

Business Outlook Survey

April 2023



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Executive Summary [1 of 2]

OVERVIEW

- Eden McCallum's quarterly Business Outlook Survey was conducted from 21st April to 27th April 2023.
- Business leaders were surveyed to understand more about their economic expectations for 2023 and their views on three topics (Responses to Cost of Living, Ways of Working, and Generative AI).
- Our survey asks business leaders from across the globe but with a focus on the UK and Netherlands.
- Our sample works across a broad range of industries and ownership models

BUSINESS AND ECONOMIC OUTLOOK

- Business leaders remain pessimistic about the global (40%) and domestic economies (56%), but the outlook is improving
- Optimism about company performance is strong and increasing, from 54% in Q4 2022 to 7 in 10 business leaders in Q2 2023
- UK and North American business leaders are notably more pessimistic about their domestic economic outlook than their European counterparts
- When considering why leaders are pessimistic about their domestic economic outlook, inflation, geopolitical instability, and labour shortages continue to be viewed as the greatest threats, with concern around volatile commodity prices reducing since Q1 2023. UK business leaders continue to see trade barriers as a top threat, with environmental issues and domestic politics an increasing concern in NL.
- Inflation and customer demand remain the most important external factors likely to impact company performance, with concern around interest rates increasing since Q1 2023
- Talent remains the most important internal issue for businesses, although the importance of cost reduction, data optimisation/AI, and international expansion has notably increased

Executive Summary [2 of 2]

COST OF LIVING RESPONSE

- Whilst three quarters of businesses offered some form of Cost of Living support to employees in 2022, just over half plan to offer support in 2023
- 6 in 10 companies increased salaries in 2022; 43% are planning to increase salaries in 2023 and 37% will do so in both years
- One-off payments were also commonly used in 2022 to address the cost of living crisis (34%), but only c. 1 in 10 companies plan to use them in 2023
- Some non-financial support is being provided, with 21% offering advice / coaching in 2022, and 15% in 2023

WAYS OF WORKING

- 9 in 10 organisations continue to currently take a hybrid / flexible approach to office working; however, the number of organisations expecting their office workers to be full-time in the office has increased from 1% to 8% between Q4 2022 and Q2 2023
- Whilst the majority (6 in 10) business leaders expect WFH practices to remain largely unchanged over the next 1-3 years, 3 in 10 leaders expect their organisation's approach to evolve to more office working
- Office workers are largely expected to be in the office 2 to 3 days per week, while business leaders' own behaviour is more diverse: about half are in 2-3 days per week, and about a quarter are in a day a week or less, with the remaining quarter in the office nearly full-time

GENERATIVE AI

- Nearly 4 in 10 business leaders currently consider generative AI to be important to their organisation, increasing to 55% when asked about the next 1-3 years
- Of the companies that are taking action on generative AI, about half are observing what others in their industry are doing and/or exploring / experimenting with use cases
- Companies that currently see generative AI as important are taking more active steps such as developing proprietary and open source tools, and recruiting staff/ making acquisitions

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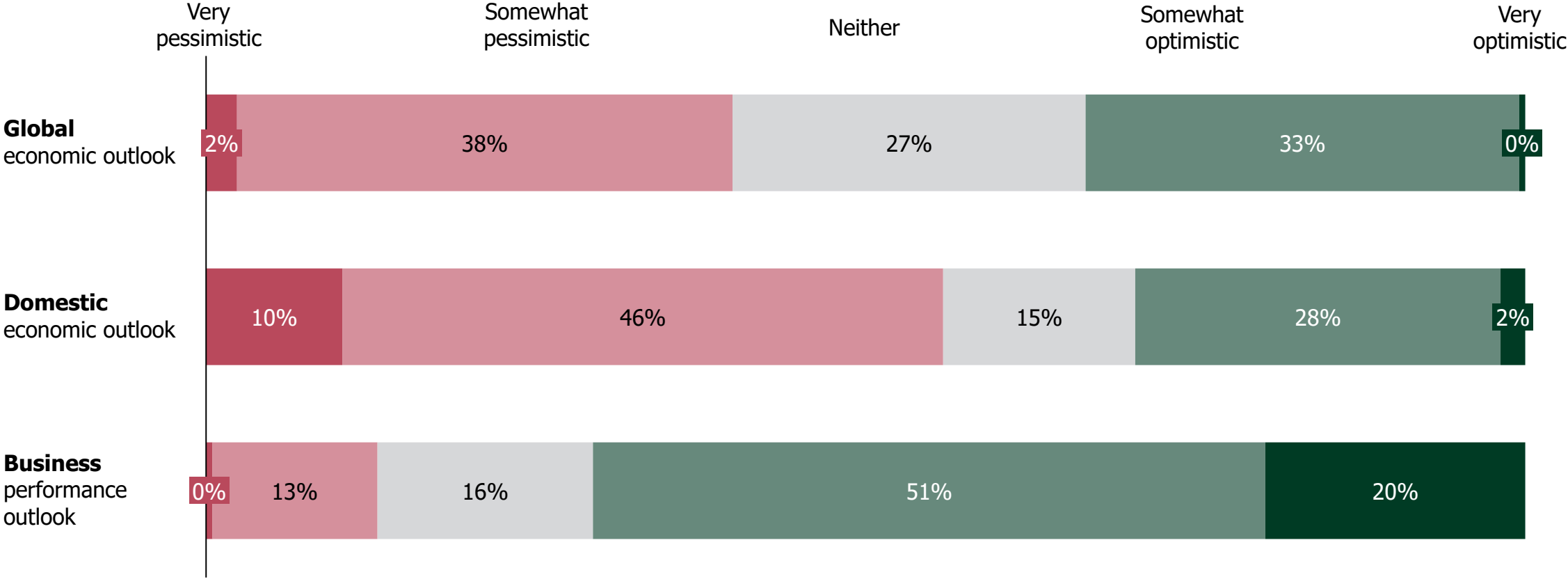
Generative AI

Appendix: sample details



Business leaders' pessimism about the global and domestic economies contrasts with optimism about their company's expected performance

ECONOMIC AND BUSINESS OUTLOOK (Q2 '23)



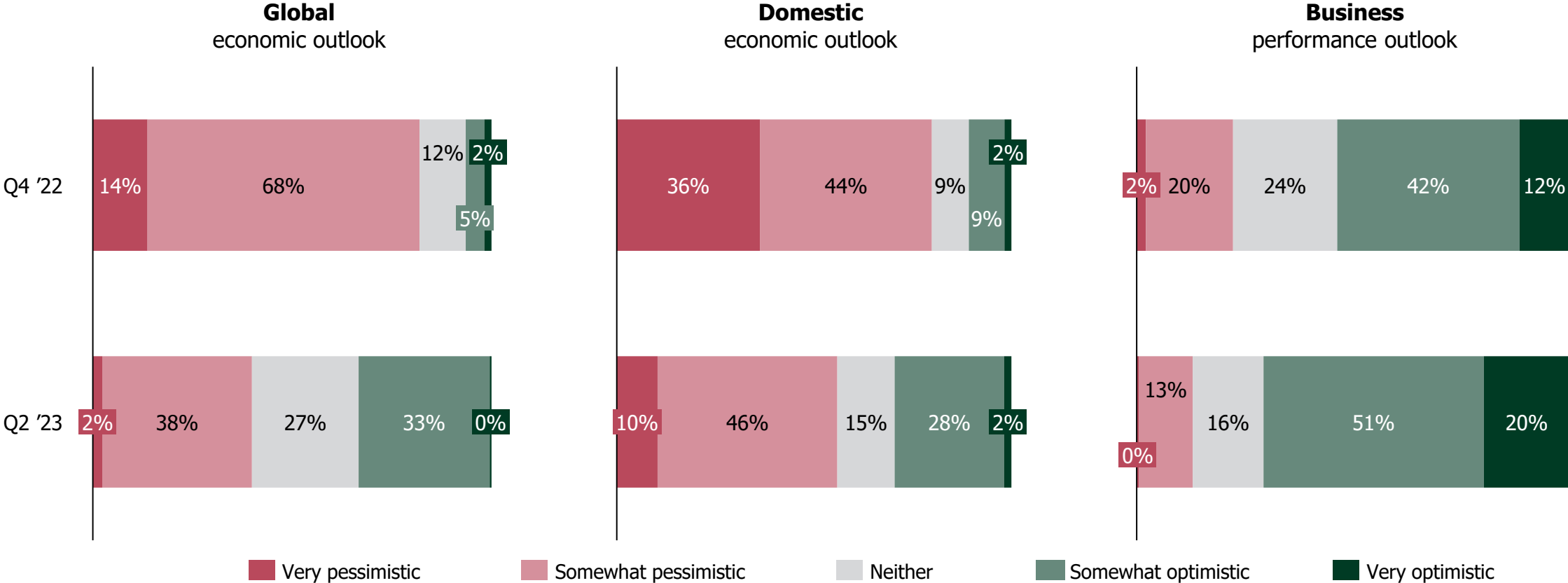
n: 213, 213, 208

Notes: 1) Don't know responses excluded.

Source: Eden McCallum Business Outlook Survey April 2023: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q9 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

However, since Q4 '22, optimism has been increasing across the board, whilst pessimism is declining

ECONOMIC AND BUSINESS OUTLOOK (Q4 '22 VS Q2 '23)



Oct 2022 n: 278; Jan 2023 n: 236; April 2023 n: 213, 213, 208

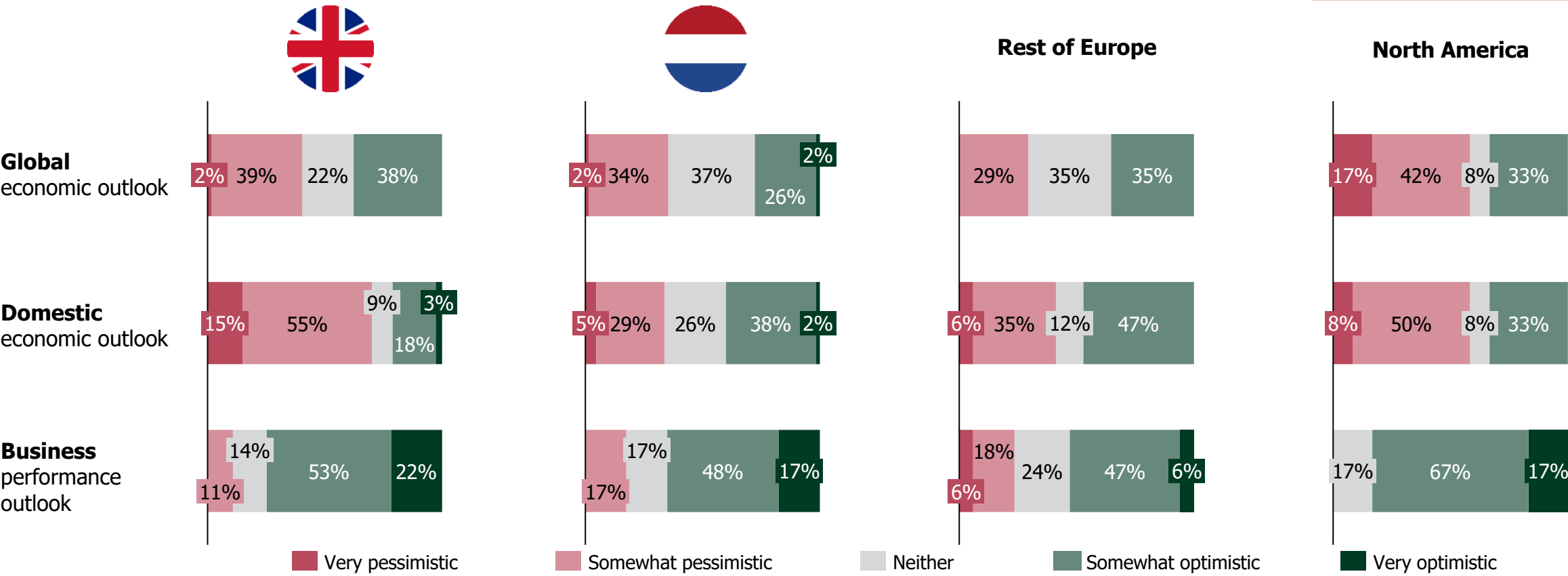
Notes: 1) Don't know responses excluded.

Source: Eden McCallum Business Outlook Survey October 2022, January 2023, April 2023: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q9 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Business leaders in the UK and North America are more pessimistic about their domestic economic outlook than their European counterparts

ECONOMIC AND BUSINESS OUTLOOK (Q2 '23)

Note: very small sample size for RoE and NA



UK n: 111-114, NL n: 63-65, Rest of Europe n: 17, North America n: 12

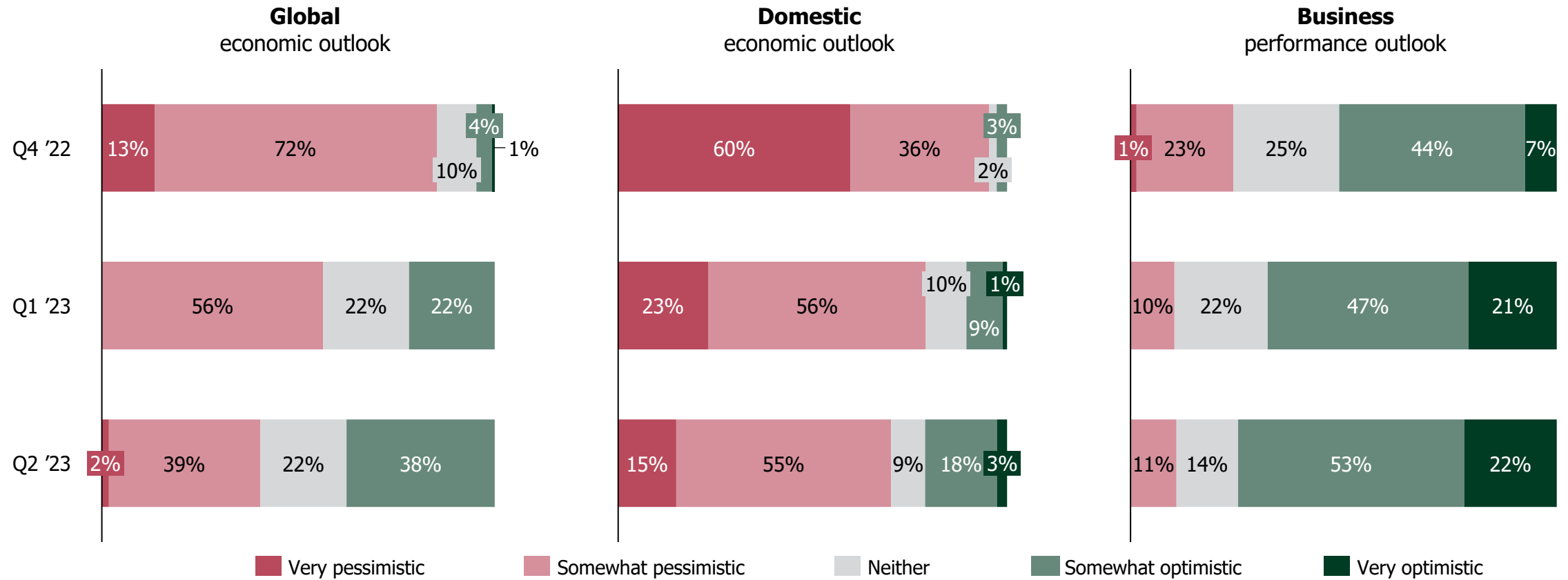
Notes: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey April 2023: Q6 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years? ; Q7 - What do you see as the greatest threats to your country's economy over the next 1-2 years? ; Q9 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



The increase in optimism and decrease in pessimism has been most pronounced amongst UK business leaders...

ECONOMIC AND BUSINESS OUTLOOK (Q4 '22 VS Q1 '23 VS Q2 '23)



Oct 2022 n: 149; Jan 2023 n: 87; April 2023 n: 114, 114, 111

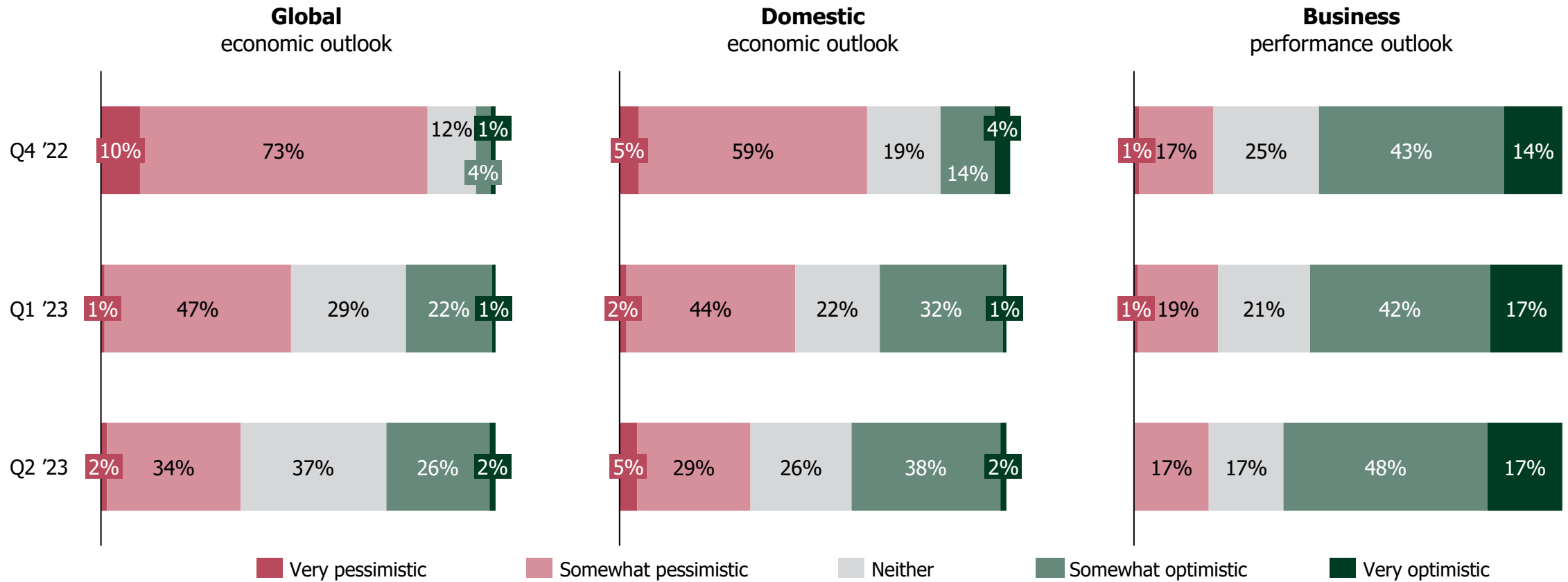
Notes: 1) Don't know responses excluded.

Source: Eden McCallum Business Outlook Survey October 2022, January 2023, April 2023: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q9 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?



...with a similar, but less pronounced pattern in the Netherlands

ECONOMIC AND BUSINESS OUTLOOK (Q4 '22 VS Q1 '23 VS Q2 '23)



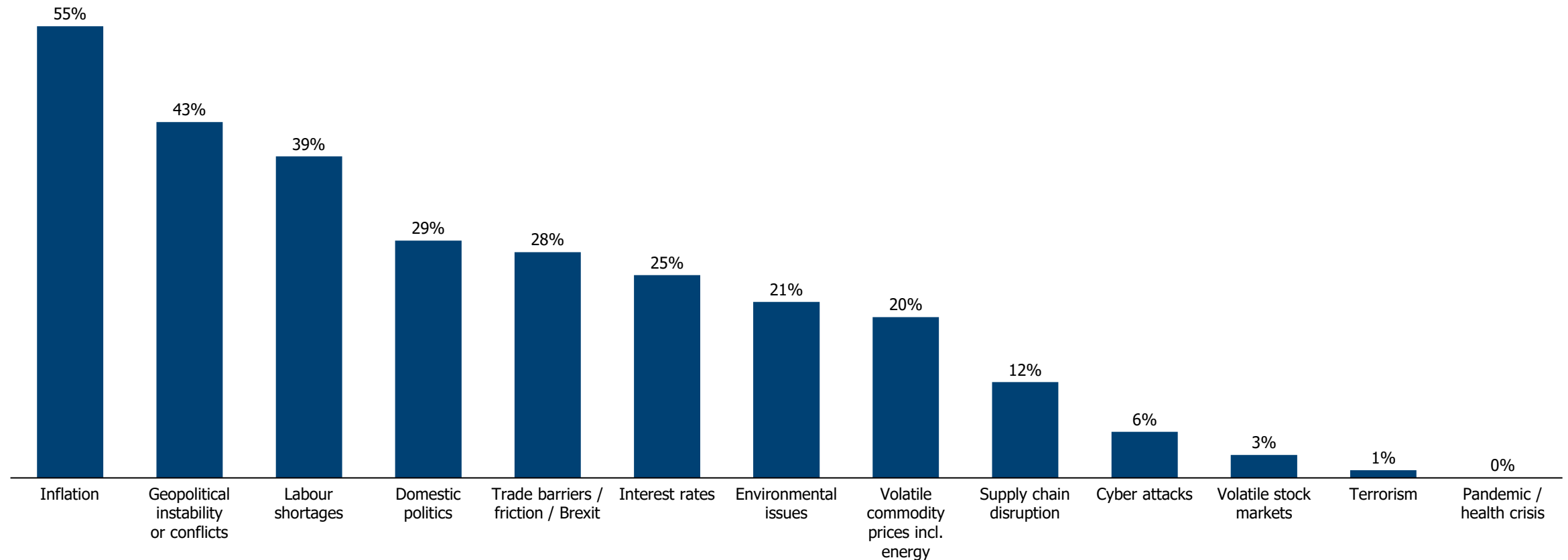
Oct 2022 n: 81; Jan 2023 n: 110, 110, 107; April 2023 n: 65, 65, 63

Notes: 1) Don't know responses excluded.

Source: Eden McCallum Business Outlook Survey October 2022, January 2023, April 2023: Q6 - How pessimistic or optimistic are you about the global economic outlook over the next 1-2 years?; Q7 - How pessimistic or optimistic are you about your country's economic outlook over the next 1-2 years?; Q9 - How pessimistic or optimistic are you about your company's performance over the next 1-2 years?

Inflation, geopolitical instability, and labour shortages are seen as the greatest threats to domestic economies

PERCEIVED THREATS TO DOMESTIC ECONOMY



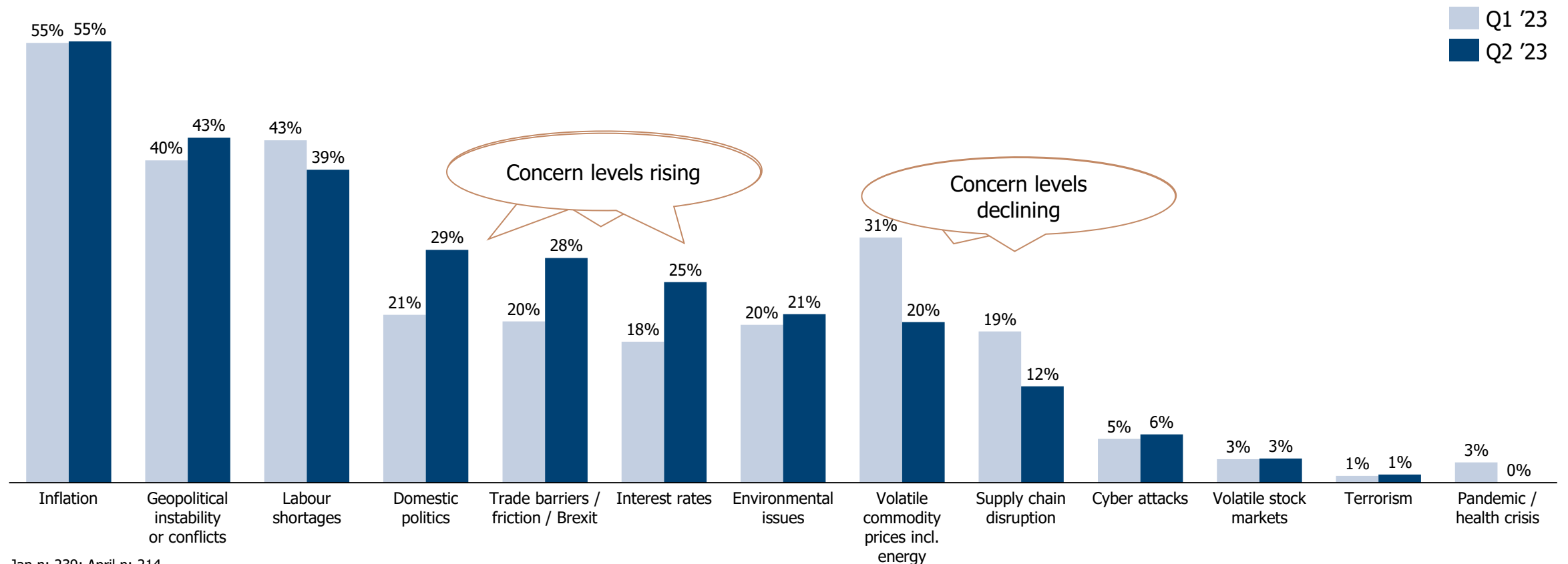
n: 214

Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded; 2) One respondent added to Brexit, and one to labour shortage as they wrote this under the "other" option

Source: Eden McCallum Business Outlook Survey April 2023: Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

While the top 3 threats have been consistent over the past 2 quarters, concern about volatile commodity prices and supply chain disruption has fallen

PERCEIVED THREATS TO DOMESTIC ECONOMY (Q1 '23 VS Q2 '23)



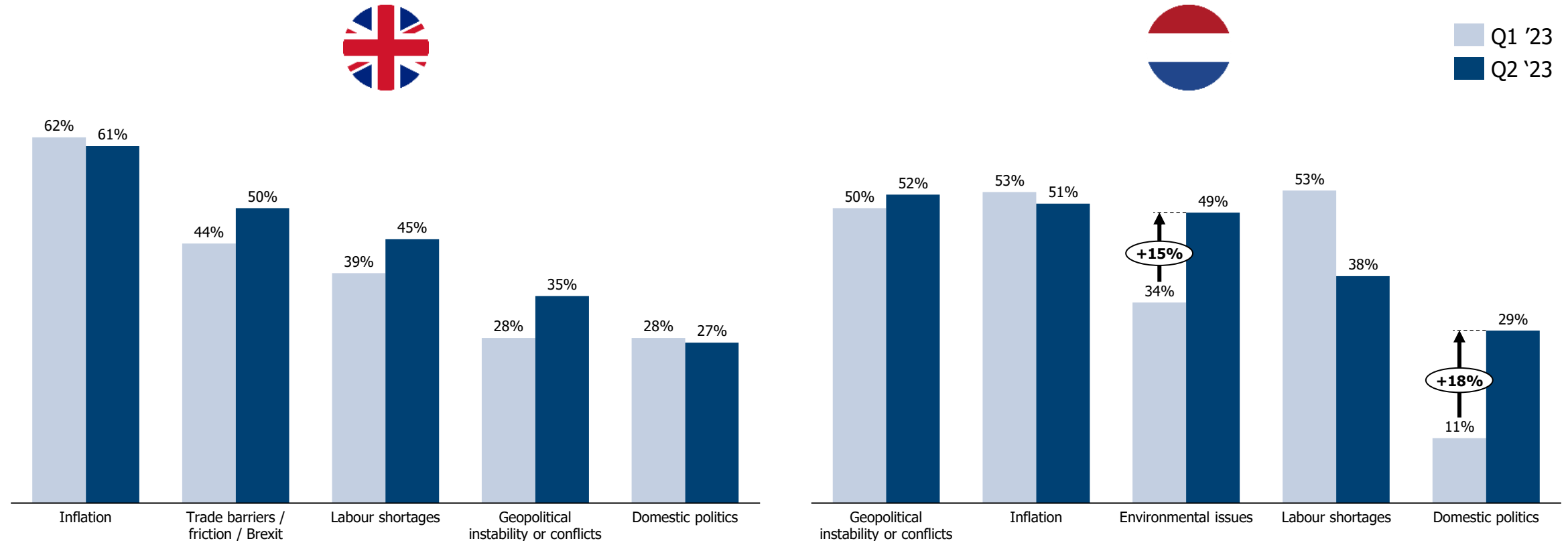
Jan n: 239; April n: 214

Notes: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded; 2) One respondent added to Brexit, and one to labour shortage as they wrote this under the "other" option

Source: Eden McCallum Business Outlook Survey January 2023, April 2023 : Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

UK business leaders continue to see inflation as the top threat, whilst a number of issues are top of mind for Dutch business leaders, and concern about the environment and domestic politics has increased sharply

PERCEIVED THREATS TO DOMESTIC ECONOMY (Q1 '23 VS Q2 '23)



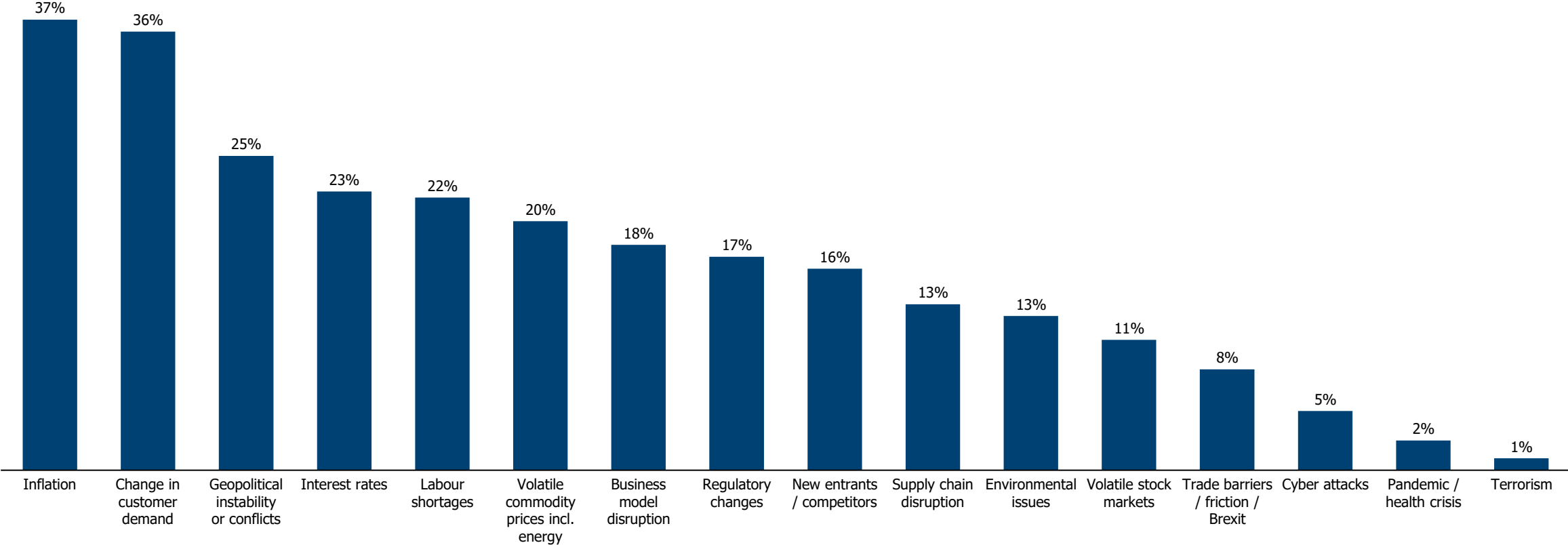
Jan 2023: UK n: 87, NL n: 110; April 2023: UK n: 114, NL n: 65

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 5 threats per country; 3) In UK one respondent added to Brexit, and one to labour shortage as they wrote this under the "other" option

Source: Eden McCallum Business Outlook Survey January 2023, April 2023 : Q8 - What do you see as the greatest threats to your country's economy over the next 1-2 years?

Business leaders view inflation and change in customer demand as the top two external factors impacting company performance

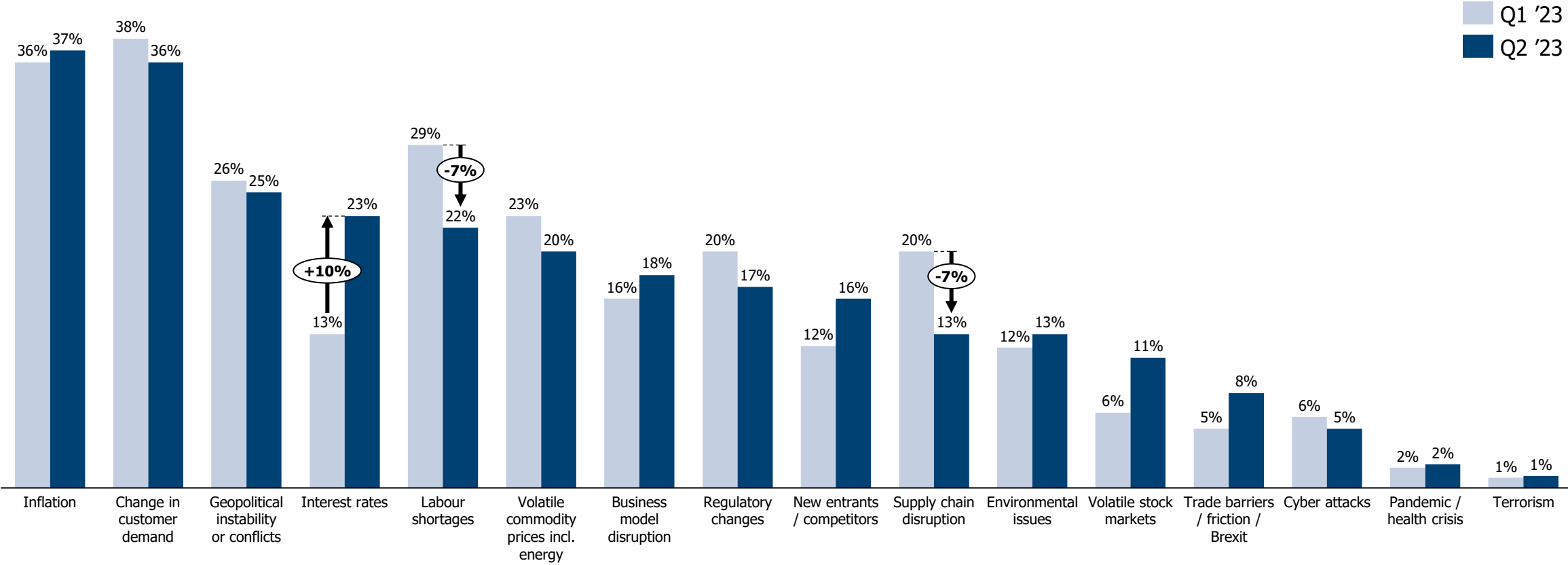
EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE



n: 208
Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
Source: Eden McCallum Business Outlook Survey April 2023: Q10 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Since last quarter, labour shortages and supply chain disruption are seen as less likely to impact company performance, whilst the importance of interest rates has increased

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE (Q1 '23 VS Q2 '23)



Jan 2023 n: 236; April 2023 n: 208

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

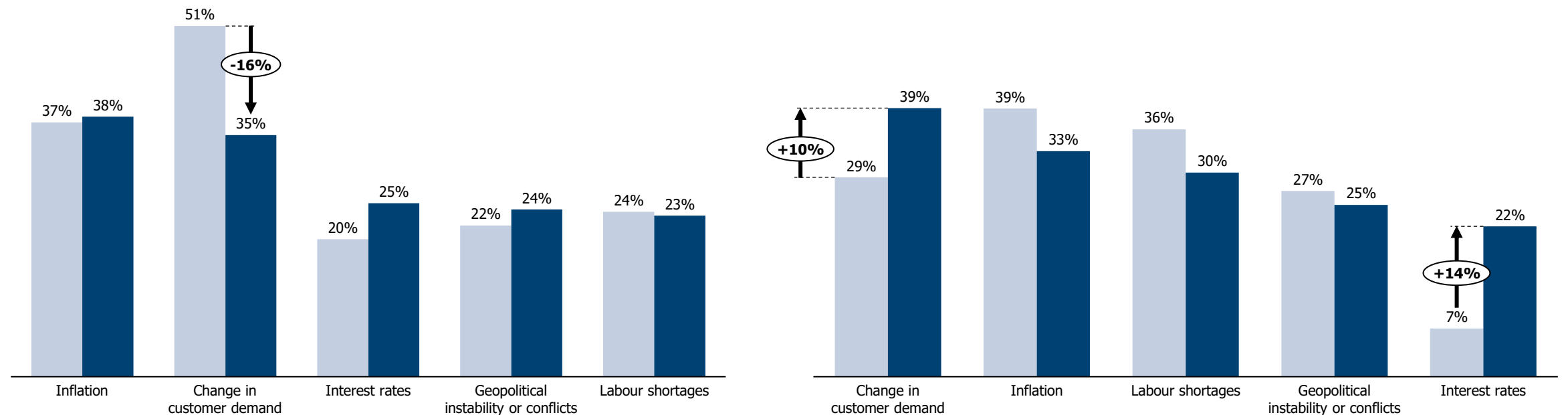
Source: Eden McCallum Business Outlook Survey January 2023, April 2023: Q10 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Over the quarter, UK business leaders have become less concerned about the change in customer demand, whilst it increased in NL alongside concern about interest rates

EXTERNAL FACTORS IMPACTING COMPANY PERFORMANCE (Q1 '23 VS Q2 '23)



Q1 '23
Q2 '23



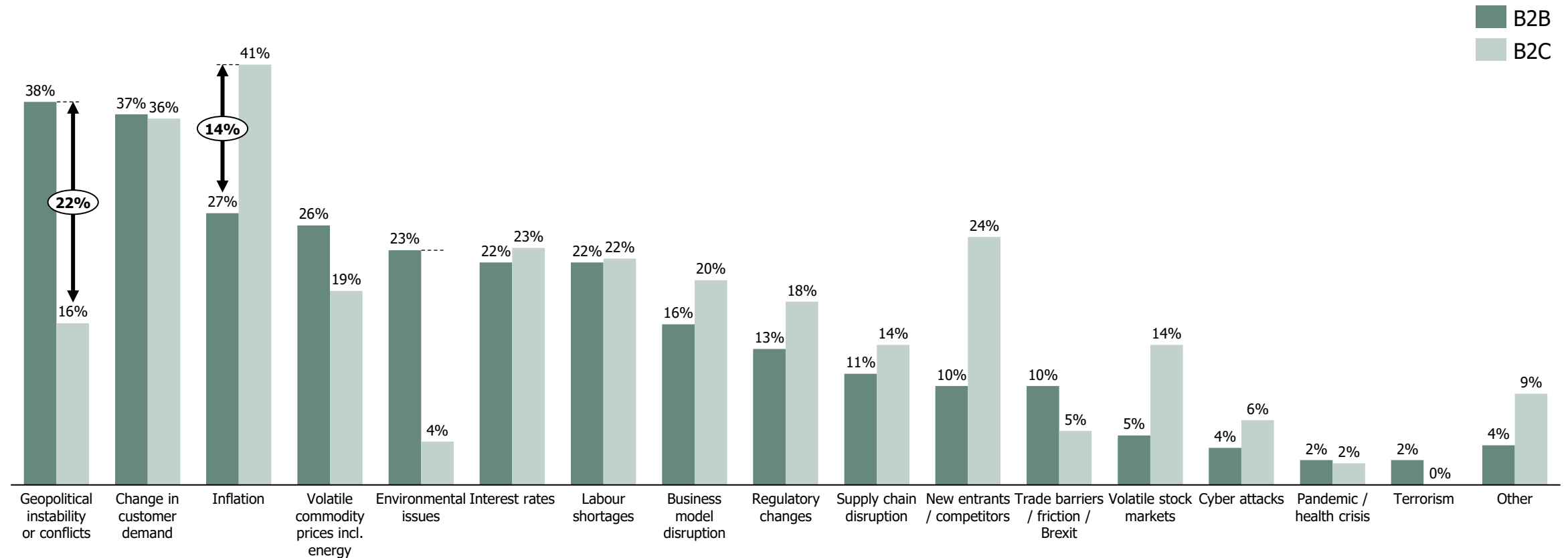
Jan 2023: UK n: 87, NL n: 107; April 2023: UK n: 111, NL n: 63

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 5 factors per country

Source: Eden McCallum Business Outlook Survey January 2023, April 2023: Q10 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

For B2C business leaders, inflation and customer demand top the external concerns; for B2B leaders, geopolitical instability and customer demand are of most concern

EXTERNAL FACTORS LIKELY TO IMPACT COMPANY PERFORMANCE – B2B VS B2C



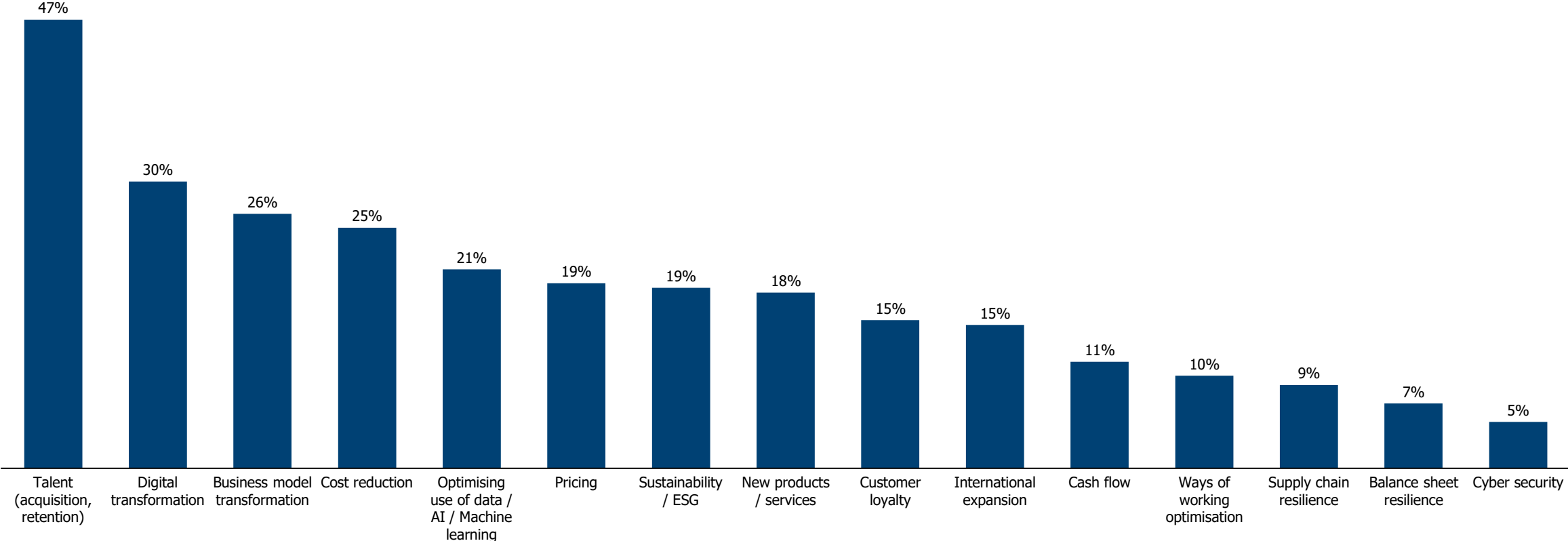
B2B Industries n: 82; B2C Industries n: 94

Note: 1) Respondents could select up to 3 choices, hence percentages do not add to 100, and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey April 2023: Q10 - What are the most important external factors likely to impact your company's performance over the next 1-2 years?

Talent remains the top internal issue for business leaders

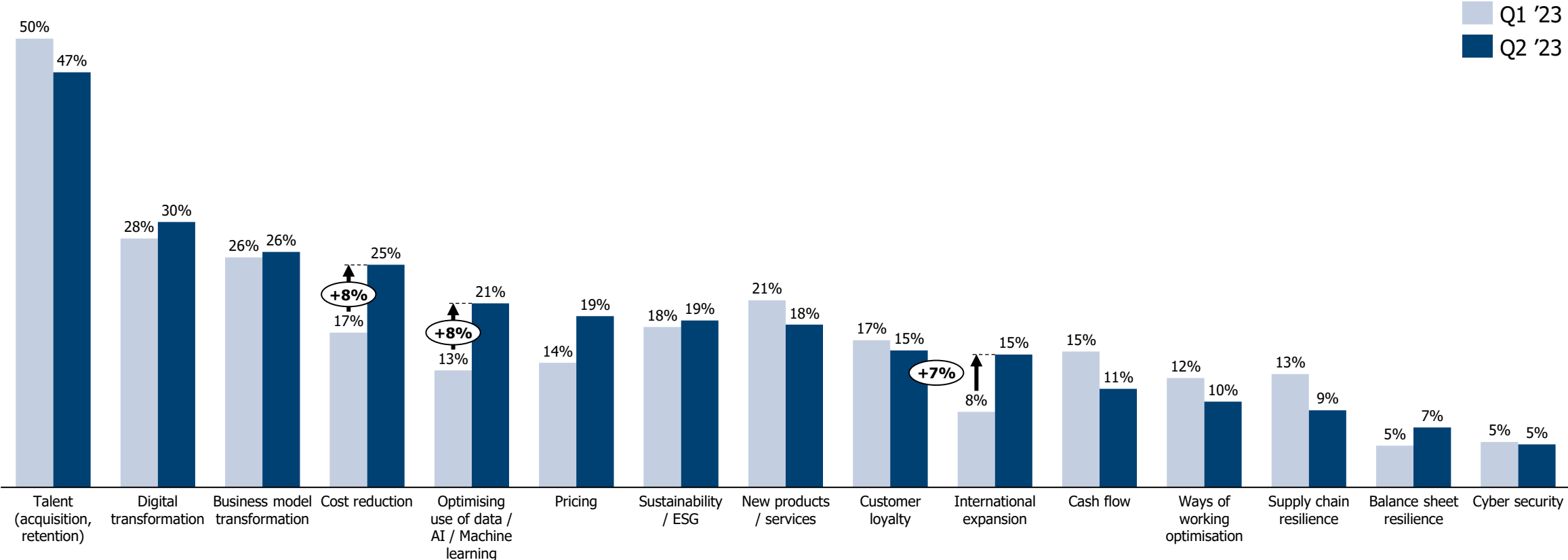
MOST IMPORTANT INTERNAL ISSUES FOR BUSINESSES



n: 208
Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded
Source: Eden McCallum Business Outlook Survey April 2023: Q11 – What are the most important internal issues for your company over the next 1-2 years?

Over the past quarter, cost reduction, data optimisation/AI, and international expansion have significantly increased in importance

MOST IMPORTANT INTERNAL ISSUES (Q1 '23 VS Q2 '23)



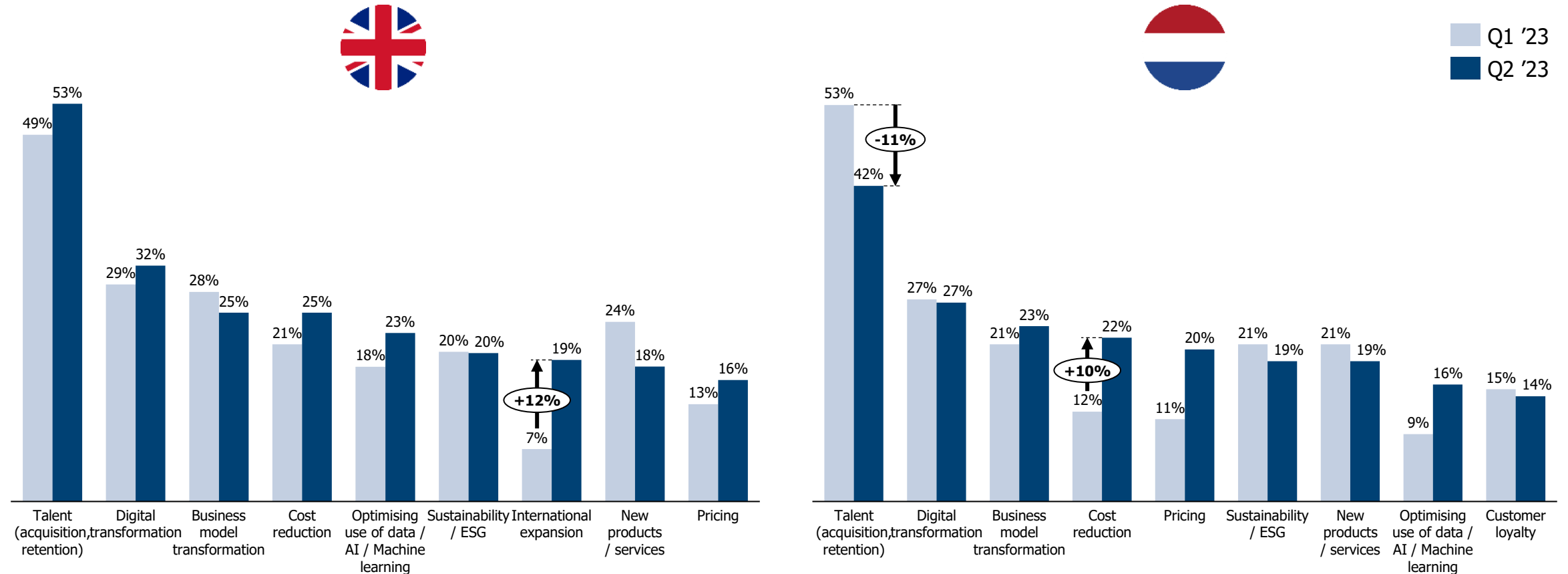
Jan 2023 n: 236; April 2023 n: 208

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, other not shown and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey January 2023, April 2023: Q11 – What are the most important internal issues for your company over the next 1-2 years?

Over the past quarter, international expansion has increased in importance in the UK, and cost reduction in NL, with talent remaining top in both countries

MOST IMPORTANT INTERNAL ISSUES (Q1 '23 VS Q2 '23)



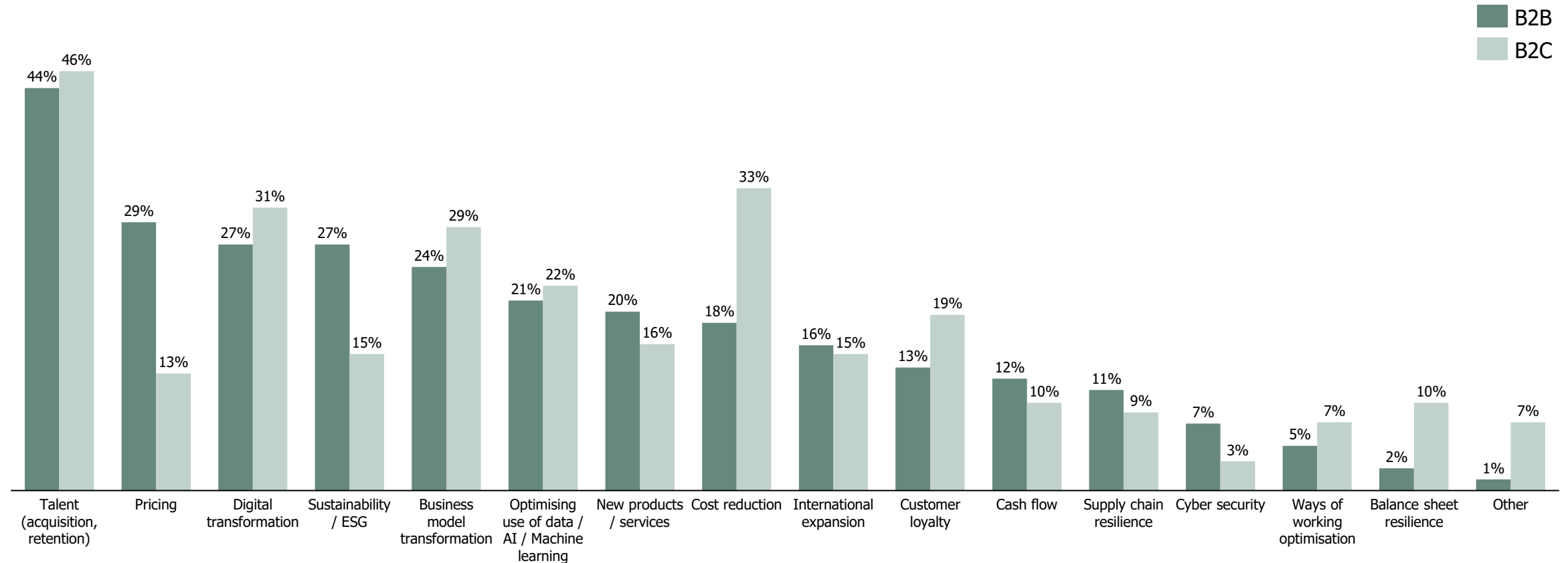
Jan 2023: UK n: 87, NL n: 107; April 2023: UK n: 111, NL n: 63

Note: 1) Participants could select a maximum of 3 answers, therefore percentages will not total 100, don't know responses are excluded; 2) Top 9 issues per country

Source: Eden McCallum Business Outlook Survey January 2023, April 2023: Q11 - What are the most important internal issues for your company over the next 1-2 years?

While Talent is the top internal issue for both B2C and B2B business leaders, for B2C leaders, cost reduction, digital transformation and business model transformation feature, while pricing, digital and ESG are high on the B2B agenda

INTERNAL FACTORS LIKELY TO IMPACT COMPANY PERFORMANCE – B2B VS B2C



B2B Industries n: 82; B2C Industries n: 94

Note: 1) Respondents could select up to 3 choices, hence percentages do not add to 100, and don't know responses are excluded

Source: Eden McCallum Business Outlook Survey April 2023: Q11 - What are the most important internal factors likely to impact your company's performance over the next 1-2 years?

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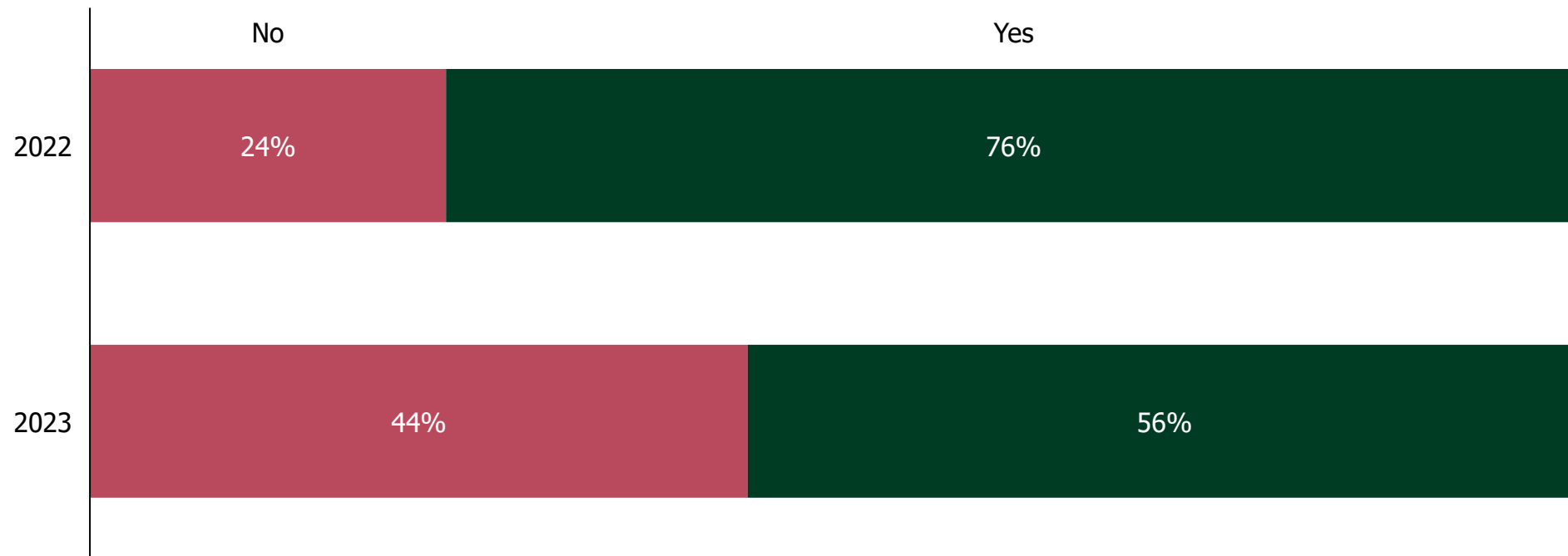
Generative AI

Appendix: sample details



Whilst three quarters of companies took some action in 2022 to help employees in response to the cost of living crisis, just over half have or intend to in 2023

ACTION IN RESPONSE TO THE COST OF LIVING CRISIS / INFLATION



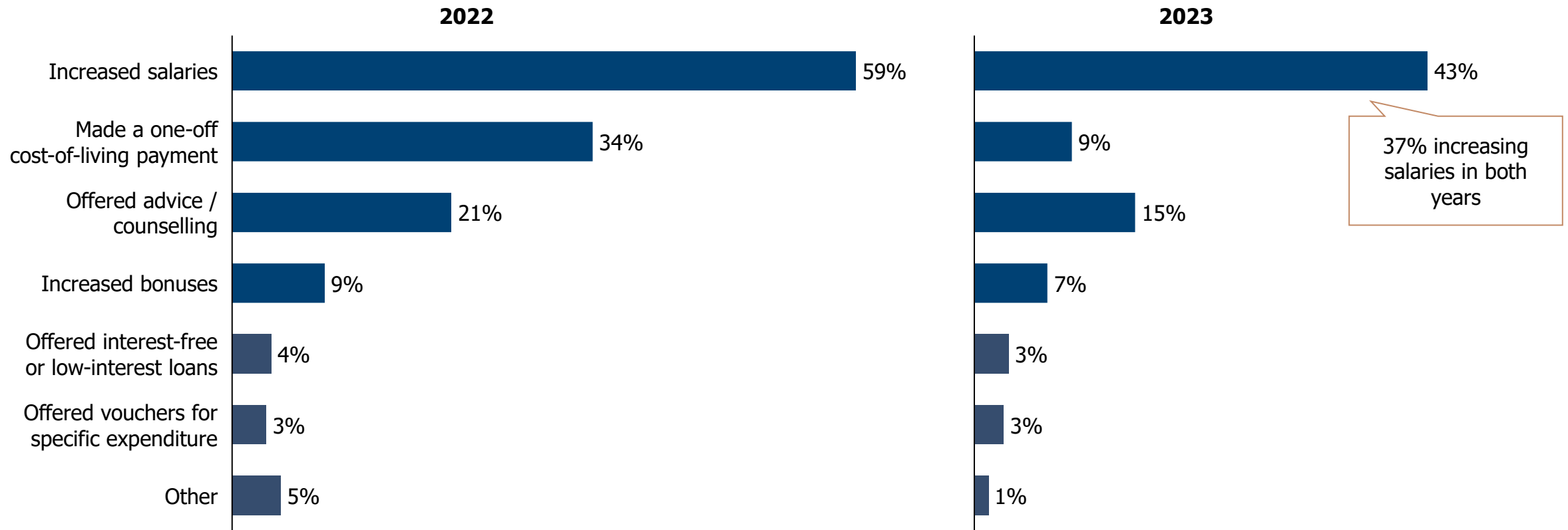
Action in 2022 total n: 201, Action in 2023 total n: 170

Note: 1) Don't know responses excluded

Source: Eden McCallum Business Outlook Survey April 2023: Q12 - Did your company take any action in 2022 to help employees in response to the Cost of Living crisis / inflation?; Q14 - In 2023, has your company taken any action – or does it plan to take any action – to help employees in response to the Cost of Living crisis / inflation?

6 in 10 companies increased salaries in 2022 and one-third made a one-off payment to employees in response to the cost of living crisis; those taking action in 2023 is lower; 37% of companies expect to raise salaries in both years

ACTION IN RESPONSE TO THE COST OF LIVING CRISIS / INFLATION



n: 218

Note: 1) Percentage of total number of respondents. Respondents could select all that apply, hence percentages do not add to 100%. N/A responses not shown.

Source: Eden McCallum Business Outlook Survey April 2023: Q13 - If yes, which of the following did your company do in 2022? Please select all that apply.; Q15 - If yes, which of the following did your company do – or does it plan to do - in 2023? Please select all that apply.

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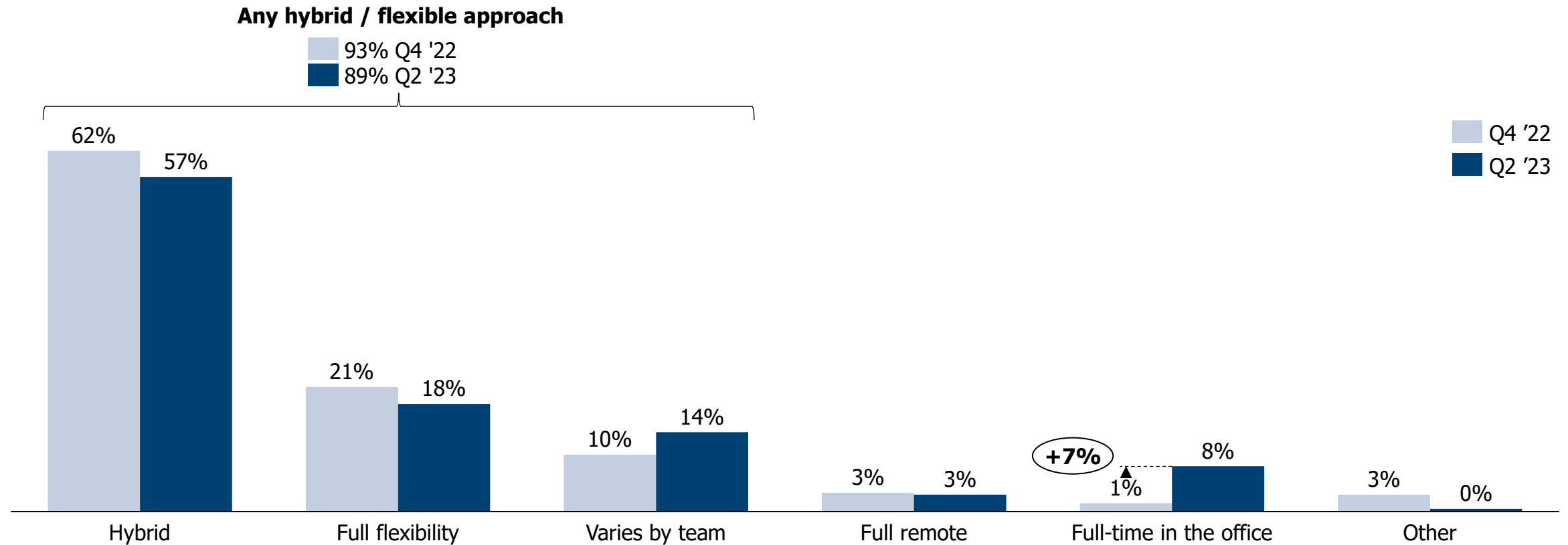
Generative AI

Appendix: sample details



9 in 10 companies continue to take a hybrid / flexible approach to WFH; businesses requiring employees to be in the office full time increased from 1% to 8% since Q4 2022

ORGANISATION'S APPROACH TO OFFICE WORKERS (Q4 '22 VS Q2 '23)



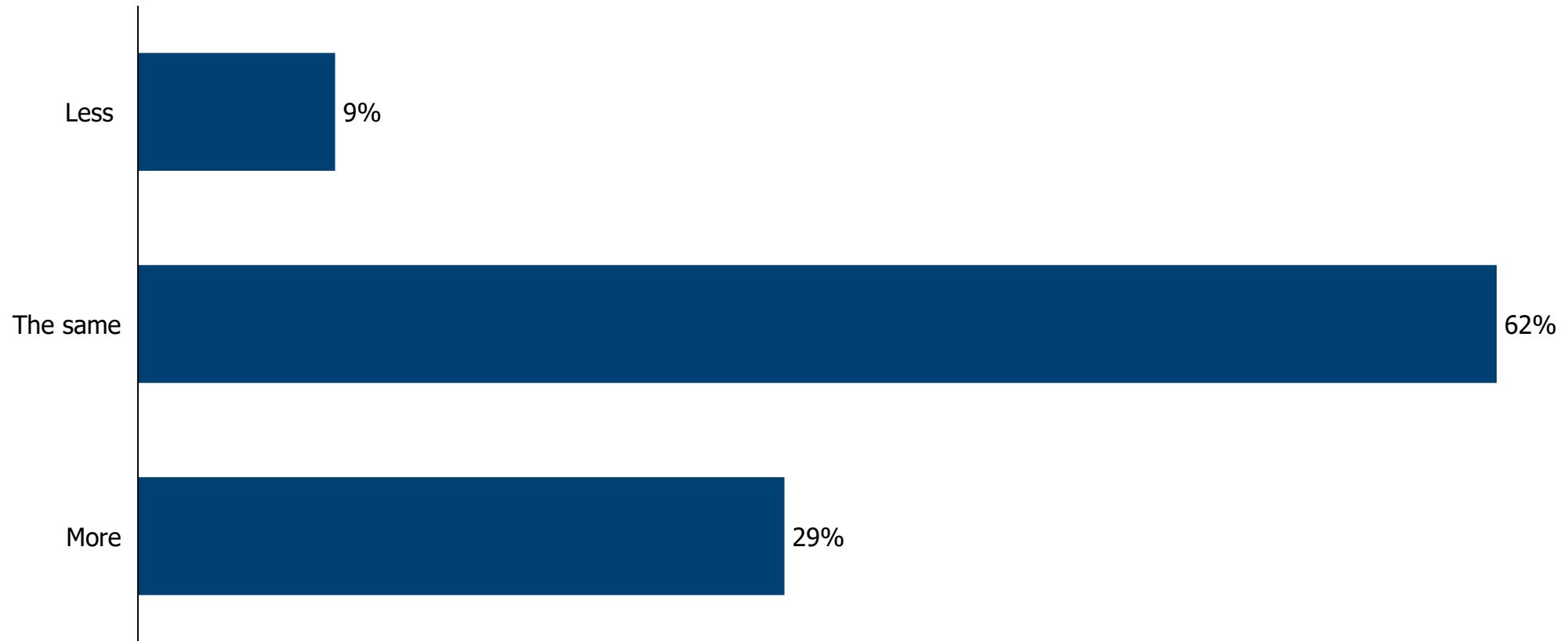
October 2022 n: 278; April 2023 n: 207

Note: 1) Don't know responses are excluded. Percentages may not add up due to rounding; 2) 2 respondents added into "hybrid" and 1 into "full flexibility" from other

Source: Eden McCallum Business Outlook Survey October 2022, April 2023; Eden McCallum Business Outlook Survey April 2023: Q19 – Thinking now about Ways of Working, and focusing on your company's office workers, which best describes your organisation's current approach?

6 in 10 business leaders expect no change in their organisation's WFH practices over the next 1-3 years; however 3 in 10 expect more office working

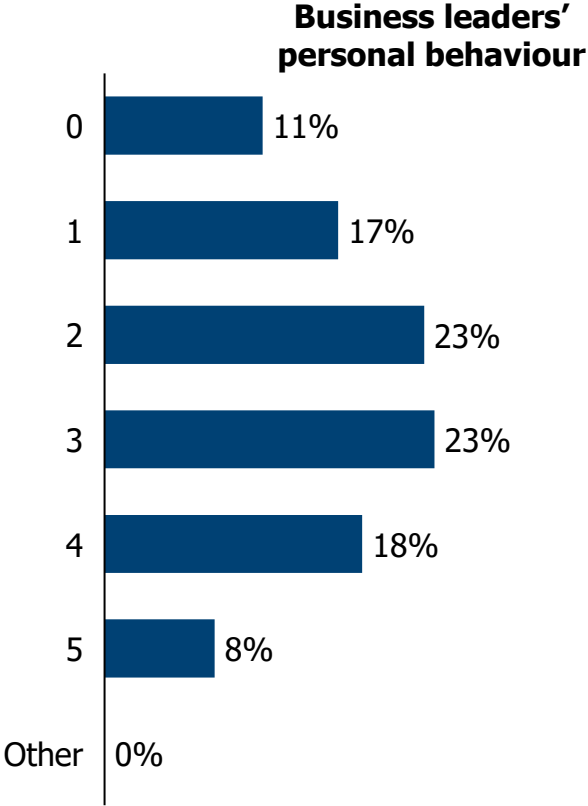
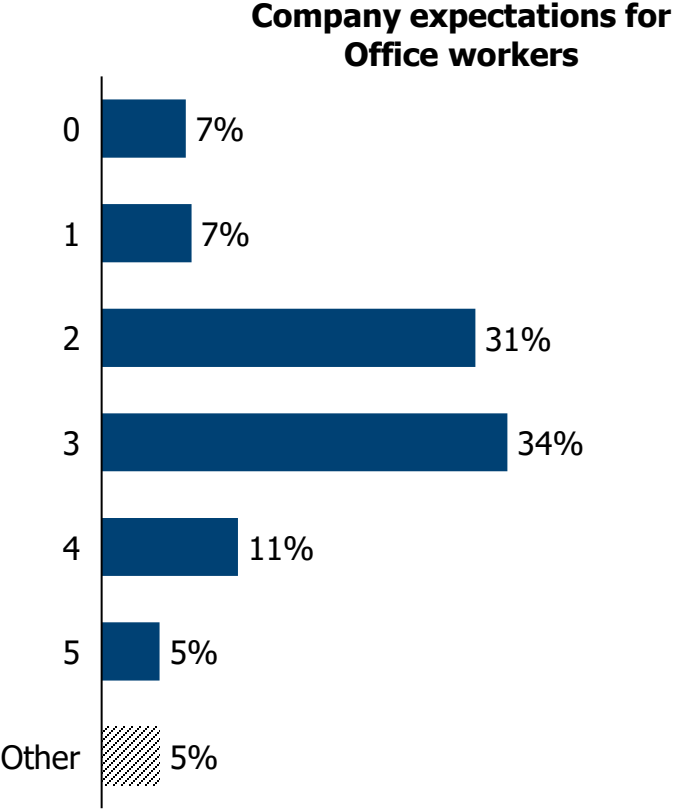
EXPECTED FUTURE APPROACH TO OFFICE WORKING – DAYS IN THE OFFICE PER WEEK OVER NEXT 1-3 YEARS



n: 201
Note: 1) Don't know and N/A responses are excluded
Source: Eden McCallum Business Outlook Survey April 2023: Q21 - Thinking now about the future (next 1-3 years), how do you expect your organisation's approach to office working to evolve?

Office workers are largely expected to be in the office 2 to 3 days per week; business leaders personal behaviour shows a broader range

AVERAGE NUMBER OF DAYS PER WEEK IN THE OFFICE



Company approach n: 208, Business leaders n: 205

Note: 1) For business leaders numbers, two respondents were excluded as they said they were a NED so it wasn't applicable to them

Source: Eden McCallum Business Outlook Survey April 2023: Q20 - On average, how many days per week are your company's office workers currently expected to be in the office? Please select one.; Q22 - Lastly, on average, how many days per week do you personally spend in the office? Please select one.

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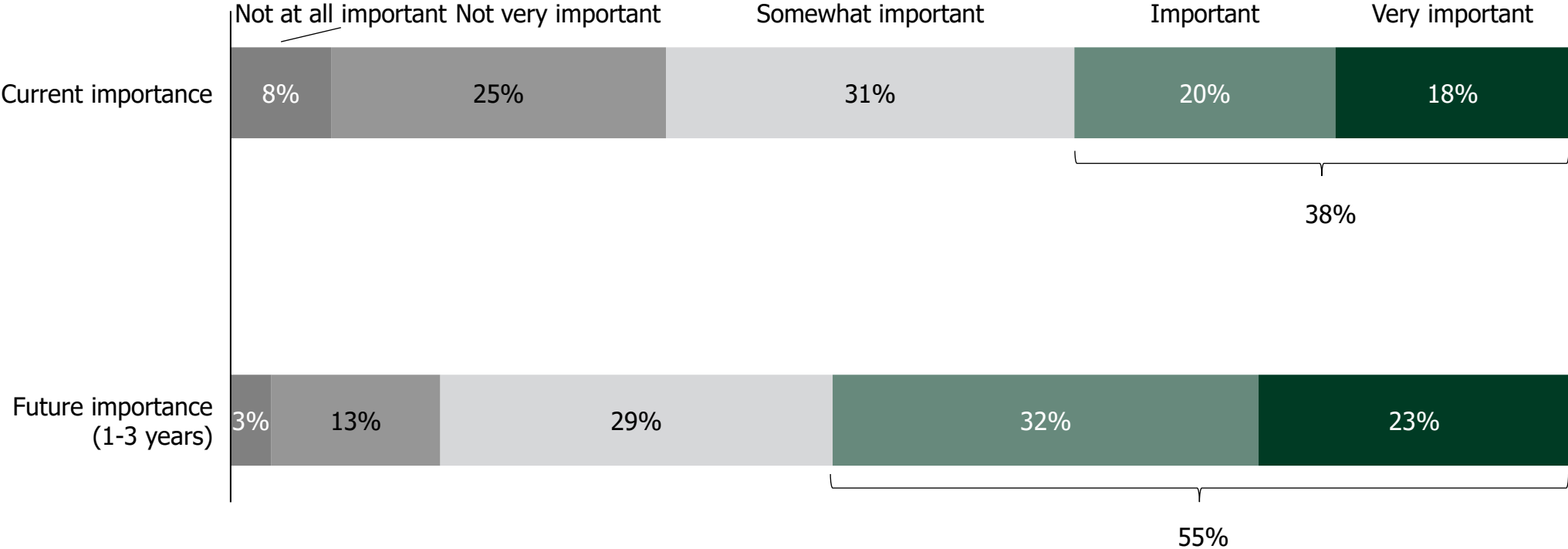
Generative AI

Appendix: sample details



Nearly 4 in 10 companies currently consider generative AI important to their organisation, increasing to 55% when asked about the future

IMPORTANCE OF GENERATIVE AI



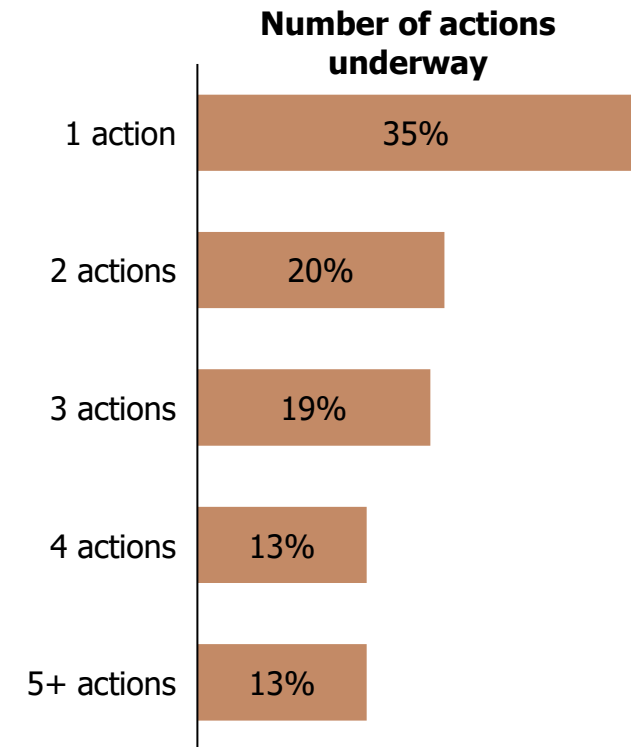
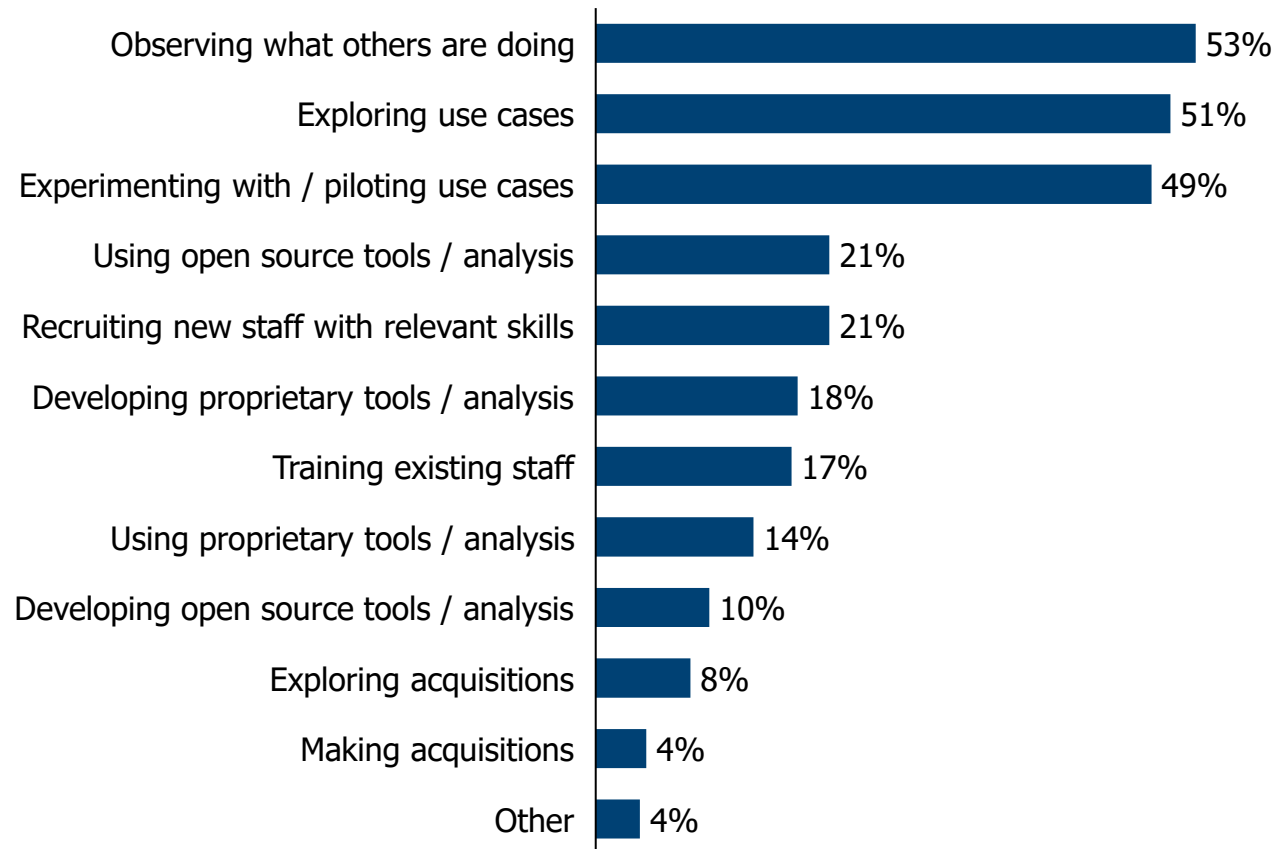
Current n: 200, Future n: 198

Note: 1) Don't know responses are excluded.

Source: Eden McCallum Business Outlook April 2023: Q16 - Thinking now about Generative AI, which of the following best describes your company's view of the current importance of Generative AI to your business / organisation? ; Q17 - And which best describes your company's view on the importance of Generative AI to your business / organisation in the future (next 1-3 years)?

Most of the action currently being taken on generative AI is exploratory: observing what others are doing or exploring / experimenting with use cases

CURRENT ACTIONS



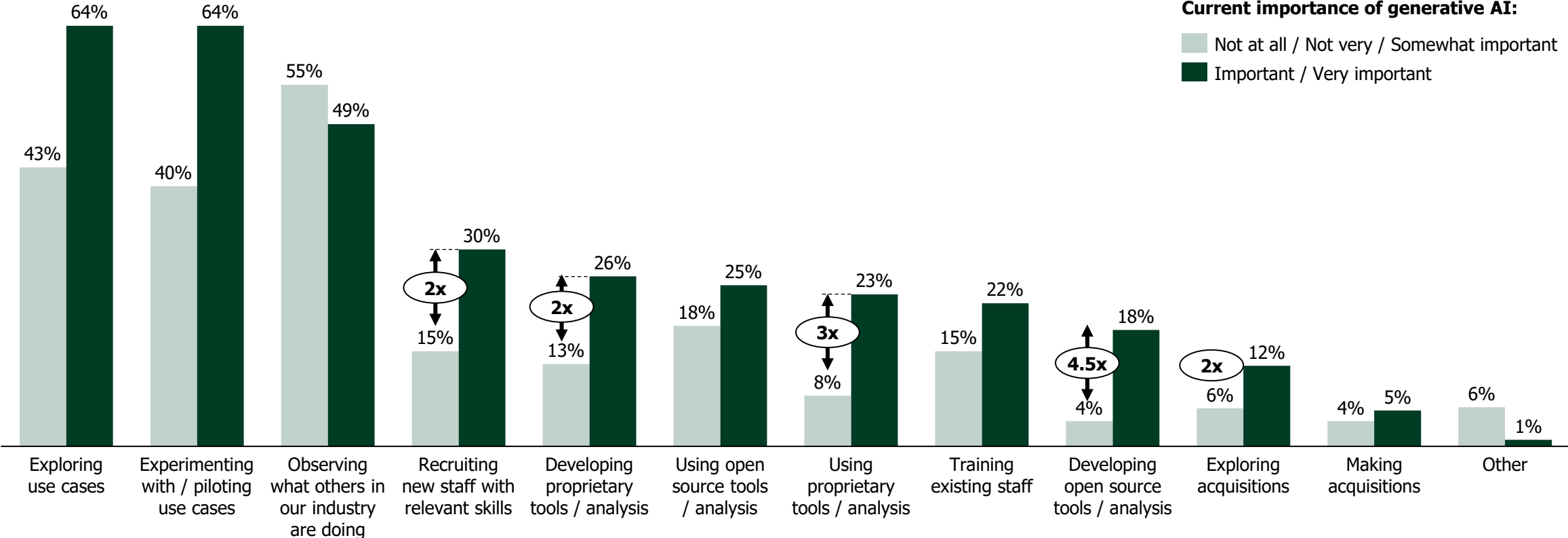
n: 178

Note: 1) Don't know responses are excluded. Respondents could select all that apply, hence percentages do not add to 100%. Percentages may not add up due to rounding.

Source: Eden McCallum Business Outlook Survey April 2023: Q18 - What is your company currently doing about / with generative AI? Please select all that apply.

Companies that currently view generative AI as important are much more engaged in proactive efforts such as staff recruitment and developing/using both proprietary and open source tools

CURRENT ACTIONS IN GENERATIVE AI



Not at all important + Not very important + Somewhat important n: 103, Important + Very important n: 73
 Note: 1) Don't know responses excluded. Respondents could select all that apply, hence percentages do not add to 100%.
 Source: Eden McCallum Business Outlook Survey April 2023: Q18 - What is your company currently doing about / with generative AI? Please select all that apply.

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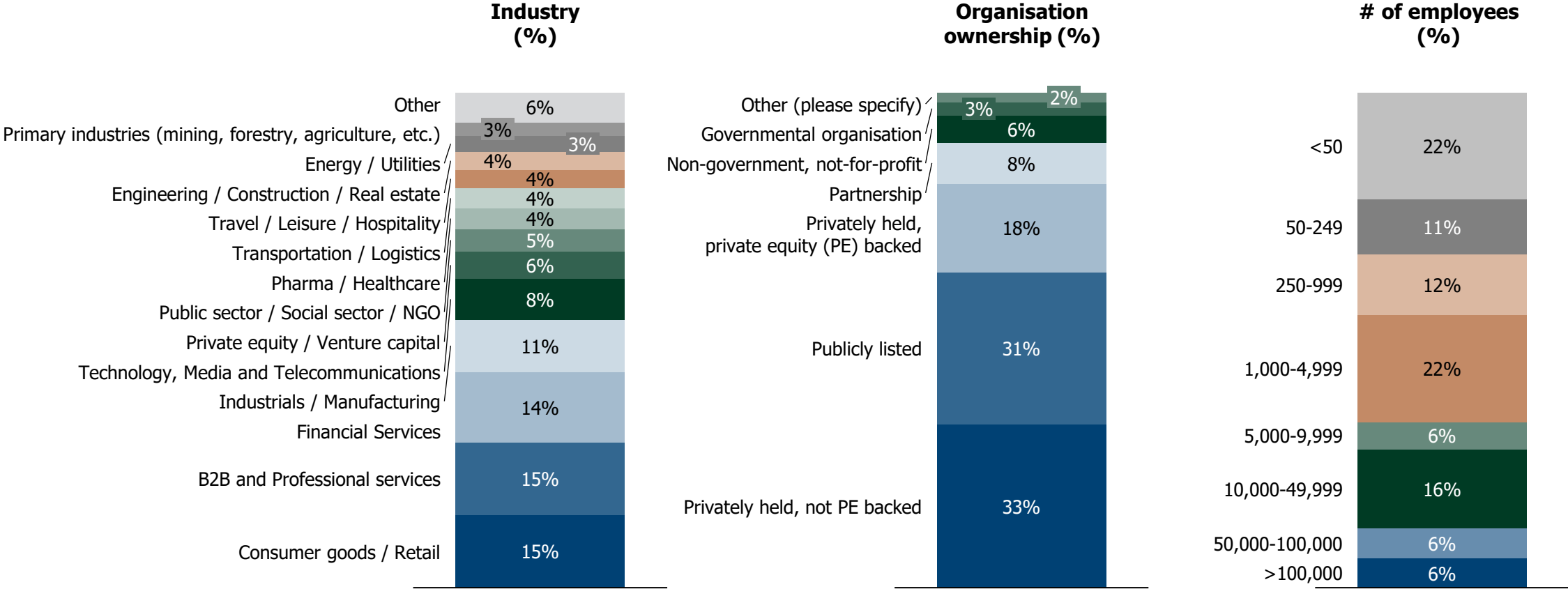
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Survey sample information

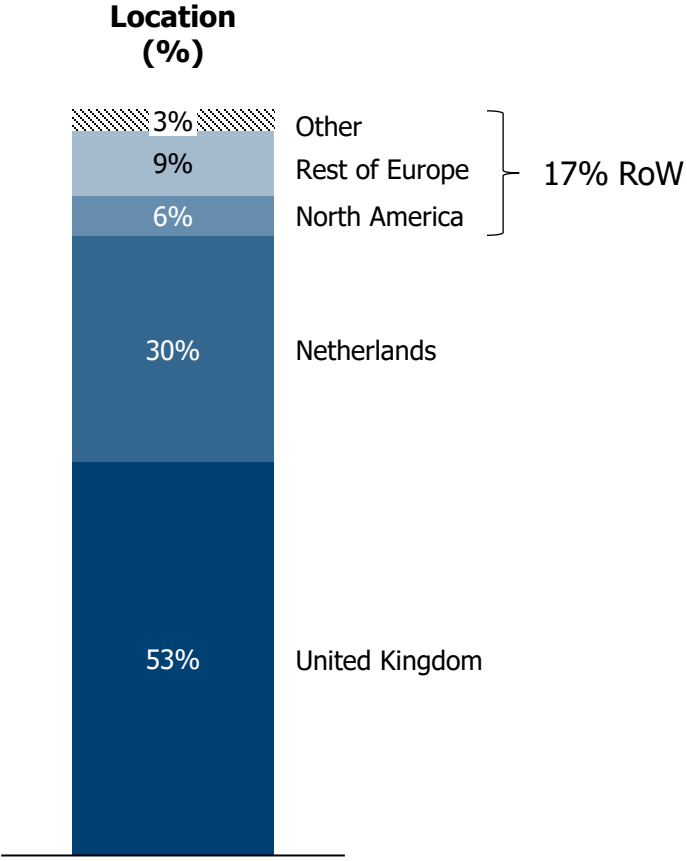
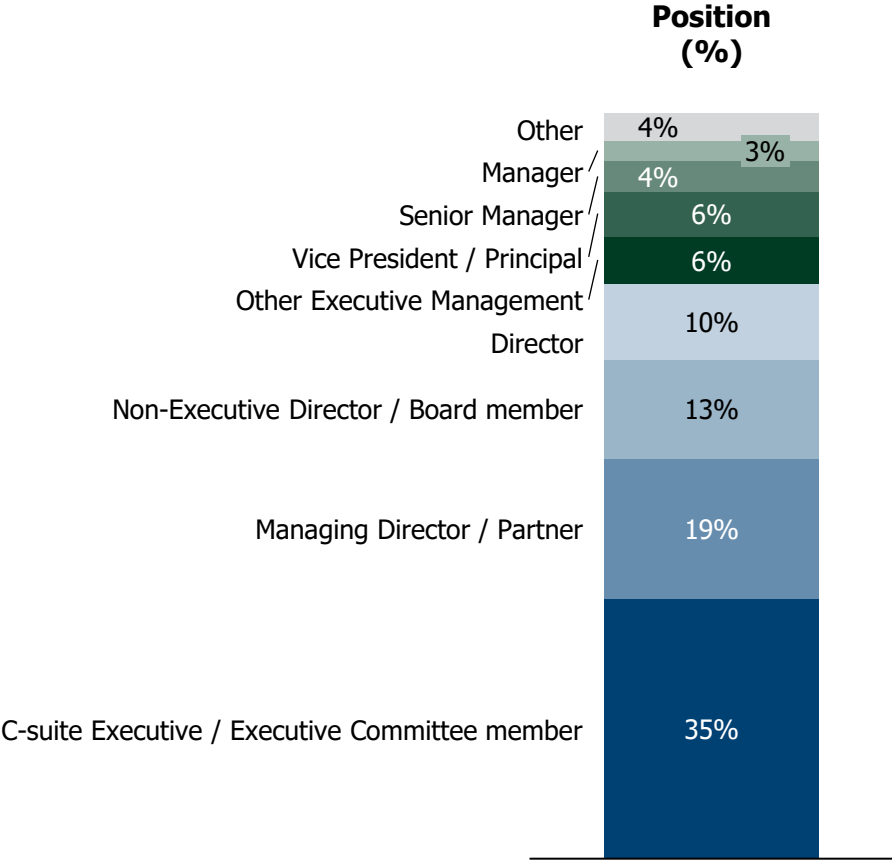
KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS' ORGANISATIONS



n: 218
 Source: Eden McCallum Business Outlook Survey April 2023: Q1 - What industry is your company / organisation in? ; Q4 - How would you best describe your organisation? Please select one.. ; Q2 - How many people does your company / organisation employ in total?

Survey sample information

KEY FACTS ABOUT THE SAMPLE SURVEY RESPONDENTS



n: 218
 Note: 1) Other includes: South Africa, Australia, Israel, Nepal, UAE. Numbers may not add up to 100% due to rounding
 Source: Eden McCallum Business Outlook Survey April 2023: Q5 - Which of the following best describes your role within your organisation?; Q3 – In which country do you live?