GLG

JANUARY 2023

THE GLG CEO SURVEY: 2023

Leading Executives on the *Impact* of 2022 and the Year Ahead

INTRODUCTION

At GLG, we believe there is immense credibility in first-hand expertise — and that by bringing real insight to business leaders, we can help make any professional decision better.

That's why, in 2020, we introduced our annual CEO Survey — asking executives around the world about their experiences and takeaways from the year behind them, as well as their expectations and priorities for the year ahead.

Despite the uncertainty and challenges of recent years — including, of course, the COVID-19 pandemic – our annual surveys have largely found leaders optimistic and confident about the future. Heading into 2022, an overwhelming majority of CEOs told us they were confident in revenue growth, even as many companies continued to feel the pandemic's impact.

But 2022 wasn't the year that global business leaders anticipated. Hopes for growth clashed with increased geopolitical and economic pressures — including the war in Ukraine, COVID-19 lockdowns in China, energy, and commodity shortages, compromised supply chains, and higher inflation and interest rates in most major markets.

As 2022 came to an end, fewer than half of the CEOs we surveyed harbor the confidence that characterized last year's findings. Just as important as the outlooks of executives, however, are the strategies they plan to execute to lead their organizations through a pivotal year. This report reveals the detailed perspectives of CEOs as 2023 gets underway — where they plan to invest, how they'll navigate a world of hybrid and remote work, what they see as their biggest obstacles, and more.

For 25 years, GLG has helped the world's decision makers understand complex issues and act with the confidence that comes from true clarity. Now, in the face of increasing uncertainty, business leaders need insight more than ever. As they work to find the best path forward, GLG looks forward to helping light the way for them.

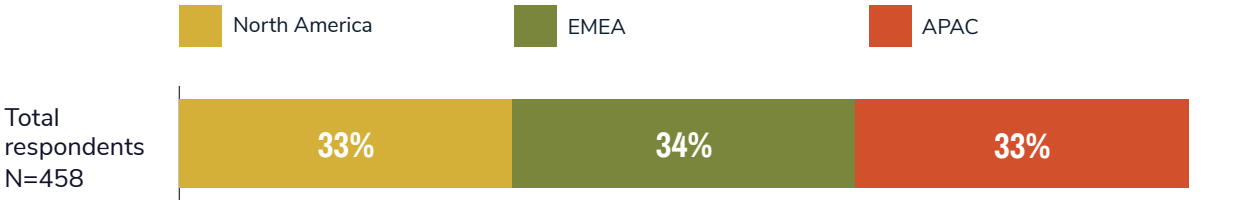
— Paul Todd, CEO

METHODOLOGY

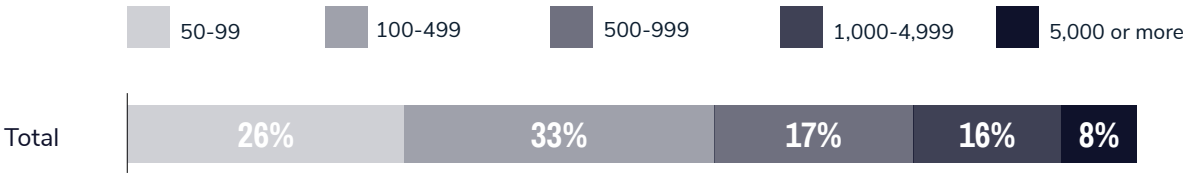
For this report, the GLG Surveys team aimed to consult the business world's leading decision makers to understand their priorities and outlook for 2023. We created a custom B2B survey panel of global CEOs from our premier network of professionals across nearly every industry and country. The survey, conducted in the first two weeks of November 2022, includes a total of 458 CEO respondents across a range of industries, with 150 respondents from North America, 158 from EMEA, and 150 from APAC. GLG Surveys interpreted and analyzed the results.

Which of the following best describes your role?

In which region is your company headquartered?



What is the approximate total number of employees for your company?



On average over the last three years, what has been the approximate total annual revenue of your company in USD?

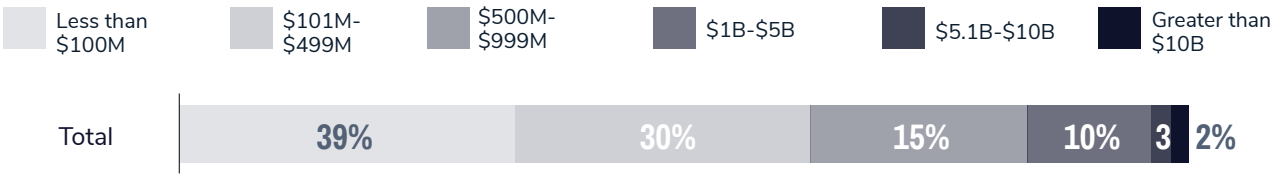


Chart omits "Cannot discuss/I don't know" responses.

SEVEN KEY FINDINGS

1

Growth in Challenging Times

Despite a confluence of global challenges, more than half of our CEOs said that revenue increased in 2022. Only 26% saw a decline.

2

Shaken Confidence

Falling from the optimism of GLG's past surveys, only 46% of respondents said they feel "confident" or "very confident" that their revenue will grow in 2023.

3

A Rough Road Expected

Where our last surveys showed CEOs' positive outlook for the global economy, this year's survey shows world events weighing heavily on executives' minds. Exactly half of our respondents expect to see a decline in growth in 2023, while just 17% expect to see an increase.

4

Global Concerns Shifting

Respondents to GLG's last two surveys ranked COVID-19 as the factor that would likely have the most impact on their businesses. This year, almost 90% of our CEOs ranked geopolitical uncertainty as a top concern, no doubt partially fueled by the Russia/Ukraine war.

5

Customer Service Gains Importance

Our global panel of CEOs ranked customer service as their top priority for 2023, with 60% of respondents ranking it so.

6

The Persistence of the Home Office

Nearly three-quarters of our respondents have adopted some form of work-from-home policy, down slightly from last year, when 79% of our respondents said they had adopted similar policies.

7

Investments in 2023

CEOs ranked "sales" and "marketing" as top investment areas for 2023. "HR (staffing, people, development)" saw the largest decline.

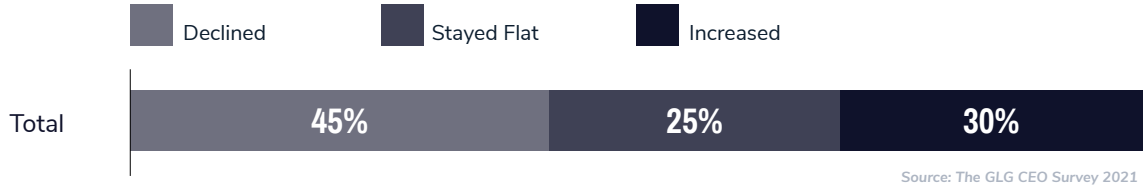
REVENUE IN CHALLENGING TIMES: 2020 TO 2023

Over the last three years, the world has faced a mounting array of challenges, including economic reverberations from the pandemic that began in 2020. The Russia/Ukraine war goes on, further disrupting supply chains and sparking an energy crisis. Inflation is rising at unprecedented rates, and a long-lived recession is all but certain. Climate change continues largely unimpeded.

Impact on Revenue

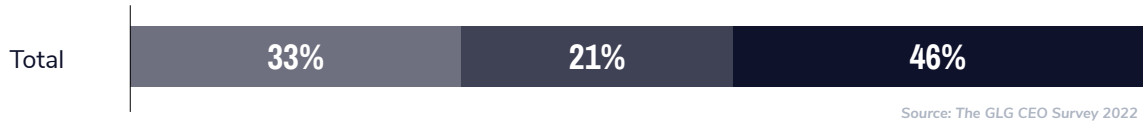
In 2020 and 2021, we asked CEOs about the impact of COVID-19 on their revenue and saw significant improvement between the two years. Back in 2020, 45% of the CEOs we surveyed saw a decline in revenue that they attributed to COVID-19. In 2021, just 33% said the same.

How did COVID-19 impact your company's revenue in 2020?



Source: The GLG CEO Survey 2021

How did COVID-19 impact your company's revenue in 2021?



Source: The GLG CEO Survey 2022

Revenue for 2022 seems to have grown slightly when compared with previous surveys. Twenty-six percent of the CEOs participating in our survey said they had seen a decline in revenue, and more than half (51%) said that revenue had increased even in the face of the challenges described above.

How did COVID-19's continued impact, rising inflation, and a real possibility of global recession impact your company's revenue in 2022?

Source: The GLG CEO Survey 2023

How did the ongoing impact of COVID-19, rising global inflation, and the potential for recession impact your employees and your business in 2022?

Market growth is good, but costs of material and employees have increased significantly.

— Transportation, France

Perfect storm along with Brexit. Many European employees leaving the U.K. and returning to Italy, Spain, and Portugal.

— Retail, United Kingdom

We still take the necessary COVID precautions, but try to run our business as pre-COVID as possible. We tightened our business operations to manage costs and expanded our direct-to-consumers business to grow revenue. We are planning for a global recession in 2023.

— Healthcare, Singapore

We have seen a strong economic rebound since the active COVID period. We've also seen a benefit as companies shift production out of China into a more diversified geographical base.

— Consumer Services, Vietnam

International business was down, but U.S. business was resilient and helped to keep things steady. Employees are concerned about compensation and layoffs.

— Technology, United States

COVID-19 accelerated the use of remote patient monitoring devices and services, which our company provides. Our business doubled in both 2020 and 2021.

— Healthcare, United States

CONFIDENCE IN GROWTH

Back in 2022, with the worst of COVID-19 in the rearview mirror, 68% of CEOs we surveyed expressed confidence in their company's revenue growth for the coming year. Last year, perhaps buoyed by the strong revenue numbers they achieved, a similar percentage continued to answer positively.

This year, the challenges of the times seem to weigh more heavily on CEOs, shaking their confidence. Only 46% said they feel "confident" or "very confident" that their revenue will grow in 2023.

Unsurprisingly, we have yet to return to the enthusiastic optimism of 2020, where the pre-pandemic survey saw 80% of our respondents say they were "confident" or "very confident" in their company's growth.

What is your level of confidence that your company's revenue will grow over the next 12 months?

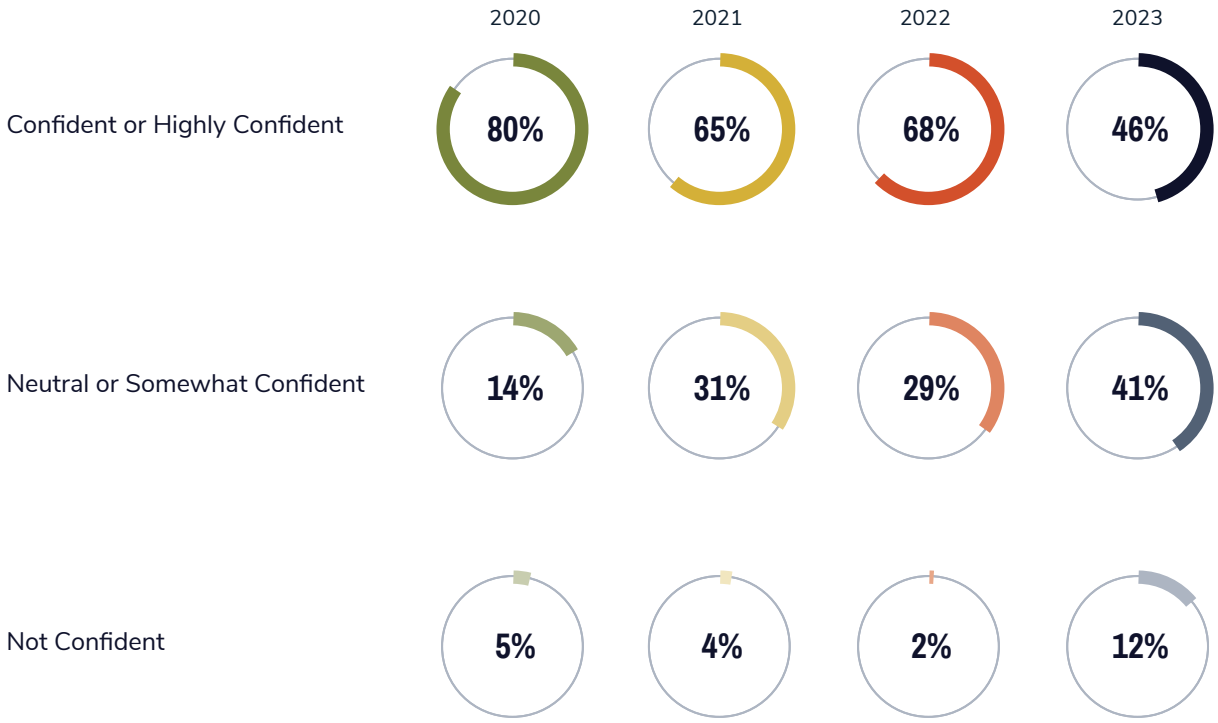


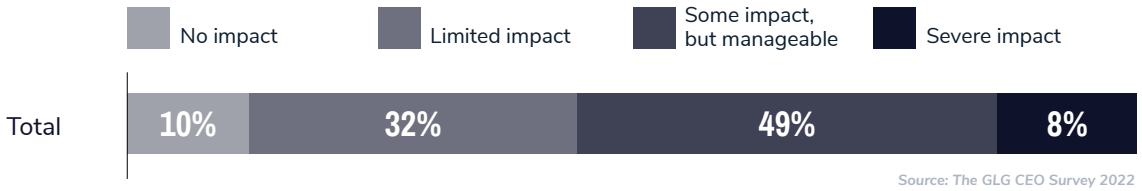
Chart omits "I don't know" responses.

Source: The GLG CEO Survey 2020, 2021, 2022, 2023

A CONFLUENCE OF CHALLENGES

Even though COVID-19 was waning as we put together last year's survey, it remained top of mind across most industries. Of those we surveyed heading into 2022, 90% told us they expected to see some impact. Only 10% thought the pandemic wouldn't impact their business at all.

For 2022, how much impact do you think COVID/virus variants/vaccine resistance will have on your business?

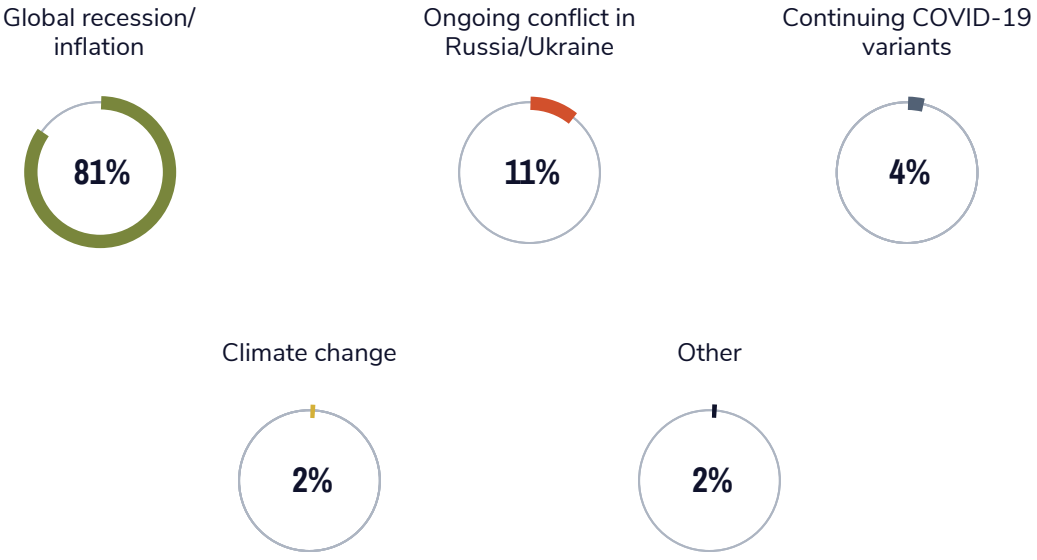


Source: The GLG CEO Survey 2022

Numbers are rounded to the closest whole number.

In our 2023 survey, we expanded the scope of the question, asking CEOs to identify what would have significant impact on their business. A whopping 81% said recession/inflation would have the most impact. What's more, the results show a dramatic drop in COVID-19 concerns. Only 4% of our respondents said it would have significant impact on their business.

For 2023, how much impact do you think COVID-19/virus variants/vaccine resistance will have on your business?



Source: The GLG CEO Survey 2023

BUSINESS IN THE NEW NORMAL

For the last three years, we've asked CEOs to rank their levels of concern regarding how they expect certain factors to impact their business. Their responses affirm that COVID-19 is less of a concern. When it came to public health, only 65% ranked themselves as "moderately" or "highly" concerned that it would impact their business.

Instead, almost 90% of CEOs ranked geopolitical uncertainty as a top concern, no doubt fueled in part by the Russia/Ukraine war.

What is your level of concern with how much the following factors might impact your business?

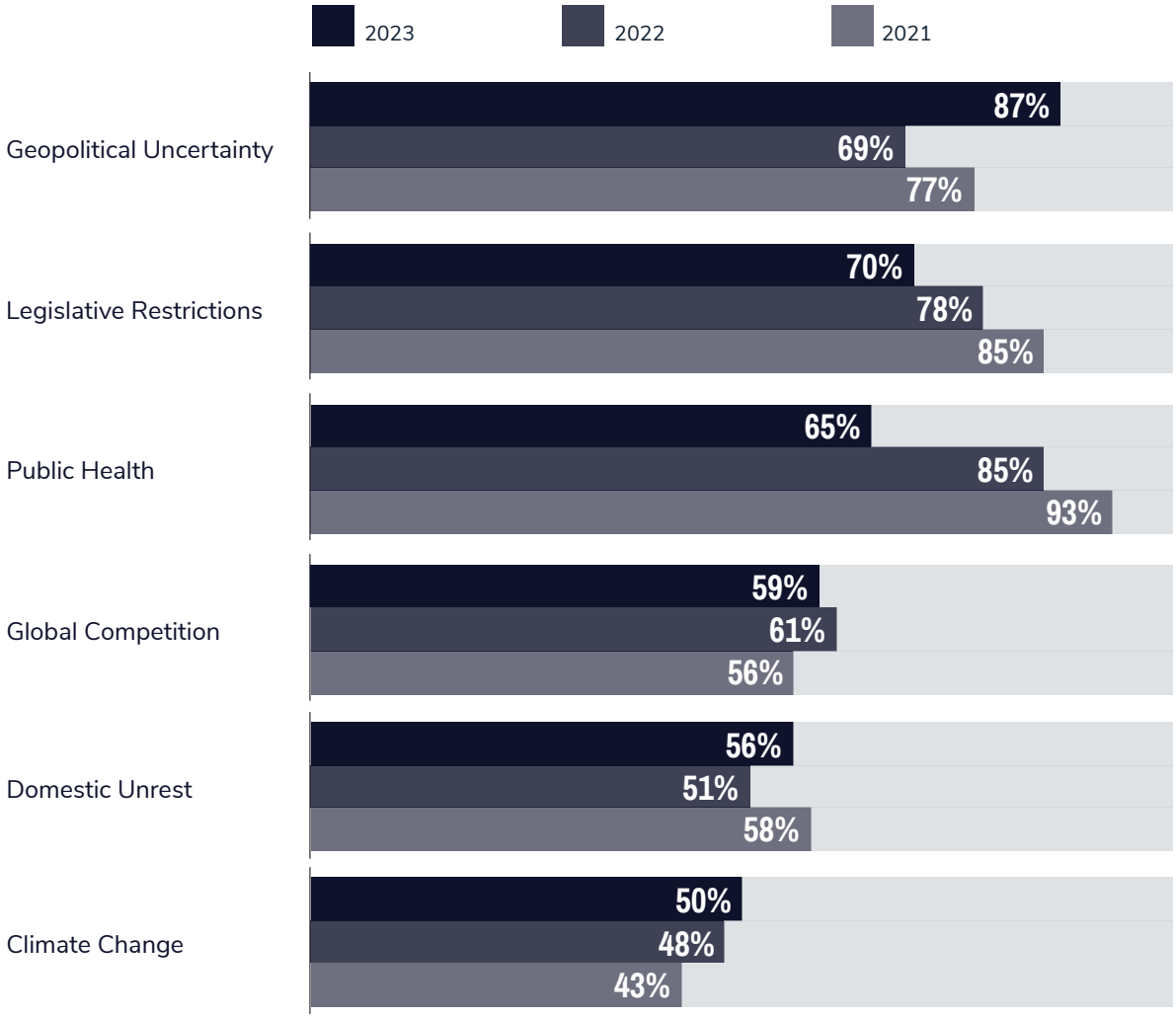


Chart reflects only those who are moderately or highly concerned.

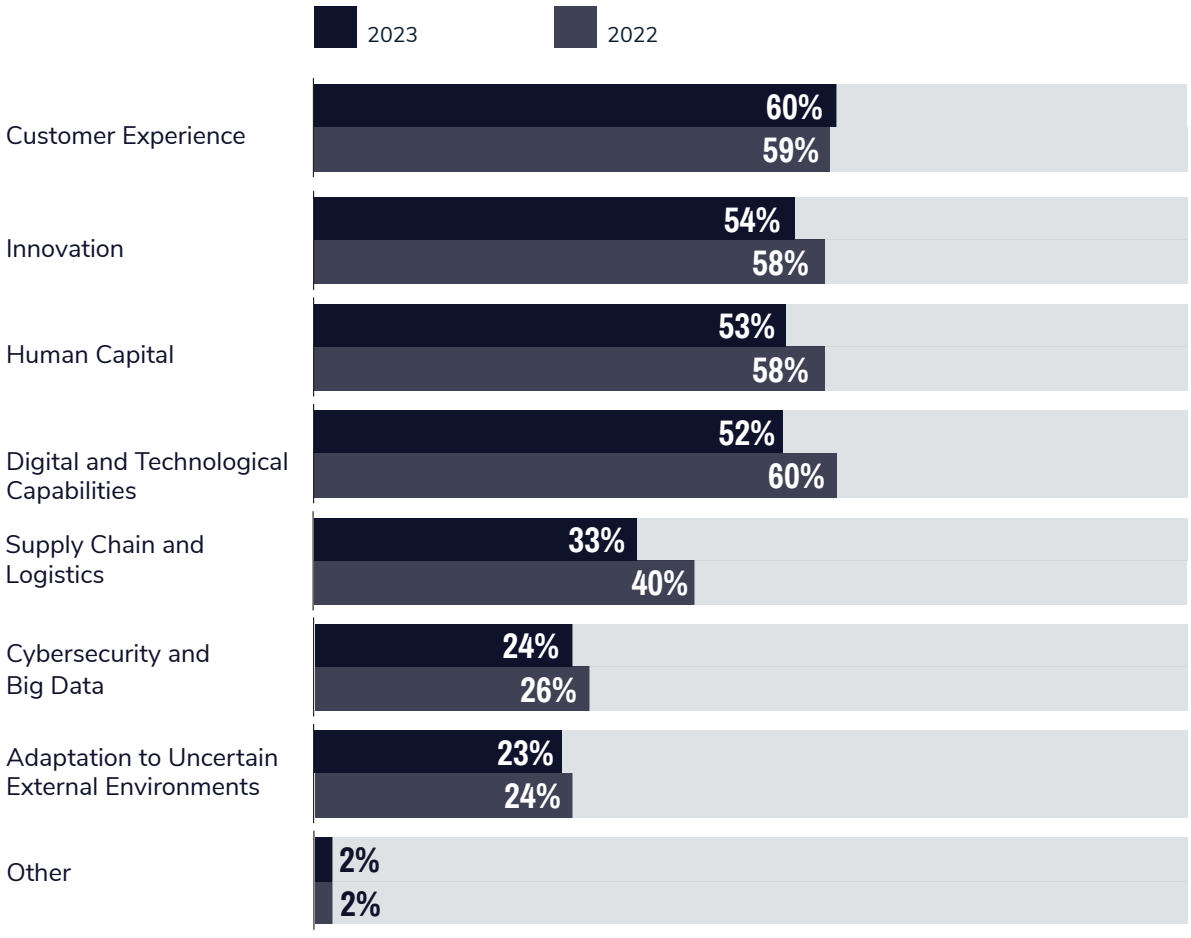
Source: The GLG CEO Survey 2021, 2022, 2023

TOP PRIORITIES

In 2021, when we asked our CEOs about their top business priorities looking ahead to 2022, 60% of them told us that digital and technological capabilities were their top priority, followed closely by customer experience, innovation, and human capital.

In the 2023 survey, those four priorities remain at the top, but in a different order. Customer experience emerged as the number one priority, with 60% of responding CEOs ranking it so, while digital and technological capabilities fell to just 52%. This could mean that in our previous survey, CEOs were anticipating a new future of work and prioritizing the technologies that would help them be effective in work-from-home or hybrid scenarios.

What are your top business priorities based on the environment in which you operate?



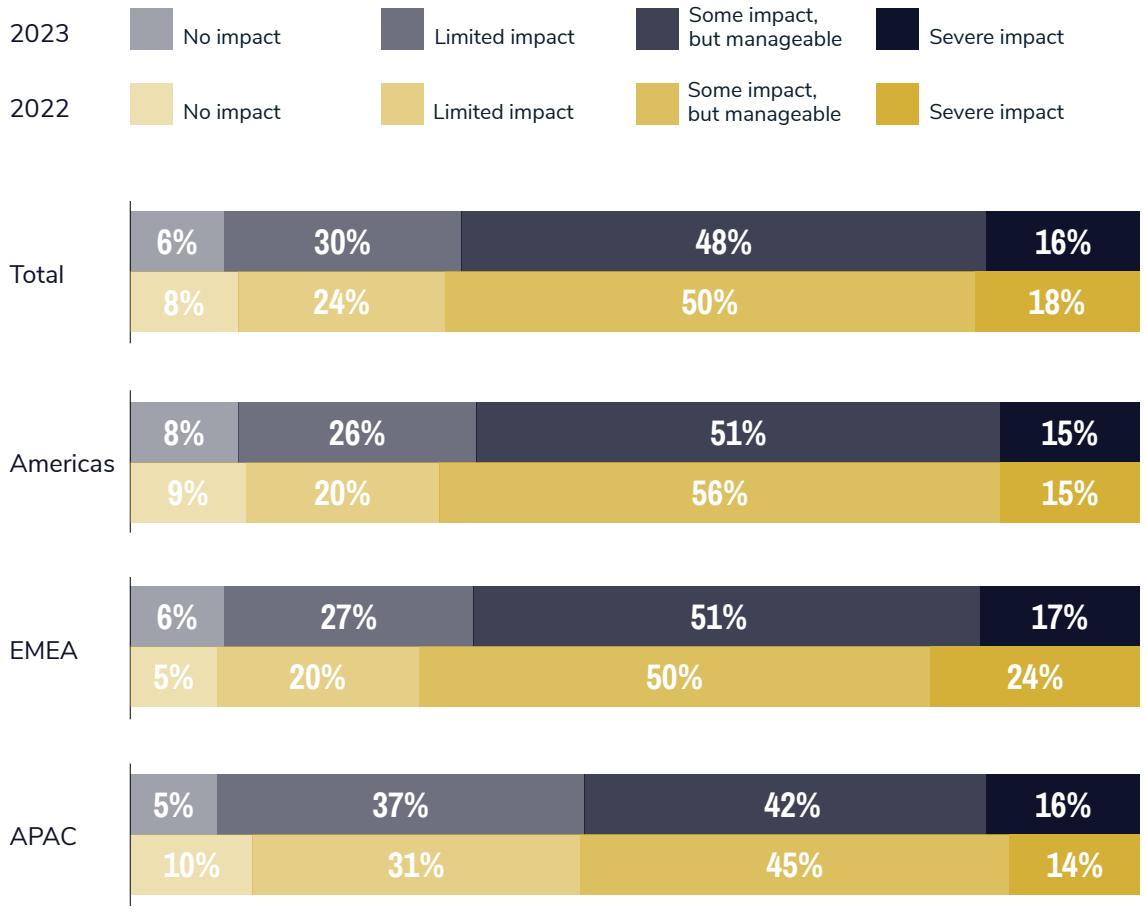
Source: The GLG CEO Survey 2022, 2023

SUPPLY CHAIN CHALLENGES

In 2022, we asked our respondents to tell us how much they expected supply chain challenges to impact their business. We repeated that question this year and found that attitudes have changed little over the last 12 months. In this survey, 64% of responding CEOs told us that supply chains would have "severe" or "some impact," compared with 68% telling us they expected the same in 2022.

> This year, the supply chain issue impacted our ability to make shipments even though order backlog is strong.
>
> — Technology CEO, Taiwan

How much impact do you expect supply chain challenges to have on your business in the coming year?

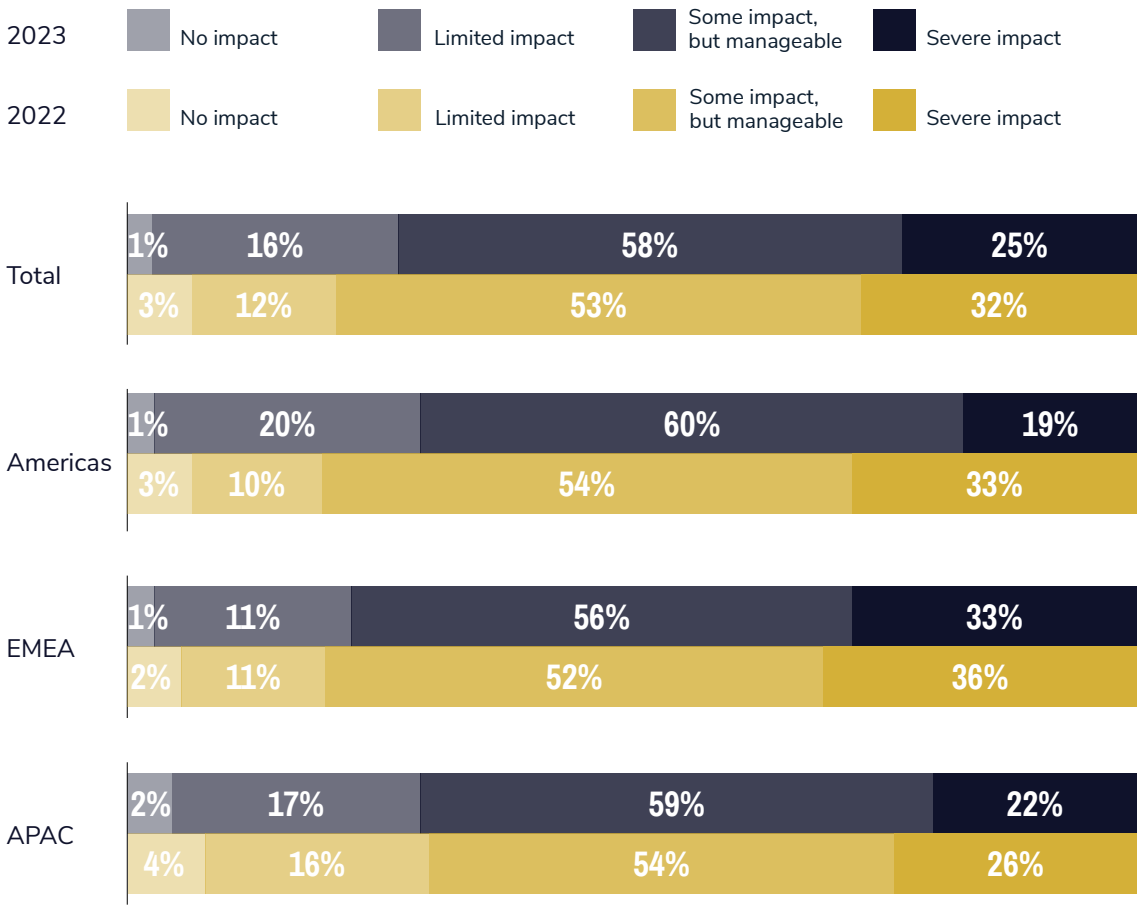


Numbers are rounded to the closest whole number.

Source: The GLG CEO Survey 2022, 2023

Those numbers change when we expand the scope of the question from expectations about their business to those for the global economy, but they are still not that much different from what CEOs said in the 2022 survey. This year, when we asked them how much impact they expect supply chain challenges to have on the global economy in the coming year, 83% said they expect them to have “severe” or “limited impact.” Last year, 85% of CEOs told us the same thing about 2022.

How much impact do you expect supply chain challenges to have on the economy in the coming year?



Numbers are rounded to the closest whole number.

Source: The GLG CEO Survey 2022, 2023

MANAGING THE WORKFORCE

The 2023 CEO survey underlines that the nature of work has indeed changed. 73% of our respondents have adopted some form of work-from-home policy, a slight decrease from last year, when 79% of our respondents had similar policies in place.

How has your company managed the return to the office?

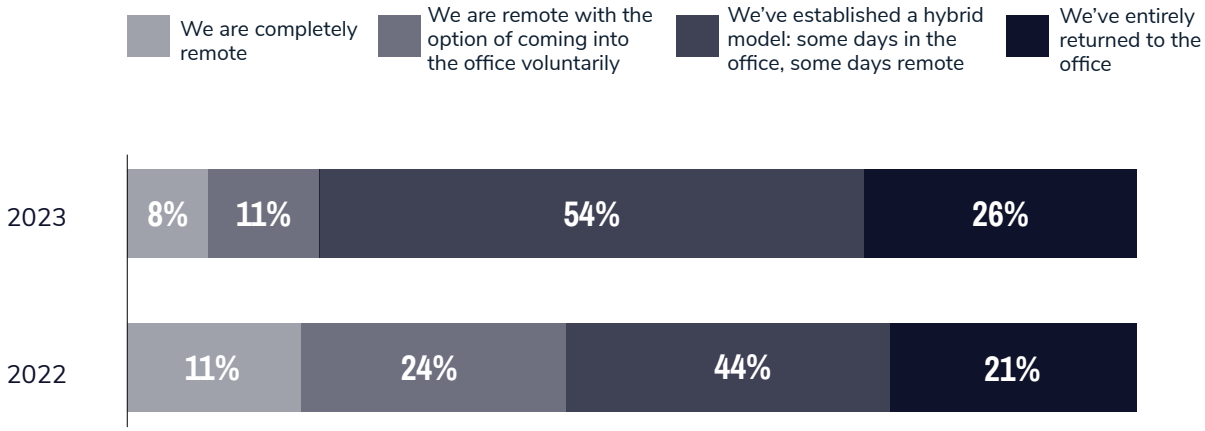


Chart omits "We are still evaluating our return to work policy" responses.

Source: The GLG CEO Survey 2022, 2023

Many of the CEOs we surveyed cited productivity as the major factor in their work-from-home decisions. One consumer services CEO told us that they "decided to go fully remote in 2020" and they used the time to learn how to maximize productivity. A transportation CEO in Hong Kong found that they did not have the systems in place to control their employees' performance. After seeing a "dip in production," they returned to the office full time.

What is your reasoning behind choosing the "return to office" model you currently have in place?

We saw results with work-from-home and happier employees. We anticipate costs will go down as we downsize physical offices.

— Technology, United States

Productivity! By all metrics, we have confirmed that a hybrid model is best in most cases. For some positions, we have seen an increase in productivity of more than 150%. The reality being that, for most employees, the workplace felt like an imposed environment with little control over their surroundings. By working from home, they can deliver more while keeping stress as low as possible. Technological advancements also play a significant role behind our return-to-office strategy.

— Finance, United Arab Emirates

Productivity. We found people working from home weren't achieving KPI expectations and a lot of the core functions required to keep the business healthy weren't being done.

— Technology, New Zealand

In healthcare, it's critical to lay hands on patients, so we couldn't do telehealth the whole time. Although we still have patients that will only do telehealth now. So it changed consumers' thoughts on how healthcare can be provided.

— Healthcare, United States

I want a full return (because it is much better and more effective), but staff will not adhere to this (they leave, or demand pay rises).

— Retail, United Kingdom.

Looking back to 2020, 75% of the CEOs we surveyed said their top workforce concern was "talent acquisition." That dropped to 50% during the pandemic. As we emerged in 2022, talent acquisition climbed to 67%. Today, it has dropped slightly, with 61% of CEOs ranking it as a challenge.

In 2021, when the pandemic had most people working from home, 62% of those we surveyed said that "employee engagement" was a top challenge, as opposed to only 43% in pre-pandemic 2020. GLG's 2022 survey showed employee engagement concerns returning to pre-pandemic levels (41%). Today, it's even less of a concern, with just 38% of our respondents so ranking it.

What workforce challenges are you expecting in the coming year?

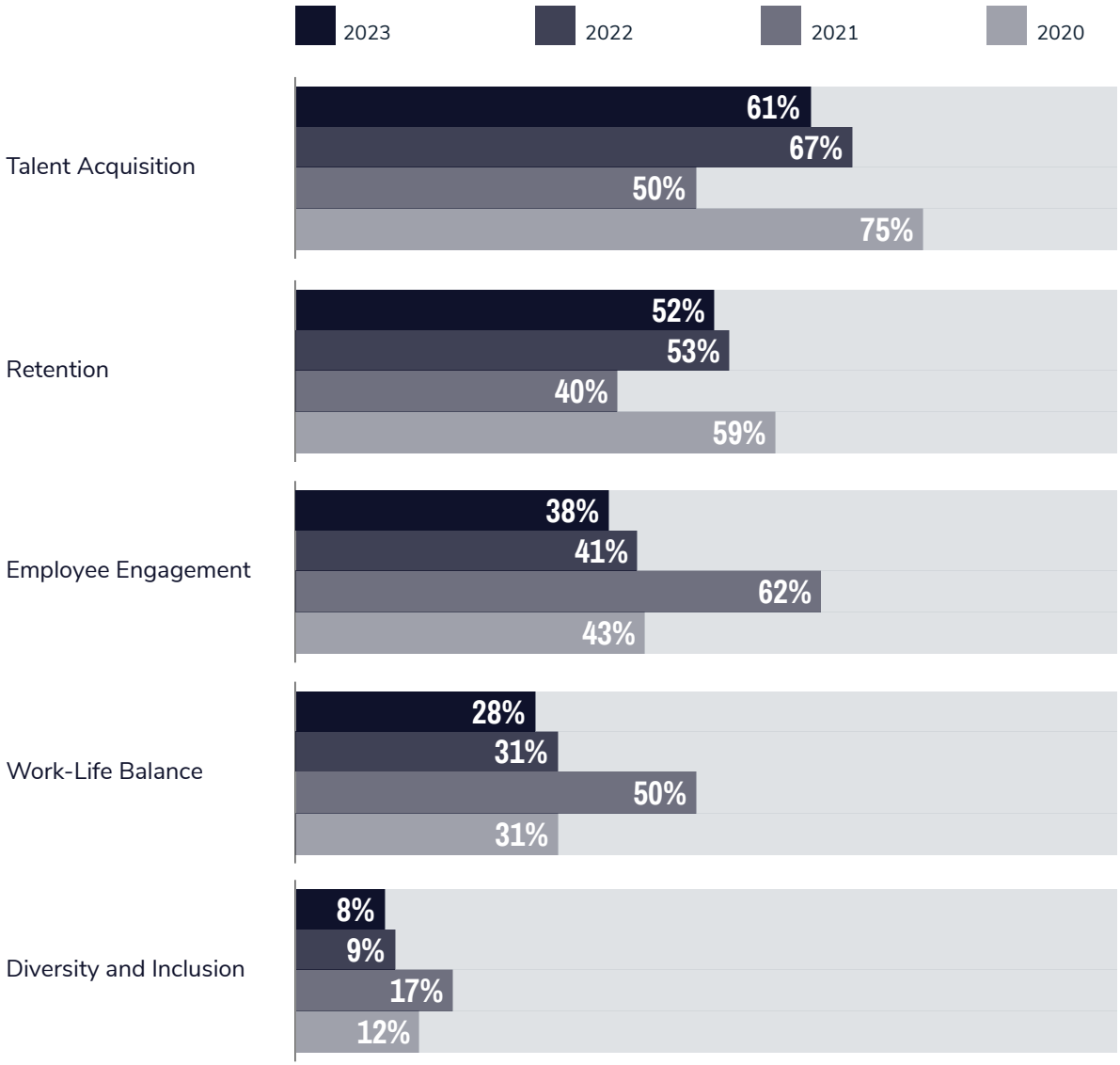


Chart does not include "Other" responses.

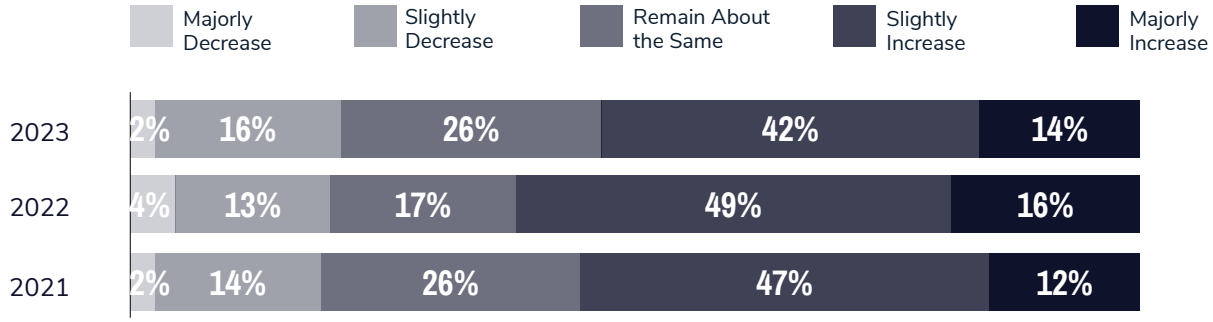
Source: The GLG CEO Survey 2020, 2021, 2022, 2023

When we asked CEOs about their head counts for 2023, their answers differed little from the previous two years. That said, 14% of our respondents said they expected a major increase in their employee head counts.

> Hiring for technical positions and technician slots is much harder, as is retention, post-COVID.
>
> — Manufacturing CEO, U.S.

Only 18% overall expect a head count reduction, but most said it was because they anticipated a slowdown in the coming year. One U.S.-based manufacturing CEO told us, "I believe a global recession is a foregone conclusion. The question is how deep and how long. This will result in a business decline and head count reduction of necessity." Others turned a different way for cost reductions. "The adoption of new technologies will allow us to automate multiple functions, hence the head count decrease in 2023," a finance CEO in the United Arab Emirates said.

How do you expect your employee head count to change in the coming year?



Source: The GLG CEO Survey 2021, 2022, 2023

When we asked them to rank the steps they're taking to address racial bias in their hiring practices, nearly half (47%) of the CEOs we surveyed said that they had "adopted forward-thinking hiring methodologies" as number one. Only 23% of respondents said they'd taken no formal steps.

What steps has your organization taken to address implicit racial bias in your organizations' hiring policies and practice?

We have adopted forward-thinking hiring methodologies that differentially focus on demonstrated skills, capabilities, and growth potential

Our hiring managers and interviewers are regularly trained on implicit bias mitigation strategies

We track and manage metrics on the diversity of our hiring pipeline

We've taken steps to eliminate the use of potentially biased proxies in our job descriptions (e.g., education requirements, years of experience, credit)

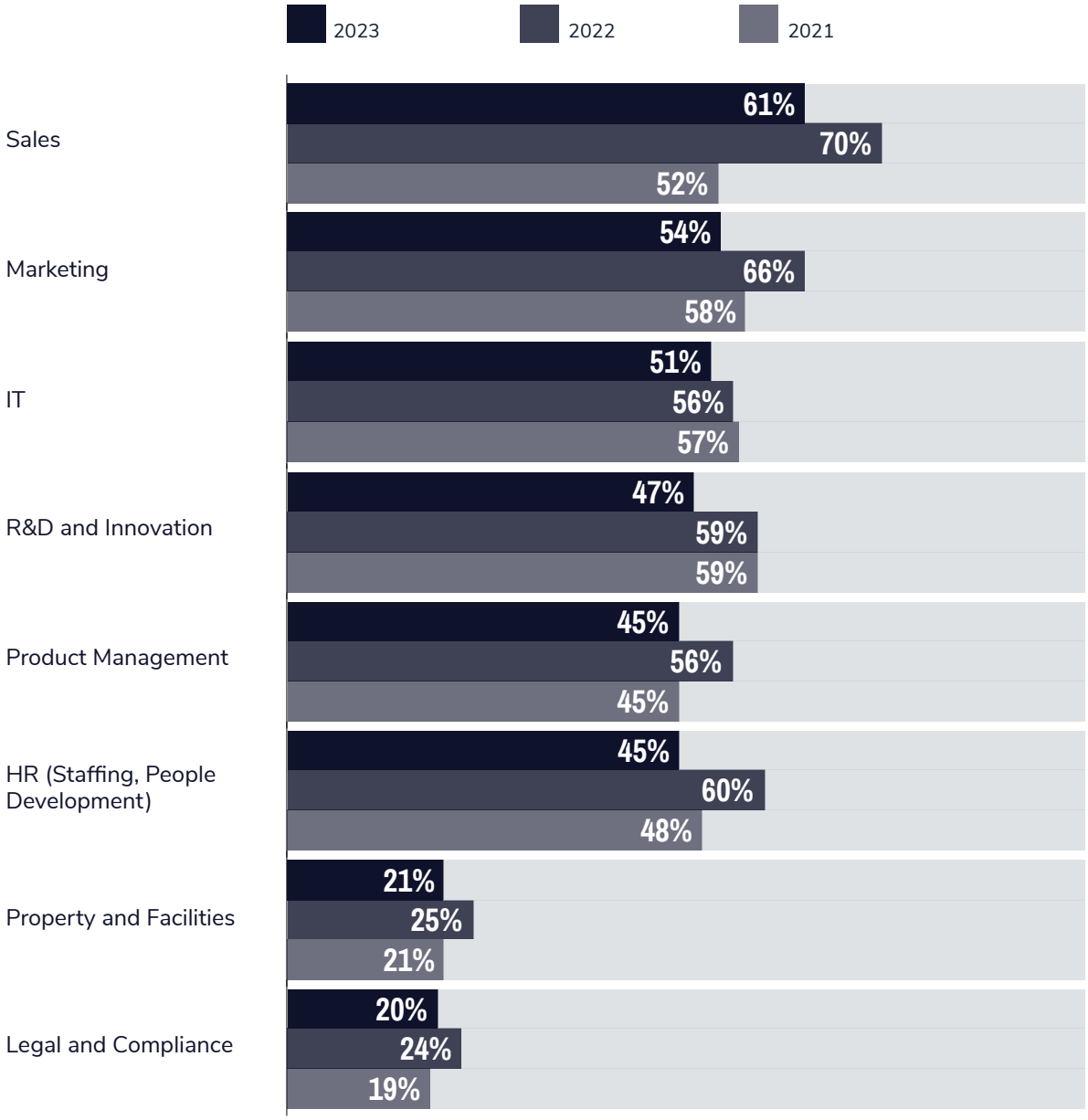
We've taken no formal steps at this time

Source: The GLG CEO Survey 2023

INVESTMENT FORECAST

Looking toward 2023, CEOs ranked “Sales” (61%) and “Marketing” (54%) as top investment areas. “HR (staffing, people, development)” saw the largest decline, to 45%, as opposed to last year’s 60%.

Compared with 2022, where will your organization’s investments in the following areas increase for 2023?

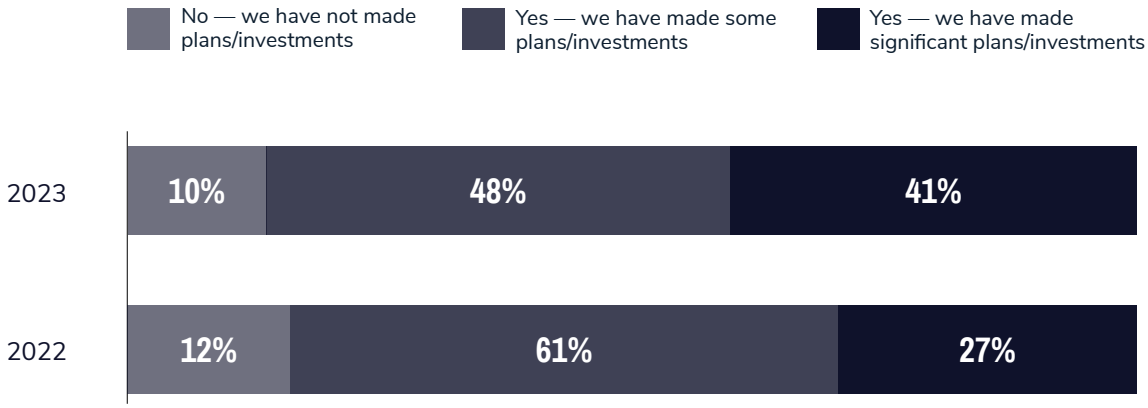


Indicated plans to increase investment in the following areas.

Source: The GLG CEO Survey 2021, 2022, 2023

When we asked our CEO panel about their cybersecurity plans, nearly 90% of our respondents said they had made either “some” or “significant” plans, statistically the same as what respondents told us last year.

Given the rise of cyberattacks in the last few years, is cybersecurity a priority for your company?



Source: The GLG CEO Survey 2022, 2023

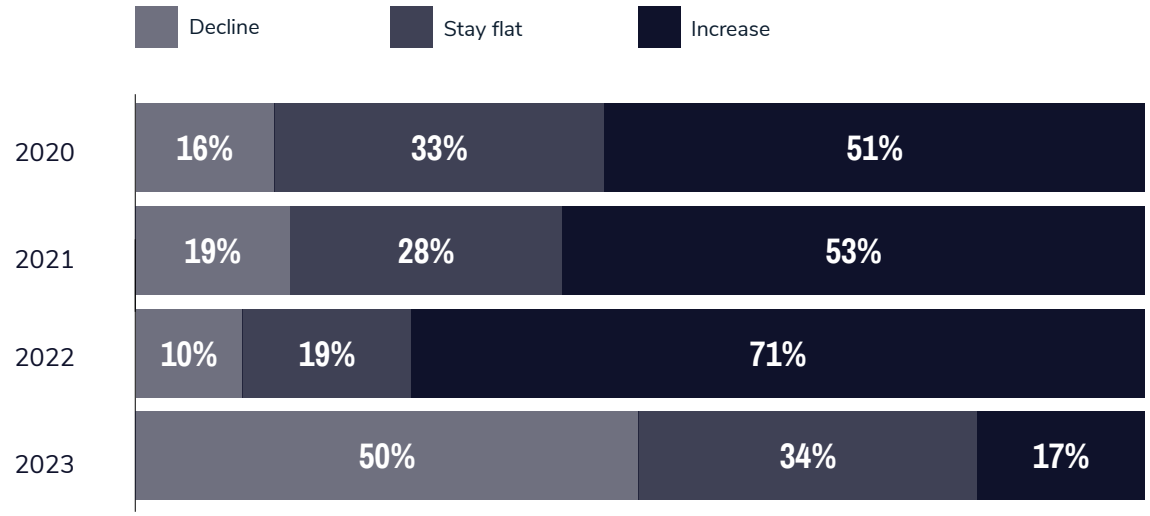
> We are more conservative in our allocations, because we don’t have that much confidence that consumers will keep spending. Right now it’s hard to do financial projections, so we need to hold on on investment until we get a clearer outlook.
>
> — Technology, Indonesia

GLOBAL ECONOMY FOR 2023

This year's CEO survey reveals a far more negative outlook than our previous surveys of 2020, 2021, and 2022. In each of those surveys, fewer than one-fifth of our respondents expected economic growth to decline. In 2022, optimism was overwhelming for growth, with 71% of respondents saying they expected an increase.

Much has happened since then, and we're now seeing a nearly complete reversal in sentiment. Exactly half of our respondents expect to see a decline in growth, while just 17% expect to see an increase.

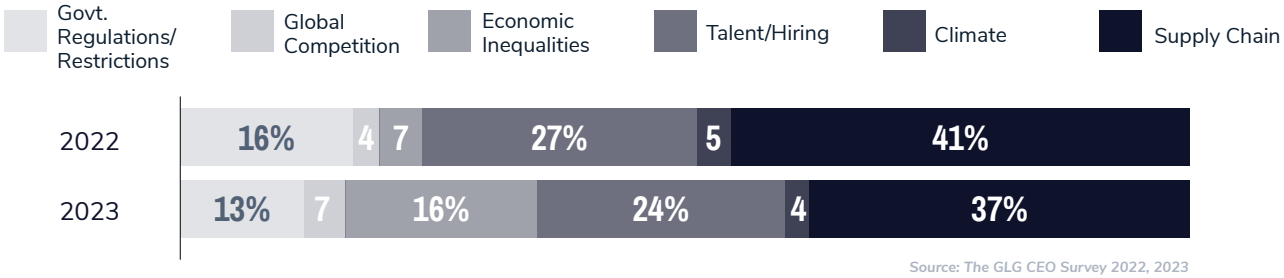
Do you believe global economic growth will increase, stay flat, or decline in the coming year?



Source: The GLG CEO Survey 2020, 2021, 2022, 2023

Earlier in this report, we saw that nearly all our respondents anticipated that supply chain challenges would have a significant impact on the economy. Like 2022, that sentiment was echoed when we compared supply chains directly with other global issues. "Supply Chain" stood out (37%) as the factor that would have the most impact on the global economy in 2023.

What do you expect to have the most impact on the global economy in the coming year?



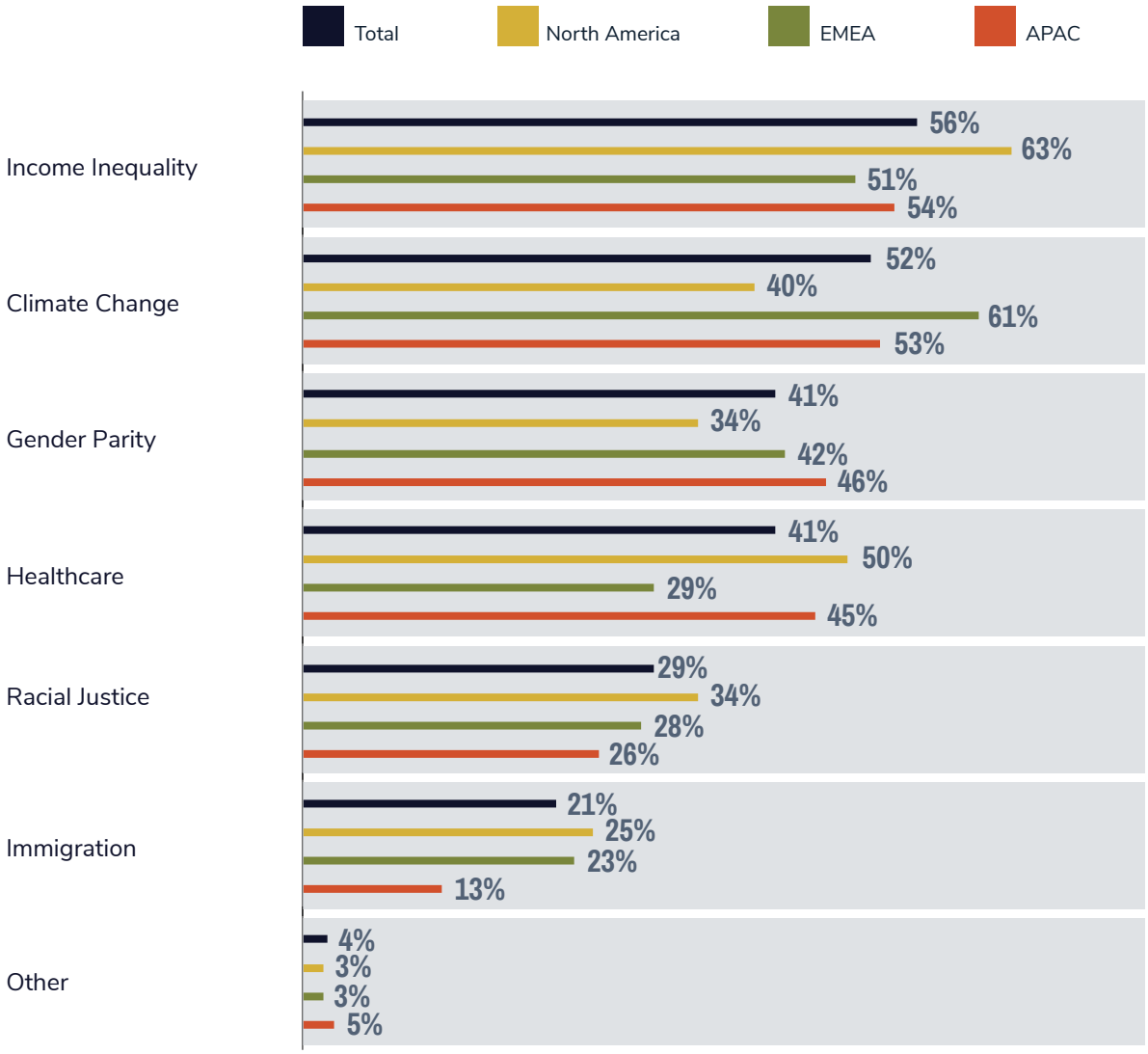
Source: The GLG CEO Survey 2022, 2023

CORPORATE RESPONSIBILITY

When we asked our CEO panel about the social responsibilities of the private sector, the majority (56%) ranked "Income Equality" as their number one issue.

Climate change also ranks high. Across North America, APAC, and EMEA, an average of 52% of CEOs said it was an area the private sector should address. This sentiment was highest in EMEA, where 61% of our respondents ranked it as their most pressing issue. For North America and APAC, "Income Equality" was the top issue, with 63% and 54%, respectively, putting it at the top of their lists.

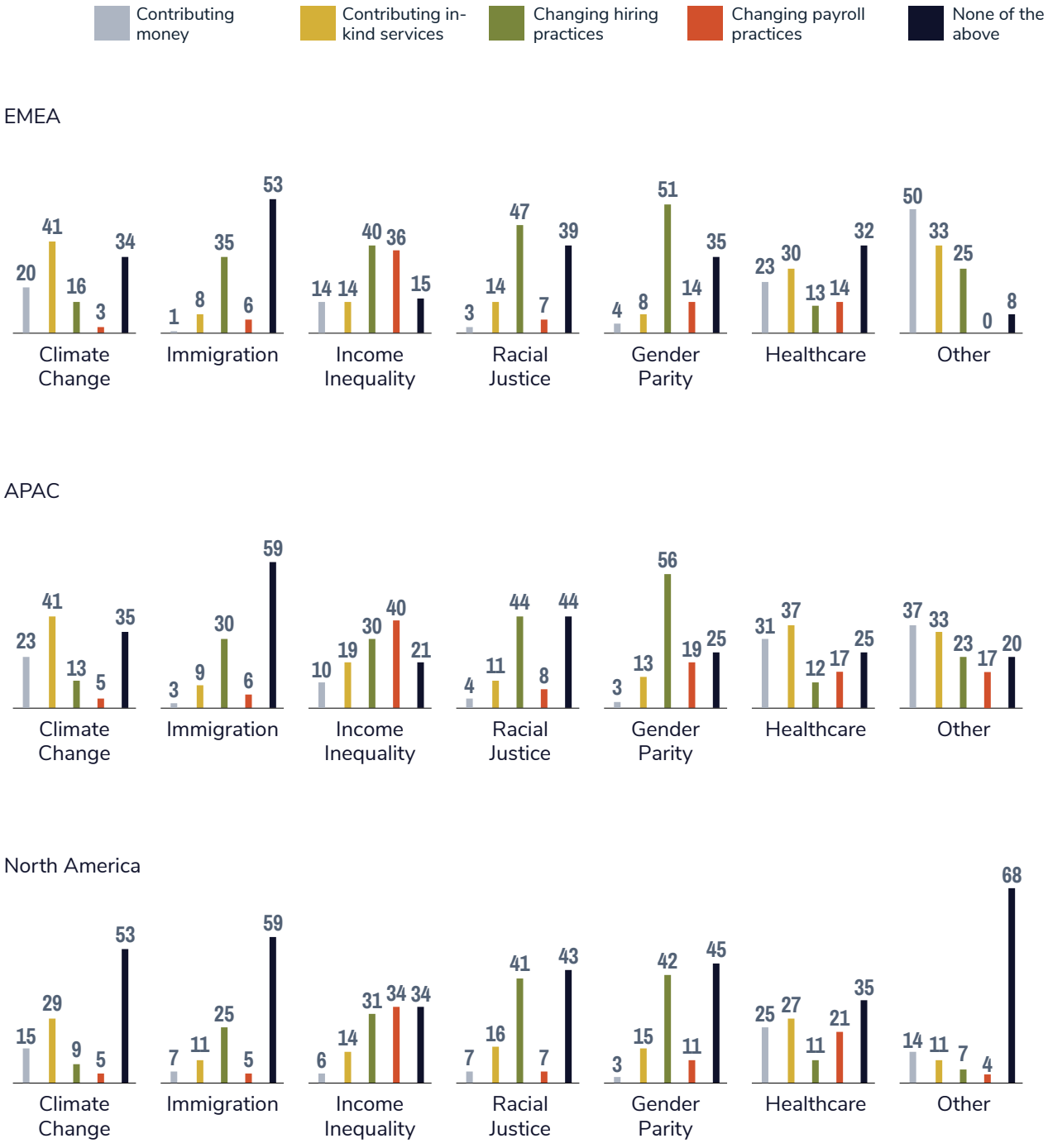
On which issues do you think the private sector in general has the greatest responsibility to contribute to advancing social progress?



Source: The GLG CEO Survey 2023

When asked whether their organizations would contribute resources to address these issues, many respondents said they would likely be doing so. In EMEA, for example, 61% of responding CEOs said they'd contribute money or in-kind services to address climate change.

On which issues is your company planning to actively contribute resources to advance social progress in the coming year?



All numbers shown as %.

Source: The GLG CEO Survey 2023

WANT TO LEARN MORE ABOUT GLG SURVEYS?

Contact us for more information.

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