



fgs global radar

2024:

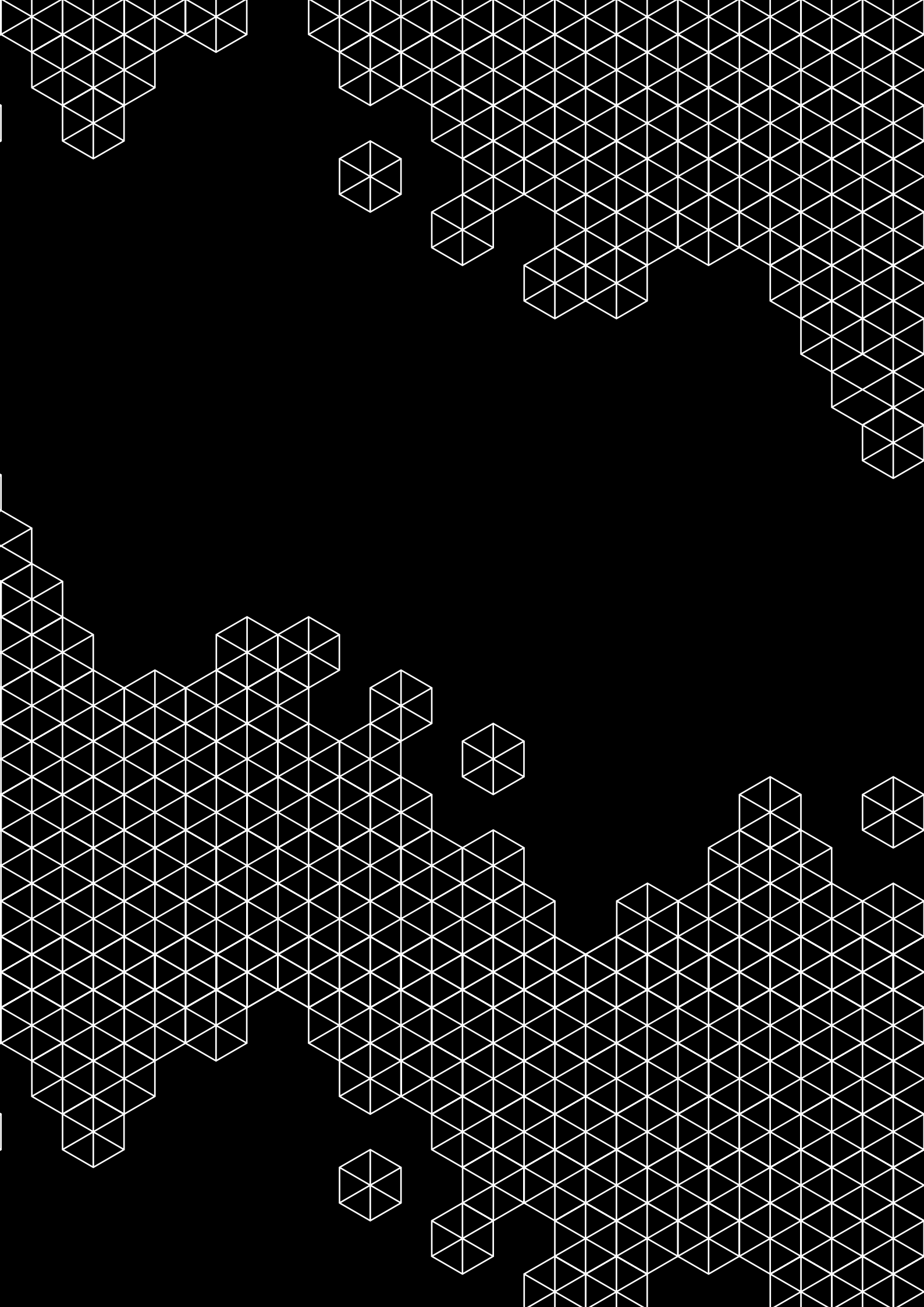
A Year of *Volatility*

Uncertainty

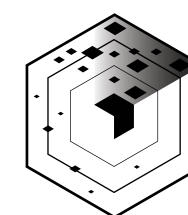
Disruption

Change

Hope



2024
—
A Year of Volatility



fgs global radar

2024: A year of known-unknowns

The FGS Global Radar was initially born out of a desire to understand the consequences of more people being directly involved in elections this year than at any other time in human history. None is more significant than the US Election, happening towards the end of the year and with two aged and diametrically opposed politicians in a rematch contest to become the most powerful person on earth. As things stand, the result is what the former US Defence Secretary, Donald Rumsfeld, would have called a “known-unknown”, with the world’s largest economy in play.

Those elections alone were enough to get us to go through our contact books and ask some of the leading politicians, businessmen and women, journalists and analysts of our time to tell us how they thought things will shape up in 2024.

To encourage frankness, their names aren’t attached to specific quotes—but they did agree to let us know who they are. As you will see, it’s quite a list.

The point was not to get them to stare into a crystal ball and predict the future—but more to use their expertise to define trends and debates that will affect business in 2024.

The subjects include:

- ▶ A year of elections and political risk
- ▶ Geopolitics
- ▶ Economic uncertainty
- ▶ Climate change and the energy transition
- ▶ Artificial Intelligence (AI)
- ▶ Purpose and office culture

Sometimes there is consensus about what to expect—no one thinks it’s going to be anything other than a bumpy year, and there is universal concern about the bandwidth needed to deal with sometimes existential issues, pushing the merely important to the side.

Other areas prompted profound debate—with what Artificial Intelligence means for us all being top of the list.

We also polled much of this with a representative sample of over two thousand people. The results are often surprising—and it’s almost always clear that the generational split is as stark as ever.

All of this has resulted in some deep insights that will help us navigate volatile times—and have reasons to make us feel optimistic.

And that is what FGS Global is set up to do—work with businesses to grasp opportunities and deal with threats in a fast-changing world.

We’re grateful to everyone who took part—and look forward to discussing the issues raised with you all throughout 2024.

Best wishes,



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Methodology

FGS Global carried out a programme of research to understand the major trends and emerging agendas.

Stakeholder depth interviews

We conducted 60 stakeholder depth interviews. These conversations lasted 30-45 minutes and took place through October and November 2023.

Stakeholder type	Count: 60
Academics	4
Media	9
NGOs	6
Policymakers	7
Politicians	10
Corporate clients	11
Internal experts	13

This report includes verbatim quotes from these interviews throughout.

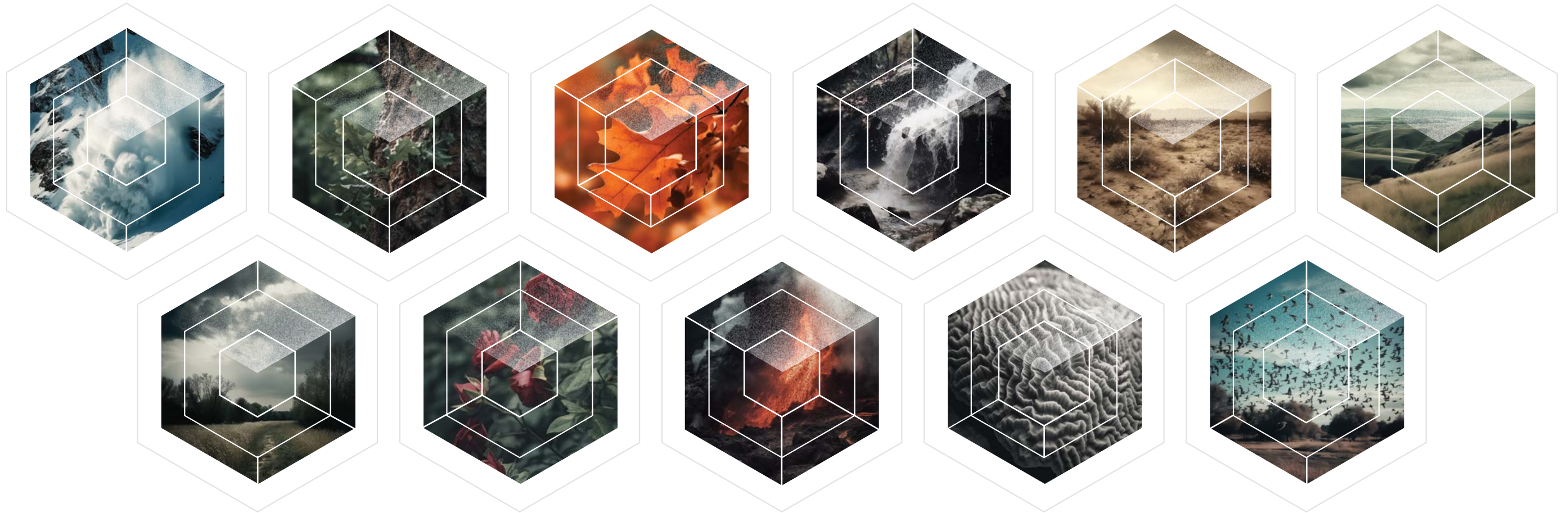
Some of the stakeholders we spoke to include:

Douglas Alexander, Hywel Ball, Fabrice Beaulieu, Tim Benton, Bob Blackman, Brendan Burchell, Lucy Bush, **David Cameron**, Jonathan Cox, Robert Chia, David Gauke, Jane Green, Graham Gudgin, Sam Gyimah, Caitlin Hayden, George Eustice, Jonathan Evans, Matthew Feeney, Mike Feldman, **Stephanie Flanders**, Philipp Freise, David Halpern, Theo Hildebrand, Danielle Jackson, Emma Jacobs, William Klein, Neil Lee, Rohan Malik, **Andrew Marr**, Ken Mehlman, Richard Mintz, Adrian Monck, Roger Parry, **Robert Peston**, Ed Petter, Jessica Prestridge, Ramiro Prudencio, **Amber Rudd**, Danny Shaw, David Smith, John Stevens, **Rachel Sylvester**, Ayrton Thevissen, and Karl Vella

Public polling

We also carried out public polling with 2,024 members of the UK public, weighted to be nationally representative on the basis of age, gender, ethnicity, region and 2019 General Election vote. Fieldwork was conducted from 17th to 20th November 2023.





Key findings

2024 will be a year of uncertainty, turbulence and disruption.

This is the almost universal view of opinion formers. The effects will be felt across geopolitics, through social and culture shifts, and in the workplace. Volatility is more likely to grow than to diminish.

Interest rates and inflation are expected by most stakeholders to decline over 2024—however they will remain higher than we have been used to in recent years.

While there is disagreement on when interest rates and inflation will drop - and the consequences - the economic outlook is seen as broadly positive despite global economic and political volatility.

Opinion formers are relatively bullish about the UK in 2024.

While stakeholders expect uncertainty, volatility and disruption all to be dominant forces for the UK, there is some optimism for the prospects for greater political and economic stability.

A Labour election win in the UK is seen as a racing certainty by many stakeholders, bringing the prospect of a steadier, more predictable macro-economic and political environment.

Key challenges remain on the horizon, however, due to conflict around the world and the threat to supply chains this poses, on top of sluggish growth in the UK and EU.

The potential return of Trump is widely viewed as the biggest political risk in 2024.

In a year of major elections, the results of most are seen as predictable, but the US is the “known unknown”. A presidential win for Donald Trump would have reverberations globally and impact geopolitical stability, particularly regarding Russia, China, the Middle East and NATO.

The UK public is in a pessimistic mood.

More than four times as many members of the public think that the UK is going in the wrong direction as think it’s going in the right direction. Nearly four times as many people feel that “the UK is in a period of steep decline” than “feel positive about the immediate future for the UK”.

Increasing geopolitical instability is palpable.

Wars, conflicts and continuing tensions in Ukraine, the Middle East, and with China will contribute to a rising sense of uncertainty at a global level - compounded by growing social and political discord around immigration.

AI splits the public and stakeholders as to whether it is a force for good.

Most see significant opportunities for business from cost savings and efficiency gains, along with the potential for leaps forward in science, innovation and medicine. Many also have concerns, centred on the risk of election interference and the expected workforce pushback.

The mood around climate change and net zero is gloomy.

Stakeholders think we are not making nearly enough progress—and will fail to improve in 2024. “More stick” is seen as necessary for action, but also as unlikely in an election year. Most of the UK public does not want to bear the cost.

The role of purpose in business is evolving.

Many believe it will be more narrowly defined in 2024 as leaders put the focus on issues directly related to their companies. Businesses are expected to become much more cautious about taking public positions on controversial issues despite continued pressure to do so, especially from younger employees.

Hybrid working is here to stay—and even more flexibility will be demanded in 2024.

As we move beyond the question of hybrid working, the year ahead is expected to see the conversation driven by growing demand among the public for employers to offer increased flexibility in other areas.



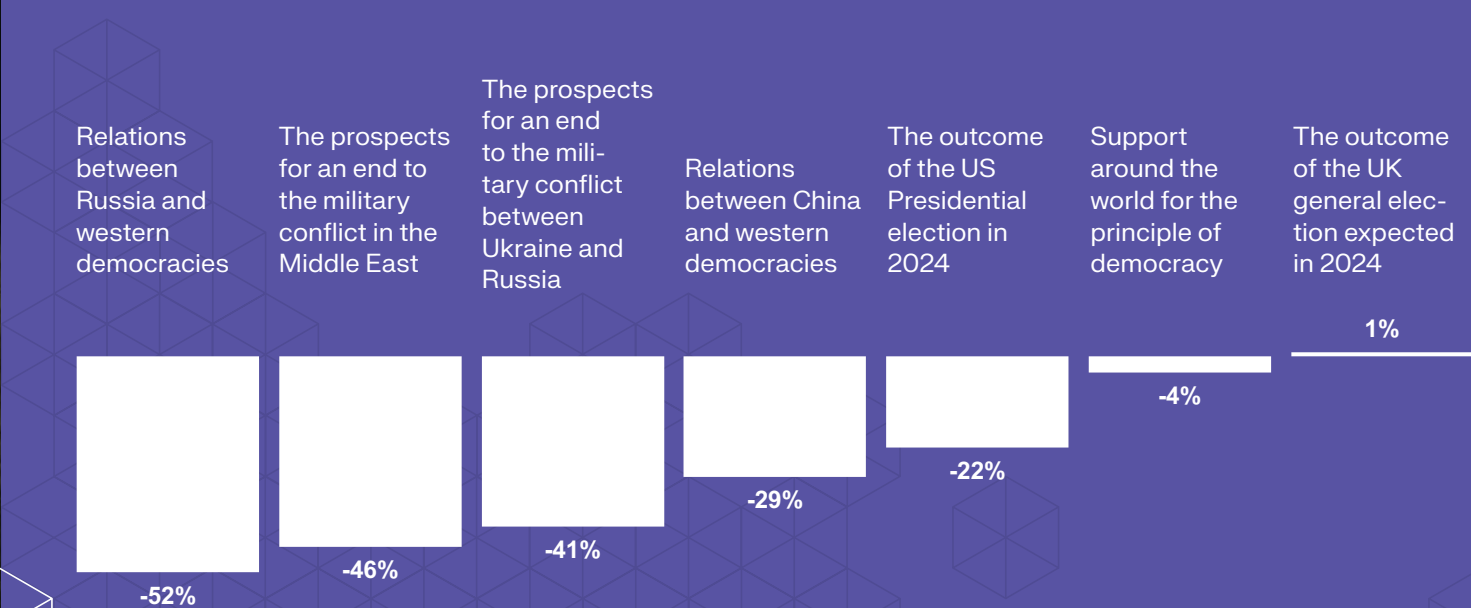
The UK public sees little cause for optimism

The UK public is generally very pessimistic about Russia, the Middle East, China, and the result of the US Presidential election. The one thing they are narrowly optimistic about is the prospect of a change of government in the UK.

Older voters are, however, far more pessimistic on all areas than younger people.

OPTIMISM FOR ONGOING EVENTS & ISSUES

Showing NET optimism



1.

Political unpredictability in 2024 A year of big elections and continuing conflicts

CONSENSUS

Uncertainty is the new certainty

Stakeholders agree that political instability is the biggest risk facing business in the year to come, due to 12 months of elections with significant potential consequences, continuing conflict in the Middle East and Ukraine, and the growing power of non-democratic countries.

Recent years have seen a normalisation of unpredictable events on a global scale.



KEY TAKEAWAY

Stakeholders anticipate “exogenous shocks” to continue in 2024.

“ When you get a possible change of government in the US and a likely one in the UK, it’s unusual. We’ll probably pause [investment]. ”



CONSENSUS

The shadow of continuing conflict looms large

There is significant concern about geopolitics in the year ahead.

Among stakeholders, the Middle East conflict risks destabilising the entire region. Ukraine continues to impact supply chains.

Taken together, these two conflicts present the risk of further energy price spikes which, along with fears about potential Chinese intervention in Taiwan, leave many stakeholders extremely concerned about geopolitical stability.

“ There’s definitely been a normalisation [of war] ... it’s become part of the furniture.

“ Boardrooms are used to weighing financial risk, operational risk and reputational risk—they are now coming to terms with geopolitical risk.

KEY VIEWS AMONG THE UK PUBLIC:

The war in Ukraine is the only policy area where most of the UK public think the UK government is doing a good job. Most UK voters also think that Ukraine should be admitted to the EU and NATO.

As the war in Ukraine continues through 2024, 60% think this will have a negative impact on their own financial situation. Slightly fewer think the same if war escalates in the Middle East (57%) and if China becomes more aggressive to Taiwan (47%).

KEY TAKEAWAY
Business leaders will need to consider geopolitics even more in 2024 as part of the context in which they operate.

CONSENSUS

The rise of autocracies

Stakeholders warn that the balance may be tipping towards autocracies at the expense of liberal democracies.

A wide range of stakeholders note autocratically-governed countries are increasingly playing key roles on the global stage.

There is a broad consensus that autocratic governments are increasingly benefiting from technological advances.

“ The forces of liberal democracy are not as strong as they once were. Russia, China, Iran, and Indonesia are having a big impact on the geopolitics of the world because they’re saying that there’s a different way. Their argument is that if you want long-term decisions, if you want to build infrastructure, if you want to prioritise security over freedom, you can do these things without having a full-on democratic model. This is a huge challenge to the liberal democracies.

“ Enterprise economics and open democracy is still the magic formula, but there’s no doubt that there are alternative models... trying to convince others that that’s the way to go.

KEY TAKEAWAY
Non-democratic models are here to stay in the year ahead, and liberal democracies will face stiff competition from autocratic nations’ productivity.

CONSENSUS

Fears of “Trump unbound”

The US election stands out as the most important vote next year, with widespread agreement that a re-election of Donald Trump is a real, and profoundly worrying, possibility. There is a strong fear that Trump returned to power would be “unbound”, with most expecting the consequences to affect the rest of the world more than the United States.

The likely withdrawal of US support from Ukraine would impose political, financial and military pressure on European countries including the UK—and undermine NATO.

While the geopolitical implications of the US election are deeply consequential for stakeholders, few anticipate that the US economy will falter, given its resilience in recent years. Stakeholders, however, think that the risk of Trump re-elected is far greater for the world outside of the United States.

Stakeholders overwhelmingly fear that if Donald Trump wins the 2024 US election - as many believe is a real possibility - US foreign policy will have negative consequences for the global economy. Even when the impact of an isolationist US foreign policy on trade is set aside, several respondents foresee Trump’s foreign policy as being politically inflammatory, with negative consequences for business. One respondent expressed significant concern regarding the risk of a return to “Trump’s trade wars”.

KEY VIEWS AMONG THE UK PUBLIC:

41% of UK voters think Trump is likely to win the 2024 US election; 41% think this is unlikely.

44% think that if Trump is elected president again, this will “seriously destabilise the world”, compared to the 18% who think that another Trump presidency “won’t much difference to the rest of the world”.

46% of the UK public think that their own financial situation and quality of life will be negatively impacted if Trump is elected in 2024, compared with only 16% who think their situation will be positively impacted.

“ The American economy has demonstrated time and time again that it just ploughs on, almost irrespective of who’s actually in the White House. It somehow thrives, which is a function of its scale and natural resources. The big fundamentals will be around what the America might do in respect to supporting Ukraine.

“ Last time the constraints of the US constitution and the strength of independent institutions were enough to constrain [Trump’s] worst instincts. But you can’t guarantee that this time.

“ All I can say is, I think we have to adopt a brace position.

KEY TAKEAWAY
Trump 2.0 is a real possibility for 2024, and a second presidential term could see him broaden the scope of his ambitions. Nonetheless, the US economy is not expected to falter.

The UK General Election: a Labour victory forecast for 2024

Stakeholders anticipate a UK General Election late in 2024—with most believing it will be held in the autumn. Almost all stakeholders expect the election to result in a Labour government—many predict a Labour majority. A hung Parliament is viewed as a distinct possibility by some, in which case a new government could struggle to act decisively.

A number of stakeholders feel that while 2024 will see turbulence brought on by a number of elections, this will give way to greater stability, for the UK in particular. Here, they expect a more predictable political environment and an easing out of the cost-of-living crisis.

KEY VIEWS AMONG THE UK PUBLIC:

UK voters are generally pessimistic about 2024. From the possibility of meeting net zero targets to likelihood of an improved economic environment, the only event where opinion is positive is around the outcome of the expected UK election.

Still, the degree of positivity differs by age. 18-34s are much more positive (+30%) about the impact on their financial situation and quality of life of Labour winning the general election than 35-44s (+15%). Over-55s are negative about this (-16%).

67% of people expect Labour to win the general election in 2024. Just 16% don't expect this, and 17% don't know.

66% of the public think that a Conservative general election loss will result in the party moving further to the right.

“ When we get through the uncertainty of the election itself, it's probably quite good news for business because you'll have a higher degree of stability and reasonably clear picture for at least five and possibly 10 years. You won't have this extraordinary chaos.

“ Polls can be wrong—but they are rarely *that* wrong.

KEY TAKEAWAY
Unpredictable politics has defined our political landscape—but after a turbulent time, the UK is moving towards stability.

What would a Labour government look like for the UK?

Stakeholders are unsure about what an incoming Labour government would look like in practice. Most think that Labour will be limited in implementing change due to a challenging economic environment, including low growth.

Others think that while Sir Keir Starmer has been cautious in the lead up to the election, once in office his government would likely roll out a more ambitious agenda.

Some predict that Labour will focus on green economic policy, build more housing, and tear up planning rules. They also predict an increase in investment after years in which it has been low.

Despite Labour's reticence to speak about the EU, the public still has significant appetite for the UK to negotiate with the EU to facilitate trade.

A minority of stakeholders expect that a new Labour government will raise wealth and national income taxes.

KEY TAKEAWAY
Stakeholders are unsure what to expect from an incoming Labour government would look like in practice, though all anticipate a period of more stability than has recently been the case.

“ Labour are promising change and trying to sound like they will do things really differently, turn a corner, but there just isn't the fiscal headroom to throw money at the issues. They are suffering a lack of investment [in the UK] and are prioritising fiscal competency above all else.

“ [Labour] are clearly sucking up to the business community and trying to avoid saying anything that will scare people. I think the assumption is actually that they will, once they've won, reveal themselves to be a genuinely properly socialist government. That won't mean anything Corybnista, won't be anything insane, but you'd expect there will be a greater taxation of wealth and capital gains.

“ The sensible thing to do is to assume Labour is going to win—and assume that what they've said about managing the economy is correct.

“ Labour under Keir Starmer will be incredibly careful. I think that element of predictability and certainty—the relationship with business will very likely improve very, very markedly.



CONSENSUS

The immigration debates will dominate election campaigns in 2024

Immigration is expected to be an increasingly contentious and polarising issue in 2024, for the UK and beyond. Stakeholders expect politicians to use it as a wedge issue in the UK, Europe and the US.


Many point to the combination of more frequent extreme weather events, drought, and El Niño—expected to affect the northern hemisphere in the first part of the year—as driving significant further movements of immigration, especially from sub-Saharan Africa.

Most UK voters favour a strict immigration policy, and most voters think the Sunak government is handling the immigration issue badly. 37% support the current government's Rwanda deportation plan vs 23% who are opposed to strict immigration policy.

Migration splits voters on generation lines. 18-34 year olds are marginally NET positive (+2%) about the impact of increased levels of immigration on their financial situation and quality of life, while older people are significantly more negative (-21% among 35-54s and -39% among over-55s). Nearly three in five (58%) of 18-34 year olds favour allowing more immigration if needed to meet labour shortages, as opposed to only 35% of over-55s.

“ The political conversation around migration is really dishonest and poorly understood. Politicians should give the public slightly more credit and talk about it in a more nuanced and sophisticated way, rather than playing to people's worst instincts and using it as an issue to stoke division and steal political advantage.

“ If you just shift a few tens of millions of people, they add extra pressure on the migration corridor up to the US or the migration corridor into Europe.

 **KEY TAKEAWAY**

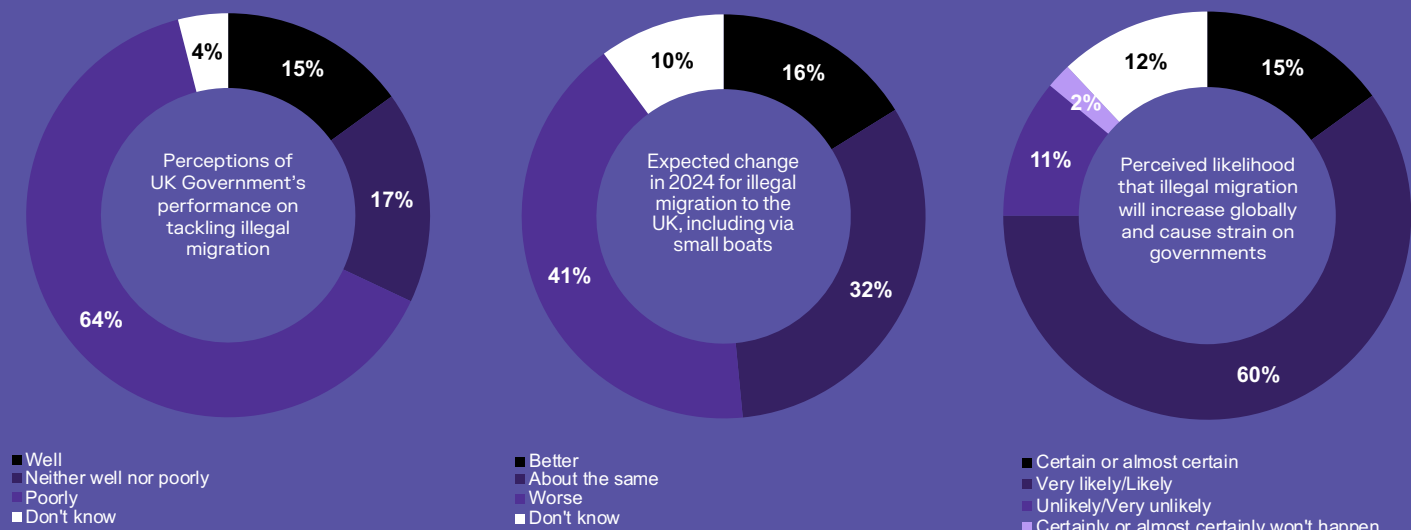
The Conservative party in the UK will continue to push immigration as a key election issue, despite being perceived as handling it badly.

PREFERRED ECONOMIC POLICY DECISIONS FOR AN INCOMING GOVERNMENT

Showing % saying each of the below are preferable



THE PUBLIC VIEW OF ILLEGAL IMMIGRATION



CONCLUSIONS

- ▶ The year of major elections ahead around the world is expected to produce “noise” which could create nervousness around long-term investment.
- ▶ Despite questions around what a Labour government would look like, a victory for Sir Keir Starmer should offer the UK more stability in 2024.
- ▶ As populism advances, immigration will be an increasingly contentious issue for the public.
- ▶ There is widespread agreement that Trump could be re-elected President, but the impact would be more on geopolitics than a resilient US economy.

2.

The economic picture in 2024 UK steadying amid global challenges

CONSENSUS

The global economy is set to face a middling year ahead

While stakeholders anticipate the US economy will remain strong, the wider picture is looking less positive. There is widespread consensus that the next year will be economically challenging for many countries due to stagflation (low economic growth and high levels of unemployment).

Geopolitical conflicts remain a worry, particularly if the Israel-Gaza conflict spills over into neighbouring states, causing worldwide supply chain disruption. Stakeholders expect the war

in Ukraine to continue to put pressure on economies across Europe in the year ahead with the more of an expectation that the burden to pay for it will fall on them.

“ The view that we are overdue a global correction is the dog that hasn’t barked. The economy keeps chugging along. The US is strong.

KEY TAKEAWAY

There are high levels of uncertainty around the global economic picture in 2024, however most predict cautiously that there will be no dramatic shift.


Mildly positive expectations for the UK economy

Stakeholders have a broadly positive outlook for the UK economy, which they expect will benefit from falling inflation and interest rates in 2024, as well as an expected change of government.

A significant majority of stakeholders expect that a new government would be beneficial for the UK economy. This outlook is largely based on the view that Labour will provide more stable governance and continuity in fiscal policy in contrast to the volatility and inconsistency in recent years.

By far the majority of stakeholders expect both interest and inflation rates to fall during the course of the year, though some think it unlikely that the Bank of England will cut interest rates until October or November of 2024, with the effects not feeding through into the economy until 2025.

- “ Business likes certainty. Financial institutions like certainty. Labour will bring that.
- “ Inflation is expected to come down I think to three or three and a half percent next year. That’s encouraging. The economic outlook is cautiously positive.
- “ Certainly by the latter part of 2024, we’ll be seeing rate cuts.
- “ We’re returning to normality with interest rates. Inflation’s a bigger issue in terms of getting down, but once inflation has stabilised normally, most businesses then will probably be making better rational judgements because they will be thinking about what the return is.

**KEY TAKEAWAY**

The prospect of an incoming Labour government and lowering interest rates and inflation are expected to create more economic stability.

DEBATE

Should the UK de-risk its supply chains?

Several respondents feel positively about the UK pursuing a policy of “de-risking” supply chains in 2024.

Specifically, they advocate for diversification, so that the UK is not overly reliant on a small number of states for key goods in 2024. Stakeholders note that derisking is also a factor in the growing trend towards more protectionist trade policies pursued by a growing number of countries.

The economic experts among our stakeholders consider a shift towards protectionist trade policy to be economically unwise because of cost and difficulty in implementation and a negative effect on global GDP.

- “ One of the great learnings of Covid and Ukraine is that the word ‘resilience’ is as important as the word ‘profits’. What happens to my supply chain if there’s a disruption either environmentally or economically or geopolitically? It means you’ve got to de-risk. You’ve got to spread your risks out and think more carefully. It’s a course correction, not a revolution.
- “ Think a little bit more about the long term and the security side, which in a sense, particularly with energy... makes you think it’s better to have wind and solar at home than it is to import fossil fuel from a country that might one day be an enemy or might currently be an enemy.

**KEY TAKEAWAY**

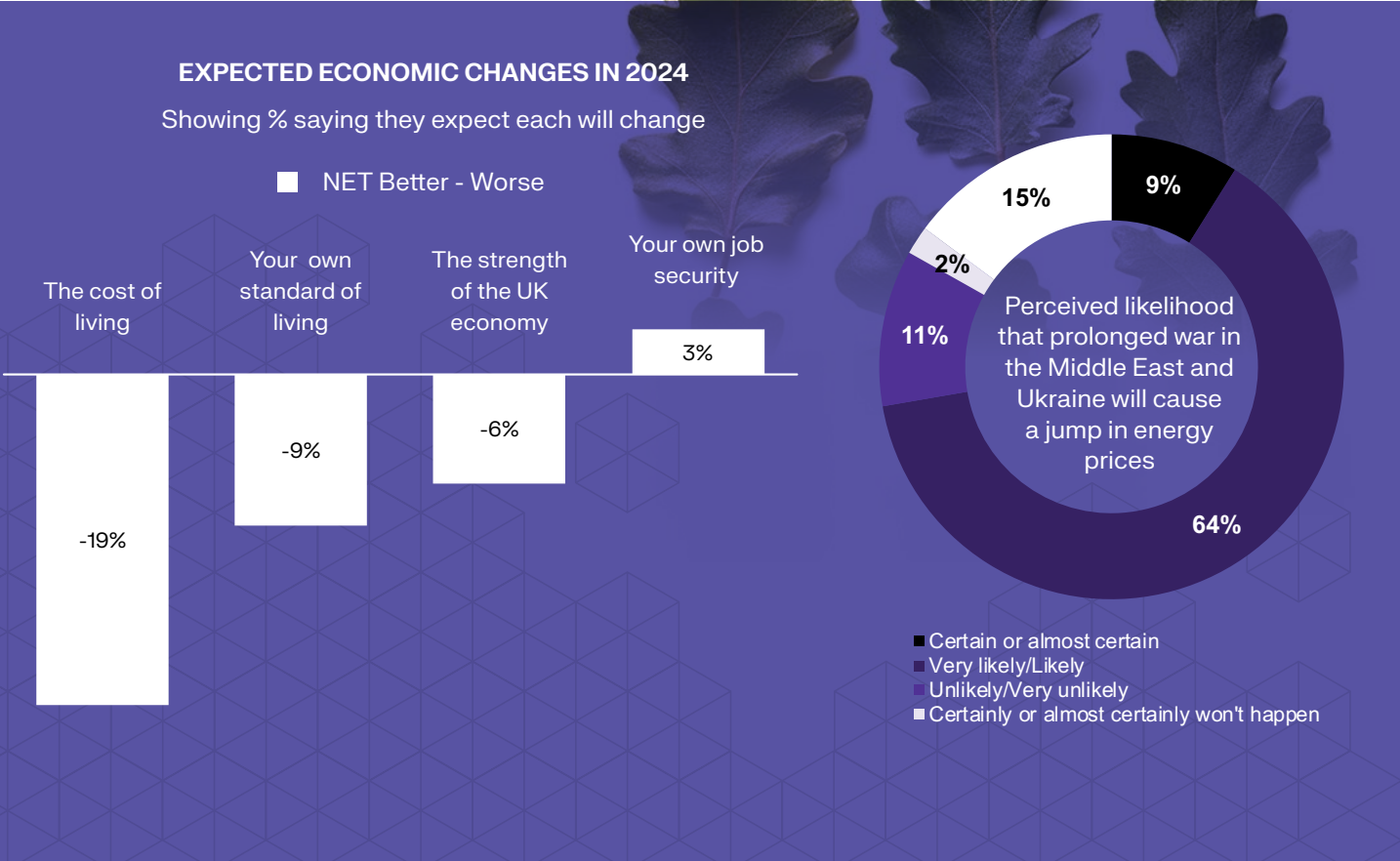
Sustaining supply chains will be a key focus in 2024 as they come under pressure from ongoing global conflicts and the growing impact of climate change.

The UK public is pessimistic about the economy in 2024

Sentiment among the public about the prospects for the economy is markedly less positive than it is among stakeholders. These concerns are particularly focused on the cost of living crisis, which most expect to worsen, rather than improve, in 2024.

There is significant variation in degree of pessimism about the economic outlook for the year ahead between different age-groups. 35-44s are more pessimistic (-24%) than 18-34s (-16%) or over-55s (-17%). There is also a considerable gender gap, with women (-27%) markedly more pessimistic than men (-11%).

Voters also have wider concerns about the impact of geopolitical conflict. Nearly two thirds of the public (64%) think it is certain or almost certain that prolonged war in the Middle East and Ukraine will cause another jump in energy prices in 2024.



- ▶ A more stable political landscape should benefit the UK's economy, as should slowing inflation and falling interest rates.
- ▶ The UK public do not expect to have much economic respite in the year ahead, with significant concerns persisting about the cost of living and the general strength of the economy.



3.

AI & Emerging Technology in 2024: Risks & Rewards Ahead

CONSENSUS

AI will boost economic growth *and* put jobs at risk in 2024

Stakeholders believe that ultimately, the macroeconomic impact of AI will be positive, but we need to prepare.

There is deep concern about the impact of AI on jobs. Many believe AI will create better work opportunities in the end. However, stakeholders identify that there needs to be an immediate focus on transition.

Reflecting on the safety of white-collar jobs, most stakeholders predict increased redundancies due to AI automation in the following professions: customer service, software development, and communications. One respondent went so far as to say that entry-level jobs across all white-collar industries are at risk.

There is broad consensus among stakeholders regarding the medical benefits of AI, with respondents almost unanimously positive in this regard. A minority even predict that increasing the use of AI in UK healthcare will significantly grow the nation's medical capacity.

“ I think it has the potential to double or treble the non-inflationary growth rate of a country like the UK. Therefore, any government should be encouraging [AI].

“ Expect more effective chatbots and fewer call centres in 2024; the beginnings of serious shift in the labour market.

KEY TAKEAWAY

The effects of this new technology will reverberate through the job market, marking the start of a reshaping of the global economy.



The public's view of AI

The public is far less optimistic than stakeholders about the impact of AI, and there is also a lack of understanding.

KEY VIEWS AMONG THE UK PUBLIC:

22% (more than one in five) of the public think AI will mean job cuts in their own area of work.

34% expect the continued rise of AI to have a negative effect on their own financial situation and quality of life in 2024. In contrast, 27% think the effect will be positive.

12% are “very confident” they could explain what it is. Less than half of people have any confidence at all.

Optimism around AI varies significantly by age, gender and tech literacy, however. 18-34s are net positive (+6%) about the expected impact of the continue rise of AI on their financial situation & quality of life over the next year. 35-54s (-6%) and over-55s(-18%) are net negative. People who are confident they could explain AI are net positive (+8%), while those who are not confident of this are net negative (-32%), and women (-14%) are more negative than men (+/- 0%).



AGREEMENT WITH KEY STATEMENT
Showing % saying that they think

The UK Government should act quickly to impose regulations on AI to protect individuals and organisations from security breaches and misinformation

37%

13%

It is too early to regulate AI and the UK Government should wait before taking any action to do so

AI will make us worse off by eliminating jobs and causing security risks

27%

18%

AI will be a force for good, increasing productivity and bringing big advances in fields including science and healthcare

AI will likely mean job cuts for my area of work

22%

30%

AI will not threaten my job at all

The backlash against AI: Election threats and strikes are on the horizon for 2024

AI has the capacity to destabilise legitimate democratic processes.

Most stakeholders express concern that AI is a clear route for bad actors to attempt to undermine democratic institutions and influence elections. Stakeholders highlight “deepfakes”—AI-generated video, audio and imagery—as a way this could be achieved; another expects that reputationally damaging fake content will be spread more widely, and with much greater efficiency, representing a growing risk to business.

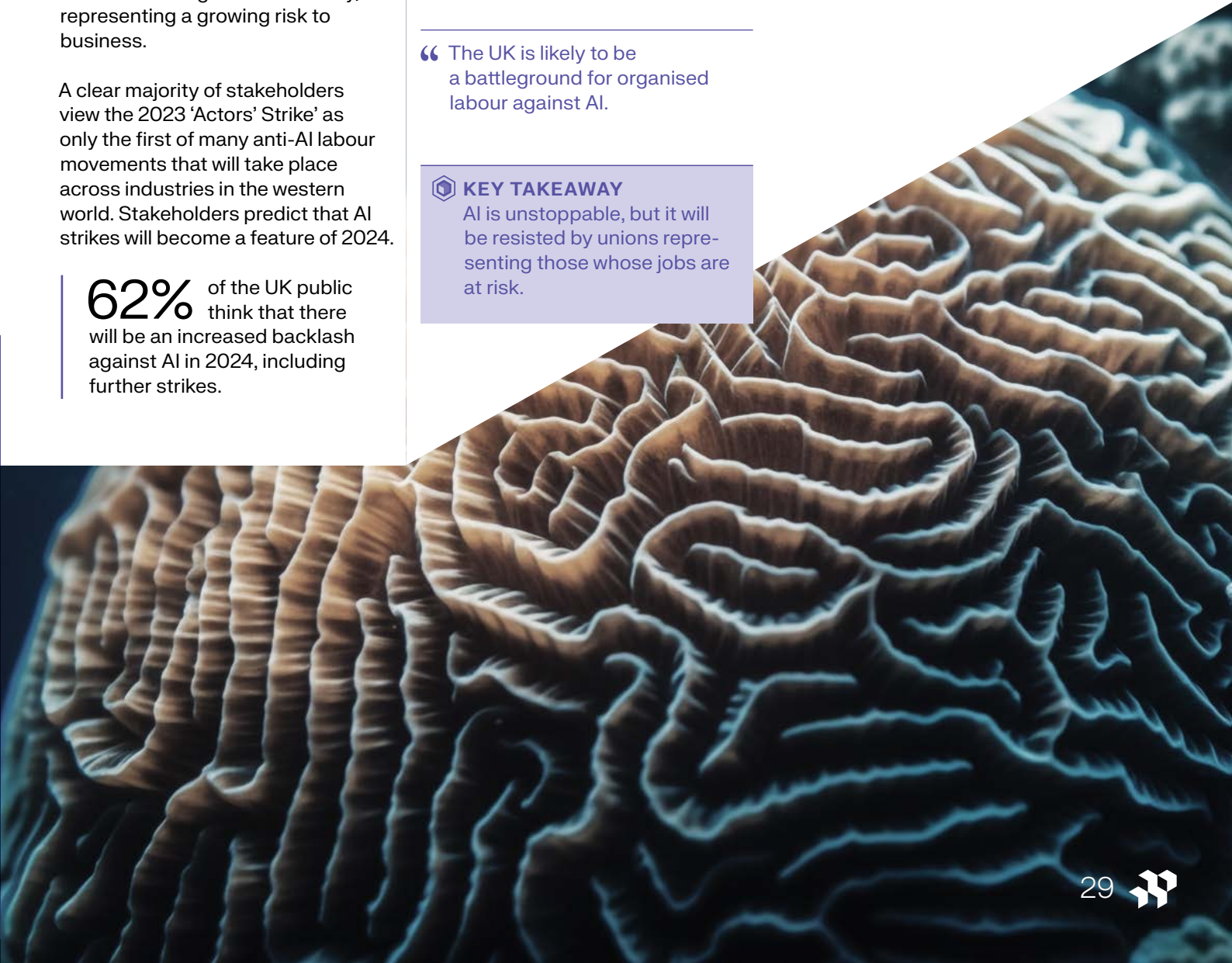
A clear majority of stakeholders view the 2023 ‘Actors’ Strike’ as only the first of many anti-AI labour movements that will take place across industries in the western world. Stakeholders predict that AI strikes will become a feature of 2024.

62% of the UK public think that there will be an increased backlash against AI in 2024, including further strikes.

“ [The risk is] AI being abused, to distort, or hack, electoral processes. It’s important that democratic governments take action now to make sure that there are systems in place to help citizens vote, to switch between fake news and the real stuff, the real campaigning.”

“ The UK is likely to be a battleground for organised labour against AI.

KEY TAKEAWAY
AI is unstoppable, but it will be resisted by unions representing those whose jobs are at risk.





CONSENSUS

How governments regulate AI will be a major issue in 2024

Some stakeholders believe the threat of AI is so significant that we need a heavy regulatory model. Others argue this is to fundamentally misunderstand the scale and pace of AI, and regulators will struggle to keep up

Stakeholders agree that regulating AI will be a key agenda point in the year ahead. Some demand immediate regulation, likening AI to medicine, i.e. too major an issue not to be completely safe. Others, however, consider it too early to implement any guardrails - and doubt whether doing so would prevent misuse of the technology.

Among those in favour of holding off on regulation, there is a perception that AI is still in its infancy and implementing regulatory frameworks could potentially limit innovation.

“ You wouldn’t allow a medicine to go loose until you’ve done the testing. You would have some guardrails around it if it was going to be that potentially dangerous. Governments have a responsibility here. This is a different technology.

“ You can’t put the toothpaste back in the tube.

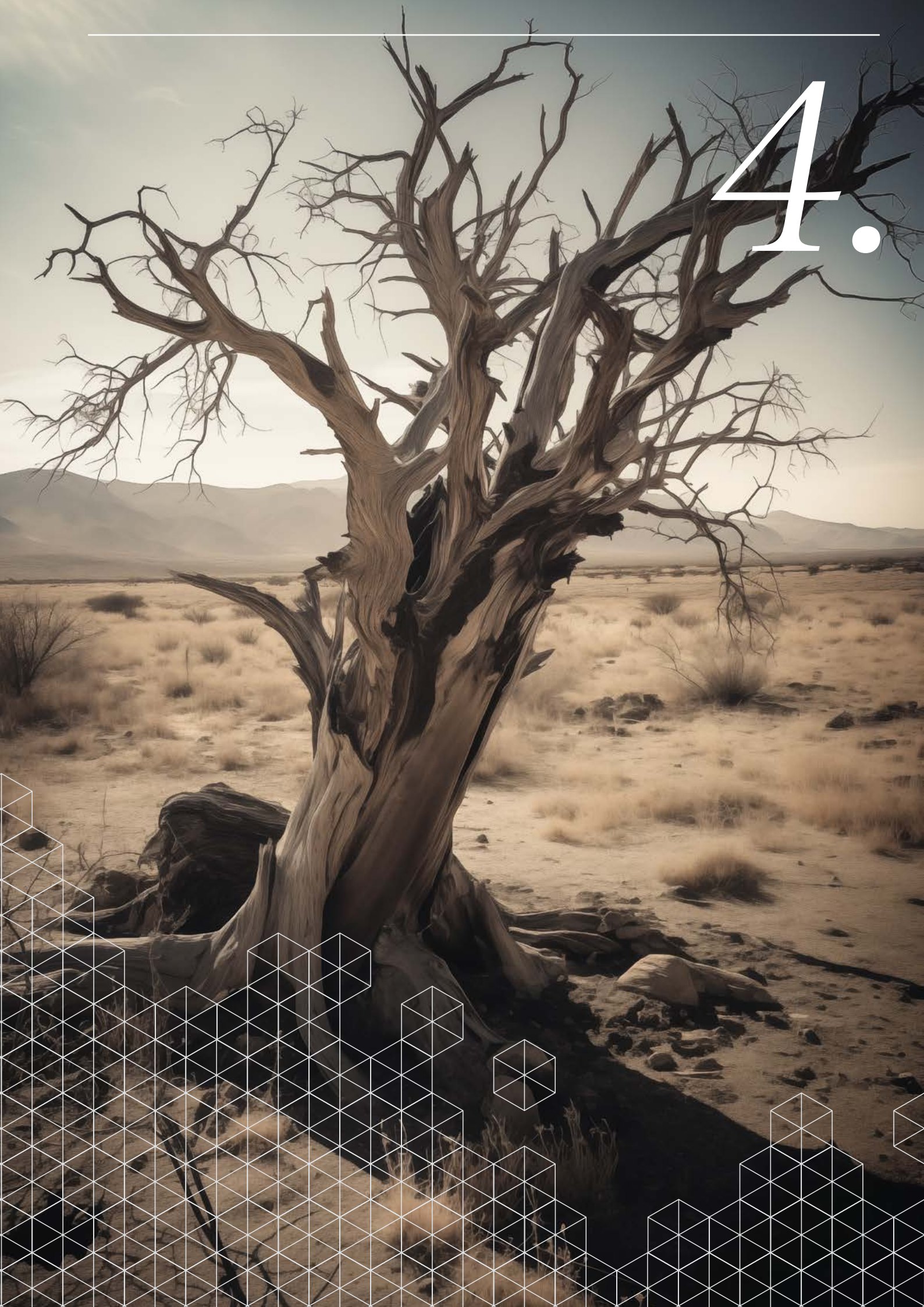
KEY TAKEAWAY
With clear divisions among opinion formers and the public, the debate over how AI should be regulated will be a major issue in 2024.

CONCLUSIONS

► AI will reshape the global economy, with the labour market being a significant battleground.

► While opinion formers feel reason for optimism around AI’s possibilities, the public tend to feel negatively around its impact for them.

► With AI widely felt to increase the threat to elections and be a trigger for increased strike action in 2024, debates will become increasingly important.



4.

Net Zero and sustainability in the year ahead Tackling the great strategic challenge of our time

CONSENSUS

Businesses and politicians now agree on the importance of action, but the path to achieving global targets will remain clouded in 2024 during elections, with disagreement around who pays.

No serious business leader or politician would now deny the importance of climate change, according to almost all stakeholders. However, as we move from ambition to the need for action in the year to come, fault lines will become increasingly clear.

“ There is going to have to be more stick—but it’s unlikely in 2024.

Time to act—but the conditions to achieve progress towards net zero will be absent in 2024

The challenge of addressing this issue now underpins all strategic thinking across politics and business — but can a unique opportunity to reinvent our economies and communities be achieved?

Despite recognition of the threat posed by climate change, most stakeholders are pessimistic that net zero targets agreed by the global community can be met by 2030 and 2050 respectively.

There is a broad agreement around a lack of political will, the major investment required, and an unstable geopolitical environment in which to achieve this.

WHAT COP28 MEANS FOR NET ZERO:

The final negotiations from COP28 saw a landmark agreement to ‘transition’ away from fossil fuels. While reactions remain mixed, significant public and private partnerships that were announced in Dubai signal to where we expect to see real action in 2024.

The lingering question about who pays for climate action has forced businesses and policymakers into the conversations to define what happens in their markets and countries. There is a greater role for businesses to be at the table and creating the solutions.

But what passes for credible commitments and action is changing. The bar is higher than ever, so businesses need to act with integrity, transparency and use data to evidence their progress.

KEY TAKEAWAY

Stakeholders believe that there will not be significant progress towards meeting climate targets in 2024.

KEY VIEWS AMONG THE UK PUBLIC:

Only one in five people believe that sometimes businesses have to prioritise other factors over environmental sustainability and net zero targets for greenhouse gas emissions.

Only 11% are “very confident” they could explain what net zero means, and less than two in five have any confidence at all.

Most of the UK public are pessimistic about how the likelihood of the UK making its target of net zero by 2050. On a 0-100 scale, where 0 means very pessimistic and 100 means very optimistic, sentiment averaged 39.2.

Again we see a distinct split in generations. 18-34 year olds favour sticking with net zero targets on renewable energy, biodiversity and reducing emissions rather than pushing targets back by a 20% margin (60%/40%). Over-35s, however, split almost evenly (52%/48%), with only a narrow majority favouring sticking to existing targets rather than slowing down.



Who will pay the bill for net zero?


A majority of stakeholders argue that UK consumers view climate change as an urgent issue but are not willing to shoulder the cost personally—speaking to the ongoing cost-of-living crisis, and concerns around the affordability of essentials.

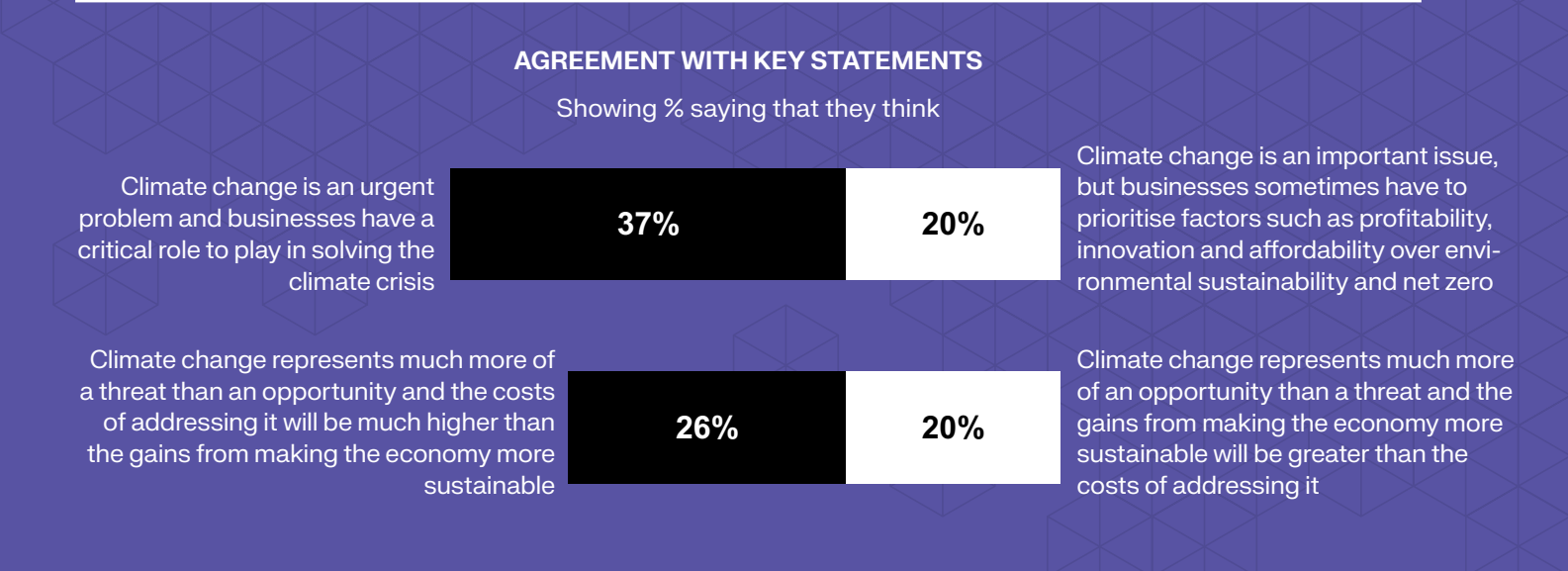
Some stakeholders flagged the high cost of relying on our current fossil-fuel based energy system, as they raised the complexity of the issue of the investment required to meet net zero. They noted the relationship between the cost of energy and the UK’s public finances and broader economic outlook. One commentator called it a “false economy” to delay the ramp-up in renewables.

Stakeholders identify a disconnect between the UK consumers’ reluctance to “pay for” getting to net zero, and how the impact of a fossil fuel-based energy system, coupled with climate change, is already being felt in terms of rising costs.

“Everybody recognises the importance of it. They want somebody else to pay for it.

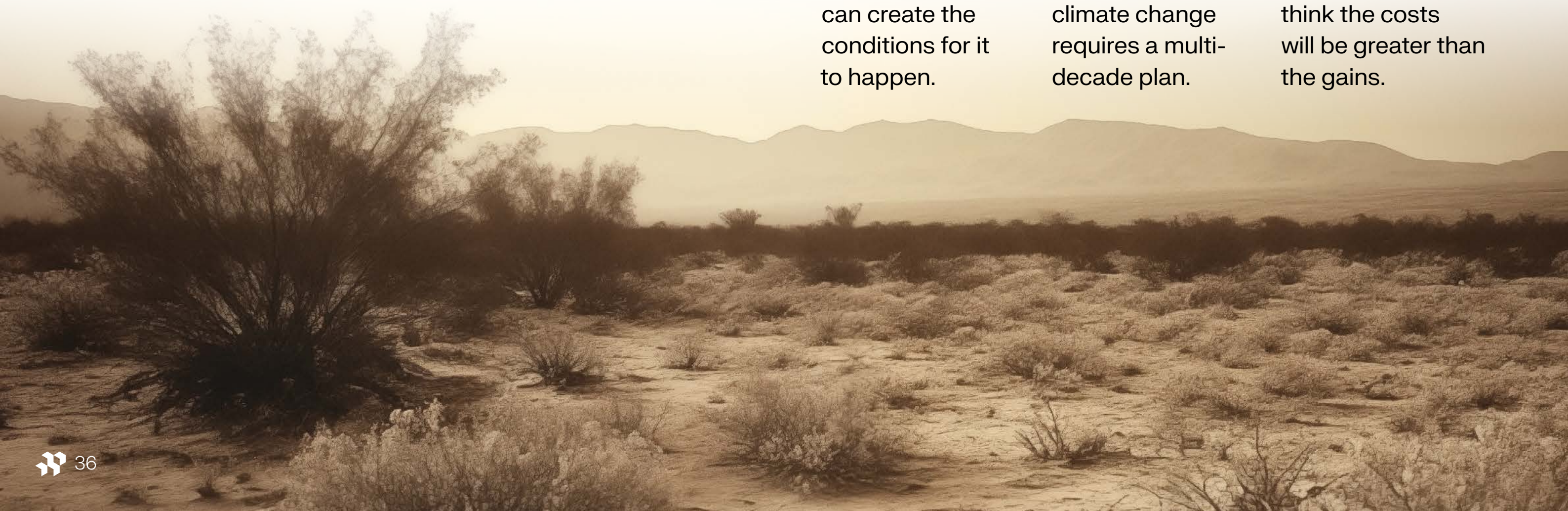
“It’s quite clear that populations are not up for carbon abstinence, and so climate change policies that are based on a whole list of things that people cannot do are going to potentially face a backlash in this era of populism.

 **KEY TAKEAWAY**
There is a stark difference between the public’s recognition of net zero as a vital goal and its willingness to pay for it.



CONCLUSIONS

- There is widespread agreement on the importance of action on climate change, but not on how governments can create the conditions for it to happen.
- Democratic political systems and short-term electoral cycles favour short-term policymaking—while tackling climate change requires a multi-decade plan.
- Opinion among the public is quite evenly divided on the costs and opportunities of climate change, but more people think the costs will be greater than the gains.





Corporate Purpose in 2024

How businesses communicate their purpose will change

CONSENSUS

Purpose remains crucial for any business in 2024. However, there is a widespread view that attempts to communicate this externally have resulted in accusations, virtue signalling or greenwashing.

As a result, businesses will focus more on communicating their purpose to their staff - this has the twin benefits of helping them demonstrate that they have a role to play in communities where they operate and where staff live, and to win the war for talent.

Businesses' role in speaking out on cultural issues, however, splits the public. 18-34s are strongly positive about businesses that speak out on issues such as Black Lives Matter, the conflict in the Middle East, the war in Ukraine and LGBTQ+ rights (+27%), as are women (+19%). 35-54s are less positive (+11%), as are men (+3%). Among over-55s, as many say they would feel negative towards such businesses as would feel positive.

“ We were on a kind of trend line where executives were going to become politicians. I think that's finished.

KEY TAKEAWAY

Nearly all stakeholders think 2024 will see companies and CEOs retreating from commenting on major news stories and focus on communicating their purpose internally.

“ There is no reason for a company to have a political view on something. There's every reason for a company to try to always do the right thing, but it doesn't mean they should be campaigning on those things.

“ Young people care hugely about the social purpose of the company they're going to go work for, so companies that ignore what their social purpose is long term will not succeed. More important is companies being able to demonstrate to their employees and communities, shareholders, their social purposes - that matters more than ticking boxes.



Hybrid working is here to stay, and there will be demands for further flexibility in the workplace

Nearly all stakeholders agree that the overhaul of ways of working during the pandemic, including increasing flexibility and hybrid working, is here to stay.

Stakeholders widely agree that hybrid working, while not without its problems, has been a positive step-change overall. Still, there is agreement that in-person work is necessary at least some of the time to ensure a sufficiently skilled and mentored workforce. The public want to see employers offer even greater flexibility for employees.

“ Hybrid working is certainly here to stay, but permanent, full-time working from home is going to become quite rare I think.

AGREEMENT WITH KEY STATEMENTS

Showing % saying that they think

The option of working from home should be available to all employees where it is possible



It is time for in-person work to become the norm

Workplaces generally offer enough flexibility for their employees

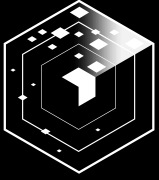


Workplaces should offer more flexibility for their employees, including for working parents

CONCLUSIONS

- ▶ Purpose remains vital for business - but the communication of it will be more internally focused.
- ▶ Stakeholders believe that purpose, when communicated, must be relevant to a business.
- ▶ Businesses will significantly reduce social commentary in 2024.
- ▶ Flexible working is here to stay, and workers will press for more benefits.





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