



21<sup>st</sup> Global CEO Survey: **Serbian insights**

# Anxious optimists

**93%**

are confident about their growth prospects  
in the next 12 months

**91%**

are worried about availability of key skills

**79%**

say AI, robotics and blockchain will disrupt their  
business in the next five years

## Foreword from *our CEO*

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*A big thank you to the Serbian CEOs who took the time to share their insights for our 21<sup>st</sup> Global CEO Survey. This annual survey reveals what's on the minds of CEOs, both globally and in Serbia—from growth opportunities to upcoming challenges and priorities.*

Every day CEOs make important decisions about the future. They choose where to invest, they determine where they will export to and they make tough choices about how to navigate in an increasingly fractured world.

Every year we track these tough choices through our CEO Survey, now in its 21<sup>st</sup> year globally, and for the fourth time in Serbia. Through a series of interviews and online surveys, we start a conversation with today's CEOs about what's important to them, where they see the world heading and what they are doing to keep their company, and the country, in good health.

Serbian CEOs expressed high level of confidence in the global economy. They're also more positive about growth in their own organisations than their global peers are.

Technology and digital disruptions are changing business models and creating growth opportunities. Our survey shows that Serbian leaders have yet to fully appreciate the extent to which these technologies will both benefit and disrupt their organisations and improve customer experiences. Serbian leaders are also concerned about the lack of digital capabilities—both within their own organisations and in the Serbian labour market. We see that CEOs are working hard to get the right talent and support them with the right technology so they can create the next generation of great local products and services.



Emmanuel Koenig  
Country Managing Partner  
PwC Serbia

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# Confidence in growth is up



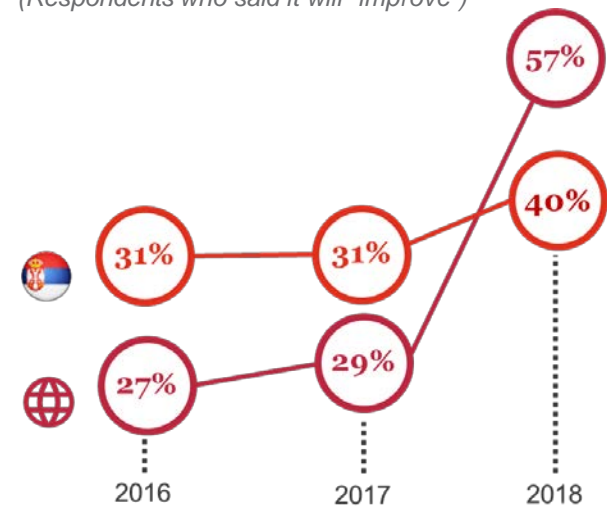
This year, we saw the highest ever level of CEO optimism regarding global growth prospects over the next 12 months.

While Serbian CEOs are similar to their global peers in predicting a better year for the global economy, they are more cautious.

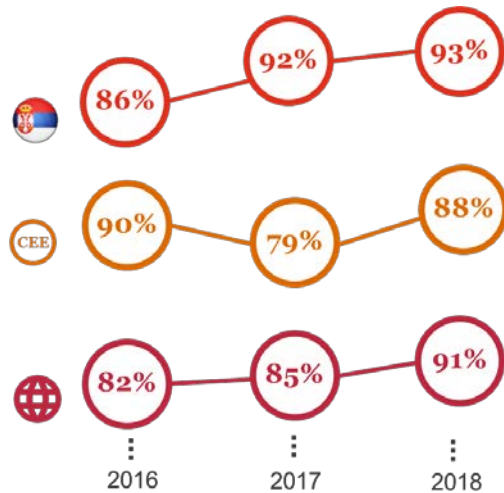
They are more confident than last year, but less so than their counterparts in CEE, SEE and globally.

On the other hand, Serbian CEOs are more positive about their own companies' relative performance in the year ahead, and slightly more confident than their global counterparts about the next three years.

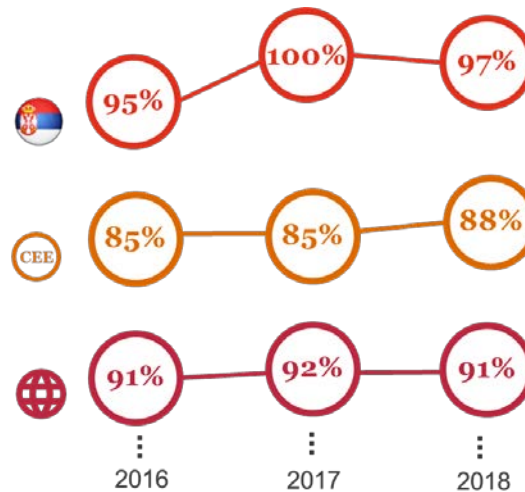
Q: Do you believe global economic growth will improve, stay the same or decline over the next 12 months?  
(Respondents who said it will "improve")



Q: How confident are you about your company's prospects for revenue growth over the next 12 months? (Respondents who said that they were "very confident" and "somewhat confident")



Q: How confident are you about your company's prospects for revenue growth over the next three years? (Respondents who said that they were "very confident" and "somewhat confident")



### **Why the optimism?**

Globally, this confidence comes off the back of strong global economic indicators: stock markets are booming; gross domestic product is predicted to grow in most major markets; commodity prices have stabilised; there is a steady recovery in the Eurozone; US economic growth is expected to hit 3%; and growth in China is expected to be 6.5–7%.

In Serbia, the overall economic environment has continued to stabilise and investors' risk perception has continued to improve as well. In fact, the overall business climate has improved, the external environment is positive and Solid FDI is expected in the future.

The number of Serbian CEOs who are confident in their company's prospects for revenue growth over the next 12 months has slightly increased compared to last year. However, we see a decrease in the number of those who are "very confident" among the Serbian CEOs (from 61% to 45%).

## Top threats to growth

Each year we ask CEOs to identify their most important concerns and sort them in order of priority. The anxiety shows up clearly in CEOs assessment of the threats to their organisation's growth prospects.

General geopolitical concern weighs on the minds of Serbian and global executives, which is no surprise considering the ongoing tension between Russia and the West, and between some Central European countries.

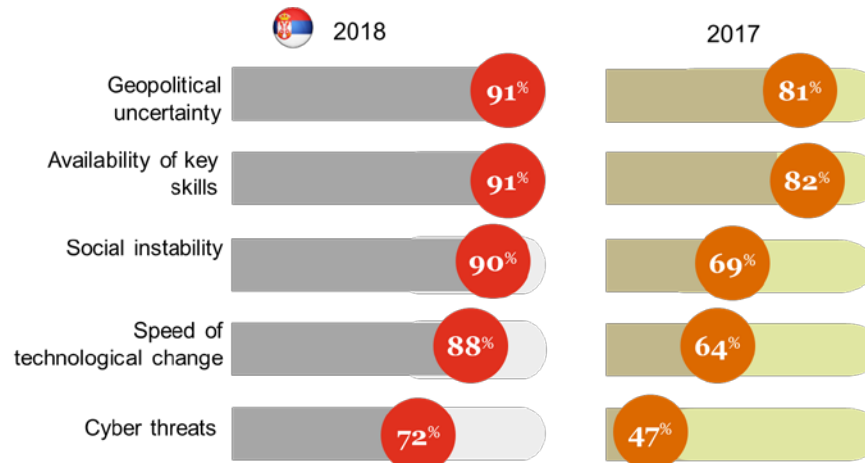
Concerns about availability of skilled workforce is again ranked among top 3 concerns, which is consistent to last year's No. 2 ranking (2017: 82%, 2018: 91%).

The threat of social instability remains high on CEOs agenda, as stated by 90% of Serbian CEOs.

Technology related developments such as cyber threats and speed of technological change climb to top 5 threats for the first time since we have started conducting the survey in Serbia.

## Serbian CEOs' top threats to growth in 2018

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth? (Respondents who said that they were "extremely concerned" and "somewhat concerned")



## World's top 5



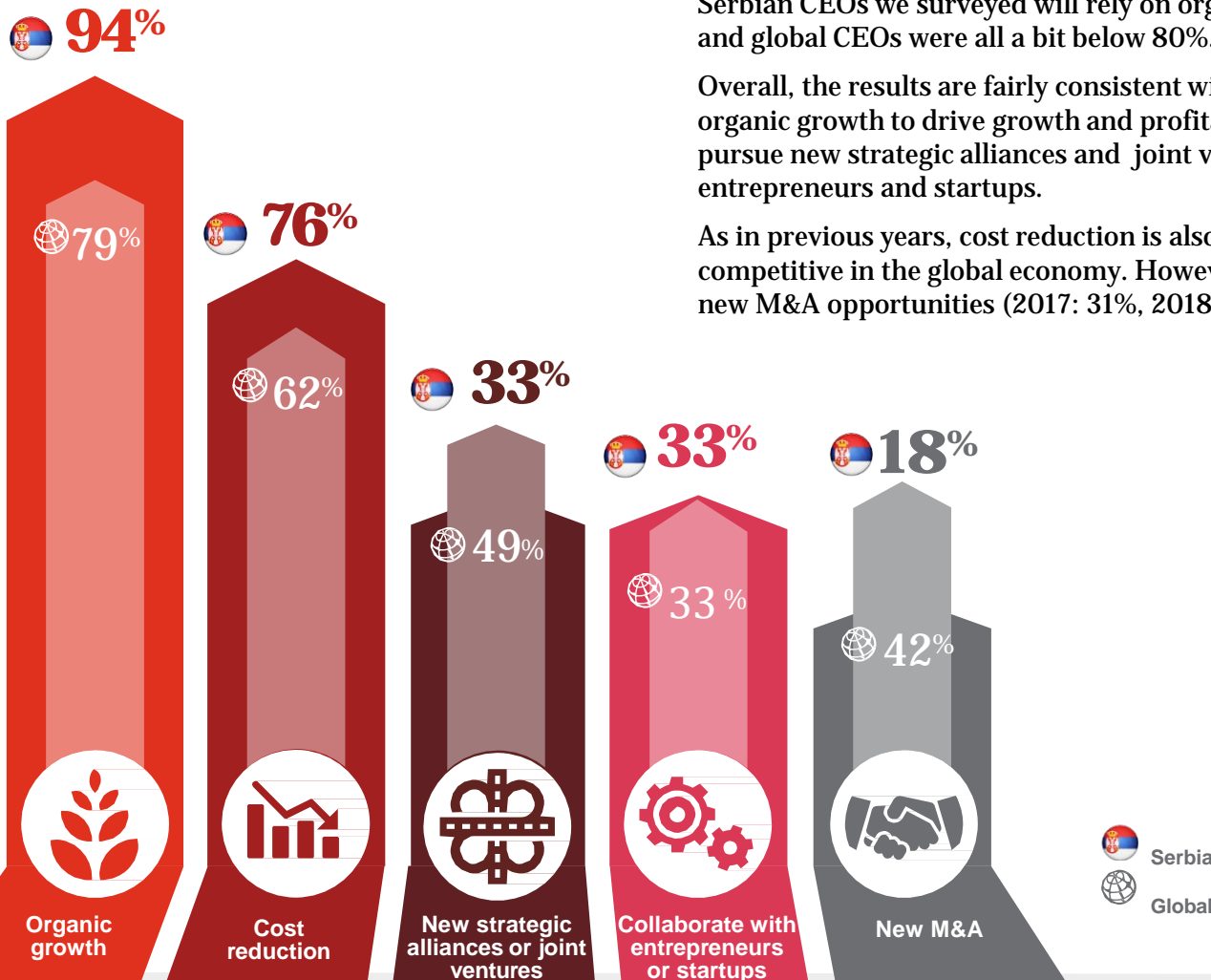
Q: Which of the following activities, if any, you are planning for in the next 12 months in order to drive corporate growth or profitability?

### Key growth strategies

When we asked CEOs where they saw new growth coming from, local leaders were more likely than their global counterparts to rely on organic growth. Exactly 94% of Serbian CEOs we surveyed will rely on organic growth in 2018, while the CEE, SEE and global CEOs were all a bit below 80%.

Overall, the results are fairly consistent with the prior year as all regions reported organic growth to drive growth and profitability. Serbian CEOs are also looking to pursue new strategic alliances and joint ventures, and collaborate with entrepreneurs and startups.

As in previous years, cost reduction is also seen as an important factor to stay competitive in the global economy. However, CEOs in Serbia are less likely to rely on new M&A opportunities (2017: 31%, 2018: 18%).

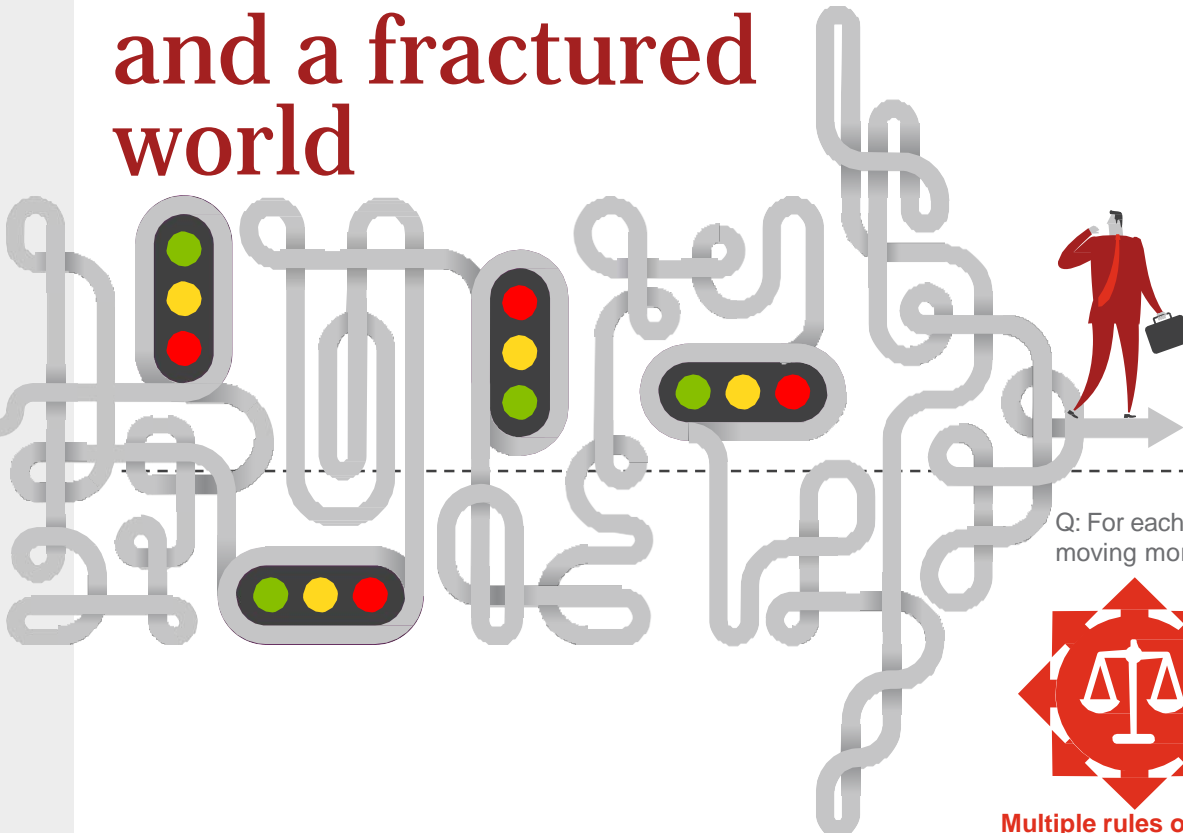


 Serbia  
 Global

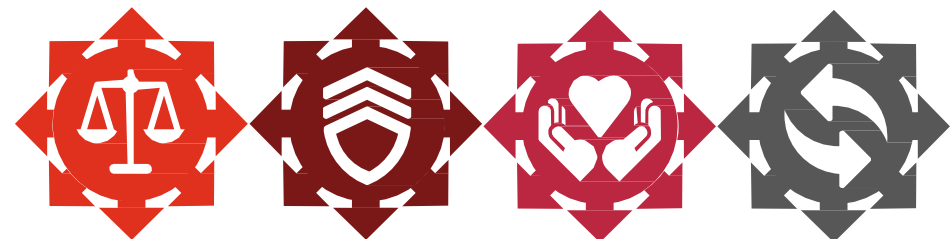
# Globalisation and a fractured world

After more than 20 years of globalisation, CEOs have also had plenty of time to see its benefits and detriments.

We started tackling this topic in our last year's survey and discovered that CEOs have mixed reviews about globalisation. On the one hand, they see the world as increasingly fractured and fragmented in business, belief systems and politics. This has resulted in growing regionalisation and a less unified global marketplace. Nationalism is on the rise, as are geopolitical instability and protectionism.



Q: For each alternative, please select the one that you believe the world is moving more towards



	Multiple rules of law and liberties	Nationalism and devolved nations	Multiple beliefs and value systems	Regional trading blocks
Serbia	<b>76%</b>	<b>73%</b>	<b>70%</b>	<b>64%</b>
CEE	<b>73%</b>	<b>61%</b>	<b>77%</b>	<b>60%</b>
SEE	<b>71%</b>	<b>49%</b>	<b>74%</b>	<b>60%</b>
Global	<b>79%</b>	<b>65%</b>	<b>82%</b>	<b>73%</b>

On the other hand, globalisation has helped enable connectivity and ease the movement of capital, people and goods and universal connectivity, with each seen as having benefited from the trend towards a globalised world.

On the other hand, there were a number of areas where our CEOs felt globalisation had not delivered any benefits. Averting climate change and resource scarcity, closing the gap between the rich and the poor and managing political risks were areas where in areas where globalisation has done nothing.

An absence of skilled workers and universal access to basic services is still an issue, and businesses will be more challenged in navigating the future as regionalism and different economic models prevail.

Q: In your view, to what extent has globalisation helped with the following areas? *(Respondents who stated "To a large extent")*



**Improving the ease of moving capital, people goods and information**



**Enabling universal connectivity**



**Closing the gap between the rich and the poor**



**Managing geopolitical risks**

	<b>82%</b>	<b>58%</b>	<b>3%</b>	<b>3%</b>
Serbia	<b>82%</b>	<b>58%</b>	<b>3%</b>	<b>3%</b>
CEE	<b>61%</b>	<b>55%</b>	<b>6%</b>	<b>27%</b>
SEE	<b>62%</b>	<b>74%</b>	<b>13%</b>	<b>25%</b>
Global	<b>58%</b>	<b>63%</b>	<b>18%</b>	<b>26%</b>

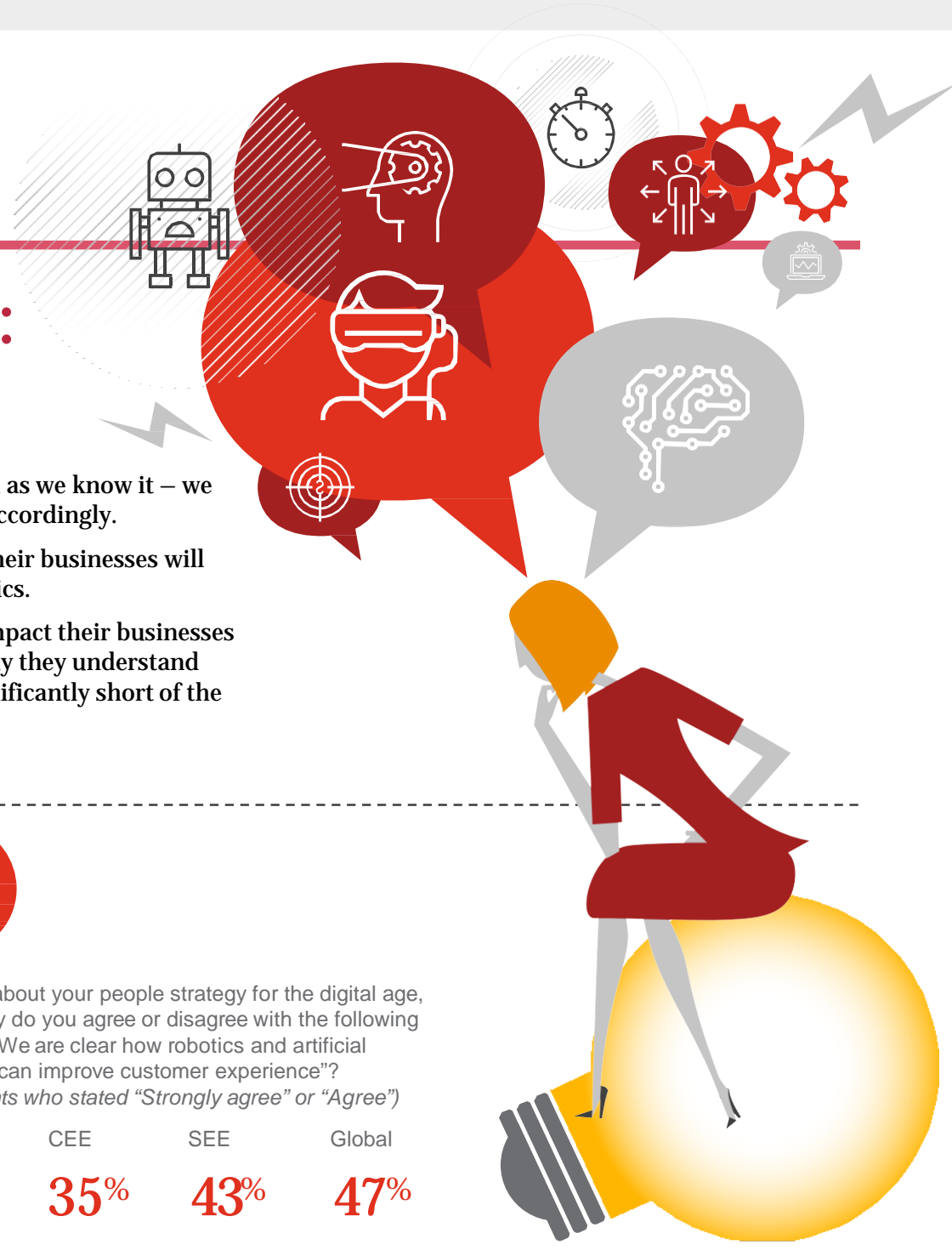


# Technology and talent: *Aware but unprepared?*

Changes in society driven by technology have changed the world as we know it – we now operate in the digital age and organisations need to adapt accordingly.

Serbian CEOs, as their counterparts around the world, believe their businesses will be disrupted by artificial intelligence (AI), blockchain and robotics.

Yet there's little understanding of how these technologies will impact their businesses and the customer experience. Less than 40% of Serbian CEOs say they understand how robotics and AI can improve the customer experience—significantly short of the 47% of global CEOs.



Q: How disruptive or otherwise do you think changes in core technologies of production or service provision (such as AI, robotics and blockchain) will be for your business over the next five years? *(Respondents who stated "Somewhat disruptive" or "Very disruptive")*

Serbia	CEE	SEE	Global
<b>79%</b>	<b>55%</b>	<b>49%</b>	<b>64%</b>



Q: Thinking about your people strategy for the digital age, how strongly do you agree or disagree with the following statement: "We are clear how robotics and artificial intelligence can improve customer experience"? *(Respondents who stated "Strongly agree" or "Agree")*

Serbia	CEE	SEE	Global
<b>39%</b>	<b>35%</b>	<b>43%</b>	<b>47%</b>

## Digital talent deficit

Change is here and 91% of Serbia's CEOs (and 79% globally) are concerned about the availability of key skills.

The rising concern regarding the availability of key skills comes as many organisations prepare for automation and look to improve the experiences of their customers via new technologies.

Serbian CEOs express concern about the availability of digital skills in their country, industry sectors and among their workforce. This result is similar to the global data.

The majority of Serbian CEOs (79%) say they're finding it difficult to attract digital talent to their organisations. Therefore, Serbian CEOs are taking action to bridge the skills gap.

Consequently, today's workplace is becoming more dynamic; demands from the talent pool for modern working environments are being heard; and employers are seeing the financial benefits and productivity gains from their people.

Additionally, working more closely with universities, governments, industry associations, innovation hubs and other organisations provides an important opportunity to address the talent deficit and retrain our workforce.

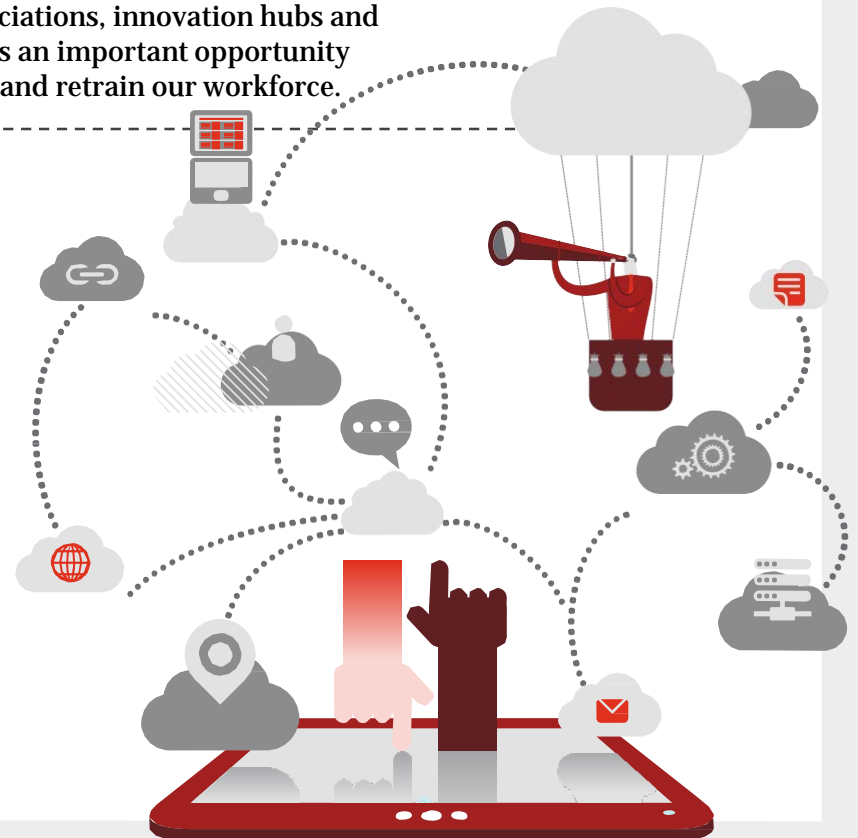
# 48%

of Serbian CEOs are modernising the working environment to a large extent (Globally, 44%)

Q: Thinking specifically about digital skills, how concerned are you about the availability of these skills amongst the following (Respondents who stated "Extremely concerned" or "Somewhat concerned")



	Your workforce	Your industry	The country in which you are based	Your senior leadership team
Serbia	<b>73%</b>	<b>82%</b>	<b>85%</b>	<b>67%</b>
CEE	<b>71%</b>	<b>73%</b>	<b>68%</b>	<b>61%</b>
SEE	<b>66%</b>	<b>64%</b>	<b>67%</b>	<b>61%</b>
Global	<b>76%</b>	<b>75%</b>	<b>72%</b>	<b>69%</b>



## ***Reskilling the workforce***

The CEOs agree that the talent pool needs to be re-skilled to become fit for the future, and education systems should equip and empower the workforce with the right skills to succeed in the new working environment.

The good news is that the majority of Serbia's CEOs recognise this ongoing reskilling responsibility (64%; versus 67% of CEOs globally) and agree that they have the responsibility to retrain the employees whose tasks and jobs have been automated by technology.

The task of retraining talent goes beyond digital upskilling, with 79% of Serbian CEOs agreeing or strongly agreeing that they need to strengthen the soft skills of employees alongside their digital skills.

'Human' skills such as creativity, flexibility, agility, problem solving, collaboration, adaptability and emotional intelligence are skills that can't be automated and therefore there is much value to gain from harnessing these skills in employees.

Indeed, lifelong learning is fast becoming an employee's most valuable asset.

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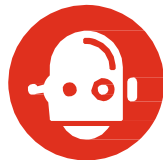
# Navigating ahead

*There are three important take-aways from our CEO Survey that will help Serbian organisations become fit for future success:*



**1. Build purpose-led, values-driven and trustworthy organisations**

Customers, employees and broader stakeholder groups view business success as more than just financial profits. They expect organisations to make a difference within society by being purpose-led and values-driven. To accurately capture progress against these evolving expectations, organisations must consider multi-faceted measures of success that reflect broader societal outcomes to supplement the more traditional financial measures.



**2. Technology:  
Move from awareness to action**

Organisations must accelerate the transition from awareness and acknowledgement of disruptive technologies—such as AI, robotics and blockchain—to understand and act on the opportunities and benefits available to their organisations and for their customers to remain competitive in the global economy.



**3. Build workforces for the future**

Collaboration, investments and knowledge sharing among businesses, governments, innovation hubs and academia are critical to close the digital talent deficit in Serbia and retrain today's workforce.

This will enable organisations to adapt and realise the benefits of rapidly evolving technologies, as well as deliver value to their customers, businesses and society.

### **Local data analysis**

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### **Overall research and data analysis**

The research was coordinated by PwC UK, located in Belfast, Northern Ireland

### **Marketing and editorial**

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### **Want to take part in the discussion next year?**

If you are a CEO interested in participating in next year's survey, please contact Jelena Miletić ([jelena.miletic@rs.pwc.com](mailto:jelena.miletic@rs.pwc.com)) and share your thoughts with us.



### **About the methodology**

For the Serbian CEO Survey we conducted 33 interviews with CEOs operating in wide range of industries. Globally, we conducted 1,293 interviews in over 85 countries. The lower threshold for inclusion in the top 10 countries (by GDP) was 500 employees or revenues of more than \$50 million. The threshold for inclusion in the next 20 countries was companies with more than 100 employees or revenue of more than \$10 million.

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