



Bold leadership for a sustainable future

APAC C-suite barometer: outlook 2023

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Foreword

Following three years of pandemic woes, the world is finally transitioning to normalcy. In Asia Pacific (APAC), one of the last regions to reopen, the positive effects of the transition have been palpable. Some of these are partly reflected in our latest annual C-suite barometer.

Our C-suite barometer gives valuable insight into the key issues on the agenda of business leaders, as well as the latest trends and ongoing challenges they face. By understanding C-suite executives' concerns, viewpoints and actions, we will be better equipped to help our clients grasp opportunities, make better business decisions and achieve their goals.

We conducted a C-suite barometer that probed over 1,000 C-suite executives from around the globe. Among them were 145 from APAC.

Our findings point to a generally positive sentiment among business leaders in the region. Having weathered through the Covid-19 pandemic, the majority of businesses are confident of their growth prospects in the year to come. That is not to say everything is smooth sailing. There is no shortage of challenges in the external environment. C-suites in APAC are aware of these issues and are proactively taking steps to tackle them.

Inflation, driven mainly by rising energy prices, stands out as the major challenge facing APAC executives. These leaders are apparently taking that in their stride. For one thing, they are implementing a variety of measures to mitigate the impact of higher costs. Besides, oil prices are showing signs of bottoming out and, therefore, it is widely expected that energy costs worldwide will go down soon.

On the technology front, businesses operating in APAC are keenly aware that transforming company IT and technology and understanding emerging technologies are the way to go in the few years to come if they want to stay competitive in their industry. Nevertheless, our study shows that compared with the global average, APAC businesses are less familiar with Web3 technology, which is now entering the mainstream. In this regard, they may have some catching up to do.

In terms of cyber security risks, APAC organisations show a high level of confidence in their own ability to cope. While such risks are perceived to be on the rise, many C-suite leaders believe their companies' data is fully protected and that they will not fall victim to a significant data breach in the near future. In our study last year, APAC companies also displayed a similar level of confidence. Nevertheless, when it comes to data security, leaders should be mindful not to rest on their

laurels, given that data breaches can have far-reaching consequences, not only in terms of short-term losses and reputation damage, but also long-term financial performance.

Environment, social and governance (ESG) factors have become an integral part of companies' business strategy, and new regulations are being prepared or have become effective in different parts of the globe. A vast majority of APAC businesses feel that they are ready for ESG reporting. This confidence may stem partly from the fact that many of them already have the experience of disclosing their actions and achievements in ESG - compared with their global counterparts, notably more APAC companies produce sustainability reports at present.

The pandemic has in various ways changed permanently how businesses operate. Remote working is here to stay, engagement with certain clients has shifted to remote channels and IT security enhancement plans have become all-important. For many C-suite executives working in the APAC region, there are challenges arising from these changes, especially around remote working. It will take time, as well as well-thought and practical measures, for businesses to adapt to the new normal and thrive.

Looking ahead, the external environment is no less uncertain. Even as inflation is displaying signs of receding, it is doing so from a three-decade high. Meanwhile, geopolitical tensions may weigh on economic activities. Nonetheless, in the post-Covid era there are also immense growth opportunities. As a trusted partner, Mazars is well-positioned to help businesses seize new opportunities and unlock their growth potential. Through our audit and advisory services, we help our clients build and grow their businesses with confidence, and support them to navigate transitions and challenges ahead. We look forward to continuing to fulfilling our commitment in the years to come.



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Positive outlook despite challenges

Executive summary

Our research reveals a generally positive business outlook among business leaders in the region. While there is no shortage of challenges, including inflation and high energy costs, APAC executives are confident of their growth prospects in the near future, and they are proactively taking steps to tackle ongoing challenges, while building up their IT resilience in the medium term by giving priority to transforming company IT and technology.

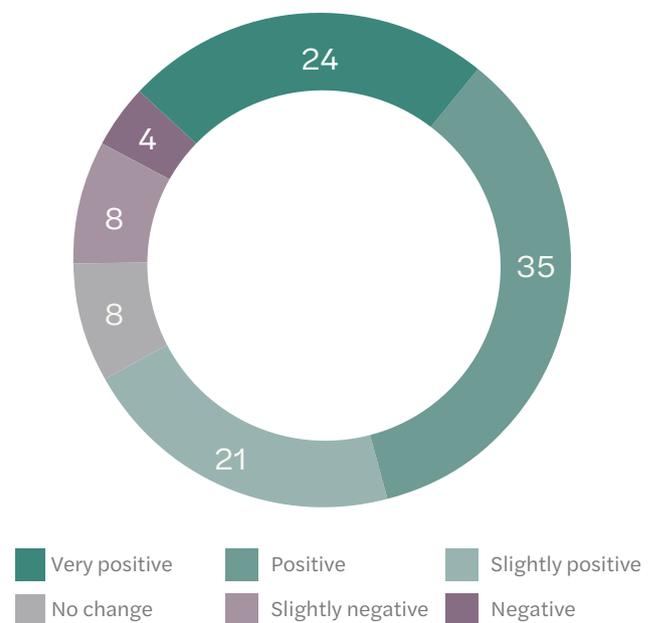
The vast majority of businesses in APAC (83%) saw an increase in revenue in 2022 from the previous year. Looking ahead to 2023, about the same percentage (81%) are positive about their growth prospects, which is 5% lower than the global average (86%) but still a significant majority.

More than one-third of C-suite executives (36%) regard transforming company IT and technology as their top strategic priority over the next three to five years, compared with 32% of leaders globally.

Economic trends including inflation (40%), as well as energy prices and shortages (37%), are the factors believed to have the biggest impact on APAC businesses in the year to come. Increased industry competition is ranked the third biggest trend by 35% of respondents, which is 6% higher than the global sample (29%), suggesting that competition is particularly keen in the APAC region.

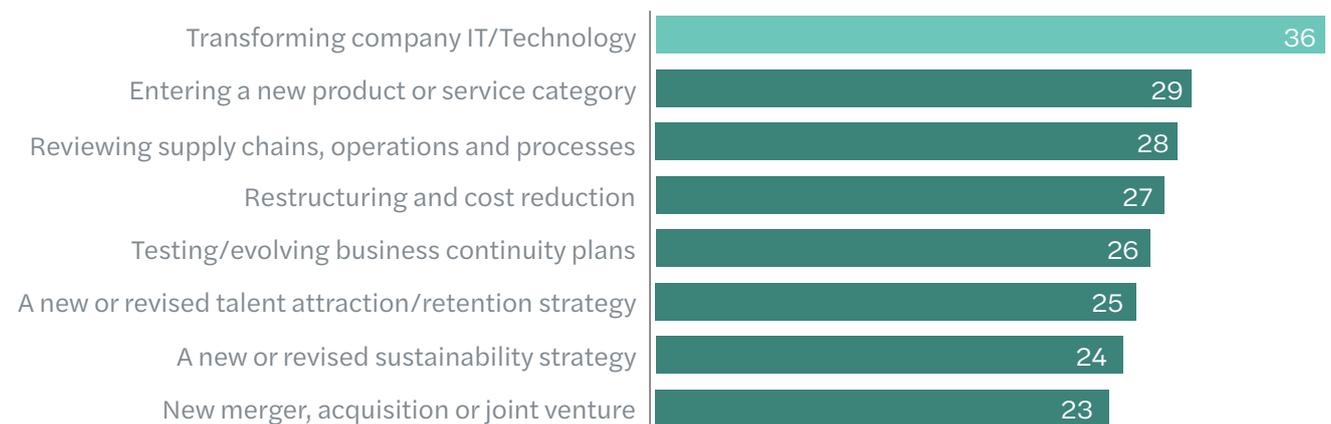
2023 growth outlook

Percentage of APAC respondents



Top strategic priorities over the next 3-5 years

Percentage of APAC respondents



Rising and falling energy bills

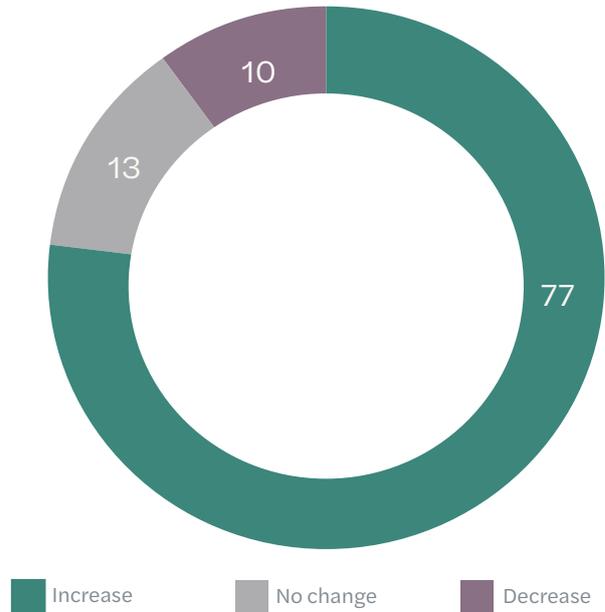
In APAC, more than three-quarters of executives (77%) believe their organisations will face higher energy costs during 2023. Those who expect such costs to rise “significantly” amount to 54%, which is seven points higher than the global average (47%).

Nevertheless, nearly half of the APAC respondents (47%) anticipate that energy costs worldwide will return to their approximate pre-2022 level by the end of 2023, which is similar to the global sample (49%).

Meanwhile, many companies have taken or will take actions to combat the challenge of high energy costs. Among the most common measures are implementing a company-wide energy efficiency plan (42%) and switching some employees to remote working (37%). Compared with their global counterparts, APAC executives seem less keen to seek government support on energy costs - only 20% have opted for such an option, compared with the global average of 32%.

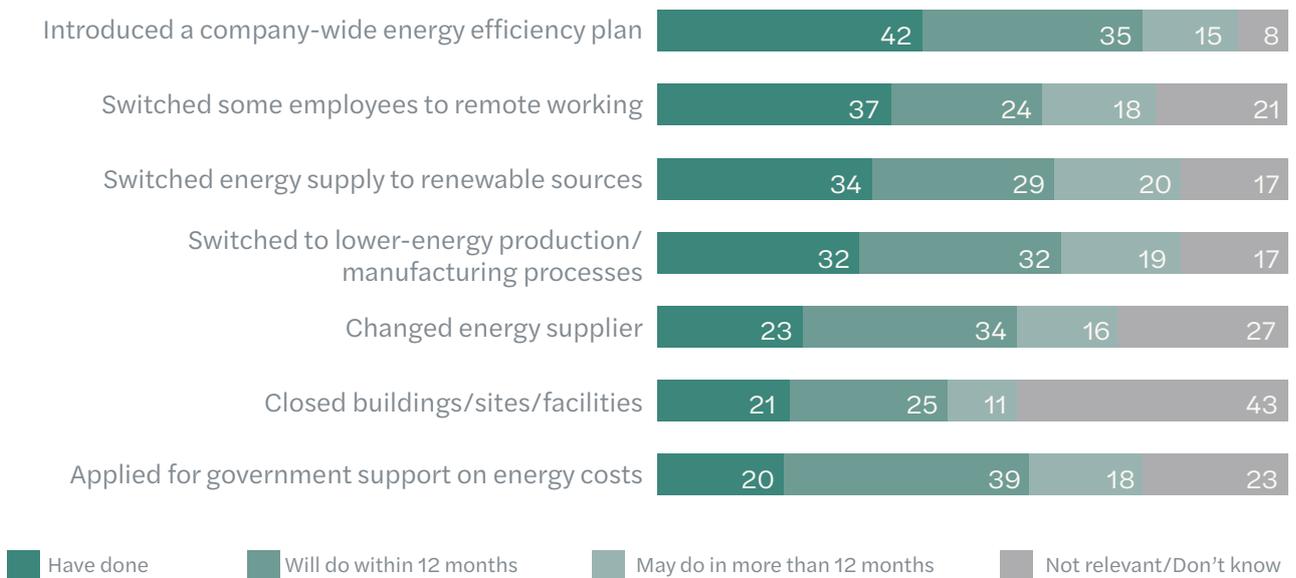
Expected change in energy costs for 2023

Percent of APAC respondents



Actions taken on cost of energy

Percent of APAC respondents

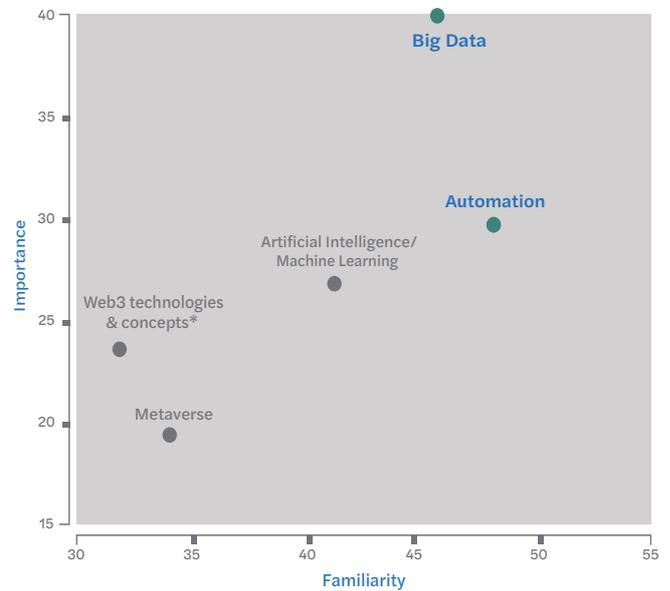


Understanding emerging technologies

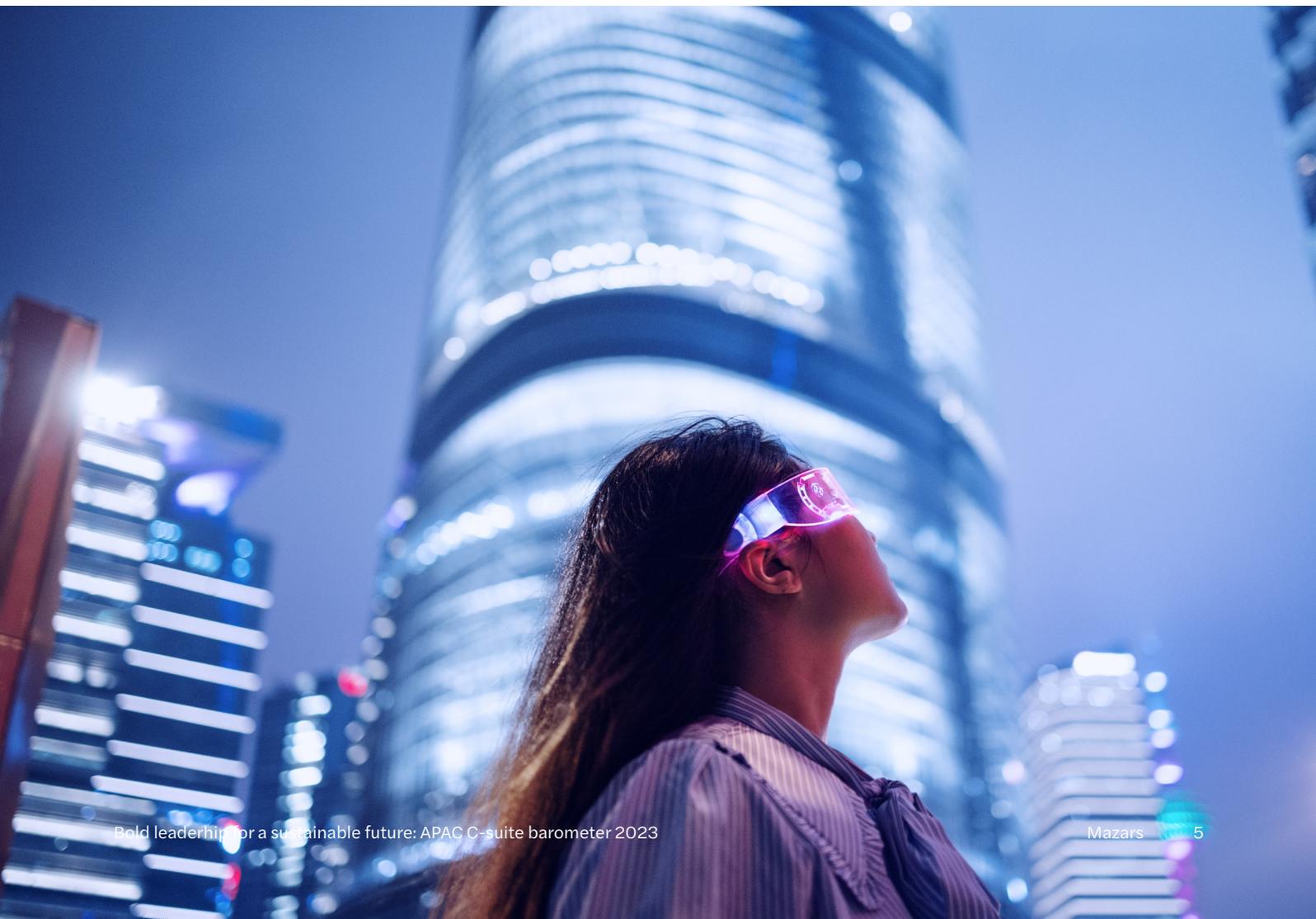
Understanding emerging technologies is essential for organisations to thrive and stay competitive. Apparently APAC business leaders are acutely aware of this. The vast majority are very or quite well-versed in automation (87%) and big data (85%). By comparison, the metaverse (77%) and Web3 technology (79%) are the least familiar territories, but the percentage is still objectively high.

To a large extent, the APAC respondents' level of familiarity with emerging technologies is correlated to how much importance they attach to such technologies: respectively 40% and 30% deem big data and automation essential for their organisations, while only 24% and 18% respectively see Web3 and the metaverse as essential.

Familiarity with emerging technologies



* for example, blockchain, smart contracts, decentralisation



Cyber security risks

When it comes to data security, business leaders in APAC are considerably confident. While 61% feel that cyber security risks have increased over the last 12 months, the same amount of C-suites believe that their organisations' data is completely protected, compared with the global average of 66%.

The vast majority (82%) of APAC leaders are confident of their organisations' ability to manage cyber security risks, and more than two-thirds (68%) believe a significant data breach in the coming year will not happen to their companies.

61%

of organisations think the cyber security risk has increased over last 12 months

82%

are confident in managing those risk

The evolution of ESG reporting

Current and future responsibility for ESG reporting

Percent of APAC respondents



ESG is increasingly a clear priority for businesses globally. Meanwhile, in different parts of the world, new regulations will soon be implemented or are under consideration requiring companies to report their ESG performance. In the APAC region, a strong majority of businesses (92%) say they are ready for reporting, and over two-thirds (68%) have budgeted costs for that. Among different ESG topics, sustainability reporting (65%) and climate and carbon emissions (63%) are the most budgeted.

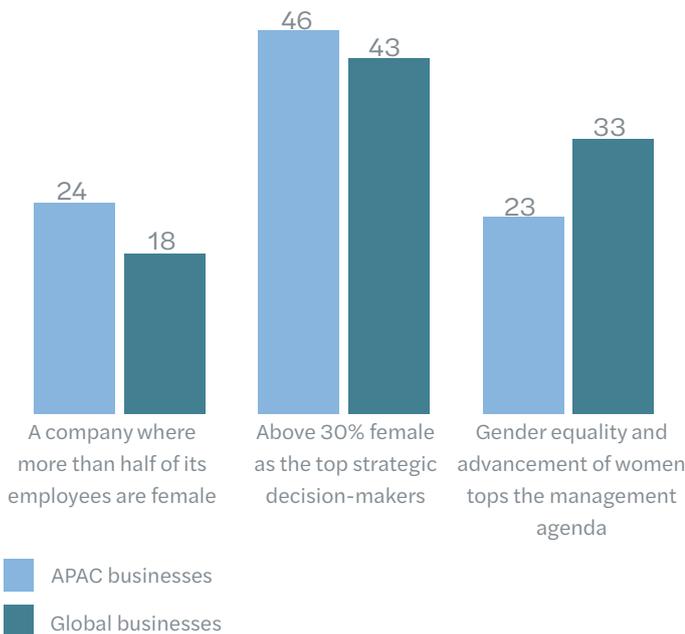
Our report last year indicated that the majority of APAC businesses (67%) already produced a sustainability report. This trend has been continuing to grow. Currently, 70% of APAC companies produce a sustainability report, which is 5% higher than the global average (65%). Further, in the process of drafting a sustainability report, ensuring data quality (32%) and finding the right service provider (32%) are regarded as the biggest challenges for APAC C-suites.

Progress in gender equality

Gender equality is now a mainstream issue in the business world. In the APAC region, the issue is firmly on the agenda of the majority of company leaders, with 79% saying they are financially incentivised to achieve gender equality targets.

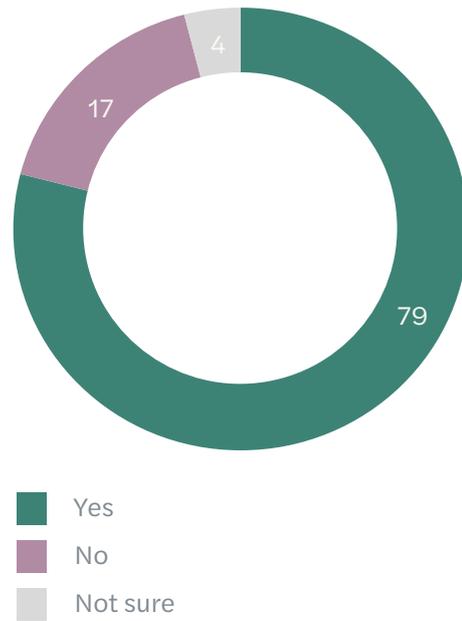
Nearly a quarter of APAC businesses (24%) estimate that more than half of their employees are female, which is 6% higher than global businesses (18%). APAC companies also fare better than their global counterparts in terms of female leadership. A total of 46% say above 30% of their top strategic decision-makers are female, which is slightly higher than the global average of 43%. Gender equality and sexism (52%), as well as social inclusion (46%), count as the most common topics for diversity and inclusion programmes run by APAC businesses.

For all their efforts on gender equality, however, it seems there is still some progress to be made by APAC employers. While 33% of global C-suites say that gender equality and advancement of women tops their management agenda, only 23% say the same.



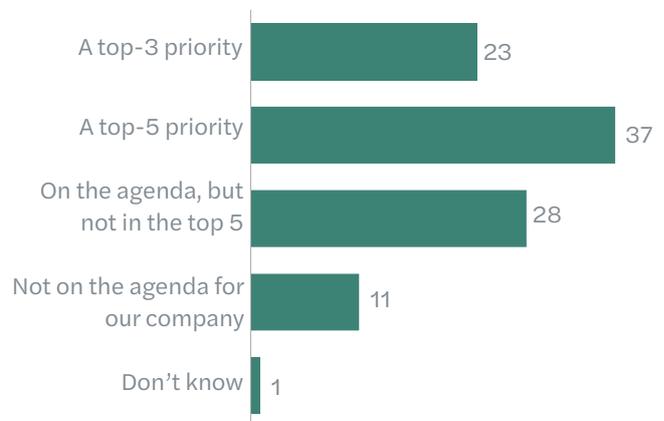
C-suite incentives on gender equality

Percent of APAC respondents whose organisation has gender equality programme



Gender equality a top priority

Percent of APAC respondents



Attracting and retaining talent

Being in an economically vibrant region, businesses operating in APAC do not only face fierce industry competition but also strong competition for talent. Doing the right thing to attract the right talent is key to a company's success.

75%

of business leaders in APAC think that a good atmosphere among colleagues and the interesting and stimulating aspects of work are most important when it comes to attracting talent



Adapting to the post-Covid landscape

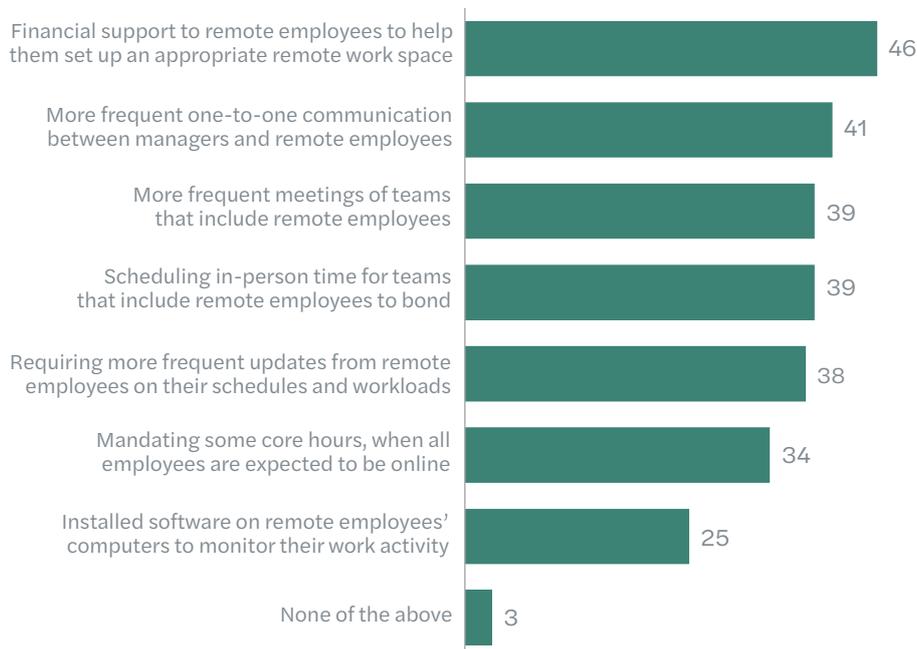
The Covid-19 pandemic has prompted a plethora of organisational changes, some of which look set to remain in place permanently. In APAC, IT security enhancement (41%) is the biggest long-term organisational change post Covid. The other major changes are increased remote interactions with clients (32%) and enhanced digital experience for customers (31%).

Remote working has also become increasingly popular. Most APAC businesses (86%) now allow all or some employees to work remotely. Among these companies, 70% expect their staff to work on-site up to three days a week, and nearly half let (44%) employees vary the times they start and finish work (44%).

Over half of C-suite executives in the region (55%) face ongoing challenges in managing remote working. They include 39% who say they face some ongoing challenges, which is 7% higher than leaders globally. Nevertheless, there are measures in place in APAC organisations to ease the challenges. The most common measures include offering financial support for employees to set up remote workspace (46%) and improved communication between managers and employees working remotely (41%).

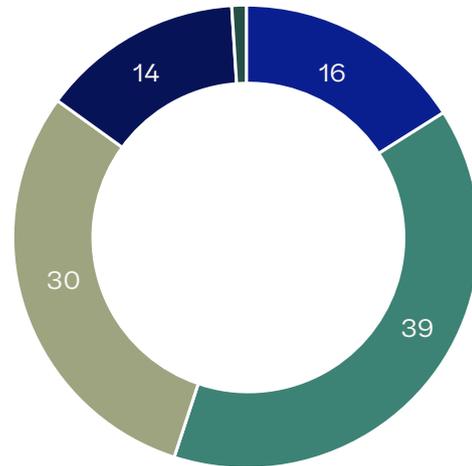
Managing employees working remotely

Percent of APAC respondents whose organisation allows some remote work



Challenges around remote working

Percent of APAC respondents whose organisation allows some remote work



- Significant ongoing challenges
- Some ongoing challenges
- We had challenges that we have been able to solve
- No challenges

Methodology

Mazars, in partnership with GQR Research, surveyed **145 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		Annual revenue (USD)	
CEO, Chairman, Board	83	\$1m-\$100m	47
Other C-suite executive	62	\$100m - \$1bn	28
		\$1bn+	70

Region	Country	Sample	Region	Country	Sample
Africa & Middle East	Egypt	10	North America	Canada	25
	Kenya	10		United States of America	75
	Morocco	10	Europe	France	60
	Nigeria	10		Germany	60
	South Africa	22		Ireland	10
	United Arab Emirates	10		Italy	60
		Netherlands		51	
		Spain		60	
Asia-Pacific	Australia	25	United Kingdom	60	
	China	50	Latin America	Brazil	20
	Hong Kong	20		Chile	20
	Japan	30		Mexico	50
	Singapore	20			
Central & Eastern Europe/CIS	Austria	10	Global business sample		832
	Poland	20			
	Romania	24			
	Slovakia	10			





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