

**Report of
IPS Corporate Associates Breakfast
“Leading Through the Global Financial Crisis:
Insights from the PricewaterhouseCoopers 12th Annual Global CEO Survey”
by Mr Gautam Banerjee, Executive Chairman, PricewaterhouseCoopers LLP**

**14 May 2009
Shangri-La Hotel**

This is a summary of proceedings at the Institute of Policy Studies’ (IPS) Corporate Associates Breakfast meeting titled *Leading Through the Global Financial Crisis: Insights from the PricewaterhouseCoopers 12th Annual Global CEO Survey* held on 14 May 2009. The speaker was Mr Gautam Banerjee, Executive Chairman of PricewaterhouseCoopers.

The PricewaterhouseCoopers 12th Annual Global CEO Survey was conducted between September and December 2008. In it, chief executive officers (CEOs) across 50 countries and various industries offered views on the effects of the crisis and on longer-term strategic issues like climate change, energy costs, tax regimes, the competition for talent and the availability of relevant risk information for business planning.

Mr Banerjee said the crisis had shattered the short-term confidence of CEOs but that they were more positive in their longer term outlook. They anticipated a U- rather than V-shaped economic recovery. The crisis revealed the darker side of globalisation with the simultaneous deceleration of key economies in the world where even an emerging giant like China was not spared.

CEOs were skeptical about the ability of governments to mitigate risks created by global trends such as global political and religious tensions, the rich-poor divide, the scarcity of talent, climate change and depletion of natural resources. They felt that these issues needed to be tackled by joint effort between the governments and business communities of different countries. The G20 grouping was a good start at the global governance level, but a working group was needed to translate the discussions into operationalisable policies.

On the role of government, CEOs wanted governments to strike the balance of showing greater leadership and action, but in a manner that helped businesses especially in areas like tax and regulatory frameworks, infrastructure and human resource development. On taxes, clarity and consistency in tax rules were more important than headline tax rates.

CEOs were convinced that climate change would become a global crisis and were disappointed that this agenda was being dictated by non-governmental organisations (NGOs). They saw business opportunities in developing clean technology but needed a clear regime of rules to actualise this potential.

CEOs felt the challenge of balancing the short-term survival and long-term success of their company most acutely. Access to and the retention of talent, corporate agility and reputation were seen as critical drivers of success. Growing the talent base was an issue that had to be jointly tackled by governments and businesses. Companies could, on their part, benefit from profiling their employees (generationally, for instance) and implementing more tailored human resource policies to cater to each segment. Learning from previous economic

downturns, companies have displayed more responsible behaviour in avoiding 'a slash and burn' policy of firing employees in a downturn and rehiring workers in boom periods to date.

The survey also reflected a broadening in investment criteria for CEOs, as typical bottom-line concerns such as the recouping of investment costs as soon as possible ranked around the same as ensuring the long term well-being of future generations. The survey reported increased collaboration between businesses and stakeholders, and greater influence of stakeholders on company decisions and success in the future. In Singapore, business collaboration with trade unions had been tremendous especially in training, and companies that took advantage of this would progress.

CEOs across industries highlighted that they were not getting enough of the right information to make good decisions.

Joint ventures and strategic alliances were likely to play a greater role in the growth of businesses than cross-border mergers and acquisitions in the next three years due to the lack of capital. In the end, immediate threats such as the downturn in major economies and disruption of capital markets were likely to drive the priorities of CEOs instead of longer term issues.

In closing, Mr Banerjee said that greater connectedness and collaboration between companies, governments, NGOs, and social entrepreneurs would take place as many of the problems today were too large to be tackled by one single actor. Good partnerships between government and business would be important in ensuring that there was a good eco-system in which to thrive. This partnership should help to foster an appropriate balance between global and national objectives ("glocalisation"), co-operative competition (co-opetition) and to have a rapid understanding of issues that affected businesses ("raplexity").

In the discussion session, Mr Banerjee said that there was likely to be strong pushback from the business industries to United States President Barack Obama's recent announcement of taxing the overseas profits of American multi-national companies (MNCs). There was a need to separate rhetoric from what would eventually happen. Global companies would need to overcome the crisis at home, but would still be drawn to Asia because of the rising influence of the region. Many global companies still had the intention of moving their headquarter operations to Singapore.

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Report written by Debbie Soon, IPS Research Assistant, 29 May 2009.