Bold leadership for a sustainable future

C-suite barometer: outlook 2023

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Foreword

At the end of 2022, we surveyed more than 800 executives around the world for our annual C-suite barometer. Our research showed leaders' fighting spirit, optimism in the face of ongoing challenges and confidence to invest in and shape a sustainable future.

Our previous study revealed a high level of confidence among businesses. At the time, I argued there were two main drivers for this: a sense of relief that the worst impacts of the pandemic seemed to be receding, and the resilience that businesses had shown through a uniquely testing time – resilience that we knew would be tested again as we entered 2022.

A year on and individuals, businesses and governments have certainly been tested. Yet, whilst C-suite executives recognise the significant challenges of 2022, they remain optimistic. Encouragingly, their approach is not one of simple blind faith in the future – it's informed and courageous leadership to not only respond to events but also shape the future.

Two areas of focus come through this year: technology and sustainability. Respondents identify technology transformations and new strategies for sustainability as top strategic priorities for their business over the coming three to five years. These are also the areas they plan to invest in this year.

Encouragingly, executives feel familiar with and confident managing new technologies. And while almost all produce or plan to produce a sustainability report in the coming year, the lack of good data is still a challenge.

Energy has, understandably, been high on the agenda as businesses grapple with increased prices. So, it's not a surprise to see them moving some employees to remote working and introducing a company-wide efficiency plan to help.

But energy is not the only scarce commodity in the new economy – talented people are too. Over a third of executives acknowledge that difficulty attracting a skilled workforce could hold back the growth of their business. To win that talent, leaders believe their organisation must have a sense of teamwork and camaraderie, the quality of team members needs to be top notch, and they have to offer opportunities for career progression: work culture sits at the heart of most leaders' people strategy.

Gender diversity continues to be a challenge and true equity remains elusive in many companies. While it's encouraging to see businesses continue to evolve workplace norms and increase their focus on diversity, progress remains slow. Despite their commitments, little progress has been made in terms of gender diversity at the top level.

Businesses will face further volatility this year; they will have to be agile and may need to re-prioritise and re-focus. But companies have developed a lot of resilience since the financial crisis of 2008, which will stand them in good stead for the coming year.

Good leadership does not mean simply reacting to events. To shape a sustainable future - for both their business and wider society - the C-suite are increasingly investing in technology and sustainability. With uncertainty the norm for the foreseeable future, they need to continue to be bold today, to achieve sustainable success tomorrow.

Mark Kennedy
Partner & Group Executive Board Member, Mazars

Executive summary

The Mazars C-suite barometer is based on responses from more than 800 C-suite executives from 27 countries around the world. Conducted in late 2022, our research uncovered a sense of fighting spirit and boldness from leaders.

Whilst recognising the significant challenges of 2022 - including ongoing inflation and economic instability, high energy prices, a war in Europe and geopolitical tensions in other parts of the world as well as the lingering effects of the pandemic - respondents are optimistic about the future.

Economic trends including inflation and higher cost of living, energy prices and/or shortages and the emergence of new technologies are expected to have the biggest impact on businesses this year. Confidence managing new technologies is high, but when it comes to economic uncertainty and energy prices, confidence is much lower and they are seen as barriers to company growth.

In terms of strategic priorities for the coming three to five years, two areas of focus come through loud and clear: technology and sustainability. Transforming company technology and developing sustainability strategies top the list of strategic priorities over the next three to five years and leaders are increasing investment in these areas to ensure their organisation is fit for tomorrow. Alongside these key topics, the C-suite recognise the importance — and challenge — of attracting talent and having a diverse team. With continuing volatility for the foreseeable future, leaders will need to remain resilient and willing to re-prioritise, adapting to the market environment.

Our research shows executives are committing time, money and resources in the areas that matter most: technology, sustainability and people. In the face of ongoing uncertainty, this shows courage, with leaders making bold moves to shape a sustainable future.

86%

have a positive outlook for growth in 2023 (28% very positive, 33% positive, 25% slightly positive).

62%

consider economic uncertainty the most likely factor to hold back company growth in 2023.

32%

say transforming company technology is a top strategic priority.

29%

say revising their sustainability strategy is a top strategic priority.

Chapter one

Optimism in the face of ongoing challenges

Despite the significant challenges of 2022 - including inflation and economic instability, high energy prices, war and geopolitical tensions - the C-suite have a positive outlook for 2023. They are confident managing most trends especially new technologies; trends they are least confident managing - economic uncertainty, energy prices, geopolitical instability and scarcity of talent - are also the main barriers to growth.

Optimism in the face of ongoing challenges
Growth on the agenda

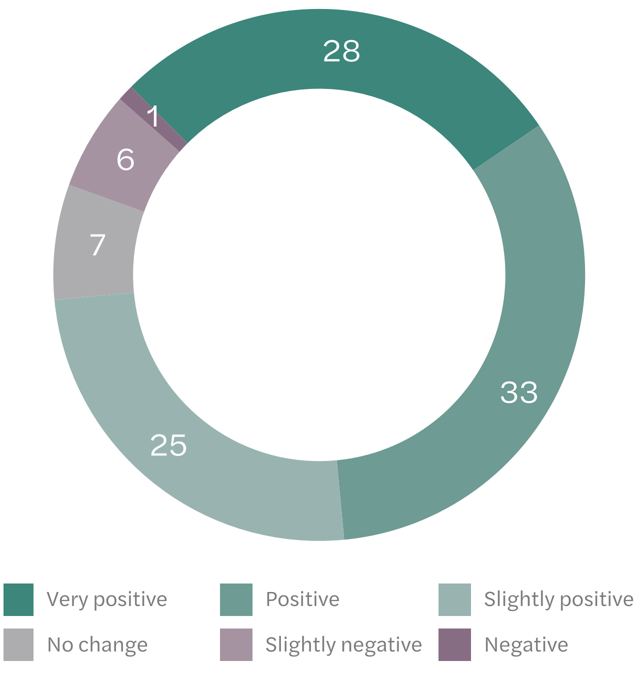
Our research, conducted at the end of 2022, shows that executives are optimistic about growth in 2023, with 86% describing their company's growth outlook as positive (28% very positive, 33% positive, 25% slightly positive). Although down slightly from the previous C-suite survey (92%), it is a marked increase from the pandemic year of 2020 (71%).

Large companies ($1bn+) are the most confident (94% positive, including 38% very positive). Regionally, leaders in Africa/Middle East and Latin America are the most optimistic with 98% (42% very positive) and 94% (37% very positive) positive respectively.

Almost half (46%) of those expecting growth in the coming 12 months, say it will be organic. Some 39% cite strategic alliances or joint ventures as the main source of their company growth. The minority (15%) expect to grow via mergers and acquisitions.

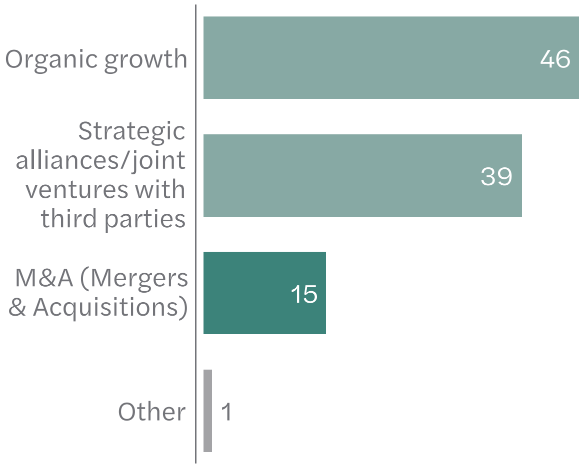
2023 growth outlook

Percentage of respondents



Most important sources of growth

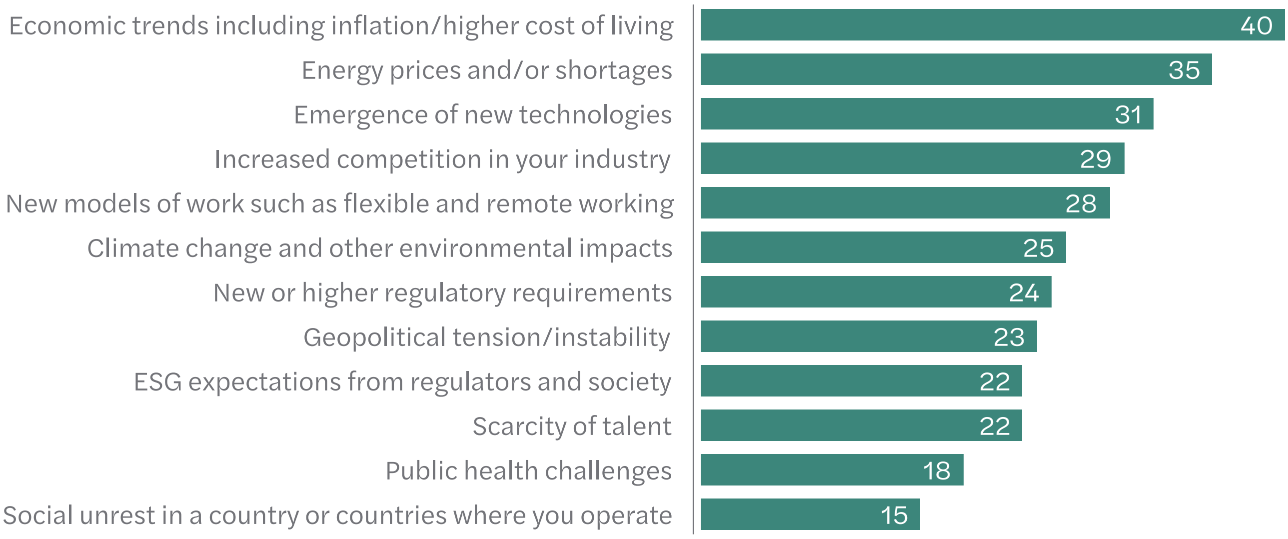
Percent of respondents expecting 2023 growth



Optimism in the face of ongoing challenges
Facing the biggest external trends

Economic trends, energy prices and new technologies expected to have the biggest impact on businesses this year

Percentage of respondents



Economic trends including inflation and higher cost of living, energy prices and/or shortages and the emergence of new technologies are identified as the top three trends that will have the biggest impact on businesses over the coming year.

So, how confident are executives in their ability to manage these trends?

When it comes to new technologies, leaders feel prepared: 93% are confident (of which 54% are very confident) they can manage the impact of this trend. However, confidence is significantly lower when looking at preparedness for economic trends (33% very confident) and energy prices (27% very confident).

Leaders are least confident dealing with geopolitical instability (23% very confident), energy prices, scarcity of talent (32%) and economic trends. These four factors are also considered the main inhibitors to growth.

The Mazars Confidence Index shows overall confidence is higher than in 2020 but lower than in the 2021 survey. Still, with ongoing uncertainty, leaders are showing bold optimism in their vision for the future.

Mazars Confidence Index

Average % "very confident" across all relevant trends

2020	2021	2022
32%	44%	37%

Top 4 factors holding back company growth

Percentage of respondents

Optimism in the face of ongoing challenges
Expert view

Agility needed to manage volatility

It's encouraging to see the optimism in this year's barometer, especially in relation to growth prospects in 2023. The real question is whether it is warranted or not.

Global economic performance this year will largely depend on the US Federal Reserve's stance on inflation, which is as much subjective as it is data-driven. Further risks to the economy include the re-opening of the Chinese economy, which will affect both supply chains and global inflation – especially if the growth it brings is abrupt.

The most significant risk for business leaders remains volatility, and it's unsurprising to see lower confidence in managing the impact of inflation and high energy costs on businesses in this year's survey.

This year is another year of great uncertainty, with a wide range of possible outcomes – the fourth such year in a row. As the world becomes more unbalanced, macroeconomic volatility is heightened. This is reflected in interest rate unpredictability, which then translates into financial market volatility. The effects of this volatility – the like of which we have not seen since the 1980s – could be significant.

We expect this volatility to last well into 2023. The deciding factor will ultimately be the Federal Reserve's stance on inflation. If it reverts to a more accommodative stance, which markets expect to see in the first half of this year, the risks could have less of an impact. On the other hand, if it chooses to dial up its fight against inflation, then the risks become not only more pronounced but also more interdependent.

The agility business leaders show in the face of this increased volatility will play a big role in whether they can deliver the growth they expect to see over the coming year.

George Lagarias
Chief Economist, Mazars

Chapter two

Embracing a digital world

C-suite executives recognise technology as an economic catalyst for their business, consider investment in this area a top priority and are confident in their ability to deal with new technologies and manage cyber risk.

Embracing a digital world

Leaders say transforming company IT/technology is the top strategic priority for their business in the coming three to five years. Alongside this they expect new technologies to have a big impact on their business and are confident in their ability to manage it. Our research suggests the C-suite are embracing a digital world: they recognise the importance of new technologies, such as AI, automation, big data and Web3, though many concede a lack of familiarity with them. Cyber threats remain an everyday reality but leaders are confident their data is protected.

32%

of businesses (the leading response) identify transforming their company IT/technology as a top strategic priority for their business over the next three to five years.

31%

cite the emergence of new technologies as a trend that will have the biggest impact on their business over the coming year.

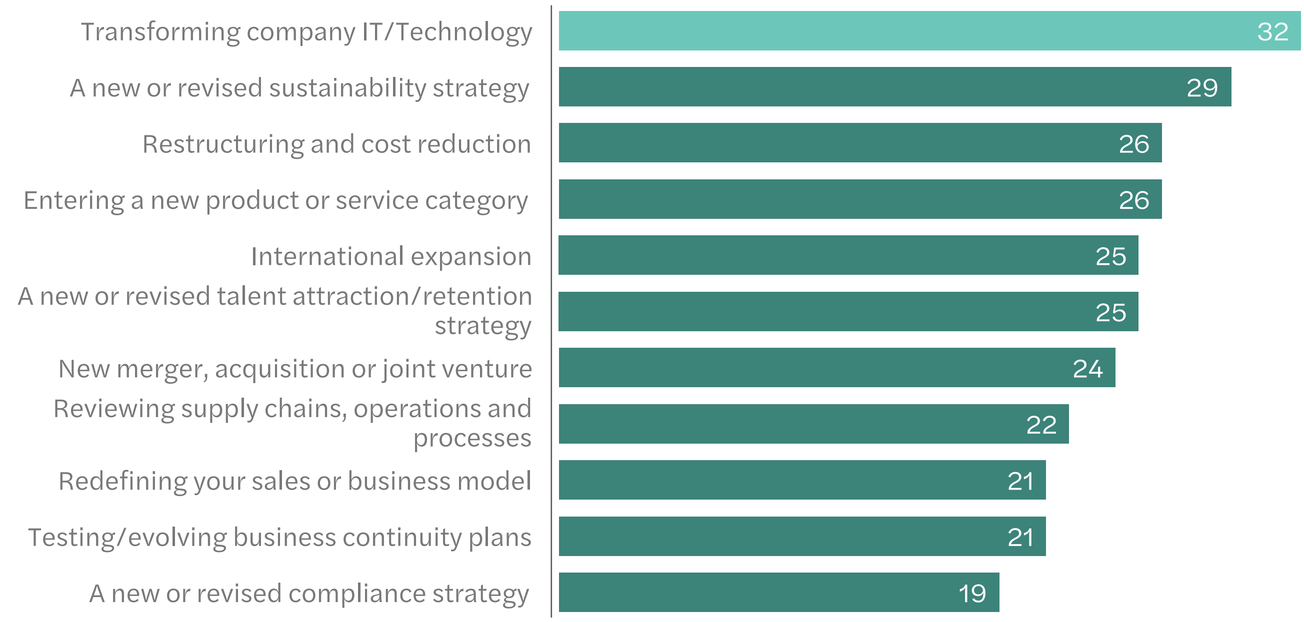
93%

are confident (54% very confident) in their ability to navigate new technologies.

Embracing a digital world
Transforming technology a top priority

Top strategic priorities over the next 3-5 years

Percentage of respondents

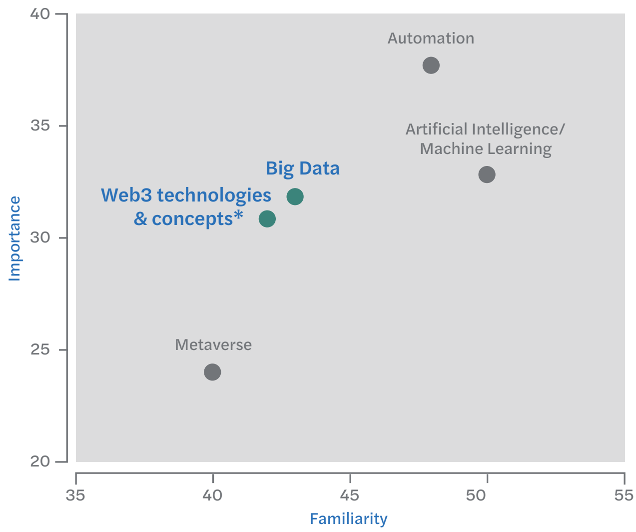


As business leaders, the C-suite must understand emerging technologies and embrace today's digital world. According to our research, executives are at least fairly familiar with the more leading-edge technologies including artificial intelligence (AI)/ machine learning (50% very familiar), automation (48%), big data (44%), Web3 (42%) and the metaverse (40%).

When it comes to understanding and exploiting these technologies, the metaverse is considered least important (24% essential), automation the most (38% essential).

Most executives recognise understanding these technologies is essential to their business, and their experience with these technologies grows as their organisation gets larger. This knowledge and familiarity drive conviction and most leaders are confident (54% very confident, 39% somewhat confident) in their company's ability to navigate new technologies.

Familiarity with emerging technologies



* for example, blockchain, smart contracts, decentralisation.

Embracing a digital world
Expert view

Implementing new technologies

There is one finding that really caught our attention: leaders reported feeling most familiar with artificial intelligence (AI). We would have expected leaders to be more acquainted with automation, which has been around for a lot longer. Several factors may explain their familiarity with AI.

First, AI is a more cutting-edge technology with many fields of application. It has the potential to be more transformative than sheer automation or big data, and it has probably been on leaders' agendas for a few years already. Second, the recent progress around foundational models and the democratisation of generative AI, via models such as DALL-E or ChatGPT, has made it even more understandable and compelling to leaders.

Whilst the barriers to entry in AI have lowered significantly, they remain high. Integrating new models into the IT environment requires significant resources, and this year's barometer highlights a correlation between the size of companies and how familiar they are with the technologies. Larger businesses are big enough to have a lot of data, more experienced teams and bigger budgets to trial and implement cutting-edge technology.

But that's where it can get tricky. Smaller businesses may have strategies to outsource everything and buy off-the-shelf solutions. But then the issue becomes how much data they are leaving to their technology suppliers and how much of the future added value will be out of their hands.

How businesses implement emerging technologies – and in what order – is very important.

Looking further ahead, one of the longer-term trends businesses should begin to think about is low-tech. Sustainability issues will drive people to use less technology and question its use. For businesses, that will mean really taking into account what their technology and digital footprint is and including it in the decision-making process. For IT leaders, it will mean balancing FinOps and GreenOps, a topic we are passionate about at Mazars.

Claire Cizaire
Chief Technology and Innovation Officer, Mazars

Embracing a digital world
Meeting the cyber threat

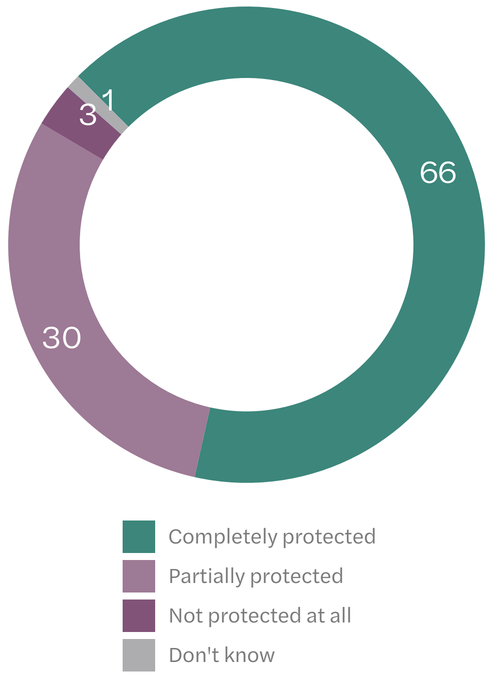
In today's digital world, cyber security and data protection have become priorities for most organisations. Cyber threats are complex and often costly challenges that few companies can afford to ignore. Our research shows executives believe they can meet this threat. Some 96% describe their data as protected: 66% say it is completely protected, while a further 30% say it is partially protected. Leaders in North America are most confident, with 77% stating their data is completely protected.

> "No matter how well an organisation believes its data is protected there is always the risk of a breach, so businesses need to be ready."

Jan Matto, Partner, Mazars

Executives are confident their data is protected

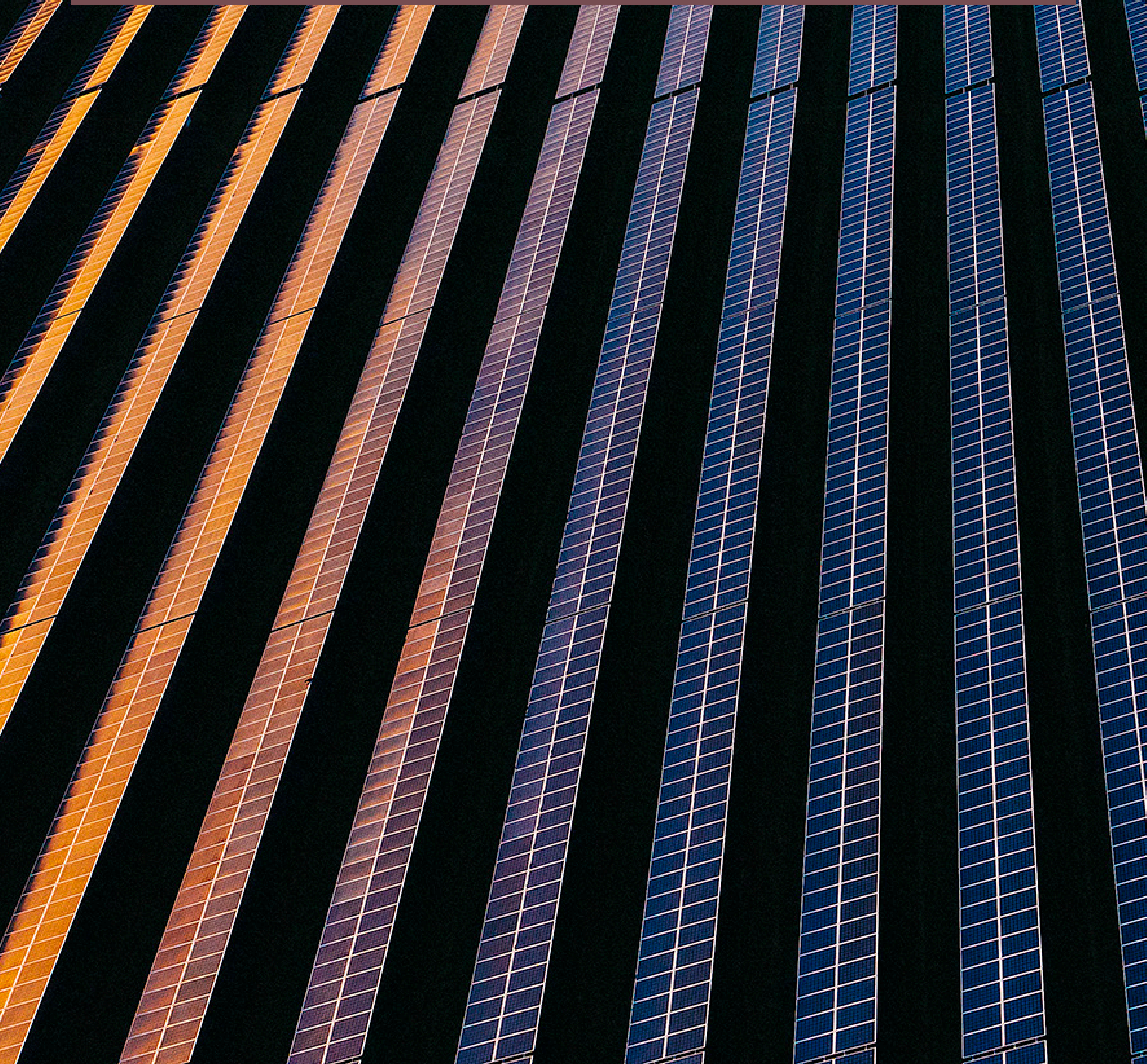
Percentage of respondents



Chapter three

Investing in a sustainable future

Sustainability stands as one of the top two strategic priorities for the C-suite over the next three to five years, along with technology. Leaders are showing their commitment to shaping a sustainable future, with over two thirds planning to increase investment in sustainability initiatives.



Investing in a sustainable future

A new or revised sustainability strategy is a top strategic priority for the C-suite, second only to transforming company technology. Most businesses already produce a sustainability report, with another quarter planning to in the coming year. For those that are already reporting, data quality and tracking remain the main challenges. Our research suggests leaders are keen to act now to shape a better future, with more than two thirds planning to increase investment in sustainability.

29%

say a new or revised sustainability strategy is a top strategic priority for the coming three to five years - second only to transforming company technology.

68%

of businesses are planning to increase investment in sustainability initiatives – up 20 points from our research in 2020 (48% in 2020/75% in 2021/68% in 2022).

65%

of respondents already produce a sustainability report and a further 25% plan to in the next 12 months.

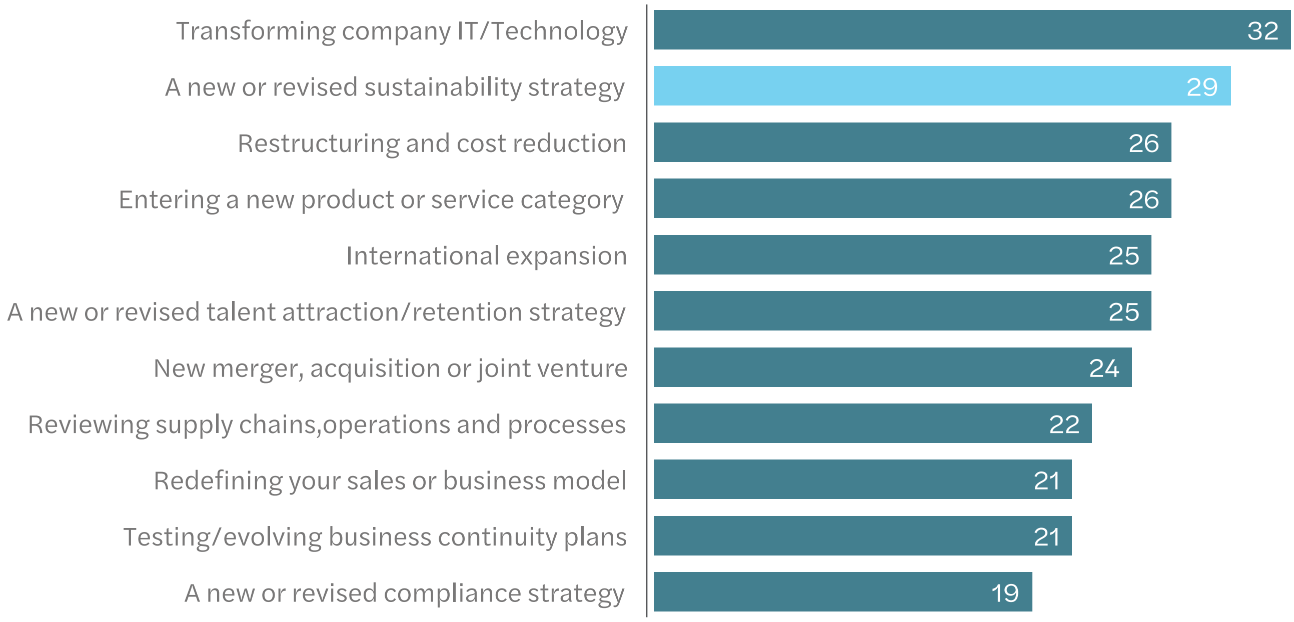
Investing in a sustainable future
Revising sustainability strategy a top priority

The C-suite have sustainability firmly on their agenda for today and tomorrow: some 29% identify a new or revised sustainability strategy as a top strategic priority - second only to technology at 32%. In Europe, a new or revised sustainability strategy is the number one strategic priority over the next three to five years.

Evidently, leaders recognise the importance of investing in sustainability – for the future of their organisation, the economy and the planet – and the steps they are taking show they are not just reacting to events as they happen, but are trying to shape the future.

Top strategic priorities over the next 3-5 years

Percentage of respondents



Investing in a sustainable future
ESG reporting

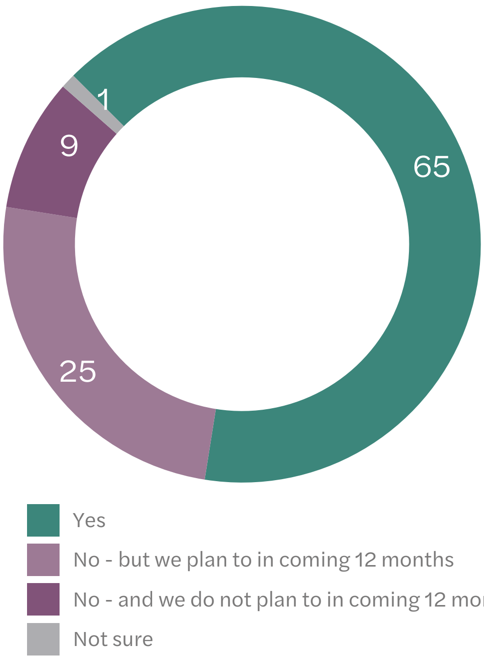
Executives' commitment to sustainability is more than an investment strategy; this commitment means reporting on sustainability and other ESG standards accurately and transparently.

Most businesses (65%) already produce a sustainability report and a further 25% plan to in the coming 12 months, meaning nine in 10 are either currently producing a report or planning to. Europe and CEE/CIS lag other regions with 59% and 61% respectively currently producing a sustainability report versus 70% or higher in AME, the Americas and Asia Pacific.

When it comes to readiness for ESG reporting, just over a third of businesses (36%) report being completely ready. Africa/Middle East lead the pack with 42% claiming to be completely ready, followed by North America (40%), Latin America (39%), Europe (36%), Asia Pacific (34%) and CEE/CIS (17%). Whilst there's light regulation in most regions, the Corporate Sustainability Reporting Directive (CSRD) that will apply to large companies based in the EU from 2024 is the most significant.

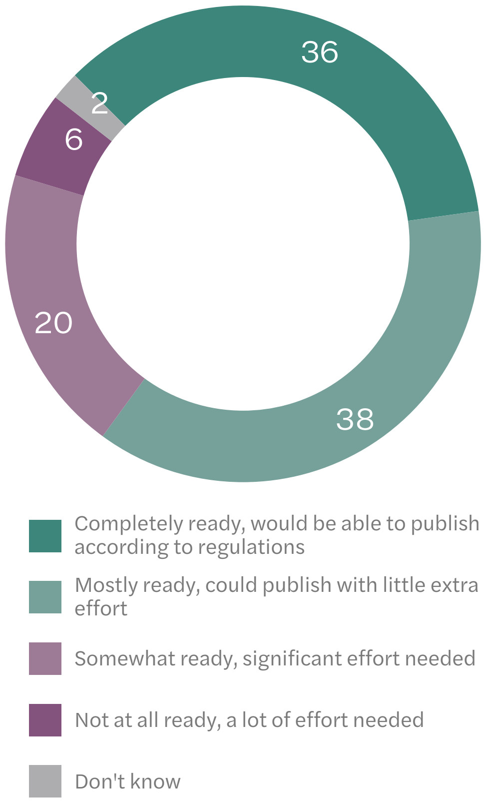
Most businesses produce a sustainability report

Percentage of respondents



Readiness for ESG reporting

Percentage of respondents

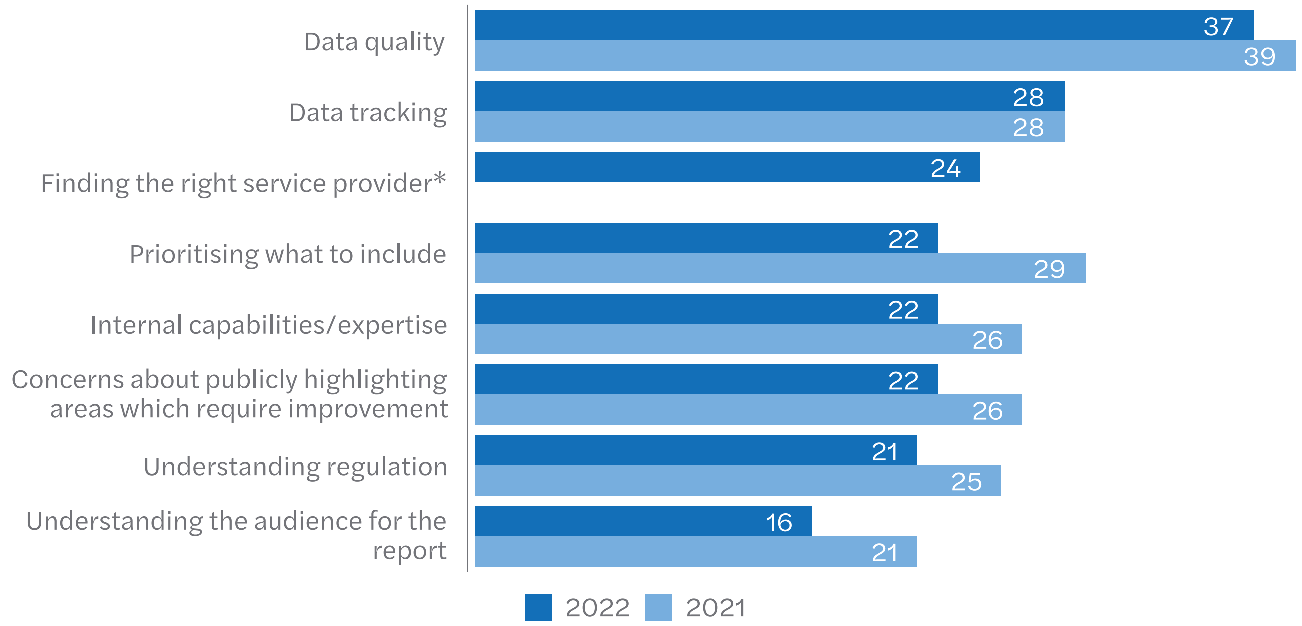


Investing in a sustainable future
The data challenge

This commitment to reporting is not always easy to action. The inability to collect and track good data continues to undermine reporting efforts with respondents identifying data quality (37%) and data tracking (28%) as the two main challenges they face when producing a sustainability report. These data challenges came through in last year's barometer too, suggesting limited progress has been made.

Data remains the main challenge in reporting

Percentage of respondents whose organisation produces a sustainability report

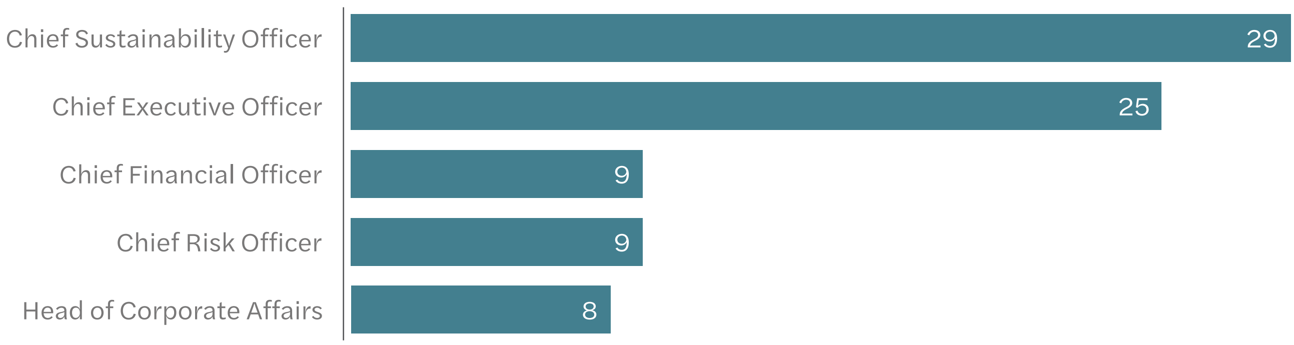


* New option in 2022 research

Nearly a third (29%) of respondents say their Chief Sustainability Officer is responsible for sustainability reporting in their company. In many organisations the remit of the CEO extends to ESG reporting, with a quarter of businesses saying the responsibility for delivering the report rests with the CEO.

Current reponsibility for ESG reporting

Percentage of respondents



Investing in a sustainable future
Expert view

Is ESG still struggling to find a home?

It's surprising to see the number of companies producing a sustainability report only marginally increase over the past year. That's because a quarter of businesses we surveyed last year indicated that they planned to start reporting in the next 12 months. That has not translated into this year's results, where we would expect to see an uplift of more than just 2%.

Often a lack of in-house capability is the biggest challenge. For a lot of businesses, there is still a question of ownership – that is, who is actually responsible for overseeing sustainability reporting? Whilst it's encouraging to see nearly a third of companies already have a dedicated Chief Sustainability Officer, the fact that ESG reporting sits with the CEO in a quarter of other businesses suggests there's still a lack of maturity. It's important for CEOs to be driving the sustainability agenda and ensuring relevant ESG topics have been identified and embedded into the business strategy and operations, but it may not be very effective to have the CEO responsible for ESG reporting.

In terms of readiness for ESG reporting, the speed of development of regulation and the lack of frameworks in some jurisdictions plays a part. There's less regulation in Africa and the Middle East, which probably explains why they're closer to being ready to report. Whilst there's light regulation in most places, the Corporate Sustainability Reporting Directive (CSRD), which will apply to large companies based in the EU from next year, is the most significant. To see that just over half of large companies in Europe are "completely ready to report" is encouraging, perhaps even surprising – but it also means that just under half are not and time is running out.

The overriding message from the survey is that ESG is still struggling to find a home. There's progress being made, but it's not going as far as it should. Companies still at the early stages of their journey should remember to start with understanding which topics impact their business the most and set plans for those before jumping into reporting. Reporting is an output, not the end goal.

Chris Fuggle, Head of Sustainability, Mazars

Chapter four

Recognising the importance of diversity and talent

Great people make great companies. That business maxim is as old as business itself and in the current economy, it has even more weight. The C-suite recognise the importance of attracting and retaining talent, accepting that an inability to do so can hold back their company's growth. Gender equality remains on their agenda but progress is slow.

Recognising the importance of diversity and talent

A quarter of businesses identify a new or revised talent strategy as a strategic priority, and the lack of a skilled workforce is considered a barrier to company growth. To tackle this and attract the talent they need, the C-suite are looking to improve teamwork/camaraderie, the quality of team members and offer more opportunities for career progression. Gender diversity remains a priority, with equality on top management's agenda in most cases. Yet, despite more than half now having a dedicated gender, equality and sexism programme in place, only 44% of C-suites boast 30% women among their top strategic decision-makers.

28%

say difficulty recruiting a skilled workforce is a factor holding back their company's growth.

33%

regard equality and the advancement of women as a top three management priority.

53%

have a dedicated programme on gender equality and sexism – a 12-point increase on last year.

78%

of business leaders that have a gender equality and sexism programme are financially incentivised to do so.

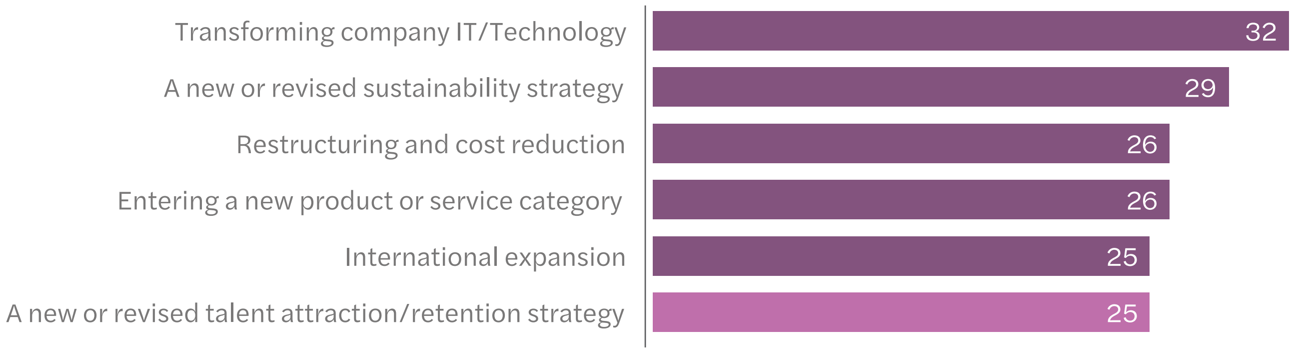
Recognising the importance of diversity and talent

Scarcity of talent

Although talent scarcity is not seen as the biggest issue globally right now, executives know that not having the right talent can hold their company back: over a quarter (28%) rank difficulty in recruiting a skilled workforce as one of the leading factors holding back their organisation's growth, behind only economic uncertainty, energy costs and geopolitical instability. Attracting talent is a high priority with a quarter focusing on it over the coming three to five years.

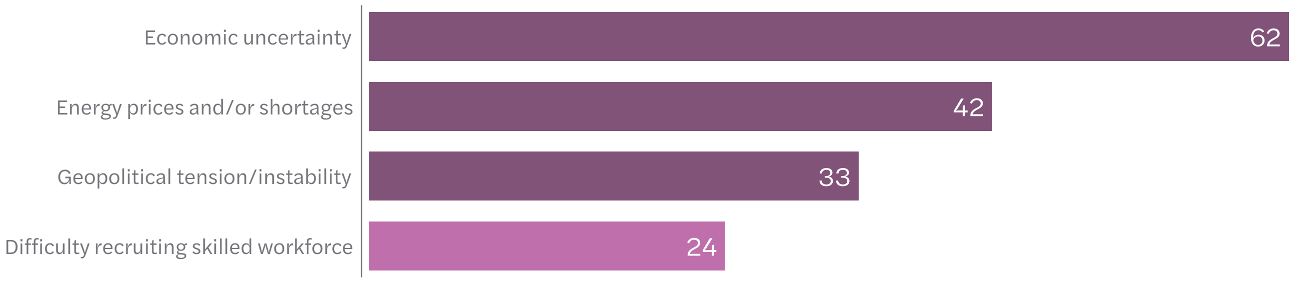
Top strategic priorities over the next 3-5 years

Percentage of respondents



Alongside economic and geopolitical factors, difficulty recruiting a skilled workforce is holding back company growth

Percentage of respondents

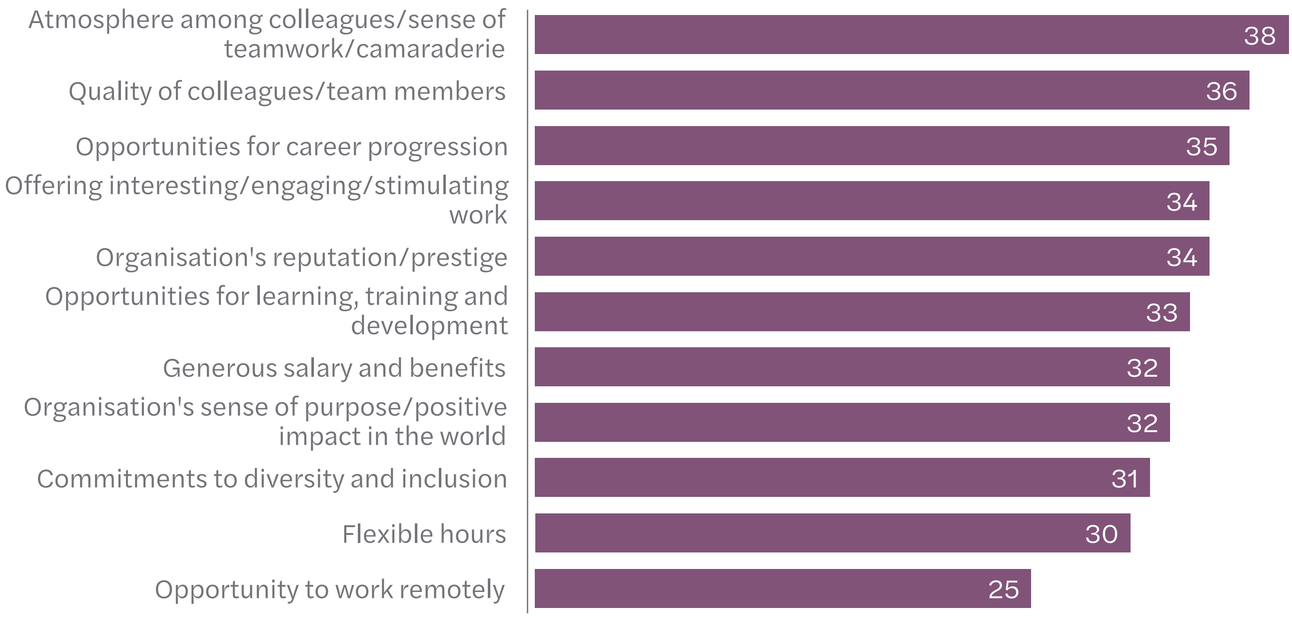


Recognising the importance of diversity and talent
Focus on people and work culture

Businesses are looking at their work culture to attract the right talent. C-suite executives believe teamwork/camaraderie, quality of team members and opportunity for advancement are the most vital ingredients for attracting the best people to their organisation. The working atmosphere among colleagues is especially important in Latin America where 57% deem it essential to attract talent. Getting the right balance between remote working (90% allow at least some form of remote/flexible work) and the need for an atmosphere of teamwork and camaraderie will be vital in attracting and retaining the best people – and ultimately for the sustainable success of a business.

Attracting talented employees

Percentage of respondents



Recognising the importance of diversity and talent

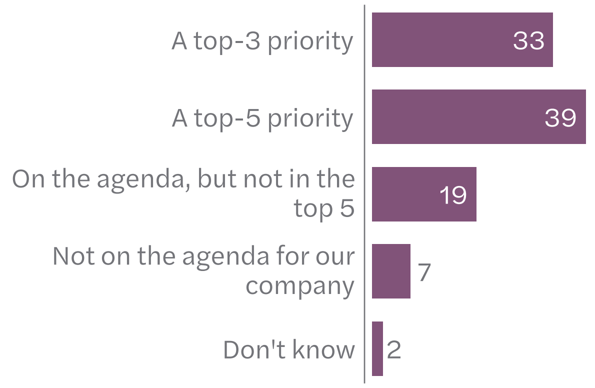
The commitment to – and challenge of – gender equality

The vast majority of leaders (91%) say gender equality and the advancement of women is on their organisation's top management agenda – 33% consider it a top three priority – yet true equity remains elusive in many companies.

To drive this forward, around half (53%) report having a dedicated programme on gender, equality and sexism in place (up from 41% last year). But, despite the investment and commitment, there is no real progress in gender balance at the top level. Only 44% of C-suites boast over 30% women among their top strategic decision-makers, virtually unchanged from the last two years (45% in 2021, 41% in 2020).

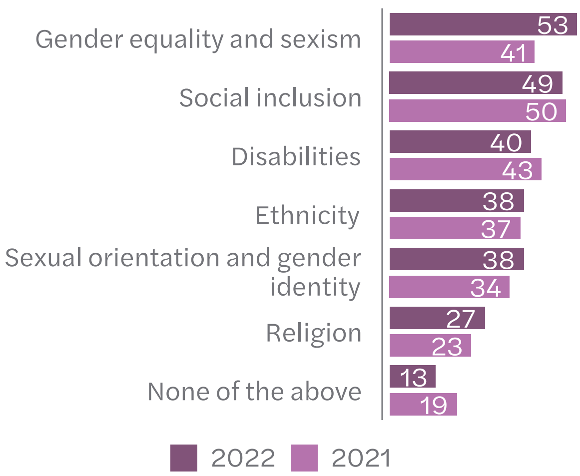
Extent to which gender equality and advancement of women is on top management's agenda

Percentage of respondents



Dedicated programmes on D&I issues

Percentage of respondents



Recognising the importance of diversity and talent

Expert view

The corporate elevator is not working for women

There are two ways of looking at this year's results. On the negative side, women account for less than 30% of the leadership in a majority of companies (56%). On the flipside, 44% of businesses report that women represent 30% or more of their leadership. Regardless, considering that women make up over 50% of the world's active population, and nearly two thirds of graduates, we should expect to see women fairly represented in companies' top management.

In February 2022, women represented only 22% of the executive committees of STOXX Europe 600 companies, and just 7.5% of these companies had women CEOs. In 2021, Fortune announced a record number of 23 women CEOs heading the top 500 globally ranked companies. These numbers remain low despite some progress since 2020.

The facts speak loud and clear: women are vastly underrepresented at the top of companies, and the status quo is not acceptable. We have women in the talent pool, but not in key decision-making positions. When the problem is not at the source, one has to look at the process: the corporate elevator is broken – or rather, it never worked for women.

This has been the case historically and whilst there has been progress, it is not enough. The only significant progress in the past decade has been in countries and regions where quotas on non-executive boards have been introduced. Europe is a great example of success in this area, and governments must continue to put in place mechanisms to help women participate at their full potential. The barriers are well known: women worldwide are much more likely than men to do unpaid work caring for children and family, which creates a penalty for them to succeed in the traditional corporate pathway; and cultural and societal biases persist which prevent women's advancement to key decision-making positions.

Our Myths and barriers preventing the progression of women report, which we wrote last year in partnership with the Observatory for Gender Balance, sheds light on some of the issues holding back progress, and explores stereotypes and biases linked to the perceived role of women in society.

Beyond what government can do to help change the situation, corporations have a role to play, too. To significantly move the needle, leaders have to be more than just willing to tackle gender diversity. They have to ensure that it is a top strategic priority on the executive committee agenda and that there is a clear roadmap for change. They have to fix the corporate elevator in order to improve business performance and organisational health. It is therefore disappointing to see that only a third of businesses in our sample identify gender diversity as a top-three strategic priority. If it is not set as a priority, then change will not happen.

To make change happen, businesses have to set clear targets, understand where the issues are and put in place action plans to address the gaps. To do that effectively, they must educate their people, review HR processes and policies, and incentivise management teams on the basis of concrete achievements – on that note, it is encouraging to see 78% of the C-suite incentivised in this way.

It is also encouraging to see that ensuring gender diversity and tackling sexism are the top priority of the D&I programmes leaders have in place – and that this has seen a significant jump compared to last year (from 41% to 53%). This is a clear indication that gender diversity is no longer just seen as a soft topic – it's a performance topic, too.

In a world where talent is becoming a scarce resource, not being able to capture over half of the talent pool puts a company at a disadvantage. The companies that will win the talent war are the ones that offer equal opportunities to all the talent, including those who may not fit into traditional categories and leadership models.

Addressing the gender gap is a necessary step, one which will foster a better and more inclusive workplace for everyone.

Cécile Kossoff
Global Leader for Diversity and Inclusion

Methodology

Mazars, in partnership with GQR Research, surveyed **832 C-suite executives at for-profit organisations** for its annual C-suite barometer. The fieldwork was conducted via online panels between 9 November and 14 December 2022.

Job role		Industry (largest show)		Annual revenue (USD)	
CEO, Chairman, Board	513	Technology & Telecoms	177	$1m-$100m	333
Other C-suite executive	319	Financial Services	157	$100m - $1bn	223
		Automotive & Manufacturing	109	$1bn+	276
		Retail & Consumer Products	92		

Region	Country	Sample	
Africa & Middle East	Egypt	10	72
	Kenya	10	
	Morocco	10	
	Nigeria	10	
	South Africa	22	
	United Arab Emirates	10	
Asia-Pacific	Australia	25	145
	China	50	
	Hong Kong	20	
	Japan	30	
	Singapore	20	
Central & Eastern Europe/CIS	Austria	10	64
	Poland	20	
	Romania	24	
	Slovakia	10	

Region	Country	Sample	
North America	Canada	25	100
	United States of America	75	
Europe	France	60	361
	Germany	60	
	Ireland	10	
	Italy	60	
	Netherlands	51	
	Spain	60	
	United Kingdom	60	
Latin America	Brazil	20	90
	Chile	20	
	Mexico	50	
Global business sample		**832**	

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