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 ranks as 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.

![Image of external hot-button issues]

*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.
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). However, 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.
3 Internal Differences

Create new business models because of disruptive technologies

- **Emerging-market** CEOs rank the issue as their 2\textsuperscript{nd} top internal priority. **Mature-market** CEOs rank it 4\textsuperscript{th}.

Manage mergers and acquisitions

- **Mature-market** CEOs rank the issue as their 7\textsuperscript{th} top internal priority. **Emerging-market** CEOs rank it 12\textsuperscript{th}.

Build a more inclusive culture

- **Mature-market** CEOs rank the issue as their 8\textsuperscript{th} top internal priority. **Emerging-market** CEOs rank it 16\textsuperscript{th}.

“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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