



## ***Press Release***

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### **UK CEOs bullish on business growth but bearish on global economy, according to PwC *CEO Survey***

UK CEOs are more upbeat about the growth prospects for their own companies than 12 months ago, according to PwC's 20<sup>th</sup> annual *CEO Survey* published at the World Economic Forum in Davos.

Almost nine out of 10 (89%) UK CEOs say they are confident of their company's growth in the year ahead, up from 85% in 2016, and above the 85% global figure and 77% in Germany. Forty one percent of UK CEOs describe themselves as being 'very confident', eight percentage points higher than last year.

The bullishness of UK CEOs is not just in their short term outlook. 95% are confident about their business's growth prospects over the next three years, compared to 91% globally and 83% in Germany.

By contrast, only 17% expect global economic growth to improve this year, down from 30% in 2016, and significantly below the 29% global figure. In fact, nearly a third (31%) of UK CEOs expect the global economy to decline in the year ahead, up from 23% last year and compared to 17% globally, 14% in the US and 10% in Germany.

Kevin Ellis, chairman and senior partner of PwC, said:

“Despite an eventful 2016, it's encouraging to see growth firmly on the agenda of UK plc. We may face a period of uncertainty, but the economic fundamentals remain positive and businesses should keep calm and carry on doing what they do best – capitalising on the UK's strengths and attractiveness to the rest of the world, and seeking out new opportunities. UK CEOs are resilient and realistic about the challenges ahead - maintaining a positive mindset and staying focused on what they can control is vital.”

Eighty four percent of UK CEOs rank uncertain economic growth as the top environmental threat to company growth (compared to 82% globally), followed by exchange rate volatility (82% v 70% globally) - significantly higher than elsewhere given the main impact of the referendum so far has been



on the pound - and the future of the Eurozone (78% v 56% globally). Clearly there is concern about the impact of Brexit, yet there is cause for optimism.

The survey of more than 1,300 global leaders, including 126 UK CEOs, reveals the UK is rising in popularity with overseas companies. Business leaders from 16 countries see the UK as more important than last year for their short term growth prospects. CEOs in the US, China, Germany and Switzerland are among those more enthusiastic about investing in the UK.

Overall, the UK is seen as the fourth most important country for growth, behind the US, China and Germany. London, alongside Shanghai, New York, and Beijing is identified by CEOs globally as one of the four most important cities for their organisation's growth prospects.

The US remains the most important export market for UK CEOs, however, Germany has leapfrogged China into second place. The importance of Europe, and Germany in particular, remains undiminished for UK businesses.

### **Going for growth, but concern over skills**

When it comes to generating the anticipated business growth, UK business leaders are taking charge of their own destiny. An overwhelming 91% plan initiatives to drive organic growth during the coming year, compared to 79% globally, and 55% plan new M&A activity (41% globally). The fact that more than half of UK CEOs anticipate doing new M&A deals underlines the confidence in the outlook for their businesses.

UK business chiefs are more committed than their global counterparts to strengthening digital and technological capabilities as a way to capitalise on new growth opportunities, with 25% in the UK saying they want to do this, versus 15% globally.

However, while UK business leaders rate digital skills more highly than their global peers (83% v 79%), people with these skills are proving hard to find. Two thirds (67%) say recruiting people with digital skills is difficult, against just over half (52%) globally, and significantly higher than the US (43%) and China (24%), underlining a digital skills gap.

Kevin Ellis, chairman and senior partner of PwC, continued:

“In the tech talent race, UK organisations must be viewed as leading the way in emerging technology development. It is vital that we are able to attract businesses and people with the right tech skills, and also develop the requisite skills internally. With the current pace of technological change it is hard to predict what jobs will look like in the future, so as well as developing digital skills it is important that employees are adaptive and able to respond to the next skills challenge. Those that can will be in high demand.

“Emerging technology development will require diverse thinking to ensure the fourth industrial revolution is representative of the population and doesn't leave anybody behind as we reshape our economy.”

More generally, UK bosses are in hiring mode. Sixty three percent expect to grow their workforce over the coming 12 months, compared to 52% of their global counterparts. Just 10% expect headcount to decrease, down from 20% in 2016. Access to key skills is considered to be the single biggest business threat facing their organisations. More than four in five (83%) of UK bosses are concerned about how to get hold of key skills, up sharply from 71% last year, and compared to 77% globally.



The skills most highly prized by UK leaders - adaptability and problem solving, leadership and collaboration, and creativity and innovation - are also proving the hardest to recruit.

Cyber risk is considered the second biggest business threat, with three quarters (76%) of UK CEOs citing it as a concern (61% globally), followed by changing consumer behaviour (63% v 65% globally). UK CEOs are less concerned about the pace of technological change than their global counterparts, suggesting they now see digital disruption as business as usual.

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**Note to editor:**

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