## CFO’s more optimistic about the economic forecast for the first time

Worldwide CFO survey gauges confidence in the economy and the importance of CSR therein

Tilburg, 27 June 2013 – For the first time in many years, more European CFO’s were positive rather than negative about the economic outlook. A third or 29% of European colleagues can see the future with a degree of optimism. Nevertheless, most (38%) see no change in the short-term and the European view is less optimistic than in other areas of the world. A majority of 43%, however, does expect an improvement in terms of the financial performance of their own company. This has transpired from the Global CFO Survey, the longest running worldwide study into economic views among top financial managers, conducted by Duke University and Tias Nimbas Business School and supported by universities in Japan, South Africa and Brazil.

Once a quarter, the CFO survey questions CFO’s, 25% of whom come from the Benelux, about their expectations for the economic landscape and gauges their opinions on another, related topic. This time, the supplementary topic was the role of corporate social responsibility and sustainability within company results.

**CFO’s continue to invest**
Most CFO’s do not expect any economic growth in the short-term. The most important reasons for this are low consumer demand, prices coming under pressure as a result of competition, worldwide financial instability and government policy. As a result, margins are under pressure, it is harder to pinpoint expectations about the future and reconcile policy with this, and more challenging to motivate employees to stay productive.

A little less than half the CFO’s expect to have to call upon their reserves in the coming 12 months, primarily in order to continue with investments.

**Top salaries under pressure**
The research also demonstrated that the salaries of top managers were coming up for discussion. Even though a good 20% of the respondents reported criticism of top salaries, no less than 43.5% indicated that they would be curbing these payments in the coming year. Criticism had largely come from shareholders and owners or the Board of Directors.

**CSR because it’s all part of it**
Corporate social responsibility and sustainability are higher on the agenda in Europe than is the case in the U.S. In Europe, 63% of the respondents considered this to be important or very important while, in the U.S. this is only half. CSR is even more important in Asia (67%), South America (76%) and Africa (83%).

CSR initiatives are specifically targeted towards company employees and the management, customers and the environment. The reasons for this have no direct link with operating profit. The principal reason seems to be improving image, followed by ‘because it’s something you ought to be doing'. Just 18% employs CSR in order to create higher consumer demand and 10% use it to make the cost structure more efficient. No less than 56% make no effort at all to chart efforts (in relation to finance). They do not have the resources for this purpose, there is no pressure from shareholders or there is too little expertise in order to do so.

**European sentiment remains consistent**

Europeans score 53 in terms of the sentiments-index (on a scale of 1-100); the same as last quarter. This is the lowest of all regions of the world. South America has reduced slightly but is still most optimistic with an index score of 66. Asia takes second place with 62 and the US has increased significantly with a score of 61.

Kees Koedijk, dean and director of TiasNimbas Business School: "We are slowly seeing improvements in sentiment, even though we still have a long way to go in Europe. Hopefully, we can draw inspiration from the other world regions. The growth in optimism in the U.S. is very hopeful. As the driving force behind progress in other economies, it is important that steps are being taken in the right direction in this area."

For more information see www.cfosurveyeurope.org

*Note for the press*

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