



# Swiss Managers Survey 2024

## ESG Ahead

# Swiss Managers Survey 2024: Overview

**Survey Period:** Conducted from April 8 to May 3, 2024

**Collaborative Effort:** In partnership with Swiss universities and chambers of commerce across Switzerland

**Representative Sample:** Engaged more than 400 respondents from:

- All linguistic regions of Switzerland
- A wide range of industries
- Companies from small and medium enterprises (SMEs) to multinational enterprises (MNEs)

**Professional Demographics:** > 65% of participants from upper management/board members

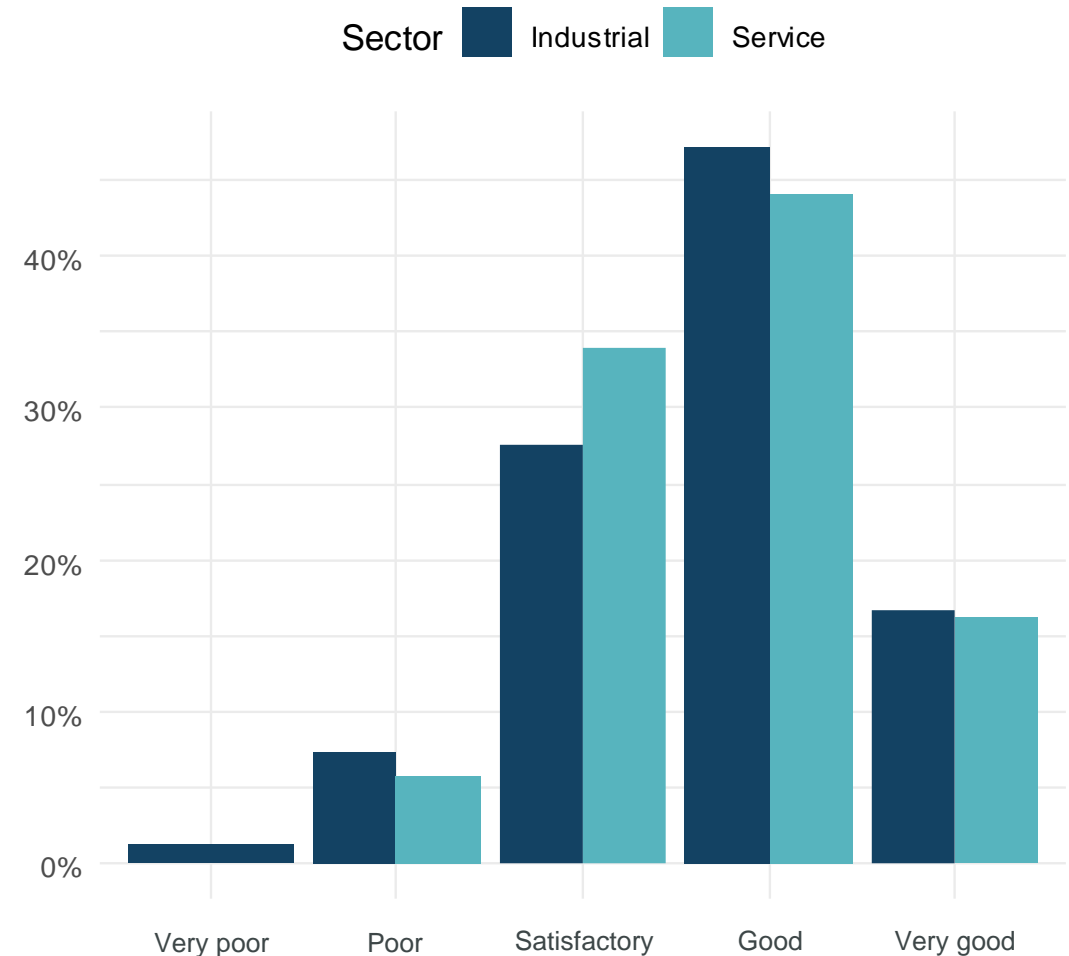
**Key Research Areas:**

- Analysis of the current and forecasted business conditions over the next six months
- Assessment of the competitiveness of Swiss companies
- Evaluation of ESG reporting preparedness among Swiss companies

# Current Business Situation

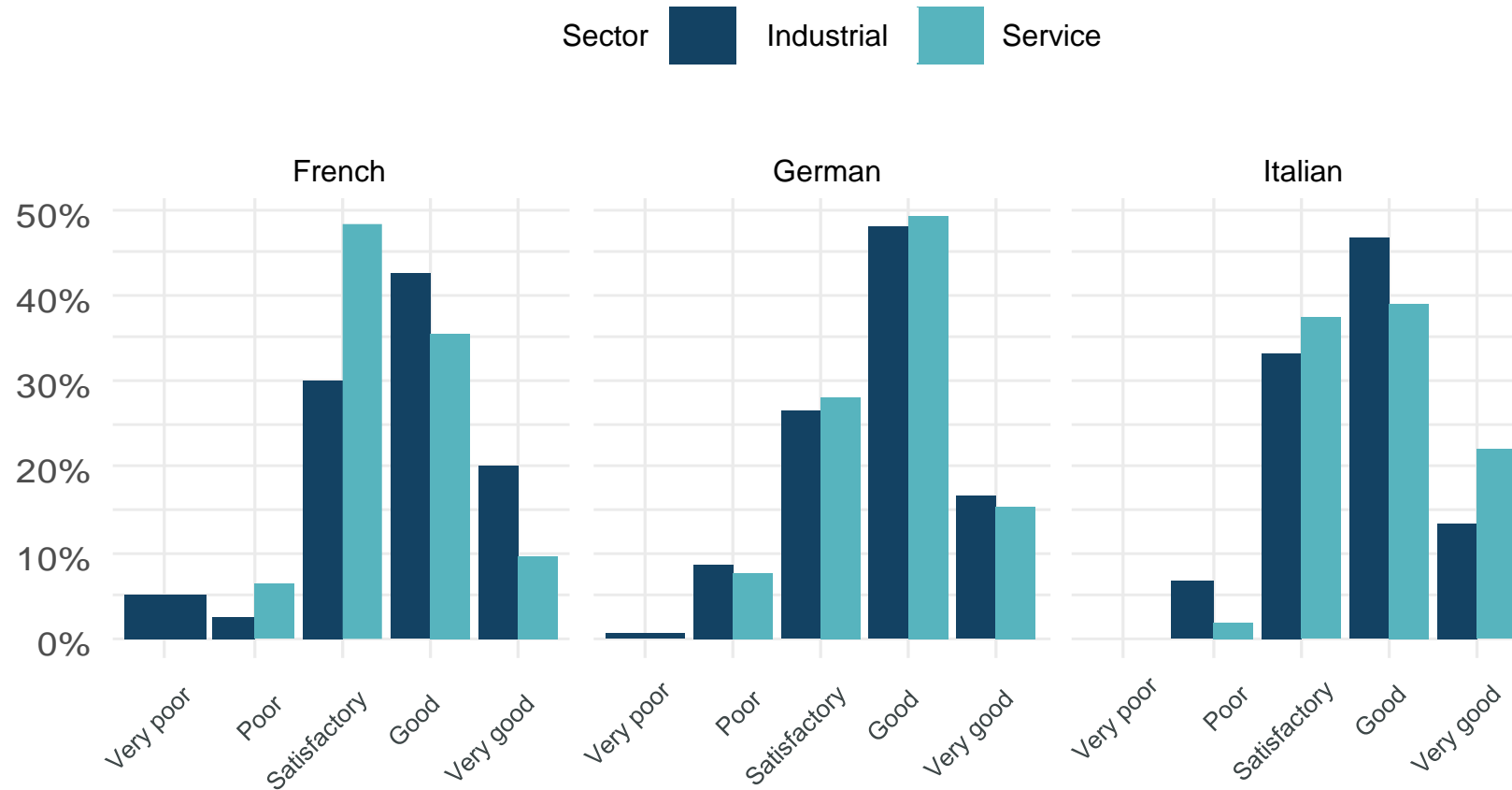
- **Robust outlook on Swiss economy:** Most respondents evaluate the current business situation as “good” or “very good”
- Less than 10% evaluate the situation as “poor” or worse
- **Sectoral differences:** Industrial firms report a marginally more positive business environment compared to service sector companies

Current Business Situation



# Current Business Situation

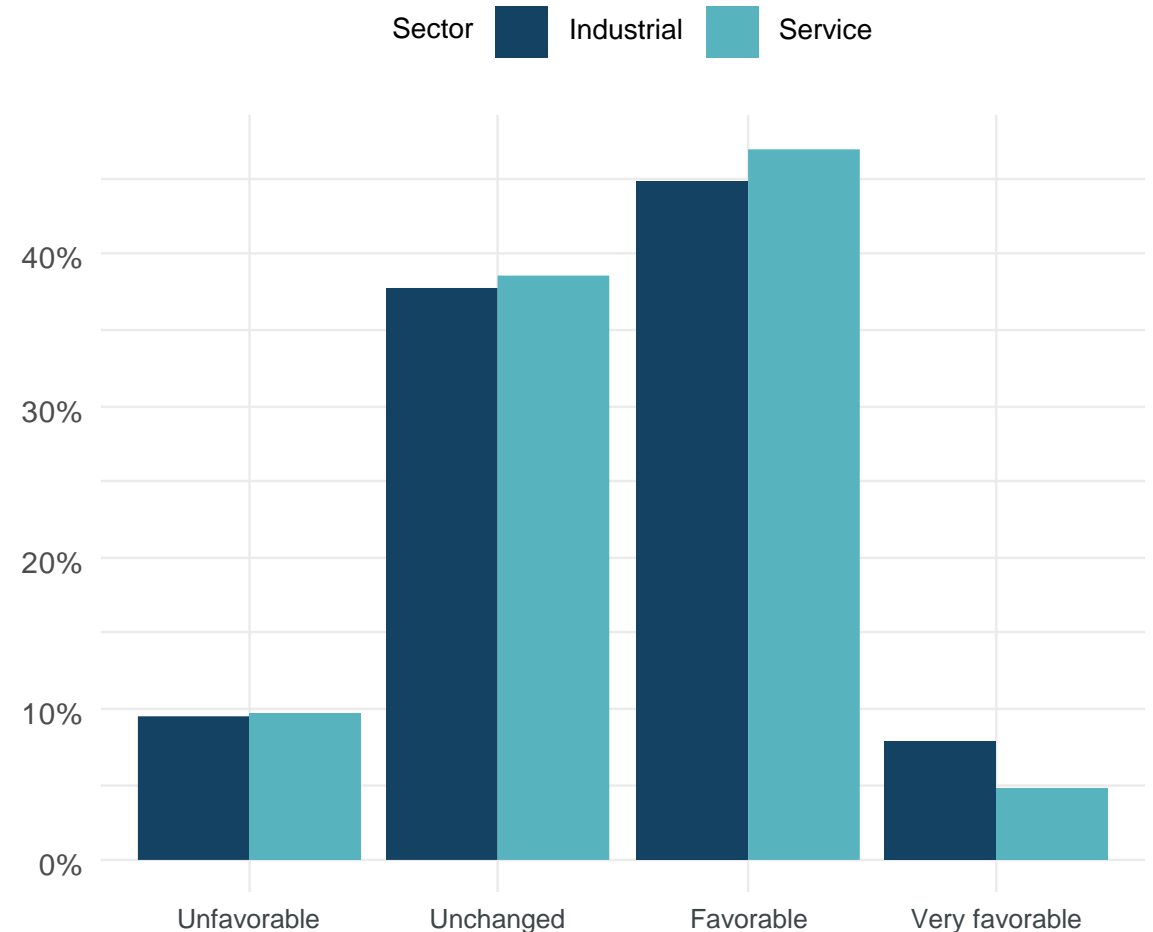
## Current Business Situation by Language Region



# Expected Business Situation in Six Months

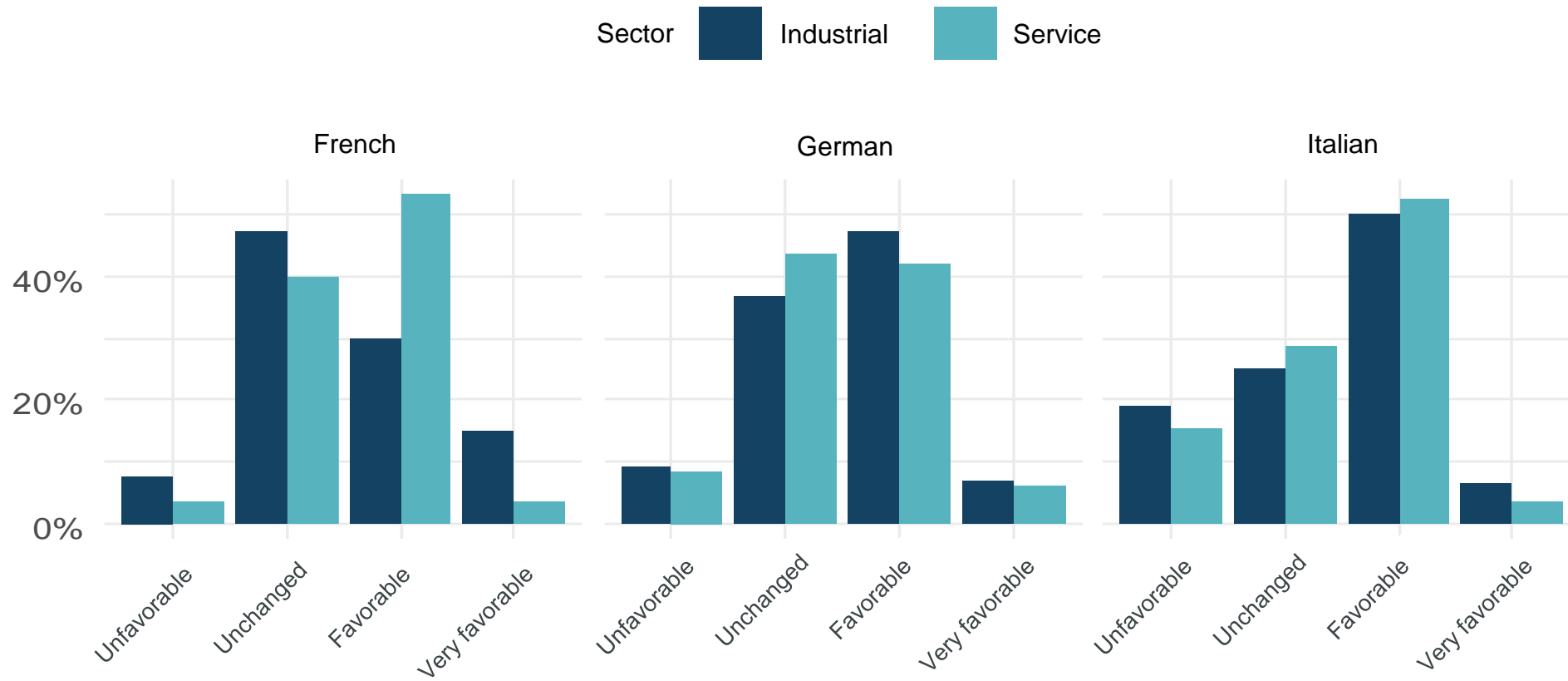
- **Optimistic future projections:** The majority of respondents from all sectors anticipate a promising outlook for their businesses
- **Expectation of stability:** More than one-third of participants expect no significant changes in the business climate over the next six months
- Ca. 10% of respondents from both sectors expect the business situation to worsen in the next six months

Expected Business Situation in Six Months



# Expected Business Situation in Six Months

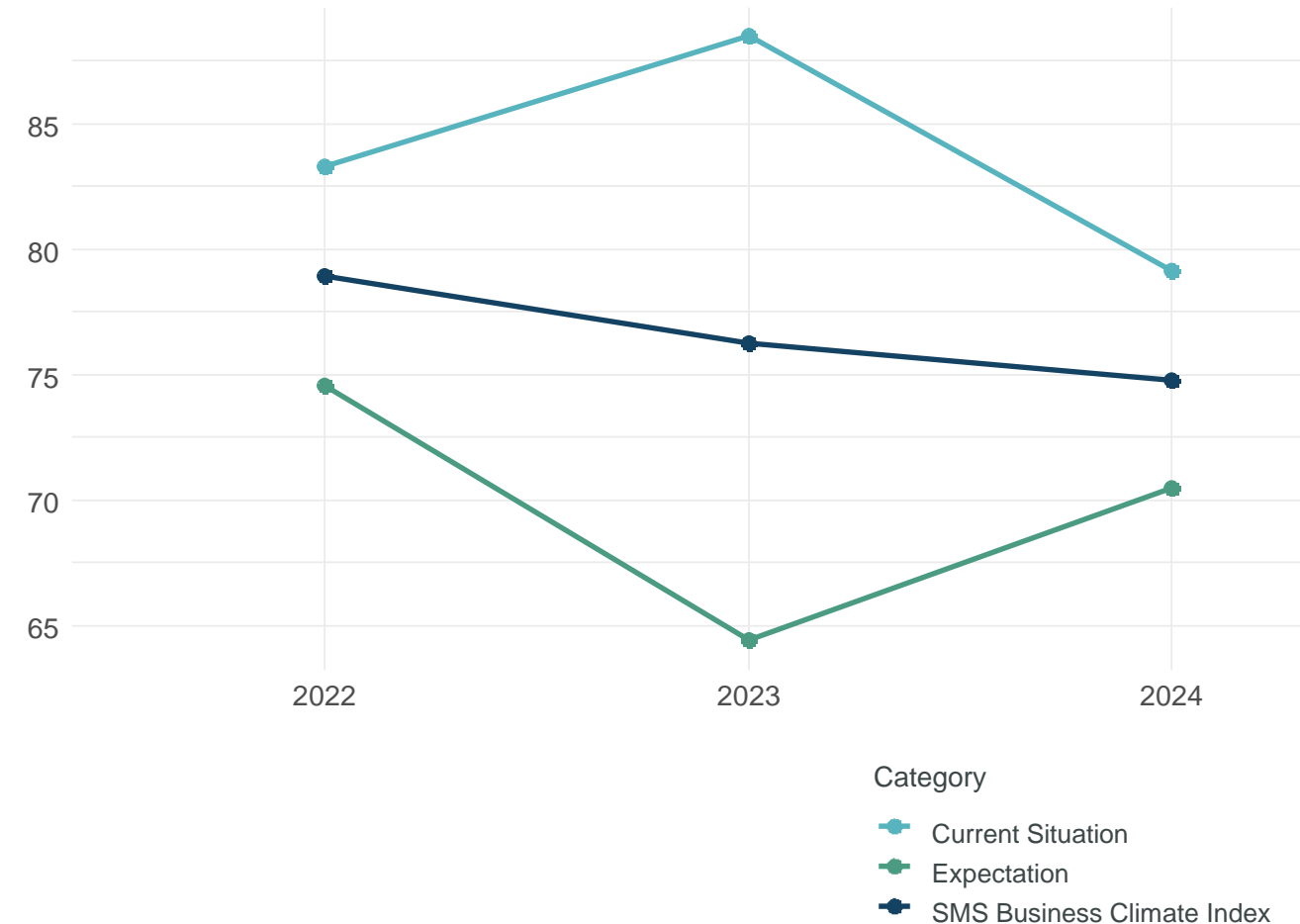
Expected Business Situation in Six Months by Language Region



# SMS Business Climate Index

- SMS Business Climate Index (modeled after the Ifo Business Climate Index): Exhibiting a decline over recent years
- The Current Situation Index is lower than it was one year ago
- Expectations for the future are more optimistic than in 2023, suggesting a potential turnaround

## SMS Business Climate Index Over Time



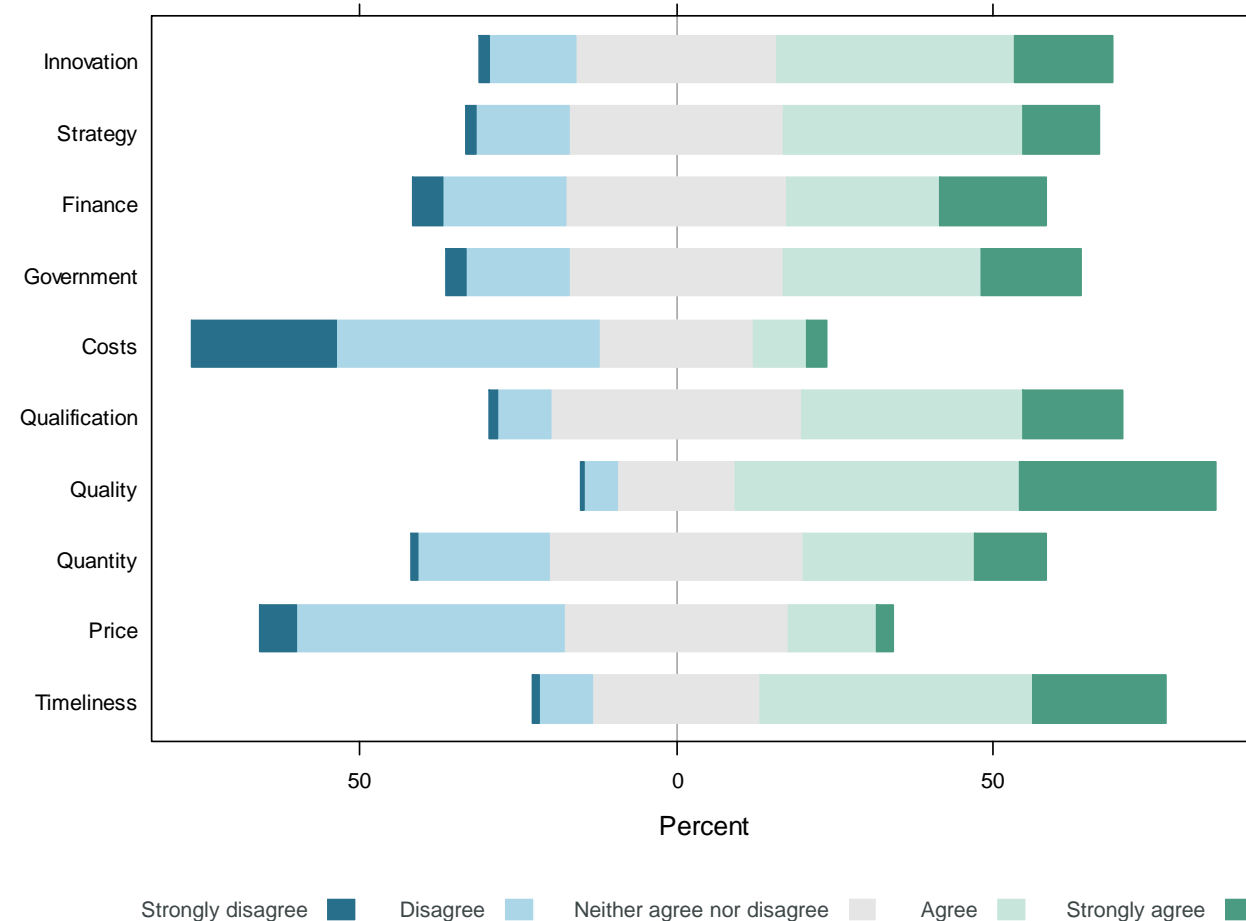


# Competitiveness of Swiss Companies

## Sources of competitiveness remain stable since 2022

- Swiss firms surpass leading international rivals in competitiveness
- Their main strengths lie in innovative capabilities and the high quality of their products
- However, cost structure remains a significant vulnerability, with over 60% of companies facing higher expenses than their competitors
- Pricing presents a challenge, as 45% of respondents indicate their products are priced higher than those of their competitors
- Compared to 2023 costs are more of an issue, while the importance of quality as a competitive advantage has increased

Competitiveness of Swiss Companies

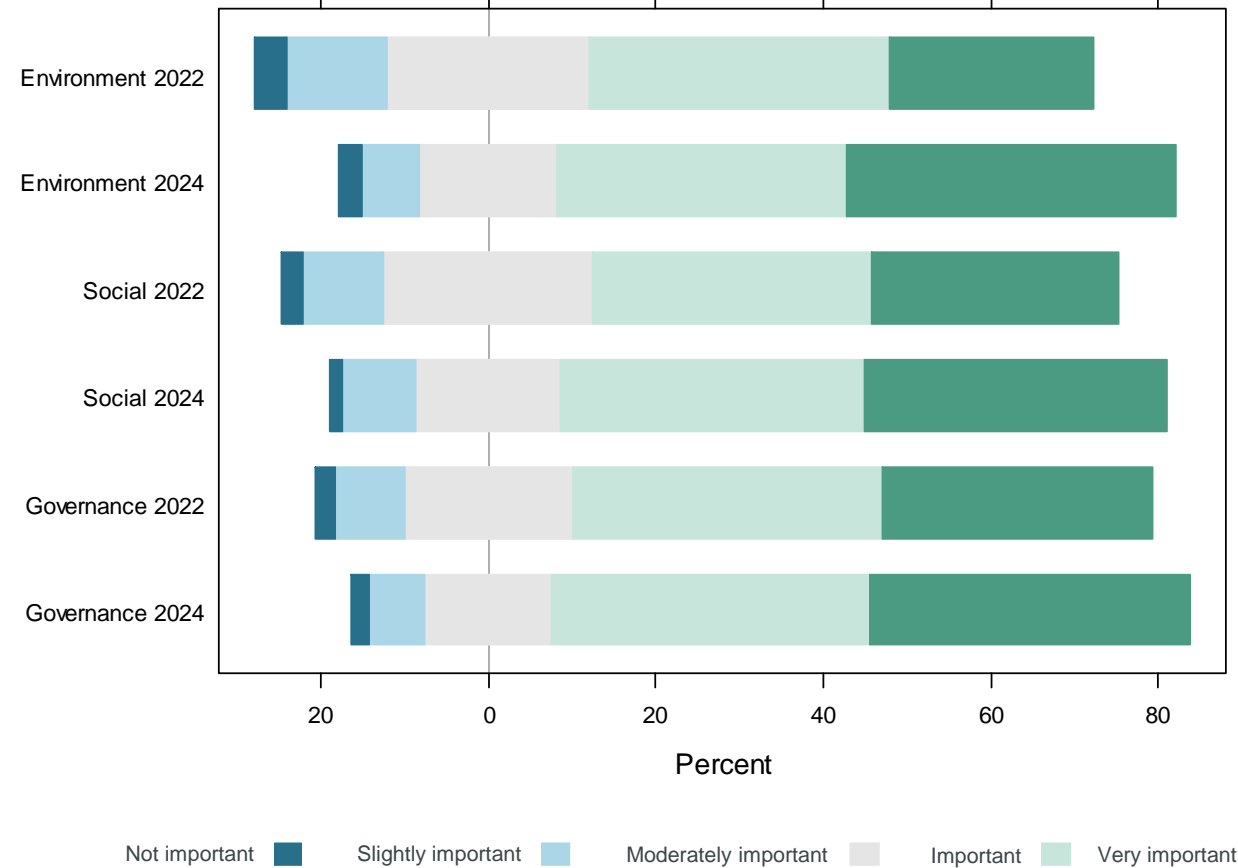




# ESG Importance (2022 vs 2024)

- **Growing emphasis on ESG:** There is a notable and significant shift toward prioritizing ESG issues, with increasing recognition of their importance over time
- Rising importance of environmental concerns, reflecting heightened awareness and urgency in addressing these challenges
- Only small increase of governance topics, due to the already high level in 2022, indicating traditional good governance practices in Switzerland

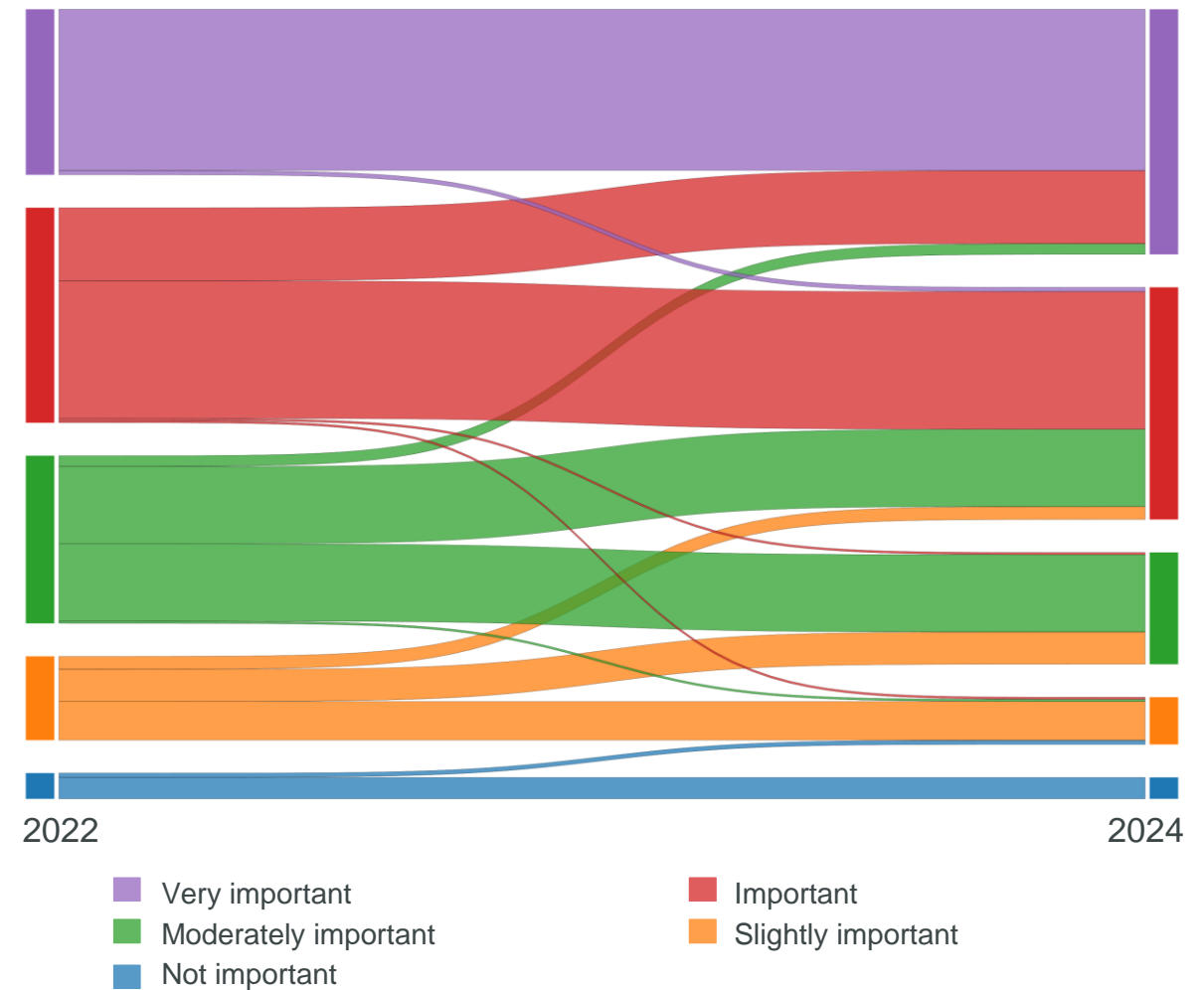
ESG Importance over Time



# Change in Environmental Issues Importance

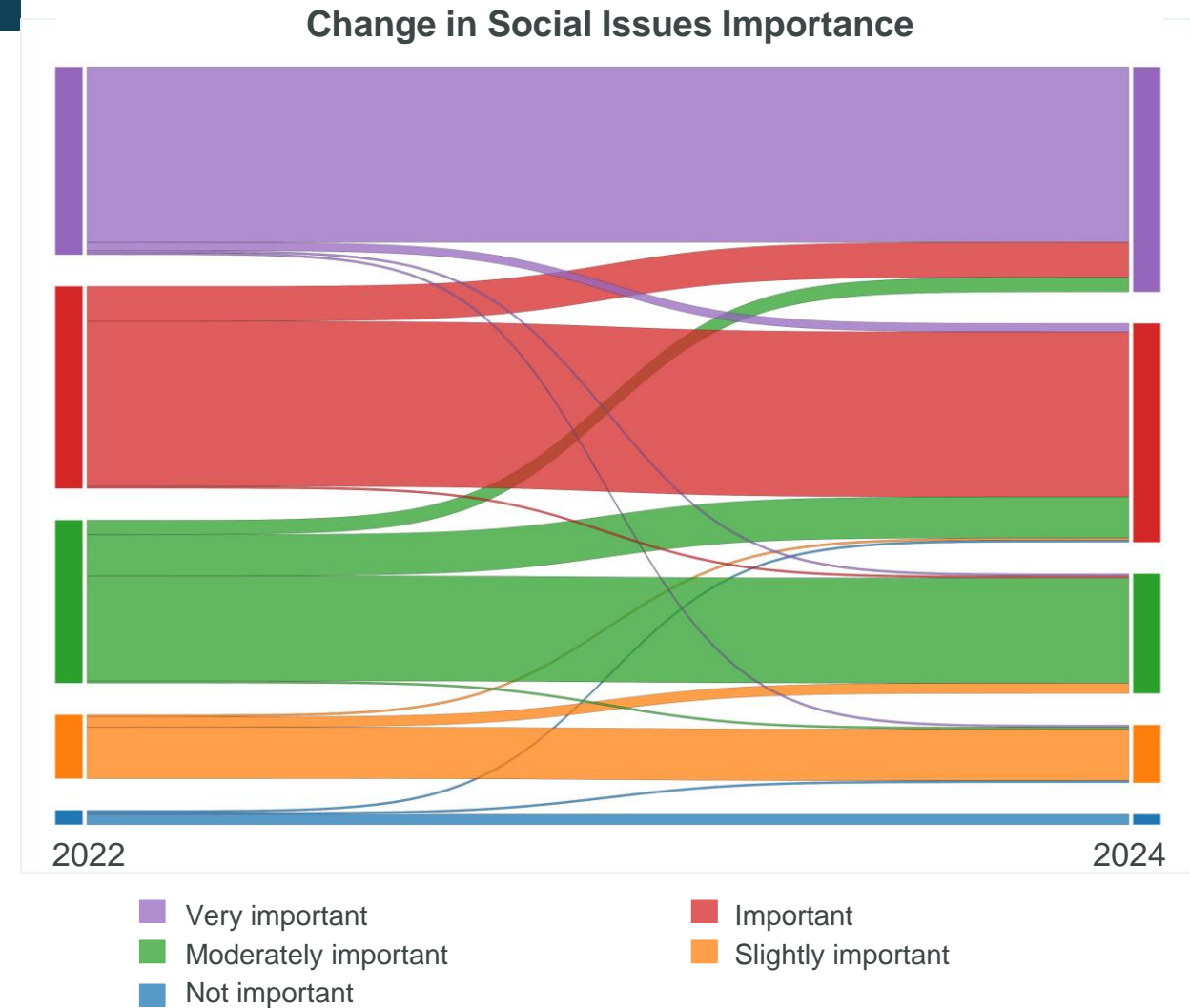
- General increased importance of environmental topics since 2022
- Stable rating
- More than 1/3 of managers evaluate environmental issues today higher than two years ago
- Strongest (relative) increase for the moderately important category

## Change in Environment Issues Importance



# Change in Social Issues Importance

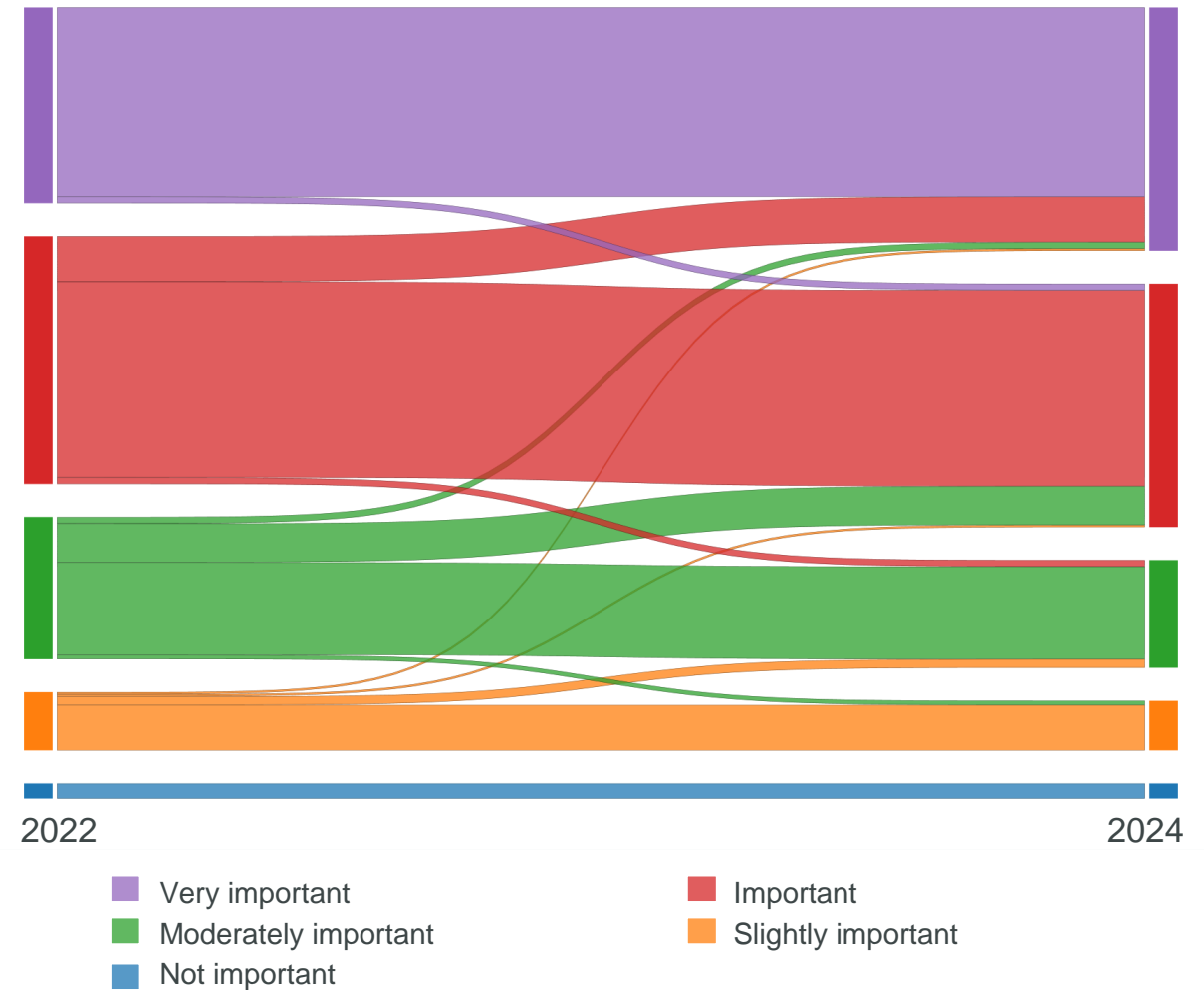
- Stable rating
- Much less upward mobility in ratings, only about 1/4 rate social aspects higher than 2 years ago



# Change in Governance Issues Importance

- Stable rating
- Similar upward trend as for environmental, about 1/3, yet slightly more pronounced downward adjustments, across all categories

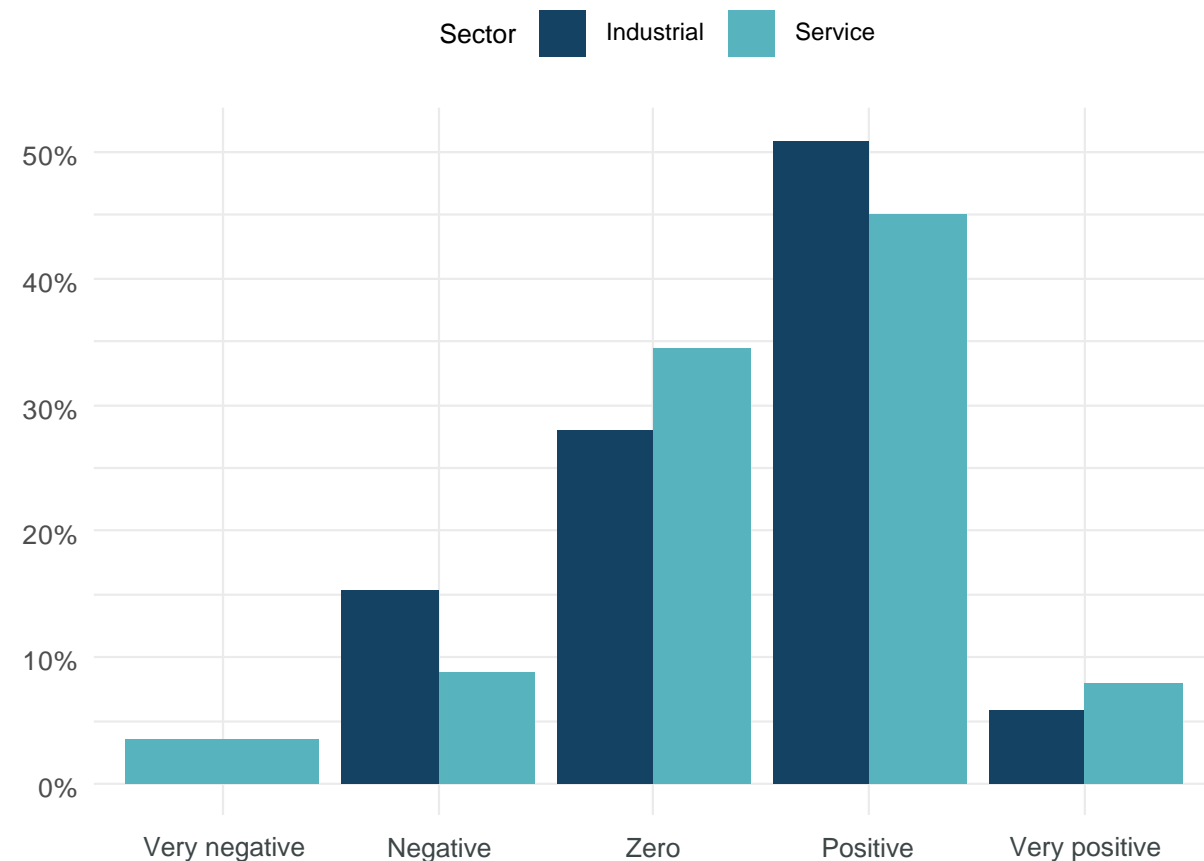
## Change in Governance Issues Importance



# ESG Return On Investment

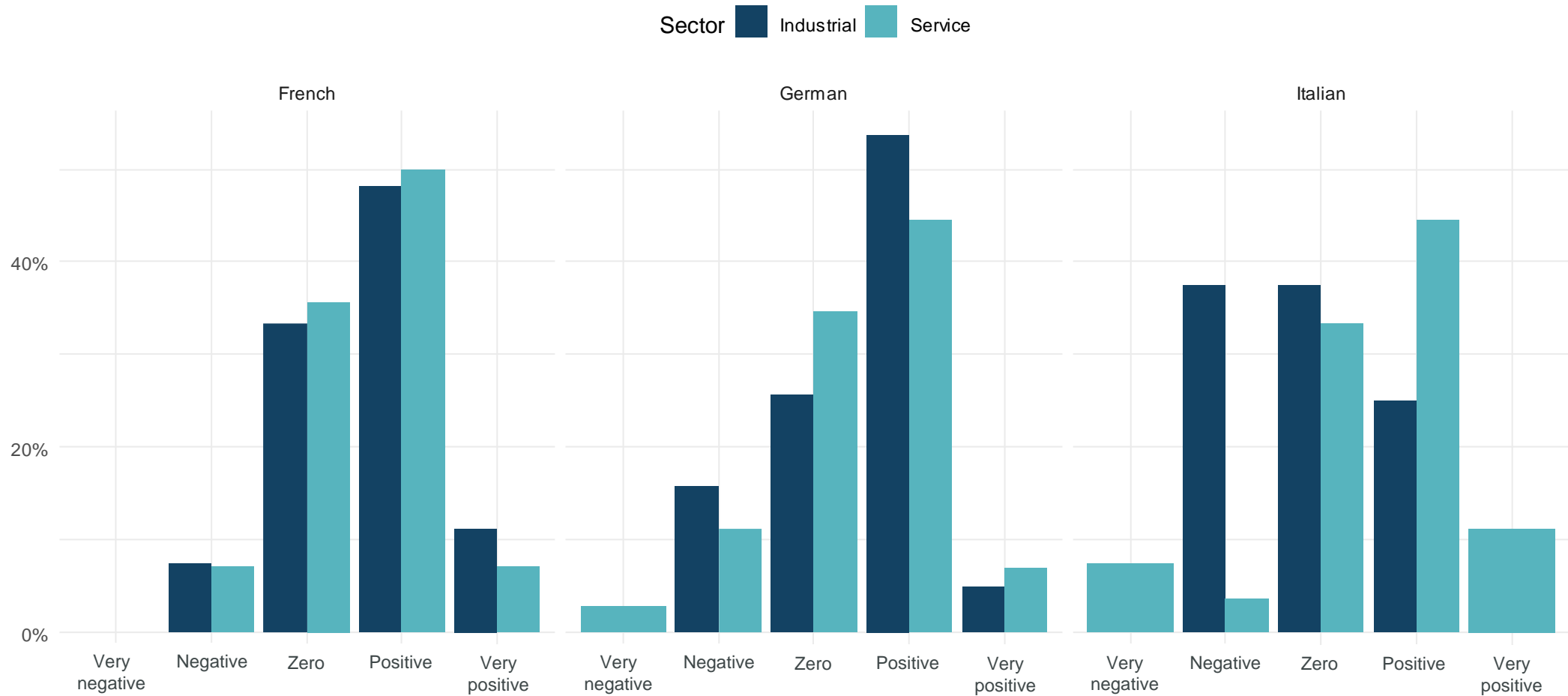
- Most managers believe that ESG activities have a positive return on investment
- Around 1/3 of managers see financial returns of ESG activities as neutral
- Some managers see the ESG activities rather negatively, especially in the industrial sector

## ESG Monetary Return On Investment



# ESG Return On Investment

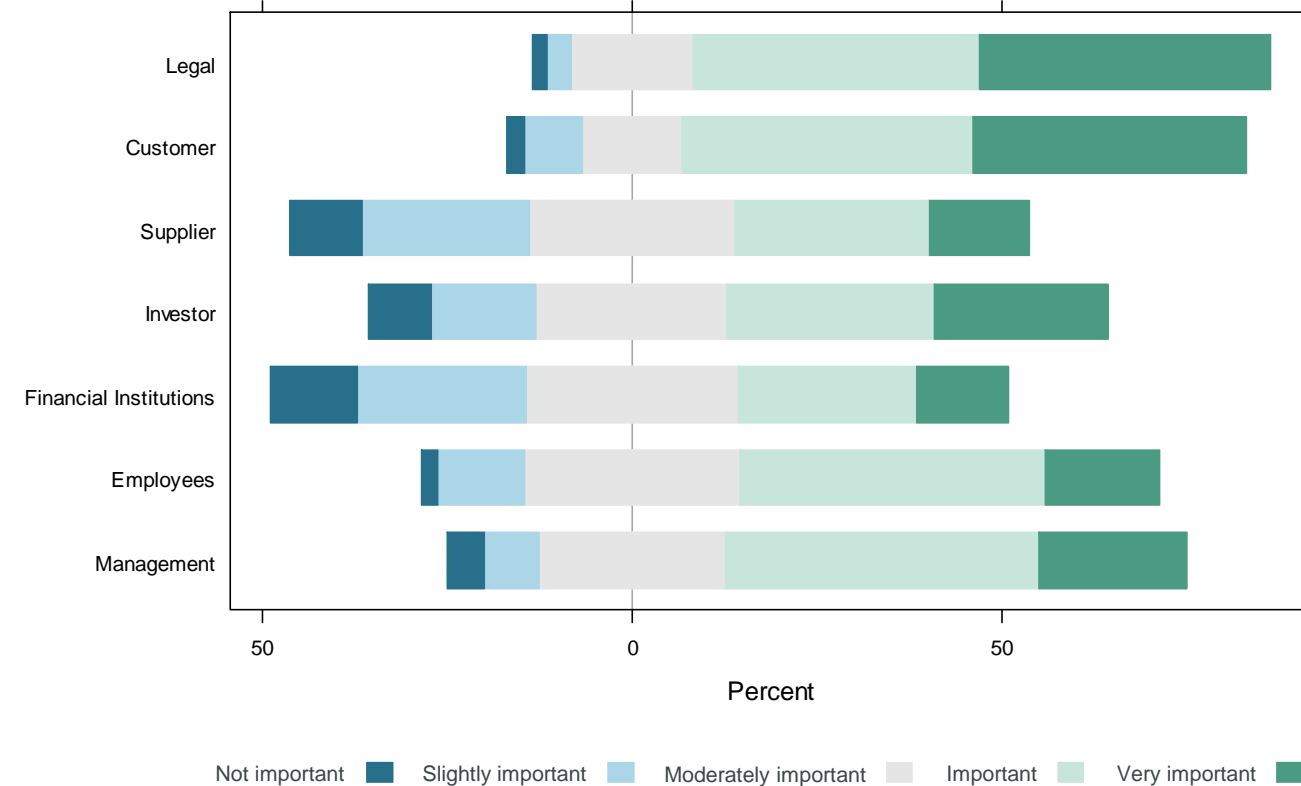
## ESG Monetary Return On Investment by Language Region



# Factors for ESG Implementation

- **Primary Drivers of ESG Initiatives:** Compliance with legal requirements and customer demands are identified as most important for ESG
- **Influence of Leadership:** The role of top management in advocating ESG practices is also deemed critical, similarly employees foster ESG adoption
- **Less Influential Factors:** Conversely, pressures from suppliers and financial institutions are viewed as relatively minor factors in the adoption of ESG measures
- **Internal and external factors:** The drive towards ESG compliance is primarily driven by external factors, but internal factors such as leadership and employees remain important

Factors driving Company's ESG Activities

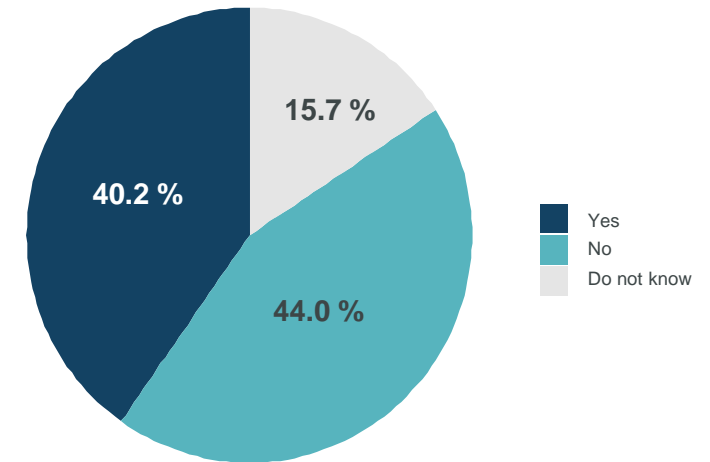




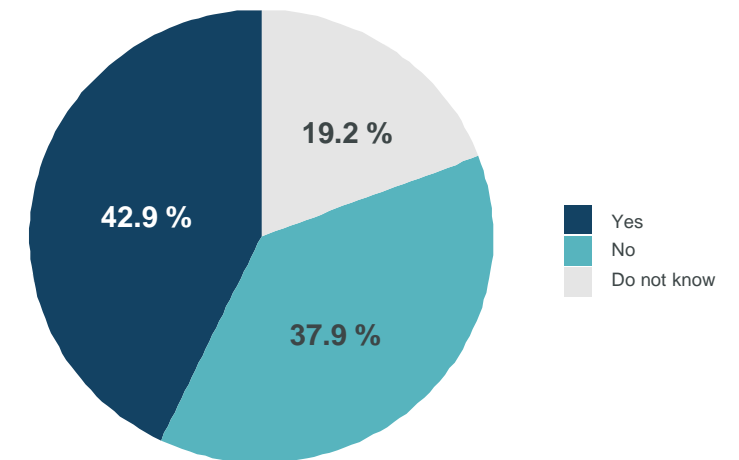
# ESG Reporting

- **Growing Commitment to ESG Reporting:** Nearly 43% of managers surveyed indicate that their companies will publish an ESG report in 2024, marking a 3 percentage point increase from the previous fiscal year
- **Ongoing Reporting Gaps:** Despite these advances, 38% of managers report that their companies do not plan to publish an ESG report in the current fiscal year
- **Awareness Deficit:** Alarming, one in five managers remains uncertain about their company's plans to publish an ESG report

## ESG Report Publication 2023



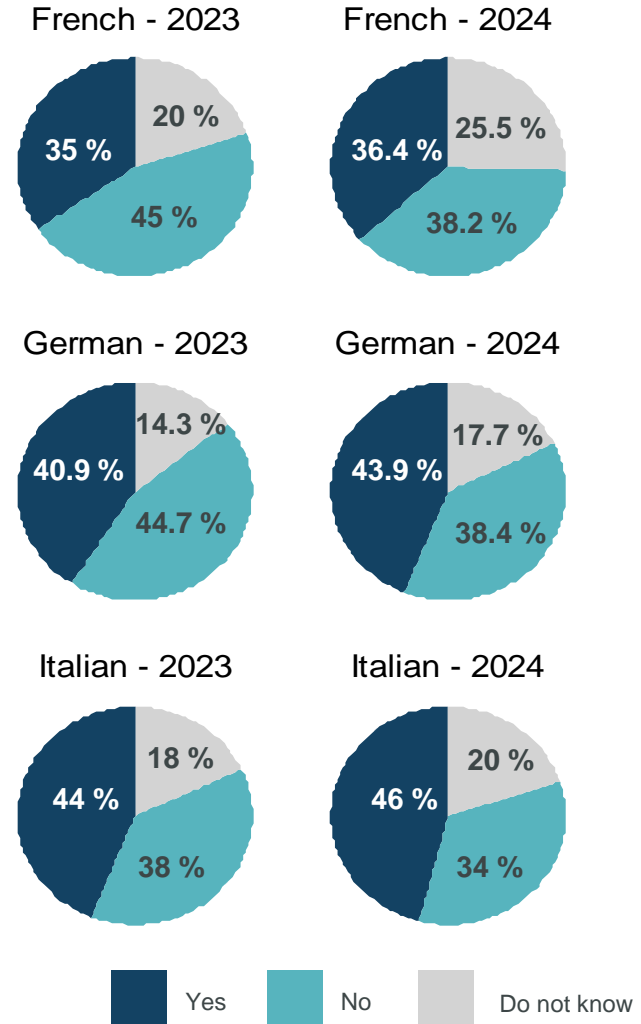
## ESG Report Publication 2024



# ESG Reporting

- **Superior preparation in Italian-speaking part:** Over 46% of firms in Ticino will report on ESG topics in 2024
- **Challenges in the French-speaking Cantons:** French-speaking regions display a notable lag in ESG reporting, well below the national average. Also, the smallest increase in of reporting firms from 2023 to 2024

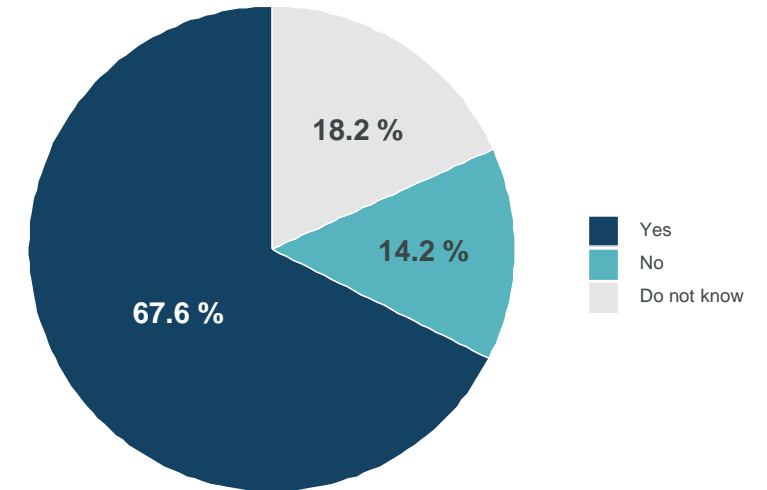
## ESG Report Publication and Planning by Language Region



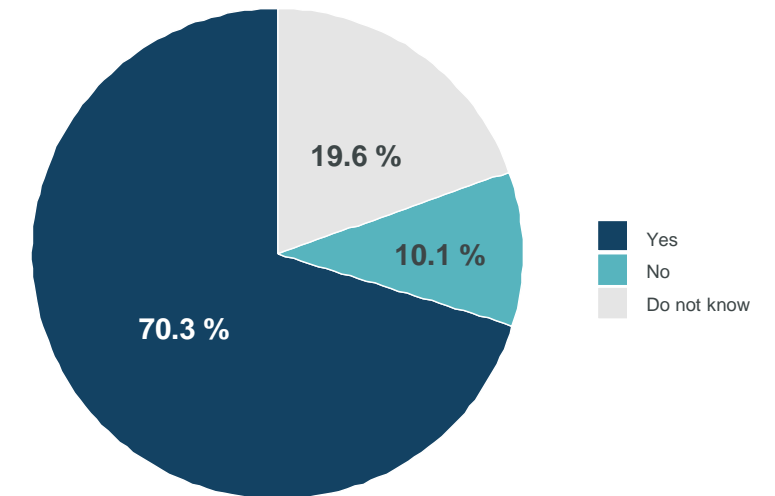
# ESG Reporting: Compliance

- Much higher base level of reporting already without reporting requirements, i.e., 67%
- Slight increase of firms reporting by almost 3 percentage points
- One out of ten firms will not report on ESG topics although it is legally required to do so for 2024

## ESG Report Publication 2023



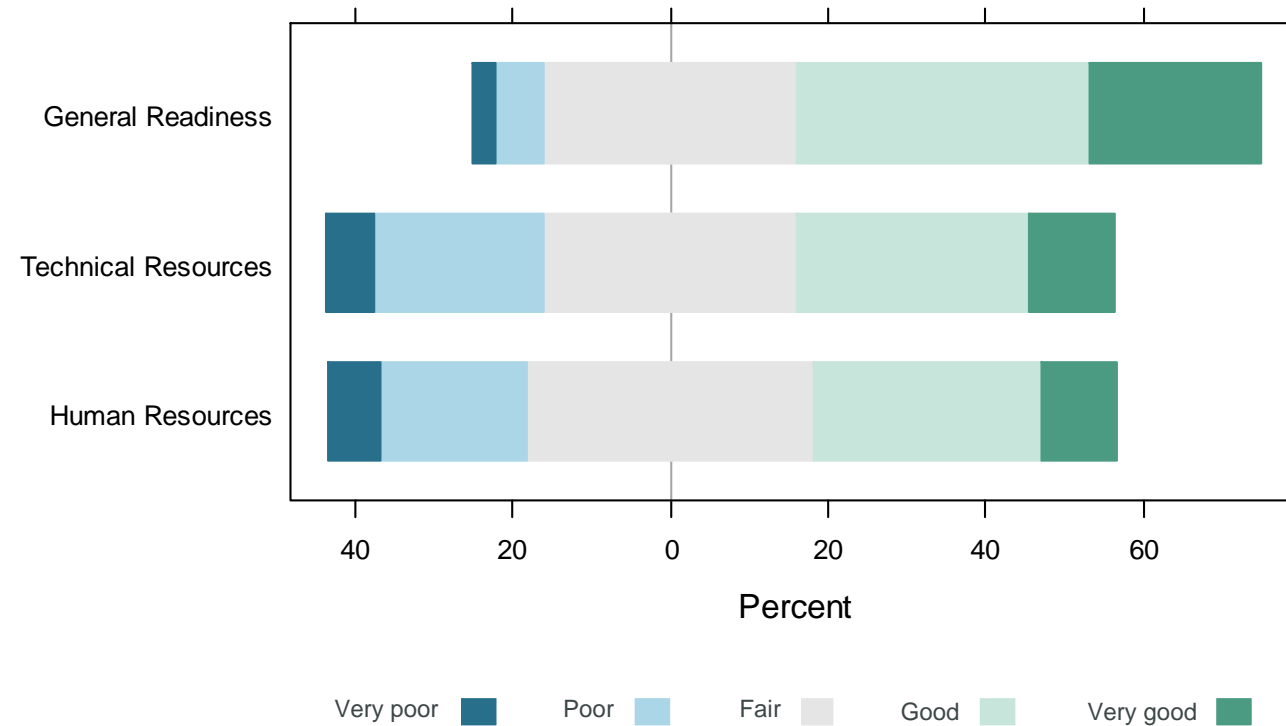
## ESG Report Publication 2024



# ESG Reporting Readiness

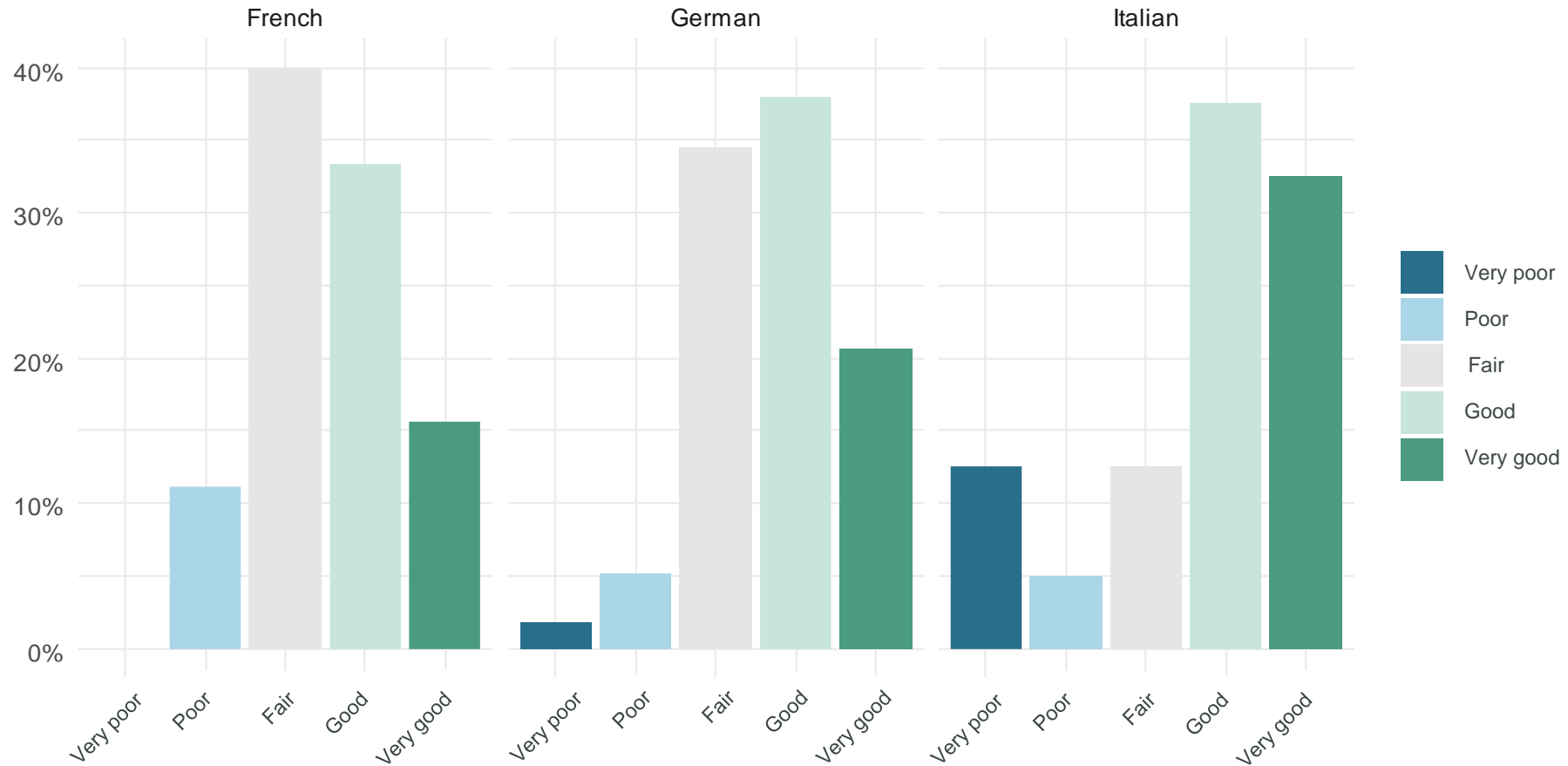
- **Discrepancy in ESG Reporting Readiness:** Managers deem their firms ready to report on ESG topics, however, technical and human resource constraints are present
- Approximately 20% of the managers acknowledge a significant lack of preparedness for ESG reporting in these critical areas, implying low quality ESG reports in 2024

ESG General Readiness in 2024



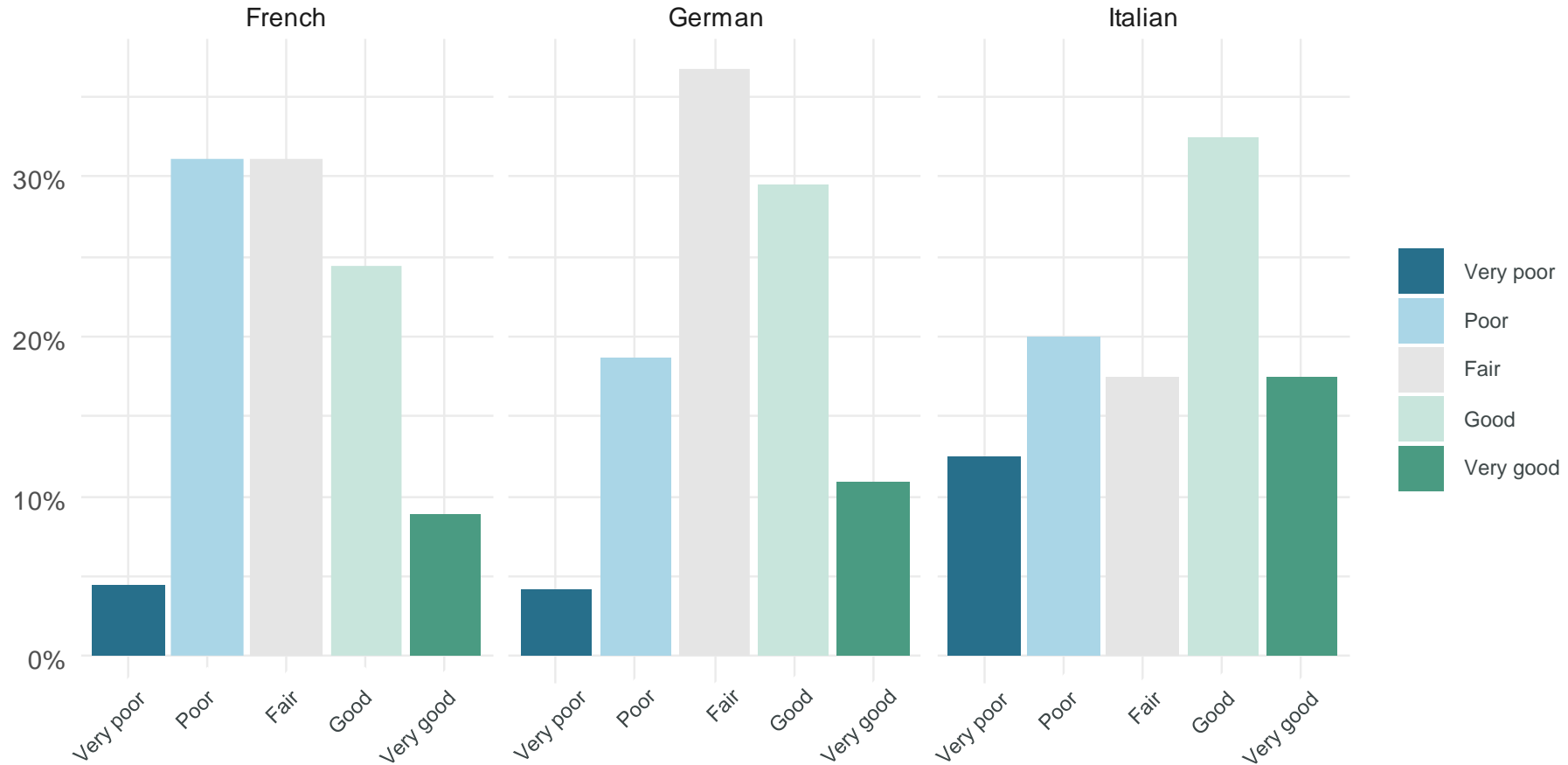
# ESG Reporting Readiness

## 2024 ESG General Readiness by Language Region



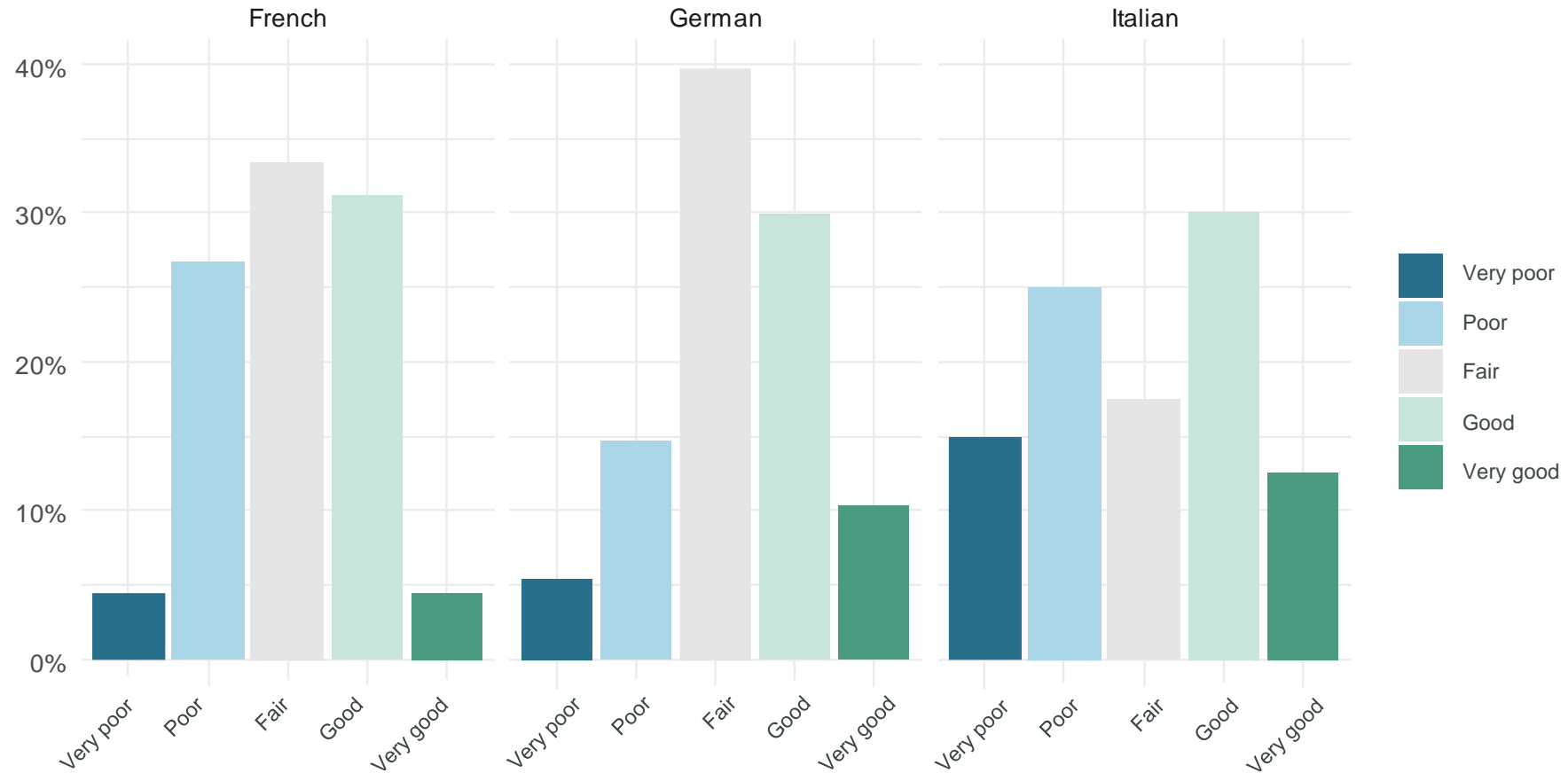
# ESG Reporting Readiness

## 2024 ESG Technical Resources by Language Region



# ESG Reporting Readiness

## 2024 ESG Human Resources by Language Region

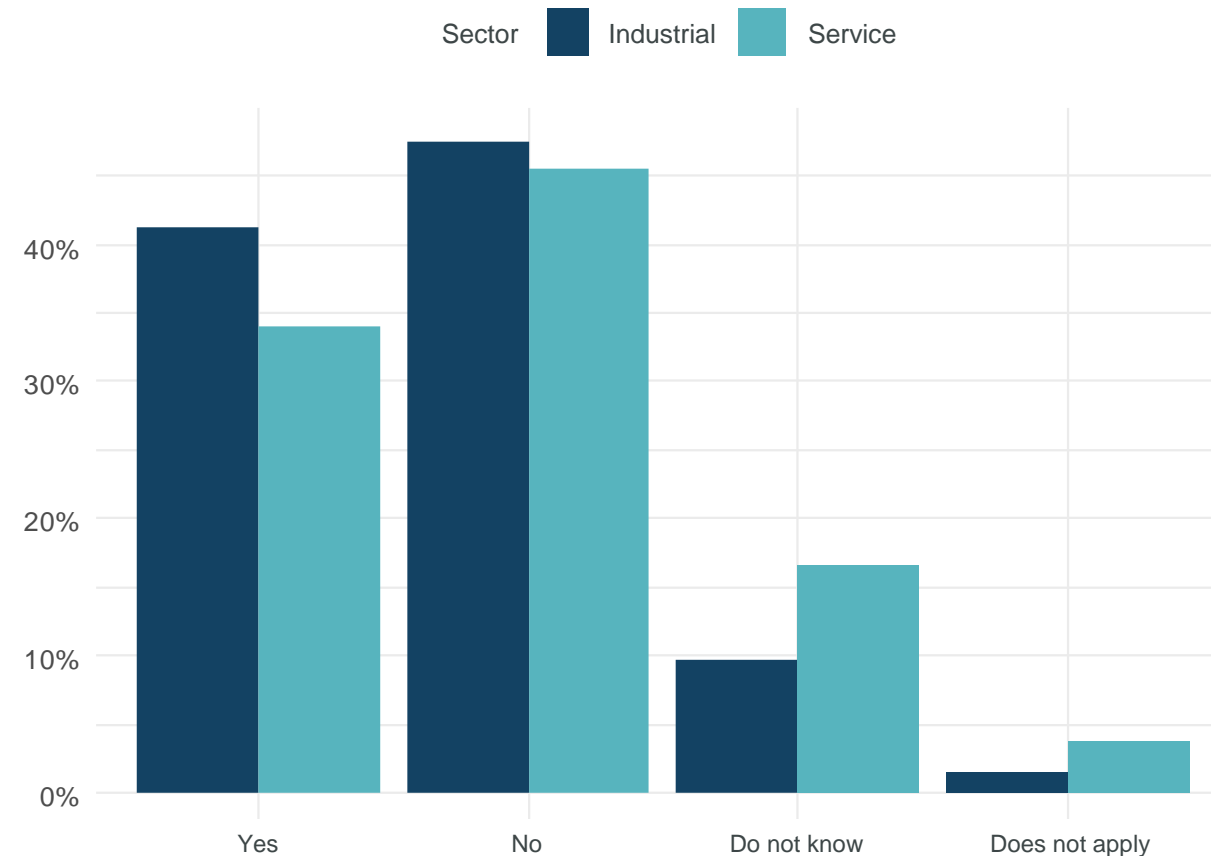




# ESG in Top Management

- Most managers report that in their company there has no dedicated person for ESG in top management
- Interestingly, more industrial companies have ESG dedicated person in top management

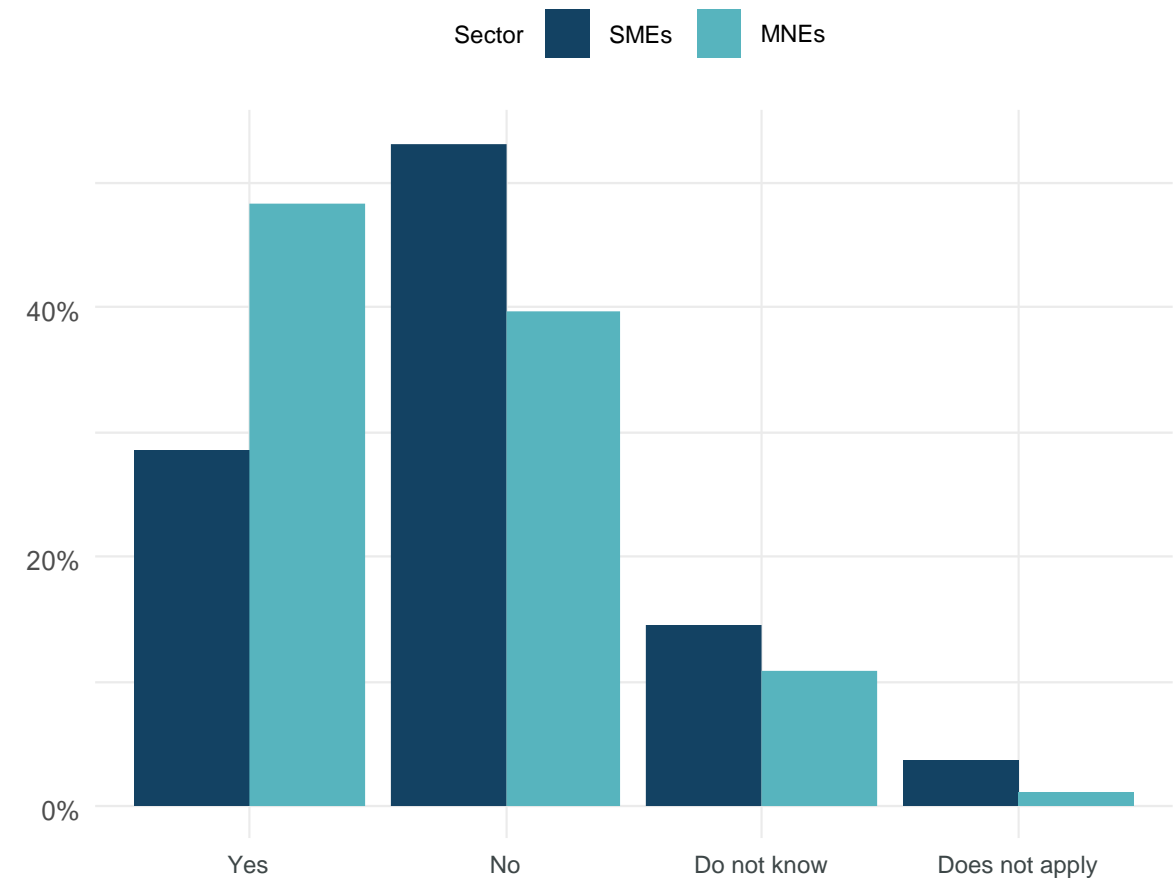
## Dedicated Person for ESG in Top Management Team



# ESG in Top Management

- Close to 1/2 of MNEs have a dedicated person for ESG in their top management team compared to less than 30% of SMEs

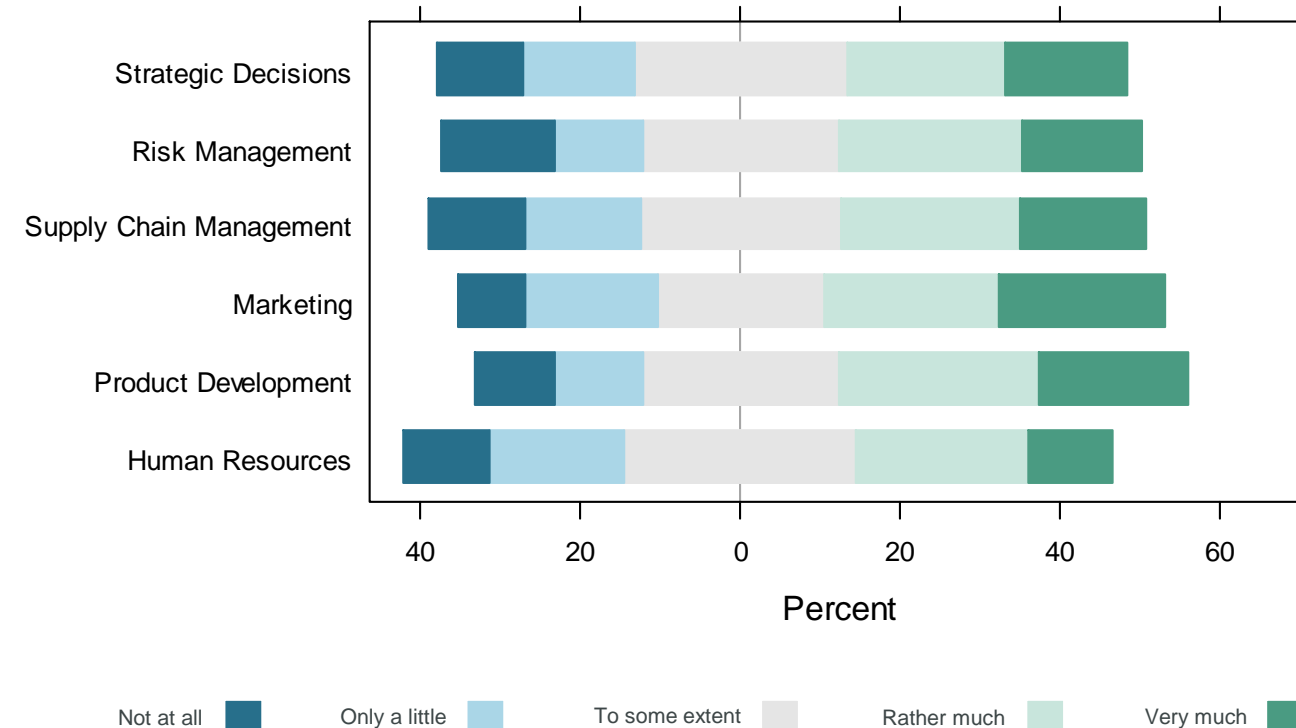
## Dedicated Person for ESG in Top Management Team



# ESG Data Usage

- ESG Reporting will generate data that can be used in management practice
- ESG data is mostly used for product development and for marketing. That is aligned with the strong impact of customers' on ESG activities
- ESG data utilization in strategic decisions, risk management, and supply chain management is lacking behind
- Human Resources are least making use of ESG data

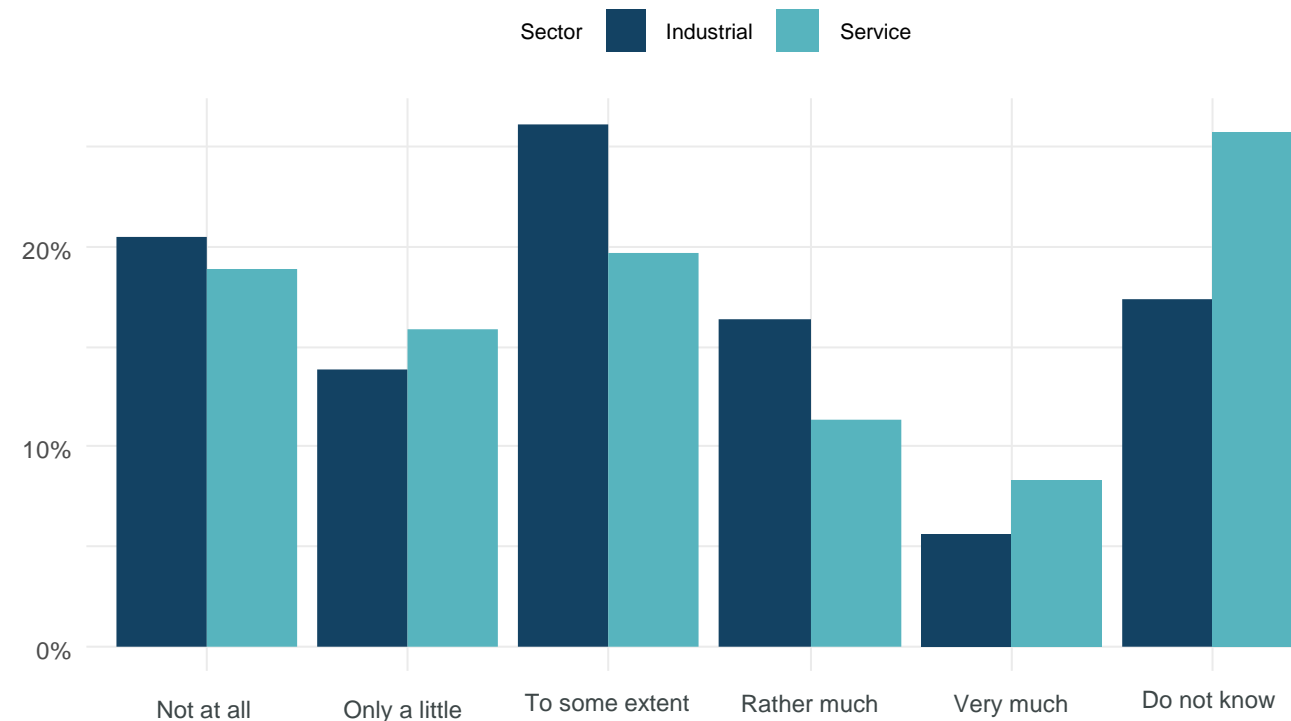
Using ESG Data



# ESG Data Sharing

- New regulations require data sharing along the supply chain to create a holistic view on ESG aspects
- Most firms do not share data consistently, especially in the industrial sector
- Thus, ESG data for risk and supply chain management might yet not be readily available for firms

## ESG Data Sharing with Suppliers & Customers



# Conclusions

- The Swiss economy is currently in a downturn, yet improving expectations suggest an impending recovery.
- While quality and innovation continue to bolster Swiss international competitiveness, challenges from rising costs and increased pricing pressures have intensified in recent years.
- ESG topics are becoming increasingly significant within Swiss companies, primarily driven by environmental aspects.
- The positive financial outcomes of ESG activities are fostering a trend towards greater involvement in these initiatives.
- External pressures, including legal mandates and customer demands, are the most compelling motivators for firms to pursue ESG activities.
- The influence of internal factors, such as top management and employee roles in ESG initiatives, remains significant.
- Nearly half of all multinational enterprises have appointed a dedicated ESG officer within their top management.

# Conclusions

- ESG reporting poses a challenge for numerous firms in 2024.
- Although most companies mandated by law will submit ESG reports in 2024, 10% are expected to fail in meeting these legal requirements.
- A lack of technical expertise and human resources significantly hinders effective ESG reporting.
- While ESG reporting is currently centered on data collection, its integration into management decision-making is still limited.
  - Primarily, ESG data is utilized for product development and marketing purposes.
  - The application of ESG data in supply chain and risk management is not as advanced.
- Despite regulations requiring data exchange throughout the supply chain for Scope 3 emissions, many companies have not fully committed to this practice.
- There are marked differences in ESG reporting practices between the French-speaking and German-speaking cantons.

# Take-Away Message

Do good, speak about it,  
and make use of it!

Swiss firms have made significant progress in their ESG awareness and activities, but they face substantial barriers in reporting on these activities and utilizing the underlying data for management decisions.





# Imprint

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