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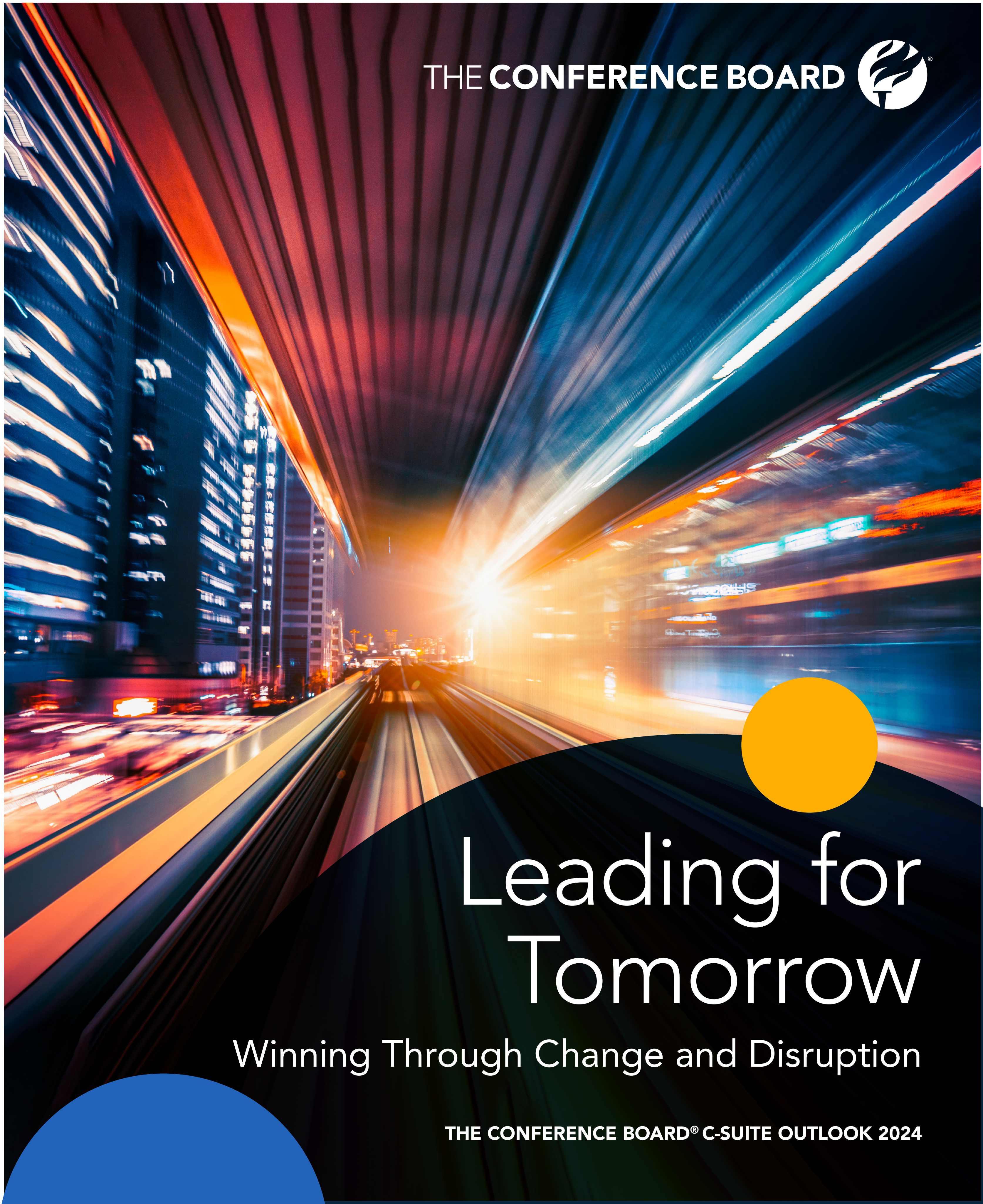


Leading for Tomorrow

Winning Through Change and Disruption

THE CONFERENCE BOARD® C-SUITE OUTLOOK 2024

Leading for Tomorrow: Winning Through Change and Disruption

The global economy's continued weakness; rising operating costs; labor challenges; trade tensions between the US, China, and Europe; wars in the Middle East and Ukraine; threatening events in the Pacific; and political uncertainty in Latin America all make for a volatile and unsettling global picture for 2024. How can business leaders win through all the chaos and disruption and become tomorrow's leaders with future-ready organizations?

Since 1999, The Conference Board has surveyed CEOs and later C-Suite executives across the globe to identify the most critical issues they face and the strategies they're developing to meet them. Our latest survey, conducted between October 24 and November 24, 2023, asked 1,247 C-Suite executives, including 630 CEOs, for their views on external and internal stress points, emerging AI technology, geopolitical risks, human capital management, and sustainability through the lens of ESG.

Setting the Global Economic Context: Slow Growth Ahead

Global real GDP was forecast to grow by 2.9% in 2023, down from 3.3% in 2022. We expect further slowing to 2.5% in 2024. Economic growth is weighed down by persistent high inflation and continued monetary policy tightening. Looking ahead, we expect relatively subdued economic growth over the next six to 12 months. We see the key risks to the global economic outlook still skewed to the downside. The main risk still relates to inflation persistence. Growth forecasts for 2024 are generally strongest in emerging Asian economies, and weakest in Europe and the US. Our 10-year economic outlook continues to point to a prolonged period of declining vitality in the global economy.

Figure 1

Globally, CEOs are eyeing the economy and their own organizational talent as primary areas of attention

High-impact issues and top focus areas for CEOs in 2024

Select the external factors or issues that you think will have the greatest impact on your business in 2024.	Select the internal factors or issues that you think will have the greatest impact on your business in 2024.
EXTERNAL ISSUES	**INTERNAL ISSUES**
High Impact	**High Focus**
• Economic downturn/recession • Inflation • Global political instability • Higher borrowing costs • Labor shortages • Rapidly advancing AI technology • Higher labor costs	• Attract and retain talent • Accelerate pace of digital transformation (including AI) • Enhance product and service innovation • Improve customer experience • Reduce costs • Upskill and reskill talent
Low Impact	**Low Focus**
• Industrial policy in your region • Wealth and/or income inequality • ESG backlash • Shortages of semiconductors/rare earths • Shareholder activism	• Focus on AI governance policy • Return to office • Accelerate shift to renewable energy sources • Rising cost of health care benefits • Labor activism (example: unionization/worker strikes)

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Trusted Insights for What's Ahead™

External factors

- **CEOs see "economic downturn/recession" and "inflation" as the top two external factors they expect will have the greatest impact on their organizations in the coming year.** Both factors also topped the 2023 list of high-impact issues. While we believe a global recession is unlikely in 2024, we do expect slower growth in the wake of tighter monetary policy to tackle inflation. Adding to global CEOs' concerns is that less than 30% believe their organizations are adequately prepared to navigate either a recession or inflation.
- **"Global political instability," "higher borrowing costs," and "labor shortages"—all of which feed inflation and contribute to the higher costs of doing business—round out the top five high-impact issues for 2024.** Just outside the top five are "rapidly advancing AI technology"—the third-ranked impact issue for US CEOs—and "higher labor costs." With aggressive rate increases by major central banks around the world, "higher borrowing costs" as a concern has risen considerably in the past two years, especially among CEOs in Europe and the US. It has moved from 25th globally in 2022 to 10th in 2023 to fourth in this year's survey.

Internal focus and growth drivers

- **Globally, CEOs say their internal organizational priorities for 2024 involve talent, technology, and keeping the customer satisfied—while watching costs.** Even with signs of labor demand easing in major economies, CEOs cite "attract and retain talent" as their number-one internal priority for the coming year. Other focus areas include accelerating digital transformation (including AI adoption), enhancing product and service innovation, and improving the customer experience while still looking to hold the line on costs.
- **To fuel short-term profit growth in the coming year, CEOs globally are looking to new product development and entering new markets while relying on their marketing functions to drive sales.** They also see technology, which can be both a growth driver and a cost saver, as a critical part of their short-term profit growth strategy. But with recession fears lingering and inflation remaining stubborn, reducing costs has taken on added urgency in 2024, especially for C-Suite executives.
- **CEOs cite four broad areas of investment to fuel longer-term growth.** They see 1) innovation and technology, including AI; 2) human capital, including upskilling and retraining; 3) pursuit of new opportunities, including new markets, new products, M&A, and R&D; and 4) engaging and winning new customers through marketing and promotions as the most critical components to drive growth in the next three to five years.
- **Most CEOs say they are making supply chain adjustments.** "Supply chain disruptions," a top-five high-impact issue for global CEOs in both 2022 and 2023, drops all the way to 18th in our current survey. Nonetheless, two-thirds of CEOs globally and more than half in the US say they either plan to alter their supply chains in the next three to five years or are already doing so. Their number-one adjustment: introducing AI and digital technology to improve performance tracking.

Global risks

- **CEOs cite "higher energy prices," "potential for increase in cyberattacks," "war in the Middle East," a broadening of the Ukraine war, and "import tariffs/trade wars" as the top five geopolitical risks they face in the coming year.** While these risks make it hard for businesses to plan ahead, they also act as accelerators, speeding up strategy refinement and innovation, especially around cyber risk, supply chains, renewable energy, and crisis and contingency planning.
- **For US CEOs, the biggest risk is right at home—the mushrooming US national debt and deficit.** The US fiscal outlook continues to deteriorate, with the deficit for FY2023 topping estimates at $1.7 trillion. The increasing practice of issuing US Treasury securities to finance deficit and debt places tremendous strain on the financial system, potentially raising business borrowing costs and limiting access to capital.
- **Notwithstanding their concerns about escalating energy costs, 51% of CEOs globally, 65% of C-Suite executives, and 65% of manufacturing CEOs say the transition to renewable energy will be significantly positive for their organizations.** Despite conflicts in the Middle East and Ukraine acting as stark reminders that fossil fuels are highly vulnerable to geopolitical risks, investment in renewable energy remains a relatively low priority for now.

Embracing AI

- **CEO expectations of a positive payback from AI are extremely high.** Close to 90% of CEOs see AI increasing the efficiency/productivity of labor and their firms overall. They also see gains in innovation and creativity. But there is work to be done to create an organizational culture and structure to maximize AI's productivity. Almost 80% of CEOs say adopting AI will require new capital expenditures, and 94% say it will require new skills and training.
- **Some 74% of CEOs say maximizing AI's potential requires more cross-functional collaboration, and 76% say it requires a significant business model transformation.** However, almost half of CEOs (48%) and 44% of C-Suite executives say their organizations are not doing a good job of addressing employee and business unit use of AI. The expected pace of change amplifies the need for CEOs, their management teams, and their boards to commit to elevating technological expertise within their organizations, examining organizational design, and crafting governance structures to manage AI opportunities and risks.
- **Some 56% of CEOs and 62% of C-Suite executives believe AI creates additional layers of organizational risk.** Half of CEOs and 51% of C-Suite executives believe AI will displace labor in their organizations, creating significant challenges for talent management. Surprisingly, considering the hype around highly publicized efforts by governments and the private sector to develop international AI governance standards and regulations, just 37% of CEOs and 43% of C-Suite executives believe AI will increase their regulatory burden.

Managing human capital

- **CEOs say their top human capital management priorities in 2024 will focus on developing leadership and workforce capabilities, and strengthening organizational culture with the goal of attracting and retaining talent.** Other human capital management priorities include accelerating the pace of digital transformation, strengthening the employee experience, and providing upskilling and reskilling opportunities for workers. Research by The Conference Board has found that organizational culture, quality of leadership, and work-life balance are the factors that most influence employee retention.

Setting ESG priorities

- **Board members and CEOs are fairly well aligned on ESG priorities.** Both groups cite education, economic opportunity, and carbon/GHG emissions as their top three issues. However, CEOs cite sustainable capitalism, gender equality, and energy transition as higher ESG priorities than board members do. Boards have greater concern about the impact of climate change on business compared to CEOs and the C-Suite; they rank climate as a higher ESG priority than CEOs do.
- **Boards are somewhat less likely than CEOs and C-Suite executives to say their companies are handling ESG backlash well.** A much higher number of CEOs (70%) and other C-Suite executives (75%), including those with ESG responsibility (84%), say their organizations are handling ESG backlash either very or somewhat well, compared to board members (56%). The most effective response to backlash is to ensure the company's ESG and sustainability goals align with core business strategy, are supported by empirical evidence, and serve the long-term welfare of the company, stakeholders, and society.

Leveraging marketing and communications

- **CEOs are relying on their marketing and communications functions as important drivers of both short-term profits and longer-term growth over the next five years.** About two-thirds of CEOs say they are planning to increase budgets for customer service, customer experience, and new customer acquisition over the next 24 months. Some 95% of CEOs globally plan to either increase budgets or maintain existing funding levels for AI in marketing and AI in communications.

What CEOs Are Watching Out For: The High-Impact External Factors and Areas of Internal Focus for 2024

External focus

Figure 2

CEOs and the C-Suite see an economic downturn and inflation as high-impact external issues; political instability is a rising concern

Q: Select the external factors or issues that you think will have the greatest impact on your business in 2024.

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Economic downturn/recession	1	Economic downturn/recession	1	Economic downturn/recession	1	Economic downturn/recession	1	Economic downturn/recession	1	Labor shortages	1
Inflation	2	Inflation	2	Inflation	2	Global political instability	2	Inflation	2	Economic downturn/recession	2
Global political instability	3	Rapidly advancing AI technology	3	Rapidly advancing AI technology	3	Inflation	3	Regulation domestically (within your country)	3	Higher labor costs	3
Higher borrowing costs	4	Global political instability	4	Higher borrowing costs	4	Higher borrowing costs	4	Global political instability	4	Global political instability	4
Labor shortages	5	Higher labor costs	5	Higher labor costs	4	Global financial crisis	5	Declining trust in government	5	US-EU-China tensions	4
Rapidly advancing AI technology	6	Labor shortages	6	Shifting consumer/customer buying behaviors	6	Rapidly advancing AI technology	6	Political uncertainty in the region(s) you operate in	6	Volatility in commodity prices	6
Higher labor costs	7	Regulation domestically (within your country)	7	Global political instability	7	Labor shortages	7	Global financial crisis	7	Shifting consumer/customer buying behaviors	7
Regulation domestically (within your country)	8	Higher borrowing costs	8	Labor shortages	7	Regulation domestically (within your country)	8	US-EU-China tensions	7	Slowdown in China's growth	7
Global financial crisis	9	Supply chain disruptions	9	Regulation domestically (within your country)	9	War in the Middle East	9	Social and civil unrest	9	Inflation	9
Shifting consumer/customer buying behaviors	10	Shifting consumer/customer buying behaviors	10	Political uncertainty in the region(s) you operate in	10	Higher labor costs	10	Higher borrowing costs	10	Rapidly advancing AI technology	9

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

"Economic downturn/recession" and "inflation" concerns remain elevated globally. Both are, for the second year in a row, the external issues CEOs see as having the greatest impact on their organizations in the coming year. CEOs in the US, Europe, and Latin America (our survey included respondents from Chile and Argentina) rank "economic downturn/recession" as their number-one impact issue; inflation ranks second in the US and Latin America, and third in Europe. While we believe there will be slower global economic growth in 2024, a global recession is unlikely.

While the prospects for a soft landing have risen, most CEOs in the US are still bracing for a recession in 2024. Some 55% of US CEOs in our survey cite "economic downturn/recession" as a high-impact issue for the coming year. Exacerbating the concern is that only 37% of US CEOs say their organizations are prepared to deal with recession, and just 34% with inflation. They may find out soon: we believe the US economy will slip into a short and shallow recession in early 2024. *The Conference Board Measure of CEO Confidence™* for Q4 2023 found that more than two-thirds of US CEOs continue to expect a shallow and brief US recession over the next 12-18 months.

Less than 30% of CEOs globally, a smaller share than in the US, believe their organizations are prepared to deal with either a recession or inflation. In Europe, double-digit inflation linked to record-high energy costs has dented business CEO confidence; in H2 2023, confidence levels were the lowest recorded since the creation of the measure in H1 2020 and below the level at the onset of the COVID-19 pandemic.

Global political instability—fueled by conflicts in the Middle East and Ukraine, cold wars over trade and technology, and mushrooming national debts—is amplifying CEOs' already heightened recession and inflation concerns. "Global political instability," "higher borrowing costs," and "labor shortages"—all of which contribute to higher costs of doing business and can ultimately threaten a company's competitiveness in the near term—round out the top five high-impact external issues for 2024. Just outside the top five are "rapidly advancing AI technology," the number-three issue for CEOs in the US, cited by almost a third (it is ranked sixth globally), and "higher labor costs."

Aggressive interest rate increases by major central banks around the world have elevated CEO concern about higher borrowing costs. The issue has risen considerably globally, and especially among CEOs in Europe and the US, since last year. In 2023, "higher borrowing costs" ranked 10th globally (in 2022 it was 25th) but now ranks fourth among high-impact issues in this year's survey; 28% of US CEOs and 27% in Europe (where it jumped from 17th in 2023 to fourth) cite it as a high-impact issue, compared to 16% in the US and just 5% in Europe in 2023.

Internal focus

"Labor shortages" and "higher labor costs" have CEOs focusing on attracting and retaining talent as their top internal priority for 2024. Both "labor shortages" and "higher labor costs" are among the top 10 external-impact issues for CEOs in the US, Europe, and Japan. With bargaining power having shifted from employers to workers due to persistent labor shortages and aging populations, companies have faced higher wage and benefit costs. These pressures have in turn highlighted the importance of more innovative recruitment and retention strategies, and a rethinking of how and by whom work gets done.

Figure 3

CEOs say talent, technology, and innovation are their main areas of internal focus in 2024; other C-Suite executives cite cost reduction as the top priority

Q: Select the internal factors or issues that your company will focus on in 2024.

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Attract and retain talent	1	Reduce costs	1	Attract and retain talent	1	Accelerate pace of digital transformation (including AI)	1	Attract and retain talent	1	Upskill and reskill talent	1
Accelerate pace of digital transformation (including AI)	2	Attract and retain talent	2	Improve customer experience	2	Enhance product and service innovation	2	Improve customer experience	2	Attract and retain talent	2
Enhance product and service innovation	3	Improve customer experience	3	Enhance product and service innovation	3	Improve customer experience	3	Accelerate pace of digital transformation (including AI)	3	Improve internal/ employee communications	
Improve customer experience	4	Accelerate pace of digital transformation (including AI)	4	Modify business model	4	Attract and retain talent	4	Enhance product and service innovation	4	Accelerate pace of digital transformation (including AI)	4
Reduce costs	5	Enhance product and service innovation	5	Reduce costs		Modify business model	5	Reduce costs	5	Put greater emphasis on corporate culture	5
Upskill and reskill talent	6	Increase automation (including AI)	6	Accelerate pace of digital transformation (including AI)	6	Increase automation (including AI)	6	Upskill and reskill talent	6	Enhance product and service innovation	6
Modify business model	7	Upskill and reskill talent	7	Increase automation (including AI)	7	Reduce costs	7	Increase automation (including AI)	7	Focus more on sustainability	7
Increase automation (including AI)	8	Conduct mergers, acquisitions and/or divestitures	8	Upskill and reskill talent	8	Improve external communications (i.e., with customers, markets, etc.)	8	Focus more on sustainability	8	Modify business model	
Improve external communications (i.e., with customers, markets, etc.)	9	Put greater emphasis on corporate culture	9	Improve external communications (i.e., with customers, markets, etc.)	9	Upskill and reskill talent	9	Put greater emphasis on corporate culture	9	Reduce costs	9
Improve internal/ employee communications	10	Focus more on sustainability	10	Conduct mergers, acquisitions and/or divestitures	10	Focus more on sustainability	10	Improve external communications (i.e., with customers, markets, etc.)	10	Address diversity, equity and inclusion outcomes in the workplace Increase automation (including AI)	10

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

CEOs will focus their organizations on talent, technology, and keeping the customer satisfied—while watching costs. In addition to fighting the war for talent, CEOs say their organizations will focus on accelerating digital transformation, including adopting AI (which can both grow the business and save money through streamlining processes and tasks), enhancing product and service innovation, and improving the customer experience. With recession fears lingering and inflation remaining stubborn, reducing costs has taken on added urgency, especially for C-Suite executives in 2024. Cited by 45% of C-Suite executives, it is their top-rated internal focus for 2024, up from sixth in 2023.

Figure 4

Most CEOs globally say they plan to alter their supply chains in the near future; the most commonly cited change is better performance tracking with AI

Q: How are you altering your supply chains in the next three to five years? Select no more than three. (% of global CEOs)

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Supply chain concerns recede but are not forgotten. "Supply chain disruptions," the number-five external concern for global CEOs in both 2022 and 2023, drops all the way down to 18th in our current survey. Nonetheless, two-thirds of CEOs globally and more than half in the US say they either plan to alter their supply chains in the next three to five years or are already doing so. Among those making changes, the number-one adjustment is to "increase the use of digital technology/AI to improve performance tracking," followed by "increase number of vendors" and "find other sources of input supply." The main impetuses behind these moves, according to CEOs, are reducing risk, building supply chain resilience, lowering costs, moving closer to main markets and customers, and greening supply chains.

Figure 5

For those looking to make supply chain changes, improving performance tracking with digital technology/AI is the top strategy

Q: How are you altering your supply chains in the next three to five years?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
We are not altering our supply chains	1	We are not altering our supply chains	1	We are not altering our supply chains	1	We are not altering our supply chains	1	We are not altering our supply chains	1	Increase use of digital technology/AI to improve performance tracking	1
Increase use of digital technology/AI to improve performance tracking	2	Increase use of digital technology/AI to improve performance tracking	2	Increase use of digital technology/AI to improve performance tracking	2	Increase use of digital technology/AI to improve performance tracking	2	Increase use of digital technology/AI to improve performance tracking	2	Find other sources of input supply	2
Increase number of vendors	3	Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	3	Raise prices to offset material and transportation costs	3	Increase number of vendors	3	Increase number of vendors	3	We are not altering our supply chains	3
Find other sources of input supply	4	Greater transparency dealing with vendors	4	Find other sources of input supply	4	Reorient toward friendly countries	4	Better apply lessons learned from previous incidents in our disruption management	4	Better apply lessons learned from previous incidents in our disruption management	4
Better apply lessons learned from previous incidents in our disruption management	5	Better apply lessons learned from previous incidents in our disruption management	5	Discontinue some product lines	5	Greater transparency dealing with vendors	5	Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	5	Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	4
Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	6	Find other sources of input supply	6	Greater transparency dealing with vendors	6	Better apply lessons learned from previous incidents in our disruption management	6	Find other sources of input supply	6	Increase number of vendors	6
Greater transparency dealing with vendors	7	Increase number of vendors	7	Reorient toward friendly countries	7	Reshore and/or nearshore production	7	Reshore and/or nearshore production	7	Raise prices to offset material and transportation costs	7
Raise prices to offset material and transportation costs	8	Reduce number of vendors	8	Increase number of vendors	7	Find other sources of input supply	8	Reduce number of vendors	8	Exit from China	8
Reshore and/or nearshore production	9	Raise prices to offset material and transportation costs	9	Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	7	Raise prices to offset material and transportation costs	9	Link incentives to supply chain performance	9	Link incentives to supply chain performance	9
Reorient toward friendly countries	10	Reshore and/or nearshore production	10	Reshore and/or nearshore production	10	Carry more inventory	10	Discontinue some product lines	10	Reshore and/or nearshore production	10
				Better apply lessons learned from previous incidents in our disruption management	10	Focus on environmental and social responsibility in supply chains (e.g., diversity, human rights, etc.)	10			Greater transparency dealing with vendors	10
				Exit from China	10						

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Figure 6

Lowering risks and costs are the main reasons for altering supply chains; greening is important outside the US

Q. What is your reason for altering your supply chains in goods and/or services?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Lower risk of supply chain disruptions	1	Lower risk of supply chain disruptions	1	Lower costs	1	Supply chain resiliency	1	Lower risk of supply chain disruptions	1	Supply chain resiliency	1
Supply chain resiliency	2	Lower costs	2	Lower risk of supply chain disruptions	2	Lower risk of supply chain disruptions	2	Lower costs	2	Lower costs	2
Lower costs	3	Supply chain resiliency	3	Supply chain resiliency	3	Greening supply chains	3	Proximity to customers	3	Proximity to customers	2
Proximity to customers	4	Greening supply chains	4	Proximity to customers	4	National security concerns	4	Greening supply chains	4	Lower risk of supply chain disruptions	4
Greening supply chains	5	Regulations/ policies by my government	5	Supplier diversity (e.g., gender, race, etc.)	5	Lower costs	5	Supply chain resiliency	5	Greening supply chains	5
Regulations/ policies by other governments	6	Proximity to customers	5	National security concerns	6	Proximity to customers	6	Regulations/ policies by other governments	6	Supplier diversity (e.g., gender, race, etc.)	5
Supplier diversity (e.g., gender, race, etc.)	7	Regulations/ policies by other governments	7	Regulations/ policies by my government	6	Regulations/ policies by other governments	7	Regulations/ policies by my government	7	National security concerns	7
Regulations/ policies by my government	8	Supplier diversity (e.g., gender, race, etc.)	8	Greening supply chains	8	Supplier diversity (e.g., gender, race, etc.)	8	Supplier diversity (e.g., gender, race, etc.)	8	Regulations/ policies by my government	8
National security concerns	9	Pressure from stakeholders	9	Regulations/ policies by other governments	9	Regulations/ policies by my government	9	Pressure from stakeholders	9	Regulations/ policies by other governments	9
Pressure from stakeholders	10	National security concerns	10	Greater labor supply	10	Pressure from stakeholders	10	National security concerns	10	Pressure from stakeholders	9

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Risk Factors: What's Keeping CEOs Up at Night

Figure 7

Higher energy prices and cyberattacks are the top geopolitical risks troubling CEOs globally, while US CEOs cite the national debt as their number-one risk

Q: Which geopolitical risks concern you the most regarding business operations?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Higher energy prices	1	Potential for increase in cyberattacks	1	US national debt and deficits	1	War in the Middle East	1	The impact of national debt and deficits in the countries you operate in	1	Higher energy prices	1
Potential for increase in cyberattacks	2	Higher energy prices	2	Potential for increase in cyberattacks	2	Higher energy prices	2	Import tariffs/ trade wars	2	China takeover of Taiwan	2
War in the Middle East	3	War in the Middle East	3	War in the Middle East	3	War in Ukraine spills over into a broader NATO conflict	3	War in the Middle East	3	Decoupling or 'de-risking' from China	3
War in Ukraine spills over into a broader NATO conflict	4	Decoupling or 'de-risking' from China	4	Higher energy prices	4	Potential for increase in cyberattacks	4	Intensified global trade wars	4	Greater risk of conflict in the Pacific	4
Import tariffs/ trade wars	5	US national debt and deficits	5	War in Ukraine spills over into a broader NATO conflict	5	Import tariffs/ trade wars	5	Potential for increase in cyberattacks	5	Potential for increase in cyberattacks	
The impact of national debt and deficits in the countries you operate in	6	Higher food prices due to conflict lead to higher inflation	6	China takeover of Taiwan	6	The impact of national debt and deficits in the countries you operate in	6	Foreign investment restrictions	6	Intensified global trade wars	6
US national debt and deficits		Intensified global trade wars	7	Decoupling or 'de-risking' from China	7	Greater risk of conflict in the Pacific	7	Higher energy prices	7	War in Ukraine spills over into a broader NATO conflict	7
Decoupling or 'de-risking' from China	8	The impact of national debt and deficits in the countries you operate in	8	Higher food prices due to conflict lead to higher inflation		Intensified global trade wars		War in Ukraine spills over into a broader NATO conflict	8	Higher food prices due to conflict lead to higher inflation	8
Higher food prices due to conflict lead to higher inflation	9	Import tariffs/ trade wars	9	The impact of national debt and deficits in the countries you operate in	9	US national debt and deficits	9	Export controls	9	War in the Middle East	9
Intensified global trade wars	10	War in Ukraine spills over into a broader NATO conflict	10	Use of nuclear weapons	10	China takeover of Taiwan	10	Decoupling or 'de-risking' from China	10	Fossil fuels energy supply	10

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

CEOs cite "higher energy prices," "potential for increase in cyberattacks," "war in the Middle East," a broadening of the Ukraine war, and "import tariffs/trade wars" as the top five geopolitical risks they face in the coming year. Just out of the top five at number six: "the impact of national debt and deficit in the countries you operate in." These issues are not only making it hard for businesses to plan ahead with any degree of confidence, they are also acting as accelerators, speeding up strategy refinement and innovation, especially around cyber risk, supply chains, renewable energy, and crisis and contingency planning. One area of concern: while CEOs rank "potential for increase in cyberattacks" as the number-two geopolitical risk, just 9% of CEOs globally and in the US cite cybersecurity as a critical investment choice for longer-term growth (14% in Europe, 11% in Latin America, and just 1% in Japan), and less than half of CEOs globally say their organizations are prepared to handle a cybersecurity crisis.

For US CEOs, the biggest risk is homegrown—the burgeoning US national debt. They cite "US national debt and deficits" as the number-one threat to business operations. Concern over national debt levels in general is also shared by CEOs in Latin America (ranked first) and Europe (ranked sixth). High national debt threatens business growth by crowding out private investment and diverting investment away from the private sector. To put the US fiscal challenges in context, its national debt is now $44.6 trillion and the deficit reached a new high of $1.7 trillion for the fiscal year, the latter of which is 5.8% of GDP. The cost of servicing this debt due to inflation and rising interest rates increased by $162 billion, reaching $879 billion in FY2023, approximately the size of the entire defense budget.

The primary geopolitical risk concern for CEOs in Europe is the war in the Middle East; it also ranks high, at number three, in both the US and Latin America. While CEOs are not expecting an immediate impact on their businesses (war in the Middle East ranks 16th globally as an external high-impact event for the coming year; it is ninth in Europe, however), concerns are focused on the potential for escalation, which threatens to dampen global growth and reignite a rise in energy prices. The US, China, and Russia are all stakeholders in Europe, and the paths they choose will help determine how, when, and whether this crisis escalates. Without cooperation among them, a spiraling conflict will only accelerate.

China is seen as high risk for US CEOs. CEOs in both the US and Japan cite "China takeover of Taiwan" and "decoupling or de-listing from China" among their top 10 geopolitical risks.

Figure 8

CEOs in Latin America and C-Suite executives globally are the most enthusiastic about the transition to renewable energy; CEOs in the US are the least

Q: In your opinion, the transition to renewable energy on your business will be....

	Global CEOs	Global Other C-Suite	US CEOs	Europe CEOs	Latin America CEOs	Japan CEOs
Significantly positive and already making major adjustments to business	**18%**	**25%**	**10%**	**17%**	**30%**	**13%**
Significantly positive and planning major adjustments to business	**15%**	**17%**	**8%**	**24%**	**17%**	**14%**
Significantly positive but not yet making or planning major adjustments to business	**18%**	**22%**	**14%**	**7%**	**24%**	**25%**
Subtotal significantly positive	**51%**	**65%**	**32%**	**48%**	**71%**	**52%**
Significantly negative and already making major adjustments to business	**1%**	**3%**	**0%**	**4%**	**1%**	**2%**
Significantly negative and planning major adjustments to business	**3%**	**2%**	**4%**	**4%**	**0%**	**3%**
Significantly negative but not yet making or planning major adjustments to business	**3%**	**2%**	**6%**	**3%**	**0%**	**3%**
Subtotal significantly negative	**7%**	**6%**	**10%**	**11%**	**1%**	**8%**
No significant impact	**34%**	**18%**	**48%**	**38%**	**25%**	**38%**
Not sure	**8%**	**10%**	**10%**	**4%**	**3%**	**3%**

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Few CEOs in the US and Europe rate investing in renewables as a priority for growing their companies in the next three to five years. Less than 5% of CEOs globally and in the US and Europe cite "accelerate shift to renewable energy sources" as an internal priority in the coming year. The current crises in Europe and the Middle East are a stark reminder that fossil fuels are highly vulnerable to geopolitical risks. While governments and business leaders may turn to a greater share of fossil fuels in the near term to supplement their energy needs, once current crises ease, an accelerated transition to renewable energy is likely. CEOs globally and in Japan cite "higher energy prices" as the number-one geopolitical risk to their business operations (US CEOs have it fourth, CEOs in Europe have it second). Despite their concerns about high transition costs, 51% of CEOs globally, 65% of C-Suite executives, and 65% of manufacturing CEOs say the transition to renewable energy will be significantly positive for their organizations.

Investing for the Future: How CEOs Plan to Grow Organizations

CEOs plan to drive short-term profit growth in 2024 through a mix of new product development, new market entry, technology utilization/adoption, price increases, and cost reduction. Globally, C-Suite executives are far more focused on cost containment than CEOs are. While CEOs focus on long-term vision, C-Suite executives often face pressure to deliver short-term financial results. Cost control can be a quick way to demonstrate immediate progress toward these goals.

CEOs cite four broad areas of investment to fuel growth over the next three to five years: 1) innovation and technology (innovate through people, processes, and tools; digital transformation, including AI; and automation); 2) human capital (upskill and retrain existing talent, recruit for new skills, and improve corporate culture); 3) pursuit of new opportunities (develop new lines of business, invest in other geographic locations, and engage in M&A and R&D); and 4) engaging and winning new customers (marketing and promotions). CEOs across most regions agree on the top five growth strategies, with the exception of Japan, where CEOs are heavily focused on human capital, citing "add head count" as their third-most-important investment choice (15th globally) and "implement initiatives to support employee recruiting and retention" in a tie for fourth (12th globally).

About 10% of CEOs globally and in Europe, 9% in Latin America, and 7% in the US say they plan to reshore or nearshore production in the next three to five years. Globally, companies are finding that onshoring and nearshoring manufacturing offers a "best cost" supply chain strategy versus a "low cost" one, once key business factors such as resilience, sustainability, and geopolitical stability are prioritized. According to research from The Conference Board, companies are considering six factors when deciding to reshore: 1) labor costs, 2) advanced manufacturing, 3) risk mitigation, 4) sustainability, 5) stakeholder sentiment, and 6) transportation costs. However, there are potential consequences to the onshoring movement. The partial undoing of globalization could ultimately increase consumer prices, with more localization adding to inflation in the next decade.

Figure 9

To drive profit growth in 2024, CEOs say they will rely on marketing as they introduce new products and services, and expand into new markets

Q: What are your plans for growing profits in 2024?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Introduce new products/ services	1	Cut costs	1	Introduce new products/ services	1	Enter new markets	1	Introduce new products/ services	1	Invest in human capital	1
Increase sales via marketing	2	Invest in technology	2	Invest in technology	2	Introduce new products/ services	2	Enter new markets	2	Increase sales via marketing	2
Enter new markets	3	Introduce new products/ services	3	Increase sales via marketing	3	Increase sales via marketing	3	Invest in technology	3	Introduce new products/ services	3
Invest in technology	4	Increase sales via marketing	4	Enter new markets	4	Invest in technology	4	Invest in human capital	4	Enter new markets	4
Cut costs	5	Enter new markets	5	Increase prices	5	Invest in human capital	5	Cut costs	5	Increase prices	5
Invest in human capital	6	Explore M&A	6	Cut costs	6	Explore M&A	6	Increase prices	6	Add head count	6
Increase prices	7	Invest in human capital		Explore M&A	7	Cut costs	7	Increase sales via marketing	7	Explore M&A	7
Explore M&A	8	Increase prices	8	Invest in human capital	8	Increase prices	8	Invest in capital (equipment and machinery)	8	Invest in technology	
Invest in capital (equipment and machinery)	9	Reduce head count	9	Invest in capital (equipment and machinery)	9	Add head count	9	Explore M&A	9	Cut costs	9
Reduce head count	10	Divestitures	10	Add head count	10	Invest in real estate/ structures	10	Invest in real estate/ structures	10	Invest in capital (equipment and machinery)	10

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Figure 10

CEOs see innovation as a key to driving longer-term growth; investment in technology, automation, and AI are also priorities

Q: Where do you plan to invest to ensure growth for your business over the next three to five years?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Invest in innovation (e.g., people, process, tools)	1	Invest in innovation (e.g., people, process, tools)	1	Invest in innovation (e.g., people, process, tools)	1	Develop new lines of business	1	Digital transformation (including AI)	1	Invest in innovation (e.g., people, process, tools)	1
Develop new lines of business	2	Digital transformation (including AI)	2	Develop new lines of business	2	Invest in innovation (e.g., people, process, tools)	2	Invest in innovation (e.g., people, process, tools)	1	Digital transformation (including AI)	2
Digital transformation (including AI)	3	Develop new lines of business	3	Digital transformation (including AI)	3	Digital transformation (including AI)	3	Develop new lines of business	3	Add head count	3
Marketing and promotions	4	Engage in M&A	4	Marketing and promotions	4	Invest in other geographic locations	4	Marketing and promotions	4	Upskill and retrain existing talent	4
Upskill and retrain existing talent	5	Automation (including AI)	5	Upskill and retrain existing talent	5	Marketing and promotions	5	Upskill and retrain existing talent	5	Develop new lines of business	4
Automation (including AI)	6	Upskill and retrain existing talent	6	Engage in M&A	6	Engage in M&A	6	Engage in M&A	6	Implement initiatives to support employee recruiting and retention	4
Invest in other geographic locations	7	Corporate culture	7	Automation (including AI)	7	Automation (including AI)	7	Automation (including AI)	7	Engage in M&A	7
Engage in M&A	8	Recruit for new skills we currently do not have (i.e., hiring)	8	Corporate culture	8	R&D	8	R&D	7	Automation (including AI)	8
Corporate culture	9	Marketing and promotions	9	Invest in other geographic locations	8	Cybersecurity	9	Invest in other geographic locations	7	R&D	8
R&D	10	Invest in other geographic locations	10	Add head count	10	Recruit for new skills we currently do not have (i.e., hiring)	10	Risk management systems and processes	10	Recruit for new skills we currently do not have (i.e., hiring) Corporate culture	10

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Embracing AI: CEOs Are Excited by the Possibilities

Figure 11

European CEOs lead the way in deploying AI in business operations; 43% of CEOs in the US are still in the exploratory phase

Q: How might your business adopt AI?

	Global CEOs	Global Other C-Suite	US CEOs	Europe CEOs	Latin America CEOs	Japan CEOs
No plans to adopt	9%	7%	7%	9%	13%	8%
We have already adopted AI into our business operations	23%	22%	25%	33%	22%	18%
Plan to adopt immediately across all business units/operations	6%	8%	7%	3%	7%	7%
Plan to adopt immediately across some business units/operations	19%	24%	18%	22%	18%	29%
Explore options for adoption in the future	43%	39%	43%	34%	39%	39%

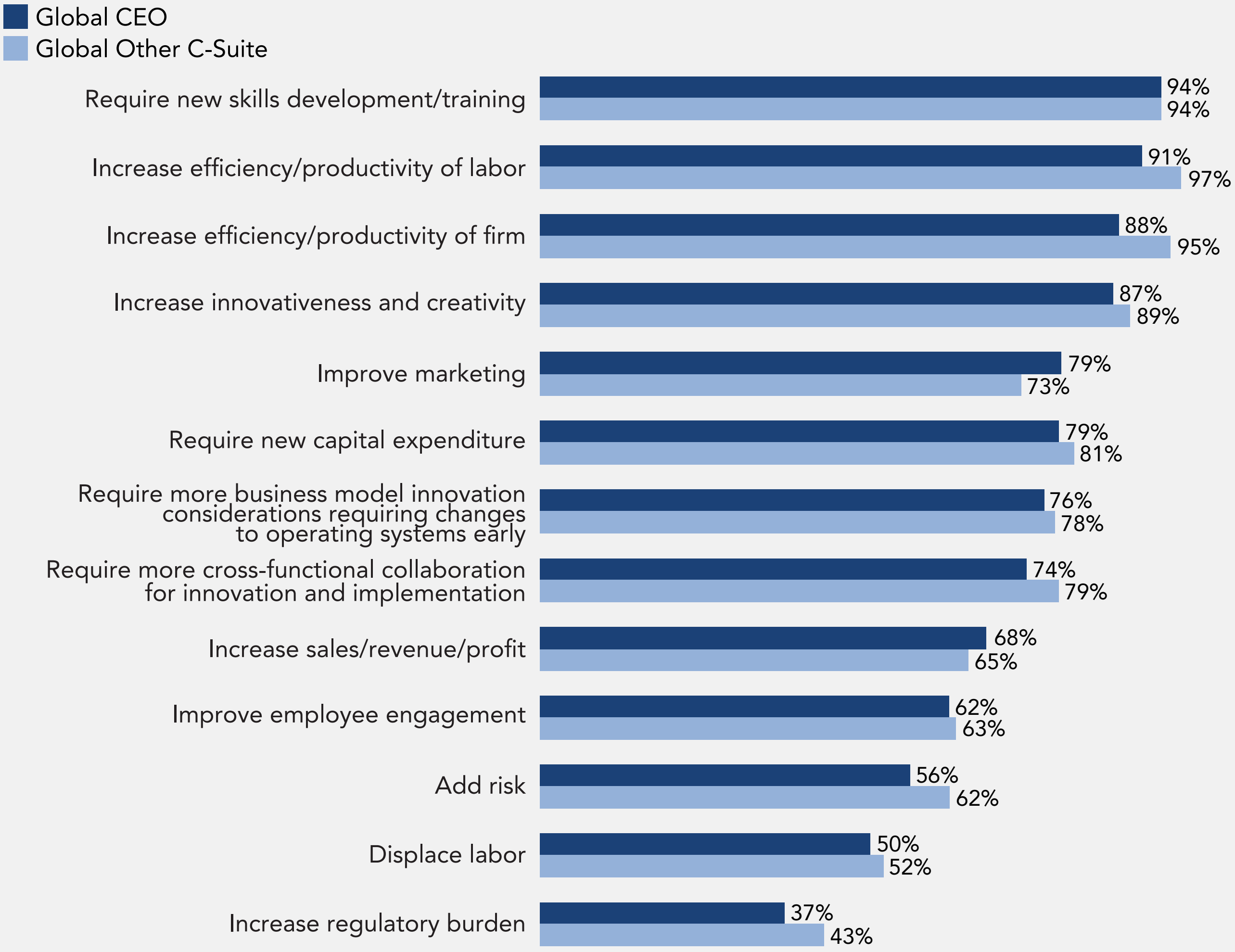
Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

CEOs cite "rapidly advancing AI technology" as one of the external factors that will have most impact on their businesses in the coming year. Globally, more than 91% of CEOs and 93% of C-Suite executives say their organizations have either already integrated AI into their operations, plan to do so immediately, or are actively exploring options for the future. Europe leads the way in actual application, with one-third of CEOs saying AI is already part of their business operations, compared to 25% in the US, 22% in Latin America, and 18% in Japan.

Figure 12

CEOs and the C-Suite are mostly aligned on the positive impact of AI—though the C-Suite is slightly more optimistic

Q: Do you agree with the following statements on how AI might affect your business? (% agreeing with the statement)



Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Figure 13

CEOs across regions have high expectations for a positive payback from AI; those in the US are more concerned about risks

Q: Do you agree with the following statements on how AI might affect your business? (% agreeing with the statement)

	Global CEOs	Global Other C-Suite	US CEOs	Europe CEOs	Latin America CEOs	Japan CEOs
Require new skills development/training	94%	94%	94%	89%	98%	90%
Increase efficiency/productivity of labor	91%	97%	92%	97%	86%	94%
Increase efficiency/productivity of firm	88%	95%	93%	83%	87%	94%
Increase innovativeness and creativity	87%	89%	88%	80%	90%	87%
Improve marketing	79%	73%	86%	67%	88%	76%
Require new capital expenditure	79%	81%	76%	76%	84%	92%
Require more business model innovation considerations requiring changes to operating systems early	76%	78%	83%	63%	87%	54%
Require more cross-functional collaboration for innovation and implementation	74%	79%	75%	74%	85%	62%
Increase sales/revenue/profit	68%	65%	63%	61%	77%	75%
Improve employee engagement	62%	63%	61%	56%	68%	50%
Change strategic workforce planning	61%	62%	64%	47%	81%	62%
Add risk	56%	65%	66%	48%	60%	33%
Displace labor	50%	51%	52%	38%	49%	65%

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

CEOs have high expectations for a positive payback from using AI. On the positive side, CEOs see AI increasing the efficiency/productivity of labor (91%) and the firm overall (88%). They also see increases in innovation and creativity (87%); marketing capabilities (79%); sales, revenue, and profit (68%); and employee engagement (62%). CEOs concede that integrating AI into operations will require new investment in both capital (79%) and labor skills (94%)—a strategy that recognizes that the interplay between humans and technology is essential to fully leveraging AI's potential. But there is room for improvement to create an organizational culture and structure that will maximize AI's productivity. Over 70% say fully leveraging AI's potential requires more cross-functional collaboration and significant business model transformation.

While CEOs believe AI can drive significant business value, it also poses potential risks that organizations must plan for. Some 56% of CEOs globally, 65% of C-Suite executives, and almost two-thirds of US CEOs believe AI adds risk to their organizations. Further, 50% of CEOs and 51% of C-Suite executives believe AI will displace labor in their organizations, creating a critical human capital management challenge, one that requires clear communication on how AI will affect the workforce, and what the company plans to do to upskill, retrain, or repurpose employees.

Although AI regulations are imminent, not all executives recognize the regulatory burden. Despite the onset of a global effort to develop international standards and regulations (including the EU's December 2023 passage of landmark legislation to regulate AI), 37% of CEOs globally and 43% of C-Suite executives believe AI will increase their regulatory burden. US CEOs (45%) are more aware of this issue than their peers in Latin America (38%), Europe (34%), and Japan (31%). Boards and companies need to prepare for impending regulations now but should not slow down exploration and implementation of AI.

The urgency for establishing a clear governance and AI usage policy will only rise as the technology continues to accelerate in capability and scope. Almost half of CEOs and 44% of C-Suite executives say their organizations are not doing a good job of addressing AI use by employees and business units. Yet few CEOs (6%) and C-Suite executives (10%) list a focus on AI governance policy as an internal priority in the coming year. Research by The Conference Board found that a majority of companies lack an established, clearly communicated organizational AI policy. This gap raises questions about the ethical and practical implications of deploying AI within organizations. Companies concerned about complying with impending AI regulations can take some essential steps, starting with an AI inventory, as many executives may not have a complete understanding of where their organization is using AI.

Talent Retention and Hybrid Work: Human Capital Focuses on the Employee Experience

Figure 14

CEO and CHROs agree on the top two priorities for human capital: develop leadership/workforce capabilities and strengthen organizational culture

Q: What are your priorities for 2024 regarding human capital management?

	Global CEOs	Global CHROs
1	Develop leadership and workforce capabilities	Strengthen organizational culture
2	Strengthen organizational culture	Develop leadership and workforce capabilities
3	Attract and retain workers	Strengthen employee experience
4	Accelerate pace of digital transformation	Attract and retain workers
5	Strengthen employee experience	Focus on employee well-being initiatives
6	Provide targeted upskilling and reskilling opportunities	Build human resource team capabilities
7	Emphasize adaptability and innovation skills	Focus on DEI
8	Focus on employee well-being initiatives	Accelerate pace of digital transformation
9	Align incentive rewards and benefits to business objectives and stakeholder interests	Provide targeted upskilling and reskilling opportunities
10	Maintain hybrid work	Align incentive rewards and benefits to business objectives and stakeholder interests

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Even as postpandemic labor markets have begun to cool, CEOs continue to rate attracting and retaining talent as their number-one internal priority at 39%, with CHROs at 51%. CEOs and CHROs are aligned in their top-two human capital management priorities for 2024: "develop leadership and workforce capabilities" and "strengthen organizational culture." Consistent with previous research by The Conference Board, organizational culture, quality of leadership, and work-life balance are the factors that most influence employee retention. But CEOs and CHROs differ in other priorities: "strengthen employee experience" is a human capital priority for 51% of CHROs vs. 25% of CEOs, and 24% of CHROs prioritize focusing on diversity, equity & inclusion (DEI) (ranked seventh) compared to just 10% of CEOs (ranked 14th).

Figure 15

CEOs across regions prioritize attracting/retaining workers and developing leadership/workforce capabilities; only Europe sees maintaining hybrid work as a top-five priority

Q: What are your priorities for 2024 regarding human capital management?

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Develop leadership and workforce capabilities	1	Develop leadership and workforce capabilities	1	Develop leadership and workforce capabilities	1	Strengthen organizational culture	1	Develop leadership and workforce capabilities	1	Develop leadership and workforce capabilities	1
Strengthen organizational culture	2	Attract and retain workers	2	Attract and retain workers	2	Attract and retain workers	2	Attract and retain workers	2	Attract and retain workers	2
Attract and retain workers	3	Strengthen organizational culture	3	Strengthen organizational culture	3	Develop leadership and workforce capabilities	3	Strengthen organizational culture	3	Focus on employee well-being initiatives	3
Accelerate pace of digital transformation	4	Accelerate pace of digital transformation	4	Strengthen employee experience	4	Maintain hybrid work	4	Accelerate pace of digital transformation	4	Address worker flexibility (location and schedule)	4
Strengthen employee experience	5	Strengthen employee experience	5	Accelerate pace of digital transformation	5	Accelerate pace of digital transformation	5	Emphasize adaptability and innovation skills	5	Provide targeted upskilling and reskilling opportunities	
Provide targeted upskilling and reskilling opportunities	6	Emphasize adaptability and innovation skills	6	Align incentive rewards and benefits to business objectives and stakeholder interests	6	Strengthen employee experience	6	Strengthen employee experience	6	Strengthen organizational culture	6
Emphasize adaptability and innovation skills	7	Maintain hybrid work	7	Maintain hybrid work	7	Provide targeted upskilling and reskilling opportunities	7	Address worker flexibility (location and schedule)	7	Accelerate pace of digital transformation	7

Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Focus on employee well-being initiatives	8	Focus on employee well-being initiatives	8	Provide targeted upskilling and reskilling opportunities	8	Emphasize adaptability and innovation skills	8	Provide targeted upskilling and reskilling opportunities	8	Emphasize adaptability and innovation skills	8
Align incentive rewards and benefits to business objectives and stakeholder interests	9	Align incentive rewards and benefits to business objectives and stakeholder interests	9	Focus on employee well-being initiatives	9	Address worker flexibility (location and schedule)	9	Focus on employee well-being initiatives	9	Focus on DEI	9
Maintain hybrid work	10	Provide targeted upskilling and reskilling opportunities	10	Emphasize adaptability and innovation skills	10	Improve total rewards	10	Maintain hybrid work	10	Build HR team capabilities	10

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

While maintaining hybrid work is not a high CEO priority, bringing workers back is even less of one. Citing concerns over productivity, innovation, culture, and promotion, many executives have been eager to have workers return to the office. Organizations including Disney, IBM, Microsoft, Amazon, Walmart, and Goldman Sachs are reversing or have recently revised their hybrid and remote work policies. However, hybrid is here to stay, as The Conference Board reported in July 2023. We found far more CEOs are focused on maintaining their hybrid work models compared to bringing workers back to the office full time. "Maintain hybrid work" is cited by 27% of US CEOs, 30% of Europe CEOs, and 13% of Latin America CEOs as a human capital priority in 2024. Meanwhile, 4% of US CEOs, 5% of Europe CEOs, and 6% of Latin America CEOs say they will prioritize bringing workers back to the office full time. Just 1% of CHROs list this as a priority in the coming year.

AI can benefit human capital management but requires risk management and skills development. At a time when society is hotly debating AI's opportunities and risks, most CHROs expect AI to help—not hurt—their roles. In our survey, CHROs are more enthusiastic about and have greater expectations for AI than even highly positive CEOs. More than 90% of CHROs believe AI will increase organizational and individual workers' productivity, and increase innovation and creativity. Some 76% of CHROs believe it will improve employee engagement compared to 62% of CEOs. CHROs are also more aware of the challenges AI presents, with 81% believing AI will add risk (compared to 56% of CEOs), and 43% of CHROs see AI increasing their regulatory burden (compared to 37% of CEOs). Importantly, the vast majority of CEOs and CHROs strongly agree that AI will require new skills development/training—this calls for an investment and enterprise-wide strategy.

ESG Priorities

Figure 16

Board members and CEOs are fairly well aligned on ESG priorities, citing education, economic opportunity, and carbon/GHG emissions as their top three issues

Q: Rank your organization’s top 5 ESG priorities, with 1 being the most important.

Global CEO		Global ESG/CLO executives		Global Other C-Suite (not ESG/CLO or CEO)		Global Board members	
Education	1	Energy transition	1	Carbon and other GHG emissions	1	Education	1
Economic opportunity/ equality/security	2	Carbon and other GHG emissions	2	Gender equality	2	Economic opportunity/ equality/security	2
Carbon and other GHG emissions	3	Economic opportunity/ equality/security	3	Climate	3	Carbon and other GHG emissions	3
Sustainable capitalism	4	Climate	4	Energy transition	4	Public safety	4
Gender equality	5	Sustainable capitalism	5	Economic opportunity/ equality/security	5	Climate	5
Energy transition	6	Gender equality	6	Education	6	Labor conditions/rights	6
Climate	7	Education	7	Waste	7	Waste	7
Labor conditions/rights	8	Human rights	8	Racial equality	8	Energy transition	8
Waste	9	Waste	9	Water	9	Gender equality	9
Water	10	Increase governance to reduce franchise risks	10	Labor conditions/rights	9	Sustainable capitalism	10
Human rights	10			Sustainable capitalism	9		

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Many ESG priority areas for CEOs are ones where corporate citizenship plays a leading role. Board members and CEOs are fairly well aligned on ESG priorities, citing “education,” “economic opportunity/equality/security,” and “carbon and other GHG emissions” as their top three issues. However, CEOs cite “sustainable capitalism,” “gender equality,” and “energy transition” as higher ESG priorities compared to board members. Corporate citizenship affects shareholder value through multiple channels, shaping customer purchasing decisions, employee behavior, investor relations, product innovation, market building, and government relations.

Boards rank the climate as a higher ESG priority than CEOs do. Boards have greater concern about the impact of climate change on business than CEOs and the C-Suite do; as part of their oversight role, boards may place greater emphasis on ensuring the company is adequately addressing long-term ESG risks and opportunities, including those related to climate change. When enhancing the board’s composition, companies should prioritize general strategic business experience and industry knowledge rather than specialized expertise. Directors who really understand the board’s roles and their firm’s industry will be better suited to ensure the board has appropriate oversight of the company’s key ESG risks and opportunities.

Figure 17

CEOs in Europe list the climate as a top-three ESG priority, while US CEOs are more focused on gender and racial equality

Q: Rank your organization's top 5 ESG priorities, with 1 being the most important.

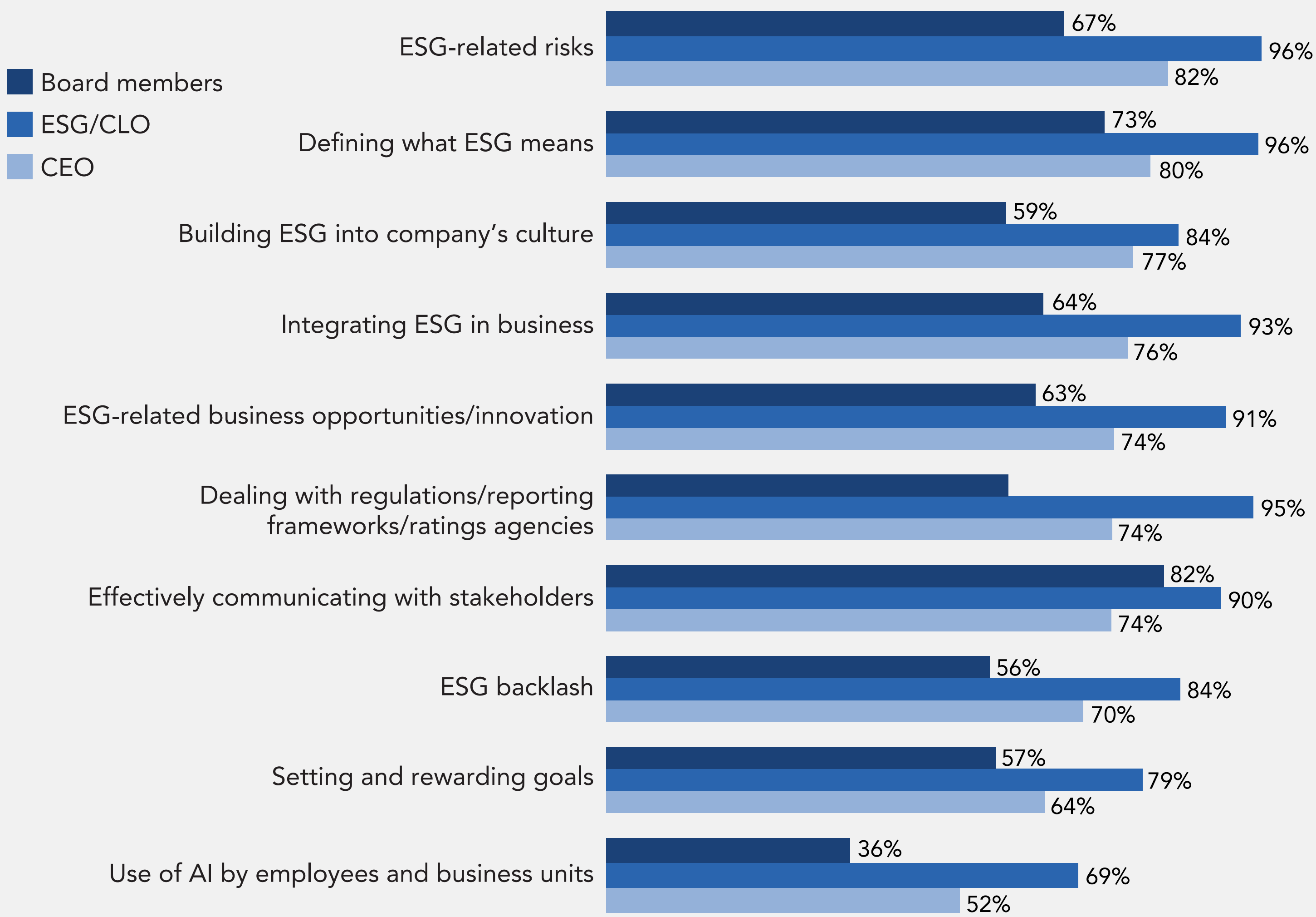
Global CEOs		Global Other C-Suite		US CEOs		Europe CEOs		Latin America CEOs		Japan CEOs	
Education	1	Carbon and other GHG emissions	1	Education	1	Education	1	Education	1	Carbon and other GHG emissions	1
Economic opportunity/ equality/security	2	Energy transition	2	Economic opportunity/ equality/security	2	Carbon and other GHG emissions	2	Sustainable capitalism	2	Education	2
Carbon and other GHG emissions	3	Climate	3	Gender equality	3	Climate	3	Labor conditions/ rights	3	Sustainable capitalism	3
Sustainable capitalism	4	Gender equality	4	Sustainable capitalism	4	Economic opportunity/ equality/security	4	Economic opportunity/ equality/security	4	Economic opportunity/ equality/security	4
Gender equality	5	Economic opportunity/ equality/security	5	Racial equality	5	Energy transition	5	Gender equality	5	Labor conditions/ rights	4
Energy transition	6	Education	6	Rule of law/ democracy/ election/ voting rights	5	Rule of law/ democracy/ election/ voting rights	6	Carbon and other GHG emissions	6	Energy transition	6
Climate	7	Waste	7	Carbon and other GHG emissions	7	Gender equality	7	Energy transition	7	Human rights	7
Labor conditions/ rights	8	Sustainable capitalism	8	Climate	8	Human rights	8	Water	8	Climate	8
Waste	9	Labor conditions/ rights	9	Waste	9	Air pollution	9	Waste	9	Gender equality	9
Water	10	Water	10	Health care/ Public health	10	Plastics, packaging, materials	9	Other social equality (LGBTQ+, disability, age, etc.)	10	Public safety	10
Human rights	10			Public safety	10						

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Figure 18

Compared to board members, CEOs and C-Suite executives with ESG responsibility are more likely to believe their organizations are doing a good job dealing with ESG backlash and driving ESG into the company culture

Q: How well do you think your company is addressing the following areas regarding ESG?
(% choosing "somewhat well" or "very well")



Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Boards and the C-Suite disagree on how well their organizations are dealing with ESG backlash. While ESG backlash has generally been mild, an April 2023 survey by The Conference Board found 43% of executives expect opposition to be greater in 2025 than it is today. Around 70% of CEOs and 75% of C-Suite executives, including 84% with ESG responsibility, believe their organizations are dealing very well or somewhat well with backlash. By comparison, 56% of board members share that view. A significant majority of companies that have reported experiencing backlash are increasing focus on how ESG connects with shareholder value.

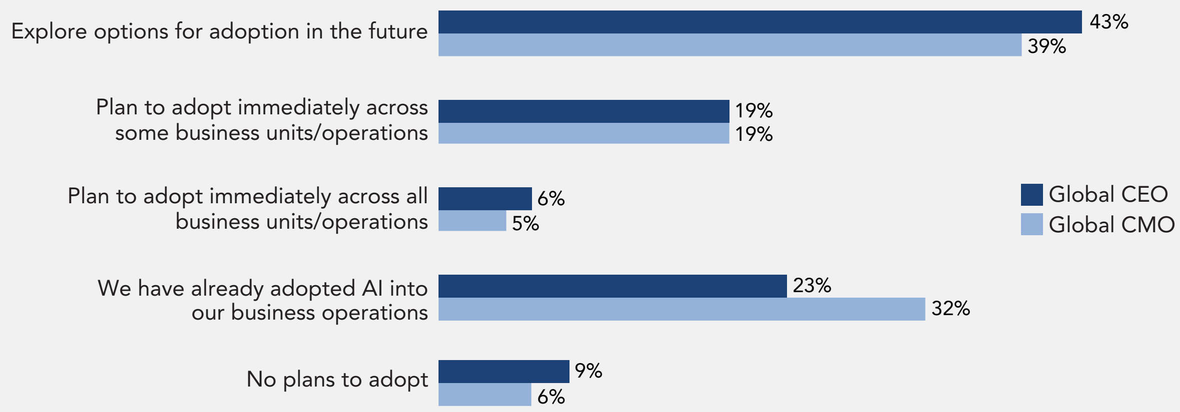
Critical Growth Driver: CEOs Expect Marketing and Communications to Drive Growth

CEOs are relying on their marketing and communications functions as important drivers of short-term profit and longer-term growth over the next five years. When it comes to short-term profit growth over the next year, CEOs globally rank "increase sales via marketing" as their second-most-critical driver after new products and services. Both US CEOs and those in Europe rank it third. For growth over the next three to five years, CEOs globally and in the US, Europe, and Latin America cite "marketing and promotions" as a top-five investment to grow their companies.

Figure 19

CMOs are ahead of other C-Suite executives, including CEOs, in adopting AI

Q: How might your business adopt AI?

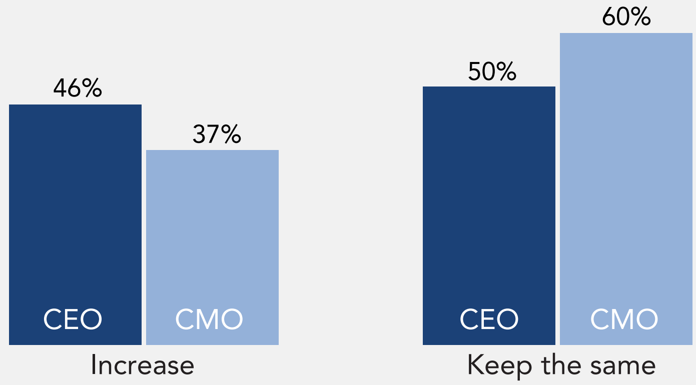


Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Figure 20

CEOs are more willing than CMOs to up their investment in AI in the next two years

Q: How will your company adjust investment in marketing and communications over the next 24 months? (Investment for AI)



Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

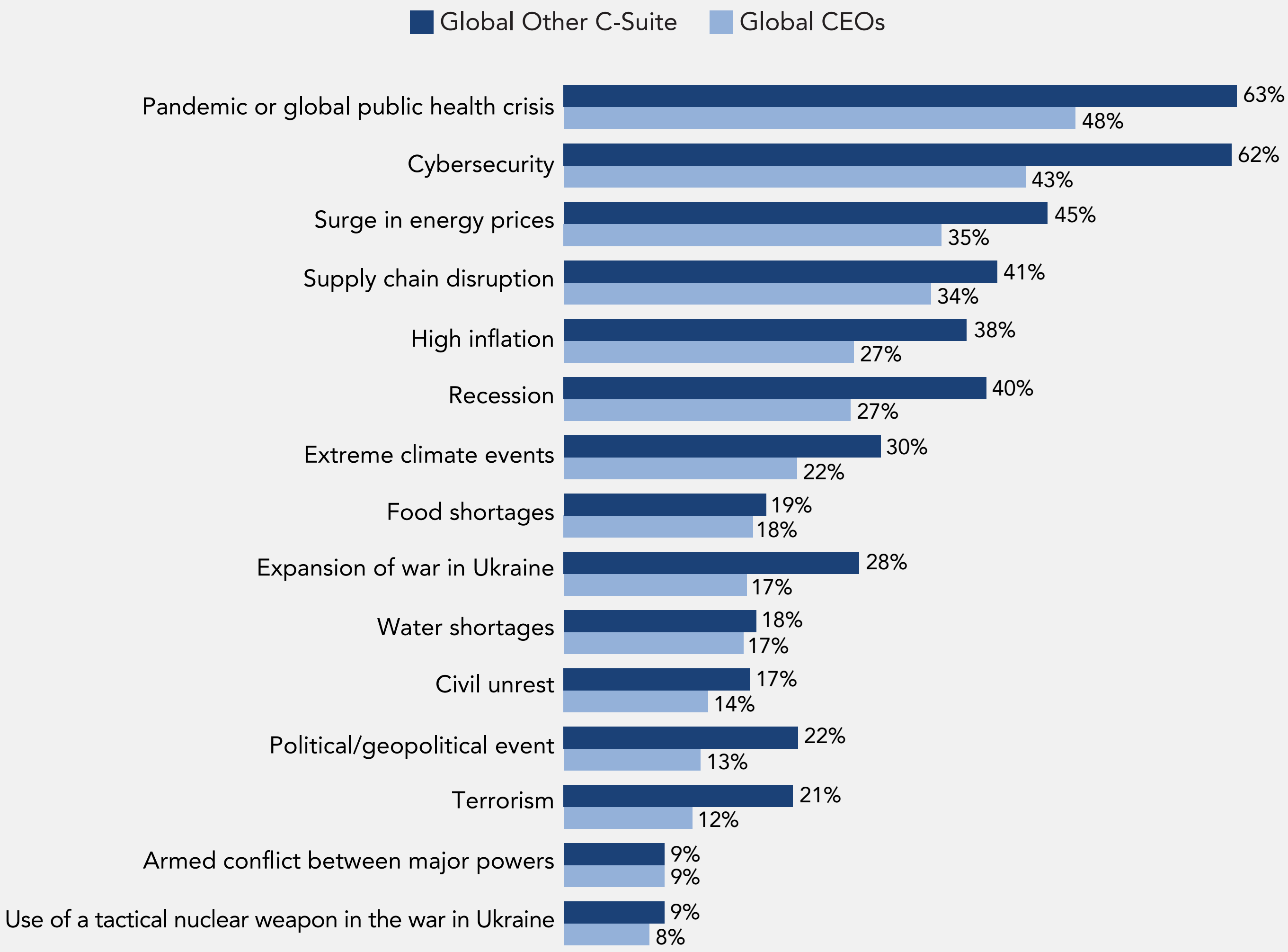
CEOs focus marketing investment on improving the customer experience and new customer acquisition. About two-thirds of CEOs say they are planning to increase budgets for customer service, customer experience, and new customer acquisition over the next 24 months, with 56% increasing their budget for new product/service development. With AI rapidly transforming the way businesses interact with existing and prospective customers, more than 95% of CEOs globally plan to either increase budgets or maintain existing funding levels for AI in marketing and communications. But there are regional differences: some 54% of CEOs in the US and 61% in Latin America plan to *increase* the budget for AI in communications in 2024, compared to 32% in Europe and 37% in Japan. For AI in marketing, 55% of US CEOs and 60% in Latin America will increase budgets in the coming year.

Getting Ready for the Worst: C-Suite Executives Are More Confident than CEOs in Their Crisis Preparedness

Figure 21

C-Suite executives are more confident than CEOs that their organization can handle a global health, cybersecurity, or supply chain crisis

Q: How prepared is your organization to deal with a major crisis related to the following? (% choosing "well prepared" or "very well prepared")



Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Crisis preparedness: who is ready for what? Other C-Suite executives are generally more confident than CEOs in their organizations' preparedness to handle a major crisis. In this year's survey C-Suite executives expressed more confidence than CEOs in addressing 13 of the 15 crises listed. The widest gaps are in cybersecurity (62% of C-Suite executives say their organizations are well or very well prepared compared to 43% of CEOs), a pandemic or global health crisis (63% of C-Suite executives vs. 48% of CEOs), and recession (40% of C-Suite executives vs. 27% of CEOs). Consistently across all potential events/crises, Japan CEOs say their organizations are much less prepared than their counterparts in other regions. The admitted lack of preparedness by CEOs in all regions may raise questions among stakeholders, especially investors, about the resilience and agility of many organizations.

Figure 22

CEOs in Japan are considerably less optimistic than their counterparts elsewhere about their organizations' ability to handle a major crisis

Q: How prepared is your organization to deal with a major crisis related to the following?

	Global CEOs	Global Other C-Suite	US CEOs	Europe CEOs	Latin America CEOs	Japan CEOs
	% choosing "well prepared" or "very well prepared"					
Cybersecurity	43%	62%	55%	46%	40%	30%
Pandemic or global public health crisis	48%	63%	50%	55%	51%	25%
Surge in energy prices	35%	45%	41%	41%	48%	20%
Recession	27%	40%	37%	26%	27%	17%
High inflation	27%	38%	34%	24%	42%	15%
Supply chain disruption	34%	41%	41%	35%	33%	17%
Terrorism	12%	21%	17%	18%	10%	3%
Extreme climate events	22%	30%	28%	26%	26%	10%
Food shortages	18%	19%	23%	23%	12%	3%
Water shortages	17%	18%	20%	14%	18%	5%
Expansion of war in Ukraine	17%	28%	22%	18%	16%	7%
Use of a tactical nuclear weapon in the war in Ukraine	8%	9%	10%	6%	7%	0%
Armed conflict between major powers	9%	9%	8%	16%	7%	0%
Civil unrest	14%	17%	18%	10%	25%	2%
Political/geopolitical event	13%	22%	18%	19%	23%	3%

Source: The Conference Board® C-Suite Outlook 2024: Leading for Tomorrow

Additional Resources from The Conference Board

Publications

CEOs at the Helm of ESG: Leading the Sustainability Transformation, December 2023

Smaller US Companies Are Increasingly Embracing Renewable Energy, December 2023

Global Forecast Update

AI: Regulations Rising, November 2023

The Debt Crisis Is Here, Peter G. Peterson Foundation, November 2023

Policy Backgrounder: FY2023 Spending on Debt Interest Explodes to Exceed Defense, November 2023

Opportunities and Challenges of AI and its Impact on Cybersecurity, October 2023

Global Economic Outlook 2024 to 2036, October 2023

CEO Confidence Deteriorated Further Heading into Q4, October 2023

Israel at War, October 2023

Winning in the New AI Landscape, October 2023

Job Satisfaction 2023, May 2023

The Reimagined Workplace 2023: Striking a Delicate Balance, July 2023

How Companies Can Address ESG Backlash, August 2023

Reshoring Trend Boosts US Manufacturing Growth, December 2023

Survey: 65% of HR Leaders Expect AI to Benefit Their Profession, May 2023

AI in the Era of ESG: Nine Steps Boards Can Take Now, June 2023

How Companies Can Address ESG Backlash, August 2023

The Impact of Corporate Citizenship on Shareholder Value, February 2023

Transitioning to a Skills-Based Organization: First Steps (Overview), September 2022

Toward Renewable Energy, March 2022

The Roles of the Board in the Era of ESG and Stakeholder Capitalism, September 2022

Globalization, Global Trade, and Value Chains, December 2021

Podcasts

CEO Perspectives is a series hosted by our President & CEO, Steve Odland. This weekly conversation takes an objective, data-driven look at a range of business topics aimed at executives. Listeners will come away with what The Conference Board does best: ***Trusted Insights for What's Ahead™.***

About The Conference Board® C-Suite Outlook

The anonymous survey was carried out between October 24 and November 24, 2023, with 1,247 C-Suite executives from around the world responding, including 630 CEOs. This is the 25th annual C-Suite Outlook coordinated by The Conference Board. We are grateful for the collaboration with nine organizations globally that invited their members and contacts to take the survey. Since 1999, The Conference Board has fielded an annual survey asking CEOs across the globe to identify the most critical issues they face. The survey was expanded in 2020 to include other members of the C-Suite. While CEO and C-Suite priorities certainly vary by company, we believe this report can serve as an idea prompter for decision-makers within organizations by offering insights into challenges shared by many of their peers, and the strategies and tactics being considered to compete in a global marketplace.

Profile of respondents

By region or economy, 28% of CEO and other C-Suite respondents are based in companies headquartered in the US, 24% in Latin America, 12% in Europe, and 11% in Japan.

By sector, 45% of CEO respondents are in business and professional services, 34% in manufacturing industries, and 14% in financial services.

By company size, 42% of CEOs are employed in businesses with average annual revenue of less than $100 million, 25% up to $1 billion, and 33%, $1 billion and above.

Methodology

To provide a more representative view of respondents from around the world, we weighted the responses in aggregates (such as global and major regions) by the square root of the respondent's country share in global output (GDP) divided by the respondent's share in the total number of responses from their country.

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Regional Partners

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