THE CONFERENCE BOARD

THE CONFERENCE BOARD® C-SUITE OUTLOOK 2023

On the Edge

Driving Growth and Mitigating Risk Amid Extreme Volatility

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C-Suite Outlook 2023

The Conference Board 2023 C-Suite Outlook survey shows that the global economic downturn and regional recessions, inflation, continued disruptions from the pandemic (in Asia), global geopolitical instability, supply chain issues, and labor shortages are the high-impact events that CEOs and C-suite executives see as challenging their organizations this year. In response, they are focusing on driving revenue and profit growth through digital transformations and business model innovations while finding and keeping the talent to make it all happen even as they look to keep costs down. This survey was conducted between mid-November and mid-December 2022, with 1,131 C-suite executives, including 670 CEOs across the globe, responding.

Insights for What's Ahead

The global economy is on a downward trend, weakened by high inflation, tighter monetary policy, tight labor markets, mild recessions in several economies, weakness in China's growth, and pandemic-driven economic scarring. A global recession is not our base forecast, as we anticipate real GDP growth of 2.1 percent in 2023—a pace that does not formally constitute a global recession but, if achieved, would be the weakest growth rate since 2001 (outside of global recession years 2009 and 2020). Nonetheless, regional recessions are highly likely in the US, Europe, and some of the largest Latin American economies. Russia and Ukraine may remain in recession longer.

Figure 1

High-impact issues and top internal focus areas for CEOs in 2023

Select the **external factors** or **issues** that you think will have the greatest impact on your business in 2023.

HIGH IMPACT

- Economic downturn/recession
- Inflation
- COVID-19 related disruptions
- Global political instability
- Supply chain disruptions
- Labor shortages

LOW IMPACT

- Corporate tax rates
- More agile competitors
- Industrial policy in your region
- Lack of infrastructure investment in your region
- Global rise in authoritarianism

Select the **internal factors** or **issues** that your company will focus on in 2023.

HIGH FOCUS

- Attract and retain talent
- Drive revenue growth
- Modify business model
- Drive profit growth
- Accelerate pace of digital transformation

LOW FOCUS

- Overhaul supply chain
- Accelerate shift to renewable energy sources
- Rethink corporate real estate/space needs
- Improve board governance
- Expand talent pools to include underrepresented groups

External impacts

- CEOs see economic downturn/recession, inflation, the effects of COVID-19, geopolitical instability, supply chain disruptions, and labor shortages as the major disruptors to their business operations in 2023. Only CEOs in Europe cite the war in Ukraine, which has disrupted local economies through soaring energy costs, double-digit inflation, plummeting consumer confidence, and reduced business activity, as a top five external impact issue. CEOs in China see US-China tensions as a major disruptor.
- With high expectations for a recession, there is little consensus among CEOs on when their regions are likely to achieve faster GDP growth. Generally, CEOs expect economic weakness to last through the end of 2023 or to mid-2024 in the regions where they operate.
- For CEOs in the US and Europe, COVID-19 disruptions are mostly in the rearview mirror, but concern over the pandemic's impacts remains strong among CEOs in China, where COVID-19 cases have skyrocketed with the easing of restrictions, and in Japan, where the lockdowns in China disrupted supply chains and a new wave of cases in late summer of 2022 had a negative impact on business activity in the retail and service sectors.
- Concern over the impact of higher borrowing costs, barely on the CEO radar a year earlier, has risen considerably globally, especially among CEOs in the US. It is less of a concern in Europe. Although the European Central Bank has tightened its monetary policy to curb inflation, its monetary policy is less loose than that of the US Fed. This, coupled with positive postpandemic balance sheets for many companies, explains why higher borrowing costs are not seen as a pressing issue in the region. Energy price volatility is a rising concern for CEOs, especially in Europe and Japan, where energy and fuel prices catapulted to new highs in 2022. For C-suite executives, dealing with the impact of energy issues on day-to-day operations, it has risen to a top-three impact issue. Soaring energy costs is putting pressure on existing investments, operations, and production lines in Europe, according to the November 2022 edition of The Conference Board Measure of CEO Confidence™ for Europe. In that survey, a third of CEOs and chairs say they plan to temporarily either pause or decrease investments in existing businesses owing to high energy prices. Fifteen percent plan to do this permanently.

Internal focus for 2023 and recession responses

- Even while CEOs globally face slower growth and regional recession risks, concerns about labor shortages and talent retention persist, underscoring how the current global slowdown and expected regional recessions may be different than previous ones. With labor markets in many regions remaining tight, companies should prepare for higher wage and benefit costs in 2023. Lingering pandemic effects are negatively affecting labor force participation around the world, due to ongoing mobility restrictions, fear factor, or people out of work due to having COVID-19 or caring for others with the virus. Skills mismatches are also a challenge along with strict immigration/migration policies.

- When asked specifically about their short-term plans to deal with a recession, CEOs cite four broad strategies: accelerating innovation and digital transformation; pursuing new opportunities (in products/services, regions, and M&A); cutting noncore costs (general & administrative, discretionary); and revising business models (e.g., pricing strategy, risk management).

Growth in the medium term

- CEOs are looking to innovation, technology, and talent to ensure growth for their business over the next two to three years. CEOs in the US and Europe, eyeing healthy returns as valuations come down, see M&A as a key growth strategy. US CEOs also see expanding their workforces as a growth contributor for the medium term.

Geopolitical risk and the war in Ukraine

- More CEOs expect geopolitical instability to have an impact on their businesses in 2023, compared to the previous year. CEOs in China are significantly more concerned about US-China tensions, compared to their counterparts in the US. Depending on enforcement stringency, and the extent of allied support, new US export controls on semiconductors could be debilitating to China's electronics, auto, and capital goods sectors.
- CEOs in the US and other parts of the world (except for Europe) do not list the war in Ukraine among the top five events likely to have a significant impact on their operations in 2023. Considering its disruptive impact on the global economy, are businesses underestimating the impact on global growth, trade, energy, and supply chains of the war intensifying?
- When it comes to the impacts of the war in Ukraine, more than 80 percent of CEOs globally expect cyberattacks outside the war theater to intensify, while more than 65 percent believe economic sanctions will increase and global food and energy crises will worsen. The ranking of the top three impacts is consistent across all countries and regions in our survey.
- While concern about rising authoritarianism has receded globally, declining trust in government is rising as a concern for CEOs globally and especially in Latin America and China, where protests over COVID lockdowns and property market scandals have been cause for concern.

Human capital management

- Many companies continue to deal with the pandemic effects and erosion of the employee experience, manifesting in greater employee burnout, declining self-reported levels of mental health, lower engagement, and a rise in sick days and workplace safety incidents. To combat this, CEOs are focused on building stronger cultures of resilience, innovation, employee centricity, and inclusiveness to meet their objectives to attract and retain talent.
- There appears to be an emerging equilibrium around remote work in economies that more rapidly moved to hybrid models during the pandemic, with just

5 percent of CEOs in the US and Europe looking to expand it and about 4 percent looking to reduce it. Despite evidence showing many CEOs in the US and Europe desire a return to the office mandate, just 5 percent of CEOs in the US and 2 percent in Europe cite returning workers to the physical workplace as an HCM priority in 2023. For many, the challenge now is how to optimize a hybrid work model.

- While CEOs are focused on enterprise-wide digital transformation and face increasing demand for data-backed human capital disclosures from investors and regulators, they do not see improving skills in HR data analytics or investing in artificial intelligence (AI) for HR as high human capital management priorities—two issues that the HR community itself is highly focused on.

ESG priorities, climate change, and renewable energy

- Stakeholder capitalism—the idea that businesses serve the long-term welfare of all their constituents, not just shareholders—appears to be on a firm footing in many companies, with customers and employees ranking ahead of investors in stakeholder prioritization for CEOs in most countries and regions in our survey.
- Almost half of CEOs globally say climate change is already having a significant impact on their businesses now or will in the next one to five years. This underscores the urgency to formulate a firm-level strategy to mitigate the risk now and in the future. However, despite China's need to urgently attend to environmental protection and decarbonization to achieve its climate commitments, more than a quarter of CEOs in China see the impact of climate change affecting their businesses six to 10 years down the road.
- Despite their concerns about high transition costs, almost half of CEOs globally (49 percent) and 59 percent of C-suite executives say the transition to renewable energy will be significantly positive for their organizations.
- Neither an economic slowdown, nor an environmental, social & governance (ESG) backlash will affect ESG spending this year.
- Even as dependence on fossil fuels, including persistent use of coal, is increasing in many countries, energy (from usage to sourcing to security) is the top environmentally related ESG priority for CEOs globally. China, where air pollution ranks as the top priority for CEOs, is the lone exception.
- Most CEOs cite economic opportunity, equality, and security as their organization's number one social priority. It is ranked second by CEOs in Japan after a similarly themed but broader priority, sustainable capitalism. Gender equality is the top ESG-social priority for CEOs in the financial services industry, a sector where women remain underrepresented in the workforce, especially at the senior management level.

Supply chain

- CEOs globally cite supply chain disruptions as a top five high-impact issue for 2023, but it has fallen in intensity for CEOs in both the US and Europe since our January 2022 report, dropping from 3rd in 2022 to 5th in the US and 7th in Europe in 2023 amid signs of some easing as inventories return to prepandemic levels, according to the November 2022 Logistics Managers' Index, which is a sign that supply chains are returning to normal.

- Many CEOs (34 percent globally, 44 percent in the US) have no plans to alter supply chains over the next three to five years. It appears that the multiple challenges caused by the pandemic and the immediate impact of the war in Ukraine have already forced some changes.
- Those taking actions plan to further localize supply sourcing; increase the use of technologies such as AI and blockchain to improve performance; and become more transparent with vendors while applying lessons learned from recent disruptions. Global supply chains will become shorter over the coming decade. COVID-19-related disruptions to supply chains and geopolitical considerations will result in a return to the diversification of global production networks in a way that may be less economically efficient. Trends such as "nearshoring" and "friend-shoring," favored by 30 percent of CEOs in Europe, will increase costs but also make supply chains more resilient to shocks, especially in mature economies.

Marketing & communications

- Globally, CEOs place marketing and promotions in their top three investment areas to ensure medium-term growth for their organizations. About two-thirds of CEOs (65 percent) say they are planning to increase budgets for customer service and experience, and new customer acquisition over the next 24 months, with 58 percent increasing budget for new product/service development.

Crisis preparedness

- CEOs are generally more pessimistic than the rest of the C-suite team about organizations' level of preparedness to handle a major crisis, such as a pandemic, recession, financial instability, or a surge in energy prices. Generally, business leaders are more prepared for events that they have experienced recently (e.g., recession, pandemic, financial crisis) compared to events they likely have not had to lead through (e.g., extreme violence, nuclear war, major food or water shortages).

C-Suite Outlook 2023

External Impacts on the Radar: Slowing Economies, Inflation, and Continued COVID-19 Effects

Besides slow growth, regional recessions, and inflation, CEOs globally identify the continued effects of COVID-19, geopolitical instability, supply chain disruptions, and labor shortages as the external factors likely to have the greatest impact on their businesses in 2023. There are some notable regional differences. Only CEOs in Europe cite the war in Ukraine as a top five external impact issue, while CEOs in China see US-China tensions as a major disruptor of their operations this year.

Figure 2

Economic volatility and geopolitical tensions are global challenges; COVID-19 disruptions are mostly in the rearview mirror, except in Asia

Q: Select the external factors or issues that you think will have the greatest impact on your business in 2023.

Global CEOs		Global C-suite		US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Economic downturn/recession	1	Economic downturn/recession	1	Economic downturn/recession	1	Economic downturn/recession	1	COVID-19 related disruptions	1	Economic downturn/recession	1	Economic downturn/recession	1
Inflation	2	Inflation	2	Inflation	2	Inflation	2	Economic downturn/recession	2	Volatility in energy prices		Inflation	2
COVID-19-related disruptions	3	Volatility in energy prices	3	Labor shortages	3	Volatility in energy prices	3	Global political instability	3	COVID-19-related disruptions	3	Declining trust in government	3
Global political instability	4	Labor shortages	4	Higher borrowing costs	4	War in Ukraine	4	US-China tensions	4	Labor shortages		Political uncertainty/volatility in the region(s) you operate in	4
Supply chain disruptions	5	Supply chain disruptions	5	Supply chain disruptions	5	Global political instability	5	Supply chain disruptions	5	Global political instability	5	Global political instability	5
Labor shortages	6	Shifting consumer/customer buying behaviors	6	Global political instability	6	Labor shortages	6	Margin compression	6	Shifting consumer/customer buying behaviors	6	Cybersecurity	6
US-China tensions	7	COVID-19 related disruptions	7	Shifting consumer/customer buying behaviors		Supply chain disruptions	7	Inflation		Supply chain disruptions	7	Corporate tax rates	7
Declining trust in government	8	Global political instability	8	Margin compression	8	Political uncertainty/volatility in the region(s) you operate in	8	War in Ukraine	8	Inflation	8	Higher borrowing costs	8
Shifting consumer/customer buying behaviors	9	Higher borrowing costs	9	Regulation		Margin compression	9	Declining trust in government		Volatility in commodity prices (excluding energy)		Shifting consumer/customer buying behaviors	9
Higher borrowing costs	10	Regulation	10	Evolving stakeholder expectations about business role in society	10	Declining trust in government	10	Shifting consumer/customer buying behaviors	10	US-China tensions	10	Volatility in commodity prices (excluding energy)	10

Source: The Conference Board® C-Suite Outlook 2023

While COVID-related disruptions have dramatically receded as a concern among CEOs in the US and Europe (dropping from 4th for US CEOs in our 2022 survey to 18th this year and from 10th to 24th in Europe), the pandemic continues to have a significant impact on the business environment in China and Japan. Among CEOs in China, it is the top external disruptor and ranked 3rd for CEOs in Japan and Latin America. Although China began relaxing restrictions in a shift away from its "dynamic zero-COVID" approach in late 2022—earlier and more rapidly than anticipated—the experience of several Asian economies that once followed a zero-COVID approach shows it will take at least several months for economic activity to recover. In China, it may take even longer given a resurgence in COVID-19 cases, low consumer and CEO confidence, low vaccination rates, and the slowdown of exports due to recessions internationally. On a macro level, labor shortages, supply chain disruptions, and the pandemic's secondary effects will continue to threaten economic recoveries and challenge the cohesion of many societies. In Japan, the lockdowns in China disrupted supply chains and created higher costs for many inputs, plus a late summer surge in cases dealt a severe blow to retail and service industries. In the US, following a large drop in US GDP in 2020 because of COVID-19, the US economy experienced rapid growth for much of 2021. However, in 2022 this growth momentum began to sputter, but still remains relatively strong. In Europe, after a strong first half of 2022 amid continued recovery from the COVID-19 pandemic, the Euro Area economy slowed down rapidly in the second half of the year due to the fallout from the Russian invasion of Ukraine.

Concern over higher borrowing costs, barely on the CEO radar a year earlier, has risen considerably globally, especially among CEOs in the US. With central banks around the world taking aggressive action to stem inflation, higher borrowing costs now ranks 10th in our 2023 survey, up from 22nd in 2022. However, it has jumped to 4th among US CEOs, up from 25th in 2022. Overall, 2022 saw the fastest interest rate increases since the early 1980s, while easing supply-side constraints and a more hawkish monetary policy are cooling inflation.

The impact of energy price volatility on business operations is a rising concern for CEOs, especially in Europe and Japan. For C-suite executives, it has risen to a top three impact issue. Even before the Russian invasion of Ukraine in February 2022, CEOs in both Europe and Japan expressed concern over energy prices. In this year's survey, almost a year into the Russian invasion of Ukraine, those concerns have increased in the face of record prices and sourcing disruptions for fuel and energy, rising to 3rd in Europe (up from 7th in January 2022) and tied first in Japan (up from 6th in 2022). In Europe, skyrocketing prices of gas and electricity have already hit European households, drastically lowering consumer confidence and spending intentions for discretionary goods. Reducing electricity and gas usage, investing in renewable energy and infrastructure, and improving energy efficiency and security (e.g., using on-site energy generation systems) can improve both the region's overall environmental and its financial performance. Among US CEOs, it ranks 16th, up from 23rd in 2022. Globally, C-suite executives, dealing with spiraling energy costs and their impact on day-to-day operations, now rank energy price volatility as a top three concern, up from 10th a year ago. Yet the disruptive impacts of the war in Ukraine are not the only cause for the rising concern. Our survey shows that CEOs globally cite higher energy prices as the most significant threat to their business operations posed by climate change in 2023.

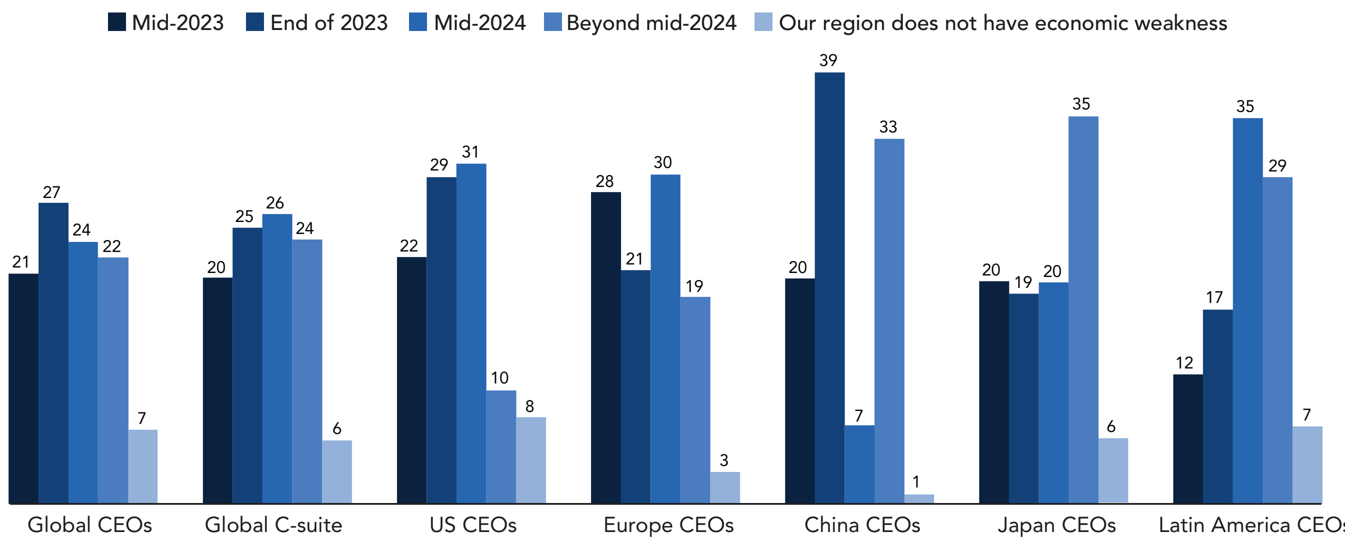
While concern about rising authoritarianism has receded globally, declining trust in government is rising as a concern. A global rise in authoritarianism, a top 10 (9th) concern for US CEOs in 2022, fell to 21st in 2023. Globally, it ranks 25th, down from 14th in 2022. But at the same time, declining trust in government has risen in the ranks globally. It is now a top 10 concern for CEOs globally (8th), up from 15th in 2022, with the biggest jump in China to 9th in 2023, up from 20th in 2022. In China, protests over government-mandated COVID lockdowns and property market scandals are coupled with heightened regulatory activity in China's internet and fintech markets for domestic and foreign investors. Declining trust in government also ranks high in Latin America at number three.

Growth outlook

Figure 3

The majority of CEOs in the US and in Europe see a growth turnaround by the end of 2023 or mid-2024

Q: When do you expect economic growth (e.g., GDP) to be positive again in your region? (%)



Note: 670 CEOs responded globally. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

With high expectations for a recession, there is little consensus among CEOs on when their regions are likely to achieve faster GDP growth. CEOs in Japan are most pessimistic, with 35 percent expecting a turnaround to occur only beyond mid-2024. While the majority of CEOs in China see improved growth reemerging by the end of 2023, a third expect a turnaround only beyond mid-2024. More than half of CEOs in the US and in Europe see a turnaround either by the end of 2023 or mid-2024. A global recession is not our base case as we anticipate real GDP growth of 2.1 percent in 2023—a pace that does not formally constitute a global recession, but if achieved, would be the weakest growth rate since 2001 (outside of global recession years 2009 and 2020). Nonetheless, regional recessions are highly likely in the US, Europe, and some of the largest Latin American economies. Russia and Ukraine may remain in recession.

Internal Focus for 2023: Profit and Revenue Growth Driven by Talent, Digital Transformation, and New Business Models

While CEOs globally are looking to contain costs and reduce discretionary spending, actions typically taken during past slowdowns, few are looking to immediately reduce head counts or cut wages, benefits, or bonuses in the current environment.

Figure 4

CEOs look to drive revenue and profit growth with a focus on retaining quality talent, modifying business models, and accelerating digital transformation

Holding the line on costs is less of a focus

Q: Select the internal factors or issues that your company will focus on in 2023.

Global CEOs		Global C-suite		US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Attract and retain talent	1	Attract and retain talent	1	Drive revenue growth	1	Attract and retain talent	1	Modify business model	1	Attract and retain talent	1	Reduce costs	1
Drive revenue growth	2	Accelerate pace of digital transformation	2	Attract and retain talent	2	Drive revenue growth	2	Reduce costs	2	Develop Next Gen leaders	2	Accelerate pace of digital transformation	2
Modify business model	3	Reduce costs	3	Drive profit growth	3	Accelerate pace of digital transformation	3	Focus more on sustainability	3	Drive profit growth	3	Attract and retain talent	3
Drive profit growth	4	Drive profit growth	4	Modify business model	4	Drive profit growth	4	Attract and retain talent	4	Revisit mission and/or purpose	4	Modify business model	4
Accelerate pace of digital transformation	5	Drive revenue growth	5	Accelerate pace of digital transformation	5	Become more customer-centric	5	Drive profit growth	5	Modify business model	5	Drive profit growth	5
Reduce costs	6	Modify business model	6	Reduce costs		Modify business model	6	Become more customer-centric	6	Put greater emphasis on corporate culture	6	Focus more on innovation	6
Focus more on innovation	7	Develop Next Gen leaders	7	Focus more on innovation		Reduce costs	7	Accelerate pace of digital transformation		Improve internal/employee communications	7	Put greater emphasis on corporate culture	7
Develop Next Gen leaders	8	Put greater emphasis on corporate culture	8	Develop Next Gen leaders	8	Reevaluate employee compensation and benefits	8	Drive revenue growth		Focus more on innovation	8	Drive revenue growth	8
Focus more on sustainability	9	Focus more on sustainability	9	Revisit mission and/or purpose	9	Develop Next Gen leaders	9	Focus more on innovation	9	Accelerate pace of digital transformation	9	Focus more on sustainability	9
Become more customer-centric	10	Focus more on innovation	10	Conduct mergers, acquisitions and/or divestitures	10	Put greater emphasis on corporate culture	10	Develop Next Gen leaders	10	Focus more on sustainability Drive revenue growth	10	Become more customer-centric	10

Source: The Conference Board® C-Suite Outlook 2023

Even while CEOs globally face slower growth and regional recession risks, concerns about labor shortages and talent retention persist, underscoring how the current global slowdown and expected regional recessions may be different than previous

ones. The challenges posed by the current global economic environment are taking place against a backdrop of a multifaceted set of economic, social, and political factors that are likely to make this slowdown different. Few CEOs plan to immediately reduce head count or cut wages, benefits, or bonuses. Rather, their top internal focus for the year is to continue to attract and retain talent, and they're willing to keep spending on upskilling their existing workforces over the next two to three years. This difference in behavior reflects persistent labor shortages in major economies, including China, Europe, Japan, and the US, primarily due to aging populations. Moreover, executives may also expect that economic weakness, and in some cases recession, will be comparatively short and shallow compared to more recent recessions.

Pandemic and inflation-driven shifts in consumer behaviors, firm-level productivity challenges, and the desire to contain costs continue to make digital transformation and adjustments to business models top internal focus areas for CEOs and other C-suite executives. They are closely related. Digital transformation, an enterprise strategy that leverages digital technologies and the data they produce to connect people, physical assets, and processes, is most impactful when it leads to business model innovation, fully leveraging the opportunities the new digital economy introduces.

Responding to recession

Strategies and tactics CEOs plan to deploy in response to regional recessions reveal distinct pain points in local economies.

Figure 5

Accelerating innovation and digital transformation while pursuing opportunities for new products and services in higher growth markets are top CEO responses to a slowdown in regional economies

Q: What steps are you taking in response to potential economic downturns/recessions in the regions you operate in? (Select all that apply)

US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Accelerate innovation and digital transformation	1	Accelerate innovation and digital transformation	1	Pursue opportunities in higher-growth product/service markets	1	Pursue opportunities in higher-growth product/service markets	1	Accelerate innovation and digital transformation	1
Pursue opportunities in higher-growth product/service markets	2	Revise pricing strategy to protect margins	2	Accelerate innovation and digital transformation	2	Accelerate innovation and digital transformation	2	Increase liquidity	2
Reduce general and administrative (G&A) expense	3	Delay investments in capital equipment and structures	3	Pursue opportunities in higher-growth geographic markets		Revise pricing strategy to protect margins	3	Revise pricing strategy to protect margins	3
Reduce discretionary spending	4	Reduce discretionary spending	4	Reduce discretionary spending	4	Pursue opportunities in higher-growth geographic markets		Pursue opportunities in higher-growth geographic markets	4
Revise pricing strategy to protect margins	5	Freeze or reduce head count	5	Enhance/update our risk management program	5	Reduce general and administrative (G&A) expense	5	Reduce general and administrative (G&A) expense	5
Invest in marketing & advertising	6	Reduce general and administrative (G&A) expense	6	Reduce general and administrative (G&A) expense	6	Improve resilience of supply chain operations	6	Pursue opportunities in higher-growth product/service markets	6

US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Freeze or reduce head count	7	Pursue opportunities in higher-growth geographic markets	7	Enhance/update our crisis management plans	7	Enhance/update our risk management program	7	Reduce discretionary spending	7
Pursue opportunities in higher-growth geographic markets	8	Pursue opportunities in higher-growth product/service markets	8	Freeze or reduce head count	8	Increase liquidity	8	Enhance/update our crisis management plans	8
Pursue M&A for efficiencies		Improve resilience of supply chain operations	9	Revise pricing strategy to hold market share	9	Retain head count, but cut hours, pay or bonuses	9	Revise pricing strategy to hold market share	9
Improve resilience of supply chain operations	10	Enhance/update our risk management program	10	Find less expensive suppliers	10	Pursue M&A for efficiencies		Invest in marketing & advertising	10
Increase liquidity									

Source: The Conference Board® C-Suite Outlook 2023

Figure 6

Financial services CEOs are more focused on cost saving, including freezing or reducing head count, than CEOs in other sectors

Manufacturing CEOs are considering a delay in capital equipment investments

Q: What steps are you taking in response to potential economic downturns/recessions in the regions you operate in? (Select all that apply)

Rank	Manufacturing CEOs	Financial Services CEOs	Nonfinancial Services CEOs
1	Accelerate innovation and digital transformation	Accelerate innovation and digital transformation	Accelerate innovation and digital transformation
2	Pursue opportunities in higher-growth product/service markets	Reduce general and administrative (G&A) expense	Pursue opportunities in higher-growth product/service markets
3	Revise pricing strategy to protect margins	Freeze or reduce head count	Revise pricing strategy to protect margins
4	Improve resilience of supply chain operations	Revise pricing strategy to protect margins	Reduce general and administrative (G&A) expense
5	Reduce general and administrative (G&A) expense	Increase liquidity	Reduce discretionary spending
6	Pursue opportunities in higher-growth geographic markets	Enhance/update our risk management program	Pursue opportunities in higher-growth geographic markets
7	Increase liquidity	Pursue opportunities in higher-growth product/service markets	Invest in marketing & advertising
8	Reduce discretionary spending	Cut business travel	Increase liquidity
9	Delay investments in capital equipment and structures	Pursue opportunities in higher-growth geographic markets	Enhance/update our risk management program
10	Freeze or reduce head count	Reduce discretionary spending	Revise pricing strategy to hold market share

Source: The Conference Board® C-Suite Outlook 2023

When asked specifically about their plans to deal with a recession, CEOs cite four broad strategies: innovation and digital transformation, pursuing new opportunities (in products/services, regions, and M&A), cutting noncore costs (general and administrative, discretionary), and revising business models (pricing strategy, risk management).

Only CEOs in Europe and in the manufacturing sector cite delaying capital investments in equipment and structures as a top 10 recession response (it ranks 3rd in Europe and 9th among manufacturing CEOs). In Europe, uncertainty around the geopolitical situation in the region is having a negative impact on business leaders' investing decisions, according to our CEO Confidence survey for the region. However, many of these solutions cited by CEOs globally, such as accelerating innovation and digital transformation, and the pursuit of growth opportunities in products/services and new geographies, can incur costs that are often ultimately passed on to the consumer, boosting inflation.

Growth strategies for the next two to three years

CEOs are looking to innovation, technology, and talent to ensure growth for their business over the next two to three years. Investment targets include development of new lines of business, digital transformation, marketing and promotions to build brand awareness, upskilling and retraining employees, and more automation—a response driven by concerns over labor shortages.

Figure 7

CEOs are looking to innovation, technology, and talent to ensure growth for their business over the next two to three years

While upskilling workforces is an important growth driver for all, only CEOs in the US and Japan see adding head count as a future growth driver

Q: Where do you plan to invest to ensure growth for your business over the next 2-3 years? (Select your top 3)

US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Digital transformation	1	Develop new lines of business	1	Develop new lines of business	1	Digital transformation	1	Digital transformation	1
Develop new lines of business	2	Digital transformation	2	Marketing and promotions	2	Develop new lines of business		Develop new lines of business	2
Engage in M&A	3	R&D	3	Digital transformation	3	Upskill and retrain existing talent	3	R&D	3
Automation	4	Automation	4	Automation	4	Strengthen our corporate culture	4	Supply chain	4
Add head count	5	Engage in M&A	5	Recruit for new skills we currently do not have (i.e., hiring)	5	Recruit for new skills we currently do not have (i.e., hiring)	5	Cybersecurity	5
Upskill and retrain existing talent	6	Recruit for new skills we currently do not have (i.e., hiring)	6	Upskill and retrain existing talent	6	Add head count		Strengthen our corporate culture	6
Marketing and promotions	7	Marketing and promotions	7	Create new or reorient supply chains	7	Engage in M&A	7	Upskill and retrain existing talent	7
Implement initiatives to support employee recruiting and retention		Strengthen our corporate culture		R&D	8	Plants and equipment		Automation	8
R&D	9	Implement initiatives to support employee recruiting and retention	9	Production capacity		Internal communications, policies, and practices	9	Computer software	9
Strengthen our corporate culture		Cybersecurity	10	Increase productivity in our hybrid work model	10	Implement initiatives to support employee recruiting and retention		Marketing and promotions	10

Source: The Conference Board® C-Suite Outlook 2023

Figure 8

Digital transformation is an important growth driver for companies of all sizes. Larger companies are more focused on R&D and see renewable energy as key to future growth

Q: Where do you plan to invest to ensure growth for your business over the next 2-3 years?
(Select your top 3)

$5 billion and above		$100 million to under $5 billion		Less than $100 million	
Digital transformation	1	Digital transformation	1	Develop new lines of business	1
R&D	2	Develop new lines of business	2	Digital transformation	2
Develop new lines of business	3	Engage in M&A	3	Marketing and promotions	3
Automation	4	Strengthen our corporate culture	4	Upskill and retrain existing talent	4
Engage in M&A	5	R&D		Recruit for new skills we currently do not have (i.e., hiring)	5
Renewable energy and/or transition to renewables		Automation		Automation	6
Supply chain	7	Upskill and retrain existing talent	7	Strengthen our corporate culture	7
Implement initiatives to support employee recruiting and retention		Implement initiatives to support employee recruiting and retention	8	Increase productivity in our hybrid work model	8
Recruit for new skills we currently do not have (i.e., hiring)	9	Production capacity	9	R&D	9
Plants and equipment		Recruit for new skills we currently do not have (i.e., hiring)	10	Engage in M&A	10

Source: The Conference Board® C-Suite Outlook 2023

Geopolitical Risk and the War in Ukraine

The impact of geopolitical volatility on business is a rising concern for CEOs. Globally, it has risen to 4th in the rankings, up from 7th in 2022, with the biggest jump among US CEOs, moving to 6th in 2023, up from 13th in 2022. It has also risen as an issue for CEOs in Japan and China. Besides the war in Ukraine and uncertainty about the conflict's direction, there are many factors feeding into this growing concern, including rising US-China tensions, discord within the European Union, the global energy and food insecurity crises, and deglobalization of trade and supply chains.

CEOs in China are significantly more concerned about US-China tensions compared to their counterparts in the US. CEOs in China rank US-China tension 4th as an issue likely to affect their business in 2023. US CEOs have it at 13th. CEOs in the manufacturing sector see a greater impact on their operations than do CEOs in the services sectors. For China, the ongoing external pressures, especially from the US, are only increasing. Depending on enforcement stringency, and the extent of allied support, recent US export controls on semiconductors could be debilitating to China's electronics, auto, and capital goods sectors, effectively relegating China to a trailing market position and further exacerbating the middle-income trap, thereby capping growth.

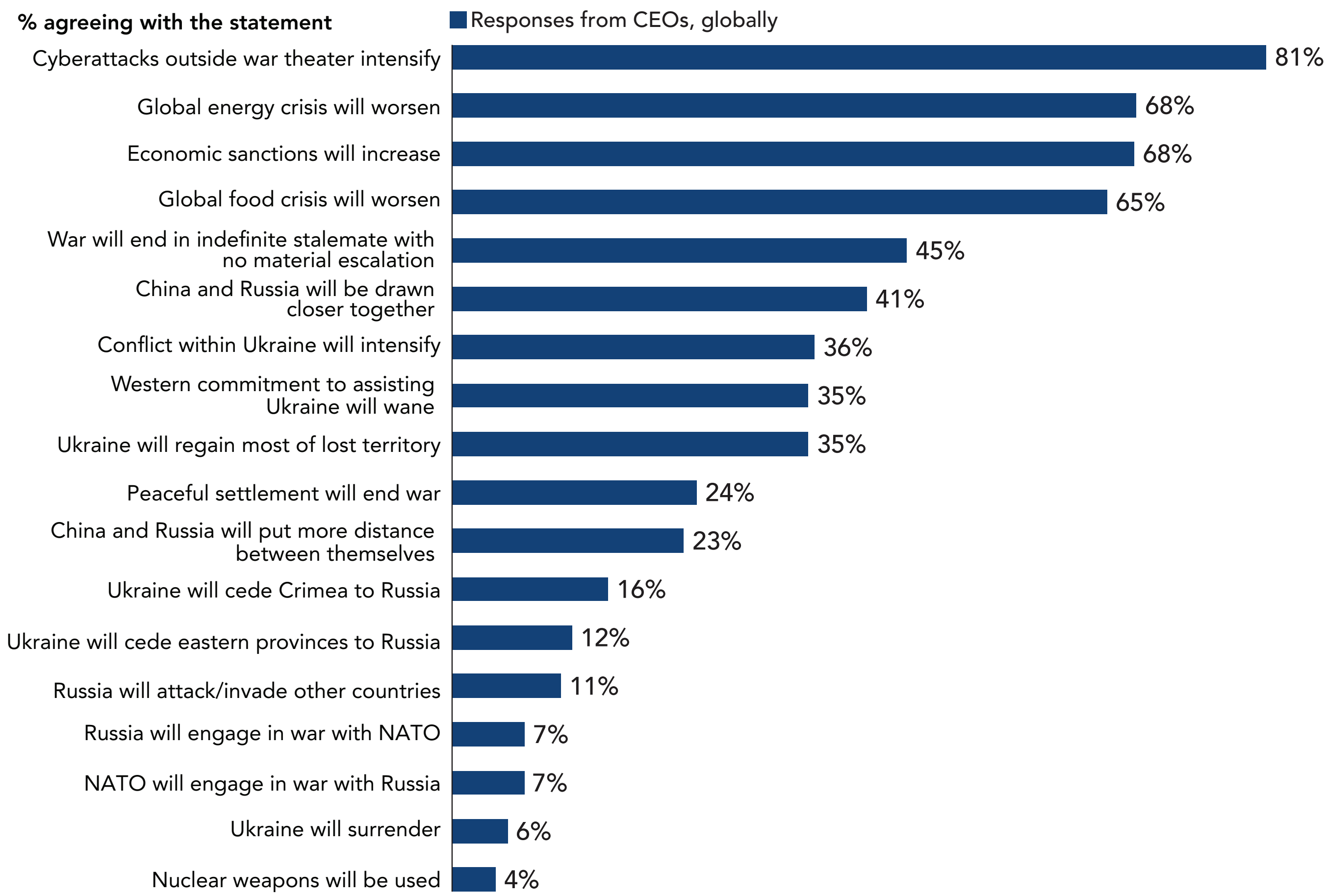
The war in Ukraine

CEOs in Europe rank the war in Ukraine 4th on their list of external factors likely to have the greatest impact on business operations in 2023, while it is ranked 8th (tied with declining trust in government) by CEOs in China, where oversupporting Russia's Ukraine position risks greatly exacerbating Sino-Western tensions and inviting tougher restrictions on China trade, investment, and commerce from the US and Europe. The war is well down on the list for US CEOs at 22. Considering the war's disruptive impact on the global economy, the question is raised: are businesses underestimating the impact of the war intensifying on the global economy and their organizations? The risk level to global supply chains, international trade, business and consumer confidence, commodity prices, and importantly, human lives may be much higher than many CEOs are anticipating. In our view, firms need to raise their preparedness for the potential ramifications of conflict escalation—even if such events are considered "grey swans." As a case in point, 17 percent of CEOs globally say their organizations are either well prepared or very well prepared to deal with a crisis involving an expansion of the war in Ukraine, while 6 percent say they are prepared for the use of tactical nuclear weapons in the conflict, and 8 percent say they are prepared for an armed conflict between major powers.

Figure 9

Most CEOs expect an increase in cyberattacks and more sanctions as the war in Ukraine enters its second year

Q: How do you expect the war in Ukraine and its impacts to evolve in 2023?



Note: 670 CEOs responded globally. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

Figure 10

More than half of CEOs in China believe Western commitment to Ukraine will wane vs. 31 percent of CEOs in US and Europe

Q: How do you expect the war in Ukraine and its impacts to evolve in 2023?
(% agreeing with the statement)

	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs
Cyberattacks outside war theater intensify	86%	85%	78%	78%	74%
Global energy crisis will worsen	74%	59%	58%	73%	73%
Economic sanctions will increase	72%	70%	70%	60%	68%
Global food crisis will worsen	68%	57%	56%	69%	63%
Conflict within Ukraine will intensify	45%	24%	45%	22%	25%
China and Russia will be drawn closer together	45%	25%	46%	40%	31%
Ukraine will regain most of lost territory	44%	32%	27%	36%	41%
War will end in indefinite stalemate with no material escalation	36%	45%	54%	55%	41%
Western commitment to assisting Ukraine will wane	**31%**	**31%**	**53%**	**28%**	**29%**
Ukraine will cede Crimea to Russia	21%	32%	27%	9%	32%
China and Russia will put more distance between themselves	17%	27%	5%	19%	11%
Russia will attack/invade other countries	15%	7%	7%	6%	8%
Peaceful settlement will end war	10%	25%	40%	15%	32%
Ukraine will cede eastern provinces to Russia	9%	17%	15%	6%	14%
NATO will engage in war with Russia	5%	5%	9%	4%	6%
Russia will engage in war with NATO	5%	8%	4%	4%	10%
Ukraine will surrender	4%	1%	14%	0%	7%
Nuclear weapons will be used	3%	1%	4%	9%	6%

Source: The Conference Board® C-Suite Outlook 2023

When it comes to the impacts of the war in Ukraine in 2023, more than 80 percent of CEOs globally expect cyberattacks outside the war theater to intensify, and almost two-thirds believe economic sanctions will increase and that global food and energy crises will worsen. Few (7 percent) CEOs globally see Russia engaging in a broader war with NATO or vice versa. Over half (53 percent) of CEOs in China believe Western commitment to Ukraine will wane this year, considerably higher than the 31 percent of CEOs in the US and Europe. More than 40 percent of CEOs globally see the conflict drawing Russia and China closer together and only 17 percent believe the war will result in greater distance between China and Russia. China's support for Russia on Ukraine, tacit or overt, runs the risk of repositioning China as an adversary to western powers, as opposed to the prevailing "strategic competitor" view most policymakers in the US and Europe have today.

Despite concerns about increased cyberattacks and after years of highly focused concern, CEOs in the US, Europe, and Japan appear more confident that the resources they have put in place to strengthen cybersecurity are paying dividends. However, smaller firms, critical players in larger supply chains but often without dedicated personnel or cybersecurity budgets, are significantly less confident in their ability to defend against cyberattacks than larger firms, increasing the vulnerability

of broader national networks. Globally, CEOs ranked cybersecurity 18th, down from 9th in 2022. (It was ranked 12th by US CEOs in 2023, down from 5th; 14th by CEOs in Europe, down from 8th; and 11th by CEOs in Japan, down from 7th). Our data show CEOs in the US, Europe, and Japan are also more confident in their organizations' ability to cope with a cybersecurity crisis. For CEOs in the largest firms, cybersecurity fell to 18th, down from 6th in 2022. Underscoring the vulnerability of broader business and national networks, considering that 46 percent of all cyber breaches in the US impact businesses with fewer than 1,000 employees and 37 percent of companies hit by ransomware had fewer than 100 employees, just 33 percent of CEOs in smaller firms say their organizations are well or very well prepared to deal with a cyberattack. More than 60 percent of CEOs in the largest firms say their firms are well or very well prepared to deal with an attack. In 2023, the US Securities and Exchange Commission is expected to finalize new rules on cybersecurity requiring disclosure about material cybersecurity incidents and updates to previously disclosed cybersecurity incidents, disclosure of previously undisclosed immaterial cybersecurity incidents that have become material, and annual disclosure regarding a company's policies and procedures for identifying and managing cybersecurity risks, including board of director oversight of cybersecurity risks along with management's role and relevant expertise in assessing and managing such risks.

Human Capital Management

Even though CEOs are generally focused on building strong cultures in their organizations, some of the most important factors that contribute to a strong culture, including addressing inequality in pay and development opportunities, and creating a psychologically safe workplace, are relatively low on CEOs' human capital management priority lists. This may signal a disconnect between the commitment to strengthen organizational culture and the specific actions required to do so.

Figure 11

Faced with the pandemic and stress-induced erosion of key aspects of the employee experience, CEOs are focused on building strong cultures around resilience, innovation, employee centricity, and inclusiveness

Strengthening the leadership pipeline is a priority across the globe

Q: Select the actions related to human capital management that your company will focus on in 2023.

Global CEOs		Global C-suite		US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Strengthen the leadership pipeline	1	Strengthen the leadership pipeline	1	Develop workforce capabilities	1	Strengthen organizational culture to retain talent	1	Build a resilient workforce to prepare for future challenges	1	Strengthen the leadership pipeline	1	Optimize hybrid work model performance	1
Develop workforce capabilities	2	Develop workforce capabilities	2	Strengthen organizational culture to retain talent		Develop workforce capabilities	2	Build agile teams	2	Develop workforce capabilities	2	Build a resilient workforce to prepare for future challenges	2
Build a resilient workforce to prepare for future challenges	3	Build a culture that embraces change	3	Build a culture that embraces change	3	Strengthen the leadership pipeline	3	Develop workforce capabilities	3	Build a culture that embraces change	3	Strengthen organizational culture to retain talent	3

Global CEOs		Global C-suite		US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Strengthen organizational culture to retain talent	4	Strengthen organizational culture to retain talent	4	Strengthen the leadership pipeline	4	Improve corporate brand and reputation to attract talent	4	Strengthen the leadership pipeline	4	Build a more innovative culture	4	Develop workforce capabilities	4
Build a more innovative culture	5	Build agile teams	5	Build a more innovative culture		Build a culture that embraces change	5	Improve corporate brand and reputation to attract talent	5	Recruit a more diverse workforce		Build agile teams	5
Build a culture that embraces change	6	Build a resilient workforce to prepare for future challenges	6	Build a resilient workforce to prepare for future challenges		Optimize hybrid work model performance	6	Build a more innovative culture	6	Improve corporate brand and reputation to attract talent	6	Strengthen the leadership pipeline	6
Build agile teams	7	Optimize hybrid work model performance	7	Build effective hybrid work arrangements (location and schedule)	7	Build a more innovative culture	7	Reduce head count	7	Create a psychologically safe workplace		Expand remote work	7
Improve corporate brand and reputation to attract talent	8	Build a more innovative culture	8	Optimize hybrid work model performance Tied 8th	8	Build a resilient workforce to prepare for future challenges	8	Strengthen organizational culture to retain talent	8	Engage all organizational levels of workers (i.e., independent contributors, first-line supervisors, managers, senior managers, etc.)	8	Engage all organizational levels of workers (i.e., independent contributors, first-line supervisors, managers, senior managers, etc.)	8
Optimize hybrid work model performance	9	Build a more inclusive culture	9	Build agile teams Tied 8th	9	Recruit a more diverse workforce	9	Recruit a more diverse workforce		Increase wages greater than average		Expand use of independent/contingent workers	9
Recruit a more diverse workforce	10	Offer flexible work arrangements and schedules	10	Build a more inclusive culture	10	Build effective hybrid work arrangements (location and schedule)	10	Engage all employment categories of workers (i.e., full-time, part-time, remote, on-site, contingent, contractual, etc.)	10	Add head count		Improve corporate brand and reputation to attract talent	10
								Build a culture that embraces change					
								Address mental health needs of employees					

Source: The Conference Board® C-Suite Outlook 2023

Many companies are dealing with lingering pandemic effects and the erosion of the employee experience, manifesting in greater employee burnout, declining self-reported levels of mental health, declining engagement, and a rise in sick days and workplace safety incidents. To combat this, CEOs are focused on building stronger cultures of resilience, innovation, employee centricity, and inclusiveness to meet their objectives of attracting and retaining talent. There is general alignment between CEOs and C-suite executives on these human capital management priorities, all of which will require some level of investment. Both CEOs and other C-suite executives plan to focus on strengthening their leadership pipelines as part of their human capital management strategies this year.

While CEOs are focused on enterprise-wide digital transformation and facing increasing demand for data-backed human capital disclosures from investors and regulators, they

do not see improving skills in HR data analytics or investing in artificial intelligence (AI) for HR as high human capital management priorities—issues the HR community itself is highly focused on. Organizations that regularly use human capital analytics (HCA) in their decision-making outperform those that do not. Organizations that report using HCA in their processes have an approximately 270 percent higher level of return on every $1 invested in HC compared to organizations not using HCA. Organizations with a committed HCA function are also seeing profit margins approximately 14 percent higher than organizations not using HCA. To build a leadership pipeline that ensures a strong list of ready-now leaders, organizations need to expand the use of data beyond assessment and performance metrics to gain more holistic perspectives of potential candidates.

There appears to be an emerging equilibrium around remote work with just 5 percent of CEOs in the US and Europe looking to expand it and about 4 percent looking to reduce it. The real challenge appears to be optimizing the management of existing hybrid work arrangements, including location and scheduling, especially for CEOS in Latin America, Europe, and the US. Flexibility is the top request from current and prospective employees, and it is one of the very best ways to foster better mental health, engagement, and retention levels. We have known for some time that top talent, especially in the technology sector, has had more access to flexible work arrangements. Our research tells us that a flexible approach to working arrangements allows for an expansion of the talent pool as women and underrepresented groups select flexibility as a condition of work at much higher levels than do others; in fact, it is a major factor in selecting which employment opportunity to pursue. Flexibility can look different based on the nature of the work, the industry, and the worker. Knowledge/office workers may well have more options but even those organizations with predominantly traditional, on-site working conditions are enabling team empowerment about scheduling and work processes and finding creative ways to support the work-life balance needs of on-site workers. Because the way we work continues to change, leaders can seize the opportunity to create an inclusive, engaged, and highly productive workplace for everyone. They can help employees be physically and psychologically safe regardless of where they work, find meaning from work by aligning their personal values to the organizational values and business imperatives, become better at their jobs by learning and adopting a growth mindset, and belong by creating an inclusive community where everyone feels valued and welcome.

Stakeholder Priorities

Stakeholder capitalism—the idea that businesses serve the long-term welfare of all their constituents, not just shareholders—appears to be on a firm footing in many companies with customers and employees ranking ahead of investors in stakeholder prioritization. It is possible we may soon see the beginning of a shift in companies' ESG agendas. Originally driven by investors, then in 2020 by employees, ESG agendas may now become more customer centric as ESG becomes more engrained in business. Research by The Conference Board shows that the focus on ESG issues and the long-term welfare of stakeholders has changed discussions at almost all boards, affected the factors boards consider in making decisions at about half the boards, and changed the outcome of decisions at about one-quarter. When it has affected board decisions, it has often accelerated them—as in moving more quickly on environmental or employee-related issues.

Figure 12

Customers and employees rank ahead of investors in CEO stakeholder prioritization

Q: Stakeholder Priorities: How do you currently prioritize your stakeholders? (Rank top 3, with 1 being the most important)

Stakeholders	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs
Customers	1	1	1	1	1
Employees	2	2	2	2	2
Shareholders/owners	3	3	3	3	4
Business partners	4	4	4	4	3
Suppliers	7	5	6	5	5
Regulators	5	6	7	6	7
Communities	6	8	5	9	6
Media	9	7	9	7	8
NGOs, social and environmental activists, etc.	8	9	8	8	9

Source: The Conference Board® C-Suite Outlook 2023

Climate Change Impact

Figure 13

Almost half of CEOs globally say climate change is already having a significant impact on their businesses or will in the next 1 to 5 years

Q: What is the time horizon in which climate change will have a significant impact on your business?

Time Frame	Global CEOs	Global C-suite	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Manufacturing CEOs	Financial Services CEOs	Non-financial Services CEOs
It has significant impact now	22%	33%	21%	36%	14%	16%	23%	30%	18%	20%
1-5 years	24%	23%	24%	19%	21%	30%	26%	22%	22%	27%
6-10 years	19%	23%	16%	10%	26%	24%	21%	21%	19%	21%
11-15 years	8%	6%	9%	6%	4%	8%	8%	8%	9%	7%
16-20 years	4%	2%	2%	6%	4%	3%	8%	5%	3%	2%
More than 20 years	4%	3%	4%	7%	4%	3%	5%	4%	4%	3%
No material impact	**17%**	**10%**	**21%**	**14%**	**24%**	**15%**	**9%**	**10%**	**25%**	**16%**
The climate is not changing	2%	0%	3%	1%	3%	3%	0%	1%	1%	3%

Source: The Conference Board® C-Suite Outlook 2023

Figure 14

CEOs identify the greatest climate change-related threats to business operations in 2023 as higher costs related to energy and regulation. CEOs in the US and Europe see costs related to transitioning to renewables as a significant threat

Unlike CEOs, C-suite executives see reputational risk from how they address a changing climate as a significant threat

Q: What are the most significant threats to your business operations posed by climate change/environmental-related issues in 2023? (Select 3)

Global CEOs		Global C-suite		US CEOs		Europe CEOs		China CEOs		Japan CEOs		Latin America CEOs	
Higher energy costs	1	Higher energy costs	1	Higher energy costs	1	Higher energy costs	1	Higher costs for inputs	1	Higher energy costs	1	More regulation	1
More regulation	2	Supply chain disruptions	2	More regulation	2	More regulation	2	Higher energy costs	2	More regulation	2	Higher energy costs	2
Higher costs for inputs	3	More regulation	3	Increased scarcity of resources	3	Increased scarcity of resources	3	Supply chain disruptions	3	Weather/wind/water damage		Higher costs for inputs	3
Supply chain disruptions	4	Higher costs for inputs	4	Supply chain disruptions	4	Loss of revenues	4	More regulation	4	Other higher costs	4	Water shortages	4
Weather/wind/water damage	5	Costs related to transitioning to renewables	5	Weather/wind/water damage	5	Costs related to transitioning to renewables	5	Other higher costs	5	Supply chain disruptions	5	Loss of revenues	5
Loss of revenues	6	Increased scarcity of resources	6	None of the above	6	Water shortages	6	Loss of revenues	6	Higher costs for inputs	6	Weather/wind/water damage	6
Increased scarcity of resources	7	Weather/wind/water damage	7	Higher insurance costs	7	Higher costs for inputs	7	Weather/wind/water damage	7	Costs related to transitioning to renewables	7	Supply chain disruptions	7
Other higher costs	8	Loss of revenues	8	Loss of revenues	8	Supply chain disruptions	8	Shipping delays	8	None of the above	8	Shipping delays	8
Costs related to transitioning to renewables	9	Reputation risk	9	Higher costs for inputs	9	Climate change/environmental issues bring positive changes to our business	9	Increased scarcity of resources	9	Increased scarcity of resources	9	Reputation risk	9
None of the above	10	Other higher costs	10	Other higher costs	10	Reputation risk	10	None of the above	10	Loss of revenues	10	Costs related to transitioning to renewables	10
				Climate change/environmental issues bring positive changes to our business									

Source: The Conference Board® C-Suite Outlook 2023

Figure 15

Manufacturing CEOs see higher costs for energy and inputs, and supply chain disruptions as the most immediate threats posed by climate change

Q: What are the most significant threats to your business operations posed by climate change/ environmental-related issues in 2023? (Select 3)

Rank	Manufacturing CEOs	Financial Services CEOs	Nonfinancial Services CEOs
1	Higher energy costs	More regulation	Higher energy costs
2	Supply chain disruptions	Higher energy costs	More regulation
3	Higher costs for inputs	None of the above	Higher costs for inputs
4	More regulation	Reputation risk	Increased scarcity of resources
5	Weather/wind/water damage	Weather/wind/water damage	Supply chain disruptions
6	Loss of revenues	Costs related to transitioning to renewables	Weather/wind/water damage
7	Costs related to transitioning to renewables	Higher insurance costs	Loss of revenues
8	Increased scarcity of resources	Other higher costs	Higher insurance costs
9	Other higher costs	Supply chain disruptions	Costs related to transitioning to renewables
10	Water shortages	Higher costs for inputs	Other higher costs

Source: The Conference Board® C-Suite Outlook 2023

Almost half of CEOs and more than half of other C-suite executives globally say climate change is already having a significant impact on their businesses now or will in the next one to five years. This underscores the urgency to formulate a firm-level strategy to mitigate the risk both now and in the future. CEOs identify the greatest climate change-related threats to business operations in 2023 as higher costs related to energy and other inputs as well as costs related to transitioning to renewables (a major concern for CEOs in Europe). Other major threats include regulation, supply chain disruptions, and weather damage. The impact of elevated costs is compounded by a perceived threat to revenues by CEOs globally. Unlike CEOs, C-suite executives see reputational risk from how they address a changing climate as a significant threat to their business. Just 2 percent of CEOs globally say the climate is not changing. Virtually no C-suite executives believe that to be the case. In China, more than a quarter of CEOs see the impact of climate change affecting their businesses six to 10 years down the road. For the government, addressing major climate transition challenges is a policy priority. While the country has improved the energy intensity of its economy, it has not yet decoupled economic growth from emissions growth. Looking at its decarbonization goals for 2030 and beyond, China must achieve this systemic change at a much faster pace than the US and Europe—both of which started much earlier.

Even as the COVID-19 pandemic and other crises have increased the focus on social issues, climate has remained front and center for many investors, regulators, customers, and employees. CEOs and boards can use these five questions to begin a dialogue on climate change—and revisit these questions over time as the company's strategy evolves.

- What is the impact of climate change on us?
- What is the company's impact on climate?
- What is our strategy for responding to risks and opportunities arising from climate change?
- How are we organizing the company to address climate impact?
- What are the stakeholders' and regulatory expectations, and how are we addressing them?

ESG Priorities

Neither an economic slowdown, nor an emerging ESG backlash, will affect ESG spending this year. More than half of US CEOs (55 percent) say an economic slowdown or recession will have no significant impact on their company's ESG spending in 2023. Almost 60 percent of CEOs globally (including 71 percent in the US) expect no significant impact on their company's sustainability-related investments during 2023 because of an *ESG backlash*, though globally another 21 percent (17 percent in the US) say they will refine priorities or shift the focus of efforts this year because of stakeholder backlash.

Figure 16

Majority of US CEOs expect no significant impact on sustainability investments from an economic slowdown or recession. Almost half of CEOs in China expect to decrease or delay investments. Larger companies see less impact than smaller firms

Q: An economic slowdown or recession will have the following impact on your company's sustainability (ESG)-related spending in 2023:

	Global CEOs	Global C-suite	US CEOs	Europe CEOs	Japan CEOs	China CEOs	Latin America CEOs	Less than $100 million	$5 billion and above
No significant impact	38%	34%	55%	44%	38%	18%	25%	32%	60%
Decrease/delay investments	25%	22%	17%	18%	20%	48%	22%	26%	15%
Increase/accelerate investments	6%	8%	3%	9%	6%	2%	11%	6%	6%
Refine priorities/shift focus of efforts	31%	35%	25%	29%	36%	32%	42%	37%	19%

Source: The Conference Board® C-Suite Outlook 2023

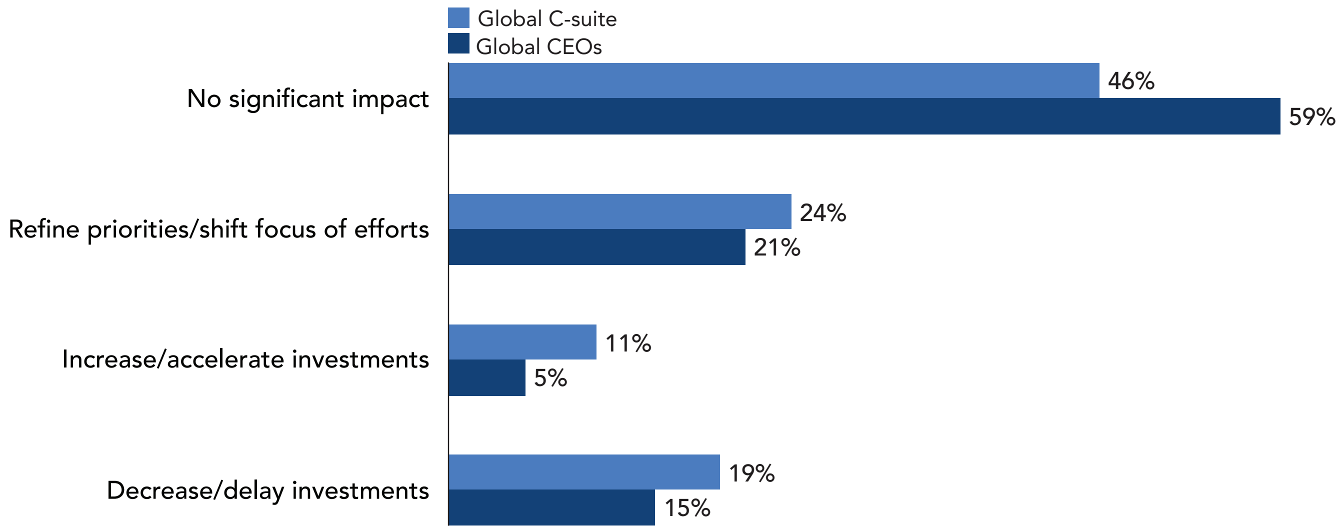
More than half of US CEOs (55 percent) say an economic slowdown or recession will have no significant impact on their company's ESG spending in 2023. Among CEOs worldwide, just 38 percent share this belief. The biggest impact is in China, where almost half of CEOs (48 percent) say the economic downturn will decrease or delay ESG investments. Interestingly, the largest companies in our survey (annual revenue $5 billion and above) are more adamant that a slowing economy will not affect their ESG investment commitments. Sixty percent of CEOs in the largest companies say a slowing economy will have no significant impact on ESG investment. Just 32 percent of CEOs in the smallest firms believe this will be the case. Just as a slowing economy is not halting the momentum behind corporate ESG commitments, neither will an emerging ESG backlash from policymakers, investors, or other stakeholders.

ESG backlash

Figure 17

Majority of CEOs see no significant impact on their company's sustainability-related investments from an emerging ESG backlash. But there will be some shifting of focus and priorities

Q: What impact do you expect ESG backlash from policymakers, investors, or others to have on your company's sustainability-related investments during 2023?

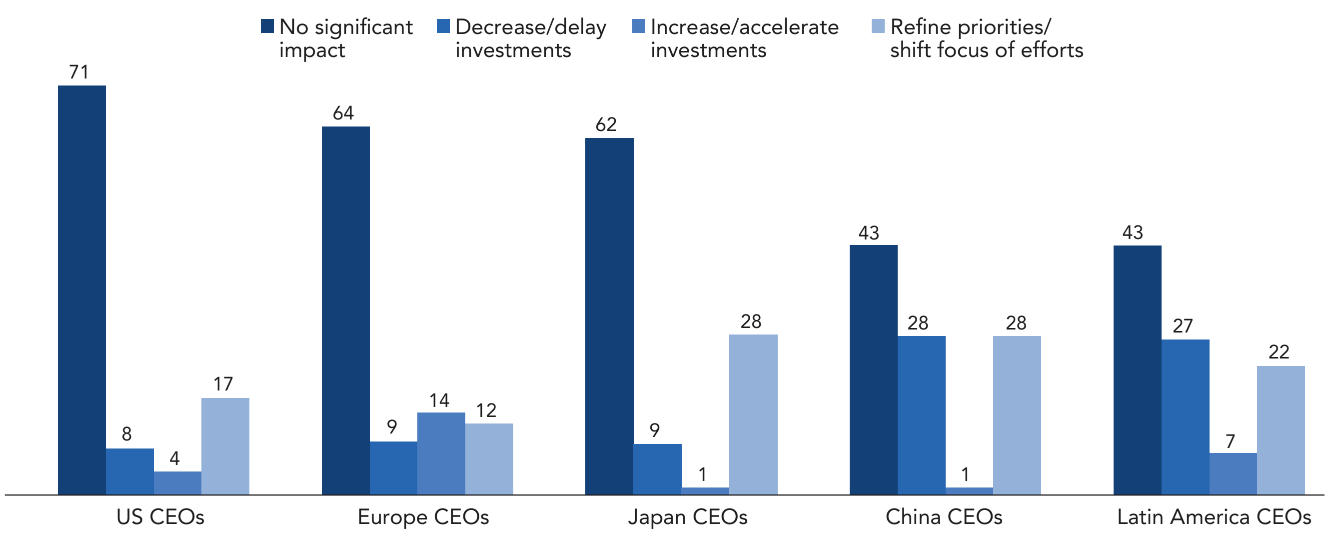


Note: 1,131 C-suite executives responded, including 670 CEOs. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

Figure 18

Few CEOs in the US, Europe, and Japan expect to decrease or delay their sustainability-related investments because of an emerging ESG backlash

Q: What impact do you expect ESG backlash from policymakers, investors, or others to have on your company's sustainability-related investments during 2023? (%)



Note: 670 CEOs responded globally. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

Just 15 percent of CEOs globally say they will decrease or delay ESG related investments in 2023 because of a backlash, including just 8 percent of US CEOs. Many CEOs appear to be managing the backlash through their public profile—while not altering their policies, they are making fewer public pronouncements, focusing more on actions and internal communications, and tying their efforts more closely to the company's business strategy.

Environmental priorities

Figure 19

Energy (from usage to sourcing to security) is the top environmentally related ESG priority for CEOs globally, excepting CEOs in China

Rank your organization's ESG-environmental priorities (Rank top 3, with 1 being the most important priority)

Environmental Priorities	CEOs (Global)	C-suite Global	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Manufacturing CEOs	Financial Services CEOs	Non-financial Services CEOs
Energy	1	1	1	1	3	1	1	1	1	1
Climate	2	3	2	4	2	2	7	7	2	2
Waste	3	2	3	3	5	3	2	3	4	3
Carbon and other GHG emissions	4	4	5	2	4	4	5	2	3	5
Plastics, packaging, materials	5	5	6	6	6	5	6	6	6	4
Water usage	6	7	4	5	8	9	3	5	5	6
Air pollution	7	6	7	9	1	6	8	4	9	7
Biodiversity/ conservation	8	9	9	7	7	8	4	9	8	8
Sustainable agriculture	9	8	8	8	9	7	9	8	7	9

Source: The Conference Board® C-Suite Outlook 2023

Even as dependence on fossil fuels is increasing in many countries and regions, including persistent use of coal, energy (from usage to sourcing to security) is the top environmentally related ESG priority for CEOs globally. There are regional differences in priorities, with US CEOs primarily focused on energy, climate, and waste while CEOs in China, the world's largest source of CO_2 emissions, are primarily focused on air pollution, followed by climate and energy in third. CEOs in manufacturing have a different set of priorities compared to those in the service sectors, citing energy as their top priority, followed by carbon and other GHG emissions, and waste in third.

Renewable energy

Figure 20

Almost half of CEOs globally and majority of C-suite executives say the transition to renewable energy will be significantly positive for their organizations

Q: In your opinion, the transition to renewable energy on your business will be …

	CEOs (Global)	C-suite Global	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Manufacturing CEOS	Financial Services CEOs	Non-financial Services CEOs
No significant impact	24%	16%	25%	35%	17%	26%	19%	22%	24%	14%
Significantly positive, and already making major adjustments to business	18%	18%	10%	22%	14%	9%	29%	15%	16%	14%
Significantly positive, and planning major adjustments to business	14%	20%	14%	12%	5%	9%	27%	15%	10%	17%
Significantly positive, but not yet making or planning major adjustments to business	17%	21%	14%	12%	34%	3%	17%	18%	10%	17%
Significantly negative, and already making major adjustments to business	1%	2%	1%	1%	0%	3%	1%	4%	1%	3%
Significantly negative, and planning major adjustments to business	3%	2%	3%	5%	3%	9%	0%	4%	1%	3%
Significantly negative, but not yet making or planning major adjustments to business	3%	1%	5%	1%	3%	3%	1%	13%	30%	27%
Depends on the rate of change	15%	14%	19%	8%	20%	34%	2%	18%	11%	12%
Not sure	7%	6%	9%	3%	4%	6%	4%	5%	5%	9%

Source: The Conference Board® C-Suite Outlook 2023

Despite their concerns about high transition costs, 49 percent of CEOs globally and 59 percent of C-suite executives say the transition to renewable energy will be significantly positive for their organizations. Almost a quarter (24 percent) of CEOs but just 16 percent of C-suite executives believe the transition will have no impact on their operations. Globally, just 7 percent of CEOs see a negative impact, with another 20 percent saying they are unsure about the impact, or that it depends on the rate of change. There are significant regional differences in viewpoints. More than a third of CEOs in China (34 percent) say that while they expect a positive impact from the transition, they are not yet making or planning adjustments to their businesses. Just 14 percent of CEOs in the US and 12 percent in Europe say they have not acted. More than a third (34 percent) of CEOs in Japan say the impact will depend on the rate of change—by far the highest percentage of any region or country in our survey. Investments in renewable energy will be increasingly necessary for companies to achieve their climate commitments, stay ahead of regulation, and meet changing consumer expectations. Even as our survey shows a global focus on energy as the top environmental priority for CEOs, accelerating the shift to renewable energy sources is not a high internal focus priority for most—globally it ranks 24th on a list of 27 internal priorities. Few CEOs cite renewable energy as an investment priority to ensure growth over the next two to three years (it is 23rd on a list of 25 investment choices).

ESG social priorities

Addressing the fundamental challenge of providing equal opportunity, achieving gender equality, and building a more just society is not only a social good but an essential part of doing business.

Figure 21

Economic opportunity, equality, and security is the number one social priority among CEOs and C-suite executives globally

Gender equality is the top social priority for CEOs in the financial services industry

Rank your organization's ESG-Social priorities. (Rank top 3, with 1 being the most important priority)

Social Priorities	CEOs (Global)	C-suite Global	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Manufacturing CEOs	Financial Services CEOs	Non-financial Services CEOs
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Economic opportunity/ equality/security	1	1	1	1	1	2	1	1	2	1
Gender equality	2	2	2	2	6	6	2	2	1	2
Sustainable capitalism	3	7	4	3	7	1	5	5	4	3
Labor conditions/rights	4	4	9	4	2	3	3	3	5	4
Human rights	5	5	6	6	3	4	4	4	7	6
Racial equality	6	3	3	10	5	8	9	6	3	5
Public health	7	6	8	7	4	7	8	7	6	9
Other social equality (LGBTQ+, disability, age, etc.)	8	8	7	5	10	9	7	8	8	7
Democracy/election/ voting rights	9	9	5	9	9	5	6	9	9	8
Corporate political activity	10	10	11	8	8	11	10	10	10	10
Immigration/nationalism	11	11	10	11	11	10	11	11	11	11

Source: The Conference Board® C-Suite Outlook 2023

CEOs across the globe cite economic opportunity, equality, and security as their organization's number one social priority. It is ranked second by CEOs in Japan after a similarly themed but broader priority, sustainable capitalism. Gender equality is the top ESG-social priority for CEOs in the financial services industry. CEOs in the US, Europe, and Latin America rank gender equality as their second highest social priority.

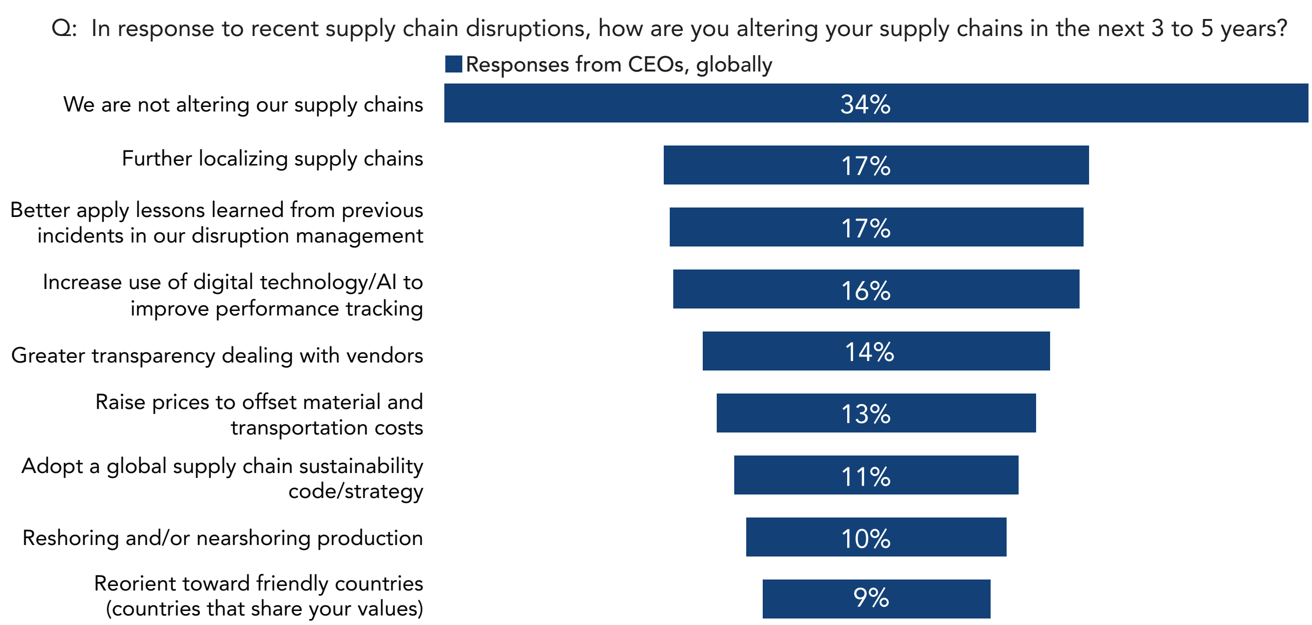
However, CEOs in Japan and China rank gender equality considerably lower as sixth. US CEOs and those in financial services, along with global C-suite executives, rank racial equality as a top three social priority. To make meaningful progress on racial equality, companies should collaborate with other institutions to conduct a needs assessment to identify existing gaps in racial equality, focusing on areas that are relevant for the company both in terms of geography and subject. Having assessed needs, companies should evaluate the multiple ways they can address racial equality, including but not limited to philanthropic, supplier diversity, and internal DEI programs and engage with other companies, government agencies, nonprofits, and academic institutions to see what work is already being done—and to set goals. Finally, companies should commit to reporting impact.

Supply Chain Disruptions

CEOs globally cite supply chain disruptions as a top five high-impact issue for 2023, but it has fallen in intensity for CEOs in both the US and Europe since our 2022 survey (from 3rd to 5th in the US and from 3rd to 7th in Europe). In this year's survey, CEOs in the US and Europe say their organizations are better prepared to handle a supply chain crisis than a year ago. It appears multiple challenges caused by the pandemic and the immediate impact of the war in Ukraine have already forced some changes.

Figure 22

Some CEOs are further localizing supply chains and increasing the use of technology in response to recent supply chain disruptions



Note: 670 CEOs responded globally. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

Figure 23

For CEOs making changes to their supply chains, regional priorities vary

Q: In response to recent supply chain disruptions, how are you altering your supply chains in the next 3 to 5 years?

	US CEOs	Europe CEOs	Japan CEOs	China CEOs	Latin America CEOs	Manufacturing CEOs
We are not altering our supply chains	44%	36%	35%	12%	40%	12%
Further localizing supply chains	12%	22%	10%	27%	15%	23%
Better apply lessons learned from previous incidents in our disruption management	13%	7%	23%	29%	13%	29%
Increase use of digital technology/AI to improve performance tracking	14%	10%	17%	16%	24%	16%
Greater transparency dealing with vendors	9%	12%	12%	27%	13%	17%
Raise prices to offset material and transportation costs	12%	13%	19%	9%	8%	28%
Adopt a global supply chain sustainability code/strategy	7%	14%	8%	20%	8%	15%
Reshoring and/or nearshoring production	9%	15%	7%	15%	8%	17%
Reorient toward friendly countries (countries that share your values)	8%	15%	1%	9%	10%	12%
Reduce product assortment	2%	8%	8%	11%	8%	11%
Link incentives to supply chain performance	5%	3%	2%	15%	5%	8%
Carry more inventory	7%	2%	8%	6%	12%	17%
Withdraw from some countries	10%	15%	1%	6%	2%	8%
Discontinue some product lines	5%	3%	1%	11%	4%	9%
Reduce number of vendors	9%	3%	1%	7%	6%	4%
Increase transportation capacity utilization	2%	1%	7%	9%	7%	6%

Source: The Conference Board® C-Suite Outlook 2023

CEOs say supply chain disruptions will continue to have a significant impact on business operations in 2023, but less so in some regions than in 2022. More CEOs in the US (35 percent in our 2023 survey vs. 27 percent in 2022) and Europe (30 percent vs. 24 percent) say their organizations are well or very well prepared for a crisis related to supply chains. When asked how they plan to alter their supply chains in the next three to five years, more than a third of CEOs in every country or region (except in China) said they are not altering them. However, it is a different story in the manufacturing sector. Only 12 percent of manufacturing CEOs, obviously the sector most affected by supply disruption, say they have no plans to alter their supply chains in the medium term.

The COVID-19 pandemic and geopolitical challenges of recent years have caused businesses to take a close look at their supply chains for vulnerabilities, underscoring the importance of incorporating geopolitical risk into business planning. In 2022, geopolitical tensions drove many businesses to reshore and nearshore critical components of supply chains, with businesses turning to dual sourcing and multisourcing inputs, and many looking to decouple from China at least partially. The Conference Board's November 2022 CEO Confidence survey of China CEOs of US and European multinationals operating in China confirms that supply chain shifts are underway and seem to be gaining momentum, with 31 percent saying they are planning to or have reduced dependencies on Chinese suppliers, up significantly from just 17 percent the first half of 2022. However, while multinational firms are adjusting supply chains, just 12 percent of local CEOs in China in our survey say they have no plans to alter supply chains in 2023.

Among the most cited actions in response to recent disruptions include further localizing supply sourcing (China CEOs: 27 percent, Europe CEOs: 22 percent), increasing the use of technology such as AI and blockchain to improve performance, and becoming more transparent with their vendors, all while applying lessons learned from recent disruptions.

Figure 24

Marketing & Communications Spending Priorities

As inflation erodes consumer purchasing power and challenges revenue targets, CEOs are increasing spending on customer acquisition, improving the customer experience, and developing new products and services

Q: How will your company adjust investments in marketing and communications over the next 24 months?

		Global CEOs	Global C-suite	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Less than $100 million	$5 billion and above
Internal communications	Increase	46%	44%	44%	64%	38%	38%	49%	40%	46%
	Keep the same	49%	53%	56%	34%	45%	58%	50%	55%	51%
	Decrease	5%	4%	0%	2%	17%	4%	1%	5%	4%
External PR/media presence	Increase	42%	37%	51%	34%	35%	49%	40%	44%	32%
	Keep the same	48%	55%	46%	60%	38%	49%	49%	45%	61%
	Decrease	10%	8%	3%	6%	27%	3%	10%	11%	7%
Investor relations	Increase	25%	32%	23%	30%	18%	14%	28%	19%	28%
	Keep the same	67%	63%	74%	63%	60%	77%	70%	73%	65%
	Decrease	9%	6%	3%	7%	22%	8%	2%	8%	7%
Government relations	Increase	23%	31%	23%	22%	22%	20%	23%	22%	43%
	Keep the same	66%	64%	74%	67%	49%	70%	73%	66%	53%
	Decrease	10%	5%	4%	11%	29%	10%	3%	11%	3%
Crisis management	Increase	32%	40%	22%	32%	35%	42%	32%	30%	38%
	Keep the same	63%	55%	75%	64%	48%	57%	67%	64%	60%
	Decrease	5%	5%	2%	4%	17%	1%	1%	6%	2%
Customer service and experience	Increase	65%	56%	67%	69%	60%	60%	67%	66%	68%
	Keep the same	33%	40%	32%	28%	37%	39%	33%	32%	32%
	Decrease	2%	4%	1%	4%	3%	1%	1%	2%	0%
Event marketing	Increase	34%	19%	37%	27%	39%	25%	44%	41%	18%
	Keep the same	51%	65%	49%	57%	46%	61%	45%	45%	49%
	Decrease	15%	16%	14%	16%	16%	14%	11%	14%	33%

		Global CEOs	Global C-suite	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs	Less than $100 million	$5 billion and above
Head count in communications	Increase	15%	13%	17%	12%	12%	13%	22%	18%	5%
	Keep the same	72%	73%	76%	79%	64%	76%	73%	70%	82%
	Decrease	12%	14%	7%	9%	24%	11%	5%	12%	12%
Advertising	Increase	27%	23%	30%	17%	29%	22%	30%	33%	11%
	Keep the same	59%	60%	60%	59%	42%	74%	63%	53%	73%
	Decrease	15%	17%	10%	23%	29%	4%	7%	13%	16%
Pricing promotions	Increase	19%	22%	17%	10%	15%	14%	28%	19%	23%
	Keep the same	66%	60%	70%	72%	63%	76%	65%	67%	54%
	Decrease	15%	18%	13%	18%	22%	10%	7%	14%	23%
New product development	Increase	58%	50%	51%	58%	61%	55%	61%	61%	34%
	Keep the same	37%	41%	44%	35%	32%	42%	36%	34%	57%
	Decrease	5%	9%	4%	7%	8%	3%	3%	5%	9%
Sponsorships/ partnerships	Increase	31%	24%	41%	25%	16%	24%	30%	35%	11%
	Keep the same	55%	59%	49%	56%	56%	72%	66%	55%	64%
	Decrease	14%	17%	10%	19%	28%	4%	4%	10%	25%
Data-driven marketing	Increase	43%	43%	51%	35%	30%	42%	51%	45%	48%
	Keep the same	52%	48%	46%	56%	60%	56%	45%	49%	46%
	Decrease	5%	9%	3%	9%	10%	1%	4%	6%	5%
eCommerce	Increase	38%	43%	30%	26%	47%	24%	57%	39%	36%
	Keep the same	57%	48%	65%	67%	47%	73%	39%	55%	59%
	Decrease	5%	10%	4%	7%	6%	3%	4%	6%	5%
Head count in marketing	Increase	20%	14%	20%	12%	28%	21%	20%	23%	7%
	Keep the same	66%	71%	68%	75%	51%	72%	75%	64%	79%
	Decrease	14%	15%	13%	13%	21%	7%	5%	13%	14%
New customer acquisition	Increase	65%	56%	55%	67%	68%	68%	70%	71%	50%
	Keep the same	32%	35%	41%	31%	31%	29%	29%	26%	45%
	Decrease	3%	9%	4%	1%	1%	3%	1%	3%	5%
Loyalty marketing	Increase	38%	34%	28%	32%	45%	34%	57%	44%	25%
	Keep the same	58%	57%	66%	66%	52%	63%	40%	51%	68%
	Decrease	4%	9%	6%	2%	3%	3%	3%	5%	7%
Sustainability of products/services	Increase	46%	47%	31%	37%	67%	43%	54%	47%	39%
	Keep the same	52%	47%	67%	56%	30%	56%	44%	50%	56%
	Decrease	3%	7%	2%	6%	3%	1%	1%	2%	5%

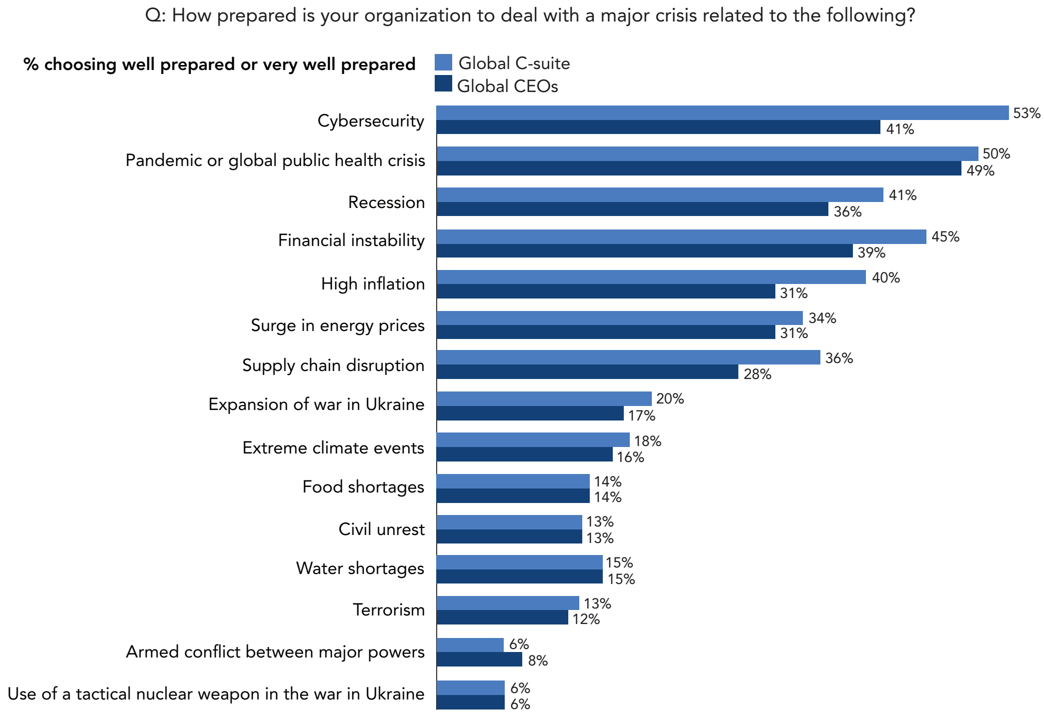
Source: The Conference Board® C-Suite Outlook 2023

Crisis Preparedness

In general, our survey shows business leaders and their organizations are more prepared for events that they have experienced recently (e.g., recession, pandemic, financial crisis) compared to being generally unprepared for events they likely have not had to lead through (e.g., extreme violence, nuclear war, major food, or water shortages.)

Figure 25

CEOs are generally more pessimistic than the rest of the C-suite team about organizations' ability to handle a major crisis such as a recession, financial instability, or a surge in energy prices



Note: 670 CEOs responded globally. Percentages have been rounded so may not equal 100.
Source: The Conference Board® C-Suite Outlook 2023

Figure 26

Q: How prepared is your organization to deal with a major crisis related to the following?

% choosing well prepared or very well prepared	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs
Cybersecurity	51	55	21	39	54
Pandemic or global public health crisis	50	58	45	28	52
Recession	36	47	28	22	30
Financial instability	49	53	21	24	47
High inflation	48	31	23	8	41
Surge in energy prices	43	33	25	11	32
Supply chain disruption	35	30	24	15	29
Expansion of war in Ukraine	16	22	13	3	22
Extreme climate events	22	22	14	14	8

	US CEOs	Europe CEOs	China CEOs	Japan CEOs	Latin America CEOs
Food shortages	20	21	13	3	8
Civil unrest	17	20	6	1	7
Water shortages	24	20	14	6	14
Terrorism	8	15	11	7	6
Armed conflict between major powers	8	7	6	0	7
Use of a tactical nuclear weapon in the war in Ukraine	10	6	9	1	2

Source: The Conference Board® C-Suite Outlook 2023

CEOs are generally more pessimistic than the rest of the C-suite team about organizations' ability to handle a major crisis. The widest gaps are in cybersecurity: 41 percent of CEOs say their organizations are well or very well prepared to meet a crisis vs. 53 percent of C-suite executives; supply chain disruptions (28 percent vs. 36 percent); high inflation (31 percent vs. 40 percent); and financial instability (39 percent vs. 45 percent). However, the focus on cyber risk and supply chain issues appears to have paid some dividends. The biggest gains in perceptions of preparedness are in cybersecurity and supply chain disruptions among CEOs in the US, Europe, and Japan.

Figure 27

	US CEOs % of CEOs		Europe CEOs % of CEOs		Japan CEOs % of CEOs	
	2022	2023	2022	2023	2022	2023
Cybersecurity	38	51	48	55	29	39
Supply chain disruption	27	35	24	30	12	15

Source: The Conference Board® C-Suite Outlook 2023

What Lies Ahead: A Focus on Transformation and Growth

What new crises, either natural or man-made, may emerge this year is hard to predict. Businesses need to be prepared for persistent economic weakness, and plan ahead for the possibility of a worse-than-expected operating landscape in 2023. C-suite executives in our survey, while mindful of costs, are focusing on digital and cultural transformation, talent, and ultimately growth as the best way forward in a risk-plagued business environment. With some foresight and investment, the impact of crippling disruptions and grey swans can be minimized by reducing risk exposure and taking preventive measures. Recent years have shown that organizations can learn to deal with a global crisis and can improve their readiness, even in one short year. The key to preparing for the next crisis lies in developing processes to model possible events and to proactively build contingency plans.

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About The Conference Board® C-Suite Outlook

The anonymous survey was carried out between mid-November and mid-December 2022 with 1,131 C-suite executives responding, including 670 CEOs from around the world. This is the 24th annual survey coordinated by The Conference Board. We are grateful for the collaboration with 11 organizations globally that invited their members and contacts to take the survey. Since 1999, The Conference Board has fielded an annual survey asking CEOs across the globe to identify the most critical issues they face (The Conference Board CEO Challenge®). The survey was expanded in 2020 to include the C-suite (C-Suite Challenge™). While CEO and C-suite priorities certainly vary by company, we believe this report can serve as an idea prompter for decision makers within organizations by offering insights into challenges shared by many of their peers, and the strategies and tactics being considered to compete in a global marketplace.

Profile of respondents

- Among major regions or economies, 24 percent of CEO and other C-suite respondents are based in companies headquartered in the US; 20 percent in Latin America; 16 percent in Europe; 13 percent in Japan; and 12 percent in China.
- By sectors, 53 percent of CEO respondents are based in nonfinancial services businesses; 34 percent in manufacturing industries; and 13 percent in financial services.
- By size, 51 percent of CEOs are based in businesses with average annual revenue of less than $100 million; 33 percent averaging up to $5 billion; and 17 percent averaging $5 billion and above.

Methodology

To provide a more representative view of respondents from around the world, we weighted the responses in aggregates (such as global and major regions) by the square root of the respondent's country share in global output (GDP) divided by the respondent's share in the total number of responses from their country.

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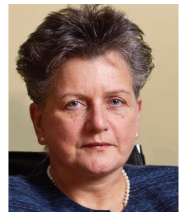

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