

FEATURED TOPICS

ROLE OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) GOALS IN COMPANY PLANNING ECONOMIC CONCERNS



MARCUM - HOFSTRA CEO SURVEY

The Marcum-Hofstra University CEO Survey is a periodic gauge of middle-market CEOs' outlook on the current business environment and their priorities and concerns for the next 12 months.

No. 3, 2023

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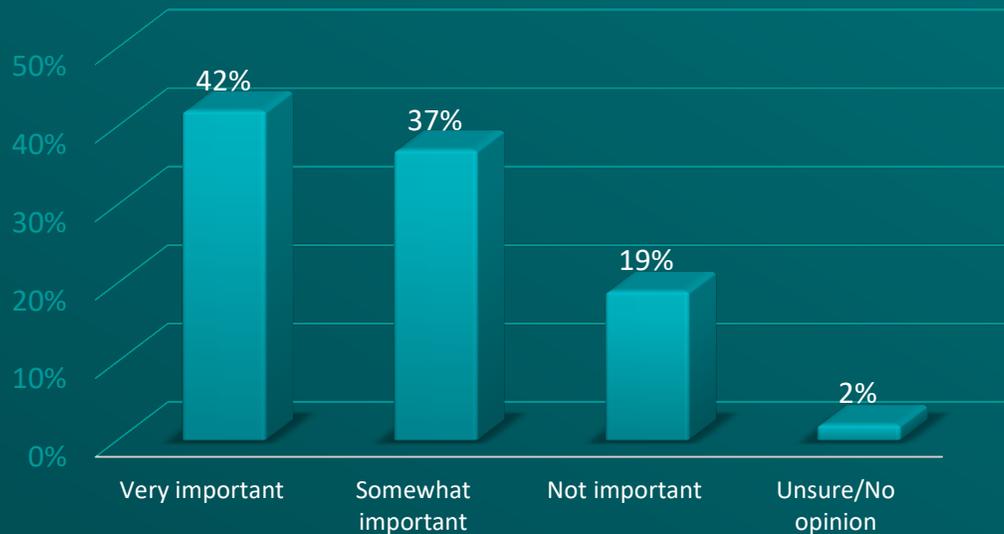
ROLE OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) GOALS IN COMPANY PLANNING

A large majority (79.2%) of CEOs believe it is at least somewhat important for companies to embrace environmental, social, and governance (ESG) goals, with 42.4% indicating they felt it was very important. Further, over one-third (33.6%) of CEOs said ESG plays a central role in their company's planning and actions. 43.6% said that ESG goals are considered but are secondary to other company goals.

Similarly, a substantial majority (71.6%) of CEOs felt that it is important for companies to actively support political or social causes (on a local or national basis), with 34.0% saying it was very important. In terms of their own companies, nearly one-quarter (24.4%) of CEOs indicated that their support of social and political causes helped achieve their business outcomes. Nearly one-half (45.6%) said that supporting political or social causes was the right thing to do regardless of the impact on business outcomes. 15.2% of CEOs said they were rethinking previous support for political or social causes due to concerns regarding the impact on their business.

How important is it for companies to embrace environmental, social, and governance (ESG) goals in company planning and actions?

How much are environmental, social, and governance (ESG) goals considered in your company's planning and actions?



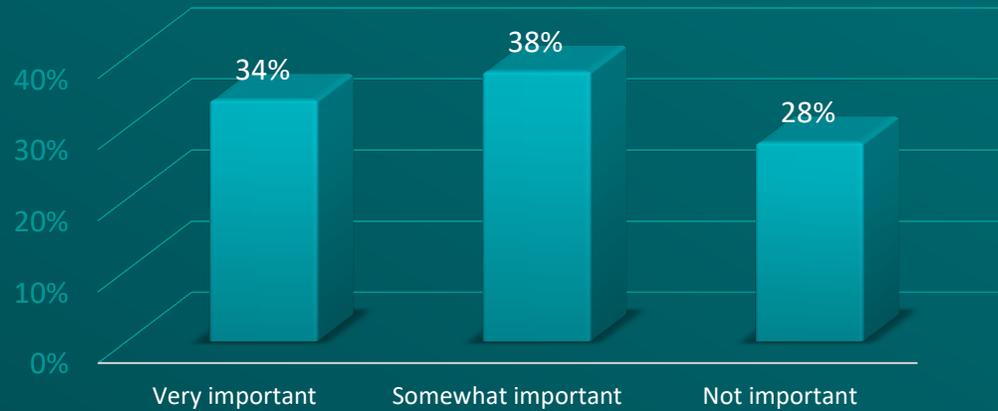
(Percentages do not total 100 as respondents can choose more than one response)

Total sample (N=250)



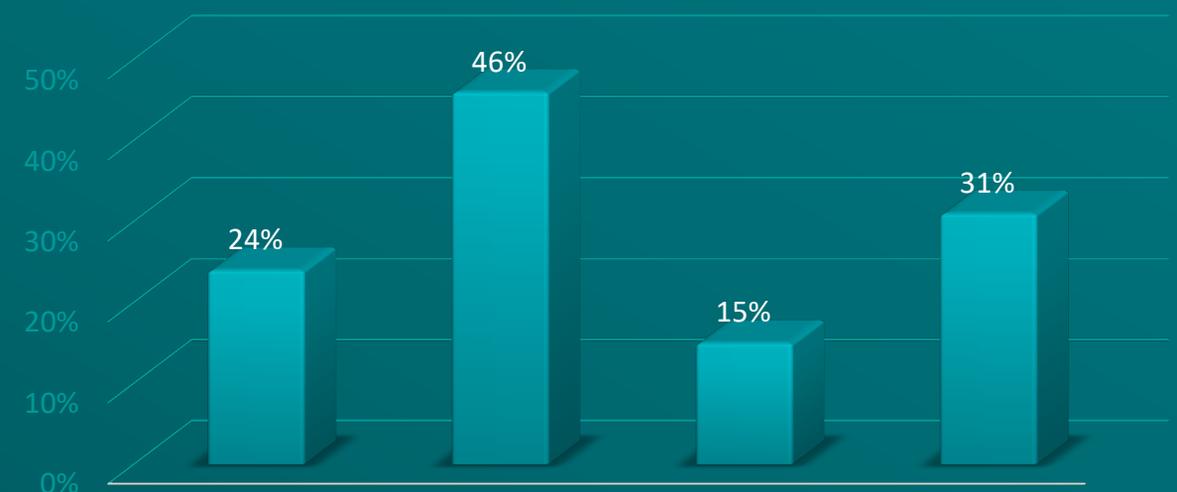
Total sample (N=250)

How important do you believe it is for companies to actively support political or social causes (on a local or national basis)?



Total sample (N=250)

In terms of your company's support for political or social causes...



Total sample (N=250)

ECONOMIC CONCERNS

The percentage of CEOs who indicated they were very concerned about the economy lapsing into a recession decreased substantially in our November 2022 survey (26.4% vs. 46.5%). Still, 74.0% remained somewhat concerned that the economy will experience a recession later this year.

Of the CEOs concerned about a possible recession, 61.6% indicated these concerns were impacting hiring plans, with 27.2% already curtailing or freezing hiring or already laying off employees.

884,526

256,640

564,225

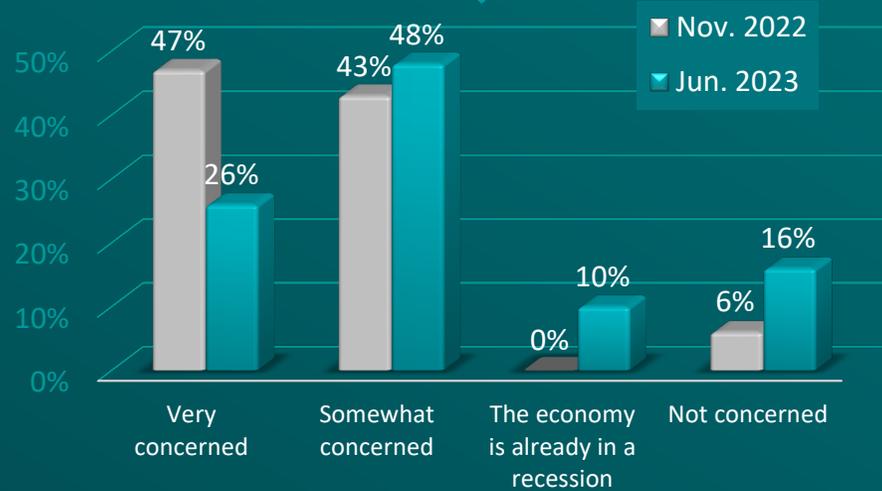
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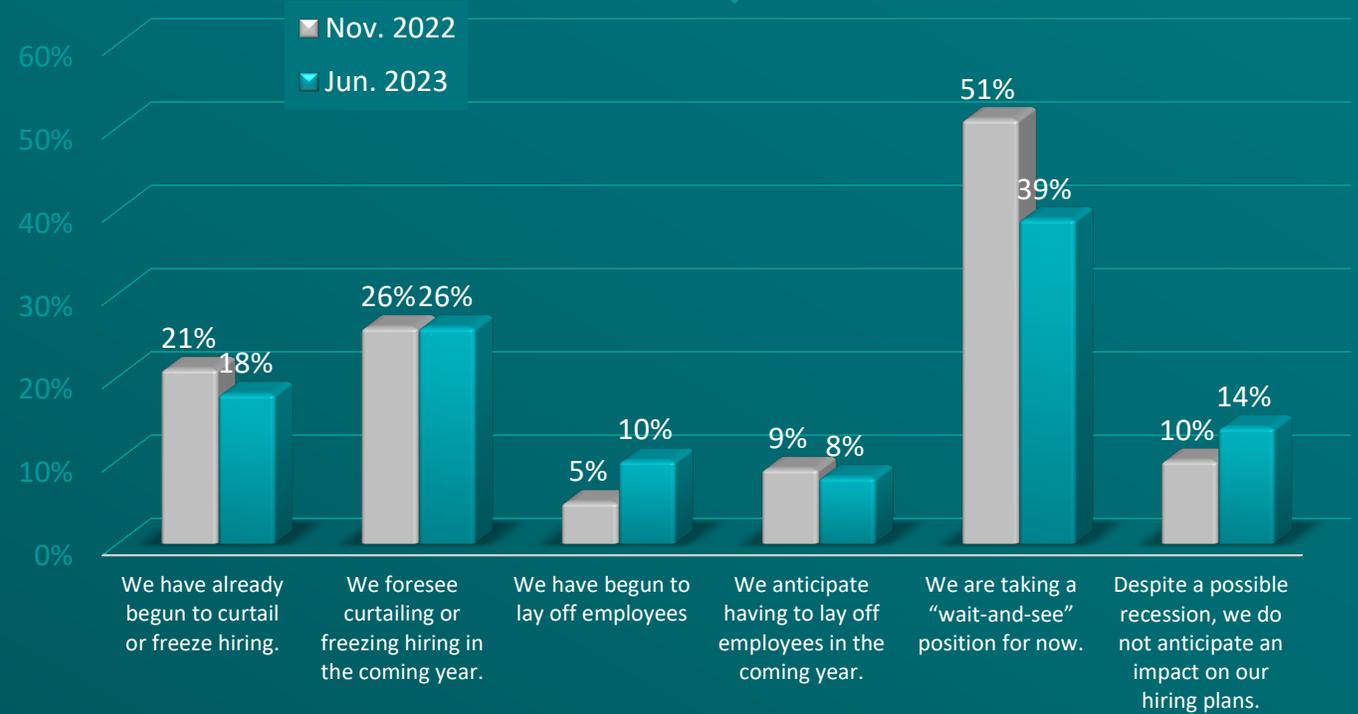
564,225

How concerned are you that the economy will experience a recession later this year?



Total sample (N=250)

How is a possible recession in the coming year affecting your company's staffing?



(Percentages do not total 100 as respondents can choose more than one response)

Total sample (N=250)

"I don't see many benefits."

"It is important to make society a better place. However, profitability keeps us in business."

"Global warming has become a reality. We are currently re-valuating our goals."

"It is not part of our company culture."

"It's not necessary unless mandated."

"It is expected by shareholders/stakeholders that we gave a commitment to ESG."

Please briefly explain why your company has or has not actively incorporated ESG in your company planning and decision-making.

"We have incorporated it, but it's not the primary driving force."

"We are very committed as a company to contribute positively in ESG friendly activities."

"Sustainability approach became paramount for our business strategy."

"While we would like to embrace it fully, profit always comes first, and ESG has added costs."

"it is not a requirement for work and can be cost prohibitive."

"We are a small business that has many other things to worry about."

"It is a fad. Businesses should maximize shareholder value. ESG impedes it."

"Yes, as we desire to preserve our planet for future use."

"Waiting on regulatory guidance."

"We have already included into our business, and it plays a vital role in our business."

Company support for political and social causes.

"It's a delicate balance - activism vs corporate interest."

"Not every company is going woke."

"Social and political causes do not belong in business. Just ask Target and Bud how they feel about it."

"The current political climate is so caustic that we are limiting our involvement."

"We did support causes, but the political atmosphere threatens our support."

"Doing right is important for business success."

"We try to be apolitical in our approach."

"A company should support positive social items but avoid political."

"We see woke companies having some challenges lately."

"I think companies should stay out of politics."

"Political spending and social issues can be a tricky issue to navigate."

"Our employees vote on a list local support causes."

"Everyone must do their part and work together to make this a healthy, safe and great place to live while we all have our chance here on Earth."

"Avoid political split inside company."

"We try to be apolitical in our approach."

"As a company we try not to pick sides politically."

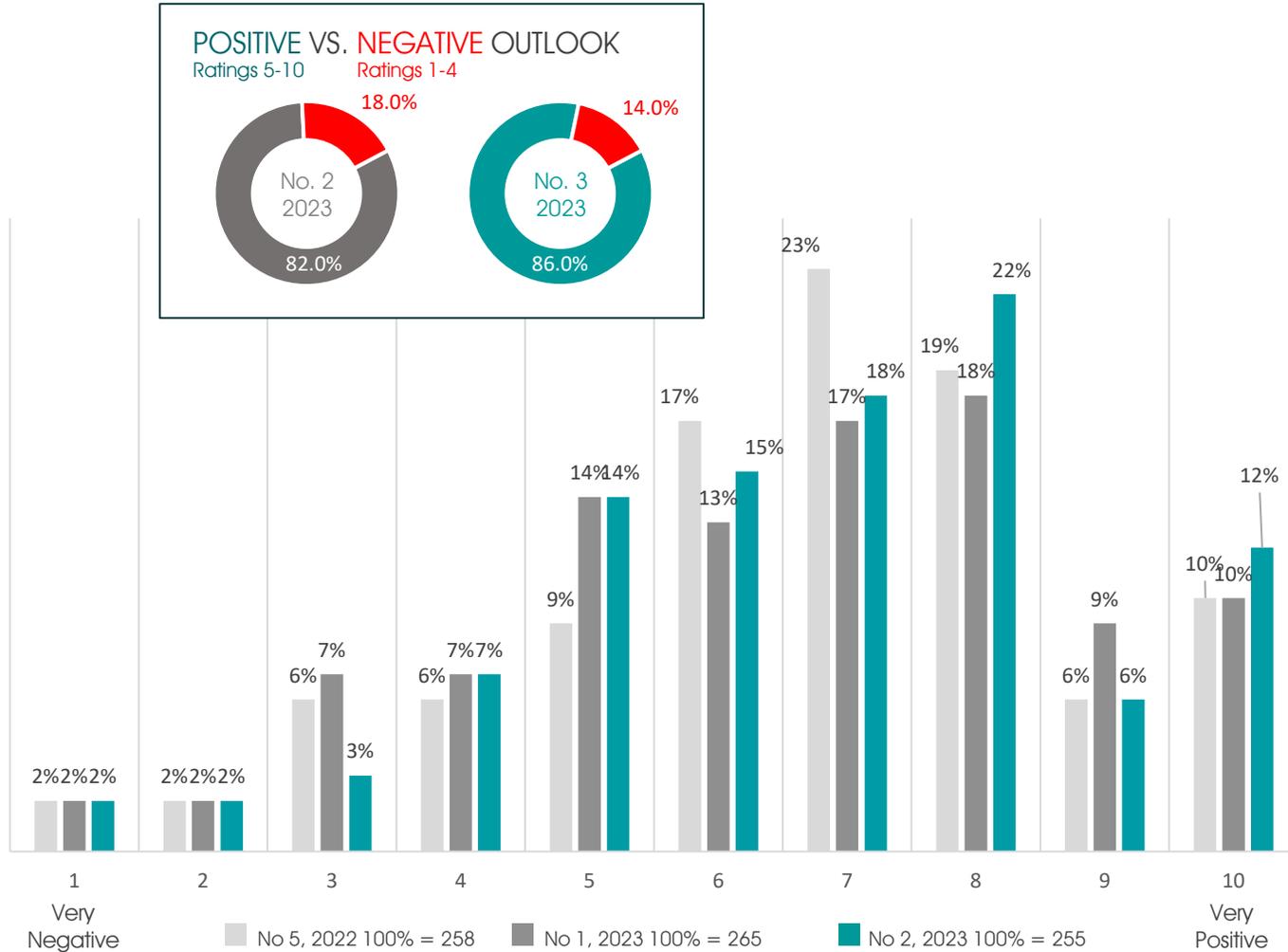
"ESG is a social construct that does not translate into lower costs, better service/ products, or customer satisfaction."

"Political goals need to be left out of the equation."

"We want to remain neutral."

"I think it turns a lot of people off."

What is your view of the current business environment?



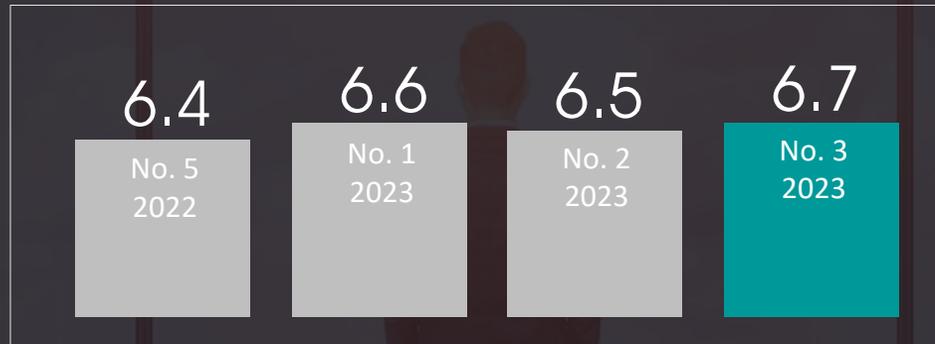
KEY FINDINGS

In the latest survey, CEOs expressed increased optimism in their outlook on the business environment compared to the previous (April 2023) survey.

- ▶ The percentage of CEOs rating their outlook as “very positive” (“10”) increased markedly to 12.4% from 9.8%.
- ▶ Further, 39.6% of CEOs staked themselves in the upper range of 8-10, an increase from 37.6%.
- ▶ 86.0% of CEOs selected a rating of 5 or higher, a slight decrease from 82.5% in April.

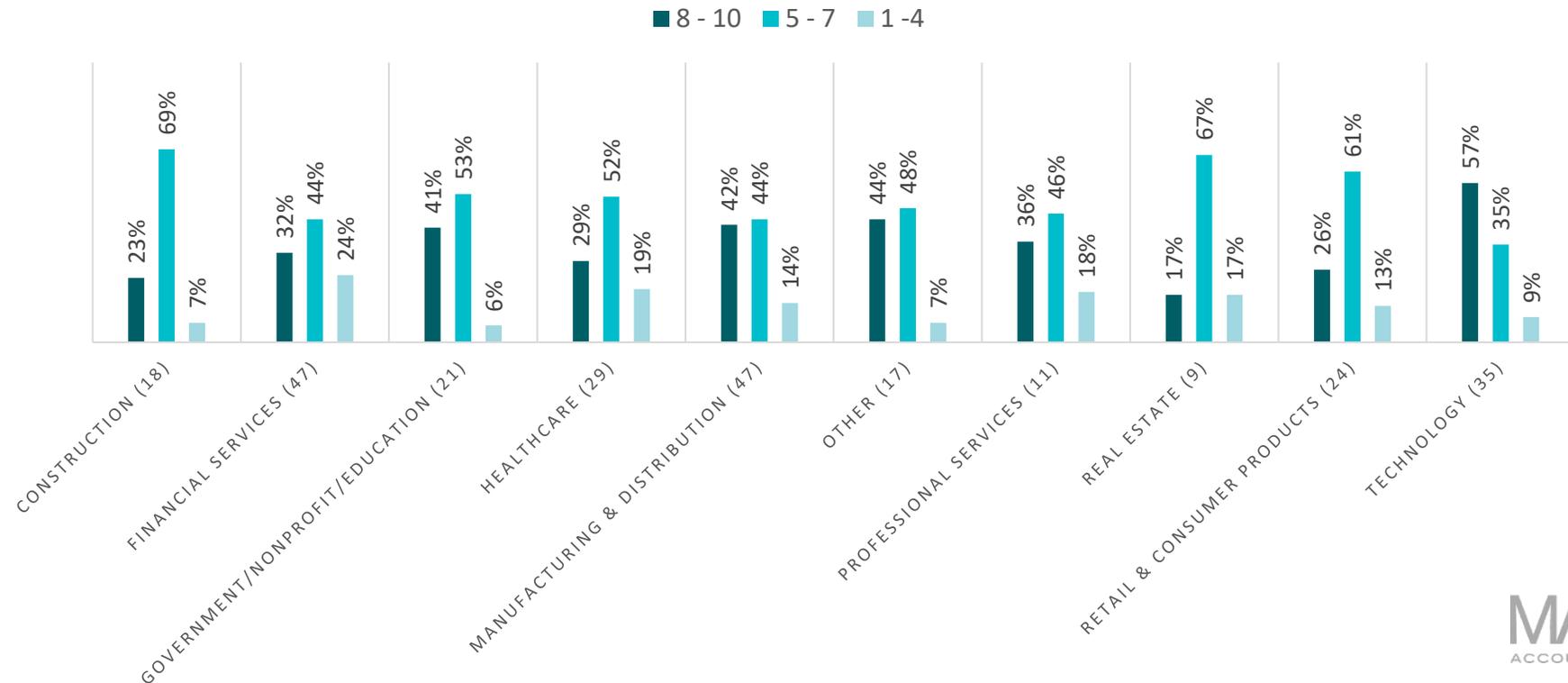
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What is your
view of the
current
business
environment?

INDEX: Weighted Average of CEO Responses



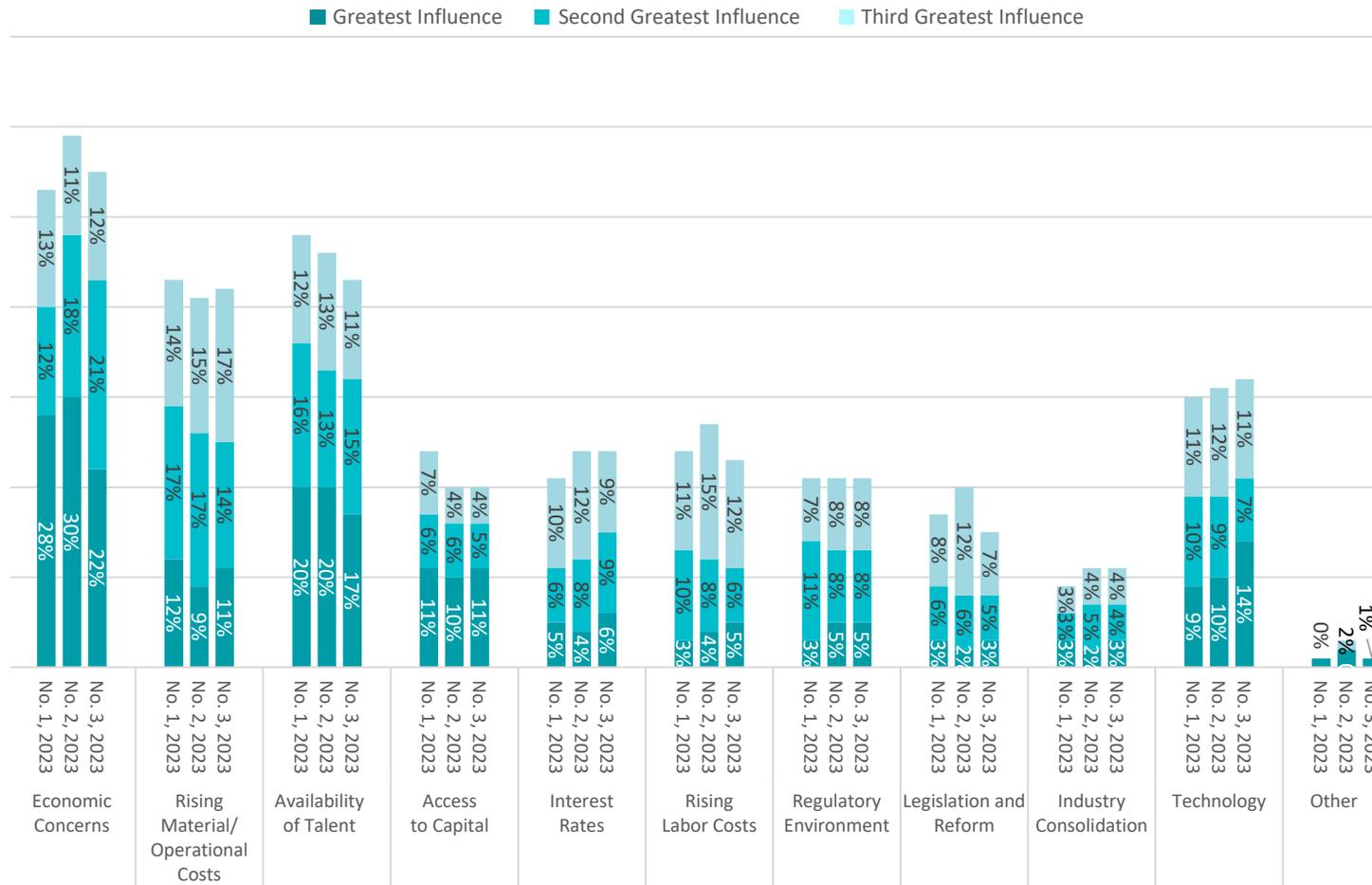
RATING OF BUSINESS OUTLOOK by Industry

The percentage of CEOs expressing the highest levels of optimism (rating of "8" or higher) increased across most industry sectors from the April 2023 survey. The largest gains occurred in the construction (33% vs. 23% in the previous survey), professional services (25% vs. 36%), and technology (43% vs. 57%) sectors. CEO optimism decreased in the healthcare (29% vs. 38% in the previous survey) and retail (26% vs. 38%) sectors.



cont'd
What is your
view of the
current
business
environment?

What are the most important influences for your business planning in the next 12 months?



KEY FINDINGS

The top three influences on business planning were unchanged from our prior survey, but the degree of influence for each shifted to a degree.

- ▶ “Economic concerns” continues to be the most-cited influence on business planning. However, the percentage of CEOs indicating it as a top-3 concern slightly decreased to 55.2% from 58.0% in the April 2023 survey.
- ▶ “Availability of talent” continues to be a key business influence, reflecting the continuing tight labor market, with the percentage citing this as a top three concern slightly decreasing from 45.9% to 42.8%.
- ▶ Regarding price inflation, “rising material/operational costs” was the third most-cited influence (with a small increase from 40.8% to 42.0% in the previous survey).

cont'd
What are the most important influences for your business planning in the next 12 months?

Influences on Business Planning — by Industry

Upper figure: highest priority

Lower figure: one of three highest priorities

	Access to Capital	Availability of Talent	Economic Concerns	Foreign Competition	Industry Consolidation	Interest Rates	Rising Labor Costs	Legislation and Reform	Regulatory Environment	Rising Material/Operational Costs	Technology
Construction (13)	15.3% 30.8%	23.1% 53.8%	23.1% 46.2%	0.0% 0.0%	0.0% 7.8%	0.0% 3.7%	7.7% 38.5%	0.0% 7.7%	0.0% 15.4%	23.0% 61.5%	7.8% 30.8%
Financial Services (50)	12.0% 22.0%	16.0% 40.0%	22.0% 58.0%	4.0% 22.0%	0.0% 12.0%	14.0% 44.0%	2.0% 12.0%	4.0% 16.0%	8.0% 28.0%	4.0% 24.0%	12.0% 20.0%
Government/Nonprofit/Education (17)	5.9% 5.9%	35.3% 76.5%	5.8% 52.9%	0.0% 0.0%	5.9% 11.8%	0.0% 5.9%	14.3% 33.3%	17.6% 52.9%	0.0% 11.8%	11.8% 41.2%	11.8% 29.4%
Healthcare (21)	9.5% 23.8%	23.8% 52.4%	33.3% 67.7%	0.0% 4.8%	0.0% 4.8%	4.8% 14.3%	4.8% 28.6%	0.0% 9.5%	4.8% 33.3%	0.0% 28.6%	19.0% 33.3%
Manufacturing & Distribution (26)	11.5% 34.6%	23.1% 53.8%	38.5% 61.5%	3.8% 7.7%	3.8% 11.5%	3.8% 19.2%	0.0% 30.8%	0.0% 15.4%	7.8% 30.8%	26.9% 92.3%	19.2% 42.3%
Professional Services (11)	27.3% 36.4%	9.1% 45.5%	27.3% 72.7%	0.0% 0.0%	0.0% 0.0%	0.0% 18.2%	9.1% 27.3%	0.0% 18.2%	18.2% 18.2%	9.1% 27.3%	0.0% 36.4%
Real Estate (6)	16.7% 33.3%	16.7% 33.3%	16.6% 33.3%	0.0% 0.0%	0.0% 0.0%	33.3% 44.4%	16.7% 16.7%	16.7% 33.3%	0.0% 33.3%	16.7% 50.0%	0.0% 16.7%
Retail & Consumer Products (23)	8.7% 8.7%	8.9% 30.4%	21.7% 65.2%	4.3% 26.1%	4.3% 13.0%	0.0% 50.0%	21.7% 39.1%	4.3% 4.3%	0.0% 13.0%	17.4% 47.8%	0.0% 30.4%
Technology (46)	13.0% 21.7%	26.7% 32.6%	19.6% 52.2%	2.2% 15.4%	10.9% 19.6%	6.5% 30.4%	2.2% 23.9%	0.0% 8.7%	2.2% 17.4%	4.3% 40.0%	30.4% 47.8%
Other (27)	7.4% 14.8%	22.2% 48.1%	18.5% 55.6%	0.0% 7.4%	0.0% 7.4%	3.7% 14.4%	3.7% 18.5%	0.0% 14.8%	11.1% 25.9%	18.5% 51.9%	11.1% 37.0%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
Economic Concerns	55 (22.0%)	53 (21.2%)	30 (12.0%)	138 (55.2%)
Availability of Talent	43 (17.2%)	37 (14.8%)	27 (10.8%)	107 (42.8%)
Rising Material/Operational Costs	27 (10.8%)	36 (14.4%)	42 (16.8%)	105 (42.0%)
Technology	35 (14.0%)	18 (7.2%)	28 (11.2%)	81 (32.4%)
Interest Rates	14 (5.6%)	23 (9.2%)	23 (9.2%)	60 (24.0%)
Rising Labor Costs	13 (5.2%)	16 (6.4%)	30 (12.0%)	59 (23.6%)
Regulatory Environment	13 (5.2%)	21 (8.4%)	21 (8.4%)	55 (22.0%)
Access to Capital	28 (11.2%)	13 (5.2%)	11 (4.4%)	52 (20.8%)
Legislation and Reform	7 (2.8%)	12 (4.8%)	18 (7.2%)	37 (14.8%)
Industry Consolidation	8 (3.2%)	9 (3.6%)	10 (4.0%)	27 (10.8%)
Foreign Competition	5 (2.0%)	12 (4.8%)	9 (3.6%)	26 (10.4%)
Other*	2 (0.8%)	0 (0.0%)	1 (0.4%)	3 (1.2%)

DEMOGRAPHICS

Which of the following best describes your company's industry?

Construction	13	5.2%
Financial Services	50	20.0%
Government/Nonprofit/Education	17	6.8%
Healthcare	21	8.4%
Manufacturing & Distribution	36	14.4%
Professional Services	11	4.4%
Real Estate	6	2.4%
Retail & Consumer Products	23	9.2%
Technology	46	18.4%
Other*	27	10.8%
Total	250	100.0%

*Other: Alternative Energy, Automotive (3), Cannabis, Food & Beverage (4), Hospitality (2), Fashion, Life Science & Biotech (3), Maritime, Media & Entertainment (2), Mining, Oil & Gas, Recreation, Transportation (4), Utilities (2)

What best describes your title?

CEO	29	11.6%
Chairman	1	0.4%
Director	98	39.8%
Divisional President	1	0.4%
Managing Partner	12	4.8%
President	6	2.4%
Vice President	41	16.4%
Owner	17	6.8%
Other C-Level Executive	45	18.0%
Total	250	100.0%

What is the total number of permanent employees in your company?

Less than 50	21	8.4%
50 to 99	14	5.6%
100 to 499	51	20.4%
500 to 999	37	14.8%
1,000 to 2,499	46	18.4%
2,500 to 4,999	26	10.4%
5,000 or more	53	21.2%
Unsure/unable to determine	2	0.8%
Total	250	100.0%

In which revenue size range was your company last year?

\$5 million to \$9.9 million	25	10.0%
\$10 million to \$24.9 million	27	10.8%
\$25 million to \$49.9 million	25	10.0%
\$50 million to \$99.9 million	31	12.4%
\$100 million to \$249.9 million	34	13.6%
\$250 million to \$499.9 million	18	7.2%
\$500 million to \$999.9 million	27	10.8%
\$1 Billion or more	52	20.8%
Not sure/Decline to say	11	4.4%
Total	250	100.0%



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Hofstra University's Frank G. Zarb School of Business prepares students to become tomorrow's global leaders. Located just 25 miles from New York City, Zarb students have access to internships and networking opportunities across every industry. The Zarb School combines entrepreneurial, hands-on learning and research with real-world experience and mentorship in state-of-the-art facilities, including a Behavioral Research in Business Lab, Center for Entrepreneurship, and academic trading room. Our undergraduate and graduate programs in accounting, management and entrepreneurship, marketing and international business, finance, and business analytics are ranked and recognized by US News & World Report, Princeton Review and Poets & Quants as among the best in the world. This survey was developed, conducted and analyzed by a class of Hofstra MBA students led by Dr. Andrew Forman, associate professor of marketing and international business, in partnership with Marcum. The questions reflected current issues of interest to CEOs of mid-sized companies.

