

# 20 years inside the mind of the CEO... What's next?



**1,379**

CEOs interviewed in  
79 countries

**44%**

of CEOs say globalisation  
has not helped to close the  
gap between rich and poor

**69%**

of CEOs say it's harder for  
businesses to sustain trust  
in the digital age

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## ASEAN CEOs name Singapore as most important city for their organisation's growth

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- *ASEAN CEO confidence in business growth on the decline over 2015 – 2017 (2015: 47%; 2016: 38%; 2017: 32%); only 26% of Singapore CEOs “very confident” of business growth this year*
- *28% of ASEAN CEOs expect global economy to improve over the next 12 months (-11 points); a worrying 35% of ASEAN CEOs and 32% of Singapore CEOs think global economic growth will decline*

***Singapore, 16<sup>th</sup> January 2017*** – In PwC’s 20<sup>th</sup> annual survey of CEOs worldwide, ASEAN CEOs surveyed name Singapore as the most important city for their organisation’s growth (37%). This comes against the backdrop of CEO confidence in growth prospects that are rising slowly around the world but dropping in ASEAN.

Yeoh Oon Jin, Executive Chairman, PwC Singapore, comments:

*“While regional CEO confidence levels are low, with Singapore being one of the most open economies in the world, any signs of optimism across the globe could lead to positive knock-on effects for us.*

*“This is reflected clearly in this year’s survey results which show that Singapore (37%) is the most important city named by ASEAN CEOs for their organisation’s overall growth prospects, ahead of Kuala Lumpur (23%), Jakarta (23%), New York (13%), London (12%), Beijing (12%), and Hong Kong (12%).”*

## Confidence in revenue growth slips

The findings released today at the World Economic Forum in Davos show that while *business leaders in most parts of the world are more positive in their outlook, ASEAN CEOs' confidence in revenue growth on the other hand are at a three-year low (2015: 47%; 2016: 38%; 2017: 32%). In Singapore, although 50% of Singapore CEOs are "somewhat confident" of revenue growth over the next 12 months, only 26% are "very confident". When asked about the longer term of three years, 56% of Singapore CEOs are "very confident".*

*Globally, CEOs are most concerned about economic uncertainty (82%), over-regulation (80%) and geopolitical uncertainty (74%). ASEAN CEOs view uncertain economic growth (83% vs 82% global), exchange rate volatility (82% vs 70% global) and over-regulation (78% vs 80% global) as the top threats. Singapore CEOs' top concerns are uncertain economic growth (88%), over-regulation (85%) and terrorism (85%) and protectionism (79%).*

*Globally, 29% of CEOs surveyed (2016:27%) believe global economic growth will pick up in 2017 while a worrying 35% of ASEAN CEOs and 32% of Singapore CEOs (17% globally) think global economic growth will decline.*

*When asked what drives growth, almost three-quarters (74%) of Singapore CEOs indicate organic expansion, followed by cost reduction and strategic joint venture or new alliance (both 53%). 47% of Singapore CEOs indicate a new M&A. Organic expansion tops the agenda for a high 82% (globally 79%) of ASEAN CEOs in the coming year, while 67% (globally 62%) plan a cost reduction. 62% (globally 48%) of ASEAN CEOs indicated that they are planning a new strategic alliance/joint venture.*

## ***Where CEOs will look for growth***

PwC's first global CEO survey showed emerging markets - including China and India - as a sure bet for success. But the changeability of markets, exacerbated by currency volatility, has caused CEOs around the world to turn to a greater mix of countries. This year's survey shows the US, Germany and the UK have become bigger priorities, while enthusiasm for investing in Brazil, India, Russia and Argentina has lessened from three years ago.

*Singapore CEOs' view of the top five most important countries for growth are China (1), Indonesia (2), USA (3), Malaysia (4), and UK (5). The top five most important countries for growth identified by ASEAN CEOs are China (1), USA (2), Indonesia (3), Vietnam (4), and India (5). Globally, the top five most important countries for growth identified are USA (1), China (2), Germany (3), the UK (4) and Japan (5).*

*Singapore (1) emerged as the most important city for an organisation's growth identified by ASEAN CEOs, followed by Kuala Lumpur (tied 2), Jakarta (tied 2), New York, (4), London and Beijing (tied 5). Globally, New York, London, and Beijing were also identified as the top four cities most important to an organisation's overall growth prospects over the next 12 months.*

## **Globalisation**

76% of Singapore CEOs and 67% (62% globally) of ASEAN CEOs said globalisation had helped with enabling universal connectivity to a large extent. 65% of Singapore CEOs and 67% of ASEAN CEOs (60% globally) said it helped with improving the ease of moving capital, people, goods and information, and 32% of Singapore CEOs and 45% of ASEAN CEOs (34% globally) said it helped with universal access to infrastructure and basic services. Interestingly, 32% of Singapore CEOs also said globalisation has helped with upholding standards for the protection and ethical use of data.

For the past 20 years CEOs globally have been largely positive about the contribution of globalisation to the free movement of capital, goods, and people. However, this year's survey respondents are sceptical that it has mitigated climate change or helped close the gap between rich and poor.

## **Technology and Trust**

Across the world, CEOs tell us that technology is now inseparable from business' reputation, skills and recruitment, competition and growth. Almost two-thirds or 56% (57% ASEAN; 60% globally) of Singapore CEOs believe technology has either completely reshaped or will have a significant impact on competition in their industry over the next five years alone, and an even higher 77% (72% ASEAN; 75% globally) of Singapore CEOs said that it will have a major impact in the next five years.

In an increasingly digital-driven world, technology has created a new dynamic between business and customers bringing huge benefits for both. However on the flip side 68% of Singapore CEOs and 63% (55% globally) of ASEAN CEOs cited breaches of data privacy and ethics, 59% of Singapore CEOs and 52% (53% globally) of ASEAN CEOs cited cyber security breaches, and 41% of Singapore CEOs and 48% of ASEAN CEOs (47% globally) cited IT outages and disruptions. Interestingly, 41% of Singapore CEOs also cited risks from use of social media.

50% of Singapore CEOs said that they were addressing breaches of data privacy and ethics to a large extent, while 44% said they were addressing IT outages and disruptions.

52% (53% globally) of ASEAN CEOs said that to a large extent they were addressing breaches of data privacy and ethics, while 48% (55% globally) were addressing IT outages and disruptions.

After several high-profile technology and security issues for big companies, CEOs not surprisingly identify cyber security, data privacy breaches and IT disruptions as the top three technology threats to stakeholder trust at a global level.

“CEOs expect it to become harder to sustain trust in the digital era. We believe competitive advantage will go to those with the greatest capacity to turn technology into their strength when coupled with the ability to connect with their stakeholders in an on-going relationship which is grounded in trust,” added Yeoh Oon Jin, Executive Chairman, PwC Singapore.

## **Skills and jobs**

An impressive 63% (52% globally) of ASEAN CEOs expect to increase headcount in the next 12 months, with 13% (16% globally) planning to cut their workforce. In Singapore, 56% of CEOs expect to increase headcount in the next 12 months, with 18% planning to cut their workforce. This is against the muted growth and economic confidence in ASEAN.

When asked about their talent strategy, a high 91% of Singapore CEOs said they promote talent diversity and inclusiveness, 88% said they use technology to improve their people’s wellbeing, 85% said they move talent to



where they need it and have changed their people strategy to reflect the skills and employment structures we need for the future. 82% said they seek out the best talent regardless of demographics or geography.

88% (87% globally) of ASEAN CEOs said they promote talent diversity and inclusiveness, 83% (76% globally) said they move talent to where they need it, 82% (78% globally) said they have changed their people strategy to reflect the skills and employment structures needed for the future, 80% (63% globally) said they use technology to improve their people's wellbeing, and 80% (74% globally) said they seek out the best talent regardless of demographics or geography.

*Skills availability is a concern for over three quarters (77%) of business leaders across the globe, and is highest for CEOs in Africa (80%), and Asia Pacific (82%).*

*Globally, over half of business leaders interviewed (52%) are already exploring the benefits of how humans and machines can work together, and two out of five (39%) are considering the impact of artificial intelligence on future skills needs.*

*With the speed of technological change a concern for 70% of CEOs around the world, it's no surprise that skills in creativity and innovation, leadership and emotional intelligence are identified as the most valuable skills, that CEOs are finding it difficult to recruit.*

*100% of Singapore CEOs said that problem solving, adaptability, collaboration and leadership were important to their organisations. This was followed by risk management (94%), and creativity and innovation and emotional intelligence indicated by 91% of Singapore CEOs.*

*Yeoh Oon Jin, Executive Chairman, PwC Singapore concludes:*

“Innovation coupled with technology is the way forward. However, in order to innovate effectively, in addition to the technology itself, we cannot discount the human element because creativity cannot be coded or programmed. In Singapore, tech talent are plentiful, however, creativity and innovation together with the additional ingredient of emotional intelligence are key for success.”

**ENDS**

Notes to editors:

- *1.This survey was carried out between September and December 2016. 1379 CEOs responded from 79 countries, to online, postal, face to face and phone interviews. 57% worked in privately owned companies, 43% in publicly listed companies. 36% worked at companies with revenues over \$1bn PA; 38% between \$101-\$999bn PA; and 21% with revenues of less than \$100m.*
- *2.Growth confidence: The highest levels of confidence in 12 month growth for companies was recorded in 2007 – 52% of CEOs said they were very confidence of growth in the next 12 months. The lowest was in 2009 (21%). The highest levels of three year confidence previously recorded was 51% of CEOs (very confident) in 2011, similar to this year’s survey. 2014 recorded the highest ever levels of CEO confidence in global economic growth improving (44%)*
- *3.The public survey took place in December in 22 countries - USA, Canada, UK, France, Germany, Netherlands, China & Hong Kong, Italy, Spain, Russia, Australia, Japan, India, Brazil, South Korea, Mexico, Sweden, Switzerland, South Africa, Singapore, and United Arab Emirates.*
- *4.List of country/regional CEO saying they are very confident of 12 month growth.*

Very confident of short-term revenue growth				
	2017	2016	2015	2014
India	71%	64%	62%	49%
Brazil	57%	24%	30%	42%
Romania	52%	50%	44%	39%
Spain	50%	54%	35%	23%
Australia	43%	35%	43%	34%
UK	41%	33%	39%	27%
Argentina	40%	42%	17%	10%
US	39%	33%	46%	36%
Denmark	39%	30%	33%	44%

Mexico	38%	46%	50%	51%
<b>Global</b>	<b>38%</b>	<b>35%</b>	<b>39%</b>	<b>39%</b>
Canada	38%	31%	36%	27%
Italy	38%	20%	20%	27%
Nordic	37%	31%	26%	***
China	35%	24%	36%	48%
Switzerland	34%	16%	24%	42%
South Africa	33%	37%	39%	25%
ASEAN**	32%	38%	47%	45%
Germany	31%	28%	35%	33%
Russia	31%	26%	16%	53%
Africa*	28%	42%	***	***
Hong Kong	27%	***	***	***
Japan	14%	28%	27%	27%
Venezuela	13%	***	***	***

\* Africa excludes South Africa\*\* The ASEAN countries in which interviews were conducted are: Cambodia, Indonesia, Malaysia,

Philippines, Singapore, Thailand and Vietnam

\*\*\* Not available

- **5.List of CEOs planning job increases by industry.**

Percentage of CEOs expected to boost headcount				
	2017	2016	2015	2014
Asset and Wealth Management	64%	65%	61%	58%
Healthcare	64%	56%	59%	53%
Technology	59%	67%	55%	63%
Business services	57%	51%	56%	62%
Hospitality & Leisure	55%	53%	45%	51%
Mining	55%	45%	52%	25%



Industrial Manufacturing	54%	47%	53%	46%
Retail	53%	51%	46%	51%
Transport & Logistics	53%	51%	49%	40%
Communications	51%	48%	40%	52%
Power & Utilities	51%	42%	36%	36%
Engineering & Construction	50%	42%	51%	51%
Entertainment & Media	48%	39%	46%	53%
Pharmaceuticals & Life Sciences	46%	64%	58%	44%
Banking & Capital Markets	45%	43%	53%	52%
Automotive	43%	48%	49%	45%
Insurance	41%	49%	50%	59%
Metals	41%	32%	41%	22%
Energy (includes Oil & Gas)	41%	***	***	***
Chemicals	40%	46%	50%	49%
Consumer Goods	40%	41%	40%	46%
Forest, Paper & Packaging	35%	36%	27%	45%
Government/public services	32%	***	***	***

\*\*\* Not available

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