

# Long Island Business News

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Jeffrey Weiner || File Photo

## **CEOs say they are passing cost of inflation to customers: report**

By: Adina Genn December 29, 2022

Companies are unable to absorb increasing costs that stem from inflation. At the same time many are grappling with challenges regarding cybersecurity.

That's according to the latest CEO survey from Marcum LLP and Hofstra University's Frank G. Zarb School of Business released this month.

While slightly fewer CEOs said that their businesses feel the impact of inflation (72.1% vs. 73.2%), the survey found that more business leaders passing on increasing costs to their customers – 36.8% compared to 33.4% in the September survey).

Nearly 90% continue to say they are at least somewhat concerned about a recession in the year ahead, down from the 93.6% who expressed concern in September. And 46.5% said that they are “very concerned, versus 54.6% previously.

Nearly 48% have begun to curtail or freeze hiring, or foresee doing so, while 9.3% say they anticipate conducting layoffs in the next year. Just over half (51.2%) are taking a wait-and-see position for now. Four out of five CEOs are positive in their outlook on the business environment, but as a whole they were less optimistic. On a scale of 1-10, with 10 being the most positive, the 10.5% who view their outlook as very positive remained unchanged. Still 32.7% who considered their outlook “8” or higher was down from 39% in September. Overall, those on the positive side of the scale (“5” or higher) dipped from 84% to 80% in the current survey.

“Our index of CEO optimism has been remarkably steady throughout the five survey periods of 2022, starting out at 6.5 in January and ending at 6.4 in November, with only moderate fluctuations in between. This suggests that CEOs have business planning well in hand and are confident in how they are approaching their markets,” Jeffrey Weiner, Marcum's chairman and CEO said in a statement.

“Notably, we saw the greatest increases in outlook in the services sector, including financial services, healthcare, and food/beverage/hospitality, while CEOs in the construction, manufacturing/distribution, and retail and consumer goods industries were less sanguine,” he added. “Hopefully they are leveraging their resources not only to drive efficiencies in the current

inflationary environment but to invest in technology, staffing, training, and strategic analysis to position themselves for the near- and long-term future.”

The survey also looked at cybersecurity. According to the survey 31.8 said their company is well-prepared for any cybersecurity threat they they may encounter. Yet 58.1% said they are adequately prepared but could be doing more. And 10% said they are behind in efforts to protect their companies from breaches.

Janet Lenaghan, dean of the Zarb School of Business, said that cybersecurity remains a challenge for mid-market CEOs. These CEOs may recognize the risk but are not necessarily investing in ways to ward off threats, especially in the current unpredictable economic climate.

“Major hacking episodes involving government or global companies get a lot of attention, but the risk to mid-market companies is just as serious, perhaps even higher, because they may lack the budget and expertise to protect themselves,” Lenaghan said in a statement.

“Like inflation and the supply chain, increasing cybersecurity threats are another unpredictable economic variable CEOs need to navigate,” she added.