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The Chief Executive Program

Summer 2022 Fortune/Deloitte CEO Survey

CEOs indicate lowered growth expectations

In the Summer 2022 Fortune/Deloitte CEO survey, CEOs have lowered their high growth expectations and acknowledged the significance of the mounting array of crises facing the world today.

Uncertainty, volatility, and increasing demands encroach on optimism for the future

Heading into 2021, CEOs described the year ahead as a year of hope. Then, heading into 2022, they offered up a variety of answers, with 'hopeful' being almost exactly counterbalanced by 'uncertain.' Now, halfway into 2022, with rising inflation, the mounting mental health crisis, and geopolitical instability, coupled with a broadening array of stakeholders with diverse interests, opinions, and expectations, it is not surprising that CEO optimism has declined.

CEOs have traditionally remained a beacon of hope and optimism throughout turbulent times. However, after leading their organizations through an unprecedented health crisis over the last two years, and now facing a new wave of social, political, and economic disruptions, it's not surprising to see that respondents shared lowered growth expectations and rising pessimism. The latest Fortune/Deloitte CEO survey insights also bring to light what appears to be increased expectations on the evolving role of the CEO.

Below are highlights from this latest survey, for which 116 leading CEOs shared their perspectives on a variety of topics including growth, the Russia-Ukraine conflict, diversity, equity, and inclusion practices, and the factors guiding decisions for taking stances on social issues.

The complexity and uncertainty of the economic environment are weighing on CEOs today as they plan for the next 12-18 months while navigating a myriad of disruptive factors such as inflation and supply chain issues, talent and skills gaps, and geopolitical instability. But despite lower economic growth expectations shared by CEOs, they remain relatively optimistic about the performance outlook of their own organizations.

— Joe Ucuzoglu, Chief Executive Officer, Deloitte US

Growth expectations trend downward, and pessimism is on the rise

While about half of CEOs expect strong or very strong growth for their own organization over the next 12 months, this is a far cry from the previous optimism levels CEOs had expressed regarding anticipated growth, decreasing 28% from June 2021 (77%) and 16% from January 2022 (65%). Regarding personal outlook, CEO optimism also declined from where it was just five months ago, particularly for the global economy.

Disruptors are many and in flux

More than eighty percent of CEOs expect inflation to influence or disrupt their business strategy within the next 12 months. While labor/skills shortage has been unseated from its previous top position, it remains a top disruptor for over half (59%) of CEOs. Geopolitical instability and supply chain disruptions round out the list (49% and 45%, respectively). When asked how the Russia-Ukraine conflict has adversely affected their organization, mental health implications for employees and families was mentioned most (32%).

Regarding the value of various tactics being employed to combat the Great Resignation, CEOs believe there is more to be gained by providing greater flexibility (83%) and training leaders to empower and engage workers (62%) as opposed to merely offering more financial-related incentives, such as increasing pay (26%), expanding benefits (23%), and offering referral bonuses (8%). Finally, CEOs recognize that training should not just be for leaders, as some offered comments suggesting that the way to combat the current talent gap is through reskilling, upskilling, and more career development opportunities.

> [The Russia-Ukraine conflict] has helped contribute to inflation and uneasiness about the future.
>
> **— CEO Survey respondent**

DEI practices have seen positive strides and CEOs remain committed to these priorities

Overall, CEO commitment to diversity, equity, and inclusion (DEI) has grown over the past year, including increases in organizations building DEI into strategic priorities/goals (92%) and disclosing DEI metrics to employees (72%). However, organizations that link DEI goals to performance and pay remain the exception (36%). Additionally, less than half (46%) have disclosed DEI metrics to the public. Over half (56%) of CEOs believe the focus on DEI outcomes is currently the appropriate amount, with more than a quarter (26%) believing the focus is too little, and another 10% believing it is too much.

Being called upon to take a stand on a variety of societal issues

Consistent with last year's findings, alignment with their organization's strategy, purpose, and values remains a top factor for determining whether CEOs take a vocal stand on social or societal issues (90%). Employee sentiment is also a consideration for almost half of CEOs (44%). A distant third consideration is alignment with one's own values and conscience (29%). Only 17% of CEOs indicate they generally abstain from taking a stand.

> Blurred lines between polarized external politics and running a business.
>
> **— CEO Survey respondent (when asked to share their biggest challenge)**

Leaving a legacy: Ready, but who?

When asked about their organization's succession plan readiness, the majority of CEOs (63%) believe their board has a well-defined search process in place. However, only a little over half (54%) believe they have a strong bench of viable/qualified CEO candidates. In terms of successor criteria, CEOs believe several factors will be taken into consideration, with vision and demonstrated capability topping the list (95%), followed by strong commitment to purpose and values (92%). The majority (68%) of CEOs also believe DEI will be a purposeful, thoughtful component of the selection process.

Are we there yet? The headwinds keep coming but CEOs are staying the course

When asked about their biggest challenge, CEOs didn't disappoint in sharing their candid perspectives. The challenges were many but rising to the top this year was 'uncertainty and volatility,' beating out 'talent,' which still garnered significant mentions. Other top factors were 'inflation,' 'managing stakeholders,' 'supply chain,' and 'navigating change.'

However, are we just scratching the surface when trying to get to what CEOs are going through? Digging deeper, other challenges mentioned were less tangible and more emotional, such as 'morale,' 'positivity,' and 'exhaustion.' Seeing some of these responses, and taking a step back to reflect on the never-before-seen challenges they've had to lead through over the past two years, we must ask ourselves, are we expecting too much from today's CEOs? They may have what it takes, but in today's environment, there appears to be no shortage of challenges to juggle. On a positive note, despite the many challenges, CEOs continue to be doing well with their personal well-being, with the majority (72%) optimistic or very optimistic on this front, just slightly down from five months ago.

We may well indeed be observing today's CEOs going through a shift from an unflappable optimist (always seeing opportunity in adversity) to a more vulnerable, servant leader. While still undisruptable,[i] this transformed CEO may possibly be more relatable and in touch with their many stakeholders, including workers, shareholders, customers, and communities. In this increasingly digital and virtual age, perhaps it isn't surprising, and also a good thing, that we are seeing a more human side of today's CEOs.

> This is a heavy time in the world; keeping people positive is hard.
>
> **— CEO Survey respondent**

[i] 5 attributes of the undisruptable CEO during COVID-19 | Deloitte Insights

Contact us:

Benjamin Finzi
Managing Director
Chief Executive Program
bfinzi@deloitte.com
+1 212 492 2648

Brett Weinberg
Managing Director
Chief Executive Program
bweinberg@deloitte.com
+1 908 397 7338

Susan K. Hogan
Research & Eminence Director
Chief Executive Program
suhogan@deloitte.com
+1 404 205 3054