

News Release

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Survey: Business Leaders Start 2020 with Lingering Concerns About Talent Shortages & Recession Risk

NEW YORK, January 2, 2020...A new survey reveals that the world’s chief executives view the risk of a recession as their biggest external concern in 2020. Attracting and retaining talent ranks as their top internal concern. They also feel unsettled by trade uncertainty, political instability, and more intense competition from disruptive technologies. However, they plan to counter such forces by developing more innovative cultures and new business models.

Conducted annually since 1999 by The Conference Board, this year’s survey gauged nearly 750 CEOs and nearly 800 other C-Suite executives from mainly four regions: Europe, Latin America, Asia, and the United States. As part of the survey, participants weighed in on which external and internal issues warrant the most immediate attention in 2020.

External Concerns in 2020

Recession fears top the list

- **Global:** For the 2nd year in a row, CEOs and other C-Suite executives globally rank a recession as their top external worry in the year ahead.
- **US:** For US CEOs, a recession rose from being their 3rd biggest concern in 2019 to their top one in 2020. The issue surpassed cybersecurity, their top concern in 2019.
- **Elsewhere:** A recession also tops the list of concerns of Chinese and European CEOs, and is the runner-up for Latin American and Japanese CEOs.

Widespread concern over trade uncertainty

- **Global:** CEOs globally rank uncertainty about global trade as their 2nd biggest external worry in 2020.
- **US:** It ranks as the 4th biggest worry of US CEOs, tied with its affiliate issue: global political instability.
- **China:** Chinese CEOs rank trade uncertainty as their top worry, tied with their fear of a recession.
- **Latin America and Europe:** CEOs there rank it 1st and 3rd, respectively.

EXTERNAL HOT-BUTTON ISSUES	CEOs						Non-CEOs
	Global	USA	Europe	Latin America	China	Japan	C-Suite
Recession risk	1	1	1	2	T-1	2	1
Uncertainty about global trade	2	T-4	3	1	T-1	5	3
More intense competition	3	2	4	5	3	3	2
Global political instability	4	T-4	2	3	4	4	4
Tight labor market	5	3	6	10	T-8	1	8
More demanding customers	6	7	5	6	T-5	8	7
Cybersecurity	7	6	10	8	11	T-6	6
Declining trust in political and policy institutions	8	8	7	7	T-8	T-12	10
Impact of climate change on our business	9	12	8	4	18	T-6	9
Tougher regulatory environment	10	9	11	11	7	10	5
Effects of economic sanctions	11	11	12	14	T-5	9	11
Currency volatility	12	T-14	16	12	10	15	13
Other	13	10	13	9	T-16	11	17
Effects of Brexit	14	T-14	9	16	T-16	18	12
Income inequality	15	13	15	13	T-13	T-12	16
Uncertainty in corporate tax policies	16	T-14	14	15	T-13	16	14
Volatility in energy prices	17	17	17	17	12	T-12	15
Terrorism	18	18	18	18	15	17	18
	N= 740	N=123	N=162	N=188	N=89	N=112	N=780

Note: T indicates tied ranking
Source: The Conference Board C-Suite Challenge 2020

Chinese CEOs feeling the effects of economic sanctions

- **China:** Chinese CEOs rank the effects of economic sanctions as their 5th biggest external worry, tied with the issue of more demanding customers. Their concern about sanctions is the highest ranking by any country by a big margin.
- **What it reveals about US-China trade tensions:** The role technology plays in this conflict is deep and enduring. Tariffs are likely to be temporary and easily subject to negotiation, but technology blockades, via economic sanctions, are not.

Competition intensifies

- **Global:** For CEOs globally, fiercer competition rose from being their 4th top external worry in 2019 to their 3rd in 2020.
- **US:** For two years in a row, US CEOs cite the issue as their 2nd top external worry.
- **China:** For Chinese CEOs, concerns about fiercer competition rose from being their 7th in 2019 to their 3rd in 2020.

Cybersecurity budgets increase, but strategy remains elusive

- **Bigger budgets:** More than 70% of responding CEOs globally plan to increase their cyber security budgets in 2020.
- **But unclear strategy:** Almost 40% of responding CEOs globally say their organizations lack a clear strategy to deal with the financial and reputational impact of a cyber attack or data breach.

Climate change heats up

- **Global:** For 2020, CEOs globally ranked the impact of climate change on their business as 9th, up from 11th in 2019.
- **Driving the momentum:** CEOs in Latin America (4th, up from 10th in 2019) and Europe (8th, up from 13th in 2019).

“The ongoing concerns about recession risk among business leaders reflect the slowing economy of the past year and the uncertainties about the outcome of the trade disputes and other policy concerns,” said Bart van Ark, Chief Economist at The Conference Board. “However, given a slightly better outlook for the global economy and an easing of trade tensions, we anticipate that a drumbeat of negative sentiment – which can become a self-fulfilling prophecy – can be avoided, and that we will see more confidence about business prospects in 2020.”

Internal Concerns in 2020

The number-one priority: attracting and retaining top talent

- **Widespread agreement:** Regardless of a company’s location or size, attracting and retaining top talent ranks as the number-one internal stressor for CEOs and other C-Suite executives globally in 2020.
- **What’s intensifying the talent battle?** A tight labor market, among other issues. CEOs globally, for example, cite the tight labor market as their 5th biggest external worry in the year ahead.

INTERNAL HOT-BUTTON ISSUES	CEOs						Non-CEOs
	Global	USA	Europe	Latin America	China	Japan	C-Suite
Attraction and retention of top talent	1	1	1	1	1	2	1
Create new business models because of disruptive technologies	2	2	2	3	3	4	2
Create a more innovative culture	3	5	3	2	4	3	3
Develop "Next Gen" leaders	4	3	5	5	T-6	1	4
Cost reduction	5	6	4	7	T-6	8	5
Data analytics/data collaboration	6	4	10	6	8	10	6
Volatility in cash flow	7	T-10	7	8	5	T-16	11
Better alignment of compensation and incentives with business strategy	8	8	14	9	2	7	9
Manage mergers and acquisitions	9	7	6	11	12	13	7
Build a more inclusive culture	10	9	11	14	T-13	5	8
A more effective performance measurement system for employees	11	T-15	9	10	9	9	10
Wage inflation	12	17	8	17	T-10	T-11	15
Redistribute work between humans and machines	13	14	16	12	T-10	T-11	13
Workforce diversity	14	T-10	12	16	T-16	6	16
Data privacy	15	13	15	15	15	T-16	12
Implement equal pay for equal work	16	19	13	4	19	T-16	14
Labor regulations	17	18	17	13	T-13	T-14	18
Other	18	12	18	18	T-16	T-14	17
Provide healthcare benefits for employees	19	T-15	19	19	T-16	19	19
	N=740	N=123	N=162	N=188	N=89	N=112	N=780

Note: T indicates tied ranking

Source: The Conference Board C-Suite Challenge 2020

Developing innovative products and cultures are a key focus

- **Create new business models because of disruptive technologies:** CEOs and other C-suite executives globally rank it their 2nd top internal priority.
- **Create a more innovative culture:** CEOs and other C-Suite executives globally rank it their 3rd top internal priority.

Widespread commitment to cultivating leaders for the future

- **Global:** CEOs and other C-Suite executives globally rank developing “next gen” leaders as their 4th top internal priority.
- **Japan:** Japanese CEOs rank this issue as their number-one internal priority, ahead of all other internal issues.

Women C-Suite executives more concerned about equal pay for equal work

- **Women:** Globally, implementing equal pay for equal work ranked as their 6th top internal priority.
- **Men:** Globally, the issue ranked as their 15th top internal priority.

“The global challenge in acquiring and retaining talent requires companies to be more strategic – knowing not only what qualities and skills to recruit for, but also how to recruit more efficiently and effectively,” said Rebecca Lea Ray, Ph.D., Executive Vice President of Human Capital at The Conference Board. “To support such efforts, they can consider leveraging artificial intelligence, a valuable tool when used with the proper understanding and safeguards.”

Mature-Market CEOs vs Emerging-Market CEOs

The survey results reveal much agreement between CEOs in mature economies (436 respondents) and emerging markets (304 respondents). But, some stark differences exist when it comes to which issues they plan to prioritize in 2020.

3 External Differences

Tight labor market

- **Mature-market** CEOs rank the issue as their 3rd biggest external concern. **Emerging-market** CEOs rank it 10th.

Uncertainty about global trade

- **Emerging-market** CEOs rank the issue as their number-one external concern. **Mature-market** CEOs rank it 4th.

Declining trust in political and policy institutions

- **Emerging-market** CEOs rank the issue as their 5th top external concern. **Mature-market** CEOs rank it 8th.

EXTERNAL HOT-BUTTON ISSUES		
Mature Markets CEOs		Emerging Markets CEOs
Recession risk	1	1
More intense competition	2	2
Tight labor market	3	3
Uncertainty about global trade	4	4
Global political instability	5	5
Cybersecurity	6	6
More demanding customers	7	7
Declining trust in political and policy institutions	8	8
Impact of climate change on our business	9	9
Tougher regulatory environment	10	10
Other	11	11
Effects of Brexit	12	12
Effects of economic sanctions	13	13
Income inequality	14	14
Uncertainty in corporate tax policies	15	15
Currency volatility	16	16
Volatility in energy prices	17	17
Terrorism	18	18

N = 436 (Mature Markets CEOs) N = 304 (Emerging Markets CEOs)

Source: The Conference Board C-Suite Challenge 2020

3 Internal Differences

Create new business models because of disruptive technologies

- Emerging-market CEOs rank the issue as their 2nd top internal priority. Mature-market CEOs rank it 4th.

Manage mergers and acquisitions

- Mature-market CEOs rank the issue as their 7th top internal priority. Emerging-market CEOs rank it 12th.

Build a more inclusive culture

- Mature-market CEOs rank the issue as their 8th top internal priority. Emerging-market CEOs rank it 16th.

Mature Markets CEOs		Emerging Markets CEOs	
Attraction and retention of top talent	1	1	Attraction and retention of top talent
Develop "Next Gen" leaders	2	2	Create new business models because of disruptive technologies
Create a more innovative culture	3	3	Create a more innovative culture
Create new business models because of disruptive technologies	4	4	Develop "Next Gen" leaders
Cost reduction	5	5	Cost reduction
Data analytics/data collaboration	6	6	Better alignment of compensation and incentives with business strategy
Manage mergers and acquisitions	7	7	Volatility in cash flow
Build a more inclusive culture	8	8	Data analytics/data collaboration
Volatility in cash flow	9	9	A more effective performance measurement system for employees
Better alignment of compensation and incentives with business strategy	10	10	Wage inflation
Workforce diversity	11	11	Redistribute work between humans and machines
A more effective performance measurement system for employees	12	12	Manage mergers and acquisitions
Wage inflation	13	13	Implement equal pay for equal work
Redistribute work between humans and machines	14	14	Data privacy
Data privacy	15	15	Labor regulations
Other	16	16	Build a more inclusive culture
Implement equal pay for equal work	17	17	Other
Labor regulations	18	18	Workforce diversity
Provide healthcare benefits for employees	19	19	Provide healthcare benefits for employees

N = 436 N = 304

Source: The Conference Board C-Suite Challenge 2020

“When it comes to creating new business models because of disruptive technologies, there is more urgency among emerging-market CEOs than those in more mature economies,” said Chuck Mitchell, Executive Director of Knowledge, Content, and Quality at The Conference Board. “This should raise a warning flag about possible complacency considering the current speed of disruption. The truth is that, today, companies no longer enjoy the luxury of a decades-long lead time to adapt to the digital revolution.”

Media can contact The Conference Board for a copy of the full survey results.

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