

24th Annual CEO Survey

India CEOs are ready for the challenges of a post-pandemic world



PwC's 24th Global CEO Survey that was conducted over January and February 2021 saw the participation of 60 CEOs from India. The Survey reveals that while India CEOs are undoubtedly poised for recovery and profitable growth, they are equally aware and ready for the challenges of a post-pandemic world.

88%

of India CEOs are confident about global economic growth improving over the next 12 months, while 70% are confident about their own revenue growth in the same period.

This confidence is corroborated by the International Monetary Fund's (IMF) growth projections for India in its January 2021 World Economic Outlook Update that reflects a strong rebound in the economy. The IMF projected India's economy to grow by 11.5 percent in 2021, making it the only major country with a double-digit growth forecast.¹

With the markets recovering gradually, India CEOs are gearing up to ride the consumption wave - that is seeing a return - through improved operational efficiencies leading to higher profitability. Organisations have also witnessed an accelerated pace of digital adoption along with emerging new business models. That explains why 93% of Indian CEOs are willing to invest long-term in digital transformation, and an almost equal percentage - 90% - would like to invest in leadership and talent development over the next three years. Initiatives to realise cost efficiencies also top the priority list for 88% India CEOs, while 80% are set to invest in cybersecurity.

Given the pace at which technology is being embraced and the fact that organisations are witnessing years worth of transformation and adoption of technology within months, cyber threat as a major concern comes as no surprise. Uday Kotak, founder and CEO of Kotak Mahindra Bank, in his interview with PwC² emphasises:

“ During COVID, we have witnessed increased fraud in the banking system. The thought of losing my customers' money to theft is what keeps me up at night. So, while COVID has brought about a significant increase in digital adoption and transactions, it has also increased the risks associated with digital.

Uday Kotak



1) 2021 World Economic Outlook Update
2) India's digital-first banker

That also explains the cautious optimism of India CEOs, palpable in the areas of



India findings at a glance

Growth

88% of India CEOs say global economic growth will improve over the next 12 months.

70% are confident about revenue growth over the next 12 months.

Long term investments

93% are willing to invest more in digital transformation.

90% would opt for leadership and talent development.

Workforce strategy

42% of India CEOs are focusing on productivity through automation and technology as a workforce strategy to make the greatest impact on their organisation's competitiveness, while **35%** are focused on health and wellbeing of the workforce.

Climate change

In India, **28%** CEOs have explicitly factored climate change and environmental damage into their strategic risk management activities.

Top threats to growth

70% CEOs consider pandemics as a top threat to growth, while **62%** consider cyber threats as an impediment to growth. **53%** view uncertain economic growth as one of the top threats.

Top threats factored into strategic risk management activities

63% factor in speed of technological change as a top threat, while **57%** consider availability of key skills and changing consumer behaviour as top threats.

Growth

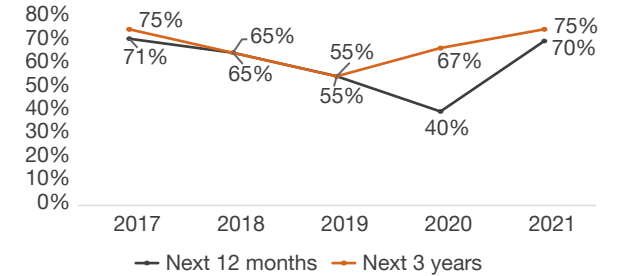
The CEO Survey findings reveal that the pandemic has clearly accelerated the pace of digital adoption. It also highlights the need for improved operational efficiencies and alternative delivery models. While 85% of India CEOs are seeking operational efficiencies to drive growth, in many companies the pandemic has catapulted the mindset of Gen X decision makers to that of the Gen Y and Gen Z digital natives.

A majority of India CEOs see the US as their largest export growth market. In fact, for India CEOs the top territories of growth other than the US are the UK, China, Bangladesh, Germany, and the UAE. The strong economic performance of the US on the back of a large stimulus and less disruptive decision-making will provide an additional boost to the exporting companies.

Global economic growth over the next 12 months

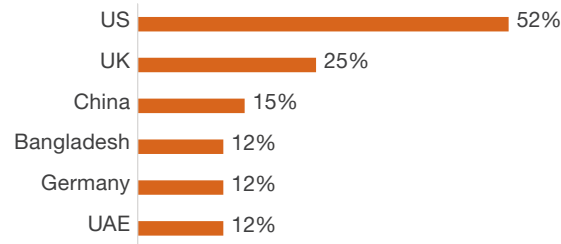


CEO Confidence about revenue growth

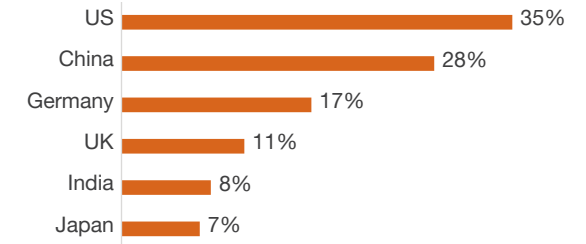


Territories for growth

India CEOs



Global CEOs



Digital transformation

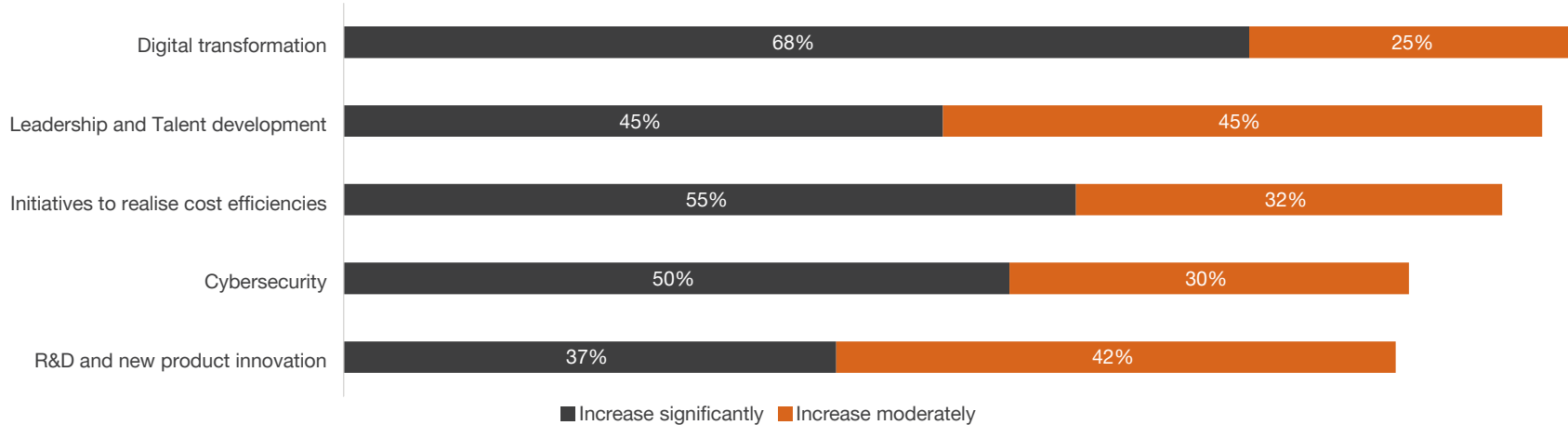
CEOs agree digital transformation is integral to building fit-for-future organisations and driving key aspects of business growth. Large technology-led transformation projects are being undertaken to propel automation and digitalisation in key business areas. This in turn demands digital upskilling of the workforce to steer the ‘future of work’ that at times may be antithetical to leadership decisions. As business houses try to repair and reconfigure their business, digital transformation will be a key lever to help them grow sustainably.

The pandemic has, in fact, shown how digital transformation can drive efficiency around various aspects of business cutting across supply chain, digital operations, customer centricity and front office transformation – all this on the back of a strong finance function that provides more room for transparency and agility.

That explains why 93% of India CEOs are willing to invest more in digital transformation in nearly all the sectors – from manufacturing, retail & consumer,

financial services to education and healthcare industries. That 88% of India CEOs would like to simultaneously focus on digitising their risk management functions and build a cyber resilient infrastructure that supports their growth also shows astuteness on the part of the India CEOs.

Changes to long-term investments over the next 3 years due to COVID-19



Cyber threats

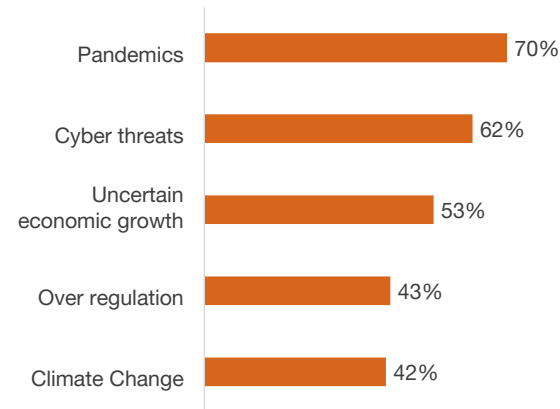
The top threat to growth for India CEOs continues to be the pandemic with 70% being extremely concerned. That accounts for some uncertainty around taking early investment decisions. While the threat of pandemics could possibly be due to the recency effect of COVID-19, cyber threat is the second top threat, with 62% of India CEOs being extremely concerned about it. With work-from-anywhere set to continue and the rapid adoption of emerging technologies, organisations have become more vulnerable to cyber threats.

Also, while rising rapidly on the list of global CEO concerns is the spread of misinformation (28%, up from 16% in last year's study), for India CEOs it is uncertain economic growth, over-regulation and climate change that figure as the next three top threats among the top five threats to growth.

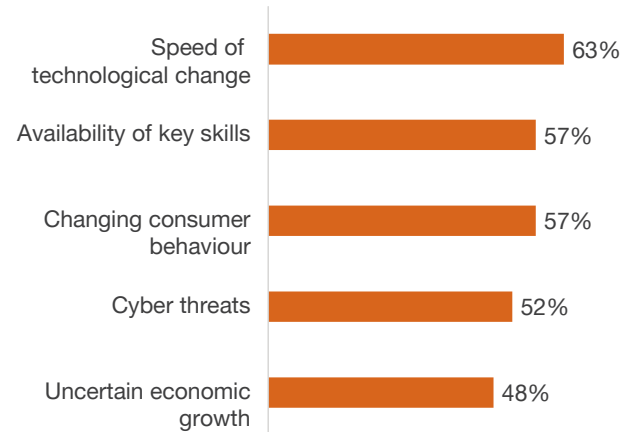
The need for operational resilience is fast tracking Cloud adoption and that too is expanding the attack surface of corporations. As a result, cyber risk is currently a far more pronounced boardroom agenda with 52% of India CEOs having factored it into their strategic risk management activities alongside speed of technological change, availability of key skills, and changing consumer behaviour.

India CEOs acknowledgement of the importance of cybersecurity for the overall success of an organisation points to the tone at the top. 80% India CEOs agree that it is imperative to collaborate with supply chain partners to collectively manage risk. With time, this is likely to lead to an increased focus on building security monitoring, response and defence capabilities, and a more secure ecosystem.

Top threats to growth (showing extremely concerned)



Top threats factored into strategic risk management activities



Workforce strategy

India CEOs contend that in order to make the greatest impact on their organisations they need to focus on productivity, automation and technology, followed by health and wellbeing of the workforce, skills and adaptability of people coupled with a focus on the pipeline of leaders for tomorrow.

If we reflect on the top workforce differentiators that the CEOs have prioritised, managing talent - their experience, motivation and their capabilities - is going to be top priority, along with workforce wellbeing. Clearly, from a good-to-cater-to requirement, this is now an absolute necessity and over time will define the employee experience and in turn, the employer brand.

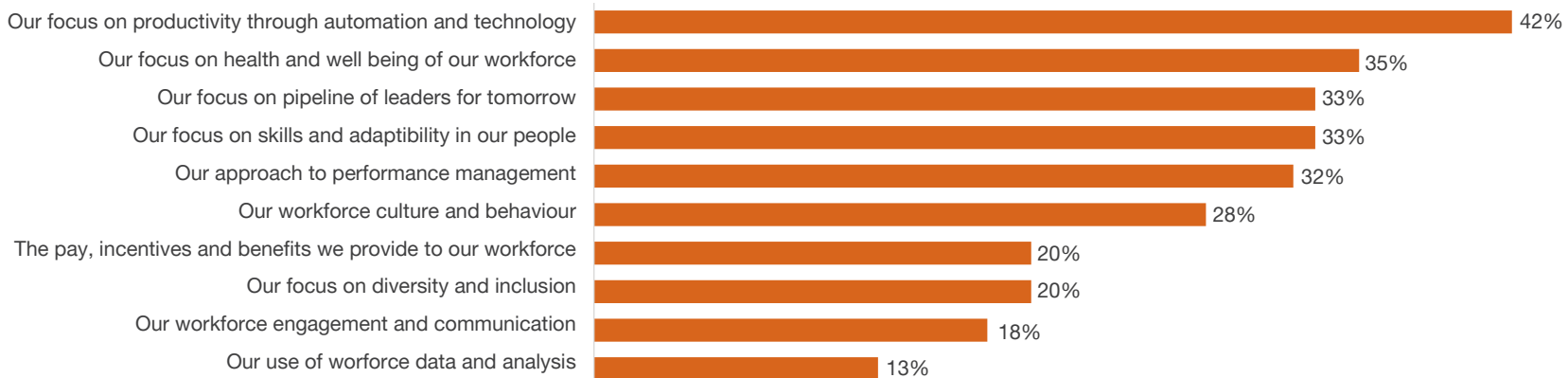
As 42% of CEOs emphasise on productivity through automation and technology, this could lead to the possibility of a build-up of 'existence anxiety'. That in turn can cause a 'learning anxiety' and make the upskilling agenda of an organisation all the more difficult. The newer ways of working serve to add newer dimensions to the workplace. As a result these decisions will no longer remain straightforward, making the transformation agenda all the more arduous.

India CEOs may thus need to adopt a democratic yet firm approach to drive reskilling and upskilling as priority programmes to bridge the capability gap.

That will lend the employee a sense of being at the centre of the transformation and not a recipient of the transformation.

Clearly, the journey from appreciation of the workforce challenges to the acceptance of its importance and impact is well established. Yet this journey from acceptance to implementation continues to be a difficult one. The need of the hour is for employees and the employer to work in tandem in this ecosystem to make a real difference.

Aspects of workforce strategy that will impact an organisation's competitiveness



ESG

The CEO Survey findings indicate that the climate change challenge is gaining in priority with 30% of Global CEOs and 28% of India CEOs explicitly factoring climate change and environmental damage into their strategic risk management activities.

Lack of adequate data sets and analysis perhaps prevent CEOs from identifying climate change impact as a strategic risk to their businesses. India has one of the highest exposures to natural hazards and yet companies are not adequately prepared for the climate change impact risk.

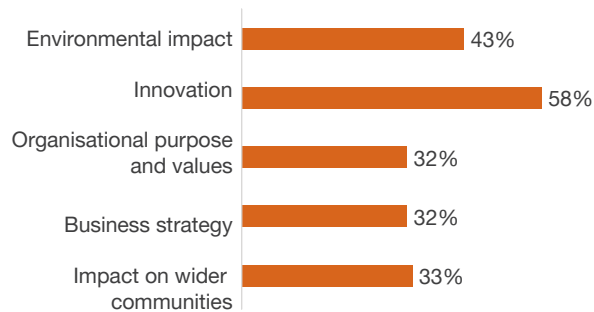
However, 40% India CEOs as against 39% Global CEOs believe their organisations should be doing more to measure 'environmental impact and value'.

Similarly, 23% of India CEOs, comparable to 25% Global CEOs, believe they need to do more to measure the 'impact on wider communities'. Both these findings augur well, as management guru Peter Drucker purportedly said, "What gets measured, gets managed."

Both Global and India CEOs are also pushing for greater reporting. When asked which areas of their business they should be doing more reporting on, 43% of Global and India CEOs chose environmental impact, the greatest share of any area. Many CEOs have also opined that their organisations have taken constructive steps in the Social and Governance aspects of ESG, but it is the Environmental sphere where much more remains to be done.

The cautious optimism of India CEOs indicates that they are prepared to face headwinds and take on tomorrow. It will not be an easy journey but every disruption prepares the ground for growth. Now is the time for business leaders to seize the moment, involve the whole of society to work towards inclusive revival and full potential growth.

Five key areas that organisations should be doing more to report in the ESG space



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