



CEO LEADERSHIP REDEFINED

2023

Navigating Stakeholders’ Evolving Expectations of CEOs

As a firm that helps CEOs with their most complex, business-critical issues, FTI Consulting set out in 2021 to better understand the changing demands that a company’s critical stakeholders, including employees and investors, had of executives during a period of social and political unrest amidst the COVID-19 pandemic. We recognize that the world today looks very different from 2021, when we first conducted FTI Consulting’s [CEO Leadership Redefined](#)¹ research, so we recanvassed employees and investors to determine how their expectations have changed. This year, we also asked a bipartisan group of D.C. policy influencers for their perspectives to provide a more comprehensive view of current stakeholder perceptions of CEOs.

People have different concerns today as compared to 2021. We are in a tighter labor market with daily headlines of layoff announcements driven by economic uncertainty and inflation concerns. Employees who worked remotely during the pandemic are now navigating a new hybrid work environment. And we have entered another presidential election cycle, where news headlines are different from 2020 when we were in the throes of the COVID-19 pandemic.

Throughout the past few years, CEOs have been more vocal on issues ranging from social justice to equality to climate change. Companies have taken significant steps to ensure their actions match their leaders’ words, placing a renewed focus on purpose and values, and using these bedrocks of their organization as the “north star” guiding strategy and decision-making.

As a result, stakeholders are now accustomed to more transparency, accessibility and frequency of communications from businesses – especially from CEOs. As executives operate in a much different environment today than in years past, they must communicate effectively when addressing challenging questions:

- Should CEOs keep up this heightened level of communications and engagement, and is that what stakeholders really want?
- How should leaders navigate varying stakeholder demands to mitigate reputational risk?

Our new research sought to answer these questions and shed light on critical considerations for CEOs as they look forward.

We found that stakeholders are pleased with CEOs’ performances over the last year, indicating that they are receptive to more frequent engagement and communications from executives. Yet, there are notable shifts in expectations as society reemerges from the pandemic.

The desire for a “Chief Empathy Officer,” which rose in importance during the pandemic amid increased health concerns, is behind us. Employees now indicate they want to see a CEO who is ethical, accessible and transparent, while investors want to see decisiveness and financially sound decision making. A focus on people remains critical; both stakeholder groups want CEOs to prioritize employee wellbeing, talent retention and recruitment. But, investors believe CEOs’ top priorities must be to strengthen financial performance and profitability and to establish or refine corporate strategy.

Employees, investors and policy influencers also want to see CEOs continue to take a stance on broader issues when it makes sense to do so; however, they only want to see leaders wade into politics if the issue directly impacts their operations or employees. Furthermore, the issues they believe need to be at the top of CEOs’ agendas are shifting.

All of this underscores the importance of a carefully crafted, multistakeholder strategy for CEO communications and engagement. It simply cannot be an afterthought. A company’s most critical stakeholders continue to demand it, and that trend is here to stay.

¹“CEO Leadership Redefined,” FTI Consulting, Inc. (2021), <https://fticommunications.com/wp-content/uploads/2021/12/FTI-Consulting-CEO-Leadership-Redefined.pdf>.

Don't just feel – do. The desire for a “Chief Empathy Officer” is behind us, and stakeholders want to see decisive, ethical, and financially-sound decision making from CEOs.

Since 2021, there is a growing desire among employees for CEOs to be accessible. Among their desired traits of a CEO, “accessibility” jumped by 13%, whereas “empathetic” decreased by 6%.

At the same time, a CEO who is transparent and “financially minded” is rising in importance among both employees and investors. CEO “decisiveness”—up 10% from 2021—is the second most desired trait

Above all else, being “ethical” remains among the most desired traits for CEOs for investors and employees alike, and it was the strongest desired trait among Gen X and Baby Boomers. For Gen Z and Millennials, both groups selected “ethical” among the top three traits they wanted to see from CEOs, but “passionate” tops the list at number one.

“As we settle into a post-pandemic ‘normal,’ it is clear investor and employee expectations continue to evolve. Today’s CEOs must be even more dynamic, demonstrating confidence during uncertain economic times while also building trust with employees regarding their health and wellness needs.



CHRISTINE DIBARTOLO
Senior Managing Director
Corporate Reputation

What top three attributes or qualities do you most want to see from CEOs?

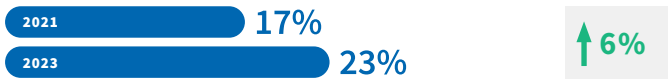
● EMPLOYEES

● INVESTORS

ACCESSIBILITY



FINANCIALLY MINDED



ETHICAL



EMPATHETIC



DECISIVE



PASSIONATE



*Any changes +/-3% are within the standard margin of error and have not been emphasized in the reporting.

To meet expectations, CEOs must effectively balance people and profits; this means ensuring the health and wellbeing of employees, retaining current talent and recruiting the best new people.

Investors and employees alike recognize that a healthy workforce leads to a more resilient business. Particularly amidst this year’s economic uncertainty and the fear of layoffs, prioritizing employee wellbeing and investing in employee retention are chief among what stakeholders want CEOs to prioritize.

For investors, corporate strategy (43%) and strong financial performance and profitability (42%) are, predictably, what they believe should be the top priorities for CEOs. But, notably, approximately one out of every three (32%) investors selected employee health and wellbeing as a top priority, whereas only 14% selected this option among a similar list of priorities in 2021.

Employees’ priorities for leadership are clear – protect their physical and mental health, deliver incentives to stay with the company and attract top talent for continued success. We also saw these sentiments echoed in Washington, with 70% of policy influencers agreeing that CEOs should publicly make statements or proactively provide access to mental health.

Employees recognize, however, that their needs cannot be met at the expense of business growth and opportunity. Their desire to see CEOs focus on efficient operations, financial performance and profitability was up nearly 20% from when we conducted this research in 2021.

Do you generally agree or disagree CEOs should publicly make statements or get involved in mental health access?

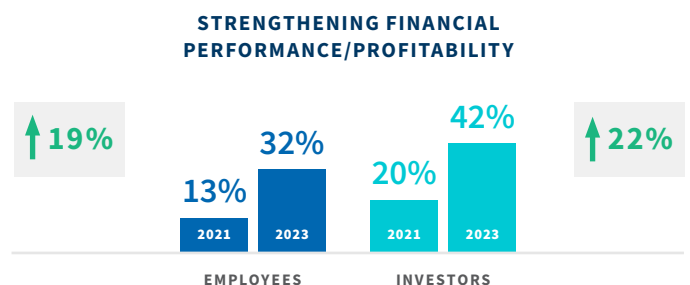
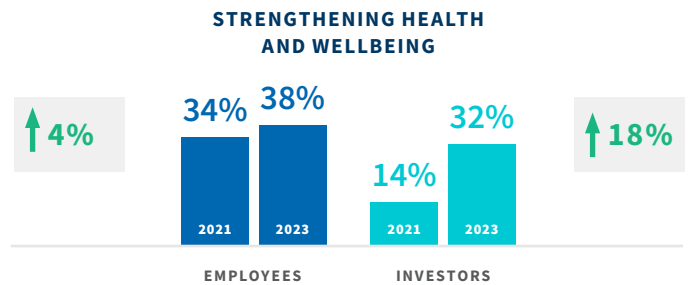


“ The bearish market is driving employee and employer needs closer together – especially around financial performance to drive an environment of greater stability. But what is holding true is the prioritization of overall wellbeing. When CEOs and executive leadership teams consider wellbeing as a broader concept of whole person wellness, they can consider all the ways employees are cared for by the organization. This includes not only physical and mental health, but other related items like the policies, dialogues and programming around workplace flexibility, for example, and the benefits it can have on mitigating burnout and driving more sustained engagement and commitment.



ALEXANDRA PRIOLA
Managing Director
People and Transformation

What do you think CEOs should prioritize most in their companies?



CEOs will continue to play an outsized role in a company’s overall reputation, and a carefully crafted communications and engagement strategy is critical. Stakeholders continue to demand that CEOs engage regularly, and there are no signs of this trend letting up.

Being able to communicate to a wide and diverse set of stakeholders is table stakes for CEOs in 2023 and the foreseeable future. Overwhelmingly, employees (88%), investors (95%) and policy influencers (100%) believe CEOs must be excellent communicators – internally and externally – to be successful. Beyond communications, eight in 10 employees and nine in 10 investors and policy influencers also believe CEOs must model the right behaviors for employees.

Our data also shows that CEO communications play an outsized role in a company’s reputation. Nearly three-quarters of employees and nine in 10 investors and policy influencers believe that a company’s reputation is primarily driven by its CEO.

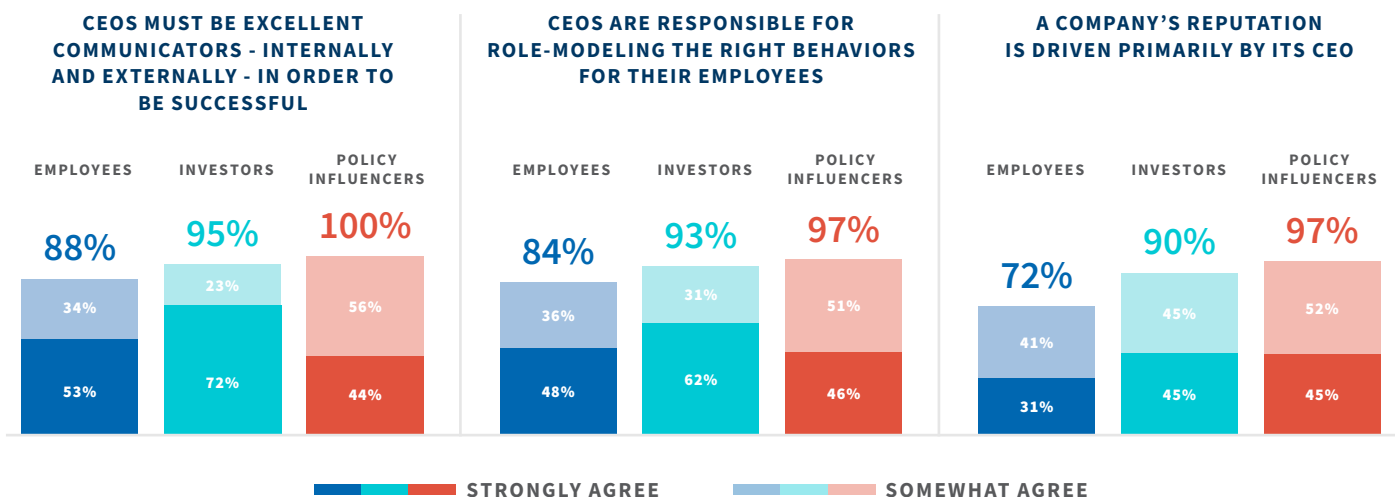
Interestingly, among employees, Millennials feel the most strongly about this, with eight in 10 agreeing that the CEO drives a company’s reputation. Only 50% of Gen Z believe this to be true, signaling that they believe there is accountability across an organization to uphold and protect reputation.

“ Our research continues to demonstrate that a CEO is the primary driver of a company’s reputation. Knowing the critical role reputation plays in stakeholder decisions to buy from, invest in or work for a company, it’s a tall order for those at the top. The most successful CEO communications and engagement programs are rooted in business strategy and consider the unique needs of critical stakeholder groups. When done right, these programs can enhance reputation, mitigate risk and drive value.



ELLY DILEONARDI
Managing Director
Corporate Reputation

Do you agree or disagree with the following statements?



CEOs will continue to face pressures to speak out on societal, cultural and political issues, but they must continue to tread carefully and consider the diverse views and perspectives of different stakeholder groups, as well as the company’s purpose and values.

In 2021, speaking out on societal issues gained CEOs more favor, especially among investors. However, in 2023, speaking out on topics that involve politics is met with less enthusiasm from employees and investors. Rather than commenting on every political issue, employees (68%), investors (79%) and policy influencers (95%) agree that CEOs should only engage if the issues directly impact their operations.

When a political issue impacts employees, the majority of employees (67%), investors (79%) and policy influencers (97%) also think a CEO should speak out. Furthermore, employees (81%), investors (90%) and policy influencers (95%) believe that CEOs should conduct ample research on consumer sentiments when considering whether to speak on a topic.

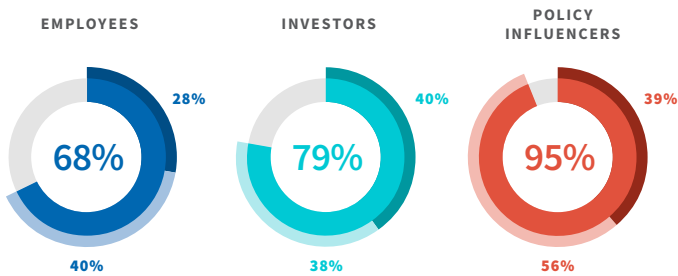
“ Stakeholders are sending a clear message. They only want to see executives speak out when an issue explicitly threatens their employee base or their operations. Without carefully considering the reaction of your stakeholders, the decision to speak out can be consequential for your company’s reputation.



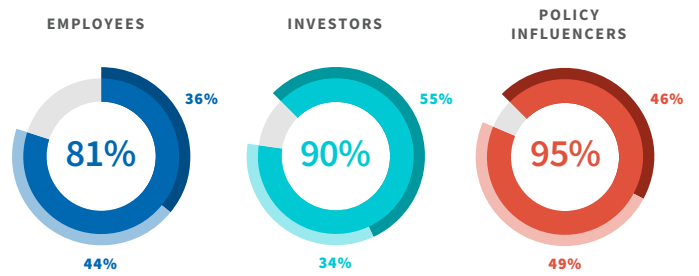
CLARE MARSHALL
Senior Director
Corporate Reputation

Do you agree or disagree with the following statements?

CEOS SHOULD ENGAGE IN POLITICS ONLY IF THE ISSUES DIRECTLY AFFECT THEIR COMPANY’S OPERATIONS



CEOS SHOULD DO MORE TO CONSIDER HOW THEIR CUSTOMERS WILL REACT TO SOMETHING BEFORE CONSIDERING WHETHER THEY SHOULD SPEAK OUT



■ ■ ■ **TOTAL AGREE**
 ■ ■ ■ **STRONGLY AGREE**
 ■ ■ **SOMEWHAT AGREE**
 ■ **DISAGREE**

On issues and topics that stakeholders want to see CEOs engage with, data privacy was at the top for both employees and investors. Policy influencers and investors also want CEOs to focus on supply chain disruptions and access to goods and services, as well as bringing manufacturing jobs back to the United States. The environmental impact of operations remained high on the list for all stakeholder groups, but policy influencers felt the strongest (nearly eight in 10) that CEOs should speak out on this topic.

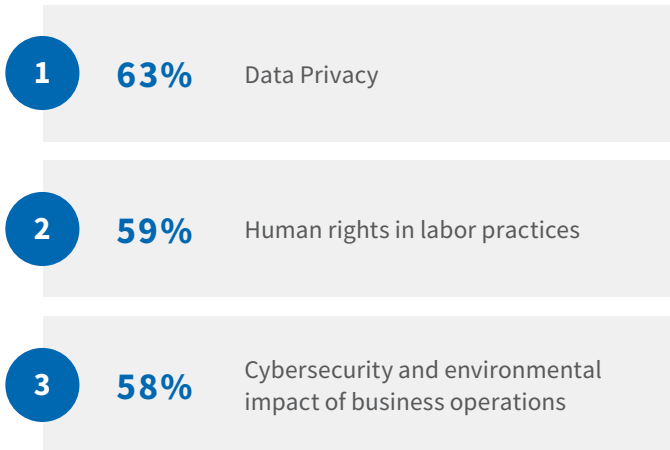
“ The Beltway audience is steadfast in its belief that businesses should stay out of politics. However, they do expect a closer partnership when it comes to the economy and job creation. These common goals are shared across the political, investment and workplace arenas and will be key battlegrounds as we approach the next election.



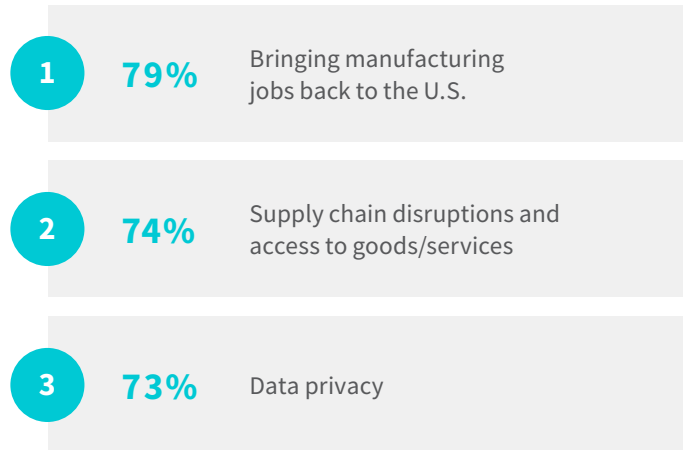
JAMES CONDON
Managing Director
Digital & Insights

When it comes to the following topics in current events, do you generally agree or disagree CEOs should publicly make statements or get involved on this topic?

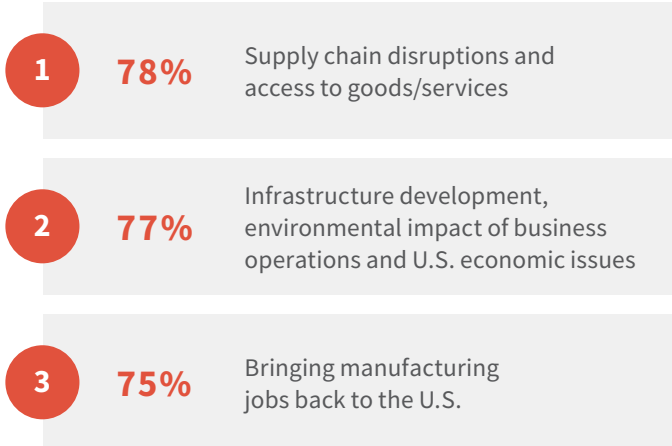
EMPLOYEES



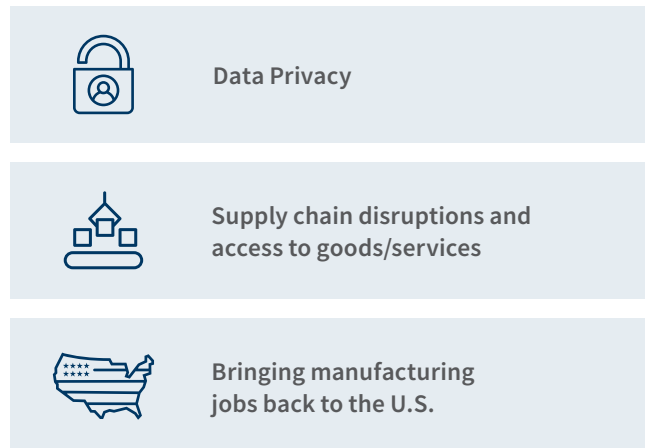
INVESTORS



POLICY INFLUENCERS



“TOP THREE” TOPICS SELECTED BY MULTIPLE STAKEHOLDER GROUPS



Conclusion

FTI Consulting's team of experts helps CEOs to build the skills and capabilities needed to lead in the current environment. We help executives navigate the competing demands of different stakeholders and create a roadmap to engage authentically and effectively.

OUR SERVICES INCLUDE:



Industry and Societal Leadership

- Engagement and visibility strategy and roadmap development
- Societal issues preparedness
- Thought leadership platform and narrative creation
- Content creation and speechwriting
- Digital channel development and management



Organizational Leadership

- C-suite, board and leadership excellence
- Vision and strategy articulation
- Employee engagement and internal communications



Personal Leadership

- Communications and media training
- Leadership development
- Executive coaching
- Change leadership

ABOUT THIS SURVEY

This research was conducted online by FTI Consulting's Digital & Insights team, among three distinct audiences:

- n=800 full time employees working for large companies with more than 250 employees and based in the United States. These respondents reflect companies employing a total sum aggregate of 3.9 million staff across the United States.
- n=250 global institutional investors, representing institutions with an average of \$125bn in AUM.
- n=200 D.C. policy influencers, defined as those with experience working in a government institution, think tank, trade association, political party, campaign or issue advocacy.

All research was conducted between the dates of January 18 – February 1, 2023. Per the standard convention of rounding, some totals may not add up to 100%.

For any questions relating to the survey methodology, please contact james.condon@fticonsulting.com



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