

Swiss edition of the 23rd Annual CEO Survey

Opinions and outlooks of Swiss decision-makers on the economy



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Design of the survey

Swiss edition of the 23rd Annual CEO Survey

Survey participants

This survey is based on the “23rd Annual Global CEO Survey 2019” by PwC Global. The survey participants were surveyed in September/October 2019. Around the world a total of 1,581 CEOs were surveyed in 83 countries, including 91 CEOs in Switzerland. Global sampling was weighted according to national GDP to make sure that the views of the CEOs in the important regions of the world are fairly represented. In Switzerland, all the questions were asked and answered in writing (online questionnaire).

Structure of random sample for Switzerland

The 91 CEOs who took part in the Swiss edition represent 28 companies with revenue of at least CHF 1,000 million, 33 companies with revenue between CHF 101 million and 1000 million and 22 companies with revenue of up to CHF 100 million. 36% of the companies are listed on the stock exchange and 64% are privately owned. 33% of the survey participants represent Swiss family-owned companies.

Presentation

The population for the 23rd Swiss edition comprised 91 CEOs of companies in Switzerland, unless stated otherwise. Not all the results add up to 100%, as the percentages were rounded off and the “neither/nor” and “don’t know” responses were either excluded or only partially considered.



From CEO to CEO

Dear Reader,

What's happening in politics, society and the economy is important for us as decision-makers. After all, making decisions means taking responsibility – for customers, employees and business partners, today and in the future.

Having said that, we CEOs assess the events in our own companies and around us very differently. This is understandable, as megatrends and events like trade wars, cyber attacks, climate change and digitalisation all have varying impacts on our businesses. The way we evaluate opportunities, risks and actions thus also differs.

For 23 years, we've been analysing what concerns CEOs around the world, what they think about, what they do and how they see the future, and formulating our conclusions in the "Annual CEO Survey" by PwC Global. In this survey, we've compiled and commented exclusively on the responses of the CEOs from Switzerland. The survey focuses on the themes of growth, cyberspace, upskilling and climate change.

I'd especially like to recommend the section on upskilling, which looks at the targeted development

of personnel skills. Our customers' challenges are becoming more and more complex. As service partners, we not only have to provide technical answers, we also need to offer integrated solutions and modern skills. This is why at PwC we have established a new culture of learning where mistakes are dealt with constructively and we uphold strong corporate values, employ people from diverse disciplines and enable further education in elementary fields of digital knowledge. After all, people, not robots, are our future. This means we need an environment of trust – between employers and employees and also between business and society.

At PwC we want to find solutions to our customers' important problems. As do you with your products and services. We hope that this publication will provide food for thought and will support you in forming opinions and making decisions. This way we can find even better solutions to common problems and strengthen the trust that society has in our companies and in the Swiss economy.

I hope it makes for inspiring reading and delivers valuable insights.



Andreas Staubli
CEO, PwC Switzerland

02 Growth

Optimism at home, concern for the rest of the world

Growing with people

CEOs of Swiss companies consider themselves to be fit for the future and have a positive outlook on the growth of their companies and the development of the national economy. 82% of them are reasonably or very confident about revenue growth over the next twelve months (see Figure 1). This optimistic assessment far exceeds global confidence (72%), which can be attributed to various factors including the context of the Swiss economy, which is characterised by stability, legal security and consensus as opposed to power-bloc thinking.

The CEOs in Switzerland consider their companies to be agile and competitive. Thus, over the coming months they expect mainly organic growth (78%) and an increase in their operational efficiency (77%).

How confident are you about your company's revenue growth over the next 12 months?

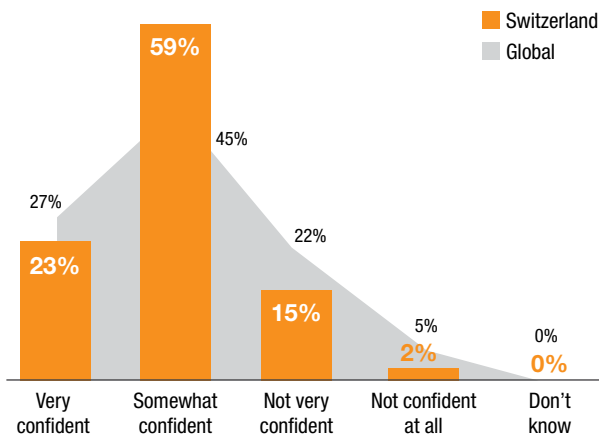


Figure 1: CEOs in Switzerland are more confident about the growth of their companies than the rest of the world.

Dark clouds on the global horizon

Swiss CEOs have a far less optimistic outlook for the global economy. A slight majority are concerned about global growth and expect a downturn. This value has never been higher since the question was first asked in 2012 (see Figure 2). These concerns match with the estimations of CEOs around the world but they also reflect the latest developments with Switzerland's closest trade partners: Germany, the USA and China. Today's economic situation in Germany is concerning, and the sabre-rattling between China and the USA continues unabated.

How will global economic growth develop over the next 12 months?

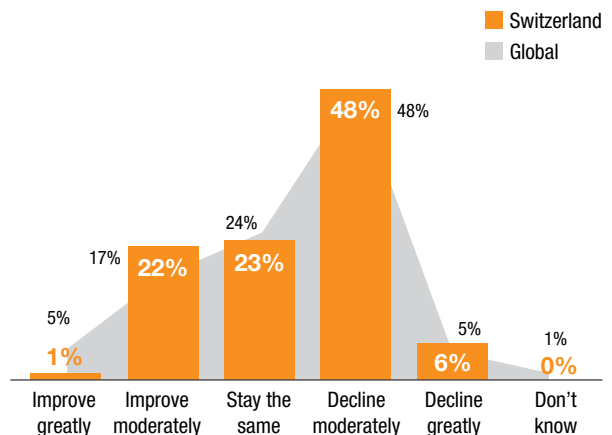


Figure 2: Swiss CEOs are pessimistic about global economic development.



” Sustainable growth should not be an end in itself for companies. At PwC we see it as an essential contribution of value to society, as healthy prosperity can only be maintained and developed in a prospering market economy.

Stefan Räsamen, Partner, Chairman of the Board of Directors, PwC Switzerland





Well-prepared for a crisis

When asked about their reasons for concern about the global economy, the CEOs stated over-regulation, global trade conflicts and cyber risks as the main reasons (see Figure 3). This assessment is attributable in part to the fact that Swiss companies have a limited domestic market and therefore rely on strong markets beyond their national borders. It also tallies with the overall global picture where there is concern among CEOs worldwide about the persistent trade dispute between the USA and China as well as the flagging economy in Germany.

Yet 66% of the survey participants consider themselves to be prepared for a crisis. 89% are not concerned about unemployment, and they do not expect the global economic trend to have a negative influence on the growth of their workforce. 50% of the study participants want to expand their workforce over the next 12 months.

How concerned are you about the following threats to the growth prospects of your company?

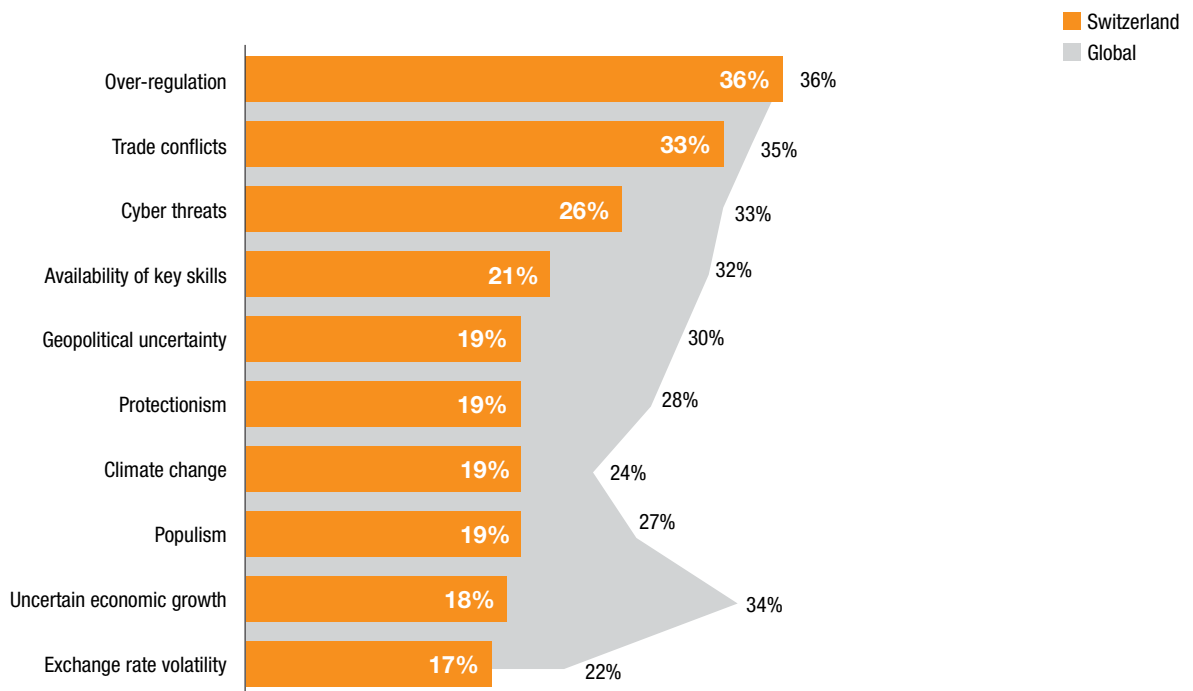


Figure 3: CEOs in Switzerland are most concerned about over-regulation.

03 Cyberspace

Digital security creates analogue trust

Virtual threats are real

Cybersecurity and data protection are core aspects of strategic risk management for Swiss companies. Decision-makers consider protection against attacks from cyberspace, digital privacy in the private sphere and artificial intelligence as important capabilities and technologies for strengthening trust within society (see Figure 4). In their opinion, topics like 5G networks and misinformation have less of an influence on the building of trust.

In your opinion, what technologies and capabilities in the digital world are relevant for building trust within society?

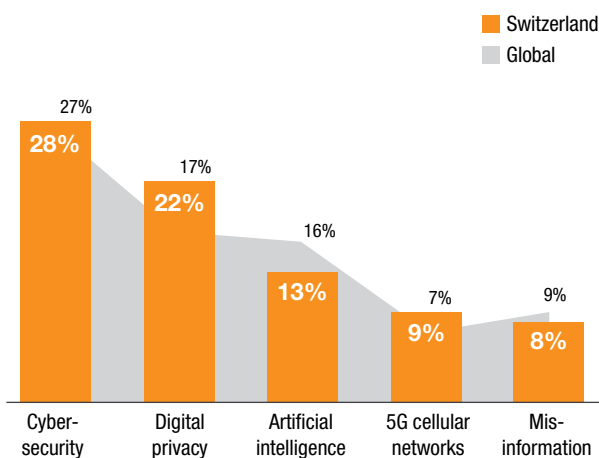


Figure 4: Cybersecurity and secure digital privacy contribute towards building trust within society.


Polarising digital communication channels

Opinions differ on the influence of the Internet and social media. One half (50%) of the respondents forecast that society will drift apart, politics will be manipulated and false information will be spread. The other half (47%) believe that the virtual communication channels are bringing people closer together, making it easier to distribute factual information and strengthening political authority. This polarity can also be observed in Western Europe and is associated with the high level of trust that Swiss society has in the integrity of authorities and the media.¹

Regulation is a hurdle

Increasing regulation goes hand in hand with the progress in digitalisation. As a result, matters like digital security and data privacy give rise to stricter data protection regulations. The CEOs surveyed in Switzerland are critical of international regulation, as the requirements have been intensifying for several years. The Foreign Account Tax Compliance Act (FATCA) and the Automatic Exchange of Information (AEI) pact were followed by tax-related regulations like DAC6 and the revision of the European General Data Protection Regulation (EU-GDPR). At the moment, the Swiss Data Protection Act (DSG) is being revised and a number of European countries are putting additional local requirements in place. These and other provisions will mean extra costs and effort for companies.

¹ See "OECD Government at a Glance 2017", Country Fact Sheet Switzerland



” Cybersecurity is an ongoing process. Because the dangers from cyberspace require comprehensive security thinking and measures that include communication channels, applications and information in equal measure. Accordingly, cybersecurity is not just an IT task today, but a key issue in strategic risk management.

Wolfgang Schurr, Partner, Cybersecurity and Privacy Leader, PwC Switzerland

In turn, the consumers are being overwhelmed by a flood of data protection information and approval requirements, even for simple services. Rather than guaranteeing the desired feeling of security, the requirements of regulators are leading to a loss of trust. This explains why, when asked about the central issues

for the formulation and implementation of their cyber strategy, 85% of the surveyed CEOs referred to the rising complexity of cyber risks and 66% to the legal regulations governing cybersecurity and data protection.

04 Upskilling

Brainware before Hardware



Still in the early stages

Essential digital skills guarantee growth and secure a company's future. This is something that the CEOs in Switzerland are aware of. But their efforts in the area of targeted, digital fitness training for personnel are still in the early stages and are lagging quite a way behind the progress made by their global counterparts. A majority of decision-makers in Switzerland still see the most challenging personnel-related task as being the definition of future roles and required core skills (see Figure 5).

Please rank the challenges that your company is facing with respect to the further development of your personnel's skills.

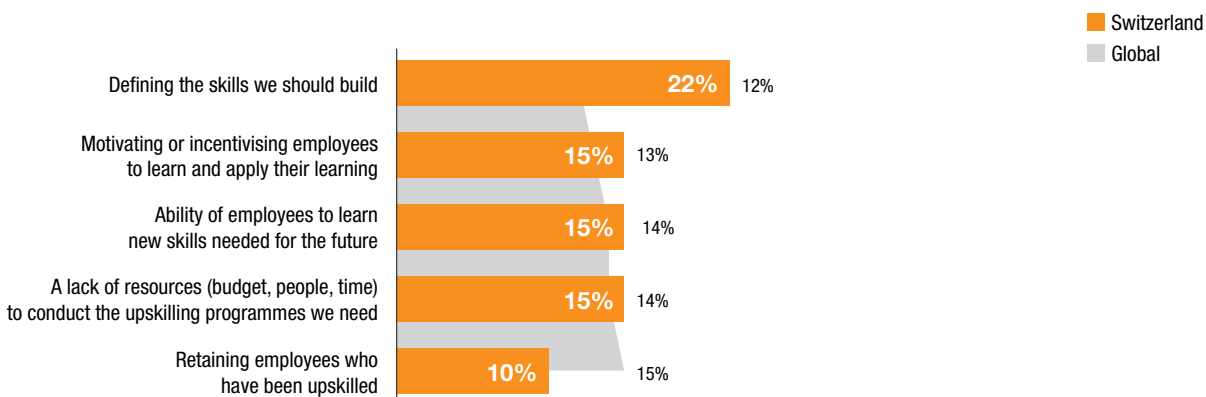


Figure 5: The definition of required skills is ranked as the number one challenge in Switzerland.

Skills strengthen performance

The CEOs surveyed know that having the right skills is a key factor for success and the future. 69% of all CEOs in Switzerland are moderately or extremely concerned about the availability of key skills. This is why they attach a lot of importance to upskilling. As major benefits they noted higher productivity (80%), stronger growth (75%), greater innovative power and the acceleration of the digital transformation (82%).

The challenge of upskilling

Most of the survey participants have already started developing an upskilling programme (37%) or are slowly making progress in this area (36%). Only one in ten of the CEOs surveyed stated that they have made major progress with their upskilling programme. The survey participants see the provision of financial, personnel, time and knowledge resources as an extremely challenging aspect of the implementation of upskilling. CEOs of companies where upskilling is already in place consider motivation and the creation of incentives as the main requirements for establishing a continuous learning culture for their employees.



” The further development of digital skills is just as important as technological progress itself. It’s simpler and cheaper in the long term to grow the required skills internally than it is to buy them. In fact, most times what’s needed is not available or affordable.

Jose Marques, Partner, People and Organisation, PwC Switzerland

05 Climate change

Facts mixed with questions

Expectations justified

The climate change discussion is literally overheating. Companies around the world and in Switzerland recognise the urgency of the topic. 51% of the CEOs surveyed in Switzerland are moderately or extremely concerned about climate change and environmental damage. Investors, employees, authorities, the media, the general public and other stakeholder groups are demanding that companies have a clear attitude to climate issues and sustainable management. The CEOs surveyed agree about the appropriateness of these expectations – but not about the potential opportunities that climate protection measures might present for the success of their business (see Figure 6).

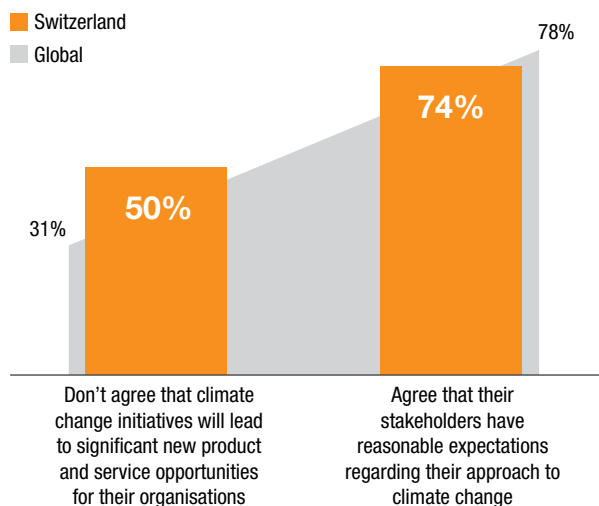


Figure 6: Clearly, the stakeholder groups' expectations of company climate protection strategy are considered reasonable – but not lead to significant new product and service opportunities for their organisations.

More concern than opportunity

Sustainable management has been on the global community agenda for a long time due to growing demand for climate-friendly and sustainable products and services. The UN Global Compact, Paris Climate Agreement, UN Agenda 2030, EU “Sustainable Finance” Action Plan, and principles for a sustainable Swiss financial centre – these and other regulatory and self-governing initiatives are raising awareness of sustainability in politics, the economy and society, at a level that goes way beyond just the measurement of greenhouse gas emissions. Companies, on the other hand, don't attach the same level of importance to the topic. 51% of the surveyed CEOs have not included the physical risks (e.g. infrastructure damage) of climate events in their risk assessment.



” Sustainability is a highly complex requirement that goes way beyond the climate discussion, because it concerns the entire value creation circle and all the processes that shape market performance, including finance. The view of decision-makers should be just as comprehensive when they define their approach to climate change and assess how sustainable their line of business and their assets are.

Stephan Hirschi, Director, Sustainability and Climate Change, PwC Switzerland

Glass half full and glass half empty

50% of the survey participants don't believe that climate protection measures offer opportunities for success with new products and services.

This diversity of opinions is even more astounding given that sustainable management is proven to have a positive impact on the performance of economic players. The investment behaviour of investors is being increasingly influenced by social and environmental views. Thus, sustainable behaviour may have impacts in various directions and be mutually reinforcing. For financial service providers, sustainable investment

products open up huge business potential.

An investment in a company's own sustainability is therefore always an investment in the future.

64% believe that these kinds of measures can boost a company's reputation among the most important stakeholder groups, whereas 11% of the survey participants consider environmental and climate legislation to be extremely alarming. 50% doubt whether collaboration between legislators and companies could reduce the risks of climate change.



Thank you!

We want to thank all those who took part in the survey for the valuable contribution they made to this publication. We would also like to thank all the experts at PwC Switzerland and within the PwC network for their constructive involvement and their enlightening interpretations and comments.

Contact

Global survey

You can find the results and interpretation of the “23rd Annual Global CEO Survey” by PwC Global at:
www.ceosurvey.pwc

Here for you in Switzerland

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