



Business outlook survey – Key findings

October 2022

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Key findings

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Inflation

Talent attrition

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Survey sample information

Key findings: Business outlook survey October 2022

Economic and business outlook

- Business leaders are pessimistic about the global economic outlook: c.**85%** in the UK and Netherlands are pessimistic; in the rest of Europe and elsewhere pessimism is slightly lower, but still the view of c.7 in 10
- Almost all **UK business leaders are pessimistic** (96%) about the **domestic economic outlook (60% 'very')**, a stronger level of pessimism than seen after the Brexit vote in 2016. In the Netherlands, pessimism about the domestic economy is also higher than historically; elsewhere the picture is mixed, but the majority are pessimistic
- In contrast, **more than half of all business leaders are optimistic** about their **company's performance** over the next 1-2 years, particularly in North America (c.70%)

Greatest threats to global economy and company performance

- **Greatest threats to global economy** are seen as geopolitical instability (73%) and inflation (53%)
- **External threats** believed most likely to impact company performance are inflation (49%) followed by labour shortages (36%) and change in customer demand (34%)

Key internal corporate issues:

- Business leaders say that **talent acquisition / retention** (48%) is the key **internal issue** they are facing today; next, but lower on the list, are digital transformation (29%), and pricing (22%)

Inflation

- **Over half of business leaders** (52%) say **input price Inflation** has impacted their **cost base significantly / very much**, and another third say inflation has had somewhat of an impact
- **About 7 in 10 business leaders** have been able to **pass inflation on to customers through higher prices at least somewhat**; this increases to **c.8 in 10 for B2B businesses**, but is **c.6 in 10 for B2C businesses**

Talent attrition

- 40% of business leaders say **talent attrition levels are higher** vs pre-pandemic
- **Companies are working hard to attract / retain talent** by increasing / improving their activity in several areas: flexible working (63%), followed by a positive / supportive company culture (55%), communication about purpose (50%), development and training opportunities (42%) and salaries (41%)

Ways of working

- 7 in 10 organisations have a **hybrid model** of home and office days; a further 1 in 5 have a fully flexible approach
- **Three-quarters of business leaders believe** it is important that office workers **spend some time regularly in the office**
- The top reason for this is **cohesion** (47%), followed by **company culture** (21%)

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Key findings

Economic and business outlook

Inflation

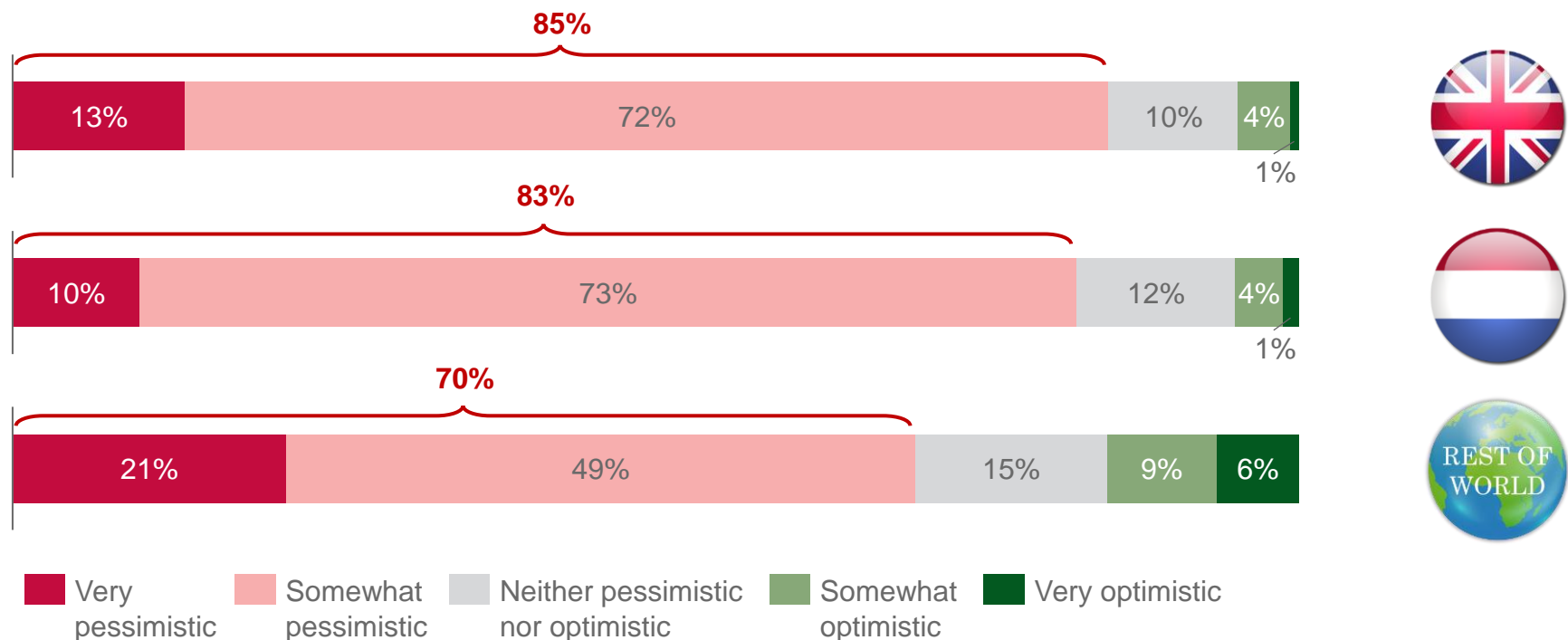
Talent attrition

Ways of working

Survey sample information

c.85% of business leaders in the UK and Netherlands are pessimistic about the global economic outlook; pessimism is lower in other markets

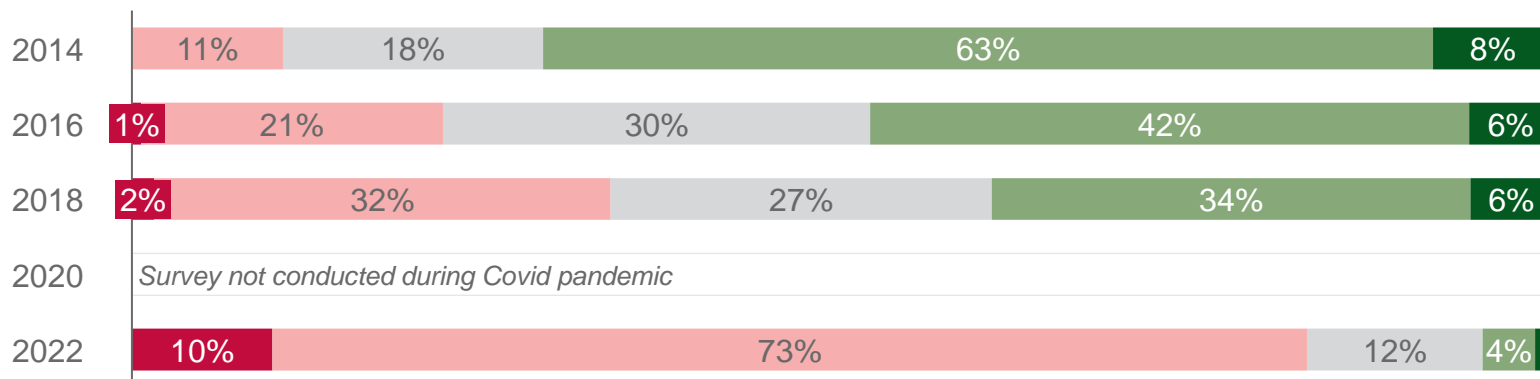
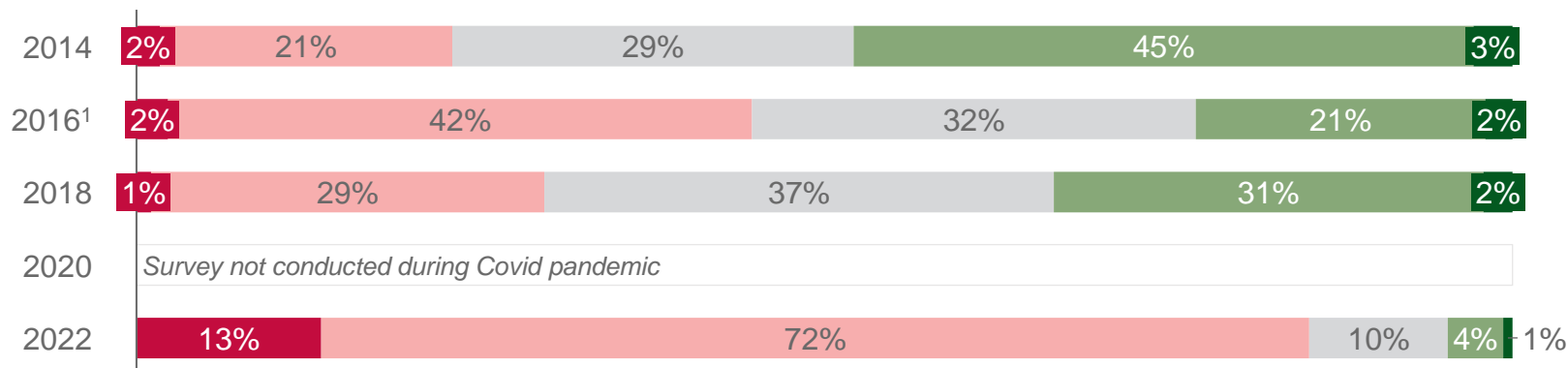
Q5 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT THE GLOBAL ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 277 (UK = 149, NL = 81, RoW = 47)

Pessimism about the global economic outlook is higher than pre-pandemic in both the UK and Netherlands

Q5 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT THE GLOBAL ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



Very pessimistic
 Somewhat pessimistic
 Neither pessimistic nor optimistic
 Somewhat optimistic
 Very optimistic

1. Survey was conducted after the Brexit vote

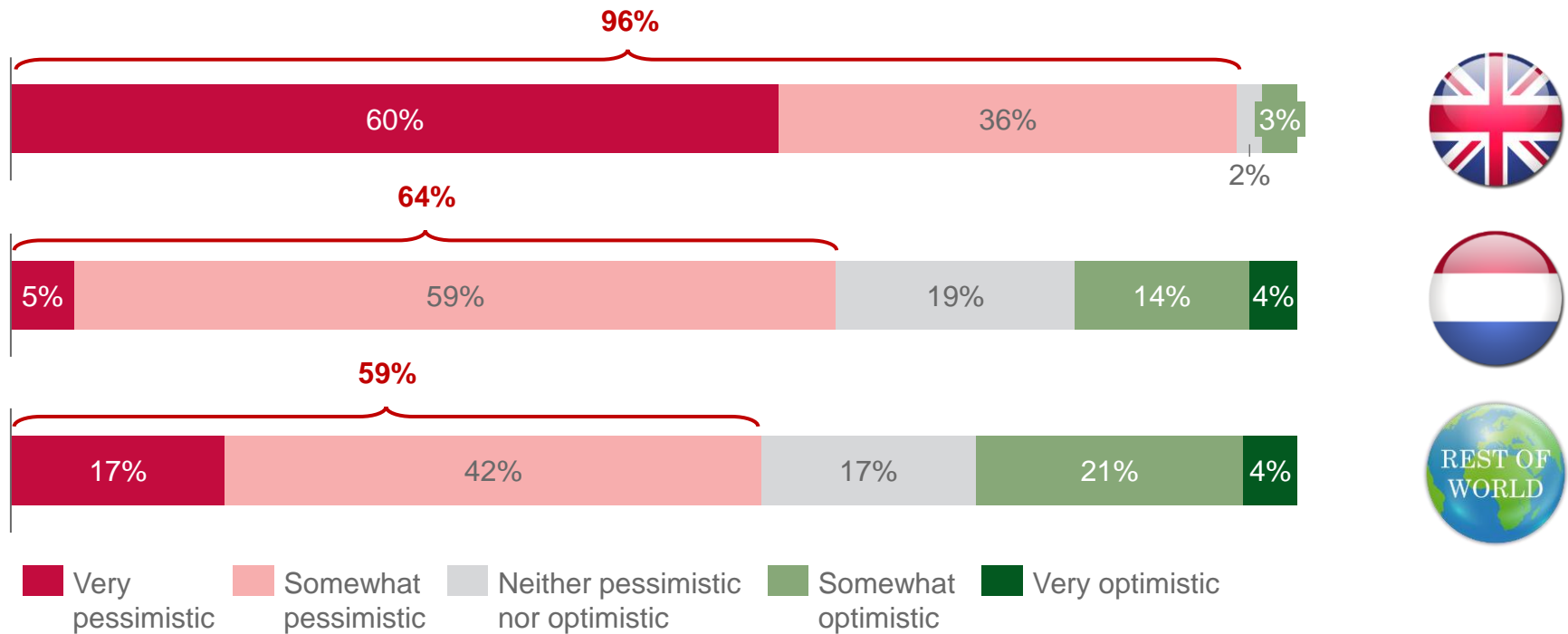
Source: Eden McCallum Economic outlook / Business outlook surveys 2014, 2016, 2018, 2022

n (UK) = 353 (2014), 304 (2016), 189 (2018), 149 (2022), n (NL) = 273 (2014), 306 (2016), 190 (2018), 81 (2022)

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Views on the domestic economy are also negative, but the intensity varies sharply by country, with UK business leaders particularly pessimistic

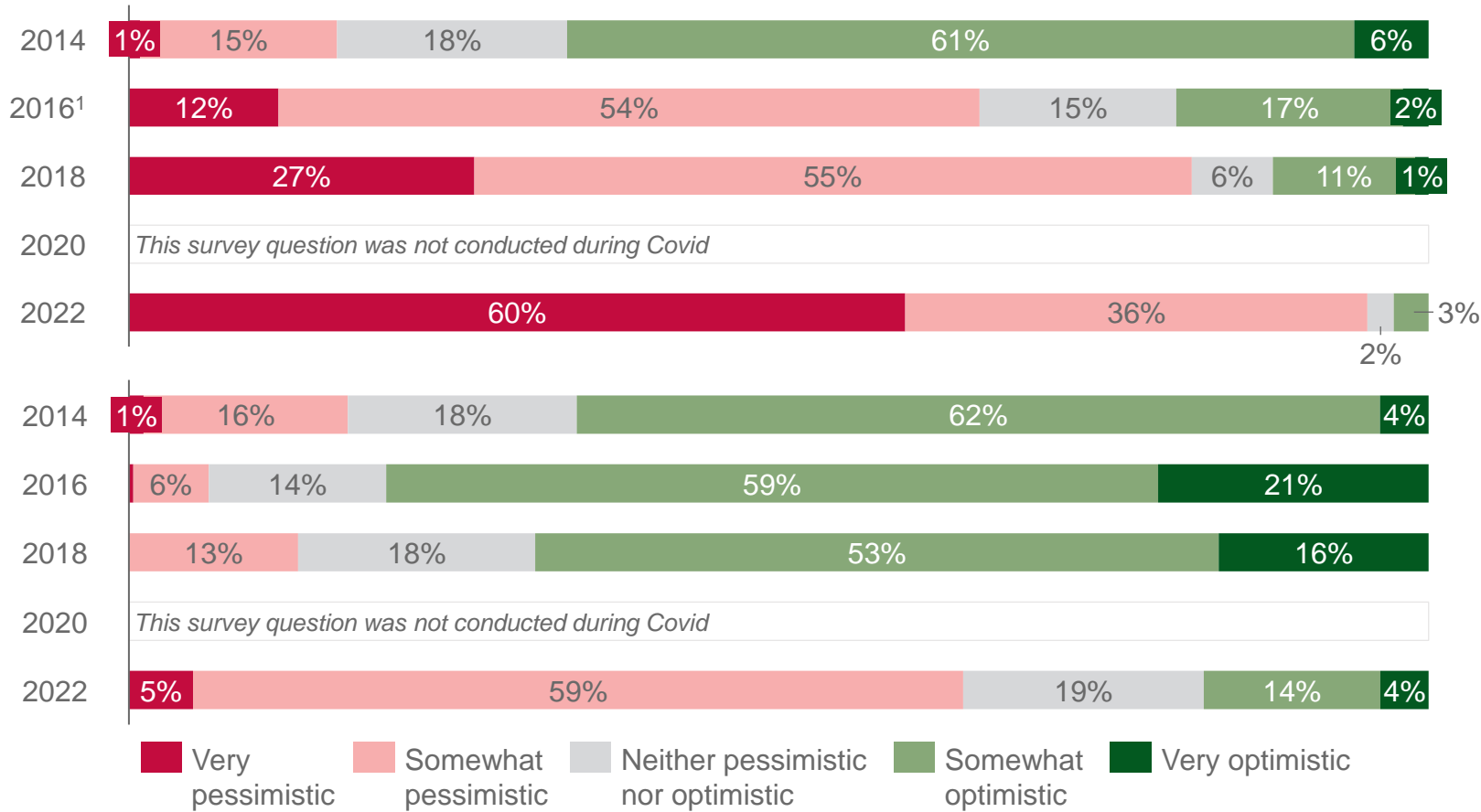
Q6 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COUNTRY'S ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278 (UK = 149, NL = 81, RoW = 48)

Pessimism about the national economy is also historically high; and in the UK, is higher than after the Brexit vote in 2016

Q6 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COUNTRY'S ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



1. Survey was conducted after the Brexit vote

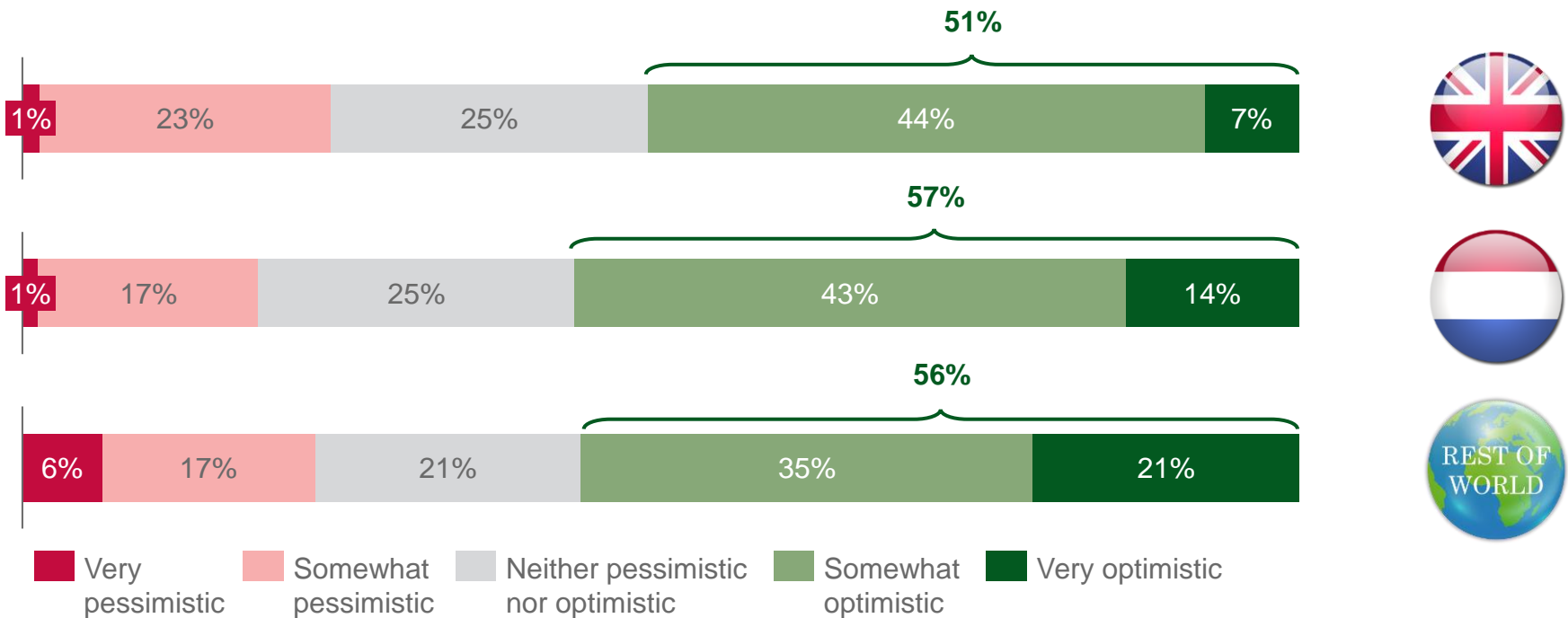
Source: Eden McCallum Economic outlook / Business outlook surveys 2014, 2016, 2018, 2022

n (UK) = 350 (2014), 304 (2016), 192 (2018), 149 (2022), n (NL) = 267 (2014), 293 (2016), 192 (2018), 81 (2022)

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In contrast, c.half of business leaders are optimistic about their company's expected performance over the next 1-2 years

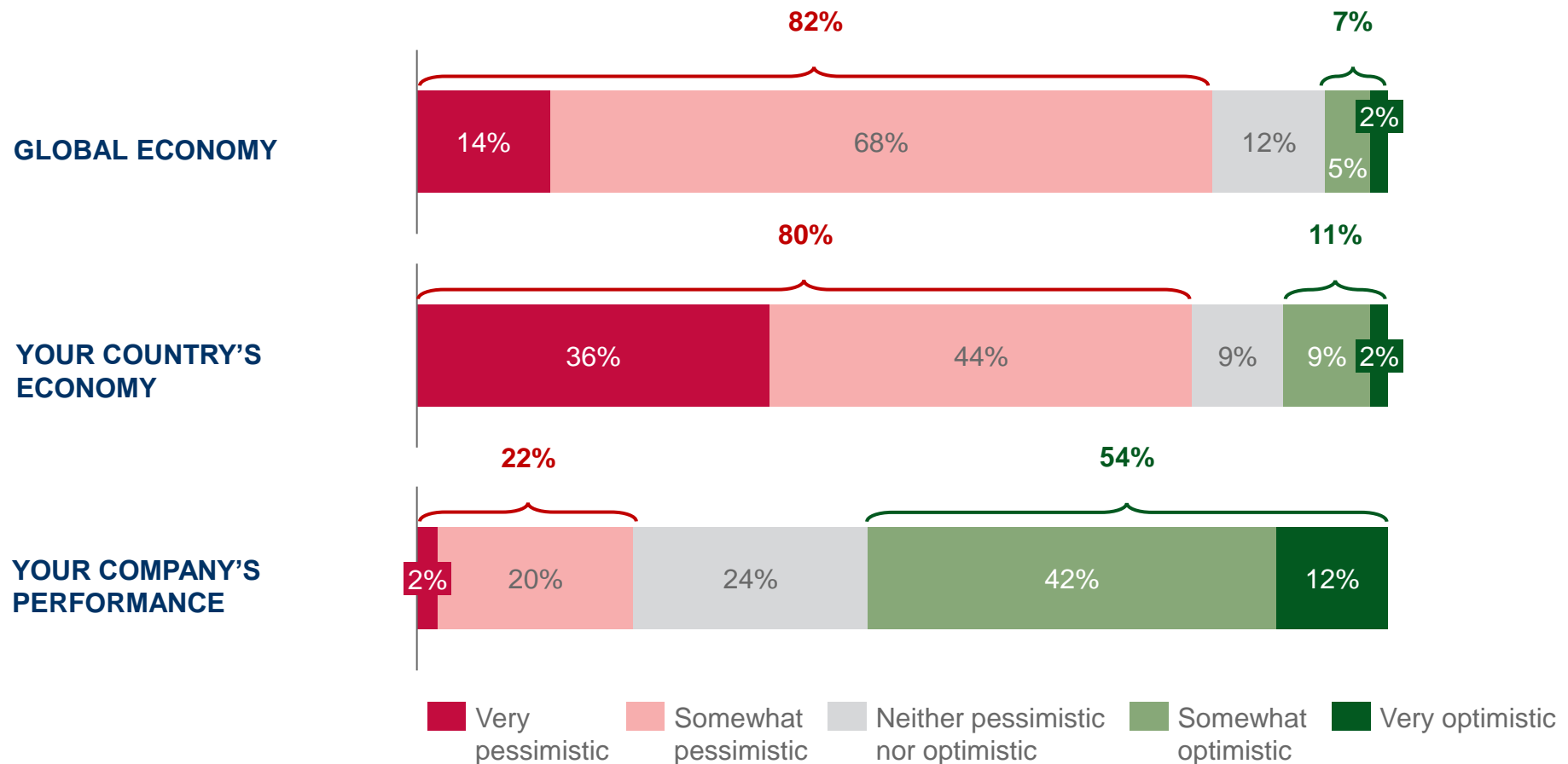
Q8 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278 (UK = 149, NL = 81, RoW = 48)

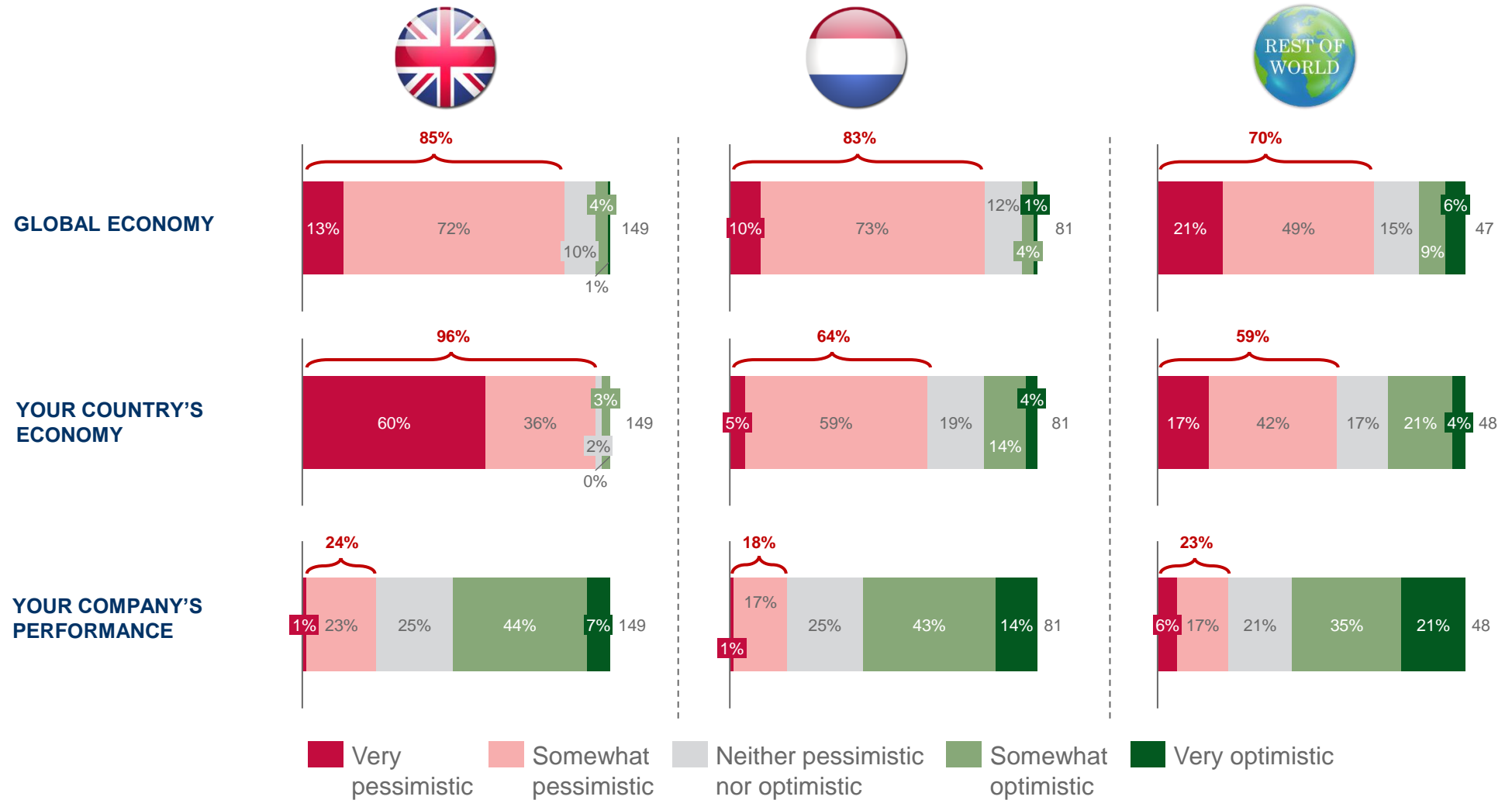
Comparing the data, business leaders are significantly less pessimistic about their own company's performance than the global or their country's economic outlook

OPTIMISM / PESSIMISM ON GLOBAL, COUNTRY AND COMPANY OUTLOOK



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278

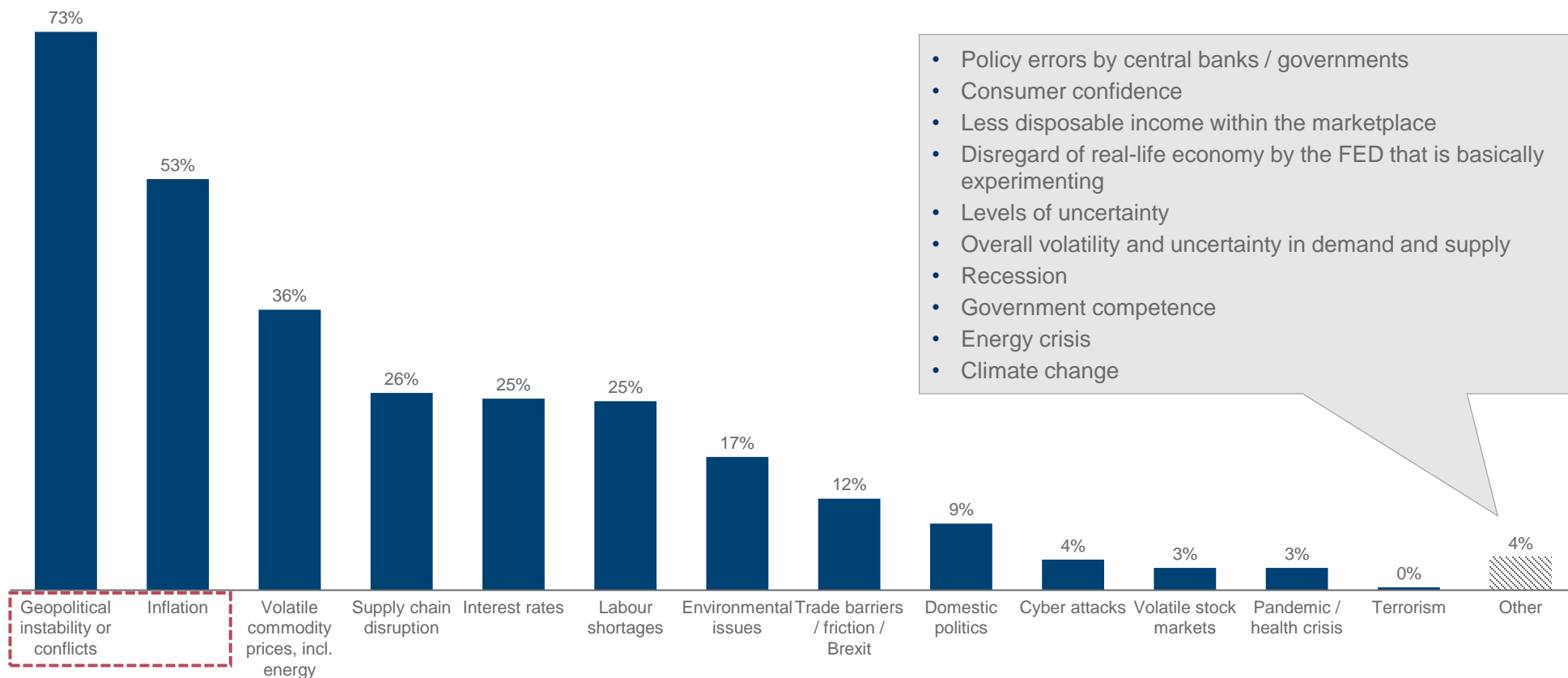
The contrast in economic pessimism and company optimism is true across the sample, but is most pronounced in the UK



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
 n = 278 (UK = 149, NL = 81, RoW = 48)

The two greatest perceived threats to the global economy are geopolitical instability (73%) and inflation (53%)

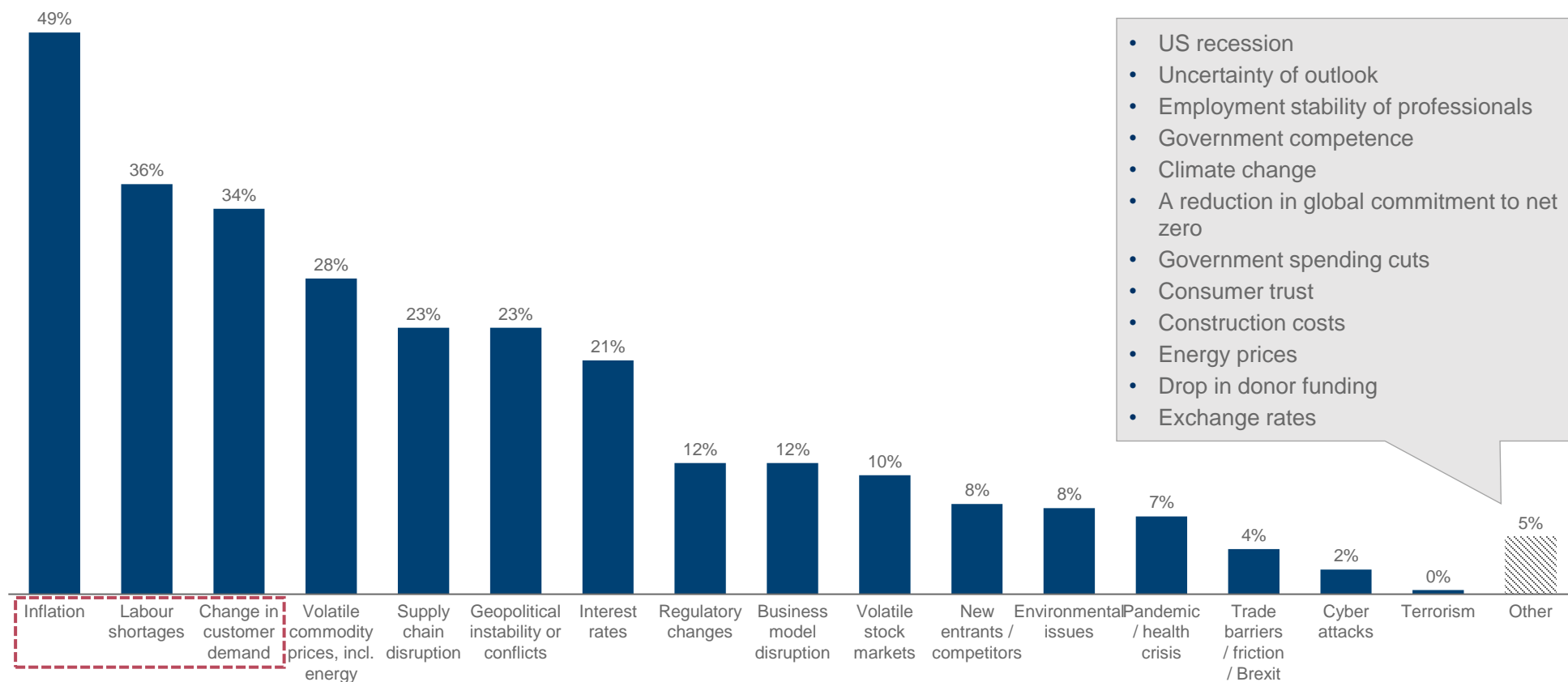
Q7 - WHAT DO YOU SEE AS THE GREATEST THREATS TO THE GLOBAL ECONOMY OVER THE NEXT 1-2 YEARS [TICK UP TO 3 ANSWERS]?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 277

The top external threats expected to impact company performance are inflation (49%), labour shortages (36%) and change in customer demand (34%)

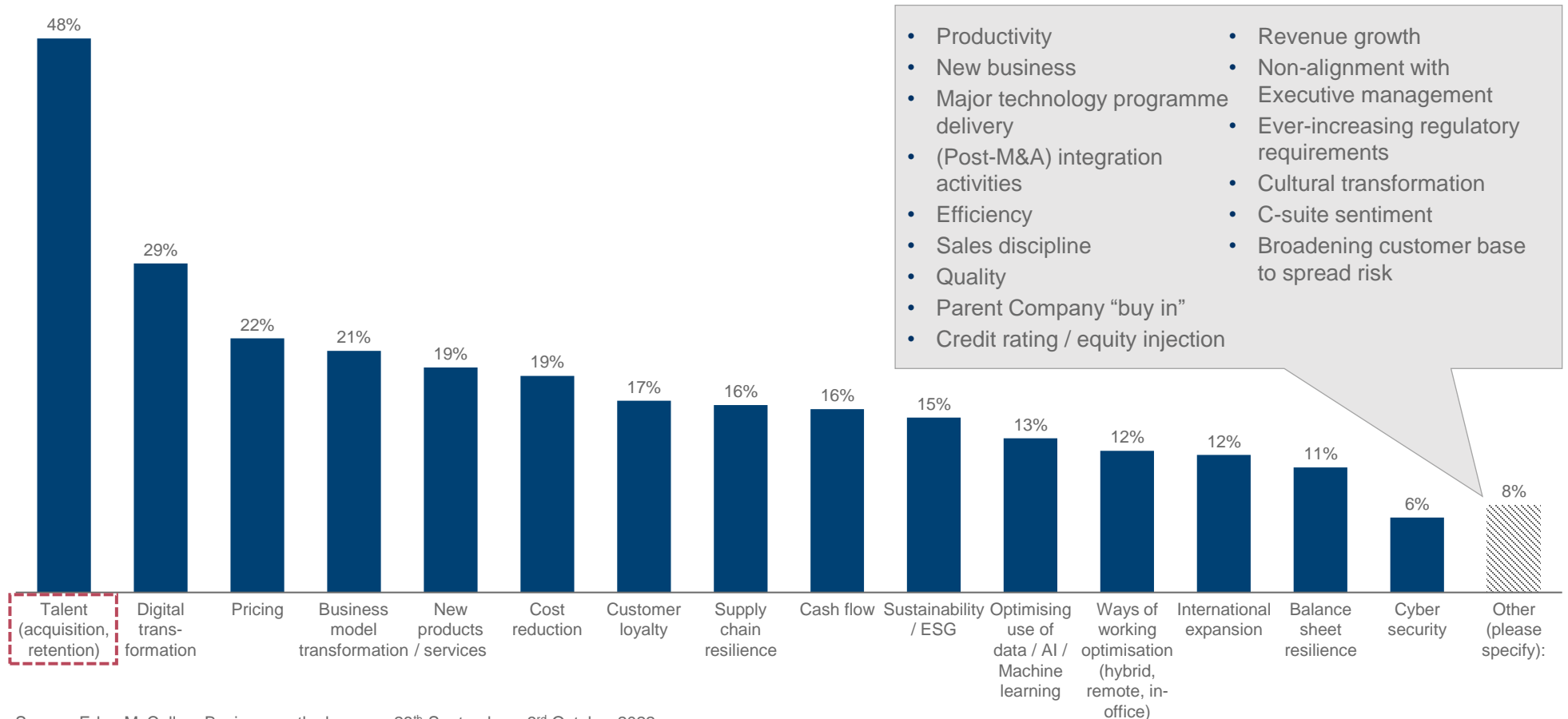
Q9 - WHAT ARE THE MOST IMPORTANT EXTERNAL FACTORS LIKELY TO IMPACT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS [TICK UP TO 3 ANSWERS]?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 277

Talent acquisition and retention (48%) is viewed by business leaders as the most important issue their companies are dealing with

Q10 - WHAT ARE THE MOST IMPORTANT INTERNAL ISSUES FOR YOUR COMPANY OVER THE NEXT 1-2 YEARS [TICK UP TO 3 ANSWERS]?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 277

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Inflation

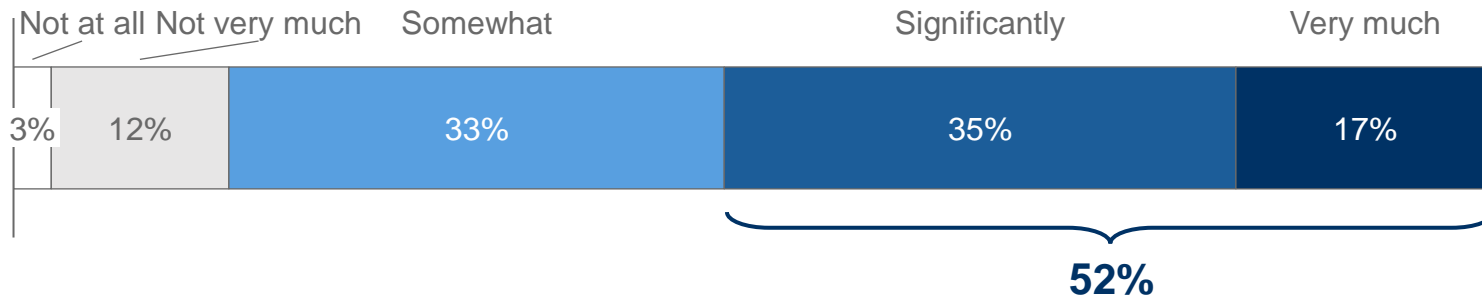
Talent attrition

Ways of working

Survey sample information

Half of business leaders say their companies have been impacted significantly by inflation in input prices

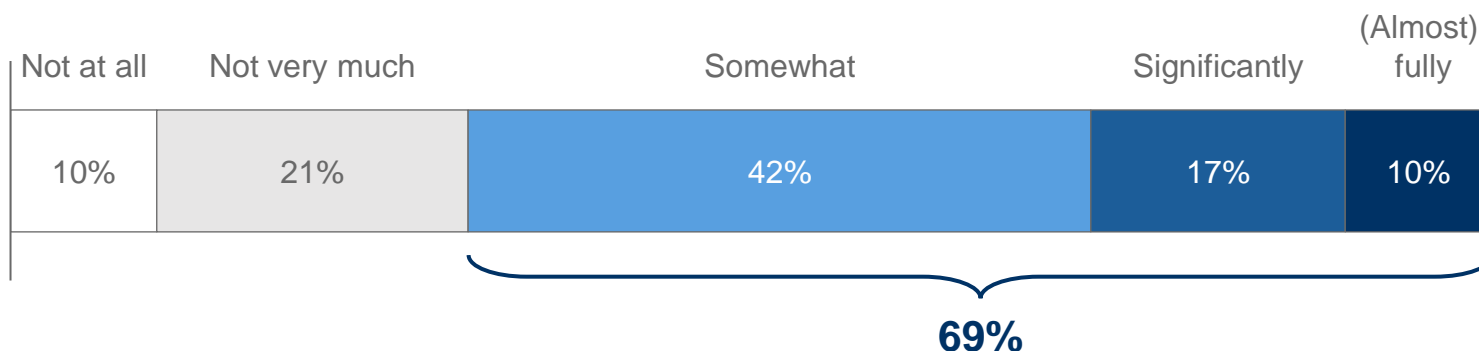
Q16 - THINKING NOW ABOUT INPUT PRICE INFLATION (E.G., WAGES, ENERGY, RAW MATERIALS), TO WHAT EXTENT HAS IT IMPACTED YOUR COMPANY'S COST BASE OVER THE PAST 6 MONTHS?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 275

7 in 10 business leaders have been able to pass input price inflation on to customers at least somewhat; only 10% are not raising prices at all

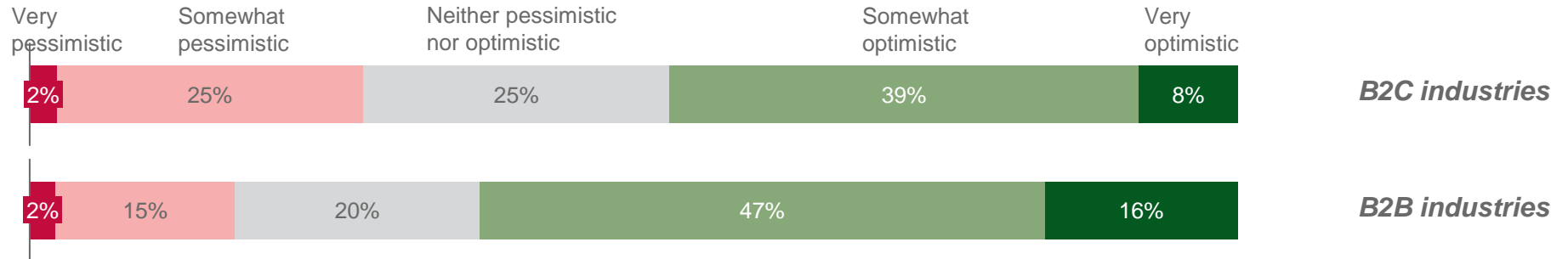
Q17 - AND STILL THINKING ABOUT INPUT PRICE INFLATION, TO WHAT EXTENT HAS YOUR COMPANY BEEN ABLE TO PASS ON THESE INCREASES TO YOUR CUSTOMERS / CONSUMERS IN HIGHER PRICES?



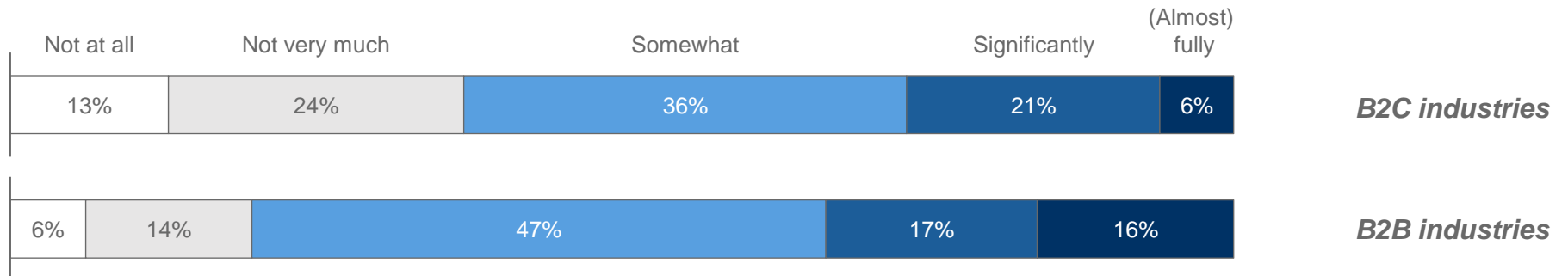
Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 233, excludes (1) 44 business leaders who responded with Q16 that inflation has 'not at all / not very much' impacted the cost base over the past 6 months; (2) 1 'Don't know'

Business leaders from B2B industries are more optimistic about their companies' performance than B2C business leaders; possibly because they are more likely to pass on input price increases to their customers

Q8 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS?



Q17 - AND STILL THINKING ABOUT INPUT PRICE INFLATION, TO WHAT EXTENT HAS YOUR COMPANY BEEN ABLE TO PASS ON THESE INCREASES TO YOUR CUSTOMERS / CONSUMERS IN HIGHER PRICES?



1. B2C = Consumer goods / Retail; Financial services; Pharma / Healthcare; Travel / Leisure / Hospitality; and TMT. B2B = B2B / Professional services; Industrials / Manufacturing; Transportation / Logistics; Energy / Utilities; Engineering / Construction / Real estate; and Primary industries (mining, forestry, agriculture, etc.)

Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022

n (Q8) = 228 (B2C = 134, B2B = 94) | n (Q17) = 197 (B2C = 116, B2B = 81), excludes (1) 44 business leaders who responded with Q16 that inflation has 'not at all / not very much' impacted the cost base over the past 6 months; (2) 1 'Don't know'

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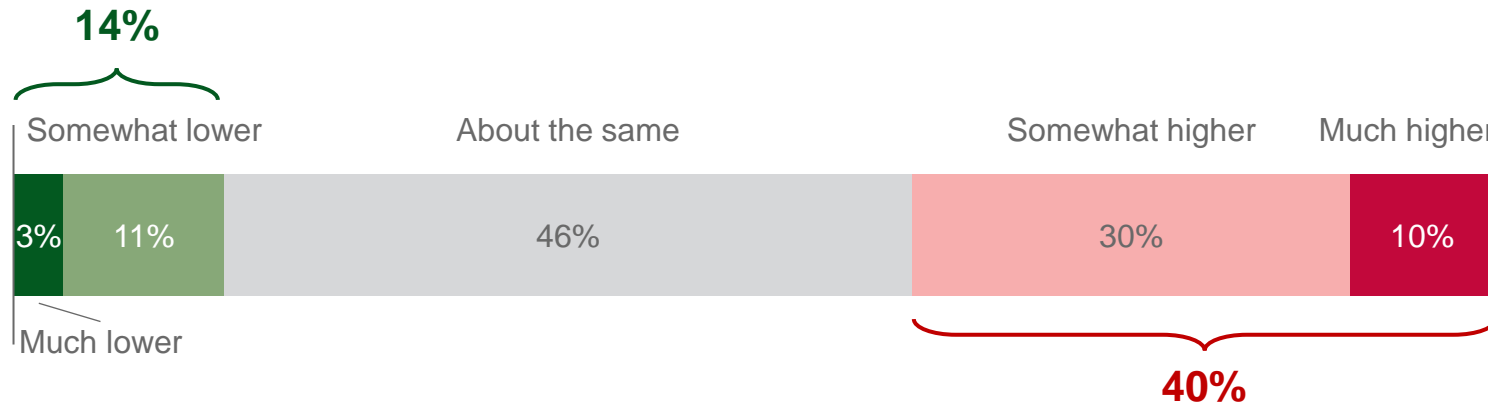
Talent attrition

Ways of working

Survey sample information

4 in 10 business leaders say talent attrition levels are higher now than pre-pandemic

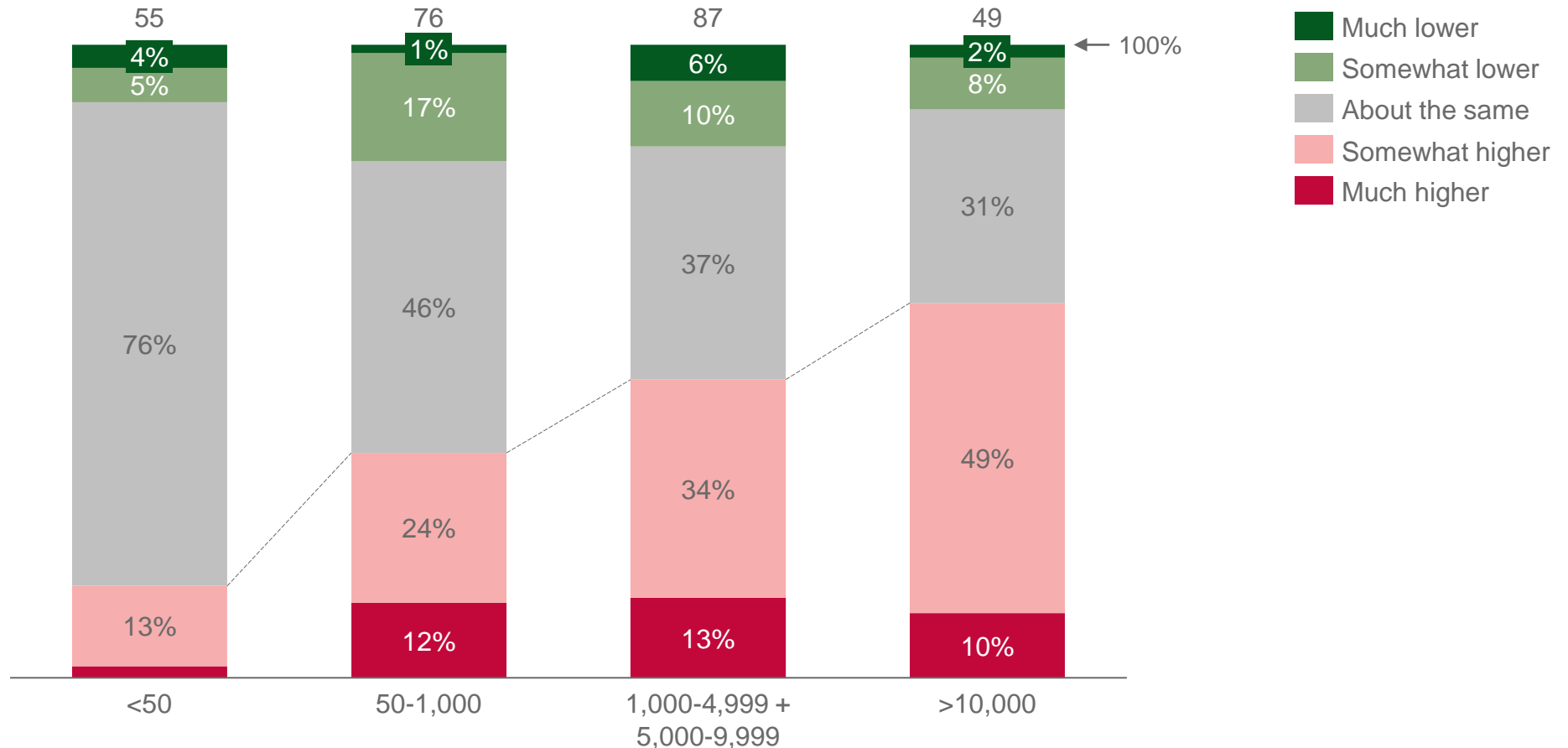
Q11 - THINKING NOW ABOUT TALENT ATTRITION, WOULD YOU SAY CURRENT ATTRITION LEVELS AT YOUR COMPANY ARE HIGHER, LOWER, OR THE SAME COMPARED TO PRE-PANDEMIC?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 267

Attrition appears to be a bigger post-pandemic issue for larger companies than for small

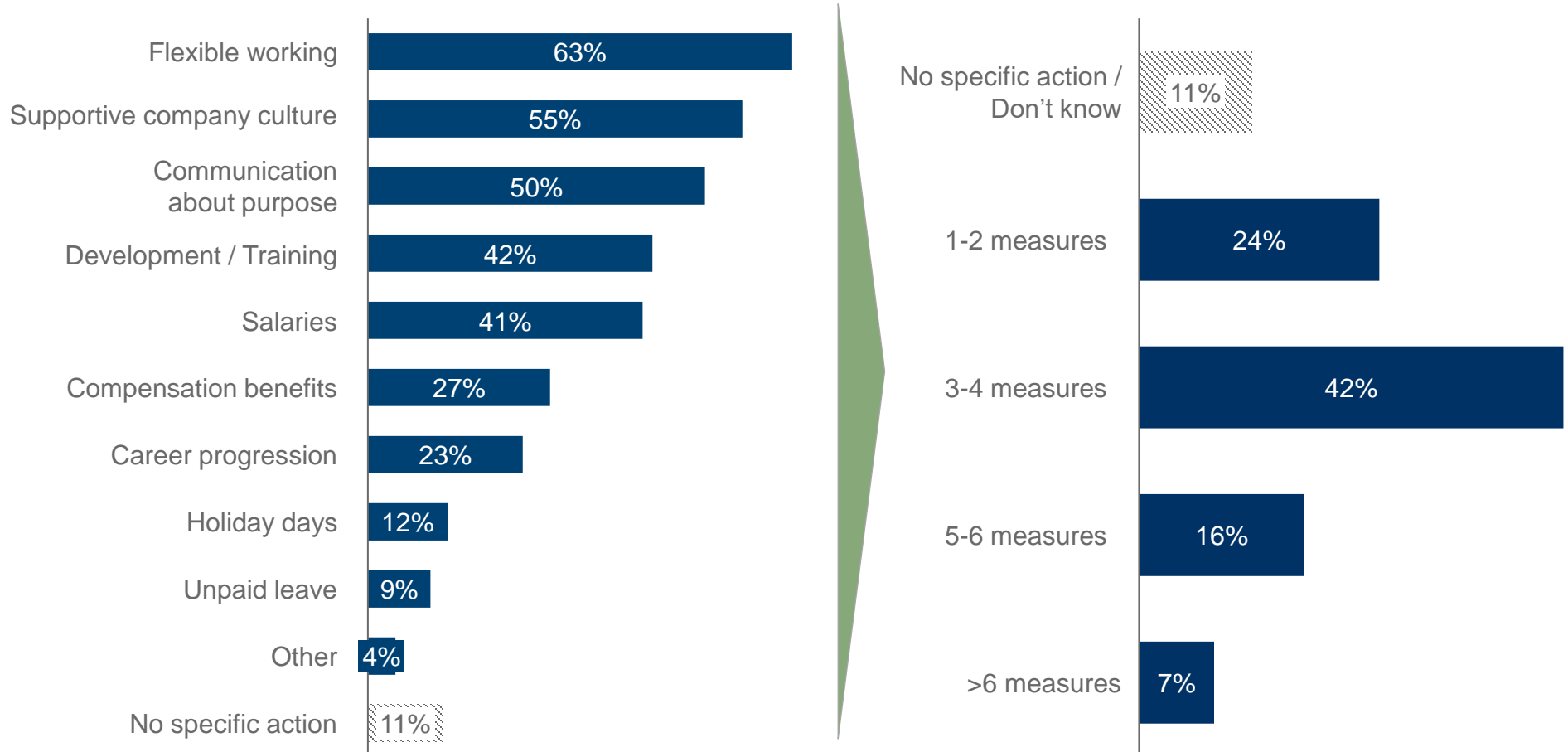
Q11 - THINKING NOW ABOUT TALENT ATTRITION, WOULD YOU SAY CURRENT ATTRITION LEVELS AT YOUR COMPANY ARE HIGHER, LOWER, OR THE SAME COMPARED TO PRE-PANDEMIC?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 267

Companies are working hard to attract / retain talent by addressing several areas of the Employee Value Proposition at once

Q12 - IS YOUR COMPANY IMPROVING / INCREASING ANY OF THE FOLLOWING SPECIFIC AREAS TO ADDRESS ATTRITION [TICK ALL THAT APPLY]?:



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 271, excluding 7 business leaders responding 'Don't know'

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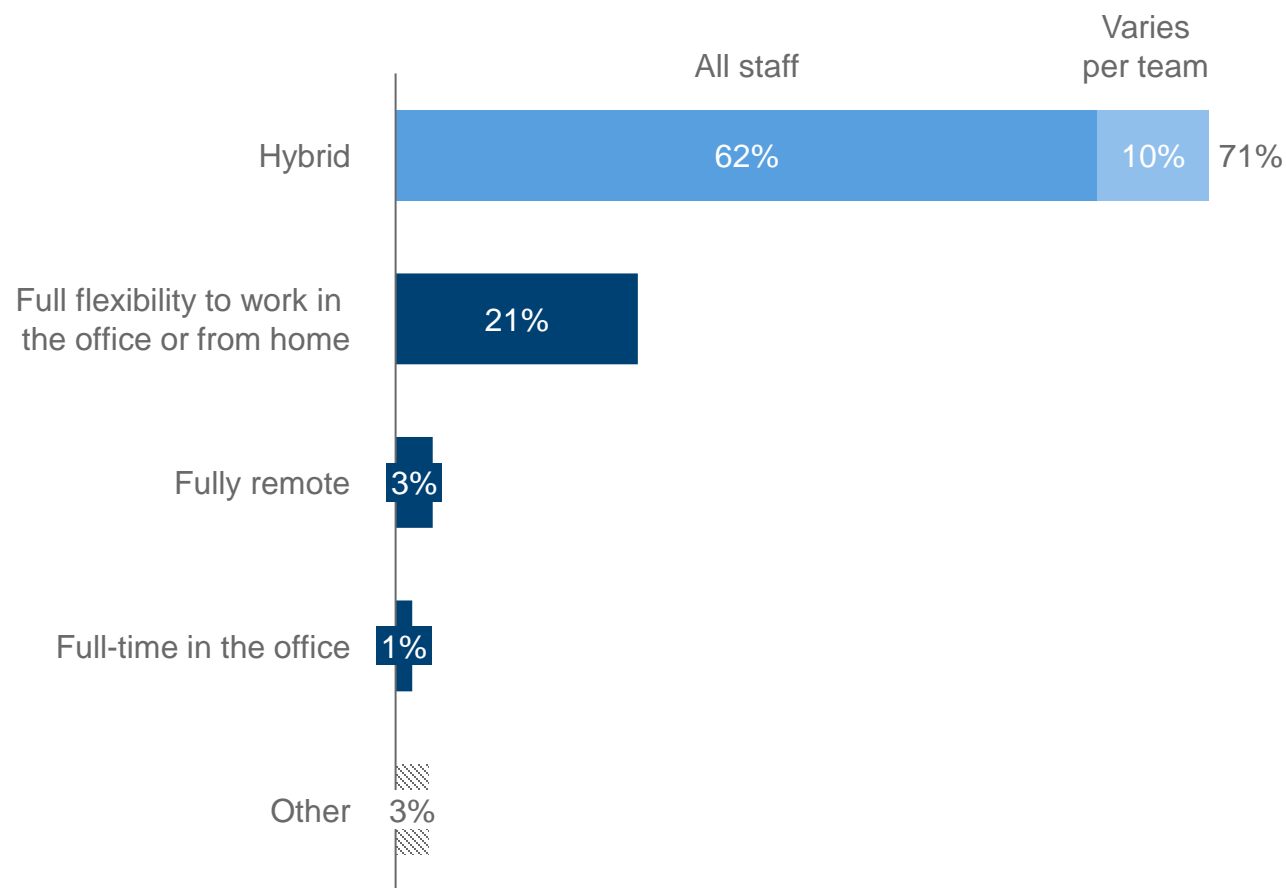
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7 in 10 organisations have a hybrid working model and 2 in 10 are fully flexible

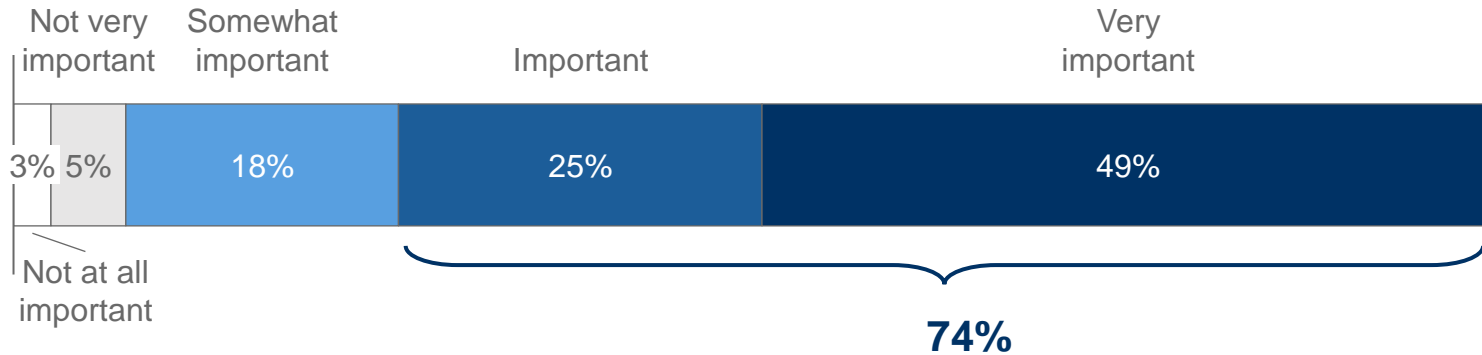
Q13 - THINKING NOW ABOUT WAYS OF WORKING, AND FOCUSING ON YOUR COMPANY'S OFFICE WORKERS, WHICH BEST DESCRIBES YOUR ORGANISATION'S CURRENT APPROACH?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278

Three-quarters of business leaders think it is important that office workers spend some time regularly in the office

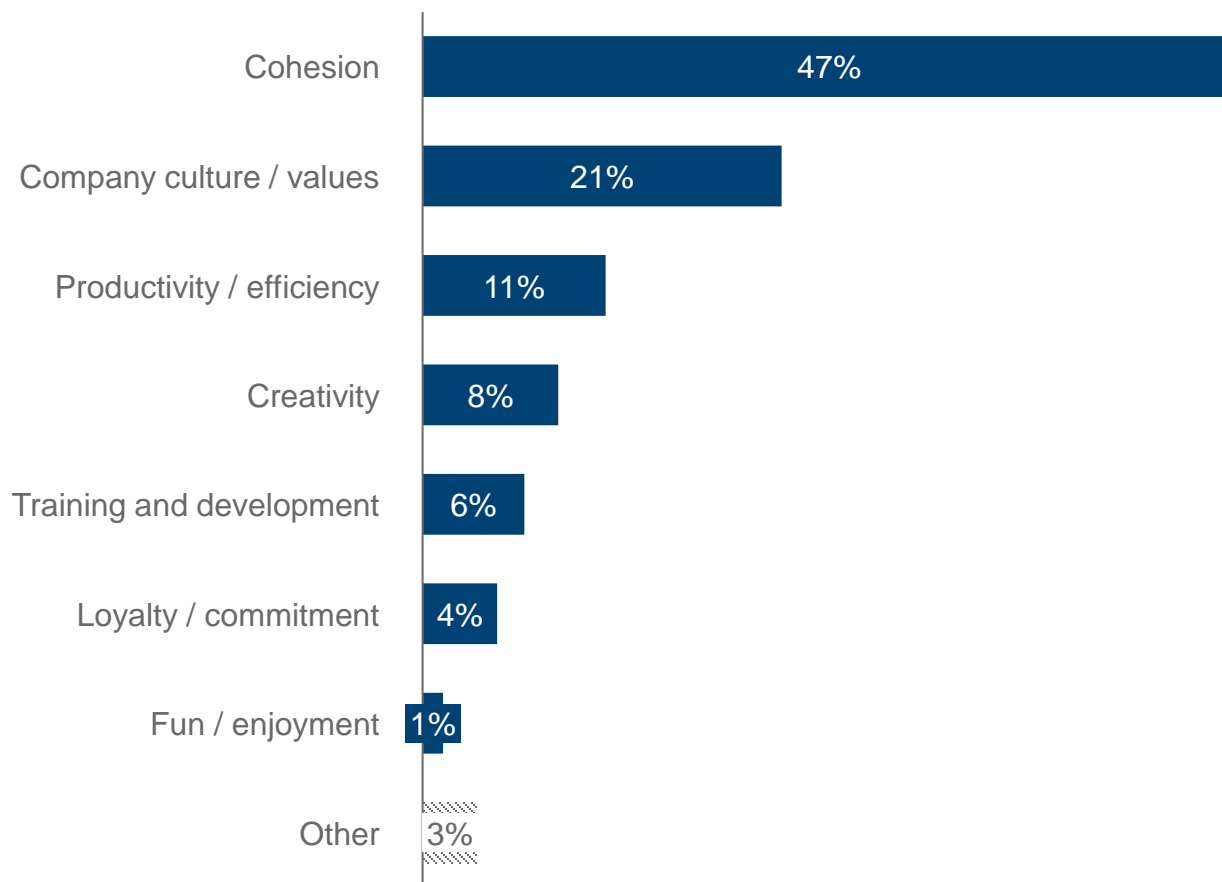
Q14 - CONTINUING TO THINK ABOUT YOUR COMPANY'S OFFICE WORKERS, IN YOUR VIEW, HOW IMPORTANT IS IT THAT THEY SPEND SOME TIME REGULARLY IN THE OFFICE?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 277, excludes 1 business leader responding 'Don't know'

Cohesion (47%) is named as the most important reason for spending time in the office, followed by company culture / values (21%)

Q15 - WHAT IS THE TOP REASON FOR SAYING THAT IT IS (SOMEWHAT / VERY) IMPORTANT FOR YOUR COMPANY'S OFFICE WORKERS TO SPEND SOME TIME REGULARLY IN THE OFFICE?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 257, excludes 21 business leaders who responded with Q14 that spending time at the office is 'not (somewhat / very) important'

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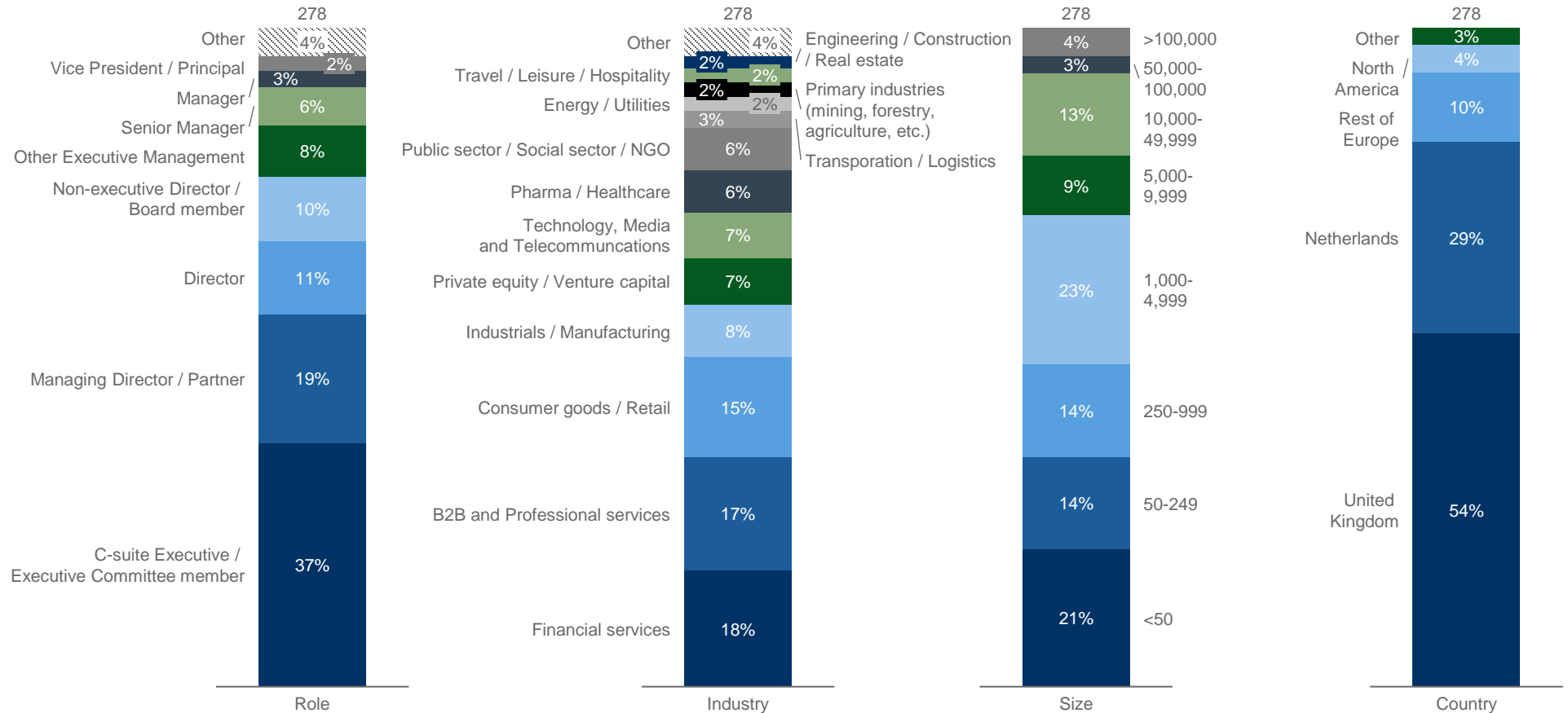
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Background information of respondents

SURVEY SAMPLE REPRESENTATION (%)



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278



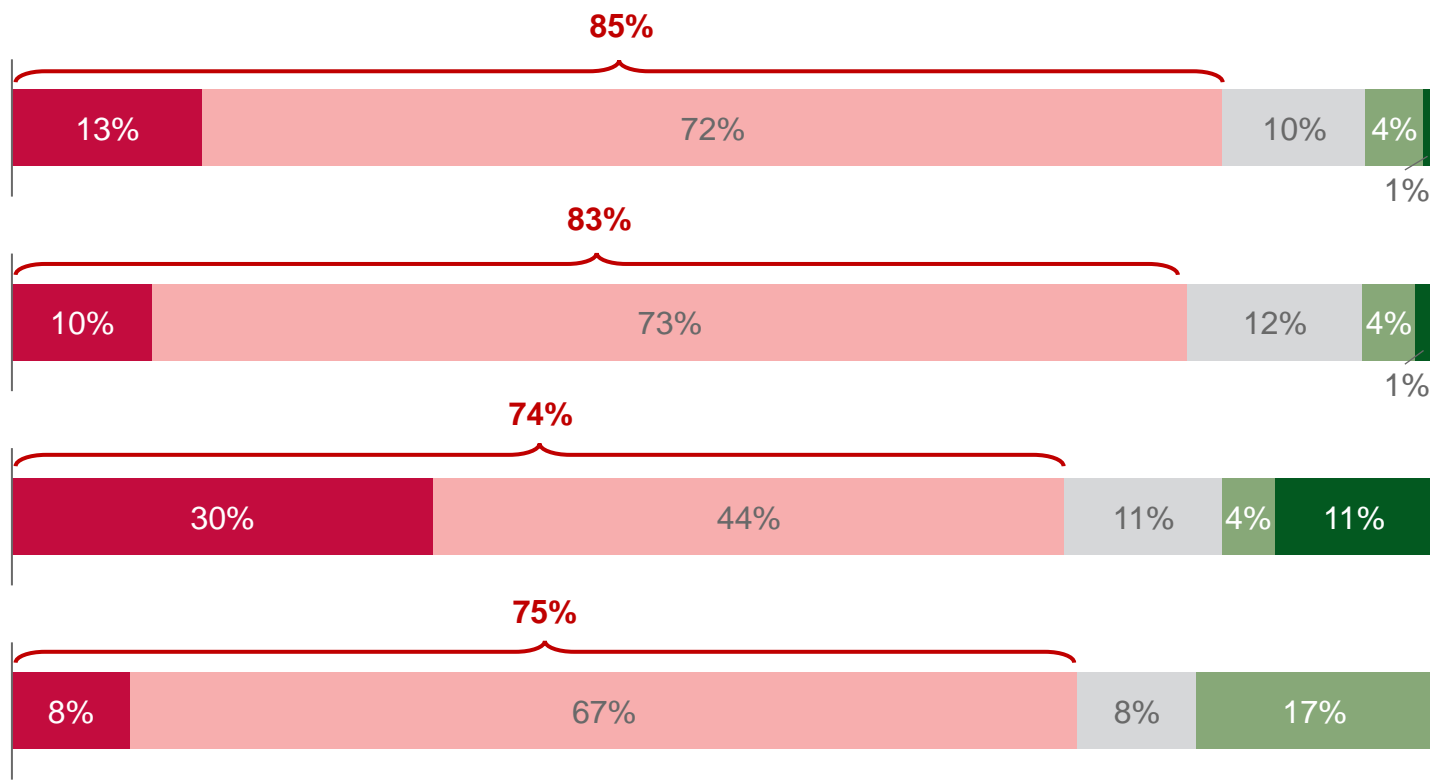
Further data breakdown

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North American and other European business leaders are less pessimistic about the global economy than those in the UK and Netherlands

Q5 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT THE GLOBAL ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



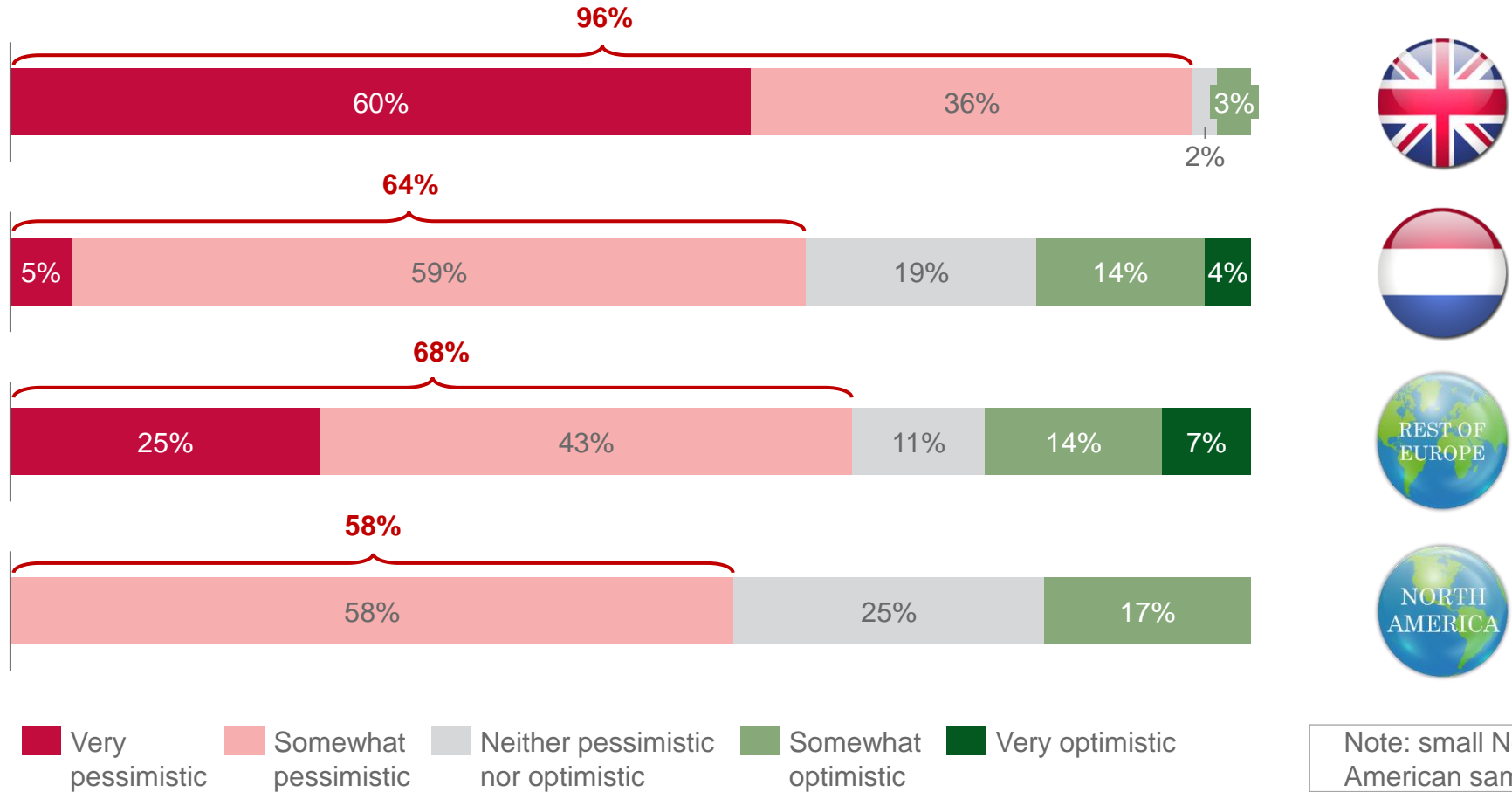
■ Very pessimistic
 ■ Somewhat pessimistic
 ■ Neither pessimistic nor optimistic
 ■ Somewhat optimistic
 ■ Very optimistic

Note: small North American sample

Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
 n = 269 (UK = 149, NL = 81, Rest of Europe = 27, North America = 12)

The intensity of pessimism about the domestic economy varies significantly by country / region

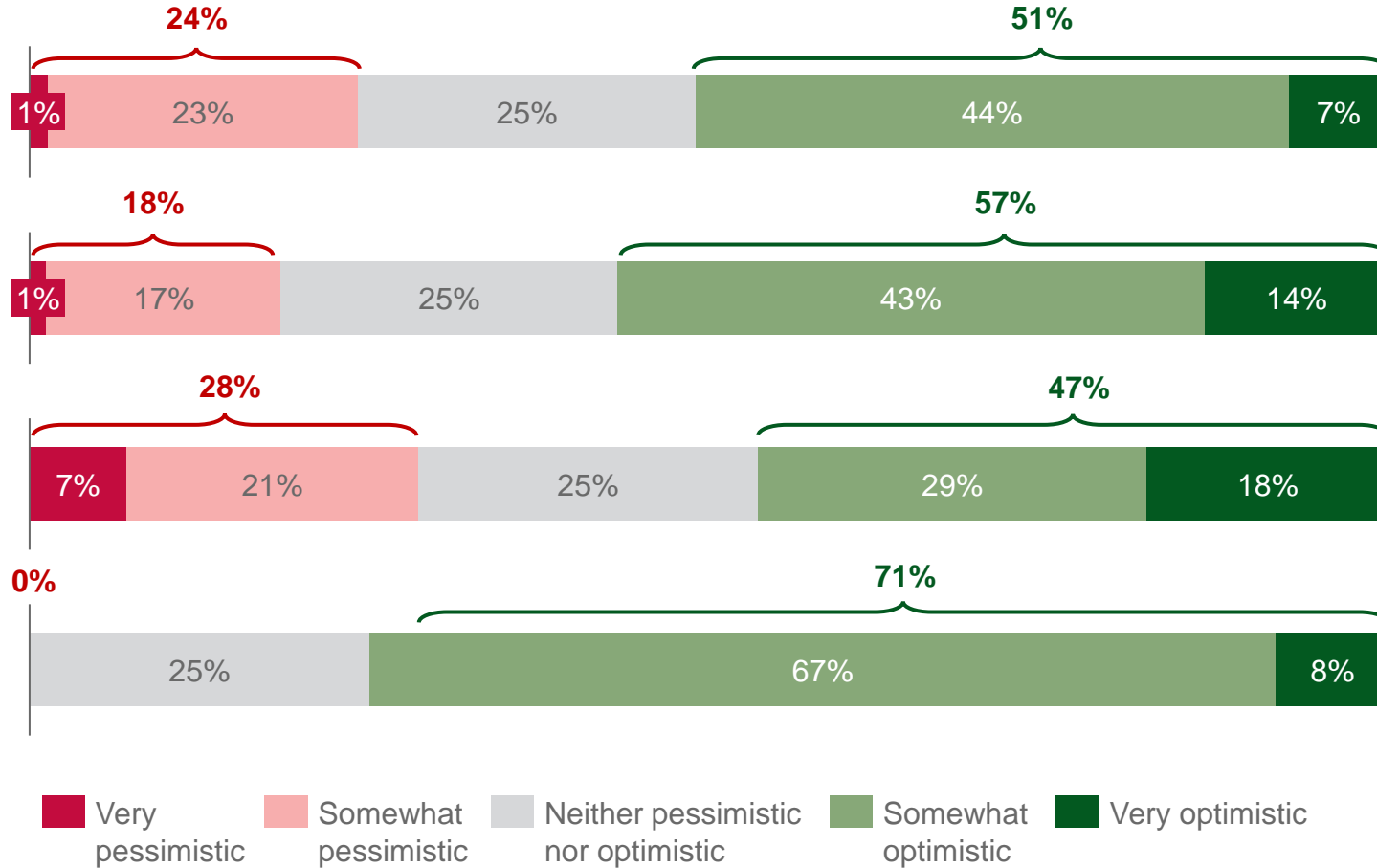
Q6 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COUNTRY'S ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
 n = 270 (UK = 149, NL = 81, Rest of Europe = 28, North America = 12)

Across Europe, c.half of business leaders are optimistic about their company's expected performance; in North America, c.7 in 10 are

Q8 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS?

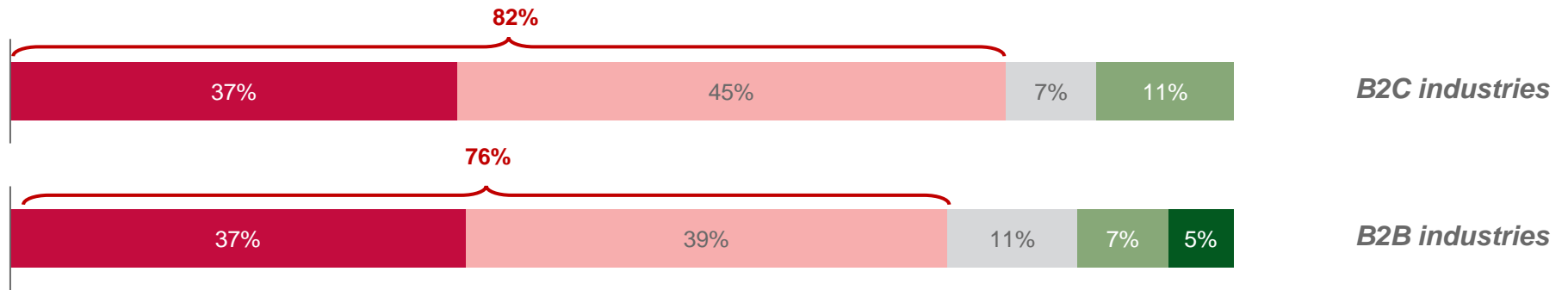


Note: small North American sample

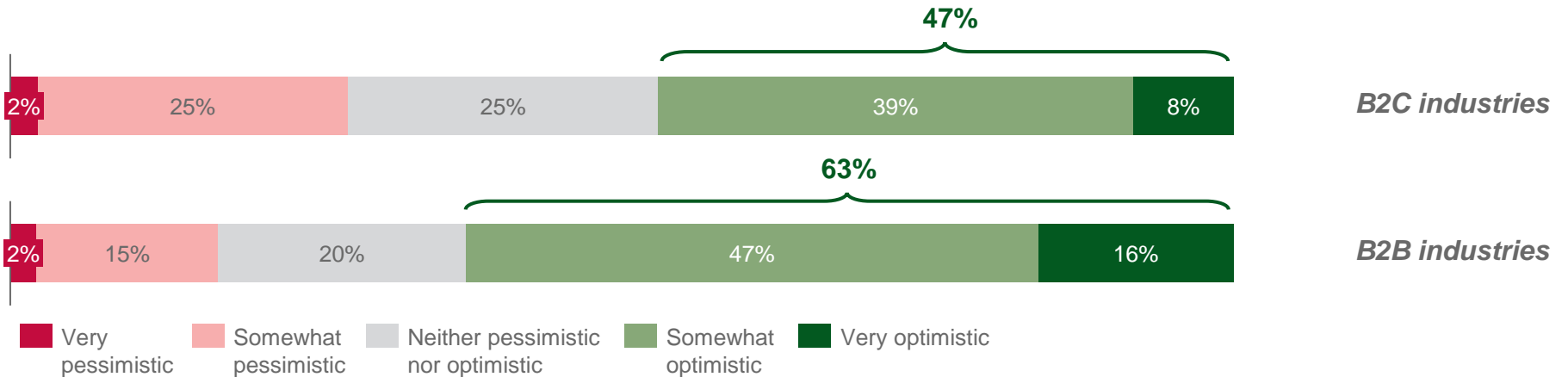
Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
 n = 270 (UK = 149, NL = 81, Rest of Europe = 28, North America = 12)

Business leaders from B2B and B2C industries have similar views about their country's economic outlook, but B2B leaders are significantly less pessimistic about their company

Q6 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COUNTRY'S ECONOMIC OUTLOOK OVER THE NEXT 1-2 YEARS?



Q8 - HOW PESSIMISTIC OR OPTIMISTIC ARE YOU ABOUT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS?



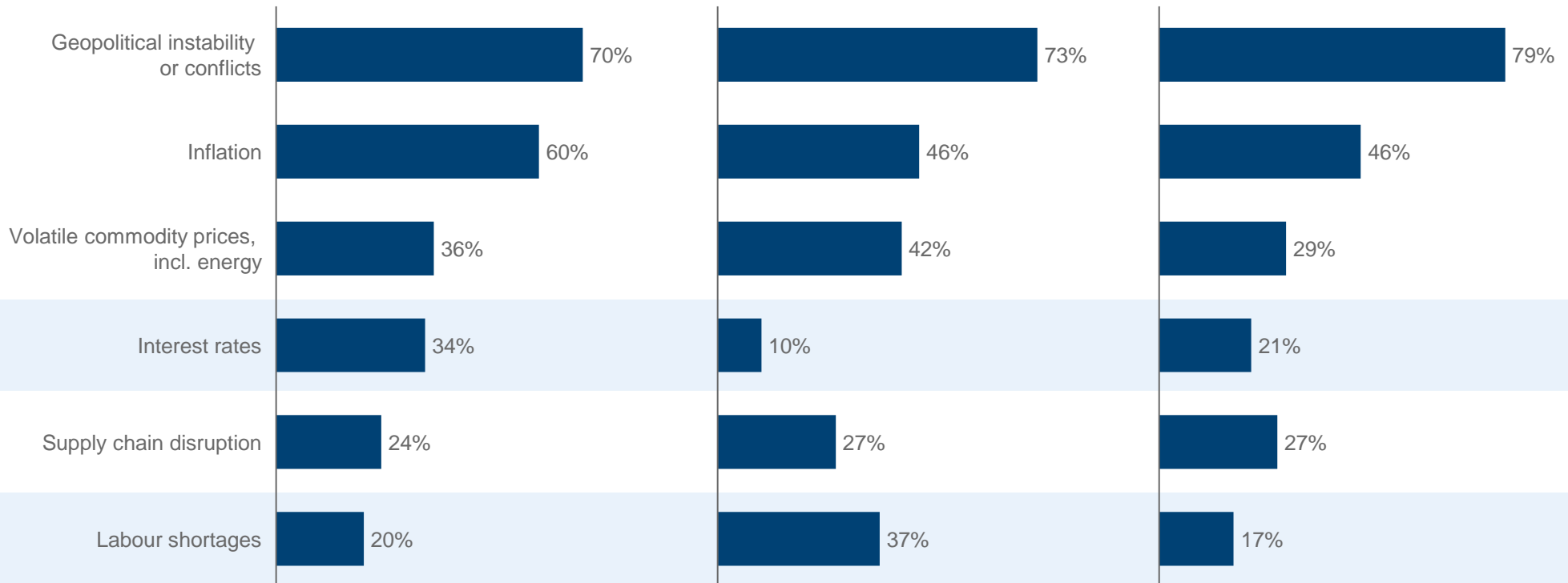
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Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022

n = 228 (B2C = 134, B2B = 94)

While the top 3 threats to the global economy are largely consistent across the sample, UK business leaders have greater concerns about interest rates, while Dutch business leaders are more concerned about labour shortages

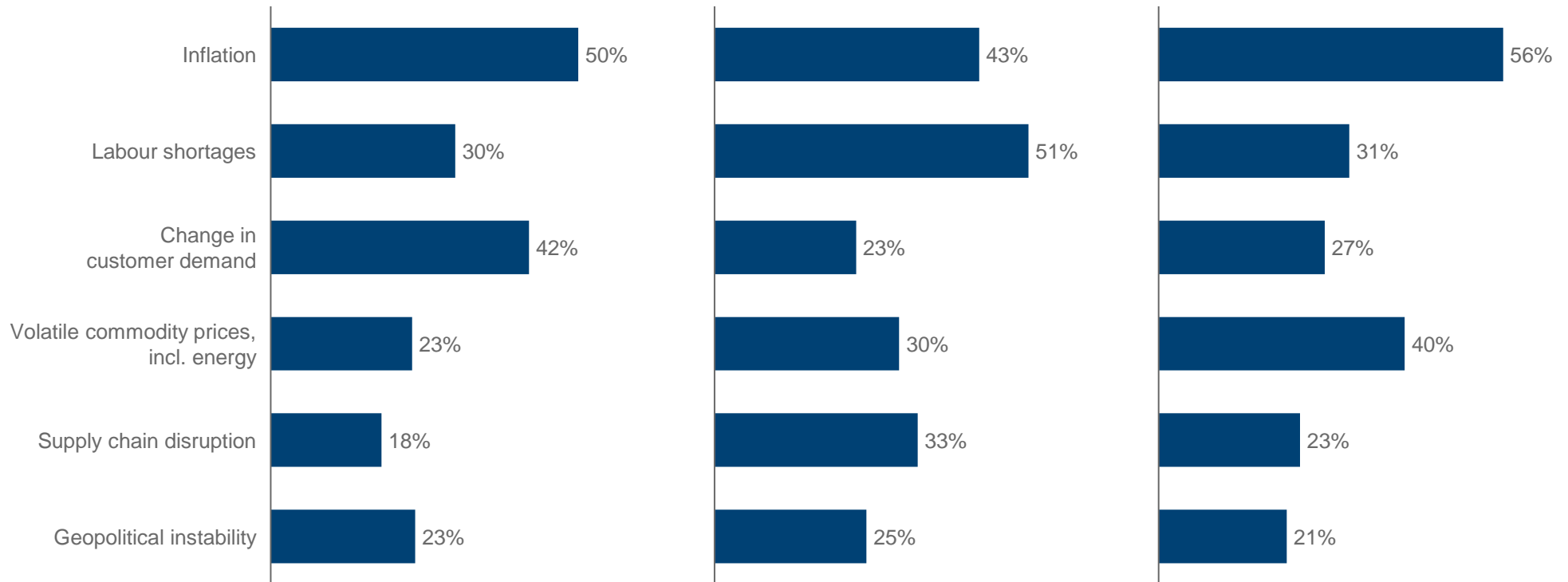
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Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278 (UK = 149, NL = 81, RoW = 48)

Perceived external threats to company performance vary significantly by country / region

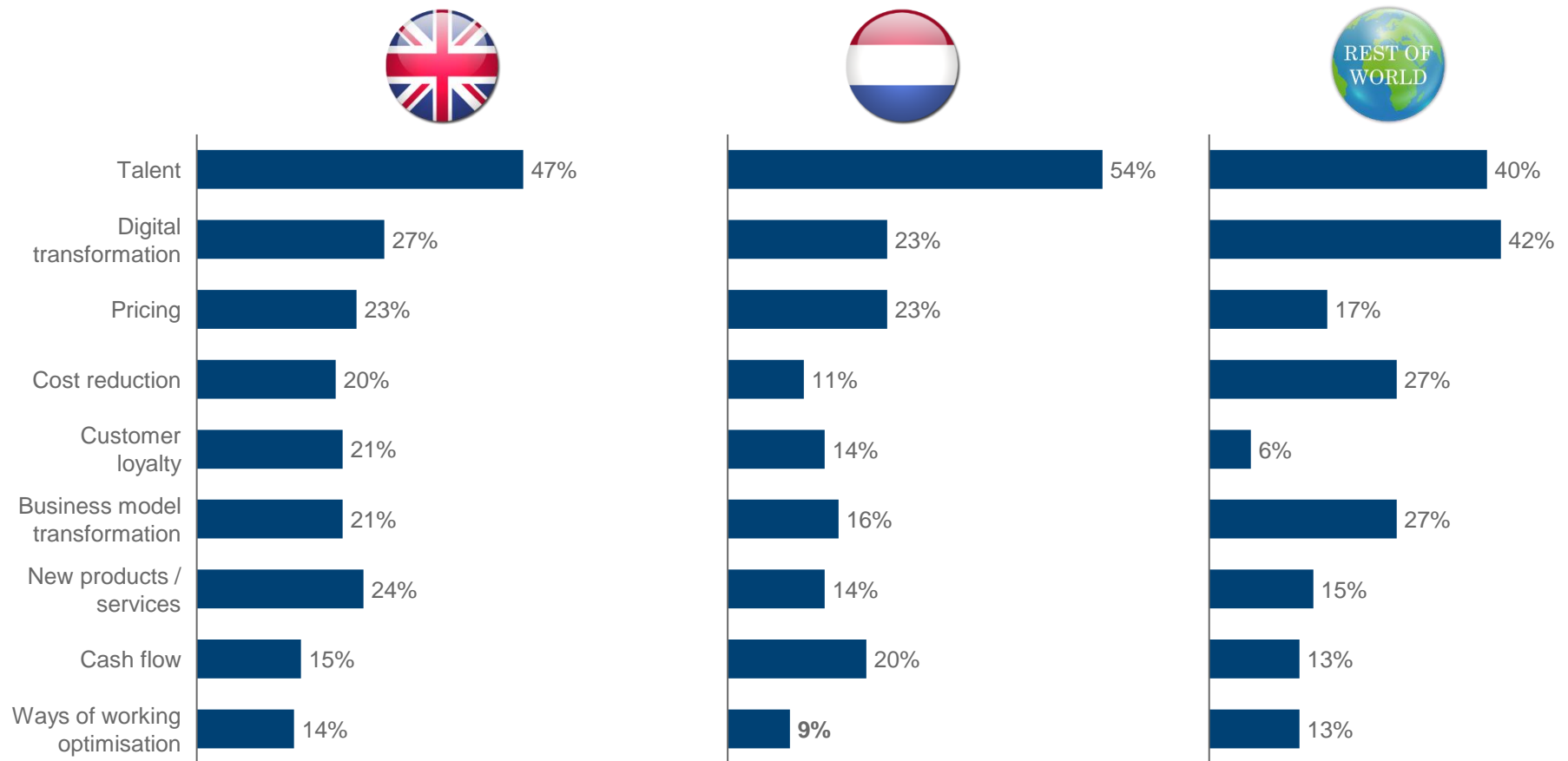
Q9 - WHAT ARE THE MOST IMPORTANT EXTERNAL FACTORS LIKELY TO IMPACT YOUR COMPANY'S PERFORMANCE OVER THE NEXT 1-2 YEARS [TICK UP TO 3 ANSWERS]?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
n = 278 (UK = 149, NL = 81, RoW = 48)

Talent is the top company issue across markets, although digital transformation is also at the top outside the UK and Netherlands

Q10 - WHAT ARE THE MOST IMPORTANT INTERNAL ISSUES FOR YOUR COMPANY OVER THE NEXT 1-2 YEARS [TICK UP TO 3 ANSWERS]?



Source: Eden McCallum Business outlook survey 28th September - 3rd October 2022
 n = 278 (UK = 149, NL = 81, RoW = 48)