



Asia Pacific C-suite barometer: outlook 2024

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Foreword

The post-pandemic global economy has brought a fusion of challenges and opportunities to businesses worldwide. Having emerged from the grip of the Covid-19 crisis, the world finds itself combating a fresh round of challenges.

The spectre of inflation, high interest rates and geopolitical tensions looms large over the global economy. New sustainability reporting regulations impose new obligations on companies, and the rapid emergence of new technology is radically changing our way of life. It takes time for businesses to adjust and adapt.

For all the challenges, however, the world economy performed better than expected in 2023, and the Asia Pacific (APAC) region remains a key driver of global growth. As most business activity is back to normal and market sentiments are picking up, new growth opportunities are waiting to be discovered and harnessed.

In a dynamic time of change like today, our C-suite barometer is all the more useful as an instrument to glean an in-depth understanding of business leaders' views on various topics, their main concerns, and the motivating factors behind their decisions. The valuable insights embodied in the annual survey - now into its fifth year - will bring our clients' closer to understanding the implications of major trends for C-suite executives. The findings may also help them devise effective strategies, make informed decisions, capture new opportunities and grow their business.

Between 5 September and 21 October 2023, we interviewed nearly 800 C-suite executives from around the world, among whom 144 were from APAC.

Our findings show that APAC executives are more optimistic about their growth prospect than before. But it was a cautious type of optimism, as illustrated by their carefully calculated growth strategy. Whereas businesses around the world are keen to expand internationally, those in APAC are more focused on achieving organic growth at home.

The Covid-19 pandemic was a painful experience for individuals and businesses, and yet it has also been a

positive wake-up call. The supply chain chaos during the pandemic are still fresh in everyone's mind, and it has prompted APAC businesses to review their supply chains. In the post-pandemic world, macroeconomic challenges such as inflation are also informing decision-making by business leaders in the region.

On the technology front, C-suite leaders in APAC are proactively trying to keep up with the pace of technological advancement, deploying more resources to optimise their in-house IT infrastructure. They also recognise that artificial intelligence (AI) is a force to be reckoned with and are quick to adopt it. Yet at the same time, they display a palpable sense of scepticism about this game changer, with many expressing ethical concerns and calling for regulation.

Sustainability is a trend that is here to stay. Our interviewees demonstrate an unwavering commitment to complying with existing rules and new environment, social and governance (ESG) regulations despite a litany of challenges. On the journey towards sustainability, business leaders in this part of the world seem conscious of their own shortcomings. This acknowledgement can be a sign of future progress.

The world economy has experienced enormous volatility in the past few years. In the foreseeable future, it may stay on a precarious footing. At the time this report is published, it remains unclear whether US Federal Reserve rate cuts will come into focus later this year. Geopolitical conflicts in the Middle East and Ukraine, as well as dozens of elections around the world, including the US presidential election, in the latter half of 2024, will add to the uncertainty. Nonetheless, that is not to say there is no reason for optimism. Asia is expected to remain the motor of the world economy in 2024, and with that will come new opportunities. As a trusted partner, Forvis Mazars has an excellent track record of helping businesses grasp market opportunities, achieve

their goals and navigate changes with confidence. We constantly strive to go above and beyond with our acclaimed audit and advisory services, assisting our clients to meet their changing needs and giving them expert advice. We look forward to continuing to uphold our independence, fulfil our commitment to our stakeholders, and ultimately build a prosperous world for the future generations.

“Asia is expected to remain the motor of the world economy in 2024, and with that will come new opportunities.”



Pascal Jauffret
Chairman of the APAC board
Forvis Mazars

Optimism on the up

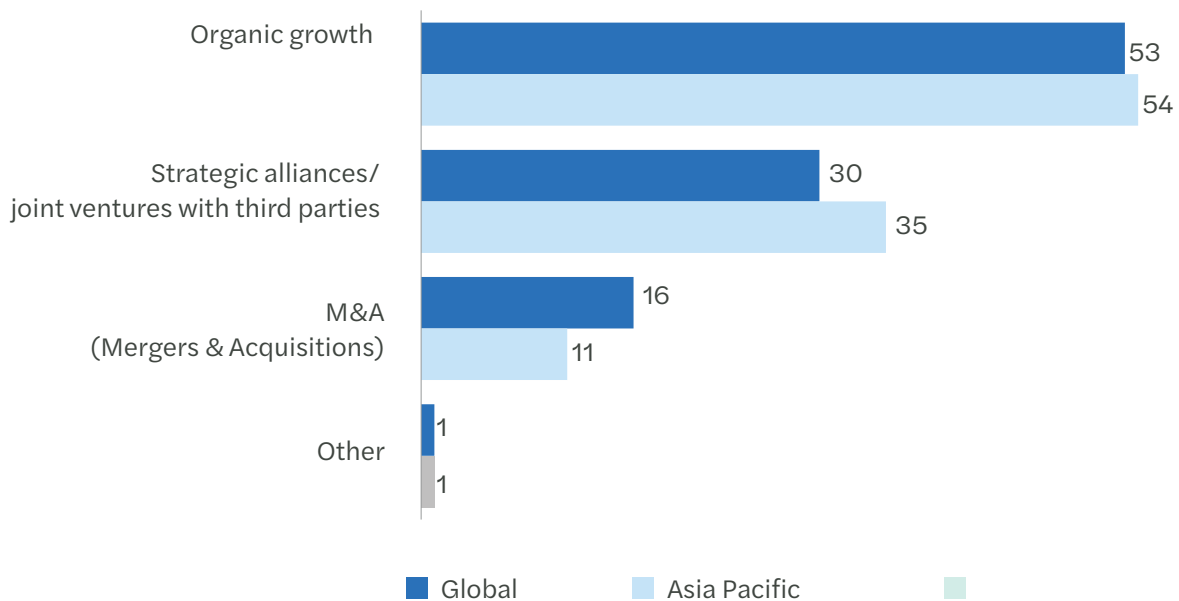
With the global economy gradually recovering after several years of pandemic, our research shows that business leaders in the Asia Pacific are more optimistic than before.

A total of 89% of C-suite executives in the region estimate that their organisations' revenue has grown in 2023 compared to the previous year, representing a six-point year-on-year increase.

Looking ahead, the vast majority of APAC leaders (91%) expect growth in 2024, a notable improvement from the 81% recorded last year. More than half of the respondents (54%) believe organic

expansion will be their most important source of growth in 2024, followed by joint ventures with third parties (35%).

Most important sources of growth Percent of respondents expecting 2024 growth

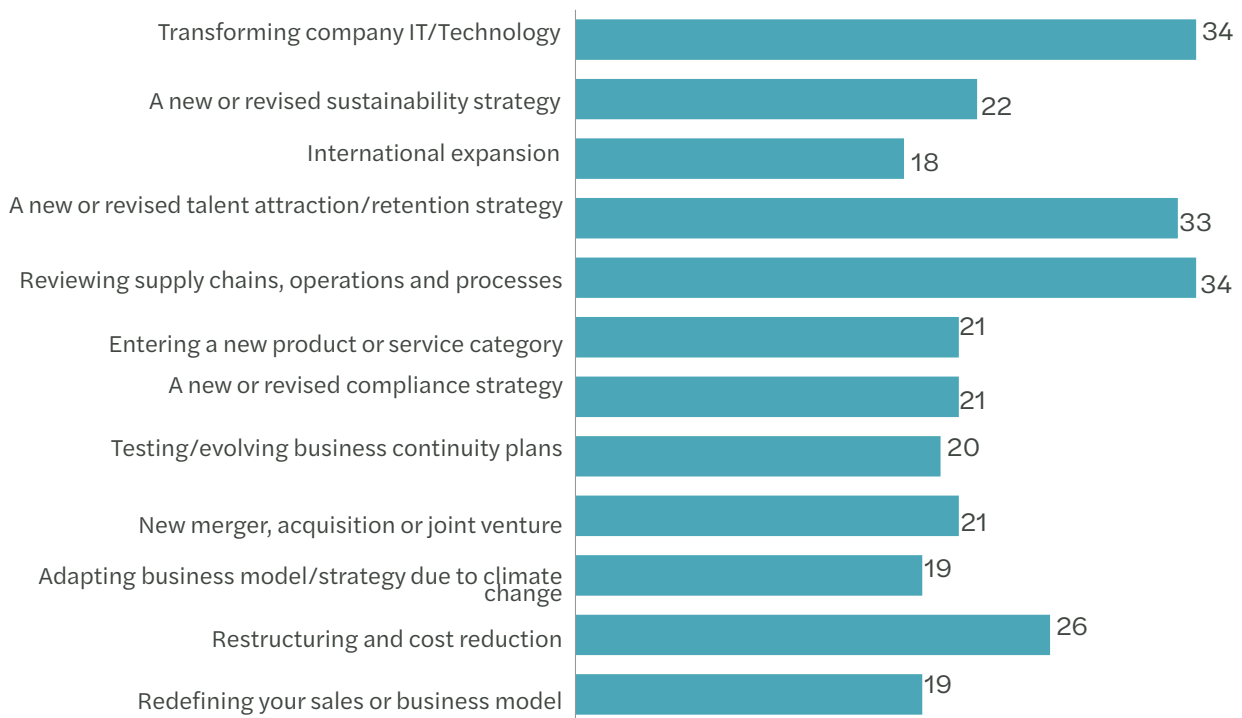


Topping the C-suite agenda

Among the one dozen strategic priorities that may be included on the agenda of APAC businesses in the foreseeable future, transforming in-house IT (34%) and reviewing supply chains (34%) count as the top two items.

Top strategic priorities in next 3-5 years in APAC region

Percent of respondents



In terms of external trends, economic factors (43%) are expected to have the biggest impact on APAC organisations in the coming year, followed by increased industry competition (36%). Such factors include inflation and higher cost of living. For year-on-year comparison, regulatory requirements and climate change are two trends that show the biggest rise in importance to APAC companies, while energy prices and public health challenges show the sharpest fall.

When it comes to their ability to deal with external trends, businesses in the region demonstrate a lower level of confidence - the APAC Confidence Index (34%) scores 10 points less than the global index (44%) in 2024.

Confidence index*	Global	Asia-Pacific
2024	44%	34%
2023	37%	37%

*Average % "very confident" across all relevant trends

Key investment areas

Our investment index for APAC, which refers to the average percentage of investment increase across 24 fields, grew from 59% in 2023 to 64% in 2024. This reflects a more proactive approach to pursuing growth and brings the region on more or less the same level as the global average (66%).

In 2024, APAC leaders will invest the most time, money and other resources on updating corporate strategy (72%) and sourcing new talent (72%). Compared with their global counterparts (51%), they (42%) are investing notably less in reducing headcount.

Investment index*\	Global	Asia-Pacific
2024	66%	64%
2023	63%	59%

*Average % increasing investment across all fields



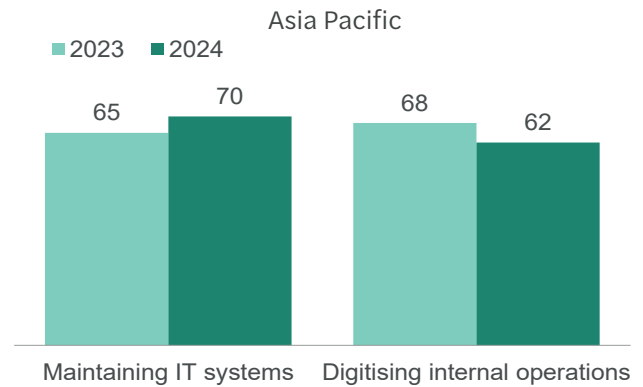
Transformation in a high-tech world

Emergence of new technology is the third most impactful external trend for APAC organisations, and it has grown in prominence slightly, with 31% of respondents ascribing importance to it, compared with 29% last year.

A total of 70% of respondents say they are allocating more resources to IT systems, five points higher than the previous year, but investment in digitisation of internal operations shows a six-point decrease to 62%.

Increasing investment: IT systems, digitisation

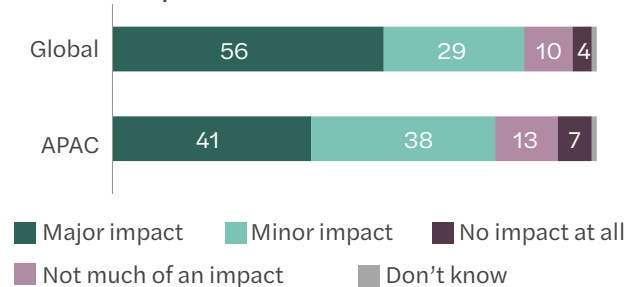
Percent of respondents intending to increase investment



In terms of generative AI, C-suite leaders in APAC are both aware and beware of its importance. A total of 41% believe AI will have a major impact on their organisations, which is considerably lower than the global sample of 56%.

Impact of generative AI on organisations

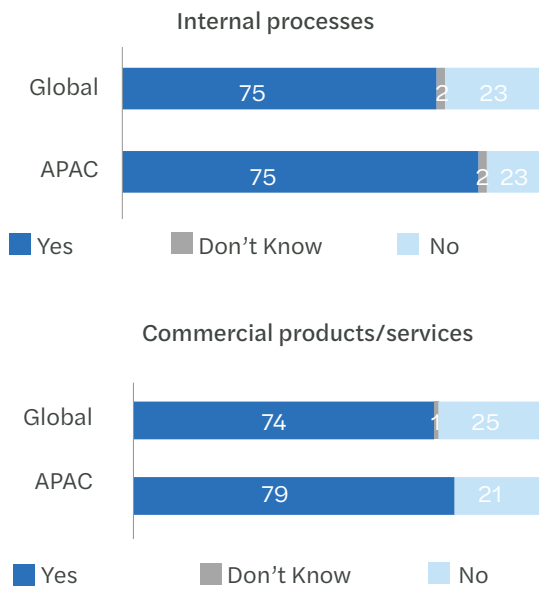
Percent of respondents



Yet more than half (55%) expect that AI will replace jobs, six percentage points more than the global average. The AI usage rate in APAC is also higher than globally, with 85% of APAC executives already using the technology internally and 79% for commercial products, compared with the global average of 75% and 74% respectively.

Usage of generative AI for...

Percent of respondents



Yet despite the appetite for AI, seven out of 10 executives in APAC express ethical concerns to different degrees over the technology, and 72% strongly believe more regulation is needed.

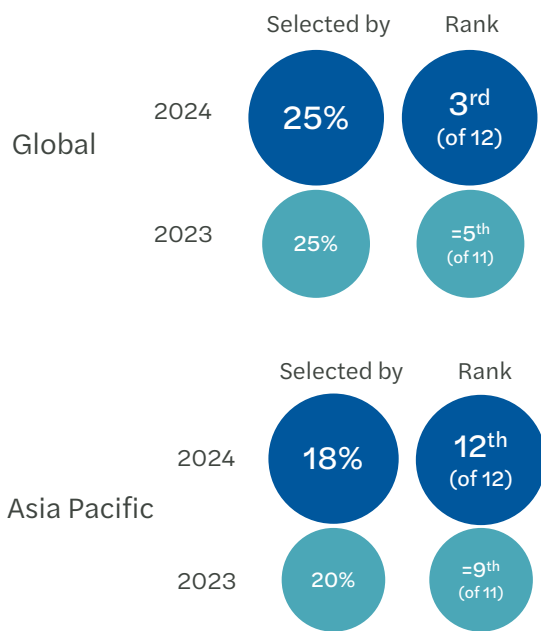


Expansion with limits

Despite their generally bullish sentiment, APAC businesses do not seem to have a particularly strong desire to go global. While international expansion has grown in importance in the rest of the world, in APAC it remains a low priority in both absolute and relative terms, ranking 12th among 12 strategic priorities. Only 18% of APAC respondents see it as a top priority, compared with 25% for the global sample. For the small number of APAC organisations that intend to stretch their tentacles abroad, they are focusing on places closer to home: China, Singapore, Hong Kong and Australia.

International expansion as a top strategic priority

Percent of respondents



Countries mentioned for expansion (2024)

Global	Asia Pacific
<ul style="list-style-type: none"> China Germany USA France UK 	<ul style="list-style-type: none"> China Singapore Hong Kong Australia

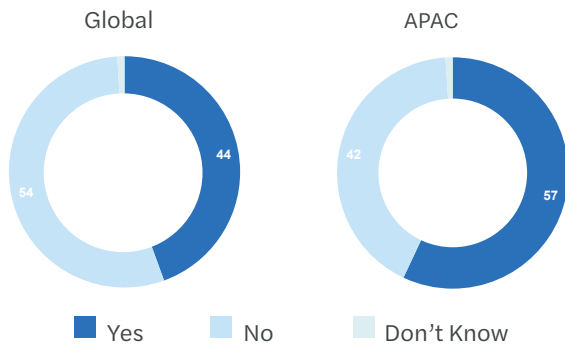


Laws of talent attraction

In the increasingly competitive business environment, recruiting talent is no easy feat. More than half of C-suite executives in APAC (57%) have difficulties in hiring talent, higher than globally (44%).

Difficulty in hiring talented people

Percent of respondents



To these leaders, attracting the right candidates (48%) and talent shortage (38%) are the biggest recruitment challenges.

According to the vast majority of respondents (84%), a good atmosphere and camaraderie among colleagues are most important when it comes to luring talented employees, much higher than the global average of 77%.

84%

APAC business leaders think that a good atmosphere and camaraderie among colleagues are most important when it comes to luring talented employees.

Stronger commitment to sustainability

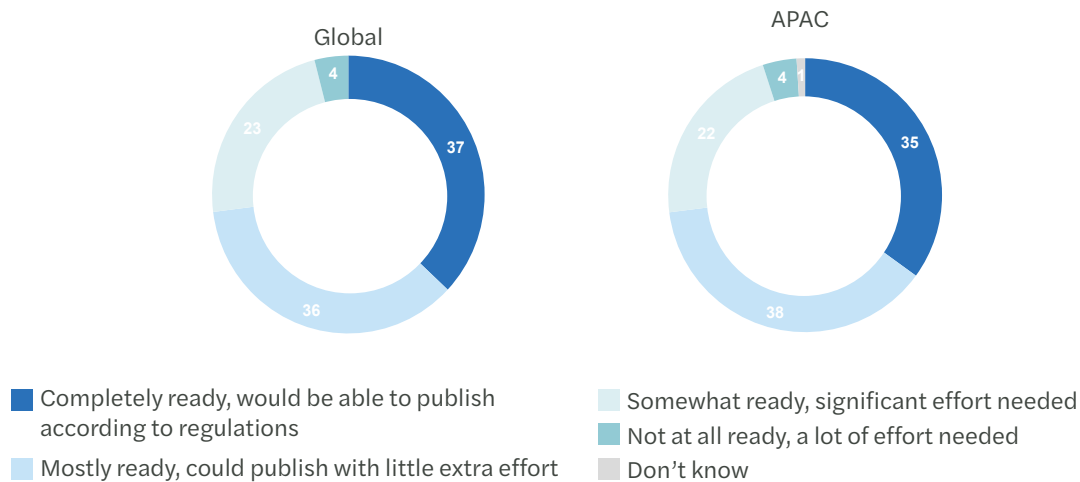
At a time when new regulations are being rolled out around the world requiring companies to report their ESG (environmental, social and governance) performance, business leaders in Asia Pacific display a strong commitment to following such requirements and promoting sustainability.

Nearly three-quarters of respondents in APAC (73%) say they are prepared for new ESG reporting regulations, same as the global average (73%). Over three-quarters of APAC (79%) have budgeted costs for implementing sustainability strategies and reporting, higher than the global sample (72%). In

addition, 73% of APAC leaders say their companies produce a sustainability report, a slight increase from 70% last year.

Readiness for ESG reporting

Percent of respondents

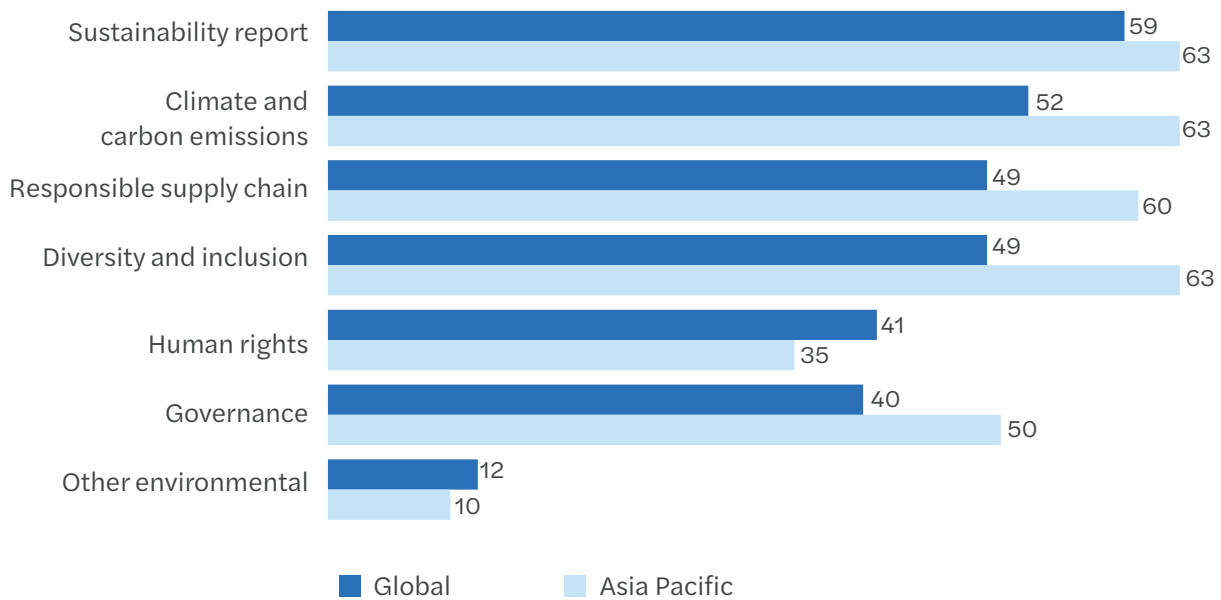


There are multiple challenges on the path towards sustainability. For APAC organisations, the top challenge in producing a sustainability report lies in data capture and quality (34%). Additionally, APAC leaders are most likely to lack expertise in climate and carbon emissions (48%), followed by sustainability reporting (44%).

Inadequate knowledge in human rights is an increasing issue. More than a third (37%) of leaders in APAC say they lack expertise in this area, a considerable increase from the previous year (26%) and similar to the global average (27%). Fewer APAC organisations (35%) have allocated a budget for human rights than their global counterparts (41%).

ESG topics addressed by budget

Percent of respondents whose companies have budgeted costs



Methodology

The Forvis Mazars C-suite barometer was designed and conducted by GQR Research in collaboration with Forvis Mazars. The data was gathered via a survey conducted between 5 September and 21 October 2023. Participants in the survey were C-suite executives from for-profit organisations in the APAC region with an annual budget of at least US\$1 million. The total sample was N=144.

Seniority	Sample
CEO, Chair, Board	554
Other C-suite	242

Revenue band	Sample
\$1m - \$100m	299
\$100m - \$1bn	190
\$1bn+	309

Industry sector (largest shown)	Sample
Financial Services	202
Technology & Telecoms	132
Automotive & Manufacturing	130
Retail & Consumer	92

Global region	Sample
Africa	90
Asia Pacific	144
Central & Eastern Europe	56
Europe	335
Latin America	61
Middle East	50
North America	62

Global region	Country	Sample
Africa (n=90)	Botswana	6
	Côte d'Ivoire	3
	Mozambique	1
	Morocco	30
	Nigeria	20
	South Africa	30
Asia Pacific (n=144)	Australia	20
	China	63
	Hong Kong	20
	Japan	20
	Singapore	21
Central & Eastern Europe (n=56)	Austria	10
	Poland	20
	Romania	18
	Slovakia	8
Europe (n=335)	France	53
	Germany	52
	Ireland	12
	Italy	51
	Netherlands	52
	Spain	51
	Switzerland	10
	United Kingdom	54
Latin America (n=61)	Brazil	20
	Chile	20
	Mexico	21
Middle East (n=50)	Egypt	20
	Qatar	10
	United Arab Emirates	20
North America (n=62)	Canada	12
	United States of America	50

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