



Mar 09, 2023 10:00 +08

## Nearly four in 10 Singapore CEOs believe their companies not viable if they continue on current path: PwC survey

For immediate release - Singapore, 9 Mar 2023

- 89% of Singapore CEOs surveyed believe global economic growth will decline over the next year
- Inflation and macroeconomic volatility rank as the top threats for nearly a third of Singapore CEOs in the short-term
- Over six in 10 Singapore CEOs see changes in customer demands and regulations as the biggest challenges to long-term industry

## **profitability**

- **Amid rising costs, 83% of Singapore CEOs do not plan to reduce compensation for employees**
- **55% have already developed or are developing a strategy for reducing emissions and mitigating climate risks**

**Singapore, 1 March 2023** – Close to nine in 10 (89%) of CEOs surveyed in Singapore believe global economic growth will decline over the next 12 months. [PwC's 26th Annual Global CEO Survey: Singapore findings](#) further reveals that this pessimism is more strongly felt by Singapore business leaders than their global counterparts (73%). Globally, this is the most pessimistic that CEOs have been when asked about the global economic growth outlook since PwC began asking this question 12 years ago.

Commenting on this, **Sam Kok Weng, Markets and Financial Services Leader, PwC Singapore** said: “What stood out from Singapore CEOs this year is the heightened sense of pessimism, where nearly 90% surveyed believe global economic growth will decline over the next 12 months, compared to 73% globally.

“While this is not surprising given Singapore’s open economy, it will take more than re-evaluating operating models and cutting costs to survive and thrive in a world that continues to change at a relentless pace. Businesses will need to take an inside-out approach to identify new value propositions that are unique to them that are powered by their capabilities.”

## **Over a third of CEOs are not confident in the long-term viability of their business**

Nearly 40% of CEOs surveyed in Singapore and globally believe their companies will not be economically viable in the next decade if they continue on their current path. This stark datapoint underscores a dual imperative facing CEOs today - the need to manage short-term external risks to drive profitability in order to survive, while simultaneously transforming their business to thrive in the longer term.

**Marcus Lam, Executive Chairman, PwC Singapore** said: “Business leaders in Singapore increasingly need to balance dealing with near-term threats and rising costs, and the pressing need to reinvent their businesses to stay relevant and viable. CEOs that are ready to embrace and drive change would be best positioned to help their companies survive and even thrive.”

CEOs are seeing multiple direct challenges to profitability within their own industries over the next 10 years. Nearly 70% of CEOs surveyed in Singapore (globally: 56%) believe changing customer demand or preferences will impact profitability. This is followed by changes in regulation (Singapore: 61%, globally: 53%), labour or skills shortages (Singapore: 56%, globally: 52%) and technology disruptions (Singapore: 56%, globally: 49%).

## **CEOs are cutting costs but not headcount or compensation**

The impact of the economic downturn is top-of-mind for CEOs, with inflation (Singapore: 31% globally: 40%), macroeconomic volatility (Singapore: 31%, globally: 31%), cyber risks (Singapore: 25%, globally: 20%) and geopolitical conflict (Singapore 25%, globally: 25%) weighing on CEOs' minds in the next 12 months.

Responding to the current economic climate, CEOs are looking to cut costs and spur revenue growth. More than half of CEOs surveyed (Singapore: 67%, globally: 52%) report reducing operating costs, while 58% in Singapore (48% globally) are already diversifying their product and service offerings. Despite rising cost pressures, a vast majority (Singapore 83%, global: 80%) do not plan to reduce compensation over the next 12 months, and more than half do not plan to implement hiring freezes (Singapore:67%, global: 56%) or reduce their workforce (Singapore: 64%, global: 60%).

## **Businesses that don't change and transform won't be viable**

The survey suggests that if organisations are to remain viable in the long-term, they must invest in change and transformation to reinvent their businesses to stay relevant for the future. Technologically, more than three-quarters (Singapore: 89%, globally:76%) of organisations say they are investing in automating processes and systems, deploying technology such as the cloud, AI and other advanced technology (Singapore: 83%, globally: 69%), and implementing systems to upskill their workforce in priority areas (Singapore 78%, globally: 72%).

**Noel Goh, People and Organisation - Rewards Leader, PwC Singapore** said: "CEO's believe that workplaces act as possible conduits for higher productivity and discretionary performance by investing in the upskilling of its most important stakeholders – its workforce. Oftentimes, low-latency technical skills are favoured for their apparent relationship to work outcomes. However, research shows that on their own these are not sufficient. Instead, we need to also invest in high-retention, high-latency core critical enabling

clusters of skills (thinking critically, interacting with others and staying relevant) - the skills that enable us to learn other skills.”

Engaged, empowered organisations move faster, innovate more readily and collaborate more effectively to get things done. This year’s survey suggests some warning signs, and areas of opportunity. For example, around two in 10 CEOs surveyed (Singapore: 19%, globally: 23%) say leaders in their company often/usually make strategic decisions for their function without consulting the CEO. Meanwhile, over a third (Singapore: 36%, globally: 46%) say their company often/usually tolerates small scale failures. More optimistically, nearly 9 in 10 (Singapore: 86%, globally:85%) say the behaviours of employees are often or usually aligned with their companies’ values and direction.

Torn between the demands of short-termism and long-term transformation, CEOs say they are primarily consumed with driving current operating performance (Singapore:54%, globally: 53%), rather than evolving the business and its strategy to meet future demands (Singapore: 46%, globally: 47%). If they could redesign their schedules, CEOs say they would spend more time on the latter (Singapore: 54%, globally: 57%).

## **Managing climate risk remains a growing priority for businesses**

While climate risk did not feature as prominently as a short-term risk over the next 12-months relative to other global risks, CEOs still see climate risk impacting their cost profiles (Singapore: 40%, global:50%), supply chains (Singapore: 34%, global: 42%) and physical assets (Singapore: 28%, globally: 24%) from a moderate to very large extent. Recognising the impact climate change will have on business and society over the long-term, more than half of CEOs surveyed have already – or are in the process of – innovating new, climate-friendly products and processes (Singapore: 56%, globally: 61%), and developing data-driven, enterprise-level strategy for reducing emissions and mitigating climate risks (SG: 55%, globally: 58%). Meanwhile, 53% surveyed in Singapore (globally: 66%), have already implemented - or are already in the process of implementing - initiatives to reduce their companies’ emissions.

**Fang Eu-Lin, Sustainability and Climate Change Leader, PwC Singapore** said: “With more than half of CEOs surveyed, at 55%, reporting that they are either developing or have completed developing a data-driven, enterprise-level strategy for reducing emissions and mitigating climate risks, this give us

confidence that Singapore businesses are on the right path in their sustainability maturity journey.

The next challenge will be to get stakeholders which include suppliers, customers, people, other ecosystem players on board. Their success will be the business' success."

Despite an increasing number of countries now having some form of carbon pricing, over four in 10 respondents in Singapore (44%, globally: 54%) still do not plan to apply an internal price on carbon in decision-making, and over a third (both in Singapore and globally: 36%) don't plan to implement initiatives to protect their company's physical assets and/or workforce from the impact of climate risk.

----- ENDS -----

Notes to the editor:

1. **About the data:** PwC surveyed 4,410 CEOs in October and November of 2022, of which 36 are based in Singapore. The global and regional figures in the report are weighted proportionally to country or regional nominal GDP to ensure that CEOs' views are representative across all major regions. The industry and country-level figures are based on unweighted data from the full sample of 4,410 CEOs. Interviews were conducted with CEOs from three global regions (North America, Western Europe and Asia-Pacific). The full findings can be accessed on [pwc.com](https://www.pwc.com), and the interviews can be found at [strategy-business.com/mindofthecEO](https://strategy-business.com/mindofthecEO).
2. See additional expert quotes on this year's Singapore key themes in Appendix A below.

=====  
=====

## Appendix A

### Additional expert quotes on PwC's 26th Annual Global CEO Survey: Singapore findings and key themes

Technology disruptions and digital transformation

Greg Unsworth, Digital Business and Risk Services Leader, PwC Singapore

said: “No organisation can afford to stand still in the face of emerging disruptive technologies. The question for many leaders now is how they can anticipate, prepare and develop appropriate plans for the future. This year’s survey results illustrate the vital importance of fundamentally transforming a company’s strategic direction, business model and operations to respond to shifting markets and customer expectations. The adoption of new digitally enabled business models and optimisation of technology across organisations will be key enablers for change for many businesses.

“Technological and reinvention-oriented investment continue to remain top of mind for business leaders. Whilst much has been done to embrace technology by many businesses in recent times, the need for organisations to continually reinvent themselves will be an imperative for many. It is only through investing in innovation and reinvention that businesses can really hope to stay relevant and sustainable for the long term. From a technology perspective, businesses will continue to invest in cloud based technology and automation whilst experimenting with newer emerging technologies. However, it is the investment in people to continually upskill them and enable them for the future which will be the most essential ingredient to thrive in the future and capitalise on the benefits that technology can provide.”

**Charles Loh, Consulting Leader, PwC Singapore** said: “It is indeed a very challenging time for CEOs, they must reimagine how their businesses can continue to stay relevant and at that same time, tackle immediate issues such as fast-changing customer demands, rising costs, supply chain disruptions and talent challenges. Close to 90% of CEOs recognise that automating their organisation processes and systems through digital transformation and adopting new technologies such as Cloud and AI is fundamental to their survival in the new environment. However, this can be quite daunting and a costly undertaking, and CEOs must formulate their business-led digital transformation agenda, prioritising digital innovation initiatives, speed to value projects and upskilling the workforce.”

### **Workforce transformation and upskilling**

**Martijn Schouten, People and Organisation - Workforce Transformation Leader, PwC South East Asia Consulting** said: “Critical to businesses’ ability to continue to grow and thrive is its workforce. CEOs need to encourage their C-Suite to rethink workforce strategy as well as redesign tasks and responsibilities to better align roles with the changing environment. There's also a need to invest in upskilling programmes for people-leaders and

employees that also touch on interpersonal and non-technical skills to navigate increasing complexities.”

### **Changes in regulations among top direct challenges to profitability**

**Chris Woo, Tax Leader, PwC Singapore** said: “With impending changes such as the Global Anti-Base Erosion (GloBE) rules – also commonly referred to as the global minimum tax regime - gaining momentum, the survey results certainly capture business leaders’ concerns on the impact impending changes have on their business. Now that Singapore has announced its plan to implement the GloBE rules and a domestic top tax from 2025, a countdown clock needs to have been started for the affected businesses in Singapore, and that they will need to ensure they have the right strategy, technology and data as well as capabilities to get ready.”

### **New business model**

**Patrick Yeo, Venture Hub Leader, PwC Singapore** said: “40% of these CEOs clearly view disruption and change as are inevitable. This presents both opportunities and threats to new technology companies given global CEOs are probably more open to new business models through collaborations and mergers and acquisitions.”

---

## **About PwC**

At PwC, our purpose is to build trust in society and solve important problems - this is at the core of everything we do from the value we provide to our clients and society to the decisions we make as a firm.

Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with nearly 328,000 people in 152 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals

create the value they are looking for.

© 2022 PwC. All rights reserved

## Contacts



### **Siew Ling Ong**

Press Contact

Manager, Brand and Communications

[siew.ling.ong@pwc.com](mailto:siew.ling.ong@pwc.com)

+65 8729 0562



### **Candy Li**

Press Contact

Team Lead - Brand & Communications

[candy.yt.li@pwc.com](mailto:candy.yt.li@pwc.com)

+65 8613 8820