



News release

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PwC: Call for public sector to redefine its purpose, collaborate with business to build growth, and measure success smarter

Hamilton, Bermuda – Governments and business leaders across the world are facing the challenge of rising geopolitical uncertainty and a more connected – yet in many ways more divergent – world.

And to meet these challenges, the public sector needs to redefine its purpose, collaborate with business to build the foundations of growth, and measure success in smarter ways.

These are some of the conclusions to come out of PwC’s 19th Annual Global CEO Survey, with the responses of 1,409 business leaders in 83 countries worldwide being added to valuable insights from 41 government representatives and state-backed CEOs.

The headline findings of PwC’s Public Sector Research Centre report, *Government & the Global CEO: Redefining success in a changing world*, show that only 27% of CEOs think economic growth will improve in 2016, down 10 points on last year. And CEO confidence in the growth of their own companies has also fallen, with 35% worldwide saying they are very confident their company’s revenues will grow in the next 12 months – down from 39% last year.

Darren Johnston, CEO, PricewaterhouseCoopers Caribbean Region Ltd, said: “In addition, CEOs see the need to pay attention to wider stakeholder needs, with government and regulators only second behind customers in their impact on organisations’ strategies. This may provide public sector bodies with more opportunity to work with business to co-produce the societal outcomes that the public wants and needs.”

Mr Johnston added: “The challenge remains for public sector organisations to ‘do better for less’ and strategically manage their costs in the face of budgetary pressure and ever-increasing demands on public services. In this context, it is essential to take a fundamental look at the purpose of public bodies; to build the digital capability of public sector organisations; and boost the agility and resilience to cope with future changes.

“Together business, labour, and government can deliver what people really want, by putting service, value for money, accountability, and the interests of societal stakeholders at the heart of the purpose and mission of our public bodies.”



It is the CEO answers to questions about their concerns that reveal where government action is needed. Two-thirds of CEOs see more threats facing their business today than three years ago. Over-regulation once again tops the list, named by 79% of CEOs worldwide – the fourth year in a row that concerns about regulation have risen.

But the sharpest rise is geopolitical uncertainty, which has jumped from fourth in CEO concerns last year to second this year, cited by 74% of business leaders. As a result, concerns about availability of key skills have dropped from second to fourth, but remain a concern for nearly three quarters (72%) of CEOs. Worries about exchange rate volatility are in third place (73%). All these threats to business have government at their heart.

Perhaps reflecting these threats to their businesses, CEOs place at the top of their wish list for government attention: a clearly understood, stable and effective tax system (56%), a skilled, educated and adaptable workforce (53%), and adequate physical and digital infrastructure (50%).

The report calls for public sector leaders to do more to help business and society by responding in four key ways:

1. Redefine purpose and restore public finances: delivering better for less. Fiscal deficits remain in the spotlight, with 71% (72% last year) of CEOs surveyed ‘somewhat’ or ‘extremely’ concerned about this threat. The challenge remains for public sector organisations to ‘do better for less’.

2. Actively own and manage state backed organisations. State Owned Enterprises (SOEs) are an influential force globally, and this year 12% of the CEOs surveyed lead organisations with some form of state backing. In contrast to the private sector where the customer is king, government and regulators have a ‘high’ or ‘very high’ impact for 87% of state backed CEOs.

It’s therefore important that SOEs are actively owned and managed by their state backers. This requires those undertaking key roles in state-backed organisations, particularly the board and executive leadership, to have:

- Clarity: a clear understanding of the purpose and objectives of the SOE and their role in delivering this.
- Capacity: the time and resources to conduct their roles well.
- Capability: required and relevant expertise and experience to steer and manage the state-backed organisation.
- Commitment to integrity: serving citizens to create societal value.

3. Build the foundations for growth. For over three quarters of the CEOs surveyed this year having a skilled, educated and adaptable workforce is a key outcome today, and is also considered to be the most important priority for business itself to deliver.

Acquiring the right skills is clearly an essential prerequisite to the desired outcomes for citizens, particularly new entrants to the labour force, of getting a job and earning a decent income. But another key issue is matching people to opportunities so that the right skills are in the right places at the right time.

In addition, business needs effective, efficient and sustainable infrastructure – the backbone on which economic success and prosperity can grow. In particular, transport, which is so



important for connectivity nationally and internationally, needs particular focus.

4. Measure success in new ways. The 19th Annual Global CEO Survey looks at the ways in which CEOs are redefining business success. Around three quarters (76%) of CEOs agree that in future business success will be defined by more than just financial profit; and many agree that they should be doing more to measure and communicate their impact on wider stakeholders. The starting point for CEOs is to redefine success fundamentally, such that creating societal value is part and parcel of a profitable enterprise.

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Notes

The Public Sector Research Centre (PSRC) is PwC's online community for insight and research into the most pressing issues and challenges facing government and public sector organisations, today and in the future. The PSRC enables the collaborative exchange of ideas between policymakers, opinion formers, market experts, academics and practitioners internationally. Please visit: www.psrc.pwc.com

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