



# Swiss Managers Survey 2023

## Competitiveness and Uncertainty

# Swiss Managers Survey 2023: Overview

- The Swiss Managers Survey (SMS) was conducted between April 17<sup>th</sup> and May 7<sup>th</sup>, 2023
- 4 universities and 3 chambers of commerce for the distribution
- **Representative survey** → More than **340 respondents**:
  - More than 2/3 of respondents in middle/upper management/company board members
- Research results cover:
  - Current and expected business situation in six months
  - Competitiveness of companies in Switzerland
  - The effects of the UBS-Credit Suisse merger on companies in Switzerland and the economy
  - Risks and uncertainty: challenges for companies in Switzerland and how they respond to them

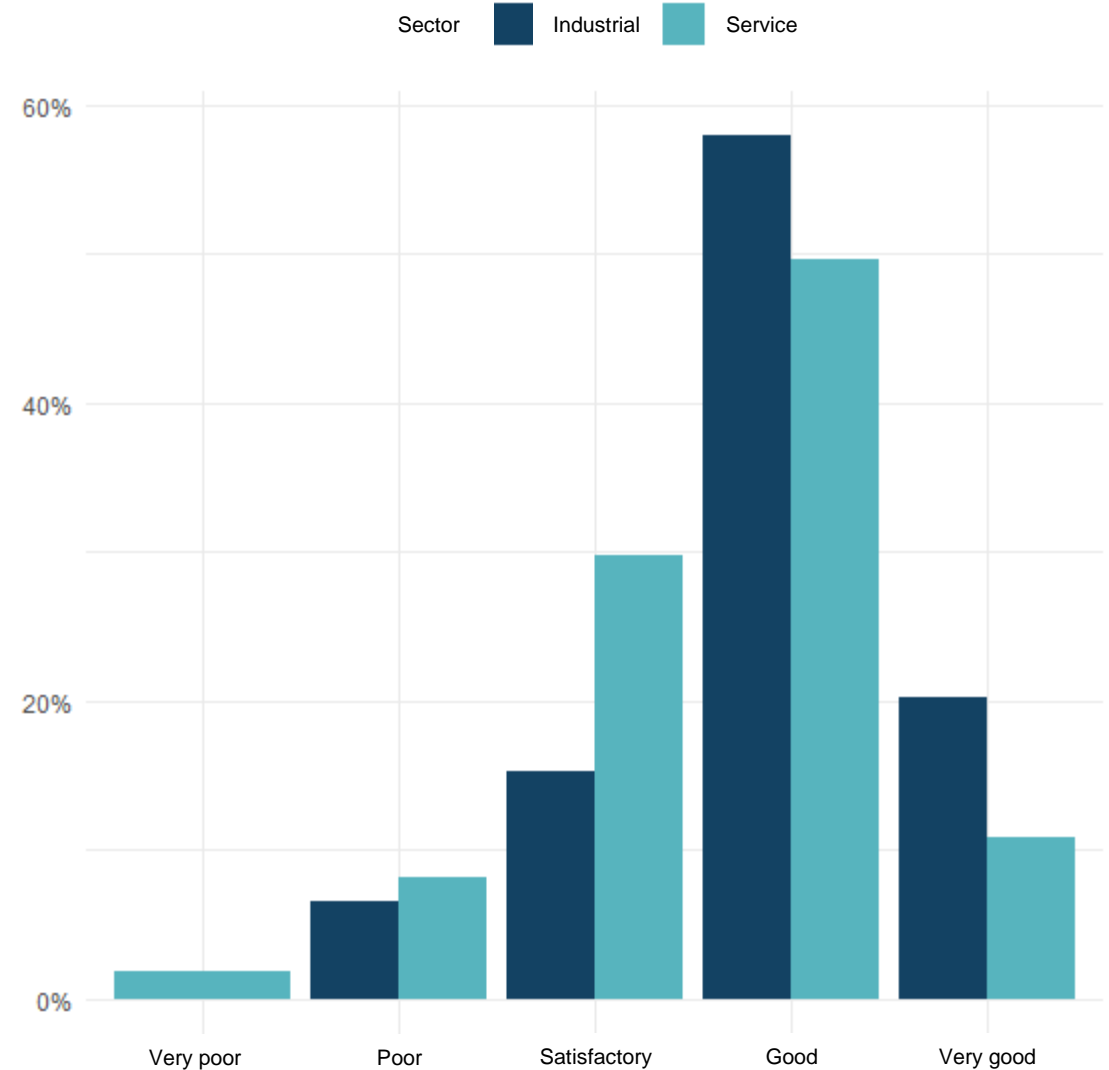
# Executive Summary

- Overall business situation is favorable in April/May 2023 fueled by a strong service sector
- Companies in Switzerland continue to draw their international competitive edge from innovative prowess and the superior quality of their products
- Over-competitiveness leads to a high demand for skilled workers with a pressure on wages
- The over-dependence on labor migration is seen as problematic
- SMEs lose the battle for top talent in the labor market
- The UBS-CS merger is expected to have a negative impact on the Swiss economy but not so much on companies
- Supply chain risks are by far the most serious challenges firms face. Financial and market access risks pose significant threats to businesses in Switzerland as well

# Current Business Situation

- Most respondents evaluate the current business situation as “good” or “very good”
- Only 12.5% evaluate the situation as “poor” or “very poor”

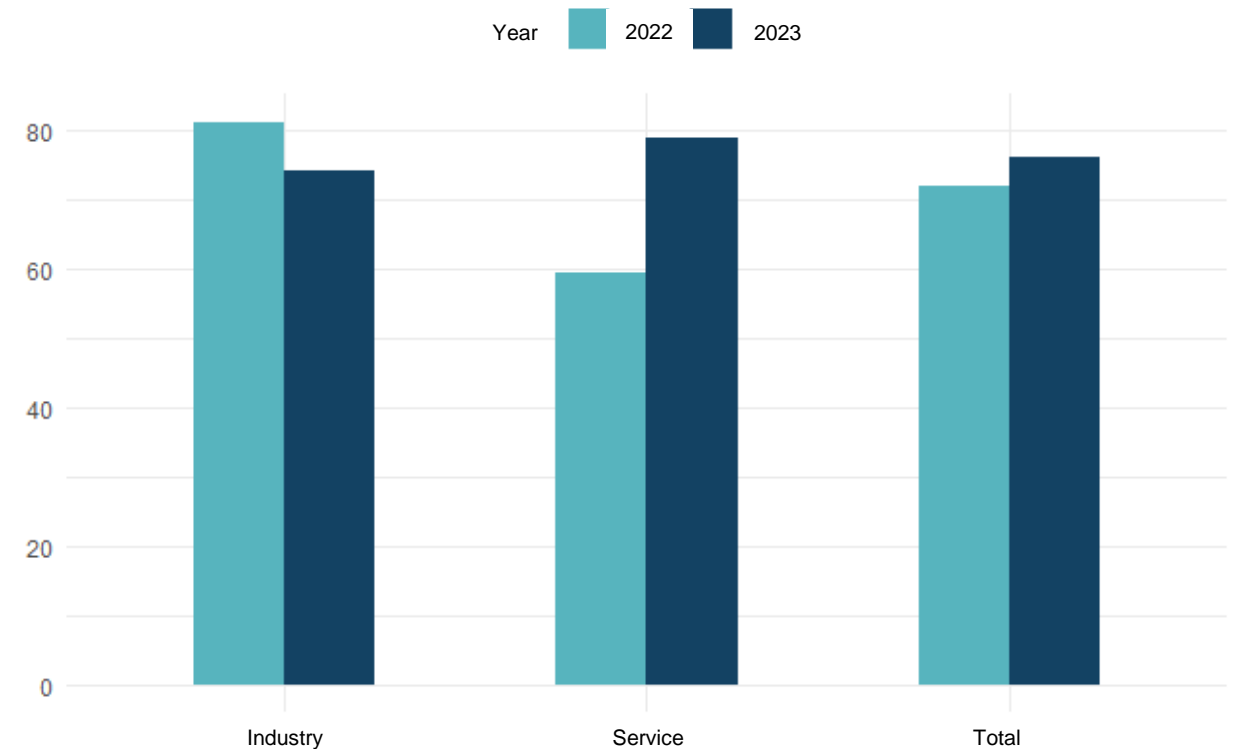
Current business situation



# Current Business Situation

- Industrial companies perceive the current situation as worse than a year ago (March 2022)
- The service sector bounces back after the pandemic with the SMS Business Climate Index surging 19.5 percentage points
- Overall, the SMS Business Climate Index experiences a slight raise, 4.2 percentage points higher than 2022

Business Climate Index 2022-2023

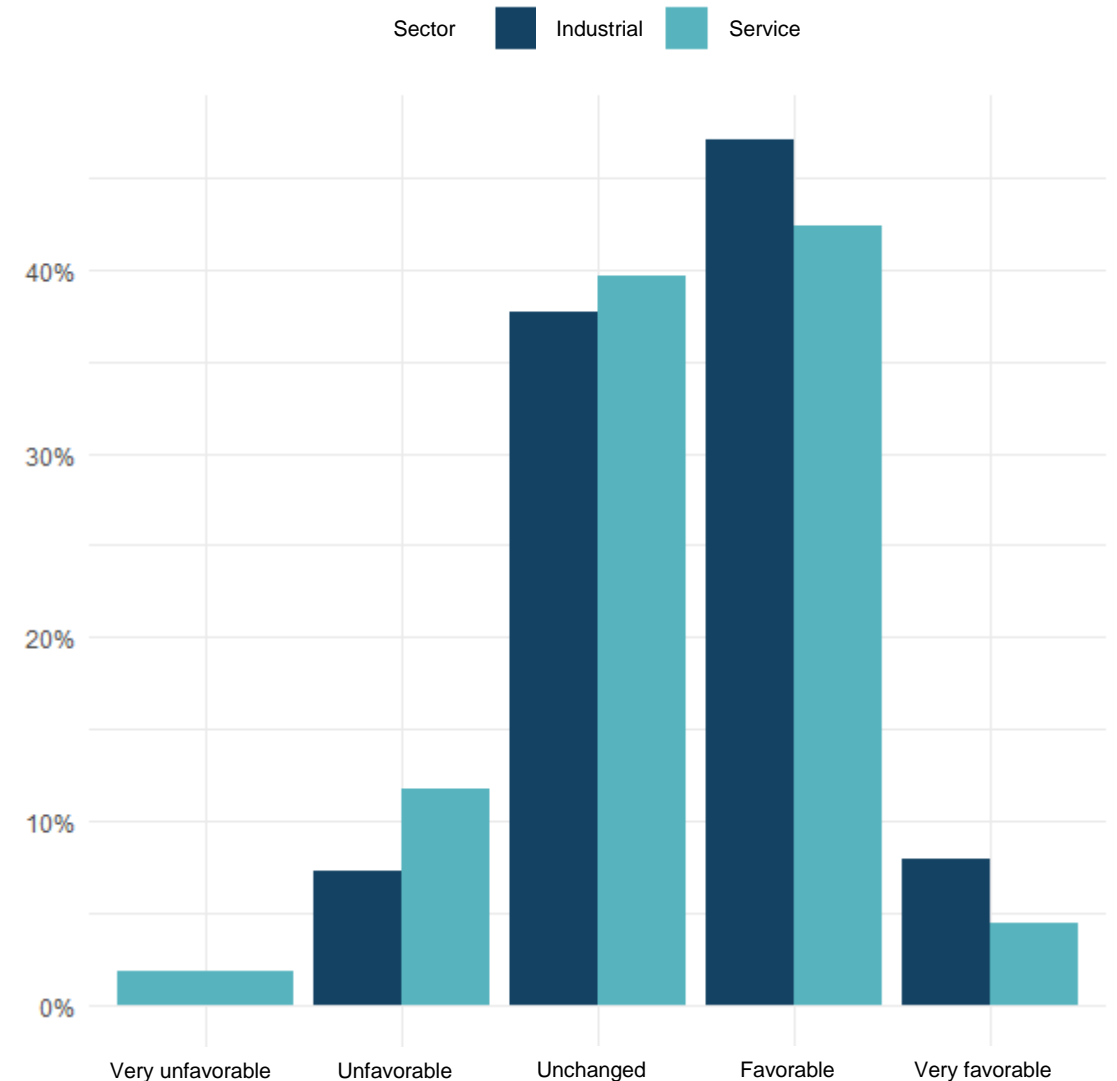


*SMS Business Index is methodologically identical to the German Ifo Business Climate Index*

# Expected Business Situation in Six Months

- Most respondents across sectors foresee a promising business outlook
- Over 1/3 of participants anticipate stability, with no major changes in the next 6 months
- The SMS index for the expected business situation holds steady since 2022, showcasing consistent optimism

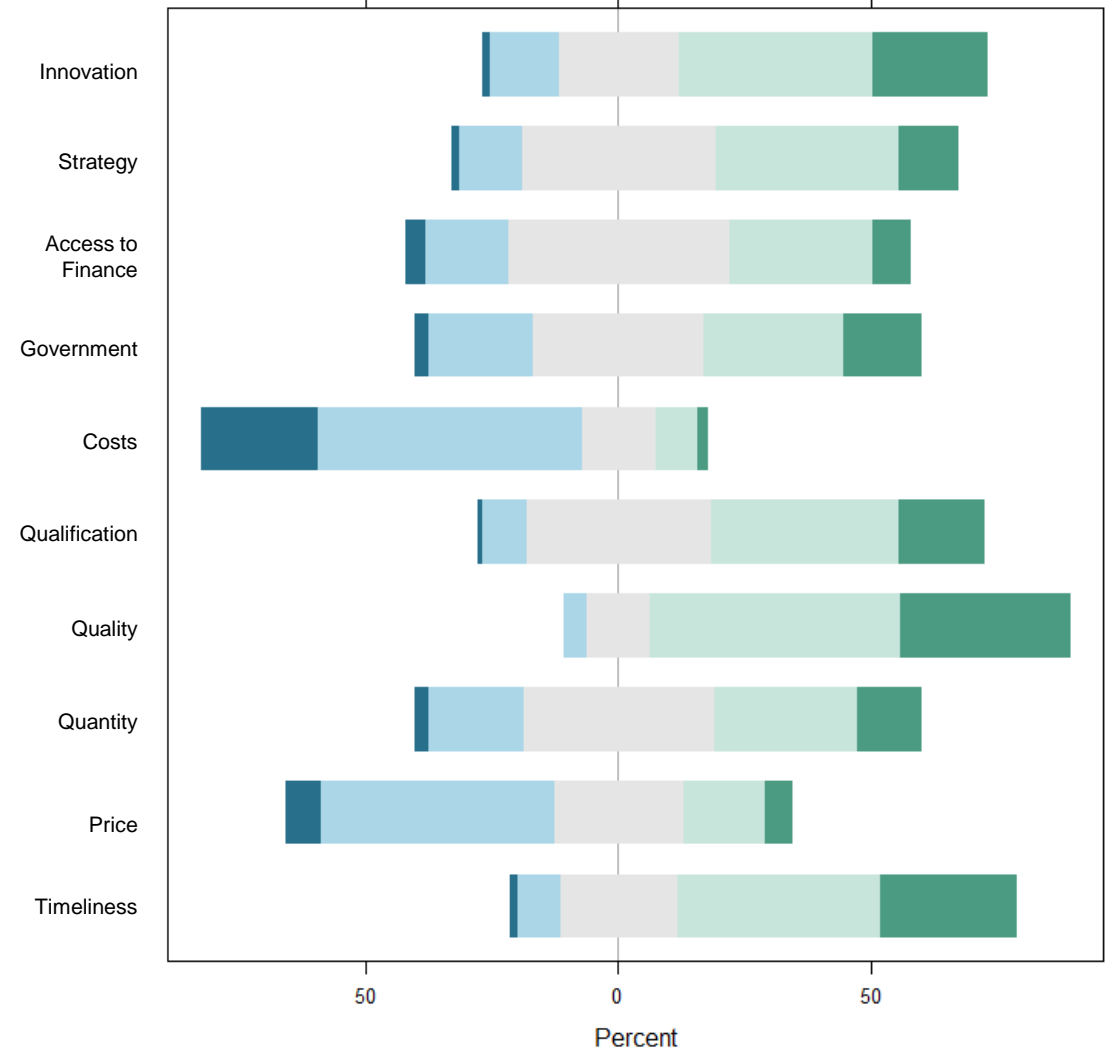
Expected business situation in six months



# Competitiveness of Companies in Switzerland

- Companies in Switzerland outshine major foreign competitors with superior competitiveness
- Innovation prowess and high-quality products are the main competitiveness pillars
- *Company costs* is a “weak spot” of companies located in Switzerland with more than 60% reporting higher costs compared to competitors
- *Product pricing* re-emerges as a notable concern, with 45% of respondents reporting higher prices than their competitors
- Sources of competitiveness remain stable since 2022

Competitiveness of companies in Switzerland

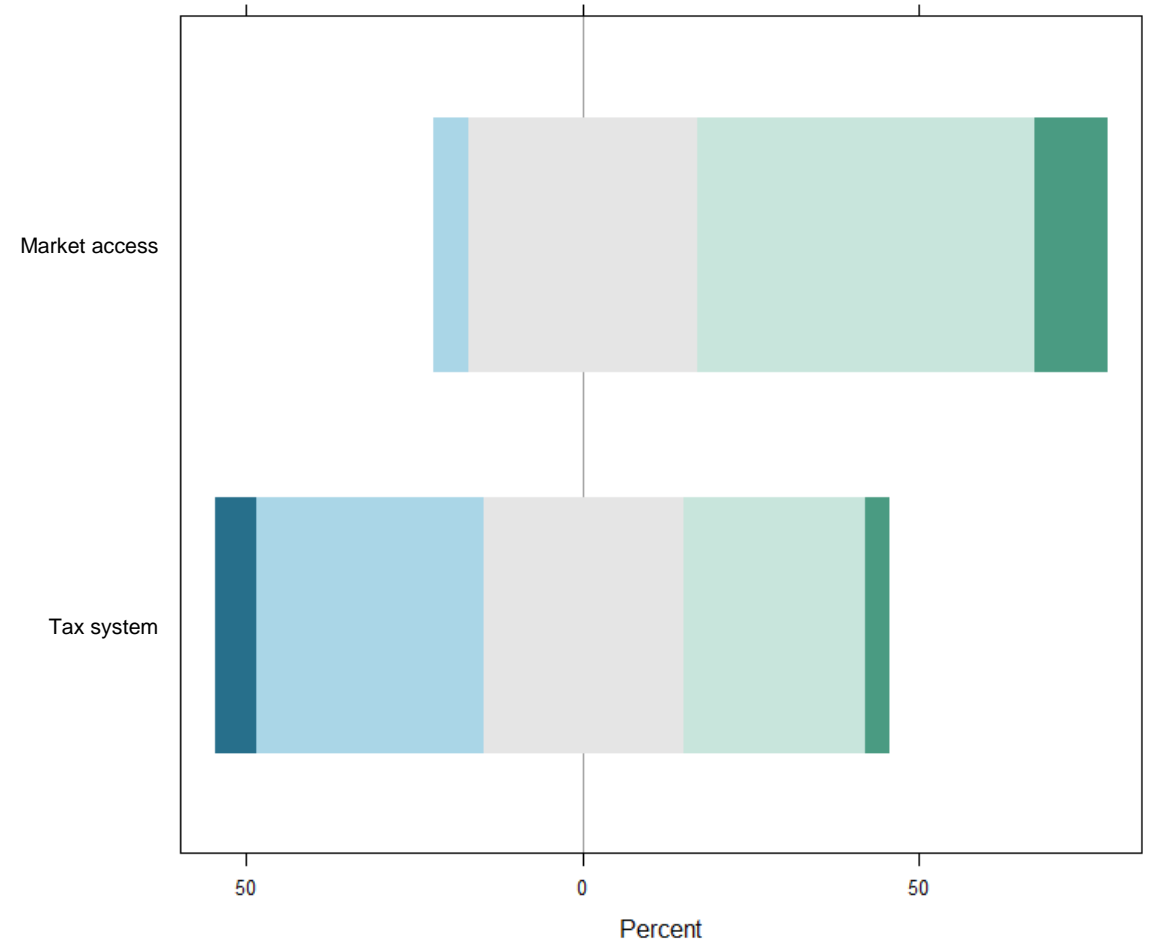


Strongly disagree Disagree Neither agree or disagree Agree Strongly agree

# Competitiveness of the Swiss Economy

- Market access is crucial for the competitiveness of the Swiss economy with only 5.7% evaluating it as unimportant
- The Swiss tax system is not seen as a significant contributor to Switzerland's competitive edge

Competitiveness of the Swiss economy



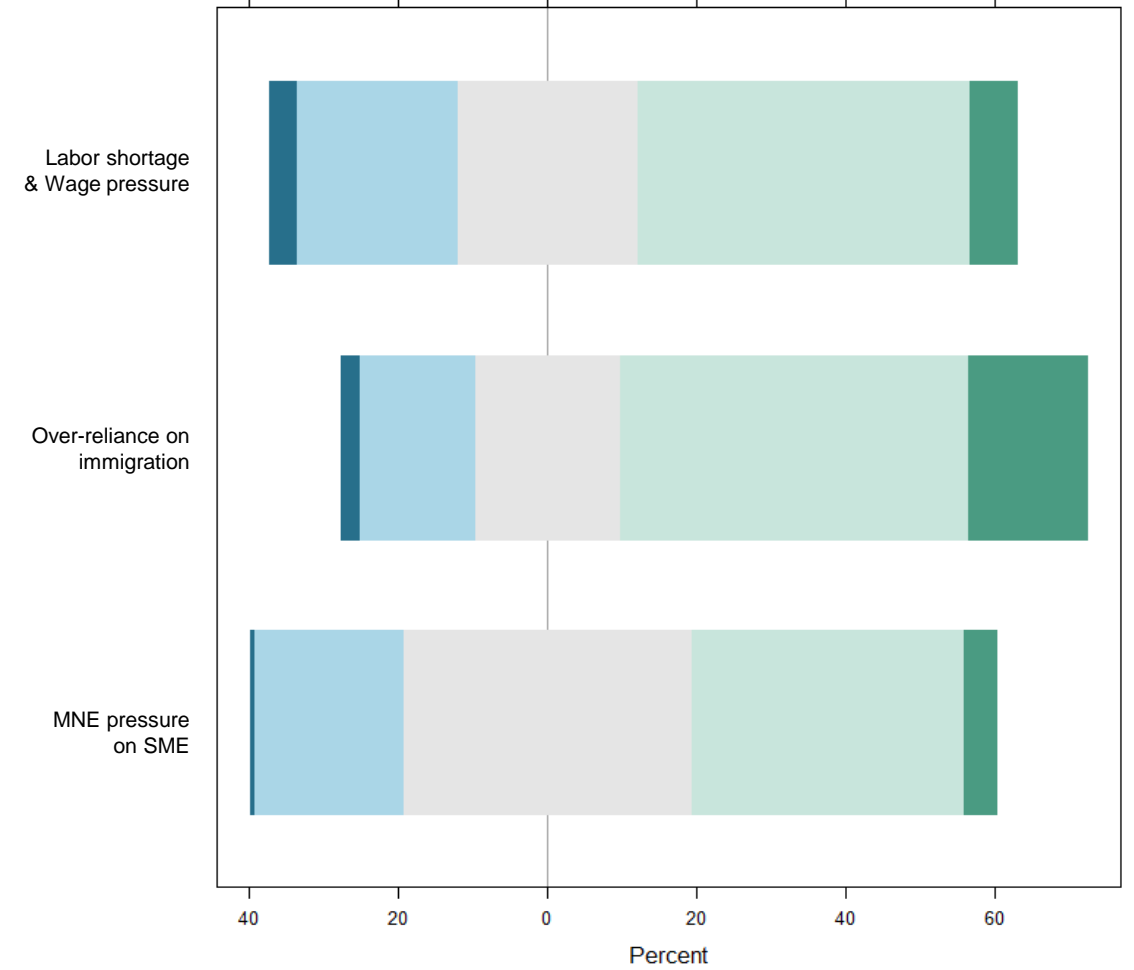
Strongly disagree Disagree Neither agree or disagree Agree Strongly agree



# Competitiveness of the Swiss Economy

- The over-competitiveness of the Swiss economy has led to *labor shortages* and *wage pressures*, particularly impacting smaller firms in the manufacturing sector
- SME lose the battle with large MNEs for skilled labor as more than 40% of respondents highlight this growing challenge
- Due to its high competitiveness the Swiss economy relies too heavily on immigration for its workforce according to more than 60% of the participants

Over-competitiveness of the Swiss economy

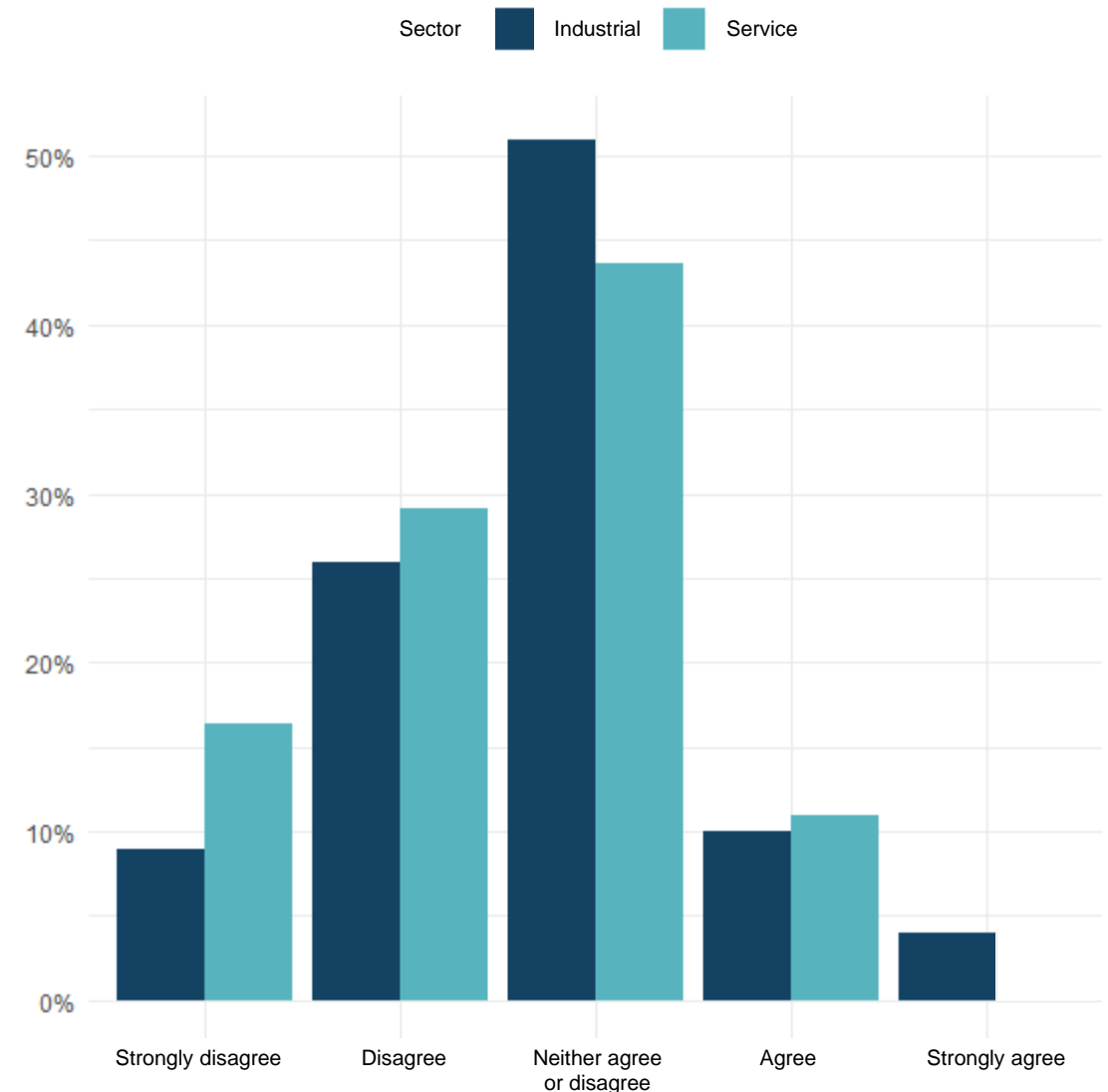


Strongly disagree Disagree Neither agree or disagree Agree Strongly agree

# UBS-Credit Suisse Merger and its Impact on Companies in Switzerland

- Less than 15% of managers perceive the recent UBS and Credit Suisse merger as having a negative impact on their company
- Almost 20% of managers of firms headquartered in the canton of Zurich perceive the merger as negative
- Larger companies with more employees view the merger more negatively
  - 15% of firms with more than 249 employees strongly agree, but only 7% of firms with less than 9 employees

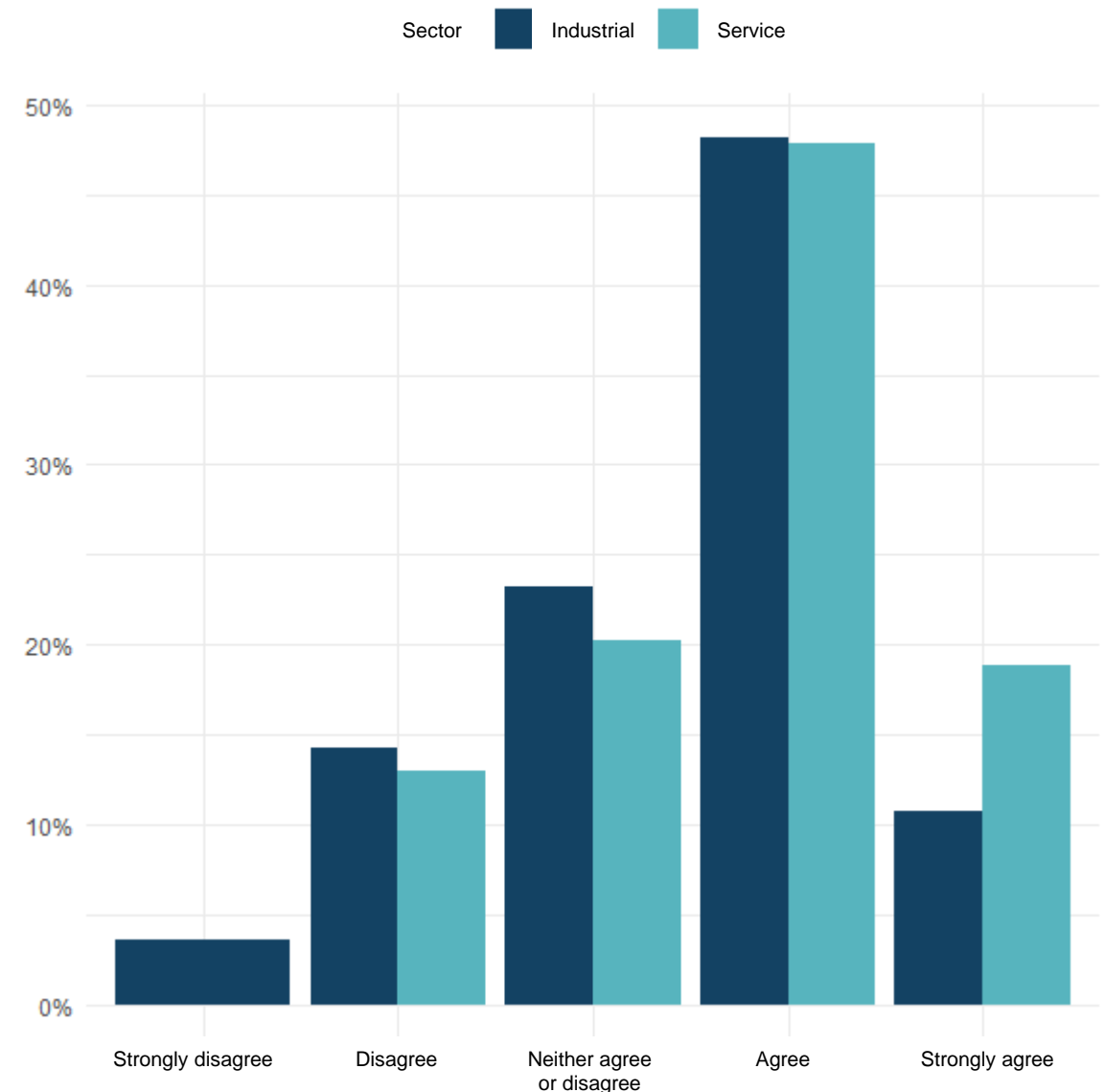
The UBS-Credit Suisse merger has a negative impact on my company



# UBS-Credit Suisse Merger and its Impact on the Swiss Economy

- 61.8% of managers agree that the UBS-CS merger is having negative impact on the Swiss economy, while only 13.6% disagree with this notion
- Managers believe that the merger has a more negative impact on the Swiss economy than on their own firm
- This holds especially for managers working in the financial service industry
  - The merger had a more substantial impact on *Switzerland's reputation*, but for individual financial service providers it is rather positive

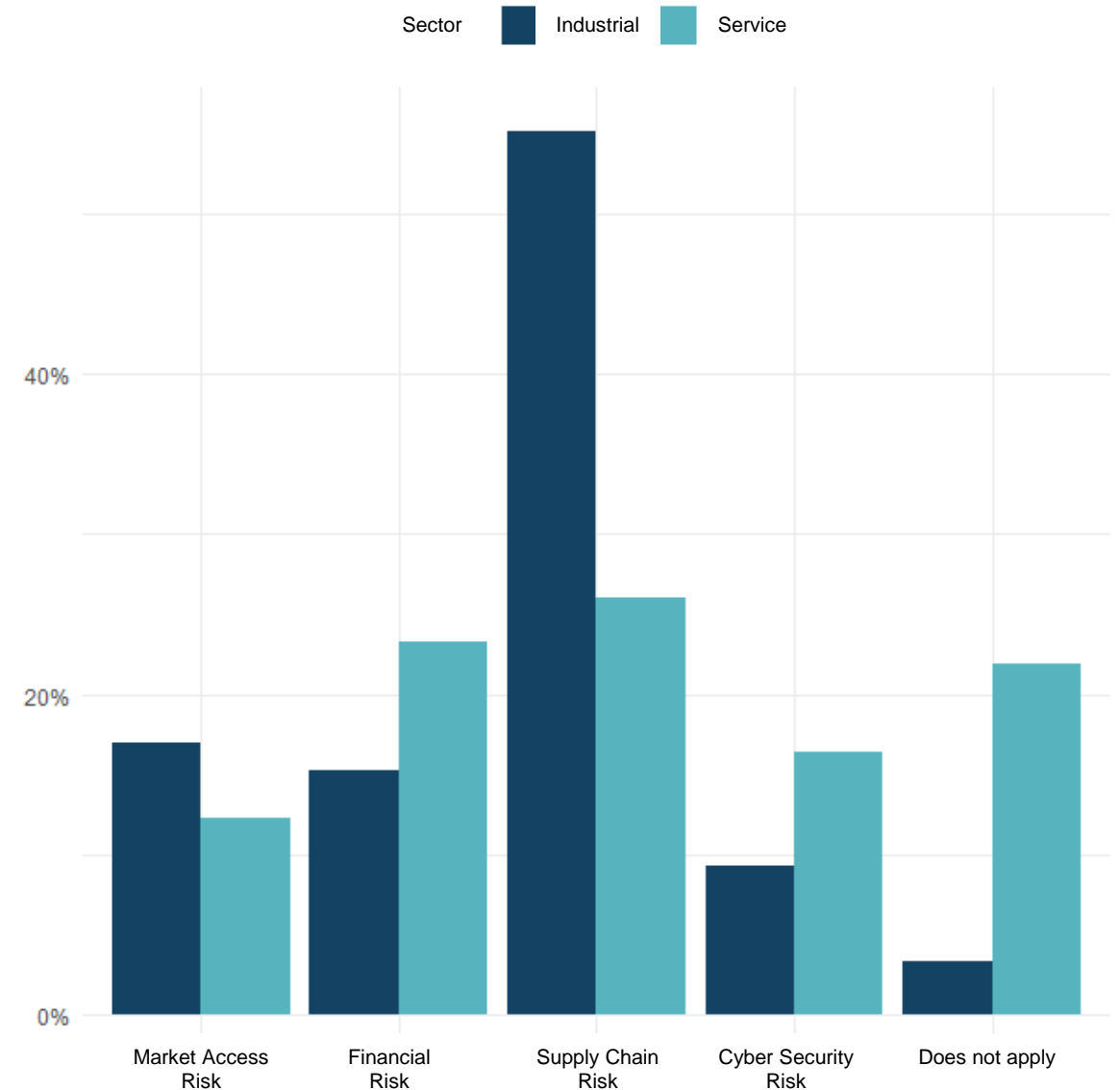
The UBS-Credit Suisse merger has a negative impact on the Swiss economy



# Risk and Uncertainty facing Companies in Switzerland

- For 44% of all companies in Switzerland supply chain issues are the primary concern in the current situation; 18% see financial risks, 16% market risks, and 11% cyber risks as their biggest threats
- Larger firms in the industrial sector are more affected by supply chain risks
- Financial risks such as exchange rate fluctuations, inflation, or rising interest rates are most pressing for 2/3 of medium sized firms
- Over 85% of companies identifying cyber risks as their top threats are small-sized, with a workforce of less than nine employees

Types of risks companies in Switzerland are facing

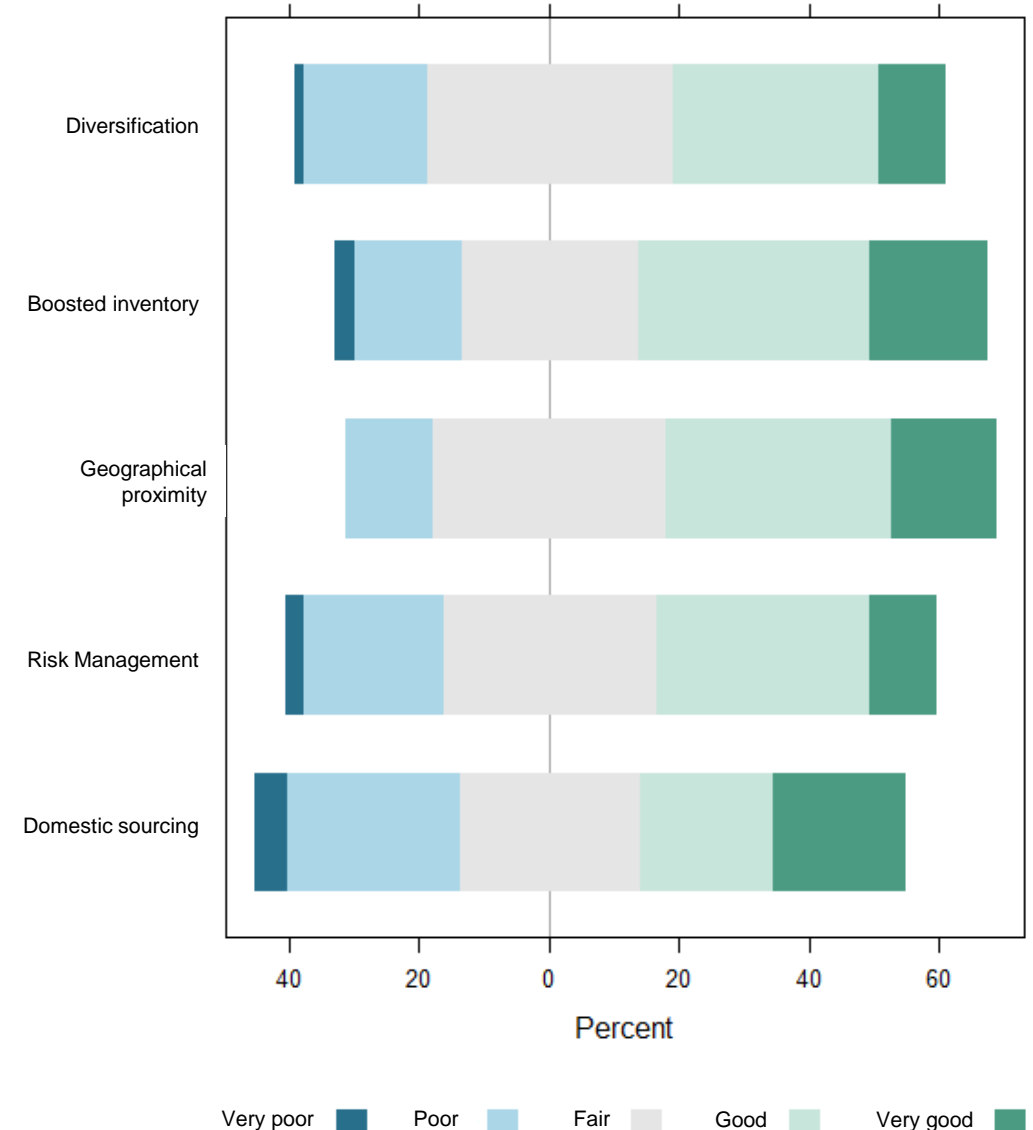


# Risk and Uncertainty: Best-practice to mitigate Supply Chain Risks

Which mitigation strategies work best for firms:

- Boosting inventories is the most successful strategy to mitigate supply chain risks
- Diversification remains crucial, yet firms tend to prioritize geographically close locations with favorable ties to Switzerland
- Managers are split about domestic sourcing to mitigate supply chain risks

Measures to mitigate supply chain risk evaluation

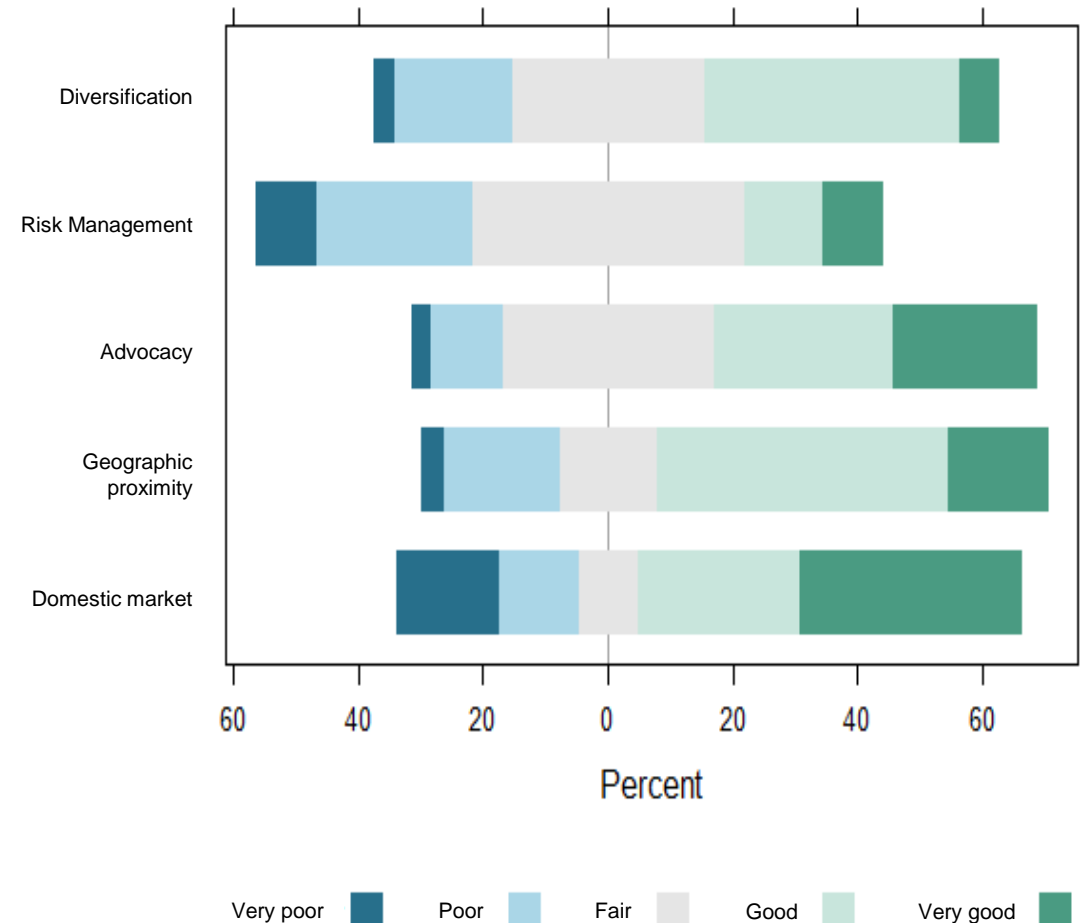


# Risk and Uncertainty: Best-practice to mitigate Market Access Risks

Which mitigation strategies work best for firms:

- Diversifying the customer base is popular
- Implementation of risk management protocols to address (geo-) political or economic shocks has not been successful according to more than 1/3 of managers
- 40% make efforts to advocate for favorable market access (government, associations)
- More than 60% concentrate on nearby countries
- Domestic market focus is a hit or miss – 50% of managers deem their company's efforts as good but another 30% as poor

Measures to mitigate market access risk evaluation

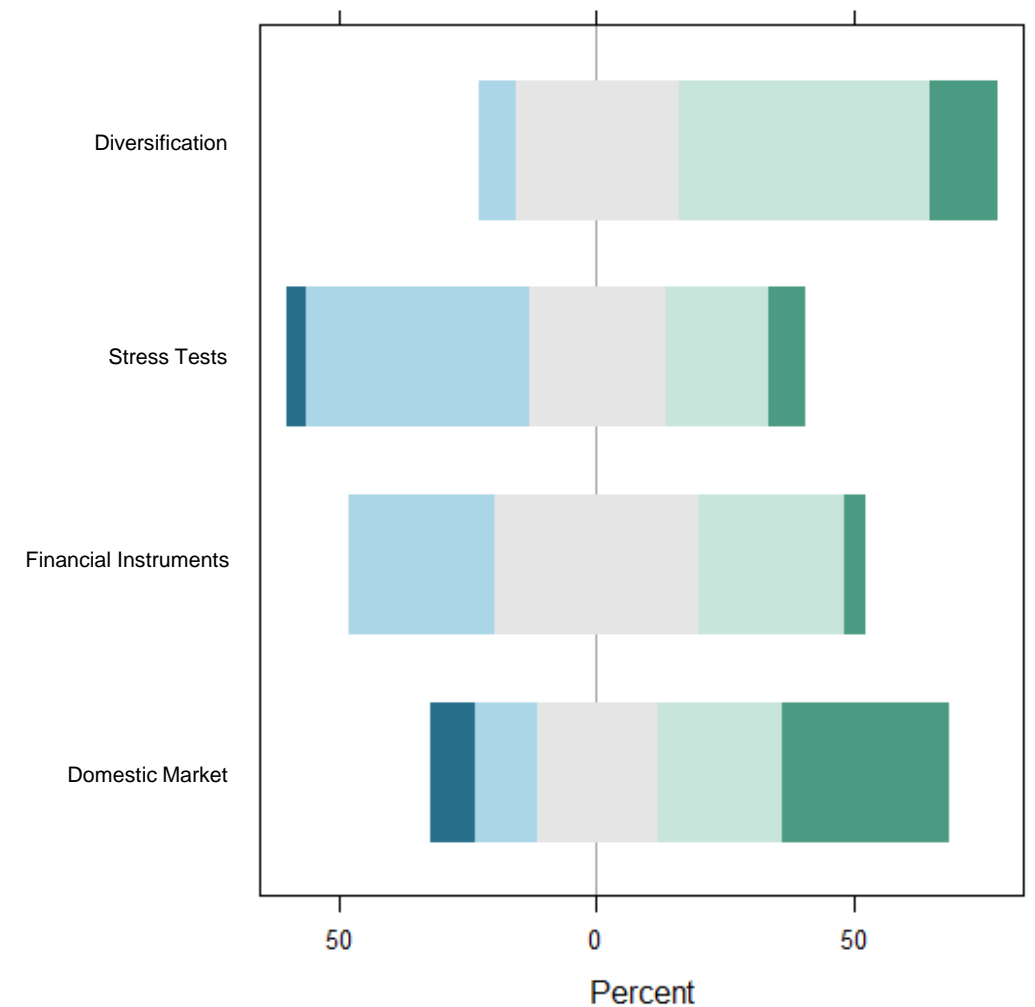


# Risk and Uncertainty: Best-practice to mitigate Financial Risks

Which mitigation strategies work best for firms:

- Domestic market focus and diversification are the most successful strategies companies pursue to mitigate financial risks
- Stress tests and scenario analyses to identify potential risks is not evaluated as a successful strategy
- 1/3 of the respondents evaluate their company's efforts to use various financial instruments and tools to actively hedge against financial risks as "good" or "very good" while another 1/3 evaluate the same as "poor"

Measures to mitigate financial risk evaluation



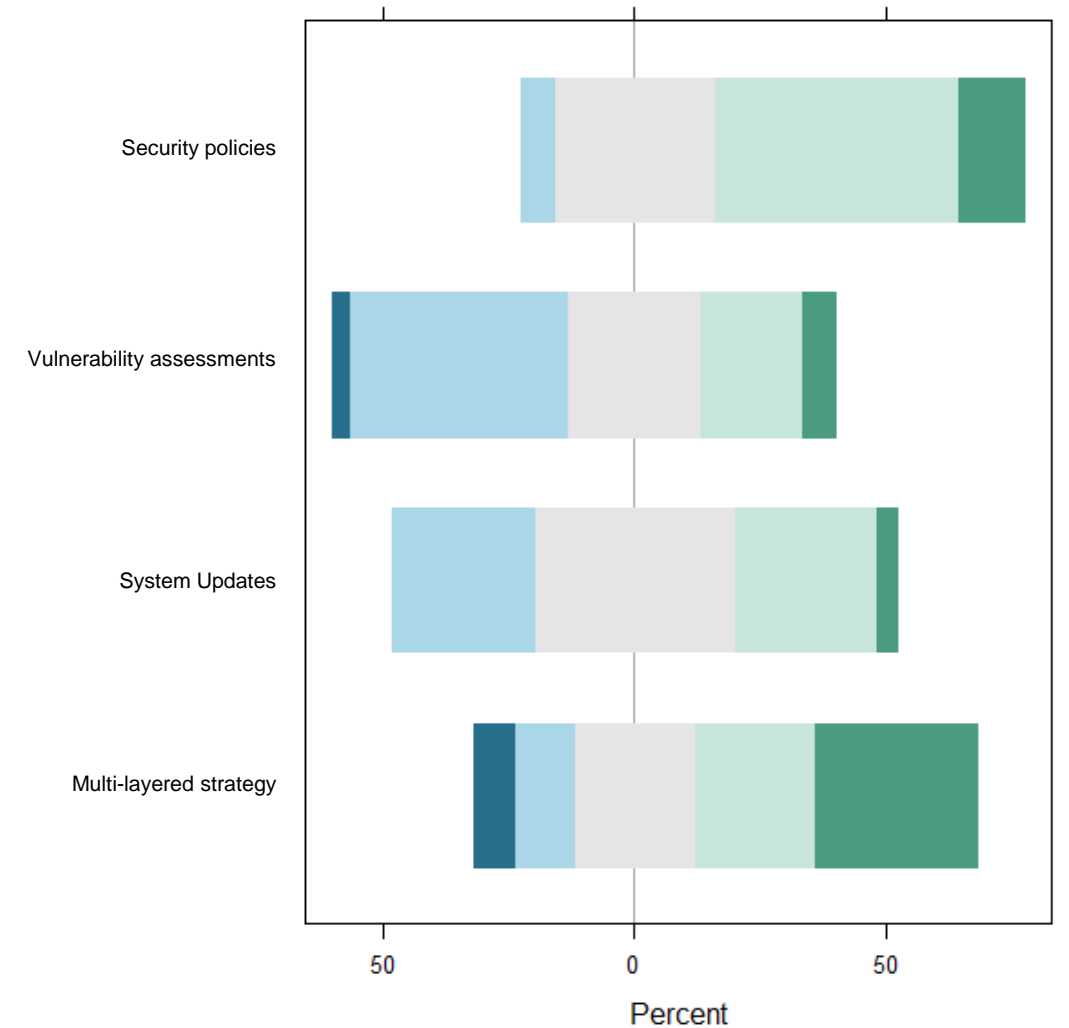
Very poor    Poor    Fair    Good    Very good

# Risk and Uncertainty: Best-practice to mitigate Cyber Security Risks

Which mitigation strategies work best for firms:

- Adopting a comprehensive cyber security policy including educating and training employees and implementing appropriate security measures is evaluated as (very) good by the respondents
- Having a multi-layered security approach (network segmentation, access control, and encryption) is also evaluated positively
- Swiss companies seem to be poor at conducting regular vulnerability assessments and penetration testing to identify and address potential IT weaknesses

Measures to mitigate cyber security risk evaluation



Very poor Poor Fair Good Very good



# Imprint

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**Thank you.**

**Danke.**

**Merci.**

**Grazie.**