

Key findings of 2020 PwC Taiwan CEO Survey

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資誠



About the survey

This is the ninth year that PwC Taiwan has conducted its annual survey of Taiwan business leaders.

The *2020 PwC Taiwan CEO Survey* provides unique insight into the thinking of senior corporate executives in Taiwan on a wide range of issues, and its findings attract wide attention among policy-makers, businesses, media and the general public.

The survey, based on PwC's annual global CEO survey, covers issues such as the prospects for growth, the key threats facing companies today, the possible developments of technology regulation, and the challenges of workforce upskilling.

The report draws on the responses from 211 quantitative questionnaires and 14 in-depth interviews with business leaders.

- 96% of the respondents are public companies.
- 47% of the survey respondents' companies had annual revenues between US\$100 million and US\$1 billion.
- 46% of the respondents are from the Technology, Media & Telecom sector, 21% Industrial Manufacturing and Auto, 16% Consumer Markets, 6% Financial Services , 6% Health Industries, and 5% Energy, Utilities and Resources.

The survey was conducted between September and November 2019 and does not reveal the views of CEOs about the coronavirus virus, which began to spread in late January 2020 and has added to pessimism about 2020 prospects.

The survey report was released on 18 March 2020. The full Chinese version is available at: www.pwc.tw/ceosurvey

Top major findings

Business confidence still fragile

Although the global economy remains weak, 31% of Taiwanese CEOs expect growth to pick up in 2020, slightly more optimistic than last year, and higher than the global rate of 22%. Conversely, 42% of Taiwanese CEOs anticipate global economic growth to decline this year, down from last year's 47%.

They rank the biggest threats to business growth prospects as trade conflicts (38%), unchanged from last year, followed by exchange rate volatility (26%), policy uncertainty (25%), geopolitical uncertainty (23%) and uncertain economic growth (23%).

Concerns over online regulation

With fake news and personal data breaches becoming more rampant, 79% of Taiwanese CEOs believe governments will increasingly seek to tighten regulation of the online world.

Over half (53%) of business leaders expect the private sector will be required to compensate individuals for any personal data they collect.

Also, 56% of CEOs believe the Internet will gradually become more fractured as governments apply their own legislation in relation to content, commerce and privacy.

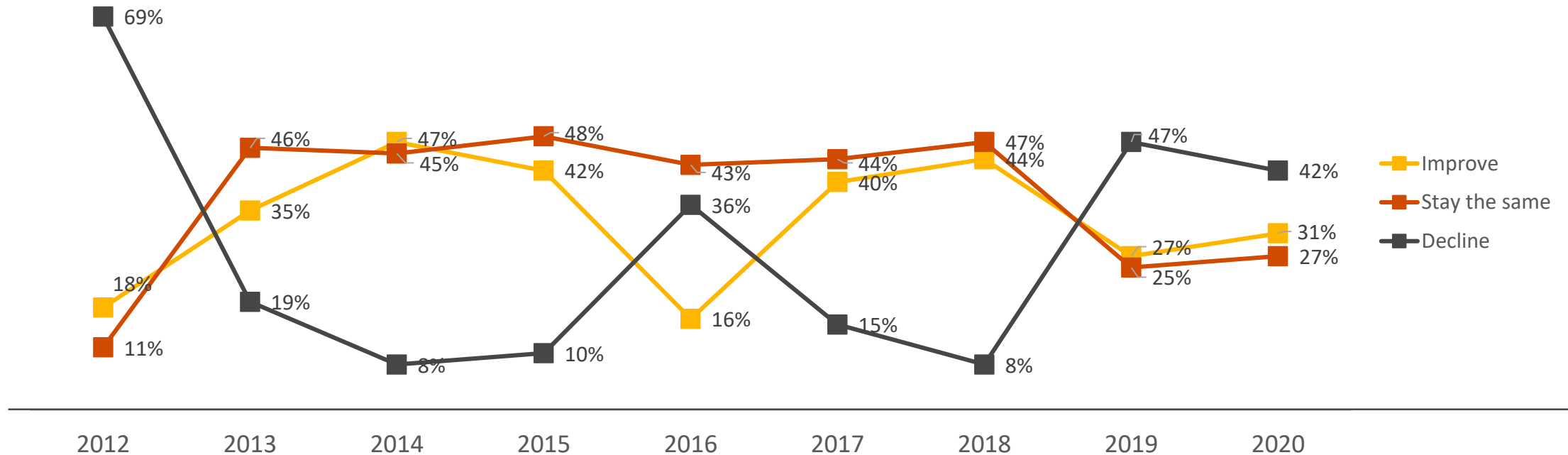
Tangible benefits from upskilling

Companies that fully embrace the potential of upskilling are seen to benefit more than upskilling beginners, most significantly in the areas of improved talent acquisition and for retention (88% for upskilling leaders vs. 53% for beginners) and greater innovation and digital transformation (92% vs. 43%).

Advanced upskilling organisations are also more confident about their growth prospects, with 26% of Taiwanese upskilling leaders very confident about their revenue growth over the next 12 months, compared with 14% for beginners and an average of 20%.

42% of Taiwanese CEOs anticipate global economic growth will decline in 2020, though lower than last year's 47%

Do you believe global economic growth will improve, stay the same, or decline over the next 12 months?



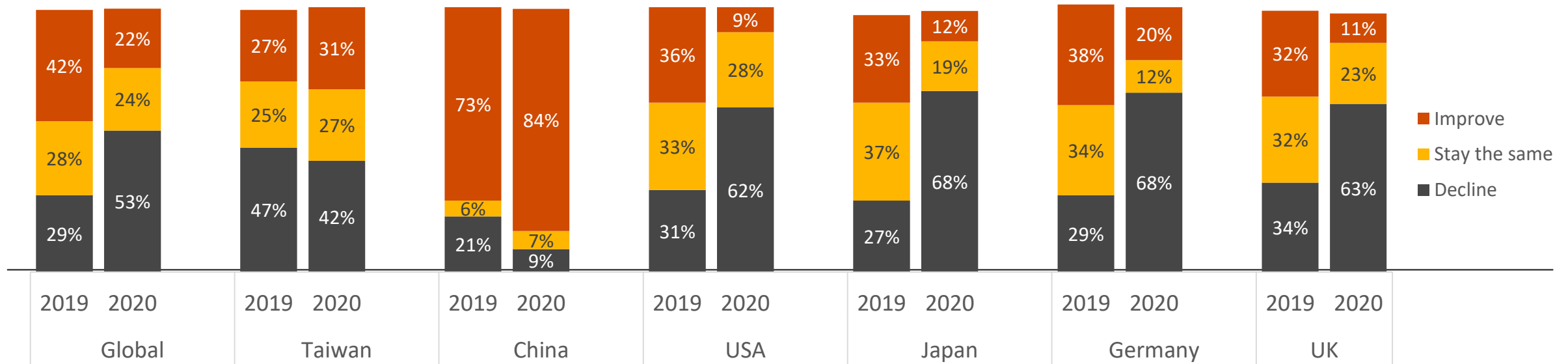
Source | 2012-2020 PwC Taiwan CEO Survey

Base | 2012=101; 2013=105; 2014=116; 2015=102; 2016=112; 2017=123; 2018=227; 2019=245; 2020=211

PwC Taiwan

31% of Taiwanese CEOs believe global economic growth will pick up in 2020, being more optimistic than their global peers

Do you believe global economic growth will improve, stay the same, or decline over the next 12 months?



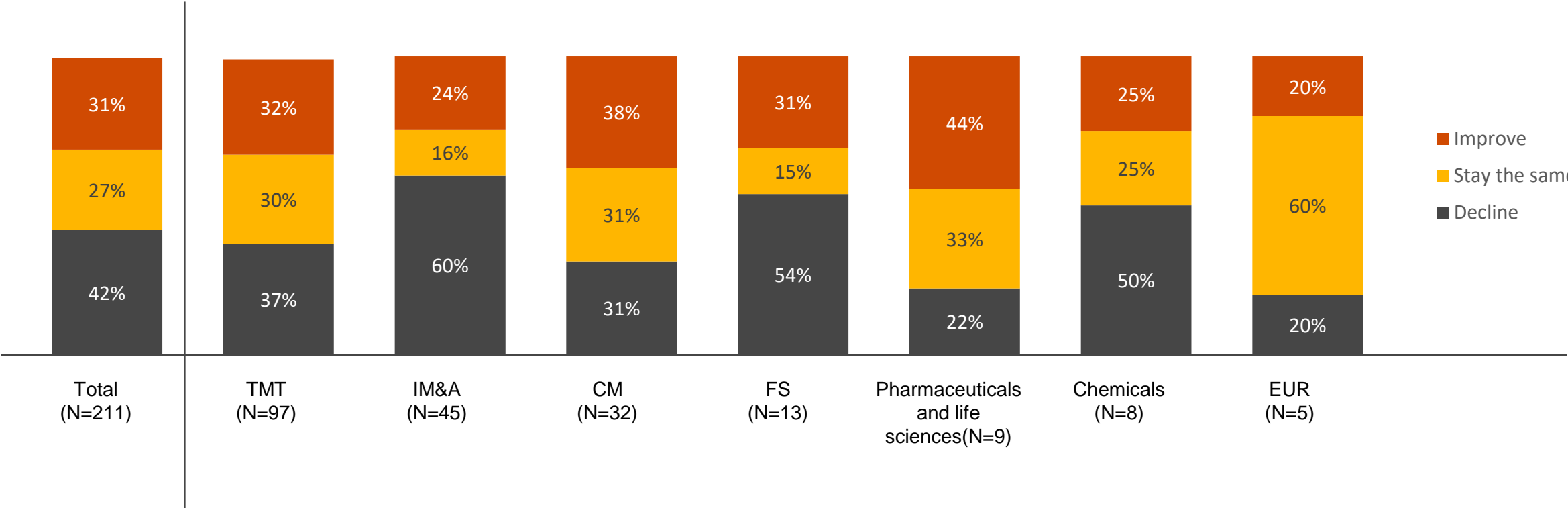
Source | 2019 & 2020 PwC Taiwan CEO Survey, PwC 22nd & 23rd Annual Global CEO Survey

Base | 2019 Taiwan=245; Global=1,378; China=144; UAS=132; Japan=150; Germany=98; UK=228 ;

2020 Taiwan =211; Global=1,581; China=161; USA=169; Japan=139; Germany=90; UK=126

Local industrial manufacturing and auto CEOs are relatively conservative about the future due to global trade war effects

Do you believe global economic growth will improve, stay the same, or decline over the next 12 months?

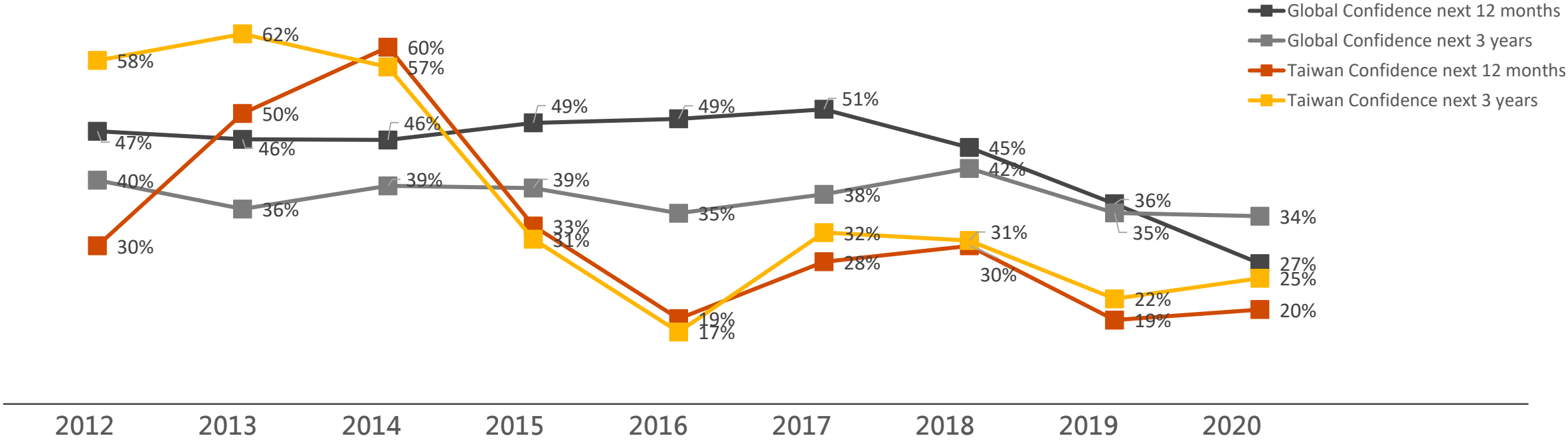


Source | 2020 PwC Taiwan CEO Survey

Note | TMT: Technology, Media & Telecommunications, IM&A: Industrial Manufacturing and Automotive, CM: Consumer Markets, FS: Financial Services, EUR: Energy, Utilities and Resources

Most Taiwanese CEOs are cautious about revenue prospects, with just 25% being very confident about the next three years

How confident are you about your organisation's prospects for revenue growth over the next 12 months/next three years? (showing only 'very confident')



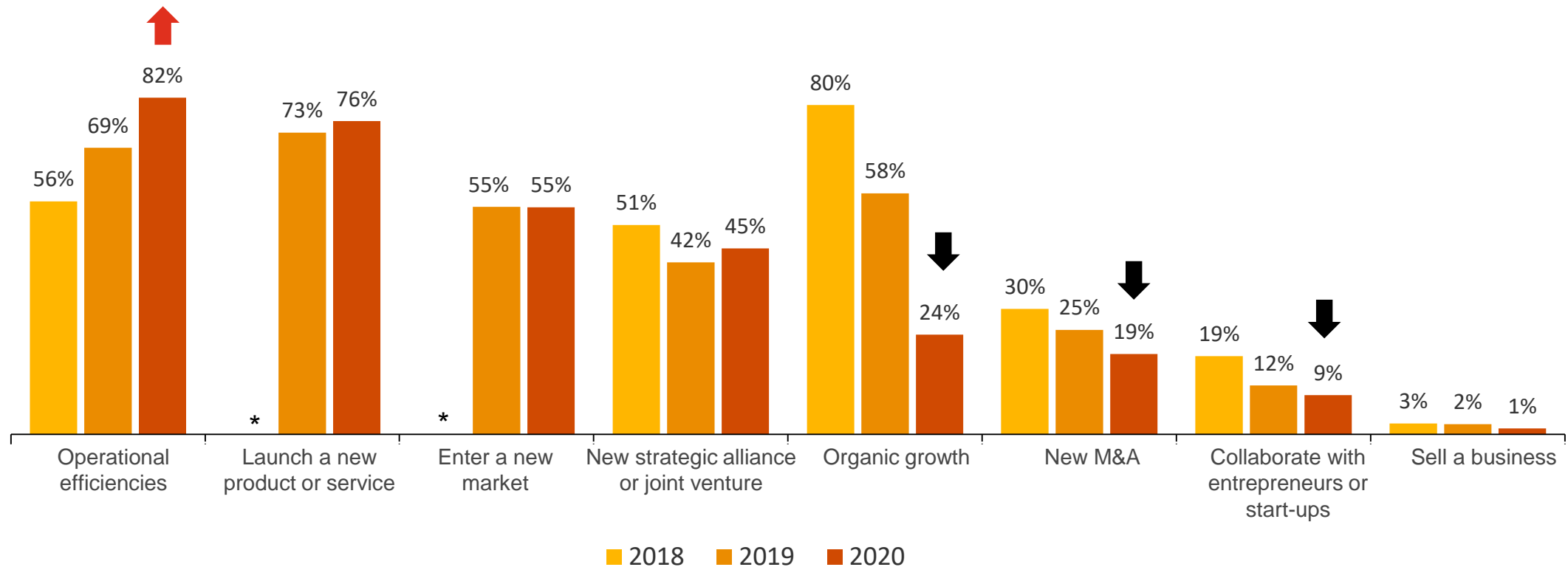
Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

Base | Taiwan 2012=101; 2013=105; 2014=116; 2015=102; 2016=112; 2017=123; 2018=227; 2019=245; 2020=211.

Global 2012=1,258; 2013=1,330; 2014=1,344; 2015=1,322; 2016=1,409; 2017=1,379; 2018=1,293; 2019=1,378; 2020=1,581

External challenges are forcing Taiwanese CEOs to focus more on operational efficiencies rather than organic growth strategies

Which of the following activities, if any, are you planning in the next 12 months in order to drive revenue growth?



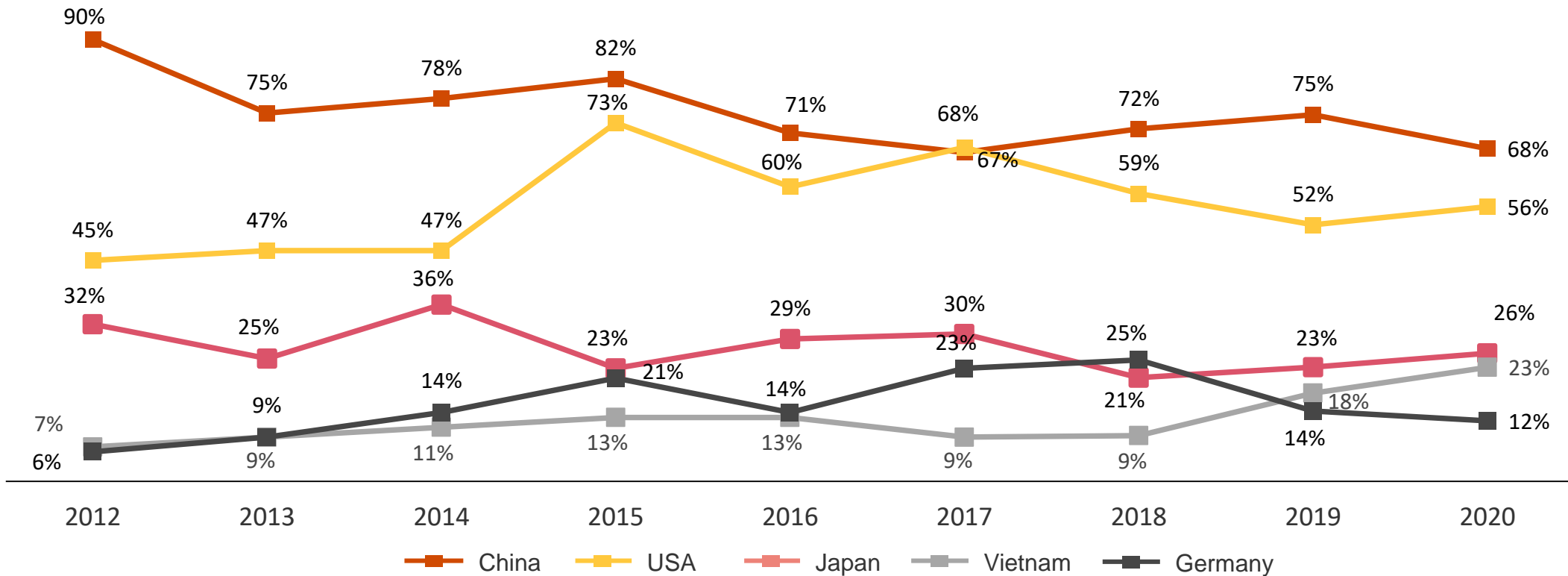
Source | 2018-2020 PwC Taiwan CEO Survey

Base | 2018=227; 2019=245; 2020=211

PwC Taiwan

China and the U.S. remain the two most critical markets for Taiwanese businesses, with Vietnam growing in importance

Which three territories, excluding the territory in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months? ?

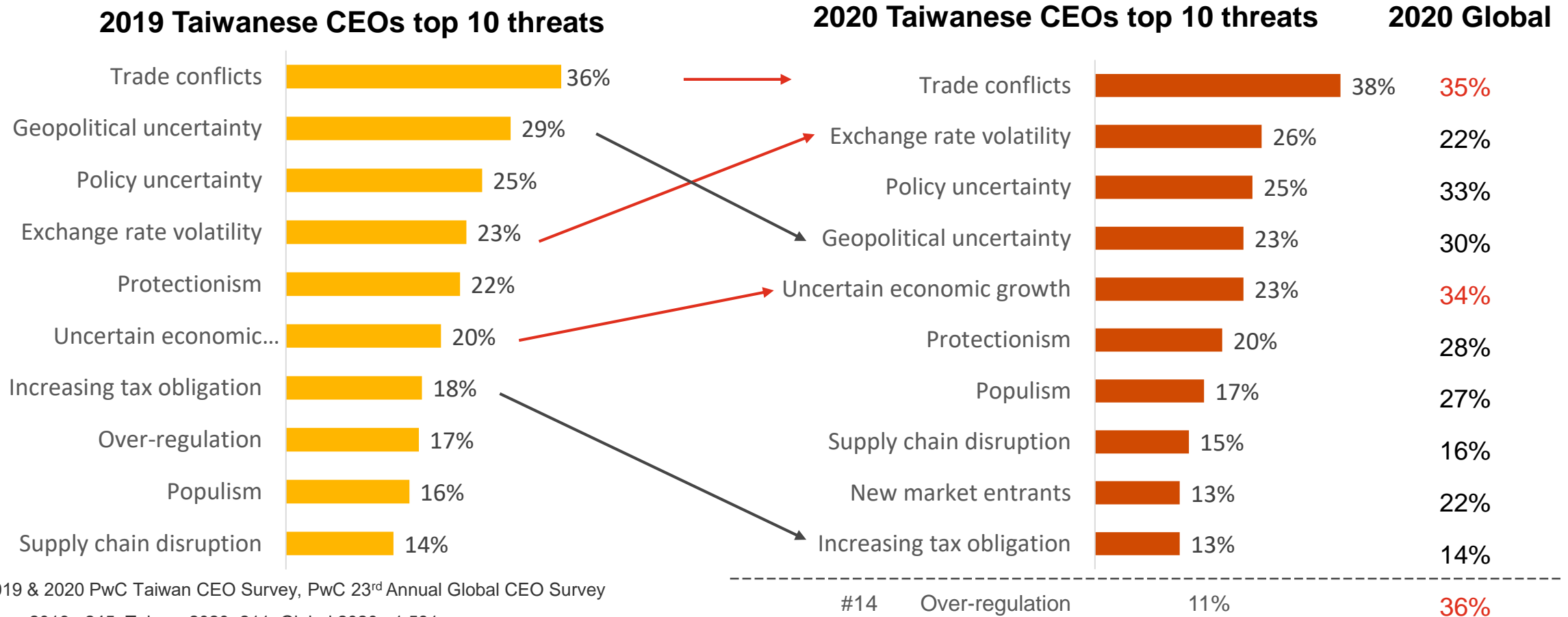


Source | 2012-2020 PwC Taiwan CEO Survey

Base | 2012=101; 2013=105; 2014=116; 2015=102; 2016=112; 2017=123; 2018=227; 2019=245; 2020=211

Trade conflicts rank as the top threat to business growth prospects, followed by foreign exchange rate volatility and policy uncertainty

How concerned are you, if at all, about each of these potential economic, policy, social, environmental and business threats to your organisation's growth prospects? (showing only 'extremely concerned')

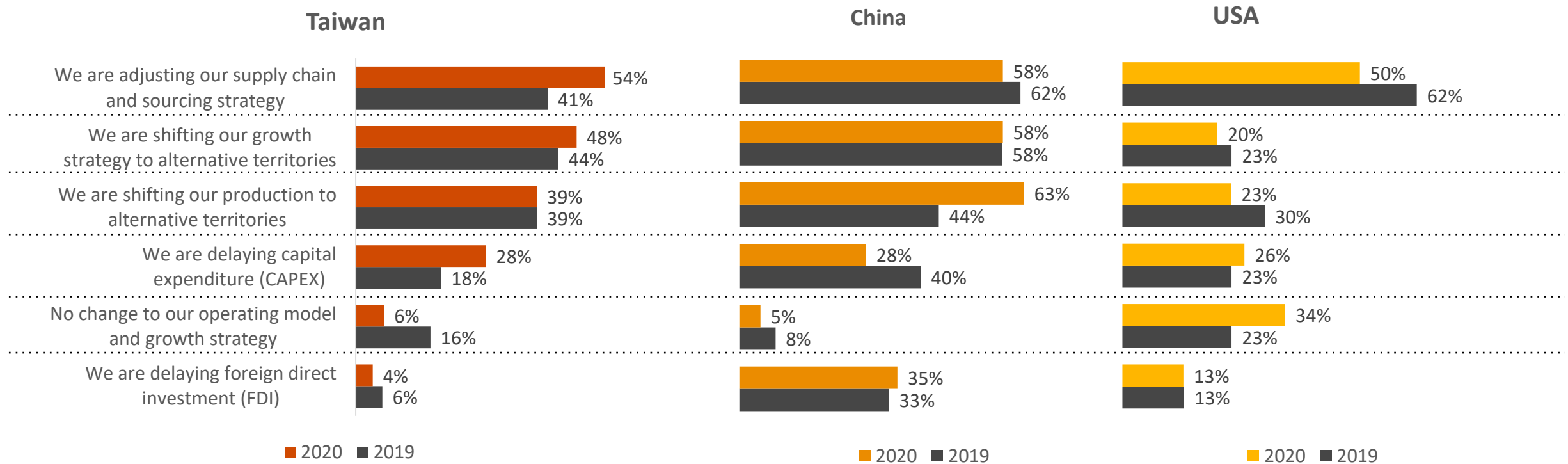


Source | 2019 & 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

Base | Taiwan 2019 =245; Taiwan 2020=211; Global 2020 =1,581

To cope with the fall out from trade conflicts, 54% of Taiwanese CEOs are primarily focused on adjusting their supply chains

How are trade conflicts affecting your operating model and growth strategy?
(showing only responses from CEOs 'extremely concerned' about trade conflicts)

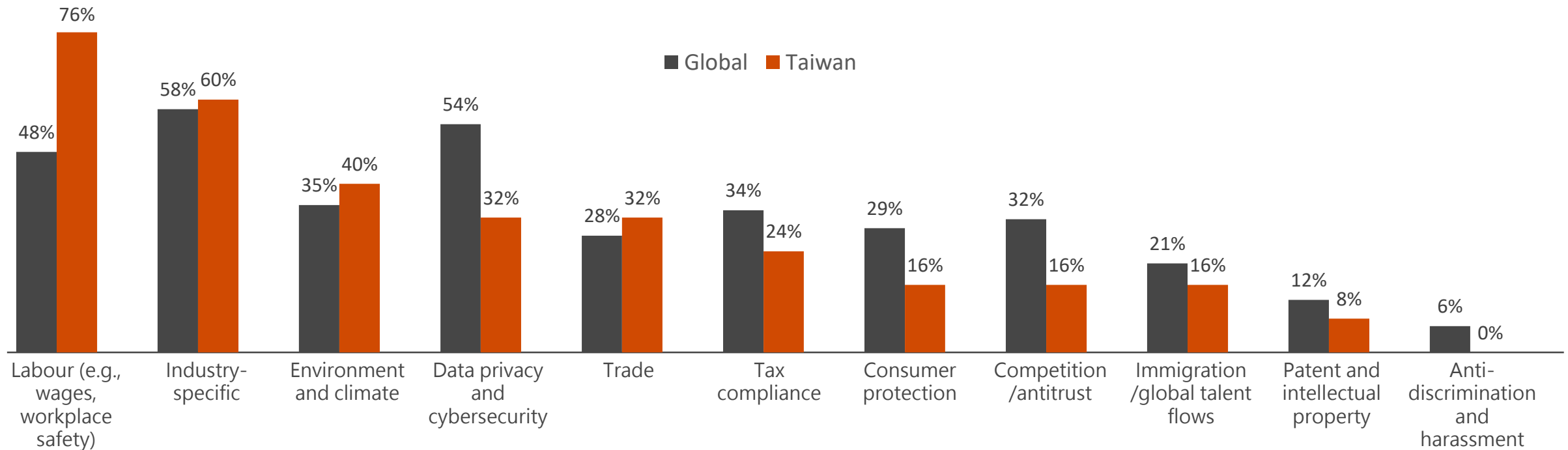


Source | 2019 & 2020 PwC Taiwan CEO Survey, PwC 22nd & 23rd Annual Global CEO Survey

Base | Respondents who answered 'extremely concerned' about trade conflicts (Taiwan 2020=82; 2019=87; China 2020=43; 2019=52; US 2020=70; 2019=53)

Taiwanese CEOs are most concerned about labour regulations, but less so about issues such as data privacy and cybersecurity

Which areas of regulation are you most concerned about?
(showing only responses from CEOs 'extremely concerned' about over-regulation)

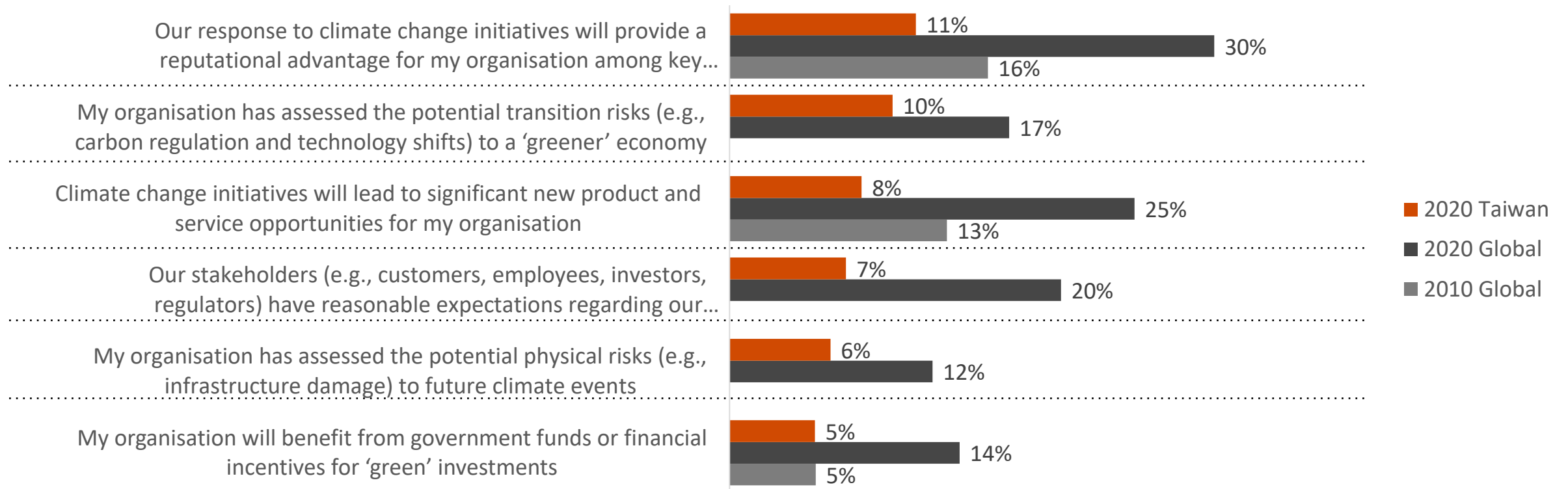


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

Base | Respondents who answered 'extremely concerned' about over-regulation (Taiwan=25; Global=563)

Taiwanese CEOs see less advantages for their companies from green or climate change initiatives than their global peers

How strongly do you agree or disagree with the following statements regarding climate change? ? (showing only 'strongly agree')

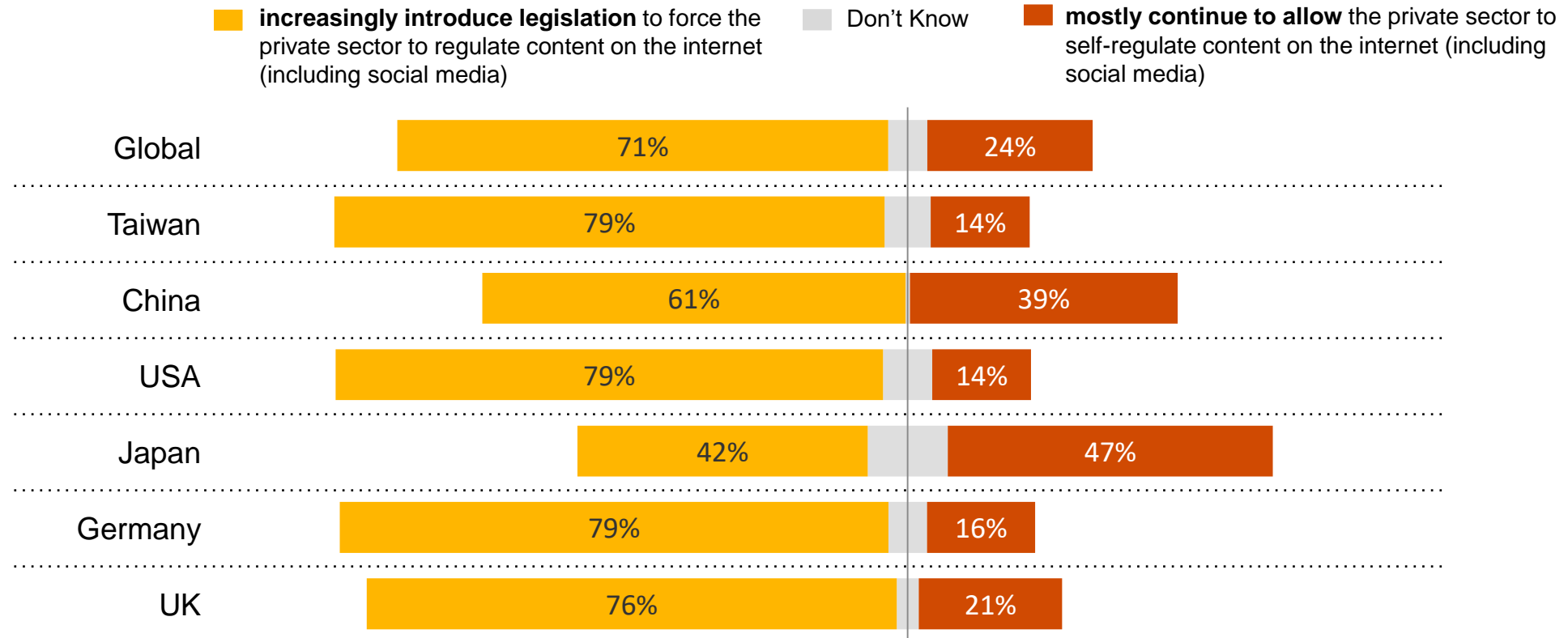


Source | 2020 PwC Taiwan Survey, PwC 23rd & 13th Annual Global CEO Survey

Base | Taiwan 2020 =211; Global 2020=1,581; Global 2010=1,198

79% of Taiwanese CEOs expect to see more regulation of the Internet by governments, higher than the 71% global average

Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
Governments will...

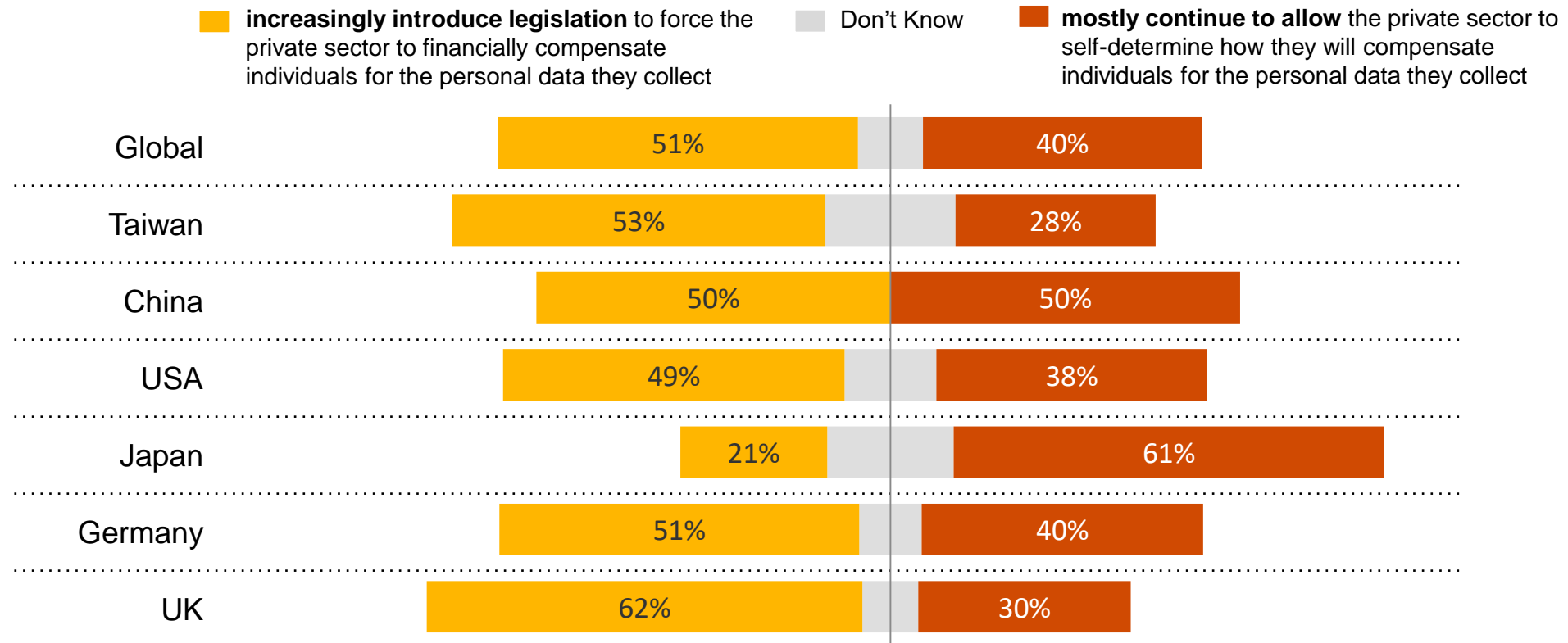


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

Base | Taiwan=211; Global=1,581; China=161; USA=169; Japan=139; Germany=90; UK=126

53% of Taiwanese CEOs believe the private sector will have to pay for any personal data it collects, versus 51% of global CEOs

Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
Governments will...

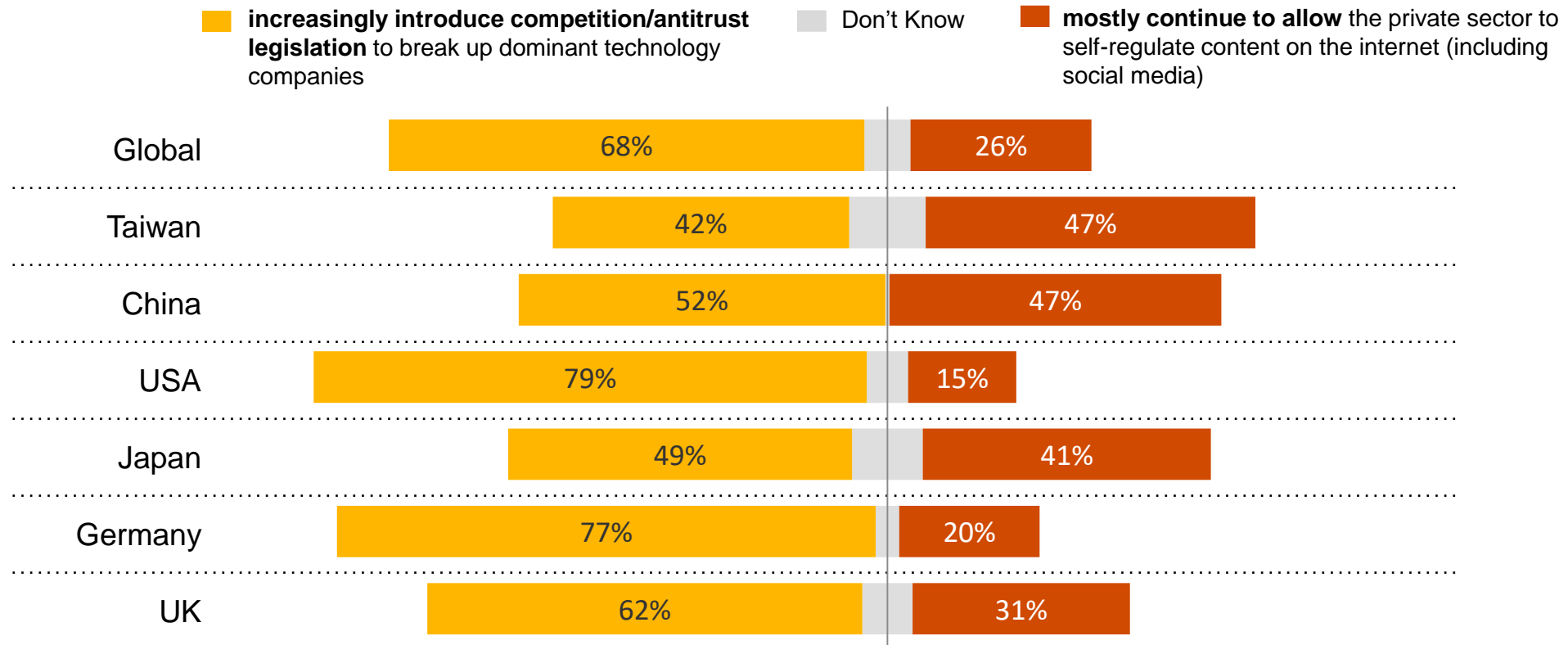


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

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While most Global CEOs expect the break-up of Big Tech in the near future, 47% of Taiwanese CEOs hold a contrary view

Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
Governments will...

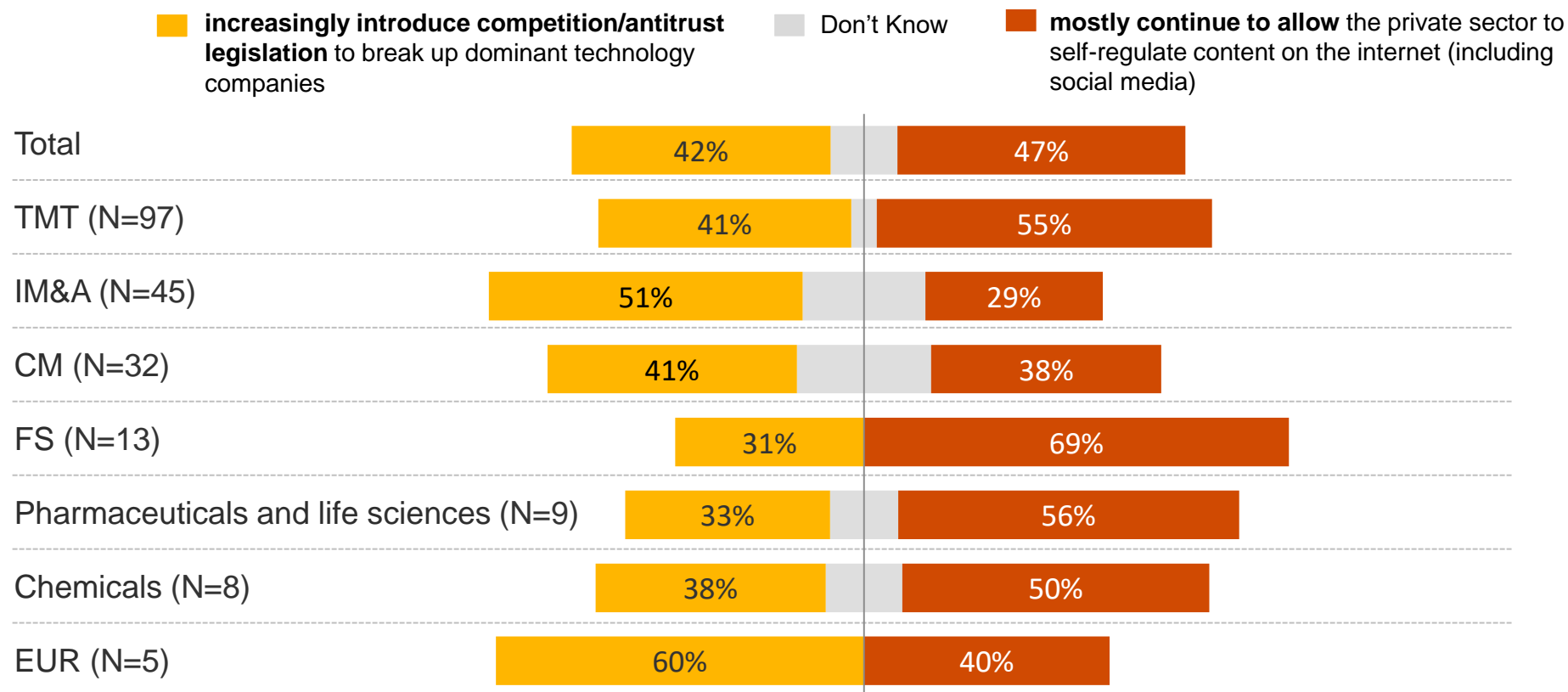


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

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Most local financial services, pharmaceutical and technology CEOs believe innovators will continue to dominate the market

Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
Governments will...

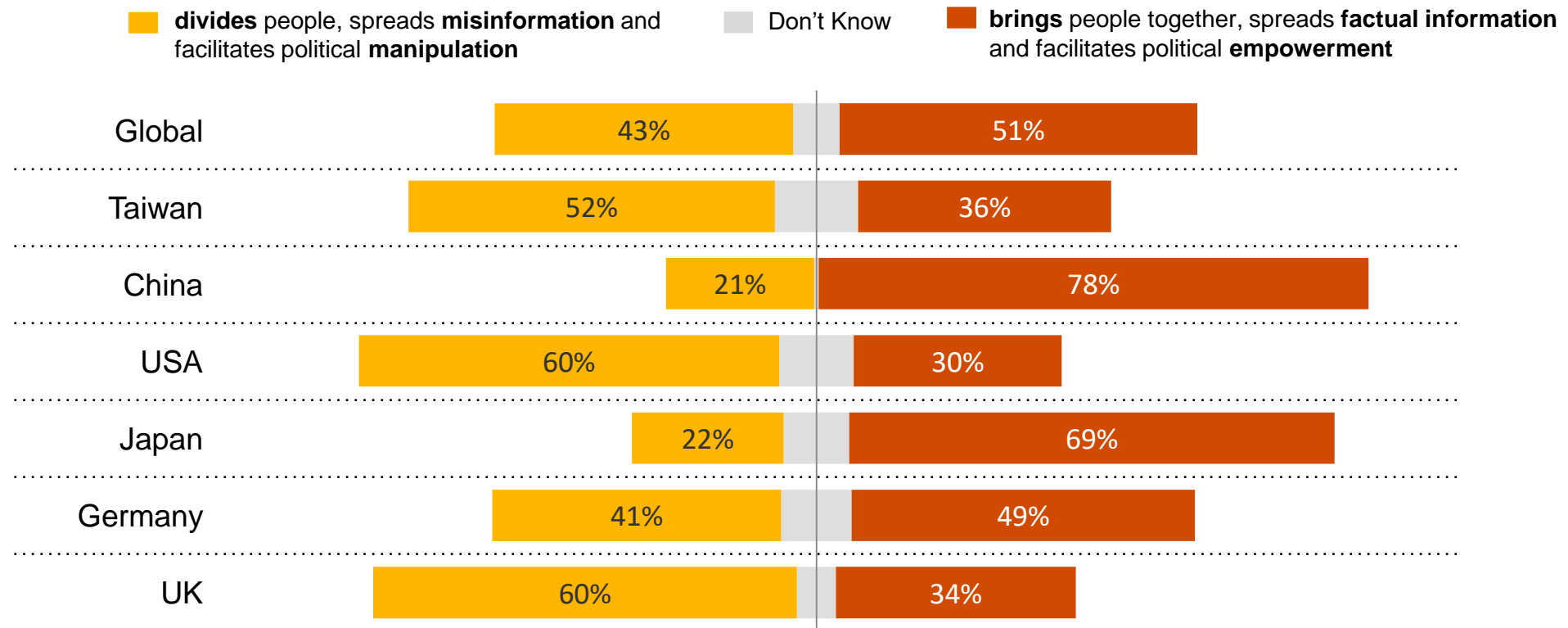


Source | 2020 PwC Taiwan CEO Survey

Note | TMT: Technology, Media & Telecommunications, IM&A: Industrial Manufacturing and Automotive, CM: Consumer Markets, FS: Financial Services, EUR: Energy, Utilities and Resources

52% of Taiwanese CEOs say the future Internet could have a divisive influence, while China and Japan are more positive

Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
The internet (including social media) will increasingly be seen as a platform that:

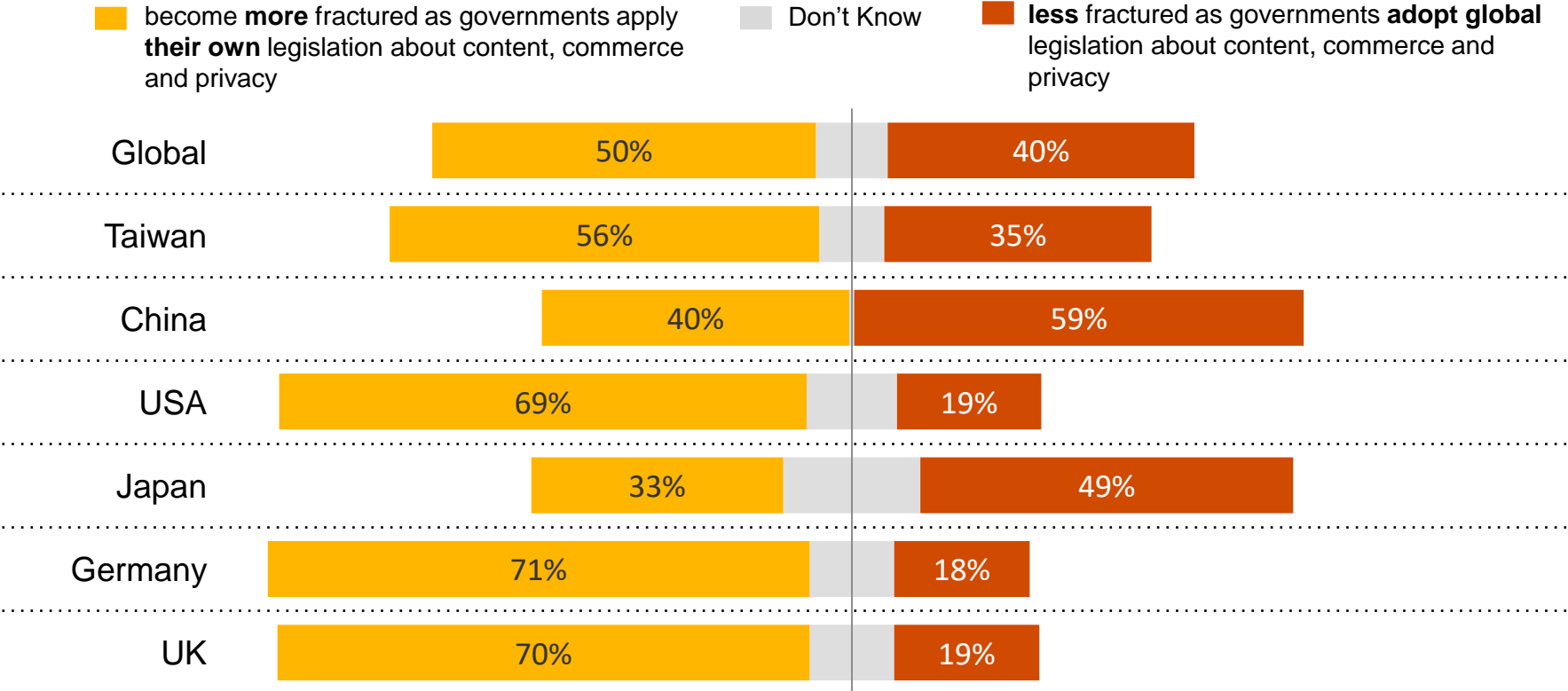


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

Base | Taiwan=211; Global=1,581; China=161; USA=169; Japan=139; Germany=90; UK=126

56% of Taiwanese CEOs think the Internet will increasingly become more fractured, with Western countries more strongly of this view

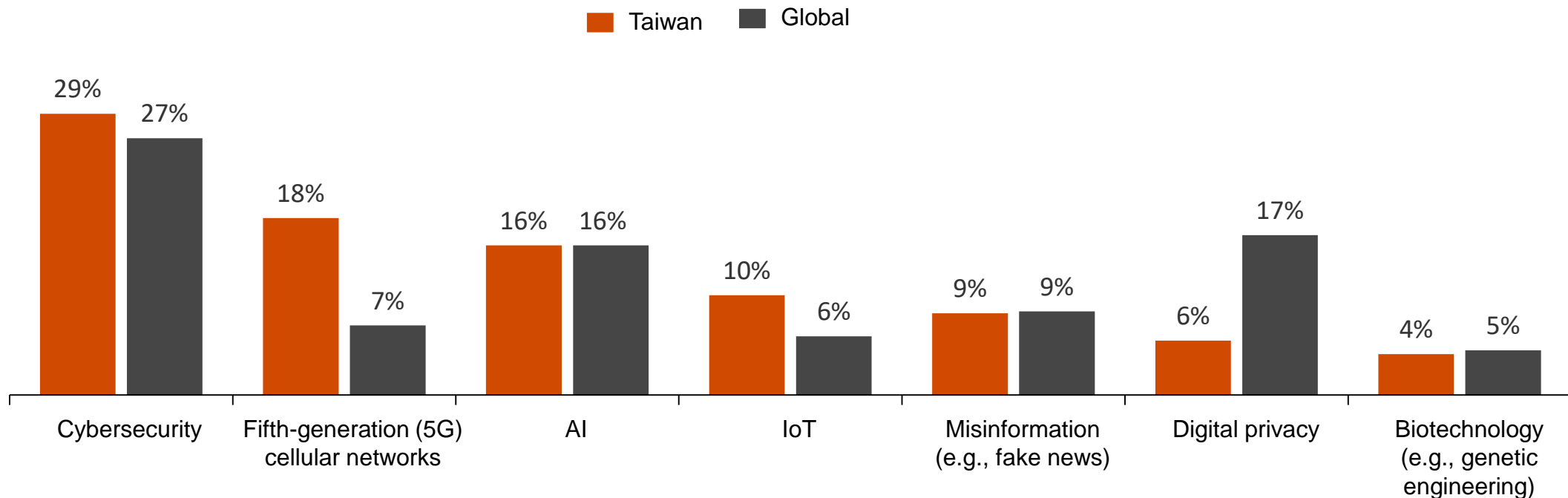
Thinking about the future (2022 and beyond), please select the statement that you believe is more likely to occur.
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Taiwanese CEOs view cybersecurity as the most crucial area for business and government to collaborate on, followed by 5G, AI

Which emerging technology areas are most important for business and government to collaborate on in order to build trust in society?

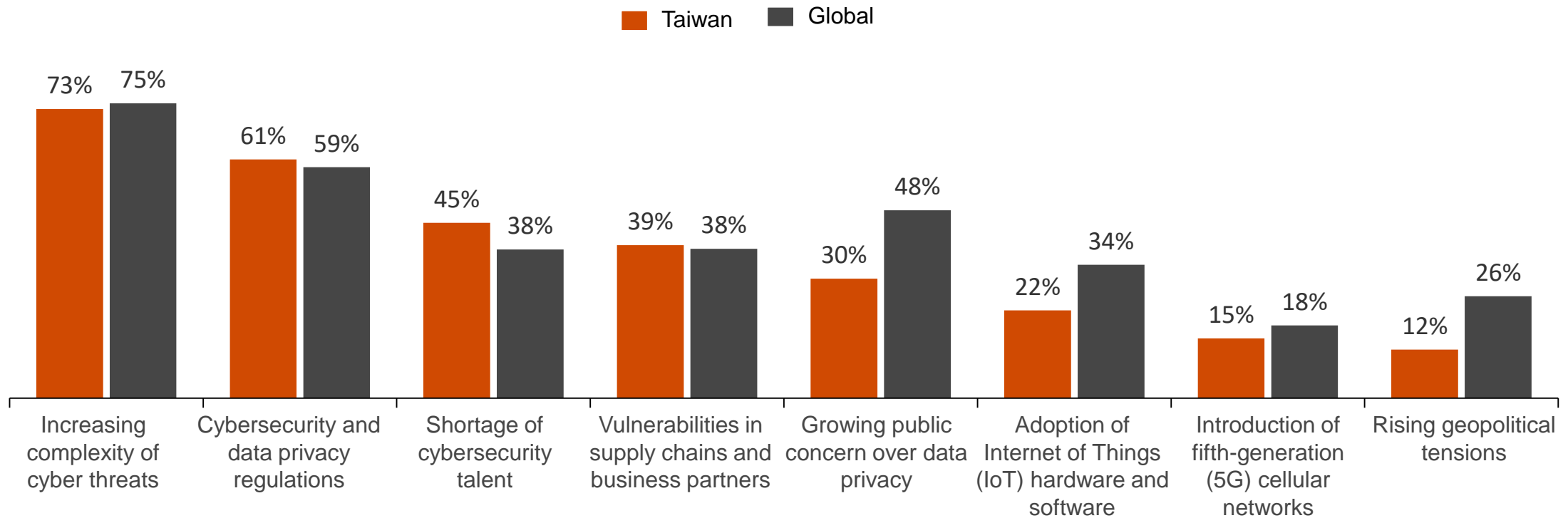


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

BaseTaiwan =211; Global=1,581

The key influences on cybersecurity strategies are the increasing complexity of cyber threats, regulations and talent shortage

What key factors are having the greatest impact in shaping your cybersecurity strategy?

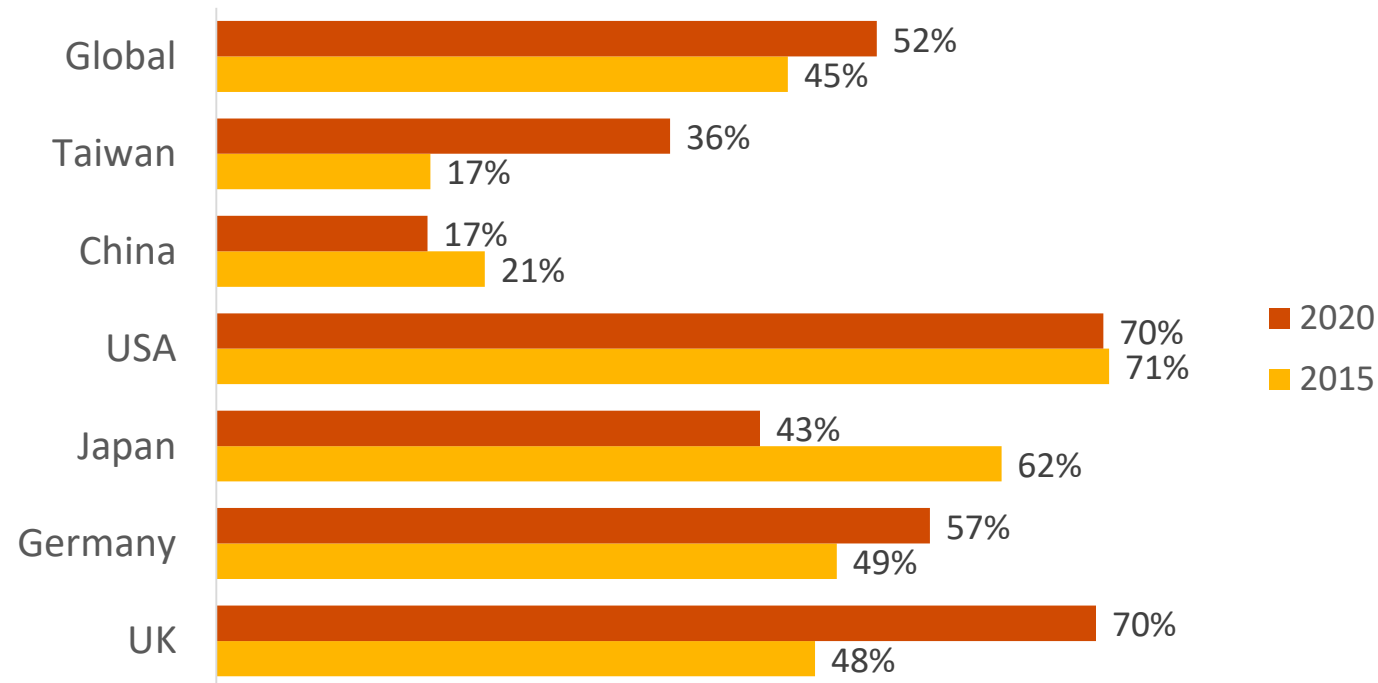


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

BaseTaiwan =211; Global=1,581

Both global and Taiwanese CEOs regard the movement of skilled labour between markets as harder than five years ago

Is cooperation among gov'ts and businesses leading to greater movement of skilled labour between markets? (showing only 'no')



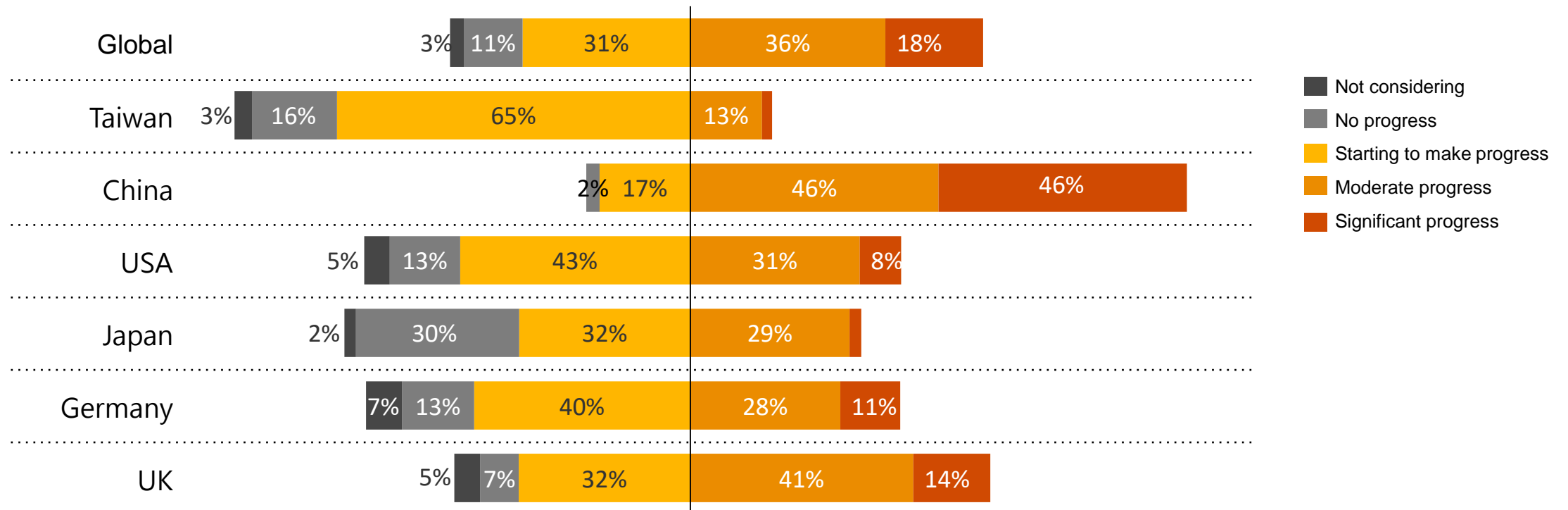
Source | 2015 & 2020 PwC Taiwan CEO Survey, PwC 18th & 23rd Annual Global CEO Survey

Base | Global 2015=1322; 2020=1,581; Taiwan 2015=102; 2020=211; China 2015=136; 2020=161; USA 2015=103; 2020=169;

Japan 2015=162; 2020=139; Germany 2015=69; 2020=90; UK 2015=61; 2020=126

Just 15% of Taiwanese CEOs think their upskilling programs are making progress, compared with a global average of 54%

How much progress has your organisation made in establishing an upskilling programme that develops a mix of soft, technical, and digital skills?

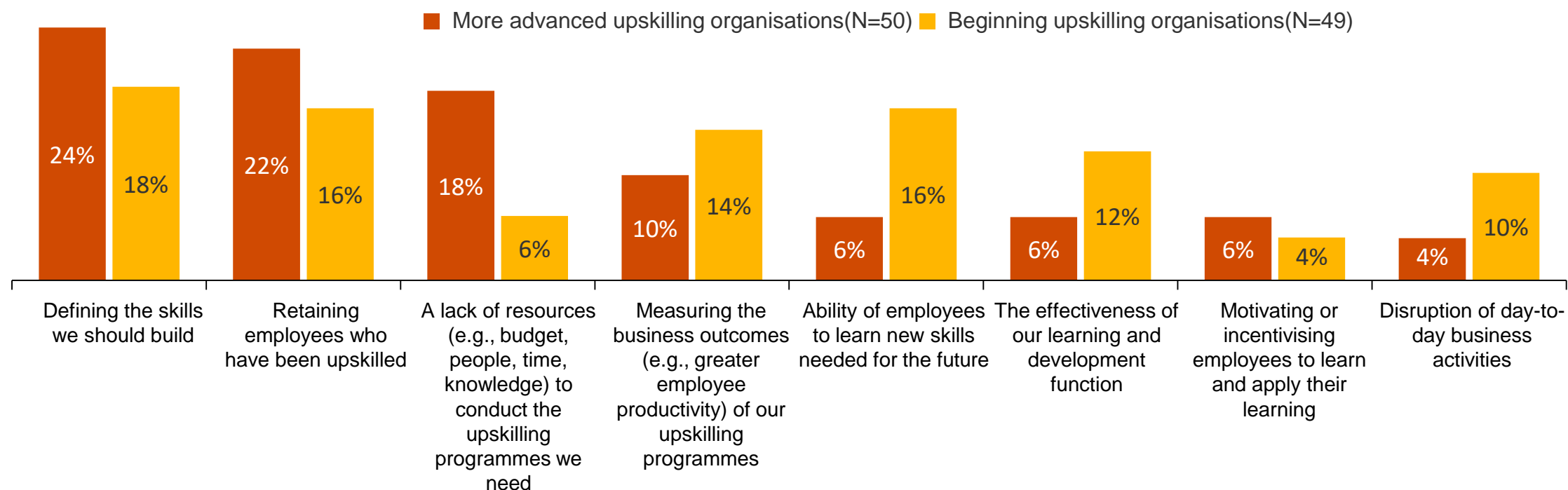


Source | 2020 PwC Taiwan CEO Survey, PwC 23rd Annual Global CEO Survey

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The top upskilling challenges for Taiwanese CEOs are defining the skills their firms should build and retaining upskilled employees

Please rank the three greatest challenges your organisation currently faces in its upskilling efforts. (showing percentage ranked first)



Source | 2020 PwC Taiwan CEO Survey

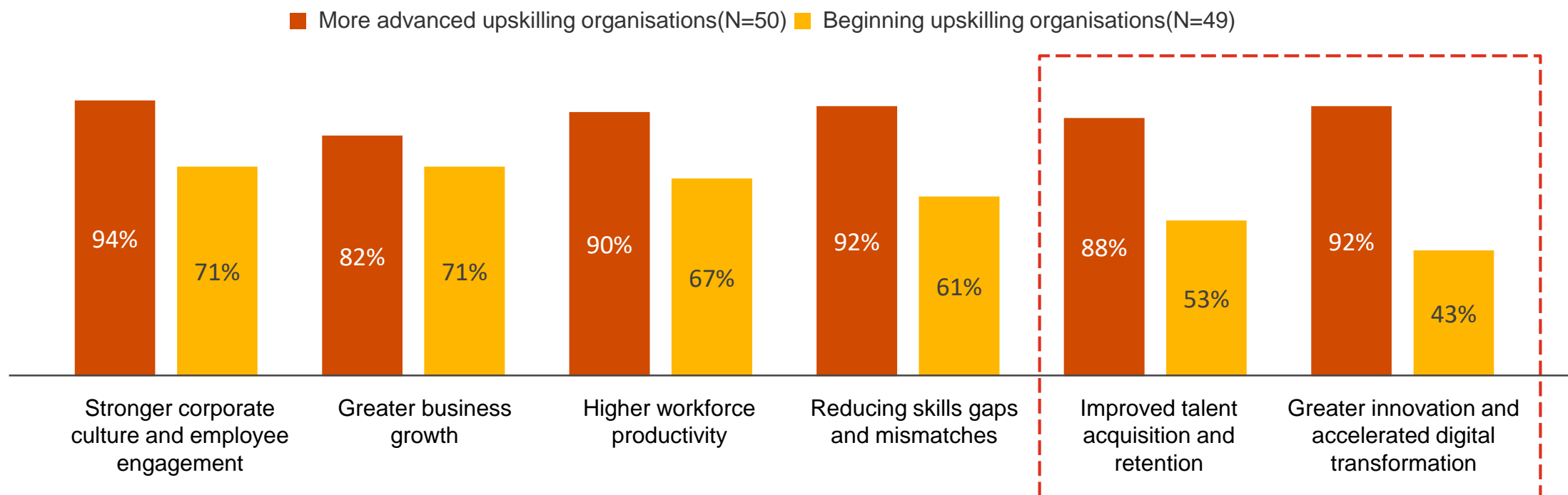
Note | 'Beginning upskilling organisations' refers to the bottom quartile of CEOs regionally who have reported the least progress in upskilling

'More advanced upskilling organisations' refers to the top quartile of CEOs regionally who have reported the most progress in upskilling

Upskilling relates to an organisation's clear intent to develop its employees' capabilities and employability, and to advance and progress their technical, soft and digital skills.

There is a large gap between upskilling leaders and beginners regarding the effectiveness of their respective programs in the areas of innovation and digital transformation, as well as talent acquisition and retention

How effective are your upskilling programmes in achieving the following outcomes? (showing 'Moderately effective' + 'Very effective')



Source | 2020 PwC Taiwan CEO Survey

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Upskilling relates to an organisation's clear intent to develop its employees' capabilities and employability, and to advance and progress their technical, soft and digital skills.

Advanced upskilling organisations are more confident than their beginning counterparts about future growth prospects

Do you believe global economic growth will improve, stay the same, or decline over the next 12 months? (showing only 'improve')
How confident are you about your organisation's prospects for revenue growth over the next 12 months/next three years? (showing only 'very confident')



Source | 2020 PwC Taiwan CEO Survey

Note | 'Beginning upskilling organisations' refers to the bottom quartile of CEOs regionally who have reported the least progress in upskilling

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Upskilling relates to an organisation's clear intent to develop its employees' capabilities and employability, and to advance and progress their technical, soft and digital skills.

Thank you

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