

Poll: ASEAN CIO role gaining importance in business

Leadership needs to catch up with technology through managing talent and change

Fontainebleau, France and Singapore, 23 July 2008 – According to a study unveiled by INSEAD and IBM today, 94% of CIOs in ASEAN say that the role of the ASEAN Chief Information Officer (CIO) is gaining more importance in the business where their organisations' leadership, which measures the excellence of people and leadership skills, currently lags behind its technology management and technology skills across ASEAN. CIOs polled view leading employees as a key capability stating talent management critical to achieving leadership, yet talent development ranked bottom as both a top management priority and a current source of performance excellence. Only 29.9% of CIOs in the survey felt that their organisation's performance in talent management was stronger than their industry's – a concern as CIOs concur that talent is a crucial ingredient in building organisations' strategic capabilities through initiatives such as change management and innovation.

The 2008 ASEAN CIO Leadership Study was conducted with more than 160 CIOs from local and multinational companies in six ASEAN countries – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – between January and May 2008.

The survey highlights managing talent, change and customers and diversity as key priorities of ASEAN CIOs.

Managing talent: CIOs view leading employees as a key capability. ASEAN CIOs believe beyond managing and retaining IT staff in general, their role includes identifying and nurturing individual talent. Of those surveyed, 80.4% agreed that identifying and developing IT staff is an important part of their performance as CIOs. Empowering employees by delegating effectively, broadening their opportunities, and acting with fairness was considered a key leadership quality by 81.2% of CIOs.

Managing change and customers: CIOs are keenly aware that change in an IT organization must be managed within a proper framework of corporate and IT governance. CIOs across ASEAN also pointed out that change management entailed tackling the entire culture of what they saw as an increasingly regional and global organization.

Improving internal and external user experience and satisfaction was ranked among CIOs' top activities, alongside ensuring a reliable and cost-effective IT infrastructure and leading and delivering high-profile IT projects. In addition, according to 79.2% of CIOs in the survey, their organizations actively incorporate ICT into the design and development of new products and services.

Managing cultural diversity: CIOs acknowledge IT as an important vehicle used to help in cross cultural communication between employees in different parts of the world. CIOs in the surveys were quick to point out that change management entailed tackling the entire culture of the organization. Cross-cultural communication and management skills have also moved up in strategic importance over the past few years, as IT teams in ASEAN companies

increasingly adopt regional and global structures; some of the CIOs surveyed reported managing, from their ASEAN base, IT service delivery centers on a global basis. According to 43.4% of respondents, IT was also used as a vehicle in bridging cultural and communication gaps between employees in different parts of the region.

CIOs across the region are sensing that a qualitatively new level of leadership will be required from the industry. Rather than a thorough knowledge of technology, the critical quality of “e-leaders” in the knowledge economy will be a deep understanding of the organizational, social, and cultural impact of information networks.

Growing recognition hasn't lessened the complexity of the CIO role

Overall, the ASEAN CIO does view himself/herself as a valued member of the company's senior management team (88.5%). Many CIOs voiced their optimism that full integration of the CIO role with other key players on the executive board was inevitable. This is consistent with previous research by INSEAD which had termed this trend ‘the democratisation of the C-space’. Although most CIOs praised the move of CIO functions towards a higher strategic level, some saw this development as adding to the CIO's ‘regular workload’. Anticipating the strategic make-up of CIOs role's five years from today is on the minds of many CIOs in ASEAN. CIOs interviewed show a persistent degree of anxiety over their prospect once some of the major current IT initiatives in business process and change management have been completed.

In addition, CIOs surveyed say understanding business process is good, but not sufficient anymore. Business process was reported as an increasingly crucial building block in ASEAN companies' technology architecture. 79.6% of CIOs reported that their organisations were using IT capabilities to enable process improvement. Today, CIOs are expected not only to understand the business process but to standardise and simplify it. Of those surveyed, 76.7% acknowledged that prior experience in business operations was becoming an increasingly important consideration when recruiting a CIO. Also, 81.2% of CIOs drew on resourcefulness as one of the strengths of their leadership approach.

Key success indicators to advance the ASEAN CIO profession - awareness, agility and new skills

The survey yields strategic lessons for ASEAN companies and CIOs to develop organisational awareness, agility and skills for the success of the business and the CIO profession.

Awareness: While ASEAN CIOs are generally aware of the importance of growing beyond their role as IT leaders, to business leaders excelling in managerial, strategic and leadership functions, their own management, alongside partners and clients seem often less aware of the potential gains that such a growth could bring to the competitiveness and overall success of their enterprise.

Agility: Today's world economy of shorter innovation and production cycles with constant reshuffling of the hierarchies among producers, vendors and buyers means relevant decisions have to be made in a very short time framework, increasing the pressure on CIOs. Identifying new opportunities in technology, markets, business models and company

organisation are part of the daily concerns of successful agile organisations worldwide and CIOs have instrumental roles to play here .

New skills: One way of generating ‘better CIOs’ for ASEAN is to allow them to acquire new skills. As the survey shows, ASEAN CIOs have broadened their field of professional skills and interests which aids in better communication with the rest of their organisations, partners, clients and suppliers.

“More organisations need to shift their mindset of IT’s role from its traditional status as a cost centre to a competitive engine it represents today, fuelling business growth. IBM has a rich history of close collaboration with ASEAN CIOs to transform business models leveraging technology, and continues to accelerate the CIO profession to their deserved C-level status for tomorrow’s success in ASEAN,” says Paul Mung, Vice President, IBM Systems & Technology Group/Business Partners, ASEAN.

“The overall survey results are in line with global trends. Like their global counterparts, ASEAN CIOs find that it is their role to promote closer collaboration between IT and the rest of the business,” says Bruno Lanvin, Executive Director, eLab, INSEAD.

“They also feel that they are a valued member of the senior management team, as more and more ASEAN organisations see the strategic importance of IT for their businesses,” concludes Soumitra Dutta, The Roland Berger Chaired Professor in Business and Technology, and Professor of Information Systems, INSEAD.

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