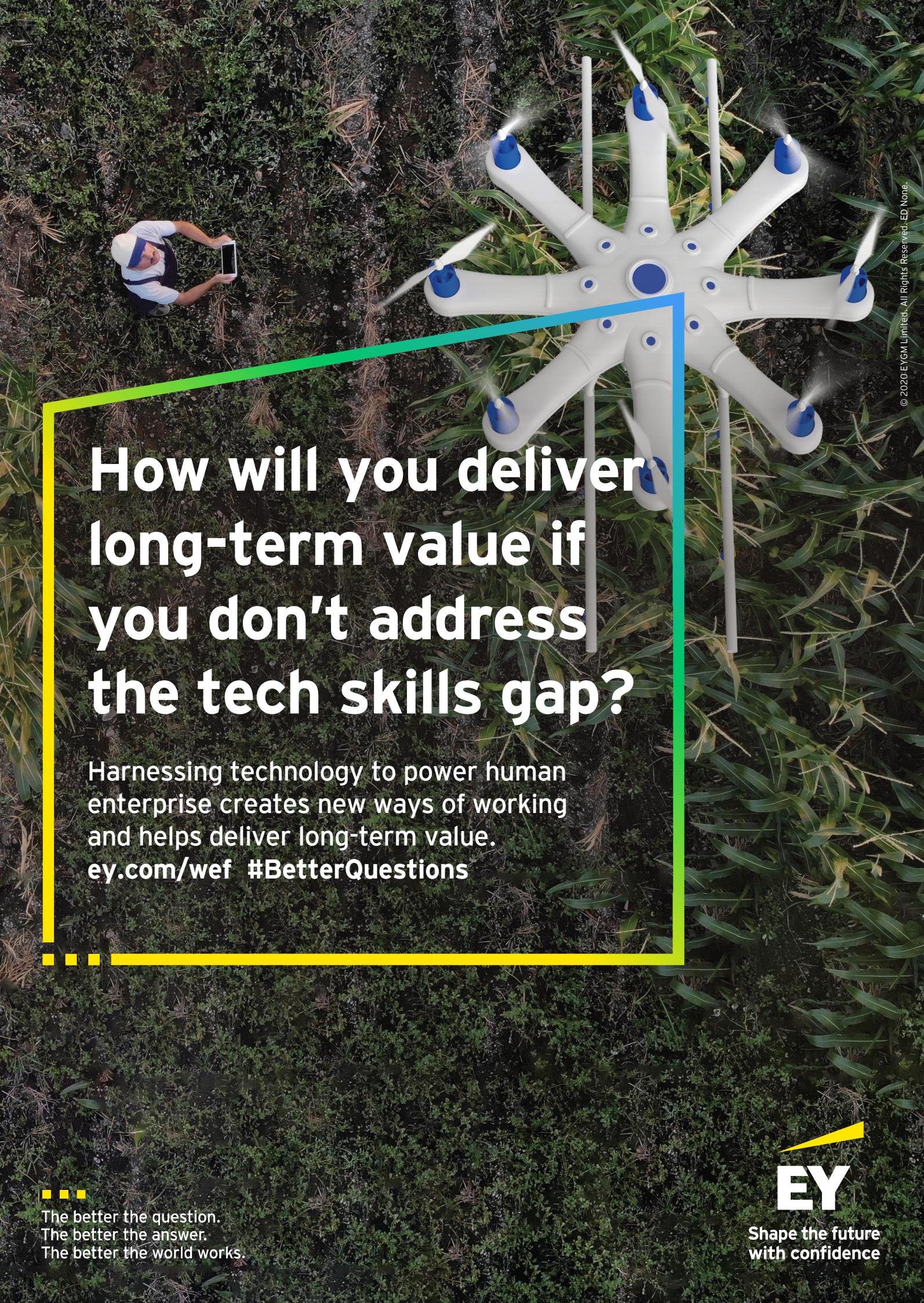
Board Matters Quarterly

Issue 3, 2025



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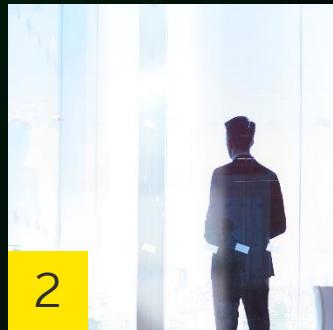
Board Matters Quarterly

Board Matters Quarterly offers thought-provoking perspectives and insights into leadership and governance issues for boards and audit committees, providing support to navigate an increasingly complex business environment.



1

EY CHRO 2030:
Leading HR into
the future with
confidence



2

Asia-Pacific Board
Priorities 2025: A
reflection for
Malaysian boards

1

Leading HR into the future with confidence

By Low Choy Huat

The changing nature of work, workforce expectations and evolving business needs are leading organizations to a critical inflection point that they will need to navigate towards 2030. A recent EY CHRO 2030 survey of over 160 global leaders reveals that 85% believe a strategic human resources (HR) function will be crucial for business success in the coming years. However, the survey concludes that only 32% of organizations currently possess a "Talent Advantage" to enhance both HR and business outcomes.

Insights from global and Malaysian leaders underscore three key imperatives that HR must embrace to navigate the future confidently.

1. The evolution of the HR executive role

In the coming five years, the role of the HR executive will undergo a significant transformation, requiring a shift beyond traditional people leadership. A high-performing chief human resources officer (CHRO) will need to embody three key roles: business operator, talent authority and technology leader.

As a business operator, the CHRO will leverage strong financial and operational expertise, drawing on experience from various business functions to enhance cost efficiency and overall performance.

In the capacity of a talent authority, the CHRO will prioritize essential workforce initiatives, such as succession planning, strategic workforce planning and upskilling for in-demand capabilities so that employee experience remains central to these efforts.

Additionally, as a technology leader, the CHRO will drive business transformation by adopting digital solutions, scaling artificial intelligence (AI) initiatives and staying ahead of emerging technologies to prepare the workforce for future challenges.

By 2030, HR executives will emerge as versatile leaders, placing humans at the center of change. They will need to redefine the nature of work and talent within their organizations, fostering collaboration with the C-suite to break down silos and uncover new sources of value. The collaboration with business leaders will be essential to unlock value and drive innovation while optimizing service delivery models to support growth.

To drive transformation, HR executives will need to embrace ready-now technologies that provide immediate value. Embracing technologies like AI and machine learning (ML) will automate routine tasks and enhance decision-making. Generative AI (GenAI) will create personalized experiences while advanced analytics will enable data-driven strategies. These innovations will shape a dynamic HR landscape.

2. The evolution of the workforce

By 2030, the global talent shortage is projected to exceed 85 million people, leading to a scarcity of in-demand skills. Currently, only 32% of employers can provide a Talent Advantage that aligns with employees' career expectations while 70% recognize the urgent need for individuals with new skills to meet emerging business needs. Navigating this workforce inflection point will require concerted effort in four areas.

1 Reshape the Talent Advantage:
Unlock capabilities within an untethered workforce.

2 Evolve from roles to skills:
Acknowledging that skills are becoming the new currency in the job market.

3 Build transformation as a business capability: Integrate transformation as a core business capability, embedding change readiness and continuous improvement into the organization's foundation.

4 Democratize the employee experience: Offer personalized and inclusive opportunities across all levels of the workforce.



HR must take ownership of the employee experience by facilitating learning, career growth and flexible rewards while bridging gaps between intended and actual experience. As workforce demands evolve, leading Malaysian organizations are reimagining the employee experience to enhance both talent and business outcomes. They are prioritizing talent health, work technology and career pathways, with a strong emphasis on skills as the currency for talent.

To remain competitive, organizations must focus on leveraging technology (such as AI and big data), developing cognitive skills (like creative thinking and curiosity) and enhancing human skills (including resilience and leadership). Implementing reskilling and upskilling programs will boost digital fluency and foster a culture of continuous learning, aligning workforce capabilities with strategic objectives.

Core skills in 2025

Analytical thinking	
Resilience, flexibility and agility	
Leadership and social influence	
Creative thinking	
Motivation and self-awareness	
Technological literacy	
Empathy and active listening	
Curiosity and lifelong learning	
Talent management	
Customer care	

Skills on the rise by 2030

AI and big data	
Networks and cybersecurity	
Technological literacy	
Creative thinking	
Resilience, flexibility and agility	
Curiosity and lifelong learning	
Leadership and social influence	
Talent management	
Analytical thinking	
Environmental stewardship	

Technology

Cognitive

Human

Management

Source: *Future of Jobs Report 2025*, World Economic Forum, 2025.

3. The evolution of HR function

By 2030, HR function will lead with AI, utilizing GenAI to transform work patterns and enhance impact. This technology will streamline processes across talent acquisition, learning and payroll, driving efficiency and data-driven decision-making.

HR must adopt a business-centric approach, aligning closely with organizational strategies. The HR business partner (HRBP) role will evolve from focusing solely on quality to prioritizing efficiency, transitioning from business advisor to leadership coach. Key performance indicators will emphasize decision speed and talent development, fostering resilient learning cultures.

Leading organizations will gain a competitive edge by offering holistic rewards strategies that prioritize fairness and well-being across all dimensions. Talent mobility will be reimagined to support flexibility and sustainable growth, enabling organizations to thrive in an ever-changing landscape.

The insights present valuable opportunities for HR leaders to reprioritize and act with purpose across these three core value drivers.



1

HR executive role:

The role of the HR executive is evolving, grounded in strong business acumen, guided by forward-looking talent strategies and enabled by technology.

2

Workforce:

Forward-thinking organizations are beginning to create a Talent Advantage, adopt skills-based workforce models and integrate technology into both people and business operations.

3

HR function:

The HR function is now well-positioned to lead in AI and must evolve to operate as a business operator. HRBPs will be essential in translating strategy into action, leveraging technology and delivering a personalized and inclusive employee experience.

Leading HR into the future requires not just operational changes but a shift in mindset. It involves moving beyond a cautious, status quo approach to embrace uncertainty, experimenting with new ideas, taking calculated risks and pursuing bold initiatives that can drive meaningful impact.

References

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Low Choy Huat is the Malaysia People Advisory Services Leader; and Partner at Ernst & Young Consulting Sdn. Bhd. The views reflected above are those of the author and do not necessarily reflect the views of the global EY organization or its member firms.

2

Asia-Pacific Board Priorities 2025: A reflection for Malaysian boards

Boards in Asia-Pacific are navigating a particularly complex and dynamic business environment. Their challenges include a low-growth economic environment with high interest rates, an ever-growing regulatory burden, rising geopolitical tensions and shifting trade relationships due to the increasingly strained relationship between traditional trading partners, such as China and the US.

Furthermore, boards are supporting their organizations to transition to more sustainable business models and take advantage of the technological revolution, including the opportunities presented by artificial intelligence (AI).

Here are other highlights from the [Asia-Pacific Board Priorities 2025](#), which explores top agenda items for board members in the region today.

1. Geopolitical volatility and resilience

Geopolitical tensions are reshaping global trade, investment and regulatory landscapes. Nearly half (43%) of Asia-Pacific chief executive officers (CEOs) surveyed for the September 2024 EY CEO Outlook Pulse Survey cited geopolitical disruption as a top concern. Boards must help management integrate geopolitical considerations into strategic planning, mergers and acquisitions as well as risk management. This includes assessing supply chain resilience, exposure to trade barriers and regulatory divergence.

Boards should also evaluate the sensitivity of their business models to geopolitical shocks, from sanctions and tariffs to shifts in bilateral relationships. In Malaysia, ongoing developments in the US-China relationship, regional trade agreements and domestic policy shifts further underline the need for agile, scenario-based decision-making.

2. Shaping tomorrow's workforce, today

Workforce challenges remain top of mind as companies balance cost optimization with the need to attract, retain and upskill talent. Across Asia-Pacific (including Malaysia), the shortage of niche technical skills including AI expertise, continues to constrain growth. Boards play a vital role in ensuring the organization's talent strategy supports long-term goals.

Boards should work with management to build a compelling employee value proposition, including flexibility, well-being and career development. With over half of employees in the region citing well-being and hybrid work options as key priorities (EY 2024 Work Reimagined Survey), boards must ask whether their organizations are adapting fast enough to retain top talent.

Diversity, equity and inclusion (DEI) also remain critical. Boards that fail to challenge management on DEI risks may miss essential perspectives and exacerbate talent gaps, especially among younger and underrepresented workers.

3. AI, cybersecurity and digital transformation

Technology transformation is a strategic imperative, but it also presents complex risks. Organizations are adopting generative AI (GenAI) while simultaneously investing in cybersecurity and regulatory compliance. Nearly one in five Asia-Pacific employees already use GenAI extensively at work, heightening the risk of misuse, bias or IP breaches.

Boards should assess how emerging technologies can enhance business models and explore how talent strategies are evolving to support digital innovation. This includes understanding AI governance, evaluating the robustness of cybersecurity systems and monitoring compliance with evolving regulations including Malaysia's upcoming AI framework such as the AI Technology Action Plan 2026-2030 and regional legislative changes.

Board oversight must also extend to ethical AI use and societal impact. Boards should ask: Are we fostering a culture of responsible innovation? Are our AI systems designed by diverse teams to mitigate bias? These are not just IT issues, they go to the heart of organizational trust.





4. Sustainability integration

Despite growing stakeholder expectations and regulatory requirements, many business models remain unsustainable. Climate risks from extreme weather to resource shortages are already affecting supply chains and operations. Yet only 27% of Asia-Pacific CEOs surveyed cited climate issues as a top disruption force.

Boards must take a longer-term view to embed sustainability into core strategies. This means going beyond reporting to focus on real-world impact; whether transitioning to renewable energy, preparing for supply chain legislation or developing more circular products.

In Malaysia, compliance with the National Sustainability Reporting Framework (NSRF) is just the beginning. Boards should be able to interpret sustainability data, identify material risks and opportunities and ensure alignment between environmental, social and governance (ESG) reporting and capital allocation.

Internal controls are also essential to prevent greenwashing. Many boards overlook this, even though 58% of Asia-Pacific finance leaders believe their industry faces high greenwashing risks. Boards must confirm that sustainability claims are backed by reliable data and rigorous processes.

5. Rethinking the board of the future

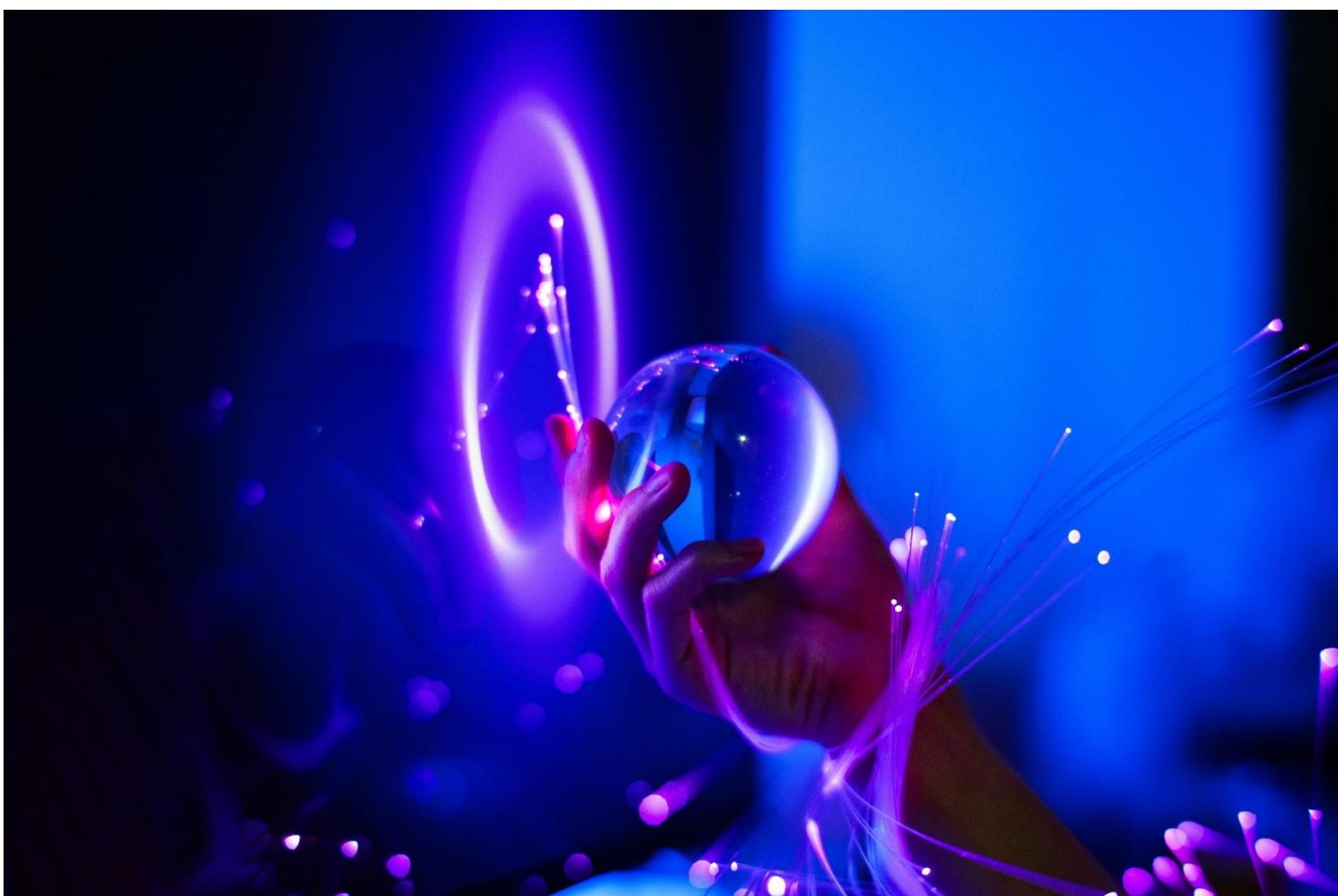
Board effectiveness is under pressure. Directors face growing responsibilities without a corresponding increase in time or resources. Traditional governance models may no longer be fit for purpose.

Future-ready boards will need to engage more frequently with management, access unfiltered information and expand stakeholder engagement. Mechanisms such as shadow boards, customer advisory groups or digital dashboards can support more agile and informed decision-making.

In Malaysia, boards may also consider revisiting their composition, clarifying roles between directors and management and using technology to enhance governance. Continuous director education, particularly on issues like AI, ESG and geopolitical risk, is critical to staying relevant. Ultimately, boards must ask: Are we structured and equipped to lead in this era of transformation? Are we balancing compliance with strategy? These questions are not about incremental improvement; they are about reimagining governance itself.

Final reflection for Malaysian boards

As Malaysian boards prepare for 2026, now is the time to reflect. Have we met the moment? Have we challenged management enough on the right issues from sustainability to digital transformation, talent and geopolitical strategy? The most effective boards are not just reactive but anticipatory. By revisiting these priorities, boards can position themselves and their organizations for long-term success.



This article was adapted from EY Center for Board Matters: Asia-Pacific Board Priorities 2025. The Board Priorities report was developed in consultation with EY professionals including the EY Center for Board Matters, ACCA Global Head of Risk Management and Corporate Governance for Policy and Insights Rachael Johnson and international governance expert Dr. Dean Blomson. It also includes data from the Association of Chartered Certified Accountants (ACCA)/Institute of Management Accountants (IMA) Global Economic Conditions Surveys (GECS) 2024.

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