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Cybersecurity, inflation top concerns in CEO survey

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The latest CEO survey from Marcum LLP and Hofstra University's Frank G. Zarb School of Business finds a majority of leaders say their companies are not fully prepared for a cybersecurity threat, with a growing number unable to absorb increasing costs from inflation.

Overall, just 32% of chief executive officers said their company is well-prepared for any cybersecurity threat in the results released Dec. 13, while 58% say they are adequately prepared but could be doing more. Ten percent say they are behind in efforts to protect their companies from breaches.

Janet Lenaghan, dean of the Zarb School of Business, noted that cybersecurity is especially a challenge for mid-market CEOs, who recognize the risk but may not be making the necessary investment to fend off threats.

"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," said Lenaghan. "Like inflation and the supply chain, increasing cybersecurity threats are another unpredictable economic variables CEOs need to navigate."

Glass half empty?

Meanwhile, slightly fewer CEOs reported their companies are being impacted by inflation in this survey versus September's, but more business leaders said they're passing on increasing costs to their customers —37% versus the previous 33%.

Nearly 90% continue to say they are at least somewhat concerned about a recession in 2023, which is actually an improvement over the 94% who expressed that concern in September.

To prepare for tough economic challenges, just under half (48%) have begun to curtail or freeze hiring, or foresee doing so, while 9% say they anticipate having to lay off employees in the next year. Fifty-one percent are taking a wait-and-see position for now.

As for business outlook, while 4 out of 5 CEOs remained positive, as a whole they were less optimistic.

The survey rates outlook on a scale of one to 10.

“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,” said Jeffrey Weiner, Marcum’s chairman and chief executive officer. “Notably, we saw the greatest increases in outlook in the services sector, including financial services, health care, and food/beverage/hospitality, while CEOs in the construction, manufacturing/distribution, and retail and consumer goods industries were less sanguine.

“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,” Weiner said.

The top three influences on business planning remain unchanged from the previous trendline with economic concerns leading the way with 59%; followed by availability of talent in a tight labor market (46%); and rising material/operational costs as the third most common influence, cited by 42% of CEOs.

“The ongoing concerns regarding cybersecurity and the recent inflationary cycle provide students with a valuable lesson in the need for leaders to simultaneously plan for the long term while addressing less foreseen shorter-term issues as they arise,” said Andrew Forman, associate professor of international business and marketing, who helps lead the analysis of the survey in partnership with Marcum.