

Asia-Pacific CEOs 'uncertain about long-term survival'

PwC survey shows 63% lack confidence in viability of business amid geopolitical risks, inflation fears

Mia Castagnone

mia.castagnone@scmp.com

Nearly two-thirds of Asia-Pacific chief executives are not confident in the long-term survival of their company despite an overwhelming majority of leaders taking measures to reinvent their business models, according to a survey by PwC.

The lack of confidence was most evident among chief executives on the mainland, in Hong Kong and South Korea, as they have been confronted with heightened exposure to geopolitical tensions and economic headwinds from trading partners.



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RAYMUND CHAO, PwC

Uncertainties like inflation, geopolitical tensions and a weak macroeconomic environment have led 97 per cent of chief executives to take proactive steps to pivot their business models, the consultancy's 27th annual global chief executives survey released on Tuesday showed.

While these efforts have helped curb short-term risks, confidence is lacking. Some 63 per cent of respondents in Asia-Pacific were uncertain about the viability of their business over the next decade – 10 per cent higher than the previous year and 18 per cent above the global average.

"Our CEO survey this year serves as an urgent and powerful call to intensified action towards business reinvention," said Raymund Chao, chairman of PwC Asia Pacific and China. "Persistent geopolitical conflicts and inflationary worries, among other challenges, have really dug in, amplifying the risks and constraining growth in Asia-Pacific."

Asia-Pacific chief executives still consider the US and the mainland critical to their growth prospects, with the proportion of regional executives looking to invest in these two markets over the next 12 months increasing by 10 per cent and 3 per cent, respectively, according to the survey.

Technological shifts, such as the rise of generative artificial intelligence (AI) and climate-related issues are increasingly demanding attention, according to the survey, which pooled more than 4,700 chief executives worldwide from October to November last year.

Nearly a third of the respondents were with Asia-Pacific firms. Some 30 per cent of the companies generated revenue of US\$100 million or less, while 42 per cent had sales of up to US\$1 billion.

The survey also found 68 per cent of regional chiefs were taking steps to decarbonise their business by actively enhancing energy efficiency, while just over half were introducing climate-friendly innovations.

Implementing climate-friendly investments was said to be one of the biggest challenges to overcome because of the low economic return on such initiatives. Yet, 51 per cent said they had accepted lower returns for climate-friendly investments in the past year – 10 per cent higher than global chief executives.

Changes to the regulatory environment, shortage of workforce skills and supply chain instability were the top three barriers for Asia-Pacific chief executives to reinvention.

Generative AI was overwhelmingly seen as a catalyst to reinvent their companies, boost efficiency and offer major change. Most of them believe generative AI will impact their firms, workforce and markets within the next three years.

A report by the International Monetary Fund has said AI stood to affect 60 per cent of advanced economy jobs and 40 per cent in emerging markets. The report said that half the jobs impacted by AI would be negatively affected, while the rest might actually benefit from enhanced productivity.

Source: South China Morning Post

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