After a record turnout, Democrat Joe Biden is projected to become the 46th US president. Although legal actions in several states continue, the receding of much of the election uncertainty has improved US business leaders’ optimism, with news of COVID-19 vaccine breakthroughs further boosting sentiment. Over 40% of senior executives surveyed by PwC say they’re more upbeat about business prospects in 2021 than they were before the election, pinning hopes on organic growth as well as acquisitions.

Expectations that aspects of the Biden agenda will likely be moderated by a Republican or closely-divided Senate is also likely reassuring for business. Prospects for corporate tax increases and expanding healthcare were among the top areas cited by executives ahead of the election as potential policy risks. PwC’s latest Pulse Survey report is informed by the responses of 656 US corporate leaders, including chief financial officers (CFOs), chief operating officers (COOs), chief human resource officers (CHROs), and tax and risk leaders, from November 9-13.

Top concerns for US businesses as election uncertainty recedes

- A new wave of COVID-19 infections leading to further shutdowns: 54%
- Financial impact, including effects on results of operations, future periods and liquidity and capital resources: 42%
- Impacts of global economic downturn: 41%
- The effects on our workforce: 31%
- Delays in approval and distribution of at least one safe and effective vaccine: 26%
- Increased costs of doing business: 25%
- Issues related to racial inequality and social injustice: 15%
- Lack of employee confidence in ability to keep them safe: 15%
- Decrease in consumer confidence: 14%
- Lack of demand: 12%

Q: What are your top concerns with respect to operating in the current business environment? (Select up to three.)
Source: PwC US Pulse Survey
November 13, 2020: base of 656
Improved outlook comes in the face of key uncertainties

A resurgent pandemic is chief among concerns. More than half of business leaders surveyed (54%) say shutdowns caused by a new wave of infections is their top concern, while one in four (26%) raise concern over the nation’s capacity to distribute safe and effective vaccines to large numbers of people. The pandemic’s continued fallout on the broader economy and business operations are also top-of-mind concerns. More than 40% are worried about financial impacts, e.g., on liquidity and capital resources, as well as impacts of the pandemic-induced downturn. And 31% are concerned about how overall uncertainty is impacting the workforce.

With companies continuing to adapt to a changing environment, business leaders told us about their immediate focus and priorities under the Biden administration:

**Additional fiscal policy support for the US economic recovery.** Over half of executives (55%) say further economic federal relief or stimulus is “very important” for their business. Another 31% say it is marginally important.

**Taking a stepped up role to help bridge the social divisions exposed by the election.** The workforce is at the center of this agenda. For example, close to half (47%) plan to create ways for employees to discuss difficult social issues.

**Preparing for heightened policy, regulatory and compliance risks.** Biden is likely to use a combination of executive authority and agency rulemaking to advance parts of his agenda, given the close divide in the Senate.

**Enhancing their company’s capacity to innovate, collaborate and pivot quickly when hit by the next disruption.** As COVID-19 mainstreams digital transformation, success will now come down to execution.
Policy risks will be more pressing in the next four years compared to the last four

As Biden widened his lead amid legal challenges to the outcome in several states, respondents weighed in on policy issues arising from the political shift. Here’s what they told us:

64% of corporate leaders say that policy and regulatory realignments will become a more pressing risk over the next four years. With business expecting Biden to roll back President Trump-era deregulations, compliance as well as environment-related risks have also become more pressing concerns. To compare, perceptions of other business risks such as skills shortages, cybersecurity, workplace safety and third-party disruptions remain unchanged after the election for around half of business leaders.

Much rides on further economic stimulus and pandemic relief by the federal government. Negotiations have resumed in Congress, but the roughly $1 trillion deal favored by the Senate is below House Democrats’ minimum goal of a $2 trillion proposed package. While the contours of the next stimulus package are still shaping, Congress will likely pass legislation to fund the federal government beyond December 11 and avoid a shutdown. But the funding may only extend through next spring instead of September 2021, creating additional challenges to the agenda of the new administration. If no stimulus is passed before the end of the year, come January Biden will need all his veteran lawmaker skills to structure a deal, whether by finding common ground or by using the bully pulpit of the presidential office to corral Congress. The additional stimulus package includes proposals such as the employee retention tax credit and the paycheck protection program.

Outlook for macro and business risks under a Biden administration

<table>
<thead>
<tr>
<th>Risk</th>
<th>More pressing</th>
<th>Unchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy/regulatory shifts</td>
<td>64%</td>
<td>27%</td>
</tr>
<tr>
<td>Environmental risk</td>
<td>51%</td>
<td>38%</td>
</tr>
<tr>
<td>Compliance risk</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>Macroeconomic risk</td>
<td>47%</td>
<td>40%</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>45%</td>
<td>50%</td>
</tr>
<tr>
<td>Workplace safety</td>
<td>40%</td>
<td>52%</td>
</tr>
<tr>
<td>Liquidity and solvency</td>
<td>37%</td>
<td>55%</td>
</tr>
<tr>
<td>Skills shortage</td>
<td>37%</td>
<td>48%</td>
</tr>
<tr>
<td>Third-party disruption</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Fraud</td>
<td>34%</td>
<td>55%</td>
</tr>
<tr>
<td>Brand/reputational damage</td>
<td>32%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Q: In the next four years, with a Biden administration, which of the following macro and business risks will be more or less pressing, compared to the last four years?

Source: PwC US Pulse Survey
November 13, 2020: base of 656
Actions to consider

Scenario plans and modeling should consider how uncertainties will play out over multiple pathways.

From a domestic policy lens: With Republicans gaining ground in the House and control of the Senate dependent on the results of two Georgia runoffs in January, assess what can get done legislatively and alternatively, where might a Biden administration proceed through executive orders and agency rulemaking. For example, Biden could use executive authority on environmental rules to move the US faster toward his goal of net-zero emissions by 2050. Agency rulemaking can be opaque for businesses more used to tracking legislative processes. Companies should closely watch agency appointees for signals on policy shifts, as well as state policy. With compliance-related risk expected to become more pressing, companies can consider preparing for a potential increased focus on audits and compliance to address pandemic-related revenue effects, especially with the defeat of some state tax increase referendums.

From a global policy lens: Trade, privacy, international digital tax and climate change are all global issues executives are weighing as they navigate the risk environment. Given Biden’s multilateral orientation, the new administration is likely to seek cooperation with allies in Europe and Asia on framing common approaches and standards in these areas. But trade and competition issues with China will likely continue to be addressed bilaterally. President Trump is continuing to issue executive orders during the transition period to further restrict doing business with China. As being seen as soft on China is fraught with political risk, a more restrictive trade environment may just endure as Trump’s legacy.

64% of corporate leaders say that policy and regulatory realignments will become a more pressing risk over the next four years.
Companies are taking action to support their workforce, even in the absence of federal relief

US executives are more concerned about the current environment’s impact on employees than on consumers. Thirty-one percent say they are worried about the effects on the workforce, more than twice the proportion that are worried about consumer issues such as decrease in consumer confidence (14%) and lack of demand (12%).

Companies are implementing concrete plans, whether or not another federal stimulus is in the offing, to support people through this public health crisis and heightened societal tensions. Nearly three-quarters (72%) of companies are increasing mental health support for the workforce, and 59% are extending new benefits, such as reduced hours and extended leave of absence. Childcare (48%) and private transportation (41%) are also part of this mix, along with benefits like COVID-19 testing and greater workplace flexibility. These well-being initiatives are rolling out alongside efforts to upskill the workforce, cited by 52% of respondents, during this period of accelerated automation and remote working.

The pandemic and social unrest had already intensified business’ focus on the well-being of their employees. Many companies are now also paying close attention to the impact on the workforce of the divides underscored by the election. Around half of business leaders say they are increasing diversity and inclusion training for employees and creating new opportunities for employees to have conversations about difficult social issues. A third are making a conscious effort to nurture traits like empathy and humility in organizational culture and taking a public stance on societal issues.

US executives see post-election role for business to help bridge the nation’s divide

- Increase diversity and inclusion training for employees: 53%
- Create new opportunities for employees to have conversations about difficult social issues: 47%
- Review our organizational culture to focus on empathy and humility: 34%
- More likely to make company-endorsed public statements on societal issues: 32%
- Revisit how we evaluate our client/supplier/vendor relationships: 25%
- Revise our company’s purpose statement: 20%
- Examine our—or our political action committee’s—criteria for political support: 17%
- Less likely to make company-endorsed public statements on societal issues: 11%
- Decrease diversity and inclusion training for employees: 9%
- Unsure: 5%
- No changes planned: 12%

Q: The US general election revealed a significant political divide in the country. How is your company planning to change as a result? (Select all that apply.)
Source: PwC US Pulse Survey
November 13, 2020: base of 656
**Actions to consider**

Inclusive leadership: As the Business Roundtable signaled in its statement on the Biden-Harris win, companies have an immediate role in rebuilding a more civil society. In recent months, businesses have ramped up their diversity, equity and inclusion (DEI) initiatives. But assembling diverse teams is not enough; bringing people together and leading with traits like empathy, tolerance and humility can make a measurable difference in performance. A common purpose and set of values can bridge divides created by political differences.

**Develop a broad set of long-term benefits:** The benefits companies rolled out quickly during the pandemic outbreak may be here to stay for the foreseeable future, given the unpredictable trajectory of the pandemic and vaccine distribution. Different segments of the workforce are working under different constraints, making it necessary to design a broad-based set of benefits from hazard pay to childcare support. The new administration’s heightened focus on workplace safety, which may be reflected in revamped Occupational Safety and Health Administration (OSHA) standards, will also propel businesses to take steps to improve workforce safety and health.

- 72% are increasing mental health support for the workforce
- 59% are extending new benefits such as reduced hours and extended leave of absence
Ability to execute has become the differentiator in digital transformation

Since we started this Pulse survey series at the start of the pandemic shutdowns in March, executives have consistently told us that continuing to invest in technology is the smartest way forward. In June, 56% of CFOs said that technology investments will make their businesses better in the long run. In this poll, 76% of business leaders said they will be allocating more resources to digital transformation, and 72% are planning increases in cyber risk management in 2021.

Data analytics, automation, cloud, customer experience, and product and service transformation are the top areas for digital investments identified by executives last month. Now it’s clear that companies are applying these technologies in new and emerging areas, from charting their paths back to the office with enhanced tools for remote collaboration and expanding the digital customer experience to gathering and processing data for new forms of reporting, like environmental, social and governance (ESG) reporting. Almost a third of CFOs, for example, plan to include ESG disclosures in their next annual report.

Actions to consider

Redefine how people work to execute digital transformation: How teams innovate and collaborate has become a more pressing question with the pandemic transforming our ways of working. Companies that broke down silos during the pandemic with new collaboration tools and workforce models should consider how to retain the hard-won agility during the transition back to the workplace and in the post-pandemic economy.

Business executives see big investments in digital

<table>
<thead>
<tr>
<th>Area</th>
<th>Small increase</th>
<th>Large increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital transformation</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>Cyber risk management</td>
<td>42%</td>
<td>30%</td>
</tr>
<tr>
<td>Tax scenario planning</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Capital investments</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>Domestic expansion</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>Workforce</td>
<td>34%</td>
<td>24%</td>
</tr>
<tr>
<td>Supply chain</td>
<td>29%</td>
<td>25%</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>29%</td>
<td>24%</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>30%</td>
<td>22%</td>
</tr>
<tr>
<td>International expansion</td>
<td>29%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Q: To what extent is your business changing resource allocations in the following areas in 2021?
Source: PwC US Pulse Survey
November 13, 2020: base of 656
Health leaders face unique demands under the pressures of post-election policy questions, the pandemic and the promise of new vaccines

While many business leaders focus on their post-election strategy, health industry leaders are primarily focused on the nation’s pandemic response — with 59% citing COVID-19 related shutdowns as a top concern. Health leaders must also contend with a future vaccine distribution while managing both a stressed workforce and continued digital transformation. Nearly a quarter (24%) of health industry leaders said they are concerned about “lack of demand” — double the percentage of overall business leaders (12%) who cited the same. This may reflect the unique challenge to the health industry that when COVID-19 related treatments surge, demand for non-pandemic-related health services decrease.

What are the top focus areas for health industry resources going forward? In our survey, health leaders cited digital transformation (69%), cyber risk management (63%) and workforce (59%) as the top three. These responses align with our view of the Acceleration of the New Health Economy, where virtual health delivery, more protections for consumer data and intellectual property and the upskilling of the health workforce are among the most important long-term strategies.

Health leaders also must prepare for the next front on the war against the virus — vaccine distribution. Fifty-six percent of health leaders responding to the question of resource allocation pointed to the supply chain as a focus of change. This focus is timely, just as promising new vaccine candidates are being announced. But developing a robust supply chain and new and innovative distribution channels will be a heavy lift for the health industry as it pivots from vaccine development to distribution, as outlined in the recent PwC Health Research Institute insight, Developing COVID-19 vaccines may not be enough: Turning vaccines into vaccinations.

Beyond the pandemic, health leaders must also contend with a post-election strategy to prepare for President Joe Biden’s healthcare agenda. PwC asked business leaders how they plan to change as a result of the political divide starkly revealed in the election. The top two strategies for health organizations going forward: creating new opportunities for employees to have conversations about difficult social issues (53%) and increasing diversity and inclusion training (51%). This may be an opportunity for health leaders to lead the call for a stronger focus on addressing health inequities and the social determinants of health, the societal factors that often influence individual and community health more than acute care treatments.
Two worries dominate for financial services executives: cases up, locking down

A surge in coronavirus cases. Financial fallout from the current business environment. Financial services (FS) execs juggle many concerns, but these top the list.

About half of the 182 FS executives responding to our latest Pulse Survey mentioned a new wave of infections (51%) and its financial fallout (49%) among their top three concerns. This comes as business restrictions tighten again in many areas and we head into what could be a difficult winter.

Meanwhile, they’re also wondering what a Biden administration may bring. Many (59%) FS execs (compared to 50% overall) now view compliance risks as more pressing. Tax policy will be a high priority, too: 90% of FS respondents cited plans to do tax planning. Much may depend on Senate runoff races and who heads the regulatory agencies.

Many FS leaders are highlighting stakeholder responsibility, showing up for employees and the broader society, along with shareholders. For example, with so much of the industry now working from home, most will increase mental health and other well-being benefits to help employees cope (80%, higher than the 72% for all respondents). And 65% of FS leaders plan to offer employees upskilling opportunities, compared to 52% overall. This often means moving from crisis-driven training to reskilling for new roles. More than half the respondents (51%, similar to other industries) said they’ll increase diversity and inclusion training. Many FS firms also plan to review their organizational culture to focus on empathy and humility (40%, vs. 34% overall). It’s a key part of restoring a healthy balance in a firm’s “culture bank,” inspiring loyalty and building community goodwill.

Finally, as the pandemic continues, the financial sector and many other industries are racing to improve their digital capabilities. It’s the top priority for FS, with 80% planning to add resources. Digital transformation helped firms adapt earlier this year. It will be equally important as they look for customized opportunities to help their clients rebound.

Financial firms plan to offer additional support to employees

<table>
<thead>
<tr>
<th>Service</th>
<th>FS leaders</th>
<th>All leaders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase support for well-being and mental health of the workforce</td>
<td>80%</td>
<td>72%</td>
</tr>
<tr>
<td>Upskilling</td>
<td>65%</td>
<td>52%</td>
</tr>
<tr>
<td>New benefits to employees</td>
<td>63%</td>
<td>59%</td>
</tr>
<tr>
<td>Childcare</td>
<td>56%</td>
<td>48%</td>
</tr>
<tr>
<td>Hazard pay for on-site workers in affected areas</td>
<td>55%</td>
<td>48%</td>
</tr>
<tr>
<td>Private transportation</td>
<td>47%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Q: In the absence or delay of additional federal economic stimulus for individuals, are you planning to offer any of the following to your employees? (Responses to “have a plan in place but haven’t started” = “yes”)

Source: PwC US Pulse Survey
November 13, 2020: base of 656, FS base of 182
Consumer-facing companies focus on digital foundation as election recedes

Leaders at consumer-facing companies are planning to double down on digital strategy in the year ahead, as they’ve done since the beginning of the pandemic. They are more likely than executives in all other sectors (47% vs 38%) to commit to a “large increase” in digital investment in 2021.

More aware than ever before that end-to-end digital transformation is essential in a pandemic-altered world, consumer markets (CM) leaders are taking the necessary steps. As shoppers combine the most convenient online and in-store options, retailers are consolidating physical and digital operations for seamless customer service.

Consumer packaged goods companies are finding new ways to engage customers directly with a combination of personalized offerings and accurate demand forecasting. And travel, transportation and hospitality companies are deploying analytics to unveil new self-serve options and shore up for the long term.

As with other sectors, 86% of CM leaders would like to see federal economic relief in the coming months, without which they are more likely than other sectors to offer hazard pay for on-site workers (63% vs 48%). CM leaders are understandably concerned about a new wave of COVID-19 infections triggering further shutdowns. And they’re also more concerned than all sectors about the effect of the current business environment on their workforce (39% vs 31%).

In a divided post-election landscape, 51% of CM leaders will create new opportunities for conversations about social issues while 57% will increase diversity and inclusion training. Despite a majority view (69%) that policy and regulatory shifts will be the most pressing post-election business risk, CM leaders are nevertheless looking ahead to growth in 2021, more so than other sectors.

In addition to digital transformation, which 77% cited, they are also directing resources toward the workforce (65% vs 58% of executives in all sectors), domestic expansion (65% vs 59%), supply chains (63% vs 54%) and M&A (60% vs 53%). In the year ahead, they will lay the foundation for long-term success: reconfiguring business models, reinventing the customer purchase journey and rethinking strategies to engage consumers.

CM leaders stress importance of federal economic relief

- Very important: 55%
- Marginally important: 31%
- Not important: 12%
- Unsure: 2%

Q: With a Biden administration, how important would further economic federal relief or stimulus be to your company?
Source: PwC Pulse Survey
November 13, 2020: base of 656, CM base of 115

CM leaders stress importance of federal economic relief

- Very important: 55%
- Marginally important: 31%
- Not important: 12%
- Unsure: 2%
Industrials view sector rebound cautiously, eyes fixed on outlook for tax policy with a Biden administration

On the heels of the presidential election and during the recent pandemic upsurge, US manufacturers appear cautiously upbeat for a continued rebound. October saw its highest level of national factory activity since November 2018, as manufacturers continue to reconfigure workplaces in response to the pandemic and as consumer demand for goods rises to accommodate altered home-based lifestyles.

Nearly half (48%) of manufacturers say they’re more optimistic about the prospects of organic domestic growth in 2021 than they were before the election, according to PwC’s latest US Pulse survey. About half (46%) hold the same expectations for growth in international markets. However, in light of a resurgent pandemic — and the potential for restrictions on business activity in some parts of the country — nearly all manufacturers (92%) see further economic federal relief or stimulus from a Biden administration as important to their companies.

Looking ahead to 2021, most manufacturers are forging ahead with investments across numerous areas, including 60% who plan to invest in their supply chains, 75% in cybersecurity and 62% in tax scenario planning. Manufacturers are still vigilant about keeping their workplaces safe, with 89% saying they have implemented workplace safety measures and requirements in response to the pandemic. Moreover, 42% expect that workplace safety issues will be more pressing over the next four years. And, as many manufacturers continue to stagger

Industrials expect to forge ahead with digital, cyber investments

Q: To what extent is your business changing resource allocations in the following areas in 2021? (Responses to "small increase," "large increase")
Source: PwC US Pulse Survey
November 13, 2020: base of 656, IP base of 168
shifts and carry out other measures to promote worker-to-worker distancing, the role of technology to augment those efforts appears to be widening. Three-quarters of manufacturers (76%) report that they are either already accelerating automation and digital transformation initiatives or have plans in place to do so, indicating further deployment of a range of 4IR tech, including advanced robotics, digitally connected “smart” factories, as well as the development of smart, connected products and even increasing e-commerce, a space that industrials have been entering since the pandemic struck.

Implications for US manufacturing:

As the pandemic resurges, manufacturers will likely increase efforts to reconfigure workplaces to help ensure worker safety and productivity and continue to assess ways to implement automation technologies toward that end.

Manufacturing companies recognize the need to ramp up cyber protections as their deployment of new automation and digital transformation expands — and as industrials move to ramp their adoption of e-commerce channels and IoT-connected products and services.

Most manufacturers are gearing up to build tax strategies by developing tax planning scenarios to help prepare for possible changes in tax law that could be enacted in a Biden administration. Note that 91% of IP respondents are likely to engage in tax planning over the next year in anticipation of such legislative changes.
Sector implications

TMT companies poised for growth despite concerns over regulatory risks

Although tech, media and telecom (TMT) leaders are more concerned about post-election regulatory risk than those in other sectors (71% vs 64%), PwC’s latest Pulse survey shows that they also are among the most optimistic about growth prospects for their businesses in 2021, likely because they continue to power enterprise and consumer activity in a pandemic-altered world.

More than half of TMT leaders (51%) told us they are more optimistic about organic domestic growth today than they were before the election, compared to 45% for all sectors. And despite concerns about a global economic downturn (55% vs 41% for all sectors), they are also positive about organic international growth (53% vs 43% in all sectors). In keeping with this bullish outlook, TMT companies are more likely (33%) to commit to a large increase in capital investment in 2021 (vs 26% across the board).

TMT leaders are also looking ahead to a year of dealmaking. Nearly twice as many TMT companies are more — rather than less — optimistic about domestic acquisitions post-election (34% vs. 18%). More than six times as many (44% vs 7%) are now more — rather than less — optimistic about international acquisitions. Despite increased cross-border deal scrutiny from global regulators, their enthusiasm likely stems from an expectation of closer ties with allies under a Biden administration.

The vast majority of TMT leaders (81%) will increase mental health and well-being support for employees (vs 72% across the board). Under a Biden administration, TMT leaders are also concerned about environmental risk (60% vs 51% for all sectors) and workplace safety (51% vs 40% for all sectors), in addition to regulatory scrutiny. Despite these concerns, TMT companies are poised for growth. They are building governance frameworks, tailoring privacy to help meet customer expectations and meeting converging public health, economic and geopolitical challenges head-on. This focus — coupled with strong liquidity in the sector — has positioned TMT companies to accelerate when the economy rebounds.

The future looks bright for TMT growth — both organic and via deals

<table>
<thead>
<tr>
<th>Source of Growth</th>
<th>Less optimistic</th>
<th>As optimistic</th>
<th>More optimistic</th>
<th>Not a source of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth in domestic market</td>
<td>11%</td>
<td>36%</td>
<td>51%</td>
<td>3%</td>
</tr>
<tr>
<td>Domestic acquisition(s)</td>
<td>18%</td>
<td>40%</td>
<td>34%</td>
<td>8%</td>
</tr>
<tr>
<td>Organic growth in international market(s)</td>
<td>10%</td>
<td>27%</td>
<td>53%</td>
<td>10%</td>
</tr>
<tr>
<td>International acquisition(s)</td>
<td>7%</td>
<td>34%</td>
<td>44%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Q: For sources of growth that are significant to your organization, with a Biden administration, are you now more optimistic about your prospects for 2021 than you were before the US election? (Responses to ‘New products and services’ was not listed above and ranked 8% less optimistic, 52% as optimistic, 38% more optimistic and 3% not a source of growth.) Totals may not add up to 100% due to rounding.

Source: PwC US Pulse Survey: Road to Election 2020

November 13, 2020: TMT base of 73
Energy sector expects new era of change under Biden, both favorable and challenging

In the wake of a projected presidential win for Democrat Joe Biden, energy executives are preparing for a new era, especially given Biden’s proposed $1.7 trillion green infrastructure initiative, which could usher in a raft of new rules affecting the sector — not only the oil and gas industry, but also power utilities. Overall, most energy sector executives (72%) anticipate policy and regulatory shifts to be more pressing over the next four years compared to the last four. Despite such concerns, Biden’s plans, centering on decarbonization and electrification, could also present opportunities (e.g., via grants or guaranteed loans aimed to support clean energy initiatives) for energy companies, especially utilities, positioned to benefit from such policies. For instance, roughly one-third of the sector’s leaders (36%) are more optimistic about organic domestic growth in 2021 than they were before the election. The sector also shows little sign of slowing on technology investments, especially as oil and gas companies strive to capture efficiencies during a low oil-price cycle and utilities ramp up efforts to secure and modernize the grid (e.g., facilitating digital transformation). Nearly half (46%) of energy executives expect liquidity and solvency to become a more pressing matter in the next four years compared to the last four.

Cyber and digital top utility execs’ investment plans

Q: To what extent is your business changing resource allocations in the following areas in 2021? (Responses to “small increase,” “large increase”)

Source: PwC US Pulse Survey
November 13, 2020. base of 656, EUM base of 50
more distributed energy resources). Top priority areas for investment planned for 2021 include cybersecurity (with 82% respondents expecting to allocate resources); tax planning (76% — most notably affecting oil and gas enterprises); and digital transformation (72%). Such investment plans likely reflect the view that energy transition presents yet another opportunity for the sector to take a lead technologically as they have done in the past.

**Implications for energy companies**

Energy companies are carrying out scenario planning to examine their exposure to environmental policies and regulations and evaluate how to better mitigate vulnerabilities and seize opportunities.

The sector will likely make changes to their long- and short-term business strategies to benefit more from Biden’s clean energy plans, which might mean product and service diversification, acquisitions and/or divestitures.

Energy companies are looking to keep the pedal on technology investments, especially those supporting cybersecurity and those that can lead to cost reductions and efficiencies such as automation and the industrial internet of things.
What’s top of mind in the C-suite?

CFOs and finance leaders

Despite optimism about a potential COVID-19 vaccine, the pandemic is once again top of mind as business leaders gauge operating in the current business environment. Chief financial officers (CFOs) are most concerned about another wave of infections causing shutdowns, as well as the financial impact, including effects on liquidity and results of operations, and a global economic downturn. CFOs are also prioritizing environmental, social and governance (ESG) issues, focusing in particular on ESG disclosures.

Companies have been taking steps to tackle COVID-19 challenges

Q: Please indicate how much you agree or disagree with the following statements about your company’s response to the COVID-19 pandemic to date.

(Responses to ‘strongly agree’)

Source: PwC US Pulse Survey
November 13, 2020: CFO base of 227

- Modified the layouts of physical workspaces: 55%
- Successfully on-boarded new employees: 45%
- Made appropriate updates to business continuity plans: 44%
- Addressed employee well-being, including mental health and morale: 43%
- Quickly identified those in proximity with anyone afflicted with COVID-19: 37%
- Appropriately adjusted compensation: 30%
- Done a good job adjusting employee performance targets: 27%

Q: Please indicate how much you agree or disagree with the following statements about your company’s response to the COVID-19 pandemic to date.

(Responses to ‘strongly agree’)

Source: PwC US Pulse Survey
November 13, 2020: CFO base of 227

Read our CFO insights
What’s top of mind in the C-suite?

Tax leaders

Business leaders are anticipating President Joe Biden’s campaign tax proposals, and they’re planning to take action next year. Tax modeling and planning will be particularly important as the Georgia Senate election outcomes will determine control of the Senate, thereby affecting whether tax increase legislation is likely to be enacted. Meanwhile, most tax leaders believe it’s important to include business tax relief provisions in any new federal COVID-19 stimulus. But tax leaders are split as to what the OECD global business income taxation project will mean to their businesses.

COOs more likely to increase total office space over the next three years

Q: Please indicate the degree to which you agree or disagree with the following statement: It is important for new federal COVID-19-related economic stimulus legislation to include business tax relief provisions. (agree = ‘strongly agree,’ ‘somewhat agree’; disagree = ‘strongly disagree,’ ‘somewhat disagree’)

Source: PwC US Pulse Survey

November 13, 2020: Tax leader base of 118
COOs and operations leaders

The transition back to the office after months of remote work won’t likely follow any one path, and chief operating officers (COO) have differing ideas of what their office space needs will be in coming years. Most COOs believe they’ll need more office space over the next three years, while some expect a decline and still others say they won’t have to make any change. COOs believe that the government’s response to the COVID-19 pandemic will play a critical role in building confidence to return to the physical office space, and making safe and effective vaccines widely available will be critical to helping relieve some concerns about the office.

Leaders call for business tax relief as part of COVID-19 stimulus

Q: How do you anticipate your total office space needs will be different 3 years from now?

Source: PwC US Pulse Survey
November 13, 2020; COO base of 91

- Reduce at least 5%: 22%
- Stay about the same: 15%
- Increase between 5 and 15%: 35%
- Increase more than 16%: 28%
What's top of mind in the C-suite?

CHROs and human capital leaders

Chief human resource officers (CHROs) recognize the importance of taking on the many sensitive and challenging issues of the day, from addressing employee safety and upskilling to mental health and racial intolerance. CHROs see a greater sense of urgency on workforce issues than leaders in other areas of the business, but they’ll need to work closely with other business leaders to align expectations and priorities and to help other executives understand the needs and desires of the workforce.

Read our CHRO insights

CHROs expect policy changes in key workforce areas

Q: Which of these public policy issues is most likely to impact your company’s ability to achieve its workforce strategy over the next 12 months?

Totals may not add up to 100% due to rounding.
Source: PwC US Pulse Survey
November 13, 2020: CHRO base of 10

- Health insurance: 34%
- Health and safety regulations: 26%
- Federal economic stimulus: 13%
- Racial and gender equity: 13%
- Labor and wage laws: 9%
- Individual income tax policy: 6%
- Immigration reform: 4%
Risk management leaders

Risk leaders have turned more optimistic about growth prospects in 2021, and they are focused on reallocating resources to digital transformation and cybersecurity. But risk leaders remain concerned about the current operating environment, and they’re particularly worried about a new wave of COVID-19 infections leading to further shutdowns. More than half of risk leaders expect shifts in the policy and regulatory regime and related compliance risks to become more pressing over the next four years, while nearly two-thirds say they’ll be conducting stress tests of their resilience plans more often over the next year.

Read our CRO insights
About the survey
Between November 9 and November 13, 2020, PwC surveyed 656 US executives including CFOs and finance leaders (35%); tax leaders (18%); risk management leaders, including CROs, CAEs and CISOs (17%); CHROs and human capital leaders (16%); and COOs and operations leaders (14%). Respondents were from public and private companies in these six sectors: financial services (28%), industrial products (26%), consumer markets (18%), technology, media and telecommunications (11%), health industries (9%), and energy, utilities and mining (8%). Seventy-three percent of respondents were from Fortune 1000 companies. The PwC US Pulse Survey is conducted on a periodic basis to track the changing sentiment and priorities of business executives.

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