

27th Annual Global CEO Survey Report: Bangladesh perspective

Thriving in the era of continuous reinvention



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01 Introduction

Last year, we published the Bangladesh edition of PwC's Annual Global CEO Survey for the first time. In that survey, only 47% of the CEOs in Bangladesh stated that their present business models would remain relevant for the next 10 years and beyond. About another half of the CEOs stated that they did not think their present business model would remain relevant for the next 10 years.¹

The reinvention imperative suggested by these findings led many CEOs in Bangladesh and in other parts of the world to start thinking deeply about the state of their business and its future.

A sizeable number of the 4,702 CEOs who participated in PwC's 27th Annual Global CEO Survey expressed optimism about the growth of the global economy. At the same time, about 45% were not confident that their business would survive another 10 years by staying on the current course.

Bangladesh has been clocking impressive macroeconomic growth over the last five years. At the same time, it had to weather quite a few macroeconomic shocks – from high inflation to low foreign currency reserves to a sudden rise in energy prices. CEOs in Bangladesh have been dealing with these short-term issues to sustain the profitable growth of their respective businesses. At the same time, they are also undertaking transformation initiatives to keep their organisations relevant in the future.

This year, more CEOs from Bangladesh have participated in our survey. The impetus to reinvent is intensifying among them. These CEOs expect more pressure over the next three years than they experienced over the previous five from technology, climate change and nearly every other megatrend affecting global business.

The urge to critically view their own businesses is growing among CEOs in Bangladesh. About 57% of these CEOs told us that they did not think their business would remain viable for the next 10 years. This is an increase 50% in last year's survey.

Globally, CEOs perceive enormous inefficiencies across a range of their companies' routine activities – everything from decision making meetings to emails – viewing roughly 40% of the time spent on these tasks as inefficient. A conservative estimate of the cost of that inefficiency would be roughly equivalent to a self-imposed USD 10 trillion tax on productivity. Interestingly, CEOs in Bangladesh also observed a similar degree of inefficiency in their day-to-day work.

Like their global counterparts, CEOs in Bangladesh have undertaken a number of climate-friendly initiatives. With the right policy support and incentives, these organisations are likely to excel further and make meaningful accomplishments in managing climate challenges.

The most noteworthy finding to emerge from this year's survey is the linking of CEO compensation with climate goals. While this is largely followed in multinational businesses with operations in Bangladesh, the trend is here to stay – and possibly expand.

We are thankful to all CEOs in Bangladesh who took the time to participate in this survey. This report reflects their collective perspectives on business in Bangladesh. For a holistic view of CEO perspectives across geographies, please refer to PwC's 27th Annual Global CEO Survey.²



Arijit Chakraborti

Director and Office Managing Partner
PwC Bangladesh

¹ https://www.pwc.com/bd/en/assets/pdfs/research-insights/2023/25767_Global%20CEO%20Survey%20Bangladesh%20Edition-Final.pdf

² <https://ceosurvey.pwc/>

A sizeable number of CEOs in Bangladesh have already embarked on some kind of transformation project for their organisation. Concerns around short-term macroeconomic volatility and keeping their businesses on the course of profitable growth are also evident.

To understand the responses of the CEOs better, we have classified their responses into three distinct imperatives and eight distinct sets of topics under the imperatives:

01

The reinvention imperative

Reviewing the state of the economy and CEOs' anxiety about the long-term viability of their business models:

- An enduring imperative to reinvent
- Pressures and threats

02

Looming existential change

Examining the status of the two megatrends – climate change and technological disruption – and opportunities to spur further reinvention:

- Planetary work in progress
- Technological advancements: Industry 4.0 and AI

03

The CEO's reinvention playbook

Outlining essential actions that companies can take in order to jump-start continuous reinvention:

- Turn barriers into opportunities
- Pinpoint your most important moves
- Recalibrate expectations for climate priorities
- Keep your antennae out

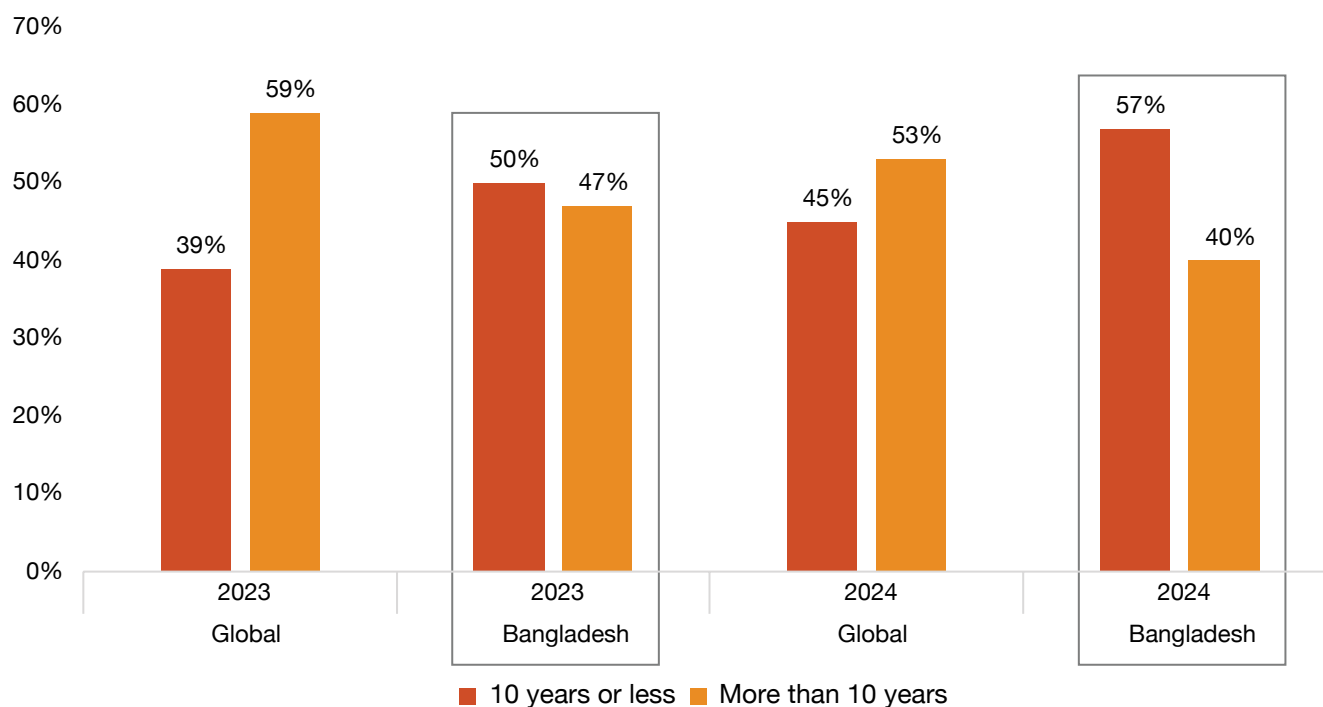


2.1. An enduring imperative to reinvent

Technological disruption, climate change and other global megatrends³ are continually reshaping markets and compelling CEOs in Bangladesh to adapt to these changes just like their global counterparts. In this year's survey, 95% of the CEOs in Bangladesh stated that they took at least some steps to change how they created, delivered and captured value over the past five years. During that time, 72% of CEOs in Bangladesh took at least one action that had a significant impact on their company's business model. Despite measures being taken, there has been a worrying decrease in CEOs' optimism about business viability beyond the next decade in both the local and global context, and this number has dropped even lower in Bangladesh. While 45% of CEOs globally doubted their company's current trajectory would keep them viable beyond the next decade – up from 39% just 12 months earlier – in Bangladesh, 57% of CEOs believed that their current business model would not be viable for more than ten years – up from 50% last year.

CEOs' increasing doubts about long-term business survival highlight the accelerating reinvention imperative.

Question: If your company continues running on its current path, for how long do you think your business will be economically viable?



Note: Percentages shown for a given year may not total 100 due to rounding.

³ <https://www.pwc.com/gx/en/issues/assets/pdf/pwc-megatrends-october-2022.pdf>

“ We see a rising number of CEOs in Bangladesh who are impelled to critically assess their organisation’s long-term relevance with respect to global megatrends such as climate change and technological advancements. This is indicated by the increasing number of CEOs estimating the relevance of their present business to be less than 10 years.”

Arijit Chakraborti

Director and Office Managing Partner
PwC Bangladesh

“ CEOs in Bangladesh continue to deal with the short-term challenges and long-term opportunities for their business. An increasing number of CEOs are leading the transformation of their organisations through technology adoption, driving impactful changes and delivering meaningful results for their stakeholders.”

Mamun Rashid

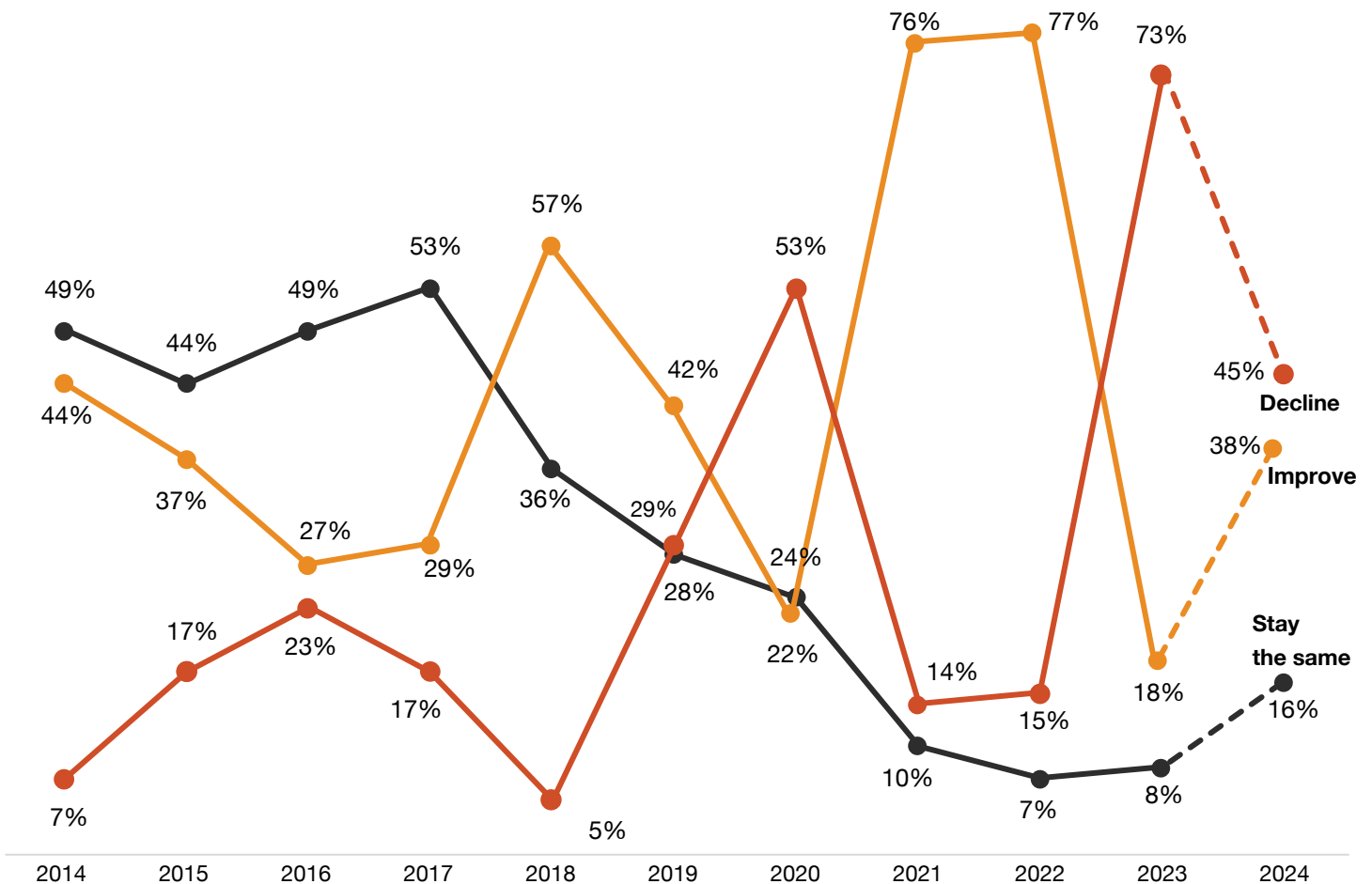
Country Clients and Markets Leader
PwC Bangladesh

Globally, the intensification of CEOs’ concerns about corporate viability, however, does not appear to reflect near-term economic concerns. Compared to the previous year, fewer CEOs anticipate a decline in global economic growth, and a higher number expect an improvement in 2024 (38% compared to 18% last year).



Globally, CEOs are twice as likely to expect the global economy to improve this year compared to last year.

Question: How do you believe economic growth (i.e. gross domestic product) will change, if at all, over the next 12 months in the global economy? (Global CEOs)

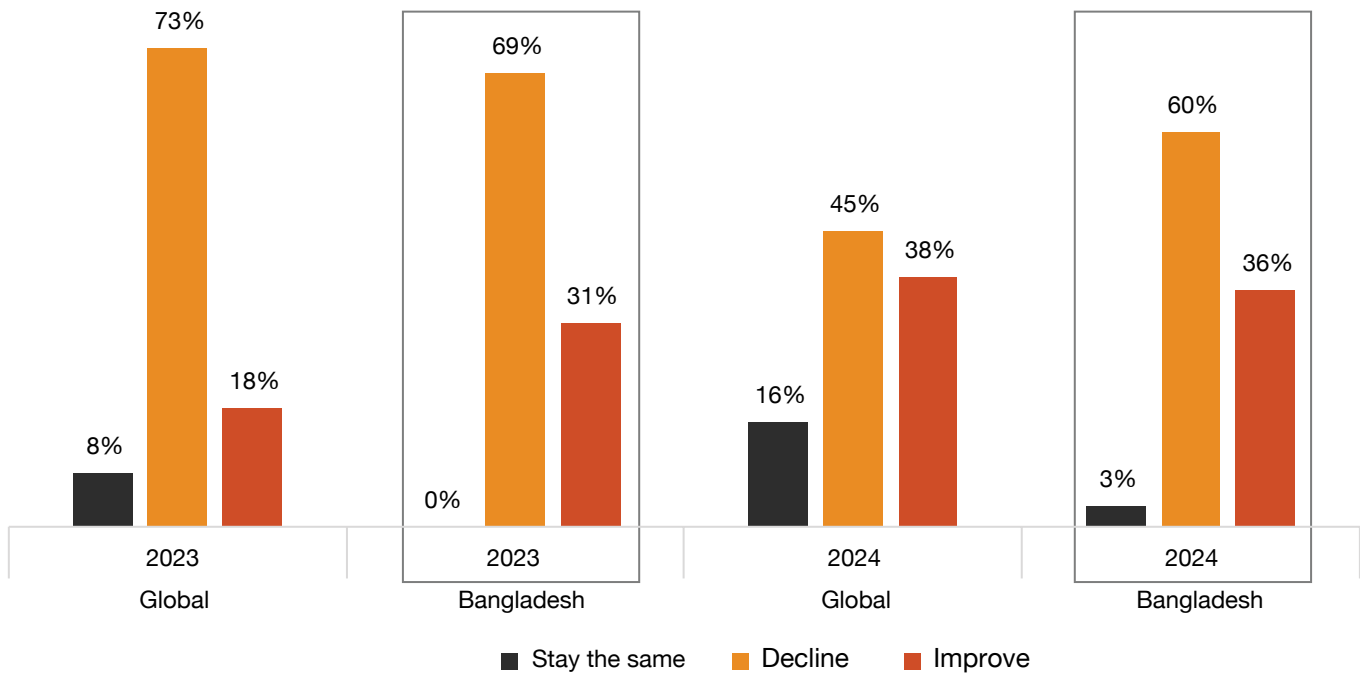


CEOs in Bangladesh have a similar outlook about the local economy. In our survey, 36% of Bangladesh CEOs anticipate an improvement of the economic growth rate, compared to 31% from last year. In last year's CEO Survey,⁴ 69% of the CEOs in Bangladesh anticipated a decline in the economic growth of the country, however, this year, the percentage has lowered to 60%. This indicates that Bangladesh CEOs believe that the economic growth of the country is likely to improve compared to last year.

⁴ https://www.pwc.com/bd/en/assets/pdfs/research-insights/2023/25767_Global%20CEO%20Survey%20Bangladesh%20Edition-Final.pdf

CEOs are more likely to expect Bangladesh's economy to improve in the coming 12 months. About 36% are expecting the economic growth rate to improve, compared to 31% in our survey last year.

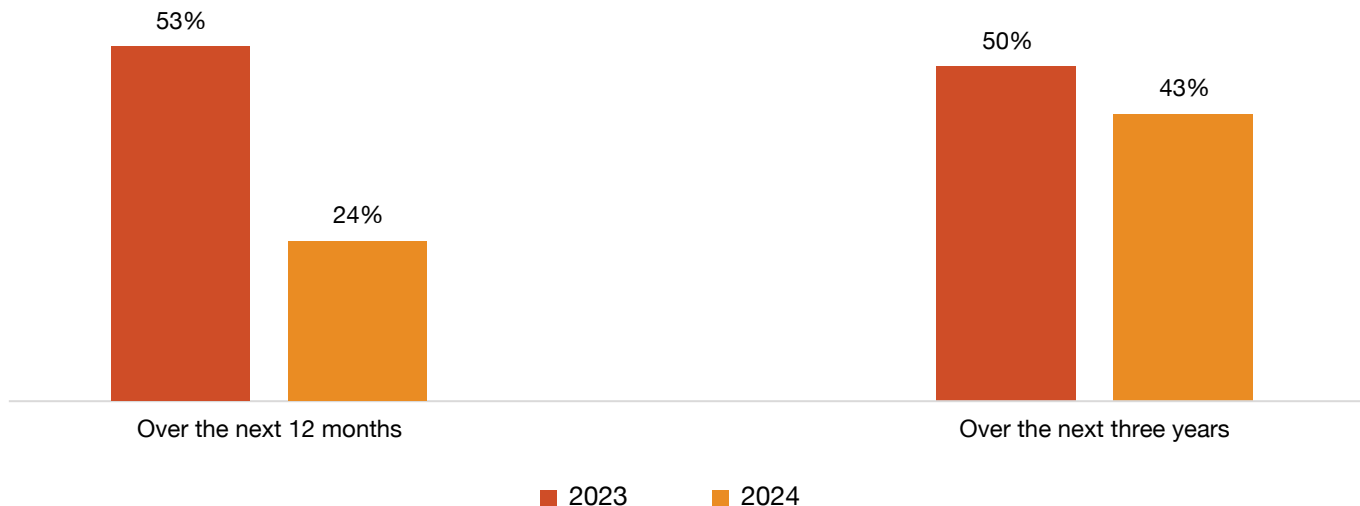
Question: How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months in your territory?



When asked about their company's prospects for revenue growth, we observed a decline in Bangladesh CEOs' confidence both in the next 12 months and the next three years. However, the alarming fall in confidence among more than 50% over the next 12 months prompted us to dive deeper into the key threats and pressures that may be amplifying the impact of the megatrends and impacting CEOs' confidence.

There is an alarming decrease in CEOs' confidence about revenue growth over the next 12 months.

Question: How confident are you about your company's prospects for revenue growth?



“ The mid-term and long-term macroeconomic prospects of Bangladesh are fantastic. Bangladesh is an almost half-a-trillion-dollar economy now. The sector we are in, FMCG, reflects the pulse of the national economy. While there will be a few short-term challenges, the long-term view of this sector is that it can only grow forward.”

Zaved Akhtar

Chairman and Managing Director
Unilever Bangladesh

“ The building materials industry will continue to be influenced by the government’s decision to spend on infrastructure development. Irrespective of that, big companies will continue to grow through consolidation in the short-to-medium term, while smaller organisations will struggle if there isn’t enough stimulus in the economy to sustain them.”

Iqbal Chowdhury

CEO
LafargeHolcim Bangladesh

When we looked at the top six countries chosen by Bangladesh CEOs as the countries that will play a key role in boosting their company’s revenue growth prospects in the next 12 months, we notice a strategic continuity in the CEOs’ outlook with respect to their responses last year. These countries are also some of the top trading partners of Bangladesh. However, there are a few noticeable shifts on the importance of some countries when it comes to company’s prospect of revenue growth. For instance, India has entered the list of top six countries by importance in our survey this year, surpassing the importance of the US and the UK. Bangladesh CEOs anticipate that the trading partnership with India will play a leading role in influencing revenue growth in the coming 12 months. Such change in responses led us to delve into recent developments on bilateral relationships of trade and commerce. Notably, seven memorandums of understanding (MOUs) were signed between Bangladesh and India in September 2022.⁵ These agreements, ranging from water sharing to technology collaboration, signal stronger bilateral cooperation. Bangladesh and India have introduced the taka-rupee dual currency debit card in an effort to lessen reliance on other intermediary currencies and promote regional trade. Moreover, discussions regarding a bilateral Comprehensive Economic Partnership Agreement (CEPA) between the two economies are also ongoing.

Significant developments have also been made in Bangladesh’s relationship with the UK. In June 2023, the UK’s adoption of the Developing Countries Trading Scheme (DCTS),⁶ a liberalised Generalised System of Preference (GSP) scheme, will help exporters from Bangladesh as it prepares to graduate from the least developed country (LDC) status in 2026.⁷

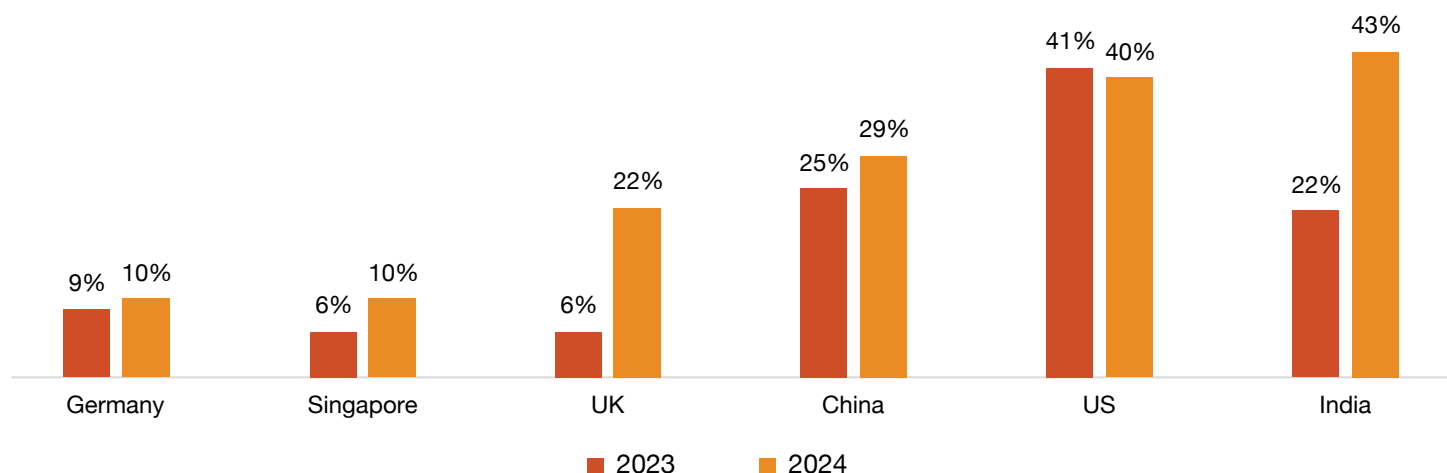
⁵ https://www.mea.gov.in/Portal/ForeignRelation/India_Bangladesh_bilateral_brief.pdf

⁶ https://www.wto.org/library/events/event_resources/devel_2002202315/71_298.pdf

⁷ <https://www.un.org/ldcportal/content/bangladesh-graduation-status>

While Bangladesh's top trading partners will continue to remain important, CEOs in Bangladesh anticipate that India will play a major role in companies' revenue growth.

Question: Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company's prospects for revenue growth over the next 12 months?



Understand – and embrace – continuous reinvention

As the pressure to adapt rises, more CEOs will prioritise big moves to support business model reinvention. Though this is necessary, it is rarely sufficient. PwC research finds that top companies focus not only on their business model, but also on the operating and technology models that enable them – and they do so continuously. The mindset change and management challenges involved are huge. To win, leaders must consider a broader range of initiatives and apply them in combination (for example, investing in service partnerships to close operating-model capability gaps and keep pace with technology advancements, which in turn allows the company to focus on what it does best). The good news is that the reward for getting it right is also huge: winning companies capture a performance premium, measured as the combined effect of profit margin and revenue growth, adjusted by industry, worth more than 13 times that of their peers.⁸

Companies in Bangladesh have made some noteworthy achievements. Plastic negative position is an example. A leading FMCG company in Bangladesh has been running its operations as plastic-negative, i.e. they collect more plastics from the market than they supply as part of their product packaging and other components. This helps the overall climate agenda in two ways – the company reduces its carbon footprint and more plastic gets scientifically processed instead of ending up at landfills.

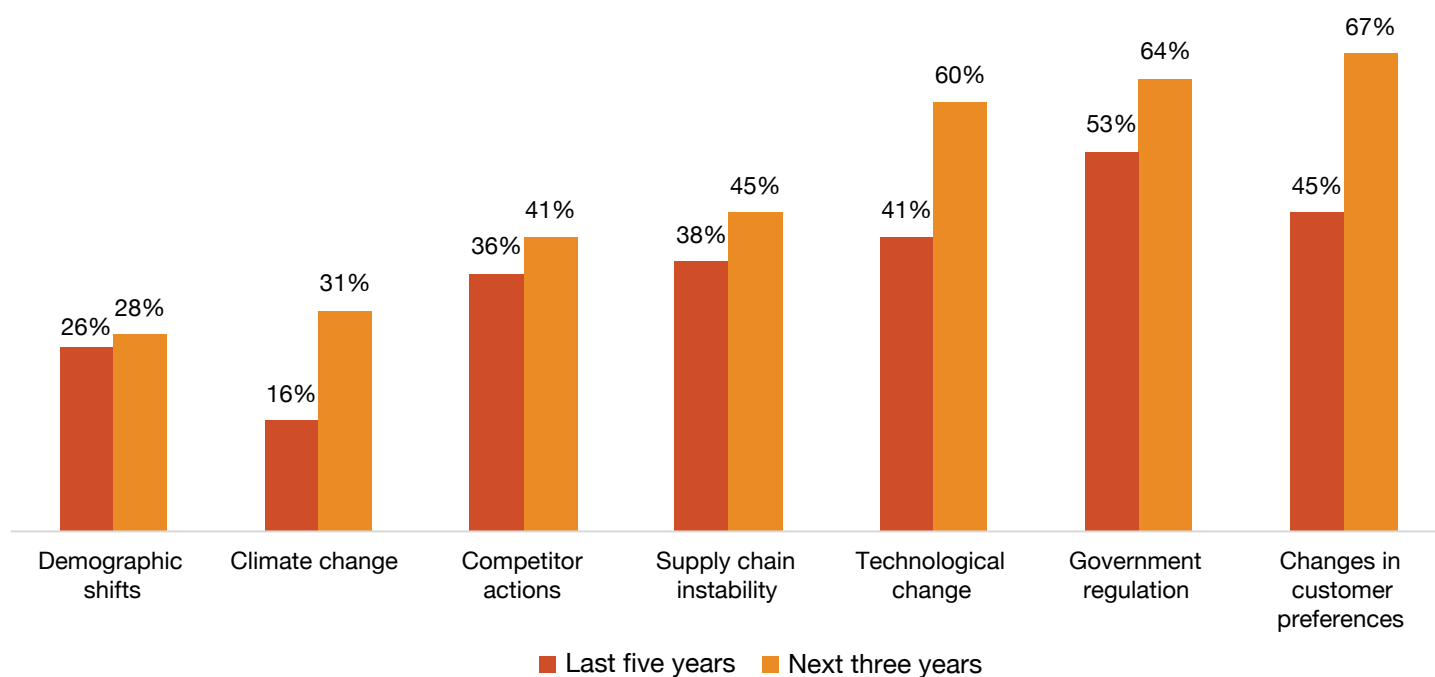
⁸ <https://www.pwc.com/gx/en/issues/transformation/accelerating-performance-in-a-winner-takes-most-world.html>

2.2. Pressures and threats

Another clear indication of the growing necessity to re-invent is the significant rise in the pressure that CEOs expect to face in the next three years from factors influencing changes in the business model. 53% of Bangladesh CEOs cited government regulations as one of the key factors that had a large or a very large impact on their business model in the last five years. On the other hand, changing customer preferences has been identified as the key factor that will drive change in the next three years by 67% of the CEOs in Bangladesh.

Compared to the last five years, CEOs in Bangladesh expect the impact of climate change on their business model to be doubled in the next three years.

Question: Please indicate the extent to which the following factors have driven/will drive changes to the way your company creates, delivers and captures value in the last five years/next three years.

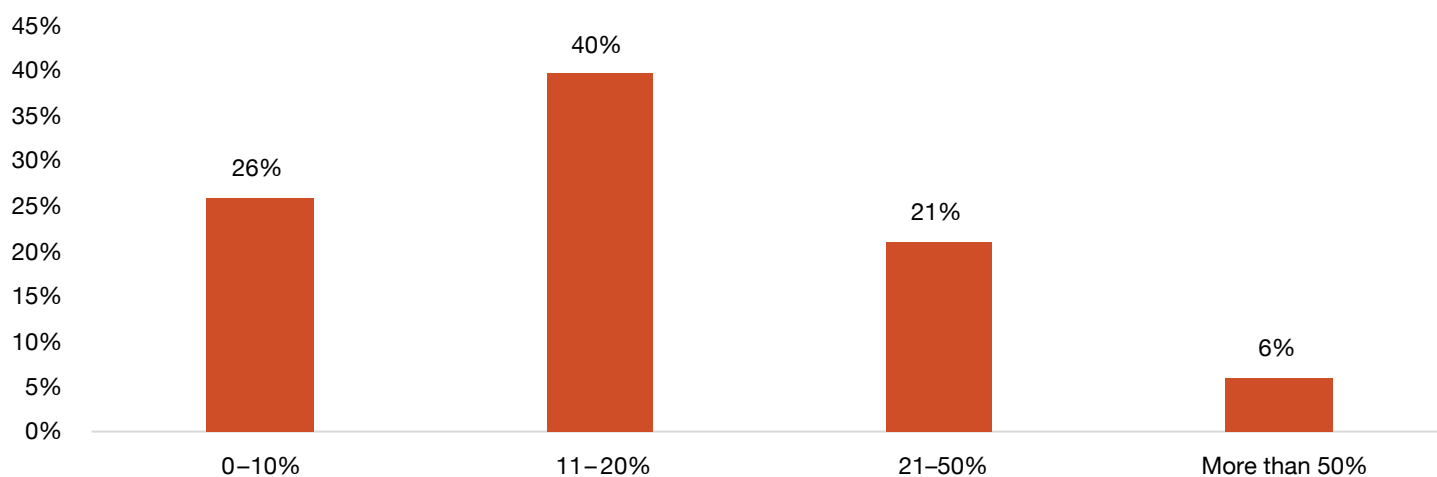


A 2022 PwC study⁹ shows that project-level and business-level resource re-allocation is important for enhanced corporate performance. Frequent resource re-allocation is associated with profitability, highlighting its importance for CEOs' attention. More than two-thirds of CEOs in Bangladesh reported 20% or less resource reallocation from year to year. Limited resource re-allocation in companies can significantly restrict businesses' ability to explore novel concepts, adopt innovative practices and develop innovative products.

⁹ <https://www.pwc.com/gx/en/issues/value-creation/the-overlooked-power-of-day-to-day-dynamism.html>

More than two-thirds of CEOs in Bangladesh reported less than 20% resource reallocation from year to year.

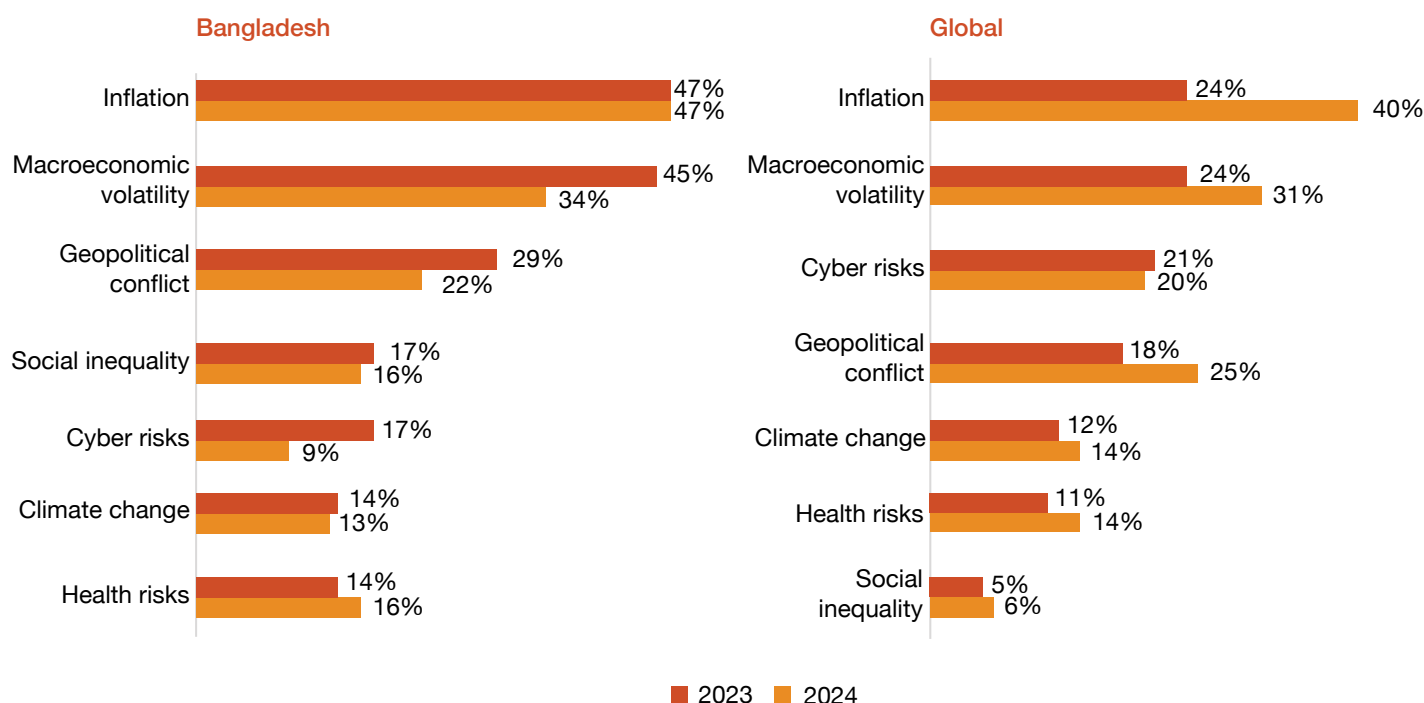
Question: What share of your company's resources (financial and human) do you and your management team reallocate across your businesses from year to year?



Globally, the growing importance of long-term trends stands in contrast to CEOs' perceptions of exposure to several near-term threats. Other than cyber risk which noted a 1% increase, CEOs feel less threatened by the other near-term threats compared to previous year, in line with their expectations of improvement in the global economic growth. In terms of exposure to near-term threats, there is a stark difference in the perception of CEOs in Bangladesh from their global counterparts.



While CEOs globally are feeling less threatened, CEOs in Bangladesh are more exposed to near-term economic vulnerabilities.



When asked to evaluate their company's exposure to key threats in the next 12 months, Bangladesh CEOs expressed their concerns regarding all the threats except that of health risks compared to the previous year. The notable decline in health risks can be attributed to the declining COVID-19 cases from 1,44,744 in February 2022 to 295 cases in September 2023, as per World Health Organization (WHO) and government data.¹⁰

However, inflation projections by the United Nations and the International Monetary Fund (IMF) contrasts with the local sentiment expressed by CEOs in Bangladesh. Data from UN's World Economic Situation and Prospects (WESP) report 2024, and IMF forecasts consumer price inflation in Bangladesh to moderate to 6.8% and 7.25% by the end of FY24, respectively, much lower than the Bangladesh Bank's 12-month average of 9.48% in December 2023.^{11,12,13} Such a large gap indicates the complexity of economic dynamics in the emerging economic landscape of the region where macro-level forecasts may not capture the intricate obstacles faced by businesses locally. The near-term economic concerns also explain the reason behind higher number of CEOs' expressing concerns about the viability of their business.

¹⁰ <http://103.247.238.92/webportal/pages/covid19.php>

¹¹ https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP_2024_Web.pdf rsf#:~:text=Helped%20by%20continued%20monetary%20policy,account%20of%20elevated%20inflation%20expectations.

¹² <https://www.imf.org/en/News/Articles/2023/12/12/pr23440-bangladesh-imf-exec-board-concludes-2023-art-iv-consult-completes-1st-rev-ecf-eef-rsf#:~:text=Helped%20by%20continued%20monetary%20policy,account%20of%20elevated%20inflation%20expectations>

¹³ <https://www.bb.org.bd/en/index.php/econdata/inflation>



Understand how megatrends interconnect



By analysing the trends which impact the region and industry in which a company operates, CEOs can start to identify opportunities that make the most of a company's strengths. Clustering the trends based on commonality helps draw out their potential impact and identify how they reinforce one another. Consider, for example, how technology and climate change might interact with regulations and customer preferences to compel a wholesale reconfiguration of our entire industrial system. CEOs will need to consider what not only customers but also suppliers, business partners, investors, regulators, other stakeholders and the society at large really wants. When a CEO is running an organisation or supervising its management, the task at hand is to envision the future ecosystem in which the CEO intends to operate. Beyond understanding which types of companies will perform what roles, CEOs have to develop a clear view of how value pools of their products and services are going to shift.

The CEO's understanding of the link between technological advancements and climate change should also be supplemented with local infrastructure and a sound regulatory ecosystem. For example, electric vehicles (EVs) is a great way for companies to reduce fossil fuel consumption. However, the infrastructural ecosystem in Bangladesh does not offer ample EV charging facilities in the country. This is why a leading company in the industrial products manufacturing sector of Bangladesh has adopted a two-prong strategy for EV adoption. Instead of changing their fleet on the street, they have modernised all their in-factory vehicles to EVs and installed charging stations within the factory premises. As a result, the overall fossil fuel consumption of the company has reduced to a large extent without them being dependent on external infrastructural support.

2.3. Planetary work in progress

The approach taken by companies in Bangladesh to address climate-related concerns can be classified into three key categories: transition, adaptation and decarbonisation. Unlike the global landscape, CEOs in Bangladesh are making substantial progress in preparing for a shift towards sustainability and resilience in the face of climate change. This includes upskilling and reskilling their workforce and actively implementing nature-based solutions to align with the evolving climate-driven business model. As we had identified last year, the need for upskilling has now become a business imperative to create a resilient workforce and many CEOs have made progress on this front.¹⁴

“Agrochemical solutions for crop protection are becoming increasingly more environment friendly with approved green chemistry over bio-pesticides. The goal is to substitute bio-pesticides with new generation agrochemicals that are more cost effective and affordable for the farmers.”

Shusmita Anis

Managing Director
ACI Formulations Ltd.

Like global respondents, Bangladesh CEOs have stated prioritising energy efficiency and climate-oriented innovation initiatives. Approximately two-thirds of CEOs reported ongoing efforts to improve energy efficiency, while another 9% have successfully completed such initiatives. Additionally, nearly half of the CEOs stated that their companies are actively innovating to develop and deliver climate-friendly products and services.

“In my organisation, not just the CEO’s compensation but also the compensation of the whole senior executive rank is linked with the ESG goals. Linking pay with ESG goals has essentially increased accountability manifold, and we are seeing positive developments with more climate-friendly products and services being developed.”

Iqbal Chowdhury

CEO, LafargeHolcim Bangladesh

¹⁴ 26th Annual Global CEO Survey 2023: Bangladesh perspective: https://www.pwc.com/bd/en/assets/pdfs/research-insights/2023/25767_Global%20CEO%20Survey%20Bangladesh%20Edition-Final.pdf

Energy price hikes usually have a cascading impact on the economy, affecting sectors like transportation, manufacturing and textiles. For example, the recent surge in fuel costs in Bangladesh led to an increase in the prices of daily essentials, hitting low-income households the hardest as they allocate a significant portion of their income to food expenses. The elevated transportation costs and rising prices of goods prompts individuals to cut spending. It has also had an impact on the inflation of the country, which can be seen from the macro-economic factors discussed in the survey. The impact of energy price rise has encouraged everyone in the country to become conscious about their energy consumption, and to opt for energy efficient appliances and devices.

“For the steel industry, water is essential, but we are not using a single drop of underground water. Instead, we are harvesting rainwater. We have four appropriately sized reservoirs for rainwater harvesting and are utilising these reserves all through the year. Our building and factory rooftops are also connected with the reservoirs for enhanced rainwater harvesting.”

Imran Momin

CEO

Abul Khair Steel Melting Ltd.

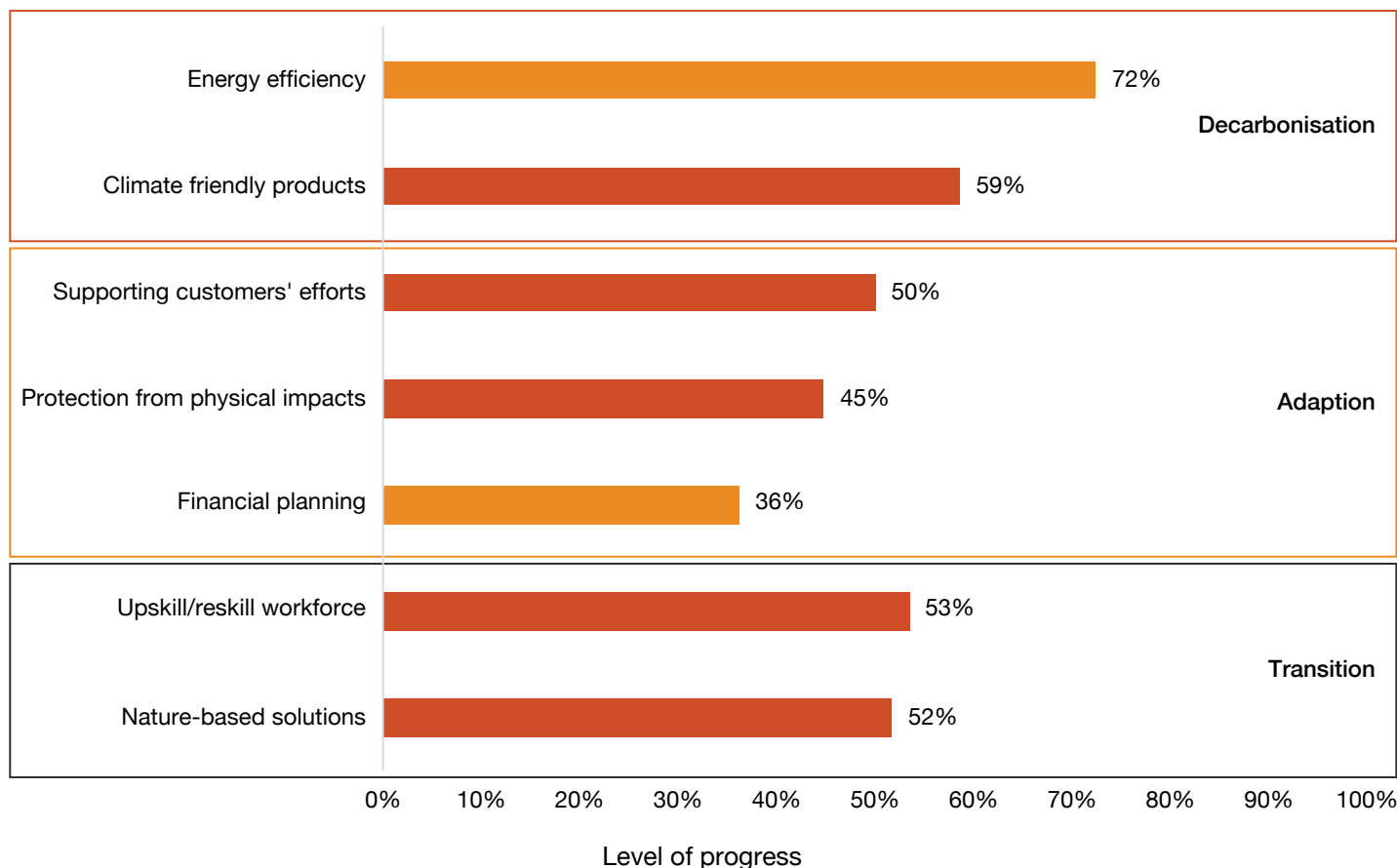
In the 2023 CEO survey, we found that CEOs in Bangladesh were more focused on short-term priorities such as efficiency improvement and technology adoption over long-term investments. The impact of such priorities has been evident in our findings for the last 12 months where companies have prioritised getting tangible results but are yet to increase climate-friendly adaptability.

For instance, Bangladesh CEOs have said that they have the least level of progress on financial planning related to climate investments. This can be further demonstrated by Bangladesh's low acceptance of lower rates of return for climate-friendly investments, which will be discussed in section 2.7.



Compared to a 72% level of progress in energy efficiency activities, CEOs in Bangladesh admitted to having made only around 36% progress in climate-friendly financial planning.

Question: Which of the following best describes your company's level of progress on each of these actions?



Looking into sustainable climate adaption

In comparison to global standards, CEOs in Bangladesh have made commendable progress in transitioning towards climate-friendly practices. However, the evolving policy and regulatory environments may not be conducive for CEOs to commit to certain immediate actions. This is why it is strongly recommended that CEOs delve into the prospect of altering their business models and decision-making processes to align the models more effectively with sustainable adaptations. For example, the readymade garments (RMG) companies may address the impact of carbon tax at the EU borders by adopting initiatives to make their businesses carbon neutral. By integrating climate-friendly strategies into their core operational frameworks, CEOs can not only contribute to the global effort in combating climate change but also fortify the long-term viability and environmental stewardship of their businesses in Bangladesh's context.

2.4. Technological advancements: Industry 4.0 and AI

After climate change, technological disruption is the second megatrend as per the survey. In the ever-evolving landscape of technology, we specifically looked at generative AI which stands at the forefront, presenting a transformative force that has the potential to reshape industries, redefine human capabilities and revolutionise the way companies operate.

“For an organisation like ours, going for the best-in-class technology has always delivered benefits. The CapEx or initial expenditure may be high, but the subsequent OpEx gets managed with the newly installed technology. Moreover, we start producing better quality products locally for our customers in Bangladesh.”

Imran Momin

CEO

Abul Khair Steel Melting Ltd.

In this year's survey, CEOs in Bangladesh believe in both the benefits of the fast paced adoption of generative AI and its outsized potential for disruption. For example, **over the next 12 months**, more than half (53%) the CEOs expect generative AI to enhance their ability to build trust with stakeholders and about 62% expect it to improve product or service quality. **Within the next three years**, around 7 in 10 respondents anticipate that generative AI will increase competition, drive changes to their business models, and require new skills from their workforce.

But does the execution match the expectations?

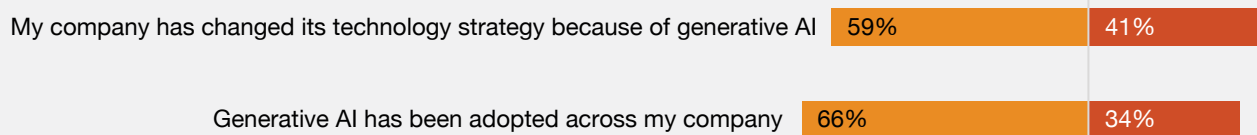
Even though CEOs have anticipated the potential of generative AI, **only one third** of them have adopted it across their company and **around 40%** have changed their technology due to generative AI.

Globally, CEOs who say they have adopted generative AI across their company are significantly more likely than others to anticipate its transformative potential over the next twelve months, as well as over the next three years.

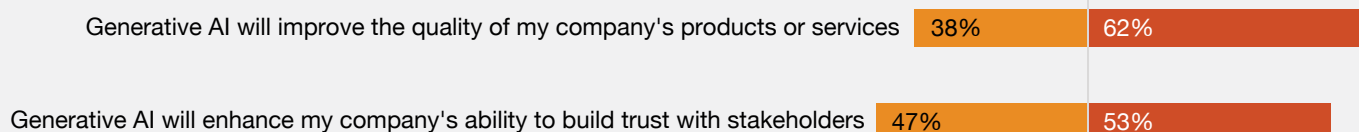
Although generative AI's adoption and strategic integration has been somewhat limited, CEOs anticipate greater impact of the technology in future.

Question: To what extent do you agree or disagree with the following statements about generative AI?

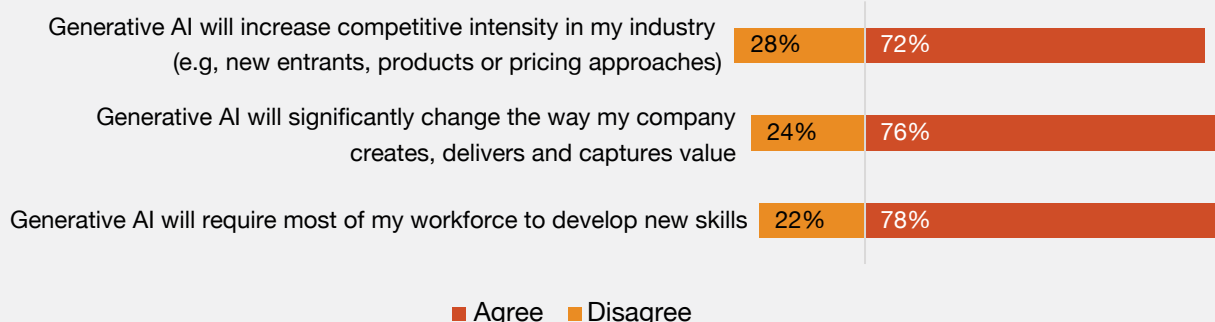
Last 12 months



Next 12 months



Next three years



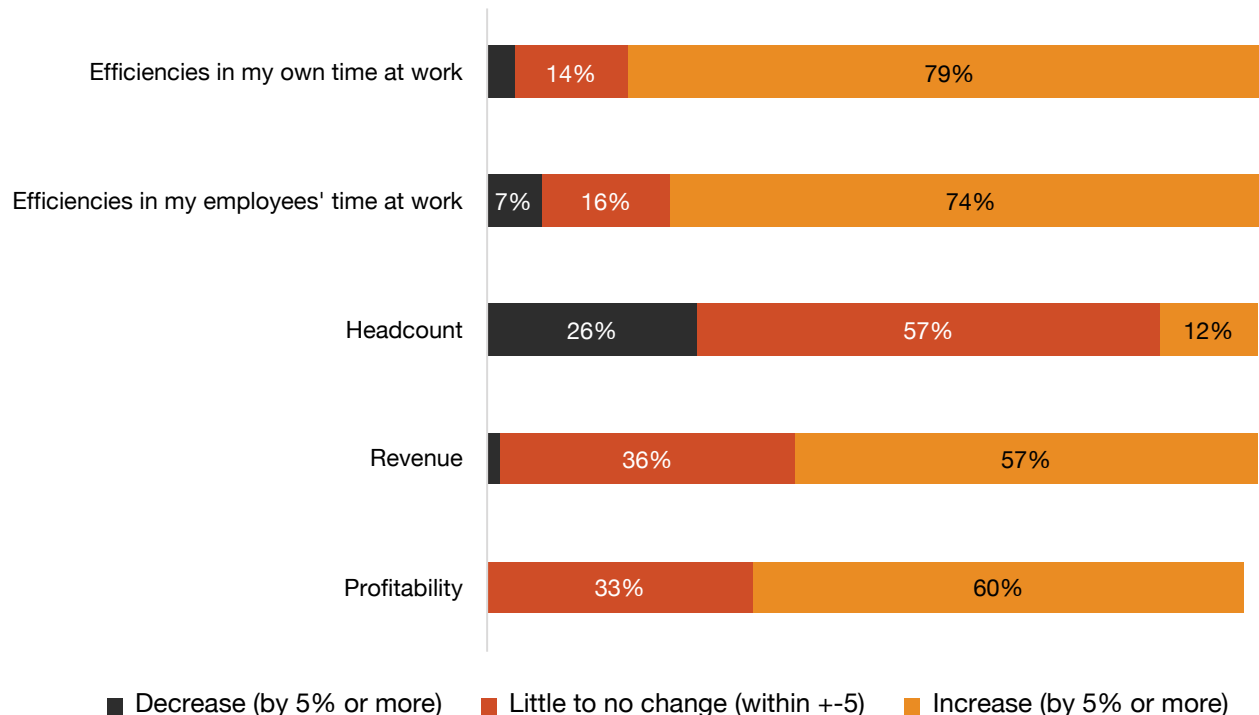
Overall, CEOs anticipate many positive near-term business impacts from generative AI. Around 7 in 10 respondents believe that efficiency in their work and their employees' work will increase by 5% or more. More than half of the CEOs expect their revenue and profitability to increase as well. This trend is consistent with PwC's Global Risk Survey 2023, which found that 60% of organisations see generative AI as mostly or fully an opportunity rather than a risk.¹⁵

But at an employment level, the effects of generative AI are still uncertain. Some of the efficiency benefits are likely to come via employee headcount reduction – at least in the short term – with **26% of CEOs in Bangladesh expecting to reduce headcount by at least 5% in 2024 due to generative AI**. On the contrary, 50% of the CEOs are expecting to increase their headcount by 5% or more in the next 12 months.

¹⁵ <https://www.pwc.com/gx/en/issues/risk-regulation/global-risk-survey.html>

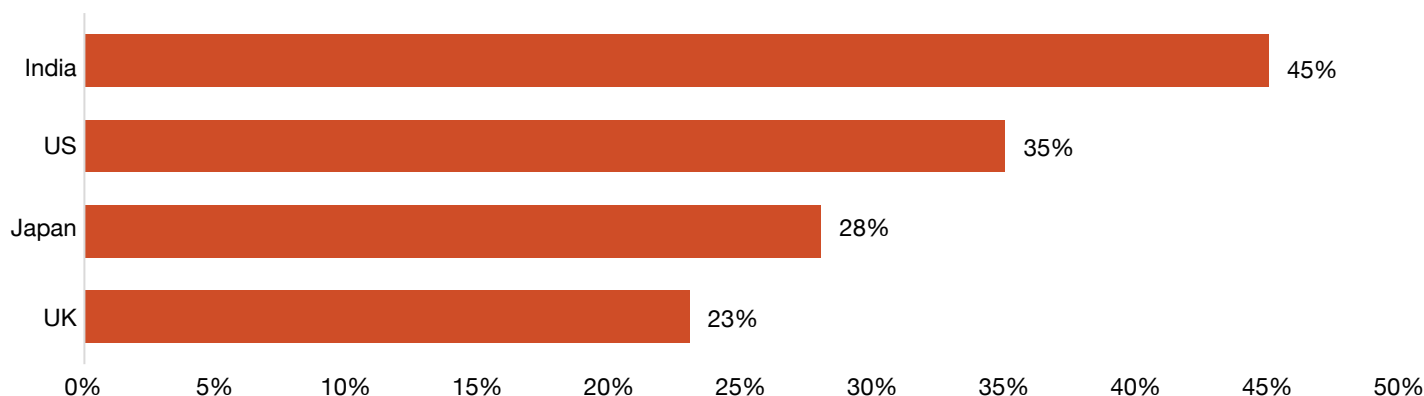
CEOs expect generative AI to deliver significant top- and bottom-line benefits.

Question: To what extent will generative AI increase or decrease the following in your company in the next 12 months?



Similarly, 25% of the global population of CEOs expect to reduce the headcount by at least 5% in 2024 due to generative AI. However, the rate of adoption of generative AI in Bangladesh is not rising at the same pace as other countries like India.¹⁶ Therefore, though the data suggests otherwise, one cannot say that AI will impact jobs in Bangladesh in the same way as it is for the rest of the world.

Increase in AI adoption in India and leading economies due to COVID-19

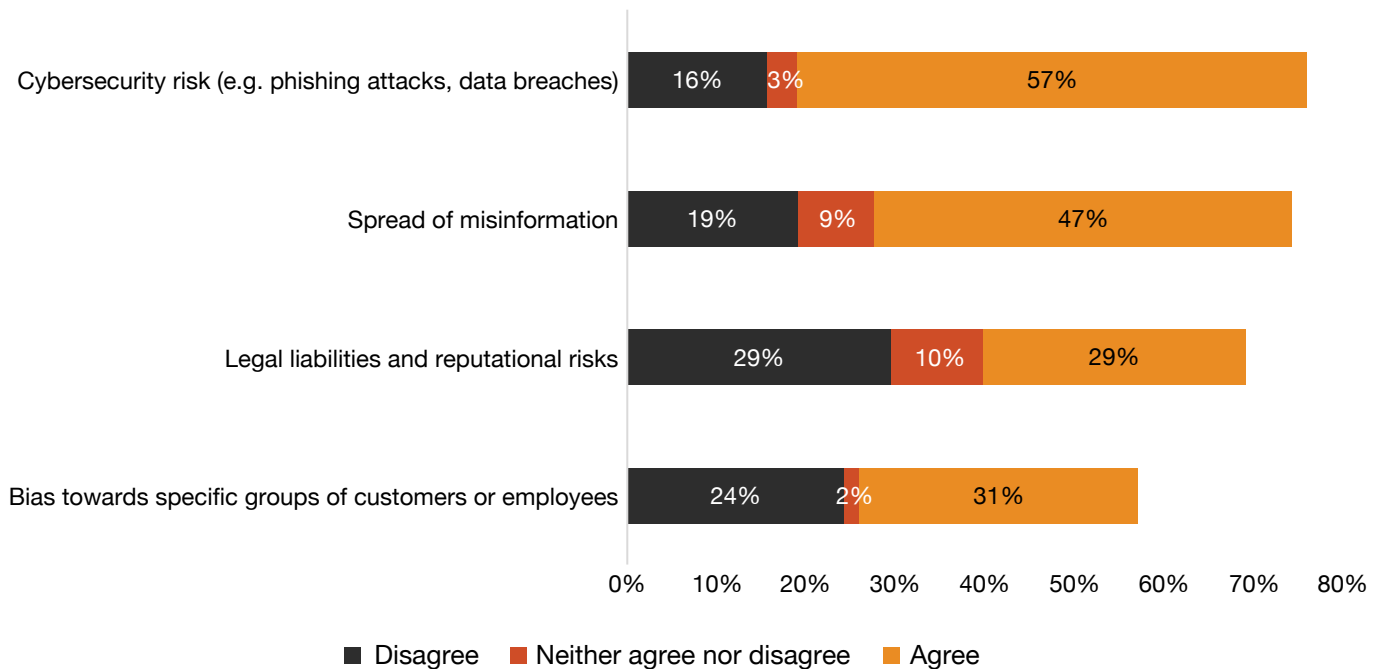


Even as the momentum of generative AI surges, some experts in the field are voicing concerns over the potentially significant, unintended consequences that could emerge as its reach grows. CEOs reflected similar sentiments in their responses to the survey.

¹⁶ <https://www.pwc.in/press-releases/2023/54-of-the-companies-have-implemented-ai-for-business-pwc-india-survey.html>

When it comes to generative AI risks, CEOs are most concerned about cybersecurity.

Question: To what extent do you agree or disagree that generative AI is likely to increase the following risks in your company in the next 12 months?

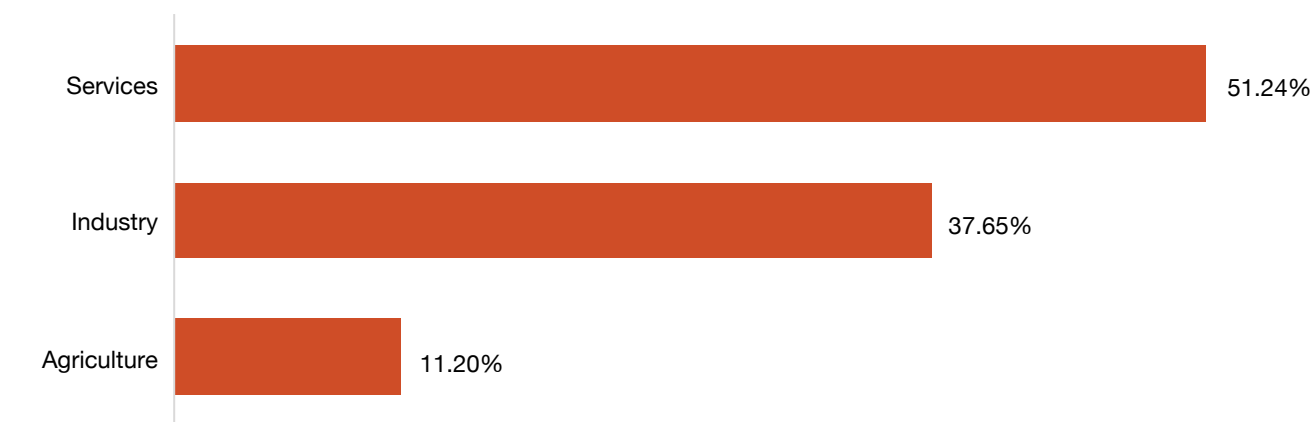


When it comes to generative AI, Bangladesh CEOs remain most concerned about cybersecurity risks similar to the global respondents. 47% of the CEOs agree that generative AI will increase the spread of misinformation in their company, whereas one-third of CEOs also expect it to increase bias toward specific groups of employees or customers in the next 12 months. When it comes to managing legal liabilities and reputational risks, our survey found that Bangladesh CEOs have mixed opinions. 1 out of 3 Bangladesh CEOs believed that it is going to be challenging for them. At the same time, another 1 out of 3 CEOs believed in the contrary.

In the context of Bangladesh, generative AI is a comparatively emerging area of business application and it is only now that we are seeing AI innovations being talked about in different industries, especially in the financial sector. In June 2023, Bangladesh Bank issued a ‘Guideline to Establish Digital Bank,’ to promote a supportive regulatory environment for digital innovations in the financial sector.¹⁷ There has been a clear focus on AI stating that digital banks have to ensure the use of AI, machine learning (ML), blockchain and other advanced technologies and urging use of AI in alternate credit rating. Given the pace of innovation and the inevitable delay in establishing new norms and regulations, much of the responsibility for managing this advancing technology falls, for now, to businesses. However, we have to consider both Industry 4.0 technology components and generative AI to understand the present state and progress of the businesses in Bangladesh.

¹⁷ https://www.bb.org.bd/mediaroom/notice/advertisement_digitalbank.pdf

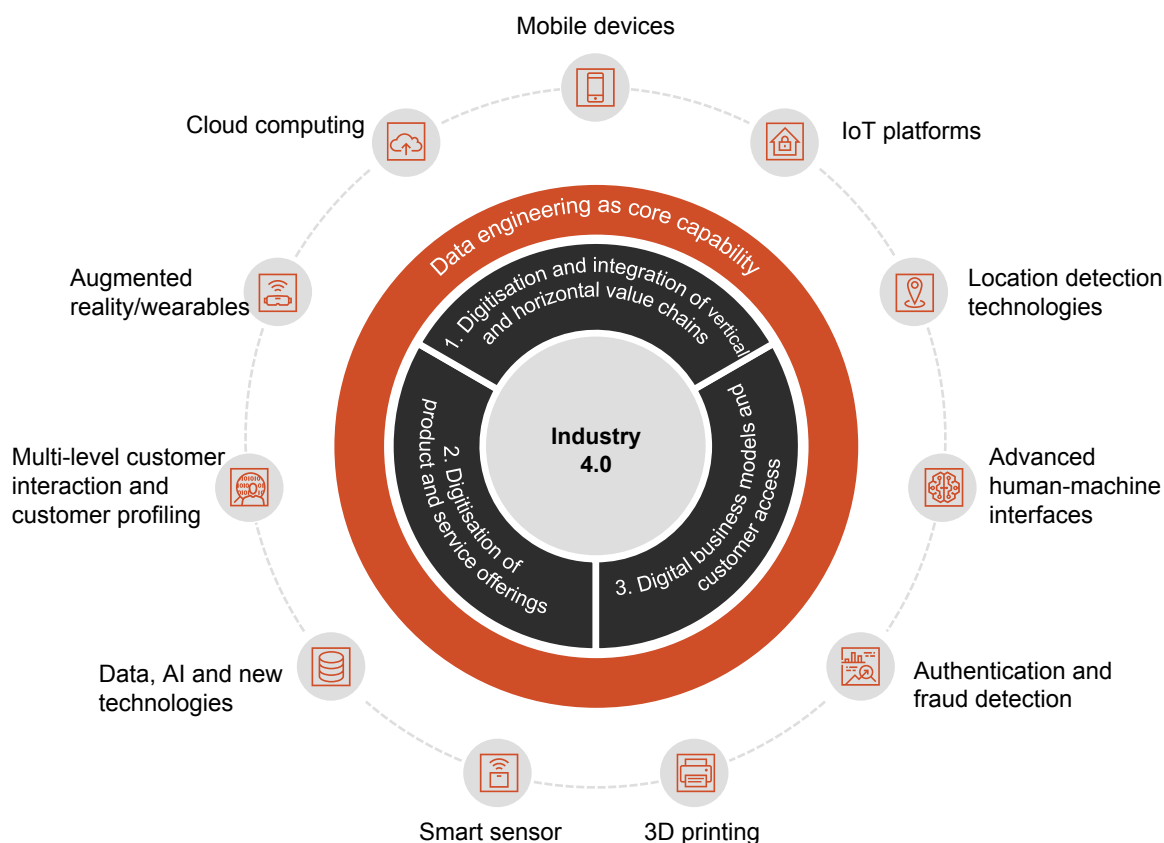
Sectoral contribution of GDP in FY22–23



Source: Bangladesh Economic Review 2023

In Bangladesh, the highest contributor to GDP is the services sector with 51.24% sectoral share.¹⁸ According to a PwC report, Bangladesh has the relevant demand- and supply-side drivers in place to facilitate the next wave of digital transformation in the financial services sector.¹⁹ Over the last decade, the services sector, especially the finance sector, has stood out as the primary beneficiary of technological advancements, making generative AI particularly valuable in that domain. However, in the case of agriculture and industry sector, a prerequisite for leveraging advanced technologies like generative AI is the thorough digitisation of processes. Establishing a solid foundation is essential before delving into the integration of cutting-edge technologies in these sectors. This is why it is crucial for Bangladesh to embrace and invest in Industry 4.0.

Industry 4.0 framework and contributing digital technologies



¹⁸ https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/f2d8fabb_29c1_423a_9d37_cdb500260002/Chapter-2%20%28English-2023%29.pdf

¹⁹ <https://www.pwc.com/bd/en/assets/pdfs/research-insights/2023/TheNextBankingEvolutionInBangladeshFinal.pdf>

AI can impact all core areas of Industry 4.0 in the following ways:

1. Digitisation and integration of vertical and horizontal value chains:

AI-driven systems can analyse vast amounts of data generated across different stages of production and supply chains, optimising processes and ensuring seamless integration. For instance, ML algorithms can predict maintenance needs, reduce downtime and enhance overall operational efficiency.

2. Digitisation of product and service offerings:

Through technologies like natural language processing and computer vision, AI enables the development of smart products and services. For instance, AI-powered virtual assistants or chatbots can enhance customer interaction, while ML algorithms can customise products based on individual preferences, creating a more personalised and adaptive market approach.

3. Digital business models and customer access:

Through predictive analytics and advanced forecasting, AI enables businesses to adapt their models in real-time based on market trends and consumer behaviour. Additionally, AI algorithms analyse customer data to understand preferences, behaviours, and market trends, facilitating personalised marketing strategies and improving overall customer satisfaction.

So, what needs our attention with the rise of AI in the context of embracing Industry 4.0?

As per PwC's Digital IQ survey, the term digital IQ emphasises that while investing in the right technologies is important, the success or failure will depend not on specific technology but on a broader range of people-focused factors.²⁰ CEOs need to:

- develop a robust digital culture to make sure change is driven by clear leadership from the C-suite
- attract, retain, and train digital natives and other employees who are comfortable working in a dynamic environment
- develop a robust organisation with data engineering capability as the core driver of Industry 4.0.



Move fast, move responsibly

In the rush to explore new technology, CEOs in Bangladesh should not lose focus on delivering stakeholder value responsibly. Both Industry 4.0 and generative AI hold a lot of promise for businesses, but CEOs must understand how to unlock their potential to derive maximum value for the business and for their stakeholders. A steel manufacturing company in Bangladesh is already leading by example. For every new re-rolling mill they set up, they adopt the most modern technology from the Industry 4.0 ecosystem not just to improve the efficiency but also to improve upon environmental parameters such as reduced water consumption and carbon emissions.

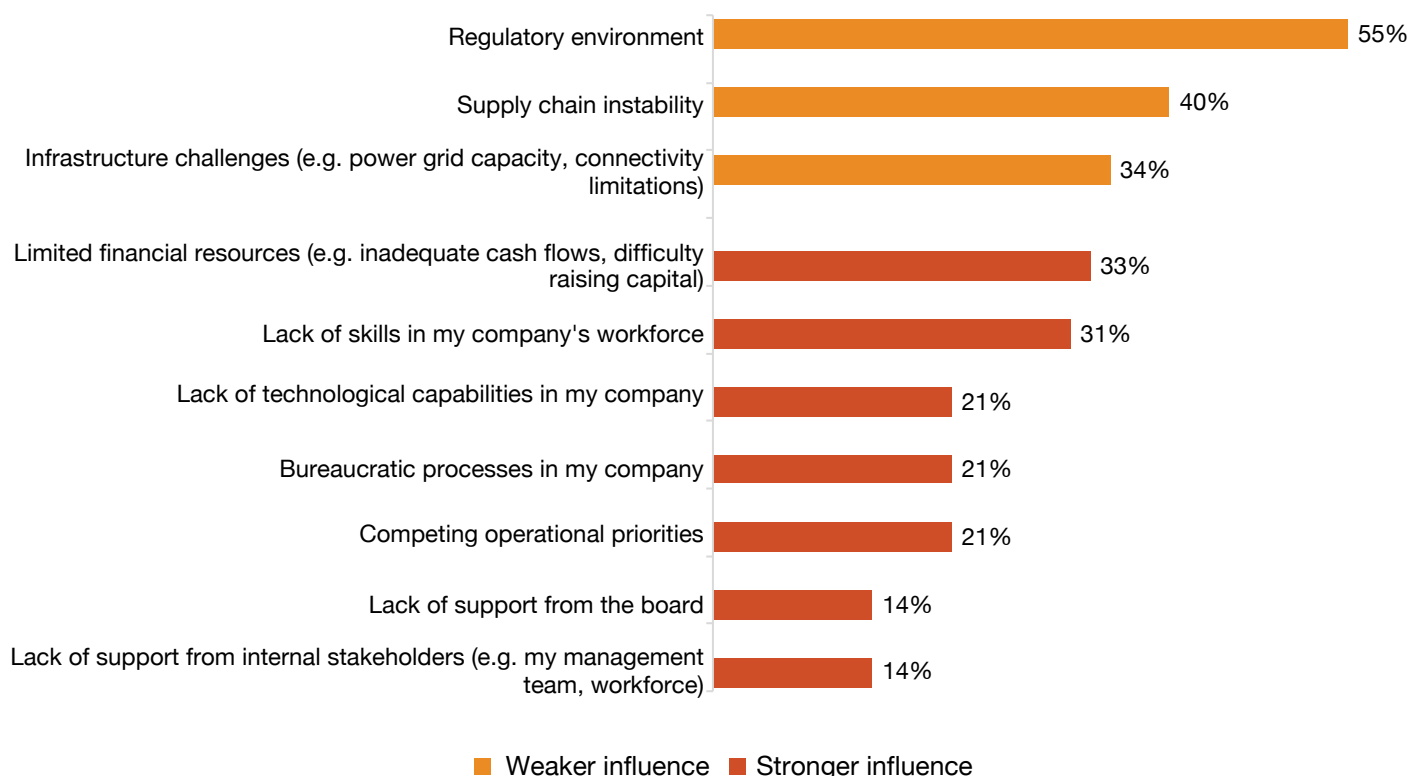
²⁰ <https://www.pwc.com/gx/en/industries/industries-4.0/landing-page/industry-4.0-building-your-digital-enterprise-april-2016.pdf>

2.5 Turn barriers into opportunities

We asked CEOs about a range of obstacles they often confront when undertaking large-scale corporate change efforts.

Many of the barriers inhibiting reinvention are within the CEO's realm of influence.

Question: To what extent, if at all, are the following factors inhibiting your company from changing the way it creates, delivers and captures value?



The regulatory landscape has emerged as a formidable barrier to the transformative ambitions of CEOs in Bangladesh. The findings reveal a striking consensus, with a staggering 55% stating that the regulatory environment poses a significant obstacle to their reinvention efforts. Supply chain, which has been flagged as a major obstacle by 40% of respondents, was worsened by the fuel price hike, increasing cost of production and transportation.

In FY 2023, CEOs faced numerous economic challenges such as high inflation, contraction of foreign reserve, high price of fuel, decline in import by 15.76%,²¹ lower export revenue growth (6.7% compared to the government's target of 11.4%),²² multiple exchange rates and the volatility in dollar prices and rapid depletion of their foreign currency holding. Such circumstances have triggered a need for regulatory reforms across different areas so that these obstacles can be tackled by CEOs in 2024.

²¹ https://epb.gov.bd/site/epb_export_data/d1b400bb-18d4-43f1-842f-e6f48f38265e/2022-2023-July-June

²² https://epb.gov.bd/site/epb_export_data/d1b400bb-18d4-43f1-842f-e6f48f38265e/2022-2023-July-June

“A good number of activities that we perform as a CEO reside well within our span of control and influence. That’s why it’s important for a CEO to plan and prioritise with maximum focus. My diary is always updated with the important but non-urgent activities ahead of time, so that day-to-day burning issues don’t derail those. I also encourage my people to prepare for any meeting and join after that. That makes the meetings very productive, and decisions are made faster.”

Zaved Akhtar

Chairman and Managing Director
Unilever Bangladesh

“As the country is marching forward, regulatory reforms and changes are expected to take place more frequently, thereby impacting the business environments in various ways. CEOs must engage with the regulatory bodies and continue the mutual dialogue to understand the regulators’ position on key issues, and to explain their position on the same. The engagement objective must be win-win, and business chambers have a critical role to play on this front.”

Sushmita Basu

Director on board and Tax leader
PwC Bangladesh

Interestingly, external forces outside the influence of CEOs are the most significant obstacles faced by CEOs in capturing and delivering value.

33% of CEOs perceive limited financial resources as a major obstacle. When financial resources are limited or inadequate, CEOs need to adopt a strategic and focused approach to ensure the optimal use of available funds.

Next, 31% of CEOs perceive lack of skilled workforce as a major challenge. As per **PwC’s Global Workforce Hopes and Fears Survey**, CEOs have a responsibility to help create a more equitable future by giving equal opportunities to upskill and reskill, and provide a clear path forward to everyone in the organisation.²³ Therefore, they should prioritise internal training programmes and professional development opportunities to upskill existing employees and foster a culture of continuous learning within the organisation.

“Getting talented young professionals is not that difficult. What we really need to develop is finesse and industry readiness. Technical graduates understand agriculture quite well, but they don’t have any business skill. Similarly, business graduates understand business very well, but they lack technical or agri skills. Industry readiness should be the new metric for any educational institute to measure their effectiveness for the industry.”

Shusmita Anis

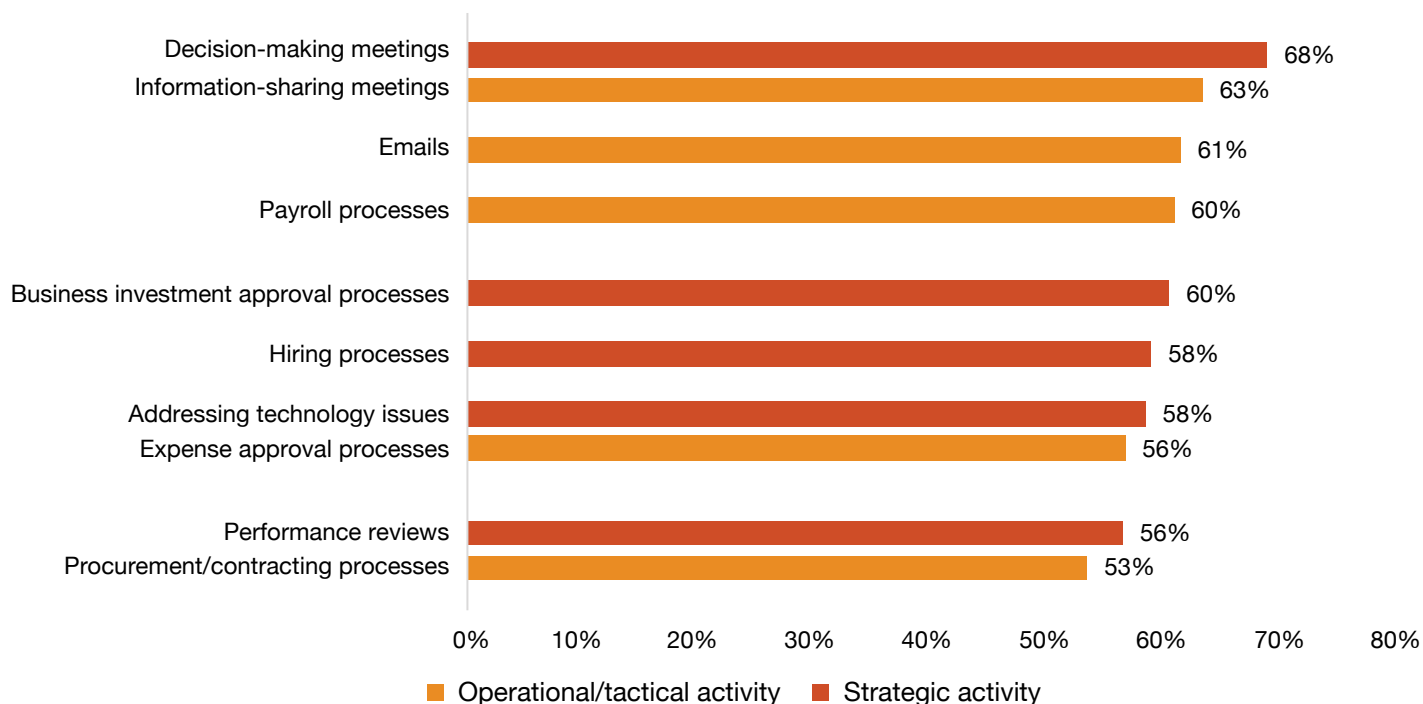
Managing Director
ACI Formulations Ltd.

Bureaucratic processes, competing operational priorities, limited financial resources, workforce skills, and technological capabilities are subject to some degree of CEO influence, as is efficiency, which was an area of concern for many CEOs.

²³ <https://www.pwc.com/gx/en/issues/workforce/hopes-and-fears.html>

CEOs estimate average efficiency at 59%

Question: What percentage of time spent in your company on the following activities/ processes is efficient?



CEOs often have direct personal control over strategic activities such as decision-making meetings and addressing technology issues. 68% of Bangladesh CEOs consider their time spent in decision-making meetings to be efficient, indicating that there is still room for efficiency improvement in nearly one-third of their time in such decision-making meetings.

Other strategic activities such as investment approval processes, hiring processes, addressing technology issues and performance reviews entails more than 40% inefficiency on average.

For operational or tactical activities that CEOs have limited control over, more than half of the time spent in procurement/contracting processes is inefficient as per the respondents, followed by expense approval processes. Additionally, payroll processes, emails and information sharing meetings have an average inefficiency of around 40%.

The table illustrates some of the activities that take up a lot of time of the CEOs. While some of these activities are of strategic importance and CEOs cannot lose focus from those, they should be mindful about how they can improve the effectiveness of their participation in these activities. For regular operational activities, CEOs should focus on cutting down their involvement through automation and delegation.

Sr. no.	Activity description	What CEOs should be mindful about
Activities of strategic importance (hence should have maximum focus)		
1	Performance reviews	a) Use performance management tools for tracking the KPIs. b) Set clear performance goals and expectations at the beginning of the evaluation period.
2	Addressing technology issues, including new technology adoption	a) Invest in digital upskilling of self and people. b) Focus on the potential to deliver business benefits, not just the technology itself.
3	Hiring process	a) Standardise the hiring process. b) Invest in automation of the processes.
4	Investment approval	a) Use data for decision making, not just experience and intuition. b) Develop a robust investment review and tracking process.
5	Decision making meetings	a) Use collaboration tools to enhance data driven deliberations. b) Make more consensus-based decisions to increase accountability.
Activities that are operational in nature (hence should have high efficiency)		
1	Procurement and contracting	a) Standardise procurement policy and processes. b) Empower the function heads to make decisions and free up the CEO's time.
2	Expense approval	a) Invest in tools that facilitate automated expense approval for all expenses adhering to the policy. b) Leverage analytics to gain insights and prevent frauds.
3	Payroll processes	a) Invest in payroll processing tools and automation. b) Consider outsourcing to the established payroll processing firms.
4	Emails	a) Use more collaboration tools for effective collaboration and speed of work. b) Use AI tools for automated classification and response preparation.
5	Information sharing meetings	a) Build a culture of agenda-driven meetings. b) Use pre-meeting reading materials for maximum effectiveness during the meetings.

Engage, empower and enable your people.



CEOs and other C-Suite leaders can do much more to address inefficiencies and break through barriers, but they cannot do everything that is required for their organisations. Therefore, it is critical to build alignment between leaders and employees around priorities for change and to develop a culture of trust so employees feel safe to propose better ways of doing things. We see such examples in Bangladesh already. One of the CEOs mentioned that their business strategy is no longer a document made by the CEO and CFO, but by the whole executive rank below the CEO. Their strategy is now an output of multiple executives who not only contributed to it but also have taken the accountability to make it successful.



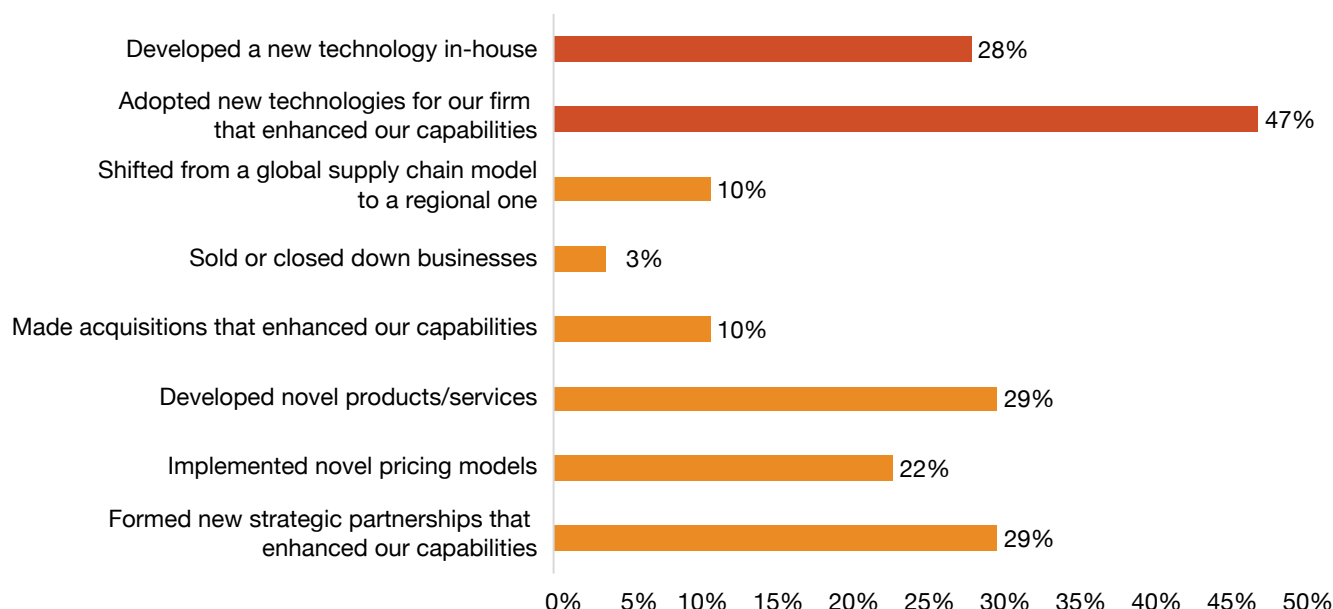
2.6. Pinpoint your most important moves

Real progress comes when leaders and companies undertake meaningful initiatives to evolve the way they create, deliver and capture value. An analysis of the global data set from this year's survey showed a positive association between self-reported profit margins and business moves that had large or very large effect on respondents' business models such as technology development and deployment, novel pricing models and strategic partnerships.

While the dataset from the CEOs in Bangladesh were not large enough to analyse such associations, the responses from them clearly show their actions towards reinvention. Nearly half of the respondents in Bangladesh stated that they adopted new technologies to create, deliver or capture value for their business. About 1 in 4 respondent CEOs stated that they developed new technology in-house – a clear indication on how CEOs are emphasising the need for technology adoption and enablement.

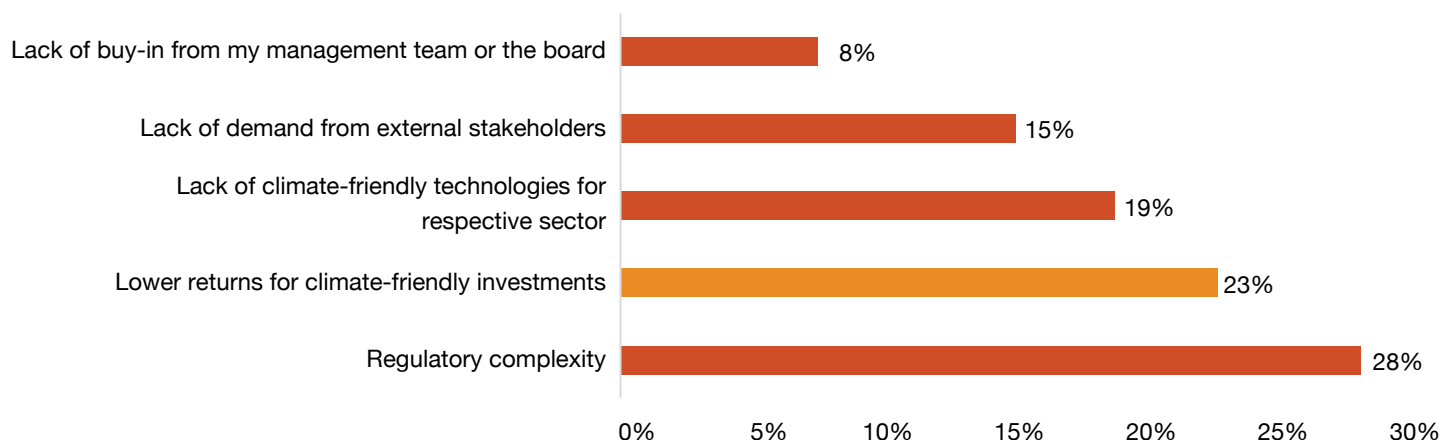
It should be noted that these CEOs also reported the growth of their companies' revenue during this period with a profit margin. They are driving the transformation for their organisations and moving to the next phase of the journey of leadership in their respective sectors.

Question: To what extent have the following actions impacted the way your company creates, delivers and captures value over the last five years?



2.7 Recalibrate expectations for climate priorities

Question: To what extent, if at all, are the following factors inhibiting your company's ability to decarbonise its business model?



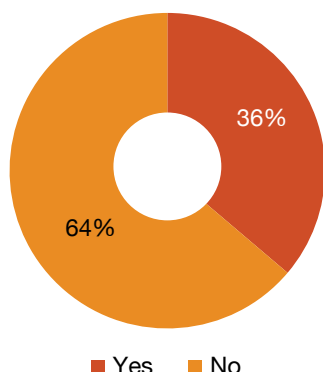
When examining the factors hindering a company's ability to decarbonise its business model, regulatory complexity emerges as the most significant challenge. Complexities like inconsistencies, a lack of standardisation in regulations across jurisdictions and uncertainty regarding future regulations hampers long-term planning and investment decisions as CEOs struggle with ambiguous policies and potential changes. Moreover, balancing short-term financial pressures with the substantial investments required for decarbonisation poses an additional obstacle. As observed in section 2.3, the territory's low incorporation of climate risk into their financial planning further exacerbates the impact of regulatory complexity and how it impedes the overall financial adoption of climate-friendly practices, which as seen in the chart above, is also a substantial barrier among companies in Bangladesh to decarbonise its business model.

Contrary to the global trend of CEOs accepting lower rate of return for climate-friendly investments, 64% of CEOs in Bangladesh revealed that their companies have not yet opted for such kind of investment decisions. Although, while conducting this survey, our interactions with a few CEOs revealed that some of them have a well-defined process of investment evaluation that supports climate-friendly initiatives.

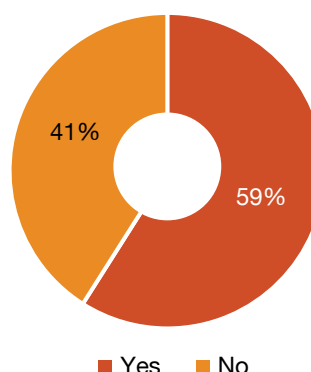
Contrary to 59% of global CEOs, only 36% of CEOs in Bangladesh accept lower rate of returns for climate-friendly investments.

Question: In the last 12 months, when evaluating climate-friendly investments, has your company accepted rates of return that were lower than the rates for other investments?

Acceptance of lower rates of return for climate-friendly investments than for other investments (Local)



Acceptance of lower rates of return for climate-friendly investments than for other investments (Global)

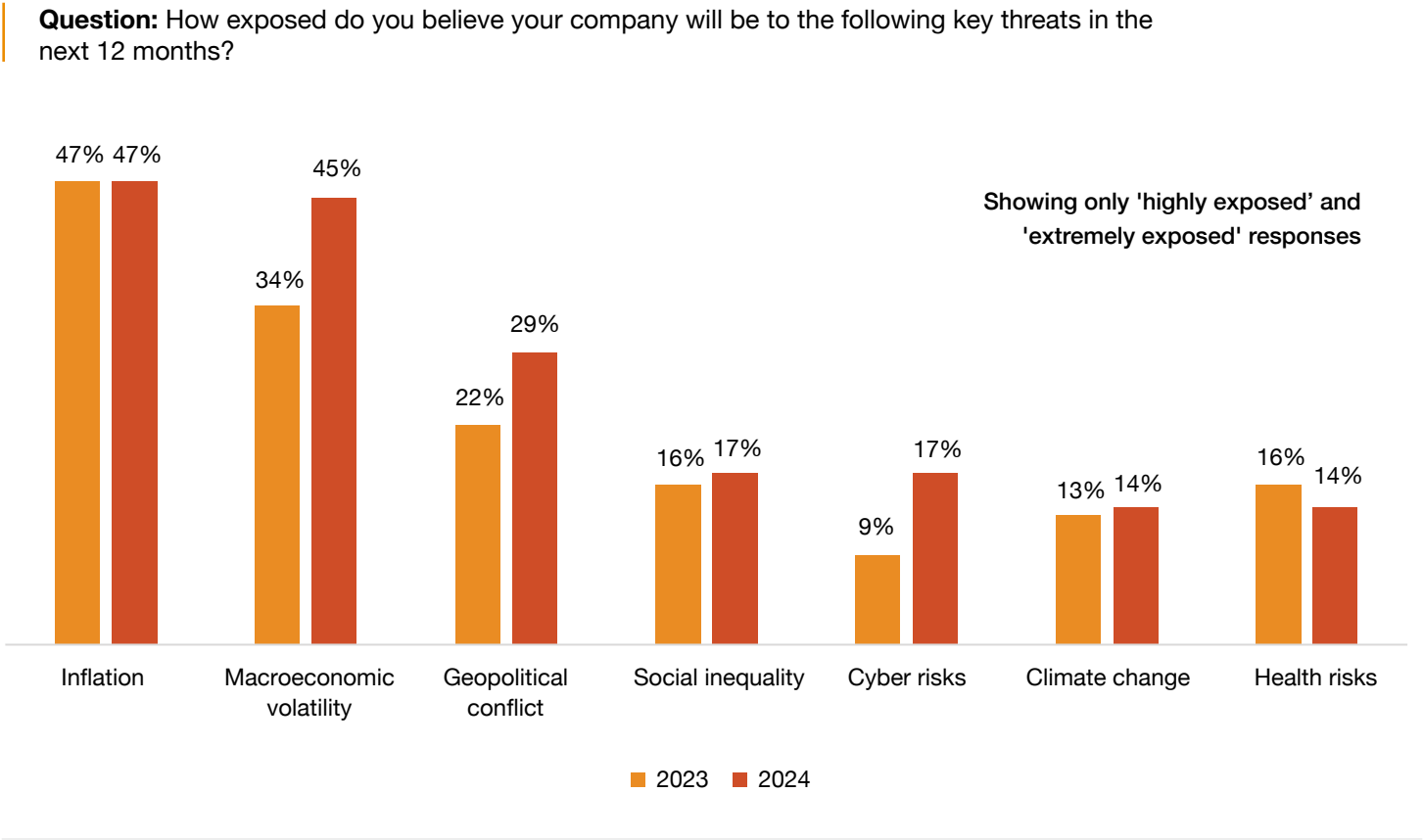


Financial planning with climate strategy

CEOs should address matters such as resource allocation, long-term capital spending and mergers and acquisitions (M&A) to build more sustainable business models. Identifying these interventions will have a significant impact on decarbonisation, social sustainability and the environment. CEOs can navigate this transition by identifying investments that strike a balance between profitability and environmental impact, showcasing a pragmatic approach where financial gains coexist with a commitment to a greener future. This evolution reflects a broader understanding that sustainable practices are not just ethically sound but also economically savvy, positioning companies as leaders in a conscious market and fortifying them against environmental risks.

2.8. Keep your antennae out

In our survey this year, we observed that CEOs who are less confident about their companies' viability in the long-term are more conscious about the threats they face. One of the reasons for this could be the robustness of the risk management capabilities of these CEOs. An effective risk management framework can actually help the CEOs manage perceived threats better and steer their company on the path to profitable growth.



Nearly half of Bangladesh CEOs, 47% to be precise, have identified inflation as the top threat to their business. The same percentage of CEOs identified inflation as their top threat in last year's survey as well. Macroeconomic volatility and geopolitical conflicts have also retained their positions in the top three threats perceived by Bangladesh CEOs for two consecutive years. However, a greater number of CEOs perceived these two factors as threats in this year's survey compared to last year's survey. 45% of Bangladesh CEOs, nearly as much as those who rated inflation as the top threat, also rated macroeconomic volatility as the threat, up from 34% in last year's survey. About 29% of Bangladesh CEOs identified geopolitical conflict as a threat, up from 22% in the last year's survey.

It is also interesting to see that a majority of Bangladesh CEOs have started considering technology as a significant area of action to create, deliver and capture value for their organisations. As we have seen in section 2.6, nearly half of Bangladesh CEOs (47%) stated that they have adopted technologies for their organisations to enhance their capabilities. 28% of the respondents say that they developed a new technology in-house, indicating the importance of developing in-house technological capabilities for the advancement of the organisations.

Challenge conventional wisdom

Staying ahead of the fundamentals of a business change requires every leader to challenge conventional wisdom. This will look different in different industries, and we are already observing the same happening in Bangladesh. A large FMCG company in Bangladesh has taken up an inspirational initiative to rely more on local sourcing of raw materials to manufacture their products. It should be noted that the company manufactures products under its global brands and has several constraints with respect to their choice of the raw ingredients. However, CEO and executives are pushing themselves harder to innovate and create opportunities for local sourcing, thereby reducing the reliance on imports and forex expenditure. This is, in turn, helping the organisation to enhance their immunity to foreign macroeconomic and supply chain shocks and manage their risks better.

Similarly, another industrial product company is innovating its product line by changing the ingredients' ratio while keeping the key quality characteristics unchanged. They are also educating their distributors and customers about the advantages of these new products to help boost the consumer's confidence. By innovating with the ingredient mix, this company is leading the decarbonisation efforts of the sector and reducing its reliance on imports.



This year's survey results reflect an awareness among CEOs that they are navigating critical strategic inflection points. There is a sense of urgency and a strong inclination towards action. The data also suggests that there is a growing premium on leadership effectiveness to maintain energy, challenge the status quo and increase momentum. CEOs must develop themselves as reinvention-minded leaders and take charge of the organisation's reinvention journey through a comprehensive transformation agenda.

When it comes to dealing with technological advancements such as Industry 4.0 and generative AI, CEOs have to abandon the traditional style of assigning one or more of their deputies to lead these initiatives. CEOs should drive the change and lead the C-suite. Technological changes like Industry 4.0 are likely to impact the whole enterprise rather than individual functions. The top-team should be empowered to create opportunities from these reinvention and transformational initiatives.

Bangladesh CEOs stated that they continue to spend a good degree of effort on managing regulatory matters and meeting the concerned stakeholders. Over the next couple of years, CEOs are expected to play an important role in bringing about regulatory changes and improving the ease of doing business. To be successful in this area, they need to communicate consistently and clearly so that every stakeholder understands the problems and eventually becomes a part of the solution.

People who are proficient at their current jobs may resist change because they are concerned that they may not be good at what they will be required to do in the future. Therefore, CEOs who are serious about reinvention must find approaches for acknowledging concerns, rewarding curiosity and openness to learning, and encouraging managers to help people adapt.

CEOs will continue to feel the pressure to create and deliver value to stakeholders. They will also be expected to sustain the journey of profitable growth. As we enter an age of continuous reinvention, CEOs have a unique opportunity to reshape their organisations and themselves, as well as to thrive amidst disruption and transform their aspirations into realities.

04 Methodology

PwC surveyed 4,702 CEOs in 105 countries and territories from 2 October through 10 November 2023. The global and regional figures in this report are weighted proportionally to country nominal GDP to ensure that CEOs' views are representative across all major regions.

The industry and country-level figures are based on unweighted data from the full sample of 4,702 CEOs, including 4,088 men, 521 women, and 93 who identified with another gender or preferred not to say.

The Bangladesh figures in this report are based on unweighted data from the full sample of Bangladesh CEOs. Total 52 CEOs from Bangladesh participated in this survey. Furthermore, PwC conducted verbal interviews with CEOs from different industries in Bangladesh, including manufacturing, retail and consumer goods, to gain a more in-depth understanding of their business and economic outlook.

All interviews were conducted on confidential basis. The survey data collection was also conducted globally on confidential basis. Among the CEOs worldwide who participated in this survey:

3% lead organisations with revenues of USD 25 billion or more

4% lead organisations with revenues between USD 10 billion and USD 25 billion

20% lead organisations with revenues between USD 1 billion and USD 10 billion

38% lead organisations with revenues between USD 100 million and USD 1 billion

31% lead organisations with revenues up to USD 100 million

68% lead organisations that are privately owned.

We would like to thank all the CEOs in Bangladesh who participated in this survey. We would also like to thank the following CEOs for sharing their business outlook:

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Sushmita Anis, Managing Director, ACI Formulations Ltd.

Imran Momin, CEO, Abul Khair Steel Melting Ltd.

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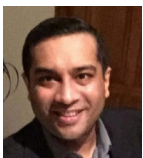
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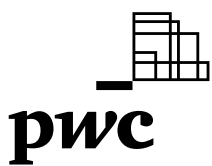
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Data Classification: DC0 (Public)

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