



MARCUM - HOFSTRA CEO SURVEY

The Marcum LLP-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. 4, 2021

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COVID-19 and Work-From-Home

The Delta variant has derailed plans to bring employees back to the workplace for nearly 40% of respondents, with more than two-thirds (67.8%) offering a work-from-home option. About 30% of companies will adjust compensation for employees who opt for WFH, and nearly half of those will consider the possible tax implications for employees residing in a state different from their normal workplace.

A majority of respondents report difficulty in attracting qualified candidates, with about a quarter saying they have had to change negotiating tactics to fill open positions.

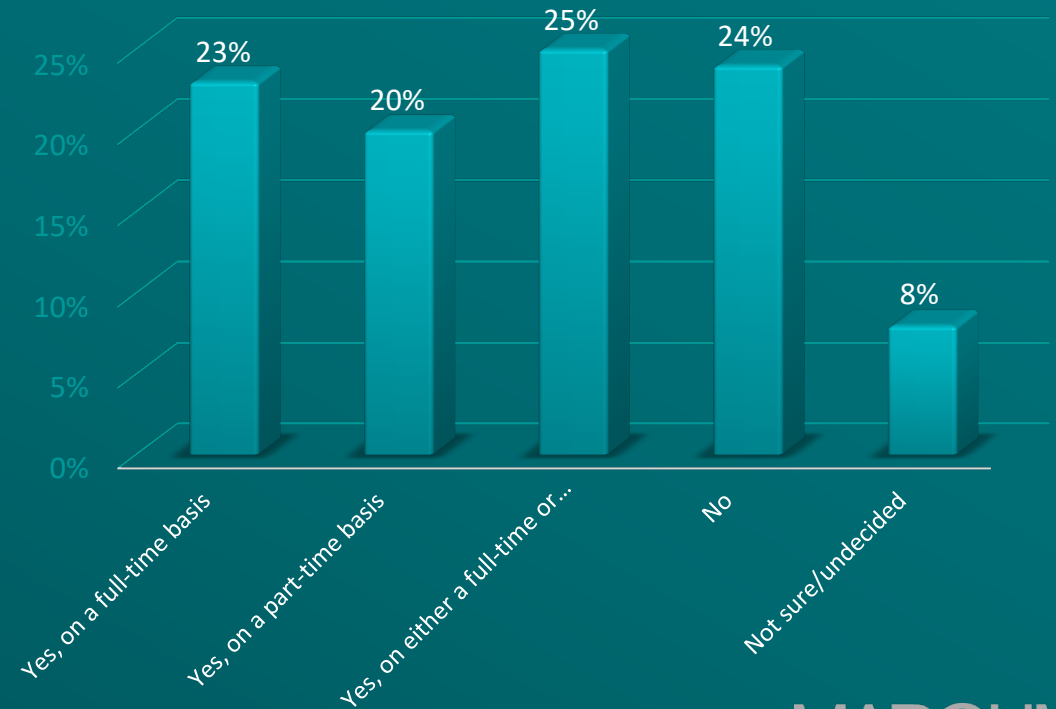


If you had been planning to bring your employees back to your workplace, has the COVID-19 Delta variant led you to modify these plans?



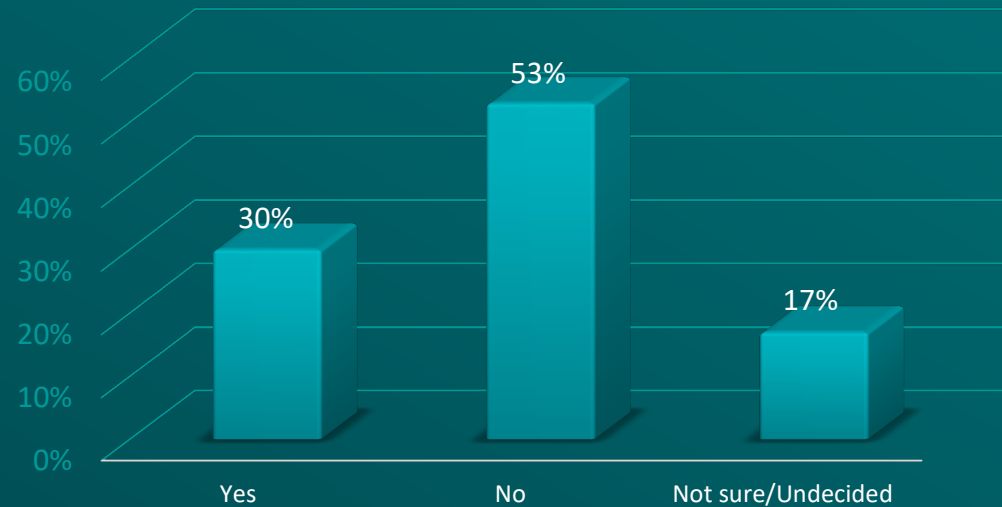
Total sample (N=252)

Are you offering your employees an option to permanently work from home?



Total sample (N=252)

Are you planning to adjust compensation of employees who opt to work from home?



Total sample (N=252)

What is the nature of the adjustment(s) you plan to make in compensation for employees who opt to work from home?

KEY FINDINGS

CEOs varied widely in the nature of the adjustments they plan to make in compensation of employees who work from home. While some indicated they would decrease the pay of employees who work from home, others said they would increase pay and/or provide funds to cover expenses related to the costs of setting up a home office. Some indicated they would tie compensation to performance by offering productivity bonuses or adjust pay based on the geographic location of employees.

The responses to this open-ended question are presented on the next slide.

Total sample (N=252)

What is the nature of the adjustment(s) you plan to make in compensation for employees who opt to work from home?

"35% increase in pay, Money to set them up to the company level of technology. Separate phone paid for by us for all their business needs."

"An increase in compensation and including bonuses depending on job performance from working from home."

"A cut in pay and benefits of 35%."

"Childcare provisions so they can have quiet workplaces at home."

"Compensation for those opting for working from home would be decreased by 10-20% as compared to those working from office. The new system that we are coming up with is pay as per the work done."

"We are thinking of changing employee's monthly income based on geolocations."

"We are sure that for now it is an excellent job option and therefore the compensation remains the same."

"Cover the cost of additional technology."

"Depending on where you live will determine the pay amount."

"We plan on giving bonuses and financial incentives for employees who want to come into the office. But everything else remains the same for employees who choose to work from home."

"Discount salaries for work from home employees."

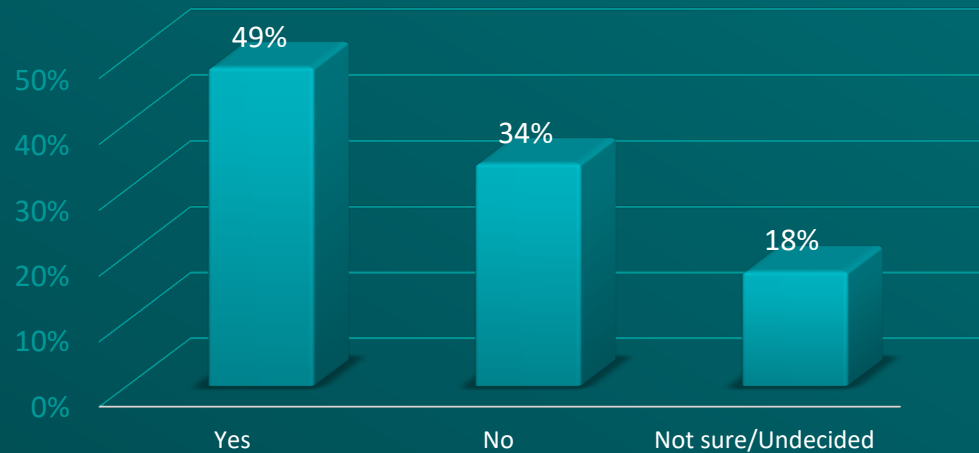
"Detail video showing work being done in a timely fashion."

"Would add or adjust COLA, and provide employees to necessary equipment to work at home with a \$200 premium a pay period."

"Those that work from home will receive bonus for customer service excellence and require online web meetings."

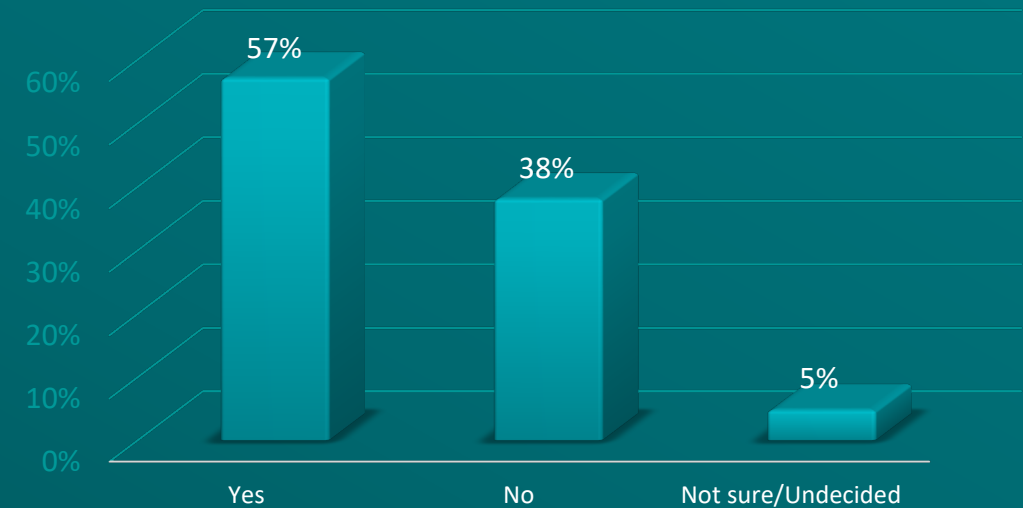
"The plan is to raise all the wages by 10% while working from home."

Non-resident employees working remotely may be required to pay income tax to the state in which the business is located. Are you giving any consideration to this in determining compensation for employees working at home?



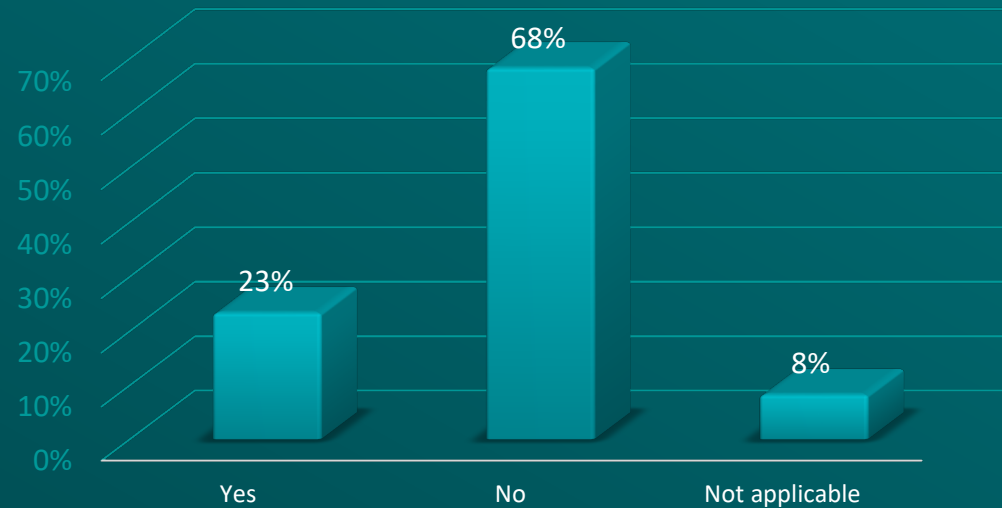
Total sample (N=252)

Has your company experienced increased difficulty in attracting qualified candidates in recent months?



Total sample (N=252)

Has your company had to engage or negotiate differently with qualified candidates to fill open positions?



Total sample (N=252)

KEY FINDINGS

Virtually all CEOs who said their companies had to negotiate differently to hire qualified candidates indicated this entailed higher pay and/or offering sign-on bonuses. A small number indicated they have begun offering work from home options to attract qualified workers.

The responses to this open-ended question are presented on the next slide.

Total sample (N=252)

How has your company had to engage or negotiate differently with qualified candidate to fill open positions?

"According to the skills and performance of each person."

"Had to offer location flexibility."

"Higher than planned starting salaries."

"We are adjusting salary and offering more vacation time."

"Offering more remote work, meeting employees in the middle."

"Using talent agencies / recruiters."

"Hired a talent acquisition specialist."

"Priority for ex-military and citizens."

"Yes, because some threatened to leave."

"Hybrid or remote work plus benefits."

"Bigger sign-on bonus, flexible work hours."

"Had to substantially raise wages."

"More interviews to find good people."

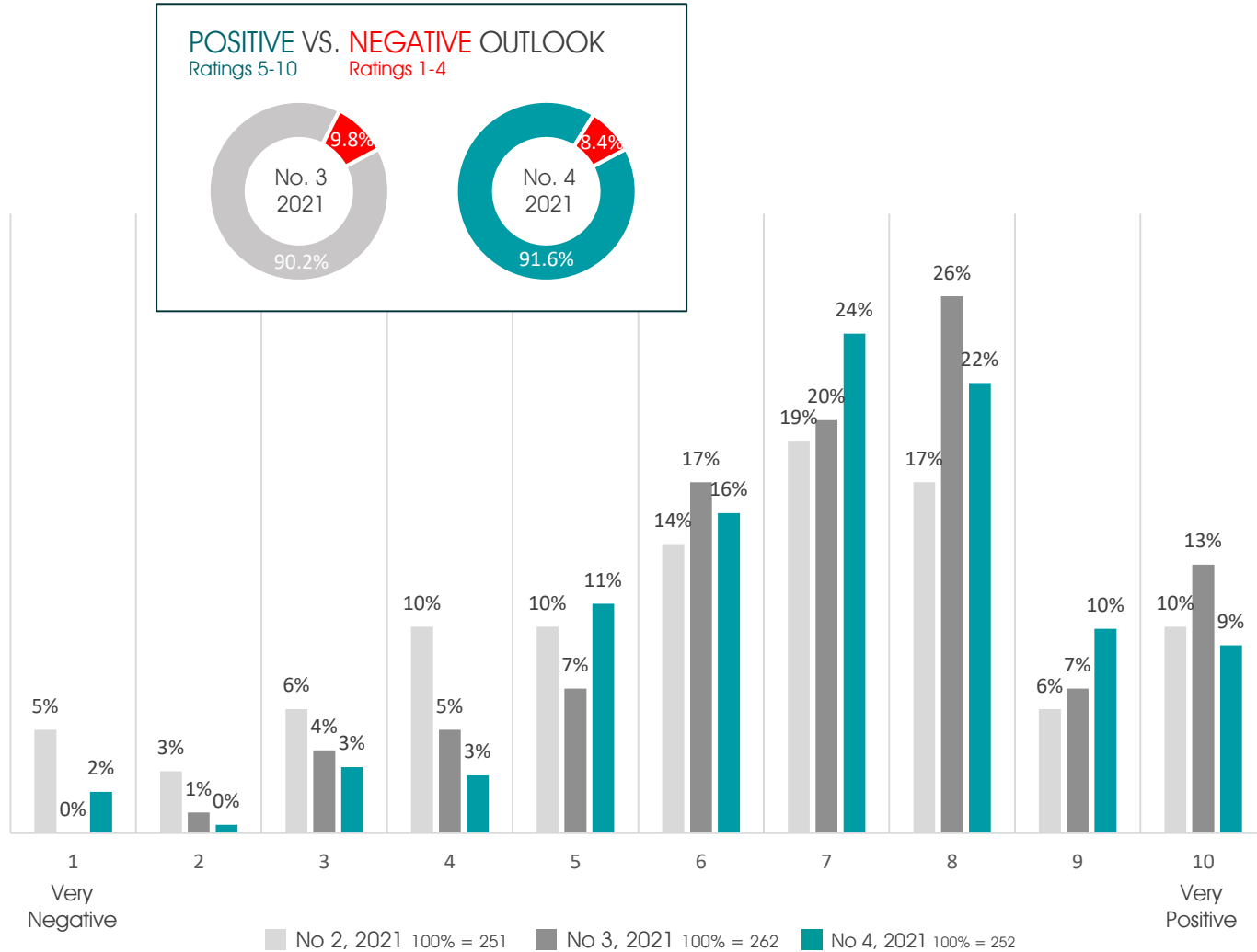
"Flexible work schedule."

"Bonus and higher pay."

"Remote interviews have been necessary."

"Have had to pay more to people not as qualified as in previous hiring."

What is your view of the current business environment?



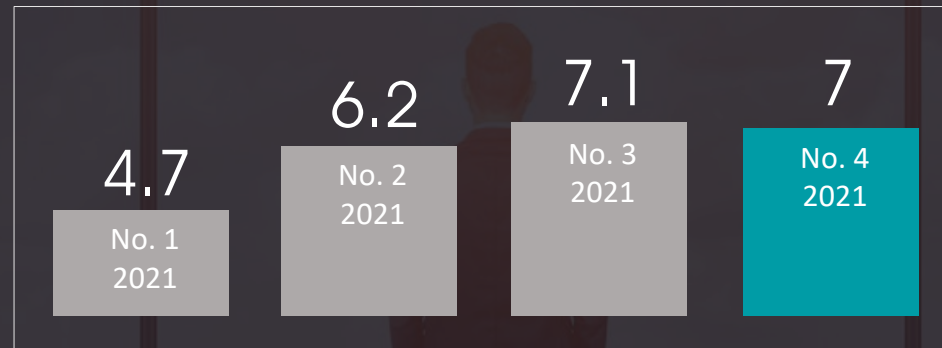
KEY FINDINGS

Outlook on the business environment remains generally positive but the percentage of CEOs expressing the highest levels of optimism decreased from the previous (June 2021) survey.

- ▶ The percentage of CEOs rating their outlook as “very positive” decreased from 13.4% in the previous survey to 9.1%.
- ▶ 40.8% of CEOs assigned a rating of 8 or higher (10 = “very positive”) in the current survey, a decrease from 46.7% in the previous survey.
- ▶ 91.6% of CEOs assigned a rating of 5 or higher in the current survey, a slight increase from 90.2 in the previous survey.

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What is your
view of the
current
business
environment?

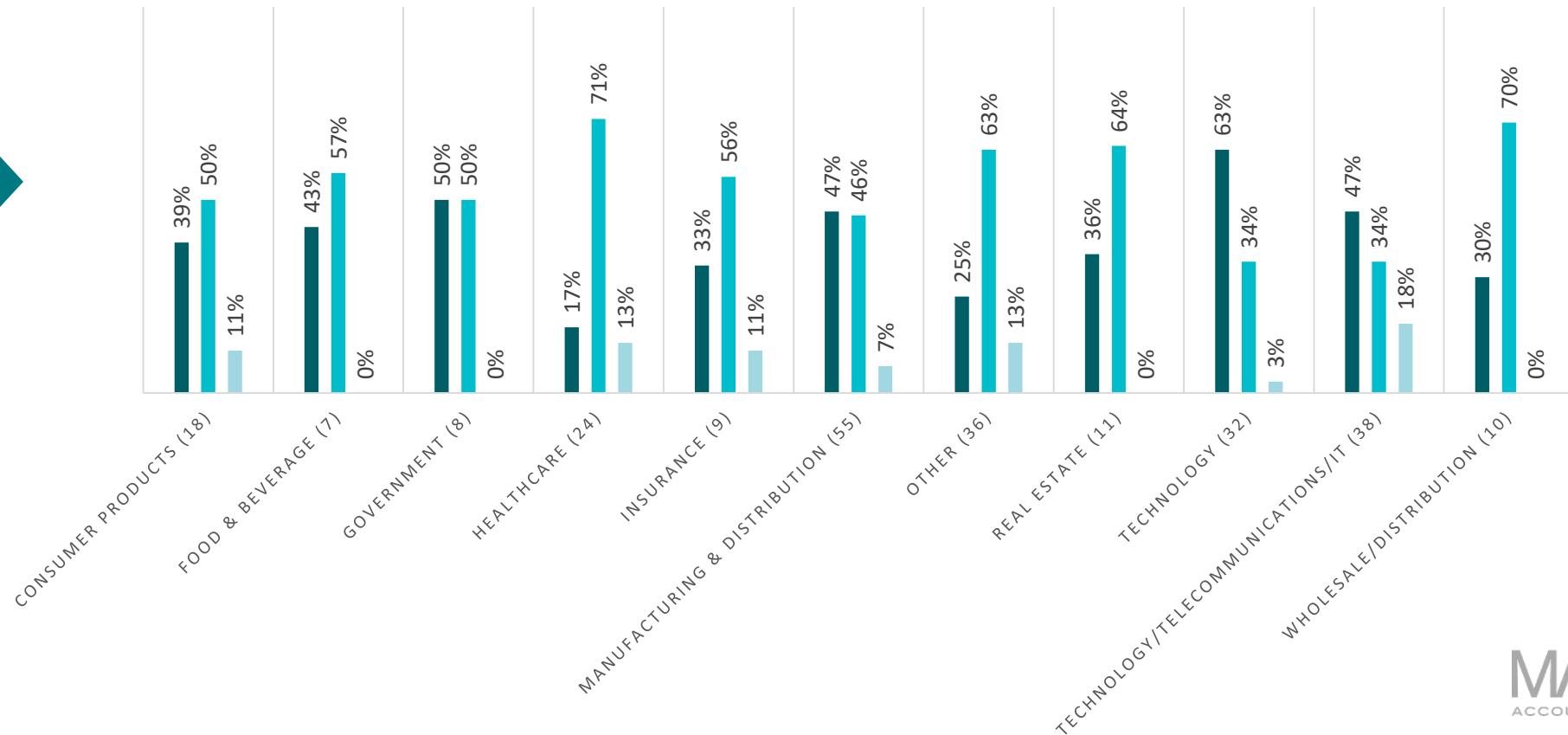
INDEX: A Weighted Average of CEO Responses



RATING OF BUSINESS OUTLOOK by Industry

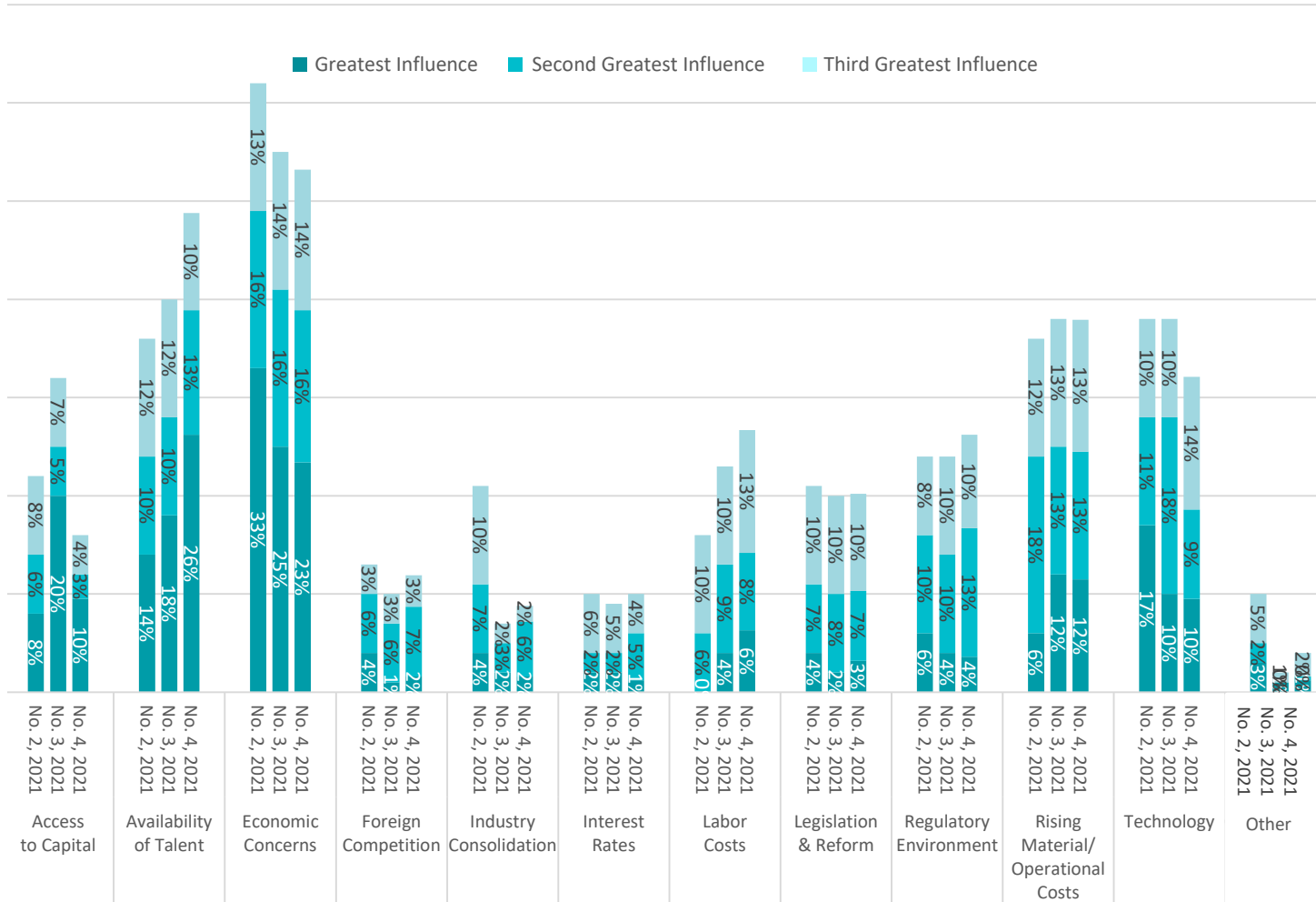
Consistent with an uptick in overall economic outlook, CEOs in most business sectors were conservatively optimistic about the business environment for the next 12 months.

■ 8 - 10 ■ 5 - 7 ■ 1 - 4



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What is your
view of the
current
business
environment?

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



No 2, 2021 100% = 251 | No 3, 2021 100% = 262 | No 4, 2021 100% = 252

KEY FINDINGS

- ▶ Economic concerns were cited by the largest percentage (53.2%) of CEOs as one of their top three influences on business planning over the next 12 months. However, the largest percentage of CEOs (26.2%) cited the availability of talent as the single most important factor, supplanting technology and representing an increase from 17.6% in the previous survey.
- ▶ Rising material and operational costs (38.5%) accelerated as the next most-important concern of CEOs, with technology (33.3%) dropping out of the top 3 business planning influences.

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 Mat./Oper Costs	Technology
Construction	0.0% 33.3%	11.1% 45.5%	22.2% 55.5%	0.0% 0.0%	0.0% 11.1%	0.0% 11.1%	0.0% 33.3%	11.1% 11.1%	0.0% 11.1%	44.4% 66.7%	11.1% 11.1%
Financial Institutions	0.7% 13.3%	26.7% 53.3%	33.3% 60.0%	0.0% 0.0%	6.7% 13.3%	0.0% 26.7%	6.7% 26.7%	0.0% 13.3%	20.0% 53.3%	0.0% 6.7%	0.0% 26.7%
Financial Services	10.7% 21.4%	17.9% 42.9%	35.7% 57.1%	0.0% 7.1%	0.0% 3.6%	3.6% 10.7%	0.0% 17.9%	3.6% 25.0%	7.1% 42.9%	7.1% 32.1%	14.3% 32.1%
Food & Beverage	14.3% 28.6%	14.3% 57.1%	14.3% 28.6%	14.3% 28.6%	0.0% 0.0%	0.0% 0.0%	0.0% 42.9%	0.0% 28.6%	0.0% 0.0%	28.6% 71.4%	14.3% 14.3%
Government	0.0% 25.0%	50.0% 62.5%	25.0% 50.0%	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%	0.0% 25.0%	0.0% 25.0%	0.0% 25.0%	25.5% 37.5%	0.0% 37.5%
Healthcare	0.4% 12.5%	29.2% 66.7%	16.7% 41.7%	0.0% 8.3%	0.0% 4.2%	0.0% 8.3%	25.0% 41.7%	4.2% 33.3%	0.0% 29.2%	8.3% 25.0%	8.3% 20.8%
Insurance	11.1% 22.2%	44.0% 55.5%	11.1% 22.2%	0.0% 0.0%	0.0% 22.2%	11.1% 33.3%	0.0% 8.3%	9.1% 18.2%	0.0% 44.4%	0.0% 11.1%	11.1% 44.4%
Manufacturing & Distribution	9.1% 16.6%	29.1% 40.0%	18.2% 56.4%	3.6% 16.4%	3.6% 10.9%	0.0% 5.5%	7.3% 32.7%	1.8% 9.1%	3.6% 25.5%	16.4% 52.7%	7.3% 34.5%
Real Estate	9.1% 18.2%	5.3% 50.0%	27.3% 54.5%	3.2% 9.1%	0.0% 9.1%	9.1% 36.4%	9.1% 45.5%	0.0% 0.0%	0.0% 9.1%	27.3% 45.4%	0.0% 18.2%
Retail & Consumer Products	16.7% 22.2%	9.1% 66.7%	27.8% 61.1%	0.0% 11.1%	0.0% 0.0%	0.0% 0.0%	0.0% 16.7%	0.0% 16.7%	5.6% 11.2%	0.0% 44.4%	5.6% 44.4%
Technology	12.5% 21.9%	21.9% 31.3%	15.6% 56.3%	0.0% 18.8%	0.0% 9.4%	0.0% 6.3%	9.4% 15.6%	3.2% 21.9%	0.0% 28.1%	0.0% 60.0%	31.3% 59.4%
Other	11.1% 13.9%	25.0% 50.0%	30.6% 55.6%	0.0% 16.7%	2.8% 13.9%	0.0% 8.3%	2.8% 19.4%	5.5% 33.3%	2.8% 18.8%	11.1% 44.4%	8.3% 25.0%

Influences on Business Planning — By Influence

	Greatest Influence	Second Greatest Influence	Third Greatest Influence	Total
<i>Economic Concerns</i>	59 (23.4%)	39 (15.5%)	36 (14.3%)	134 (53.2%)
<i>Availability of Talent</i>	66 (26.2%)	32 (12.7%)	25 (9.9%)	123 (48.8%)
<i>Rising Material/Operational Costs</i>	29 (11.5%)	29 (11.5%)	39 (15.5%)	97 (38.5%)
<i>Technology</i>	27 (10.7%)	23 (9.1%)	34 (13.5%)	84 (33.3%)
<i>Rising Labor Costs</i>	16 (6.3%)	20 (7.9%)	31 (12.5%)	67 (26.6%)
<i>Regulatory Environment</i>	9 (3.6%)	33 (13.1%)	24 (9.5%)	66 (26.2%)
<i>Legislation and Reform</i>	8 (3.2%)	18 (7.1%)	25 (9.9%)	51 (20.2%)
<i>Access to Capital</i>	24 (9.5%)	13 (5.2%)	10 (4.0%)	47 (18.7%)
<i>Foreign Competition</i>	4 (1.6%)	18 (7.1%)	8 (3.2%)	30 (11.9%)
<i>Interest Rates</i>	3 (1.2%)	12 (4.8%)	10 (4.0%)	25 (9.9%)
<i>Industry Consolidation</i>	4 (1.6%)	14 (5.6%)	4 (1.6%)	22 (8.7%)
<i>Other*</i>	3 (1.2%)	1 (0.4%)	6 (2.4%)	10 (4.0%)

* COVID-19 Pandemic (6); Political environment (1); Technology consideration (1); Personal Issues (1); Not sure (1)

DEMOGRAPHICS

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

Construction	9	3.6%
Financial Institutions	15	6.0%
Financial Services	28	11.1%
Food & Beverage	7	2.8%
Government	8	3.2%
Healthcare	24	9.5%
Insurance	9	3.6%
Manufacturing & Distribution	55	21.8%
Real Estate	11	4.4%
Retail & Consumer Products	18	7.1%
Technology	32	12.7%
Other*	36	14.3%
Total	252	100.0%

*Other: Agribusiness (3); Alternative Investments (2); Automotive (3); Brokers/Dealers (3); Cannabis (1); Education (6); Engineering (3); Housekeeping (1); Life Sciences/Biotech (3); Maritime (1); Media & Entertainment (1); Nonprofit/Social Sector (4); Oil and Gas (3); Private Equity (1); Talent and Literary Agencies (1)

What best describes your title?

CEO	20	7.9%
Chairman	1	0.4%
Director	96	38.1%
Divisional President	1	0.4%
Managing Partner	9	3.6%
Other C-Level Executive	47	18.7%
Owner	24	9.5%
President	5	2.0%
Vice President	49	19.4%
Total	252	100.0%

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

Less than 50	21	8.3%
50 to 99	21	8.3%
100 to 499	51	20.2%
500 to 999	38	15.1%
1,000 to 2,499	45	17.9%
2,500 to 4,999	24	9.5%
5,000 or more	49	19.4%
Not sure/Decline to say	3	1.2%
Total	252	100.0%

In which revenue size range was your company last year?

\$5 million to \$9.9 million	28	11.1%
\$10 million to \$24.9 million	27	10.7%
\$25 million to \$49.9 million	20	7.9%
\$50 million to \$99.9 million	27	10.7%
\$100 million to \$249.9 million	33	13.1%
\$250 million to \$499.9 million	22	8.7%
\$500 million to \$999.9 million	30	11.9%
\$1 Billion or more	49	19.4%
Not sure/Decline to say	16	6.3%
Total	252	100.0%



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