



# C-suite barometer

## Insights from China



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**The Mazars 2020 C-suite barometer brings together the views of over 500 senior executives from around the world. Here we talk to Julie Laulusa, member of Mazars' Group Executive Board and Managing Partner in China, to hear her thoughts on the insights from respondents in China.**

**Q. The research found leaders globally were quite optimistic about 2021, with 71% of respondents expecting to grow this year. When we look at responses from China only, 76% said they expected to grow in 2021. Why do you think executives in China are so optimistic?**

There are a couple of factors could be behind this finding.

The first, and I believe main factor is the **continuous growth of the Chinese economy**. Although the epidemic started in China at the beginning of 2020, the government successfully got it under control. The economy began to recover in April and May and the survey was completed in Q3 2020. With the continuing efforts in the second half of the year, China achieved a total GDP growth of 2.3% in 2020.

Second, is how people in China feel about the pandemic: their confidence in dealing with it and ability to look beyond the immediate crisis. In my opinion, many feel they have already overcome the most difficult time and they are **confident in the post-pandemic era**. Chinese people gradually adapted their daily life, taking measures to deal with preventing the epidemic. Given people know more about Covid-19, they tend to be more optimistic about the future.

This **positivity** is reflected in the continued growth most business leaders expect. The overall economy will become more and more dynamic with the government actively supporting various industries and sectors, for example finance, digital technology, medical care and so on. People see lots of opportunities and believe there is a bright future ahead, especially now with the launch of the vaccine.

### Q: Half of respondents said they expect their organisation to go through a technology transformation in the coming 3-5 years. What are your thoughts on this?

The **government** plays an important role in technology innovation in China. In the 14th five-year plan, science and technology will be one of the key development areas in the next five years. This means that there will be more preferential policies for technology-related projects and enterprises.

The **epidemic has accelerated the development of science and technology** by creating more and more diversified application scenarios. With the rollout of 5G and the concept of connected smart cities, we can not only achieve telecommuting, global shopping, online medical treatment, but also smart logistic systems, smart transportation and smart public services. These represent obvious and irreversible progress in our way of life.

Technologies also bring about transformation and **evolution in the business environment across different sectors**. For example, digitalization, artificial intelligence and the promotion of digital RMB will have a profound impact on the financial industry.

### Q: The survey assesses C-suite views on whether activities lead to impact in the short term (up to one year) or long term (more than one year). Almost half (46%) of leaders in China consider improving efficiency to have a long-term impact – much higher than in other countries. Why do you think this is?

The business situation in China has hugely evolved over the years.

**Increased labour cost:** China used to be a global factory. However, with the rapid growth of the Chinese economy in the past 35 years, the average income has increased 22 times. This leads to the dramatic increase in **labour cost**. China is no longer a country with low operating cost as its primary competitive advantage.

**Narrowed price gap:** In the past, due to information asymmetry, enterprises can take advantage of the **price gap** between cities. However, price has now become transparent because of the internet and digitalisation and quality is also under stricter control since the optimisation of commercial supervision and anti-fraud systems.

**Diversified competition:** As the market becomes more and more open, China has introduced a large number of overseas advanced technologies and management systems. **The competition** has shifted from price to diversified aspects, including information, science and technology, R&D, innovation, system upgrading and so on.

All these factors are pushing enterprises to improve efficiency for better cost performance and stronger competitiveness in the long term.