

20th CEO Survey: Serbian insights

What's on the minds of Serbian CEOs?



1,379

interviews
completed
across 79
countries



36

interviews with CEOs of
leading companies in
Serbia with revenue of
over 6 USD bln

Introduction from our CEO

Welcome to the Serbian edition of PwC's 20th annual Global CEO Survey. We surveyed 1,379 CEOs in 79 countries from September to December 2016, including 36 CEOs in Serbia.

This year's survey reveals an optimistic outlook amongst Serbian CEOs and their global counterparts. Business confidence is up despite a number of uncertainties facing leaders around global geopolitical developments, technology advancements, a greater need for innovation and talent gaps in this increasingly digital world.

I would like to thank the executives in Serbia who participated in our 20th Global CEO Survey. We hope that the insights and perspectives provided will help you prepare and plan for future investment and growth.



Emmanuel Koenig

Country Managing Partner
PwC Serbia

Please find the full report on growth prospects, digital trust, technology and talent strategy in PwC's 20th Annual Global CEO Survey, pwc.com/ceosurvey

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Tech-tonic shifts and trust in a digital world

19% per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years.

Making globalisation work for all

67% of CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information.



Driving growth in today's global marketplace



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Confidence in growth is up

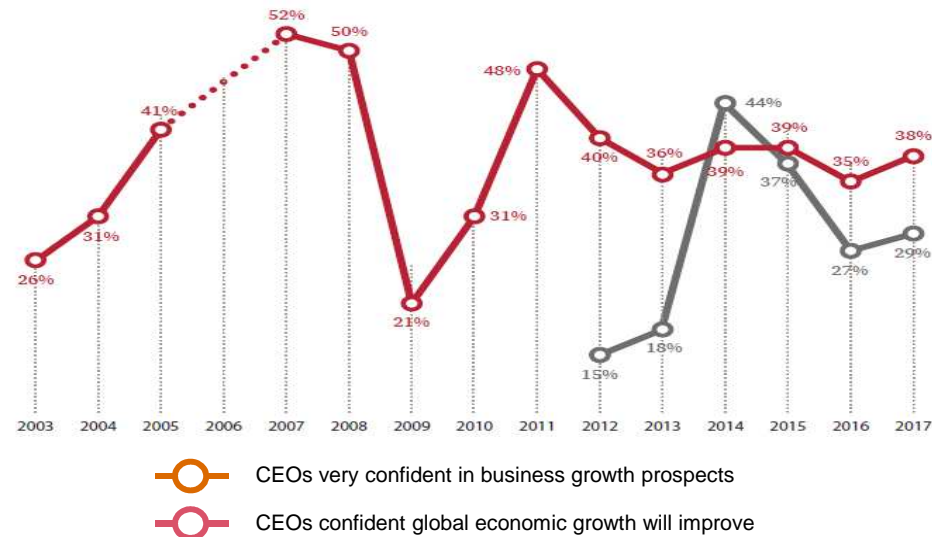
While CEOs around the world feel they have plenty to worry about in the year ahead, their confidence in their own growth prospects and their outlook for the global economy are back on the rise.

In the late 1997, when we completed our first survey, less than third of the participants were very confident in their company's short term revenue outlook. This year, 38% of CEOs are very upbeat about the immediate outlook, up from 35% last year.

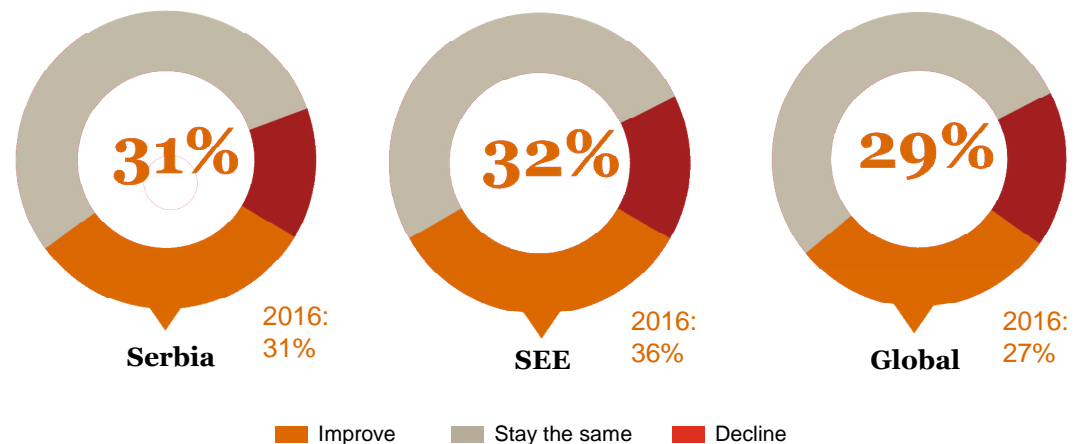
In terms of expectations for the global economic growth, Serbian CEOs (31%) are more optimistic than the global average (29%), though the optimism of Serbian CEOs stayed at the same level as last year.

On the other hand, business leaders in SEE seem to be less confident in global growth than last year, as their optimism declined from 36% in 2016 to 32% in 2017.

Q: Do CEOs believe that the global economy will improve, stagnate or decline in the next 12 months, and what is the correlation with their company's growth prospects?



Q: How do the Serbian CEOs see the global economic outlook in the next 12 months, compared to their CEE and global peers?





Serbian CEOs are the most optimistic when it comes to revenue growth confidence, followed closely by the 86% of CEE region CEOs, 86% in Western Europe and 85% globally.

The number of Serbian CEOs confident in their company's prospects for revenue growth over the next 12 months has increased by 6 percentage points this year, compared to last year (from 86 % to 92 %). We also see an increase in the number of those who are "very confident" among the Serbian CEOs (2015: 45 % 2016: 52 % 2017: 61 %).

This makes business leaders in Serbia more confident in their ability to ensure growth than their peers elsewhere (SEE: 42%, CEE: 38%, Western Europe: 40%, global: 38%).

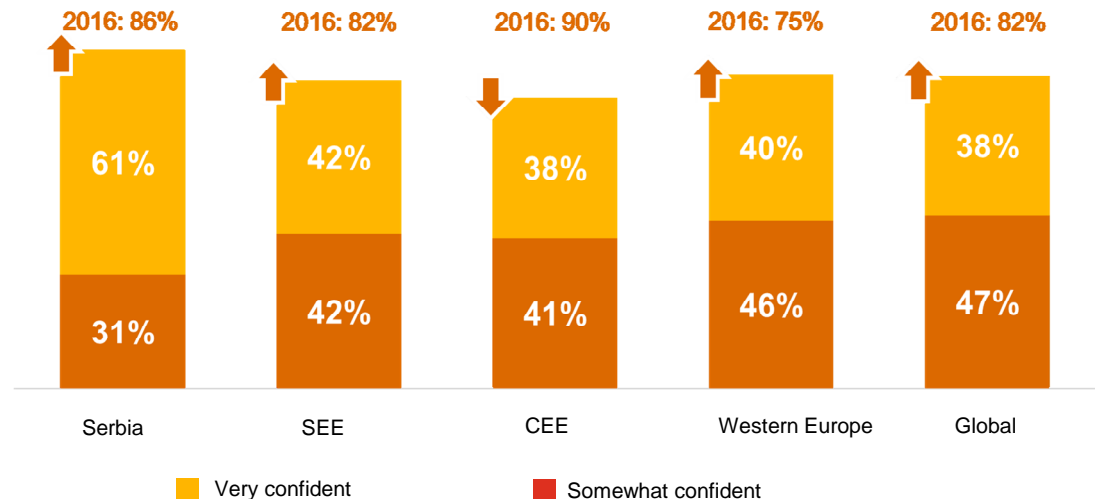
We believe that this positive attitude comes from macroeconomic improvements in Serbia and SEE.

100%

of Serbian CEOs confident about their organisations' prospects for revenue growth over the next three years



Q: How confident are CEOs about their company's prospects for revenue growth over the next 12 months?



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Despite a tumultuous 2016, CEO confidence is moving back up – albeit slowly and still a long way from the levels we saw back in 2007. But there are signs of optimism right across the globe, including in the UK and US, where despite predictions of a Trump slump and a Brexit exit, CEOs confidence in their company's growth are up from 2016. And that mood is reflected elsewhere, with more CEOs across the world targeting the US and UK for investment than a year ago.

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Global Chairman of PwC

CEOs are creating their own opportunities

What activities do Serbian CEOs expect to rely on to drive growth and profitability? A significantly high percentage of Serbian CEOs expect both organic growth and cost reduction to drive growth and profitability, just as their global counterparts. Their reliance on organic growth is pronounced when compared to any other activity on the list.

However, CEOs recognise that it's not enough to focus on organic growth and cost reductions alone, important though these are. So they are – rightly – prioritising investment in innovation and digital capabilities.

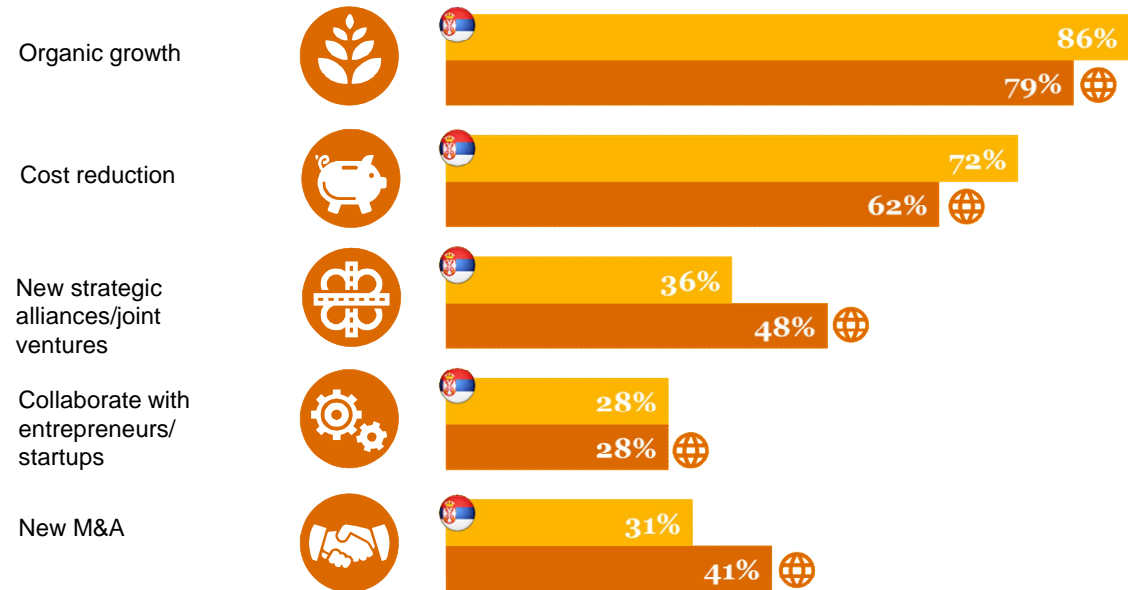
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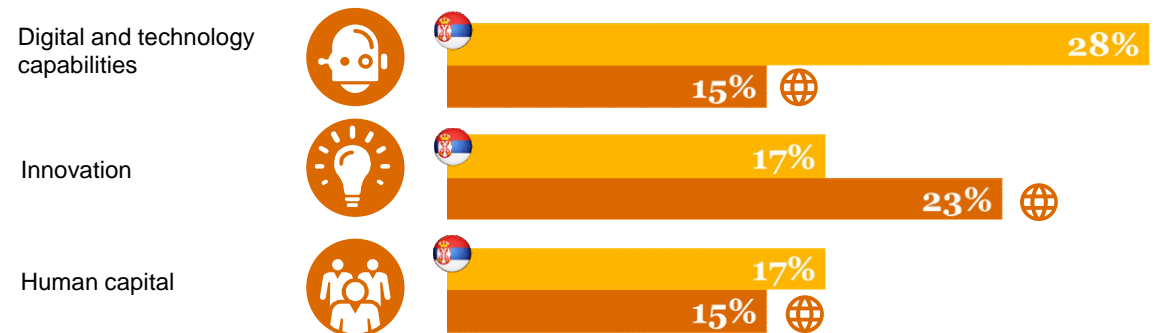
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of Serbian vs. 23% of global CEOs want to strengthen innovation in order to capitalise on new opportunities

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



Q: Given the business environment you're in, which of the following do you most want to strengthen in order to capitalise on new opportunities?



Top concerns for CEOs

83%

Uncertain economic growth

82%

Availability of key skills

81%

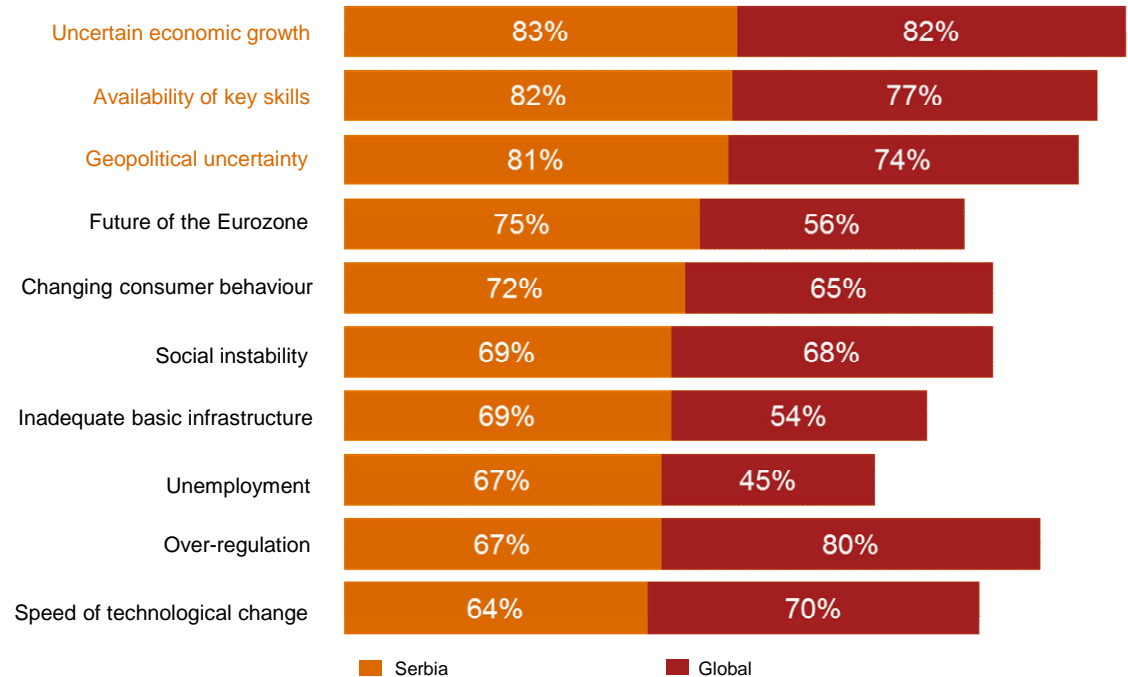
Geopolitical uncertainty

Asked how concerned they are about various economic, policy, social and environmental threats, Serbian CEOs rank uncertain economic growth top at 83% (compared to 82% among all CEOs globally), availability of key skills second at 82% (against 77% globally), and geopolitical risks third at 81% (against 74% globally).

Social instability which Serbian executives ranked as their top economic threat last year, at 82% – has moved to sixth in the ranking, while over-regulation moved from third biggest threat last year to the bottom of the list of concerns. Yet at a global level, over-regulation remains the second-biggest economic threat, cited by 80% of all CEOs worldwide.

Same as last year, Serbian CEOs are more worried about unemployment than their global counterparts, while speed of technological change remains one of top 10 concerns.

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth prospects?

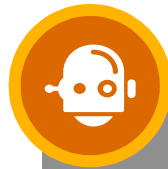


“This year's survey results raise some important questions. Business confidence is up, but there are some caution signals around geopolitical developments, technological changes and innovation and talent related challenges.”

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Country Managing Partner, PwC Serbia



Managing man and machine



25% of Serbian CEOs say that new technologies will impact the headcount to a large extent

83% are looking for the best people, irrespective of who or where they are

Wanted: More technology and more people

Many individuals worry that globalisation will take away their jobs and they are even more nervous about the impact of technology.

In reality, CEOs now recognise the need for talent – 42% plan to increase headcount, but can't find people with the right skills. And many CEOs are concerned that a shortage of key skills could impair their company's growth. CEOs know they can't innovate using technology alone.

Serbian CEOs all agree that automation and other new technologies will impact the decrease in headcount. Yet, CEOs know they still need people.

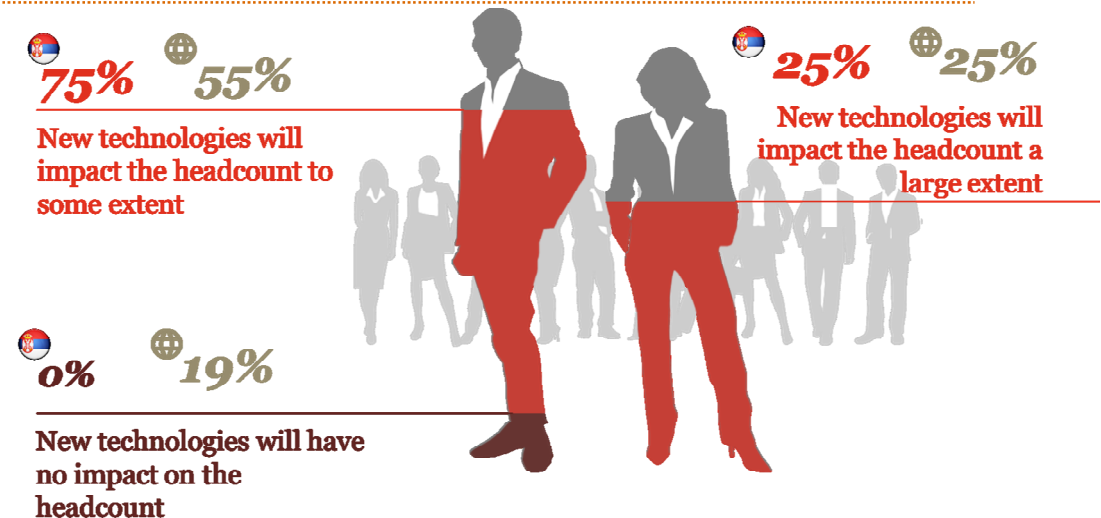
There are several reasons why organisations continue to need people. One is simply how long does it take to adopt new technologies, whether that's because older technologies are still profitable, because there are other priorities or because the effort and resources required are too great.

And even where jobs can be fully automated some will remain in human hands simply because companies need people to understand what consumers want, including how they prefer to interact with technology and the products and services they desire.

Q: Do you expect headcount at your company to increase, decrease or stay the same over the next 12 months?



Q: To what extent will the decrease in headcount be the result of automation and other technologies?



Soft skills are valued but hard to find

While technology is a key catalyst for innovation, 82% of Serbian CEOs are worried about human skills.

In the area of human resources, business leaders face challenges of both demand and supply: what they need, and what they have to work with.

Serbian CEOs prioritise problem solving, adaptability and leadership as the most desirable skills to bring into their organisations.

An overwhelming 91% of CEOs in Serbia say they struggle to find hires with appropriate leadership skills. Creative, innovative leaders with emotional intelligence are also in very short supply.

Talent strategy in digital age

So how are CEOs addressing the skills crunch? They're looking for the best people, irrespective of who or where they are; and moving employees where they're needed. CEOs, 72% of them, also told us that their company uses technology to improve their employees' wellbeing and that they've improved learning programmes by adding digital training.

Q: How difficult, if at all, is for your organisation to recruit people with these skills or characteristics?

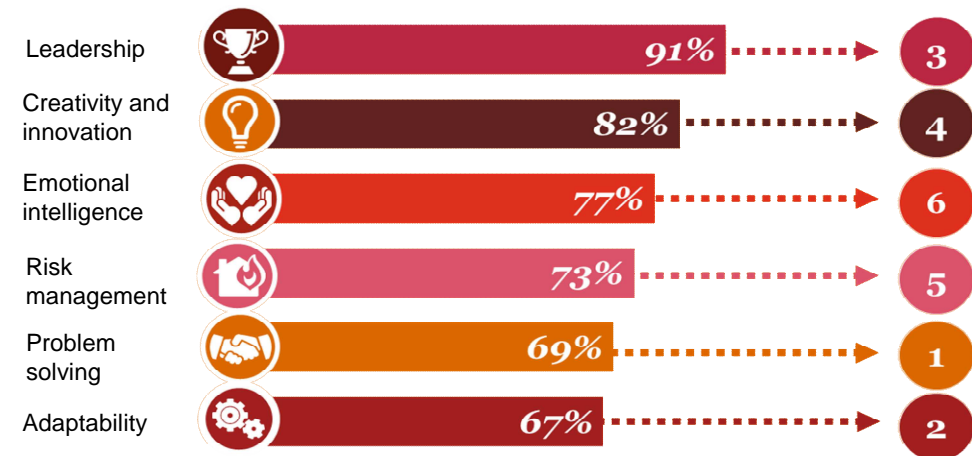
Q: In addition to technical business expertise, how important are the following skills to your organisation?

Difficulty in recruiting people with skill

Respondents who answered somewhat difficult or very difficult

Importance of skill

Respondents who answered somewhat important or very important



83%

We seek out the best talent regardless of demographics or geography

72%

We use technology to improve our people's wellbeing

72%

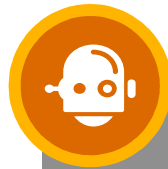
We have added digital training to our learning programmes

72%

We move talent to where we need it



Tech-tonic shifts and trust in a digital world



86% of Serbian CEOs 87% of CEOs believe social media could have a negative impact on the level of stakeholder trust in their industry

64% say that today it's harder for business to gain and keep trust

Waves of change

When we asked our CEOs what's the biggest change they've seen over the last 20 years, the answer was just one word: technology. Nineteen per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years and 31% think that it had significantly influenced the competitive environment in the last 20 years.

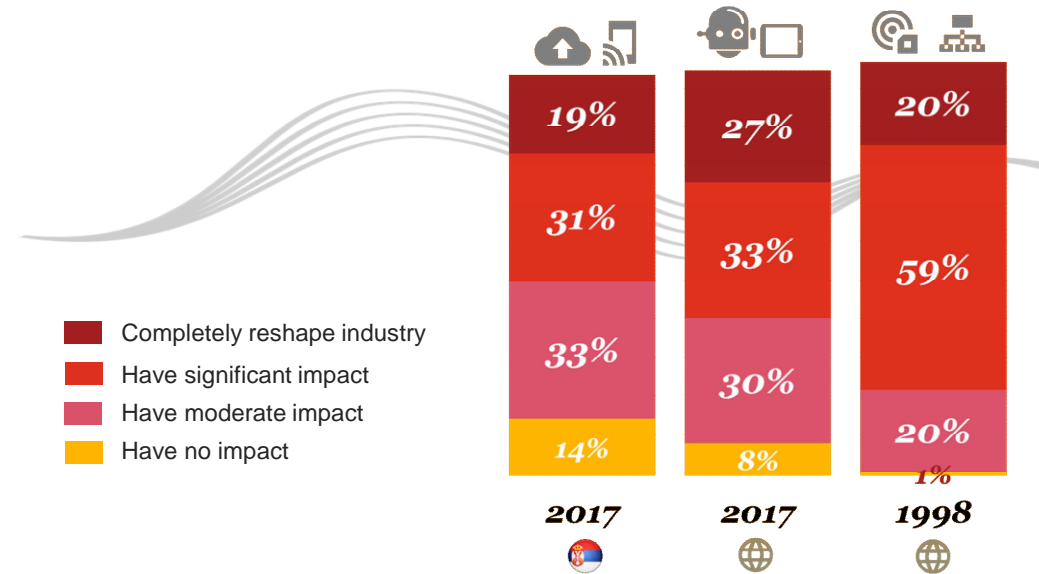
New technologies – new risks

While new technologies, business practices and international opportunities have reshaped what it means to be a CEO, for many of our respondents the changing times have brought a new set of risks to manage. Trust is now more important than ever, with 64% of CEOs reporting that it is harder to gain and keep trust in an increasingly digitised world.

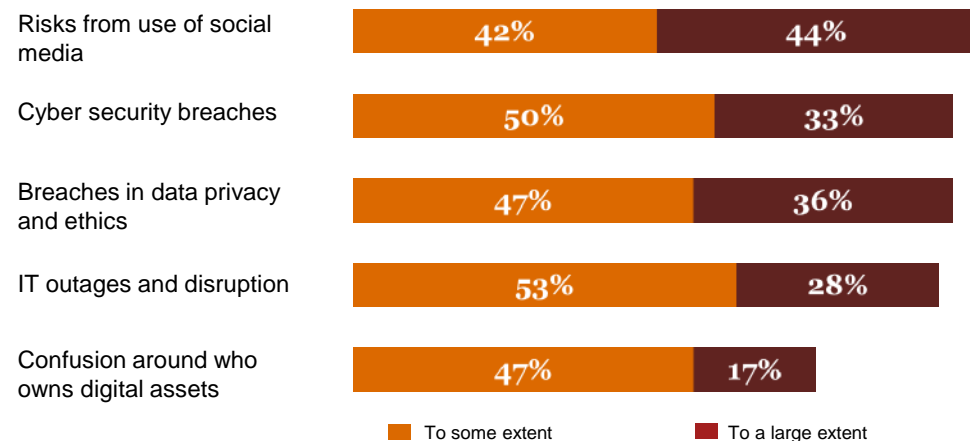
Social media is a great example. While majority of CEOs are active on social media, 87% (86% globally) identified social media as a risk that could harm how people perceive their industry.

A full 83% of Serbian executives say cyber security as well as breaches of data privacy and ethics will have a negative impact on stakeholder trust in the next five years.

Q(1998): To what extent do you think e-commerce will reshape competition in your industry?
Q (2017): To what extent has technology changed competition in your industry over the past 20 years?



Q: To what extent do you think the following areas will impact negatively on stakeholder trust levels in your industry in the next five years?



What's trust got to do with it?

Twenty years ago, trust wasn't on the CEO radar. When global CEOs were surveyed about this in 2002, only 12% thought public trust in the companies had greatly declined.

Today, it's a radically different story and the impact on CEOs has been significant: in 2013, 37% of global CEOs worried that lack of trust in business would harm their company's growth. This year, the number has jumped to 58%.

Trust, it appears, is slowly eroding in Serbia as well. In 2014, 24% of Serbia's CEOs were concerned about the lack of trust in business. That number has jumped to 36% last year and continued to grow, as 53% Serbian CEOs expressed their concerns this year.

How to regain trust?

CEOs are aiming to rebuild trust by doing a better job of meeting expectations placed on them. For example, they have changed their organisation's purpose in the last five years to take account of the broader impact they have on society. Furthermore, Serbian business leaders (81%) are well aware that today it is very important to have a strong corporate purpose that is reflected in the company's value, culture and behaviours.

In short, trust is an opportunity as much as it's a problem. CEOs that embrace the challenge to restore trust – not just with their customers, but also their employees and the wider public – may well find a point of sustainable competitive advantage.

Q: In the context of an increasingly digitised world, to what extent do you agree with the following statements?



81%

It's more important to have a strong corporate purpose, that's reflected in our values, culture and behaviours

93%



75%

How we manage people's data will differentiate us

64%



69%

It's more important to run our business in a way that accounts for wider stakeholder expectations

85%



64%

It's harder for business to gain and keep trust

69%

Agree/Agree strongly



Making globalisation work for all



67%

of Serbian CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information

61%

feel that globalisation hasn't contributed to closing the gap between the rich and the poor

Barriers fell, but some problems persist

For the past two decades, CEOs have been largely positive about the impact of globalisation on their businesses and markets. But, by 2007, they were beginning to express reservations about the short-term effects on society. CEOs are still ambivalent today.

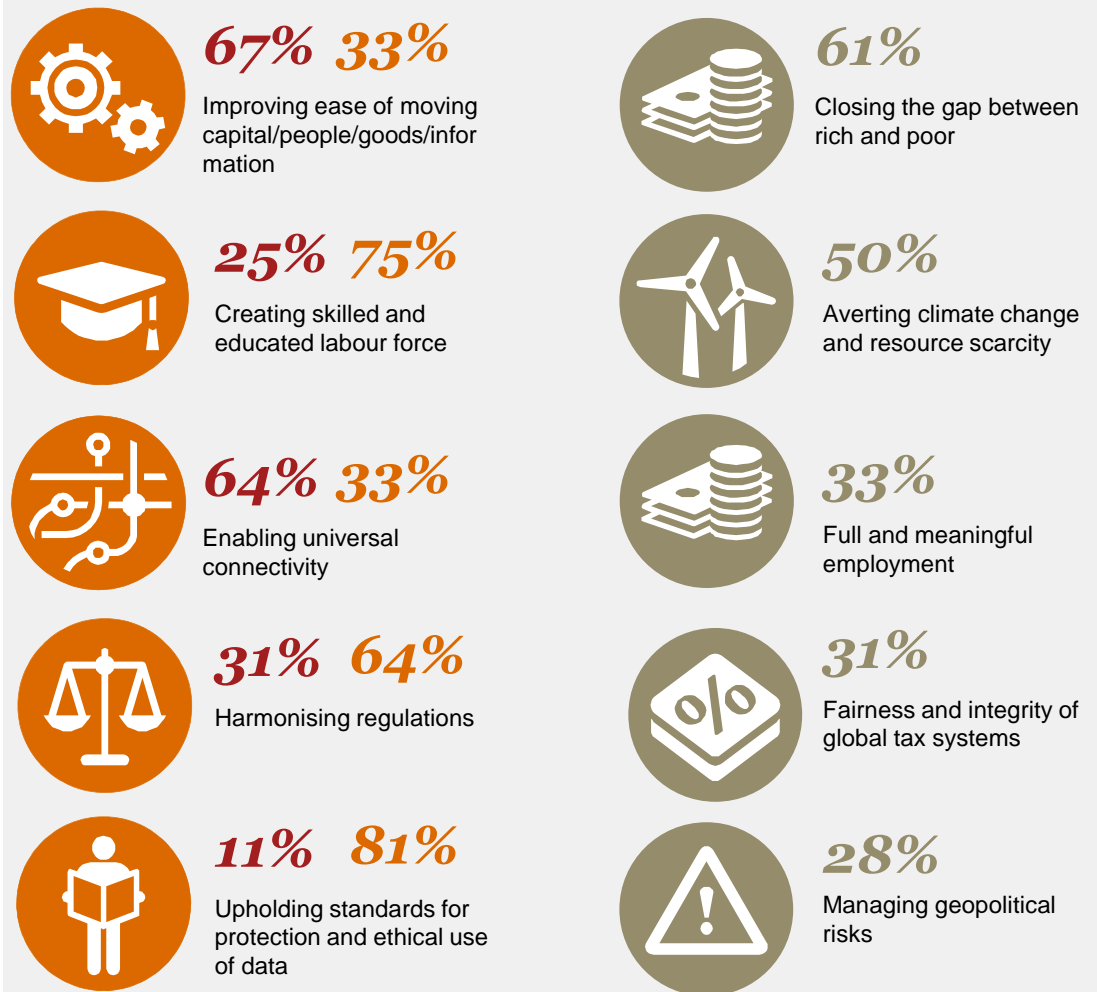
Asked to assess the extent to which globalisation has helped address a range of global issues, CEOs' responses are mixed— with a consensus emerging among our respondents that the benefits that globalisation has delivered in some respects are offset by a failure to make progress in others.

The 20th CEO Survey shows that Serbian CEOs view globalisation as a force for good. The majority of them (67%) believe that globalisation has helped with improving the ease of moving capital, people, goods and information. They also appreciate globalisation for enabling universal connectivity to a great extent (64%).

Like their global peers, Serbian CEOs feel that globalisation has not done much to close the gap between the rich and the poor or to mitigate climate change. Additionally, CEOs in Serbia cited that globalisation failed to help create full and meaningful employment (33%) and manage geopolitical risks (28%).

The ups and downs of globalisation

Q: To what extent has globalisation helped with the following areas?



■ To a large extent ■ To some extent ■ Not at all

Globalisation disrupted?

Both Serbian CEOs and their global counterparts recognize the risks to their businesses associated with the backlash against globalisation: 47% in Serbia and 58% globally believe that more closed national policies will be detrimental to growth. We're seeing countries threatening to close their borders and many are using protectionist rhetoric. This poses a challenge to business.

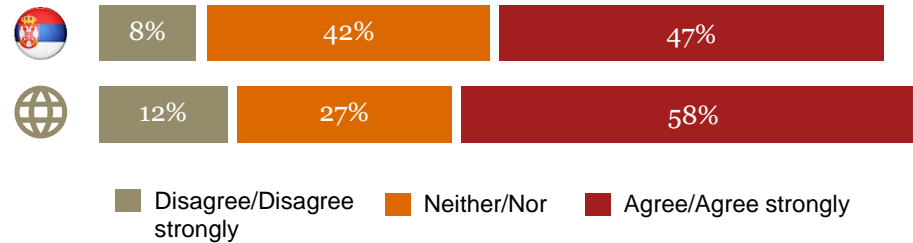
CEOs around the world cited this as a concern even before US elections; 39% of Serbian CEOs and 59% globally saw this as a risk.

Safeguarding the future

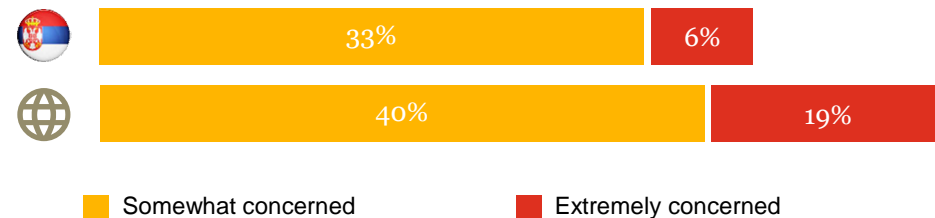
The future of globalisation is clearly one topic for discussion. Some CEOs think business has a role to play in promoting the benefits of globalisation. Others favour adopting a 'glocal' approach.

Addressing the dangers of globalisation and technology, while capitalising on the opportunities, is a delicate balancing act. Many CEOs freely admit that they struggle, both because they're uncertain about the extent of their company's social obligations and because greater emphasis on shareholder value has made it far more difficult to prioritise long- over short-term performance. Businesses that respond effectively – by articulating their purpose, anticipating risks and adhering to the values they profess – will thrive.

Q: To what extent do you agree or disagree that it's becoming harder for CEOs to balance competing in an open global marketplace with trends toward more closed national policies?



Q: How concerned are you, if at all, about protectionism?



“

CEOs see a world that's becoming more and more complex. There's a big contradiction going on as the world becomes more divided – you only have to look at the Brexit results to see the world becoming more nationalistic. At the same time though, technology is very global. It is now time for business leaders to step up and for the corporate community to work together.

Vladislav Cvetkovic
Director, Advisory Services, PwC Serbia

Overall, our findings – based on a global research sample of almost 1,400 global leaders that included 36 Serbian CEOs – suggest that Serbian CEOs are staying calm and determined as they continue to pursue growth in an uncertain world.

If nothing else, the turbulence and change throughout the world and in region over the past 20 years has proven one thing: The companies and people are able and willing to adapt and change. After being forced to rebuild their economies overnight, they've proven beyond a doubt that they can be agile, and find ways to benefit from change.



Participant snapshot



Serbia



36

interviews completed with Serbian business leaders



Global

1,379
79

interviews completed across countries between Sep - Dec 2016

Gender

19%

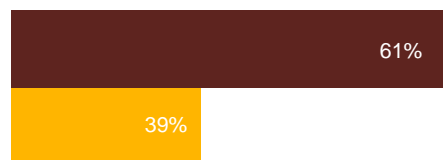
female

81%

male

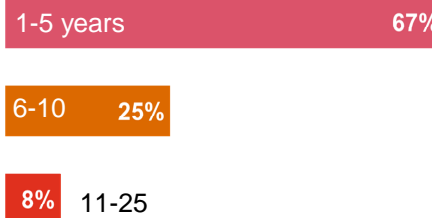


Ownership

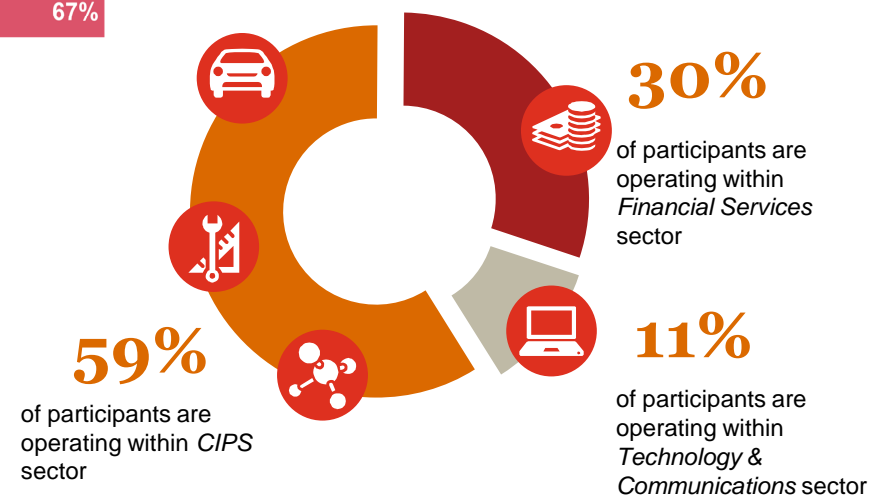


■ Privately owned
■ Publicly listed

Tenure



Industry span



Acknowledgement and thanks

Local data analysis

Jelena Miletić

Overall research and data analysis

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

Marketing and editorial

Jelena Miletić
Maja Vučinić

We'd like to thank the following PwC experts for their infights:

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Find out what global business leaders had to say by visiting www.pwc.com/ceosurvey. Here, you can dig deeper and uncover current perspectives.

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) and share your thoughts with us.



About the methodology

For the Serbian CEO Survey we conducted 36 interviews with CEOs operating in wide range of industries. Globally, we conducted 1,379 interviews in over 79 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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"PwC" refers to Serbian member firm, and may sometimes refer to the PwC network of member firms. Each member firm is a separate and independent legal entity.

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

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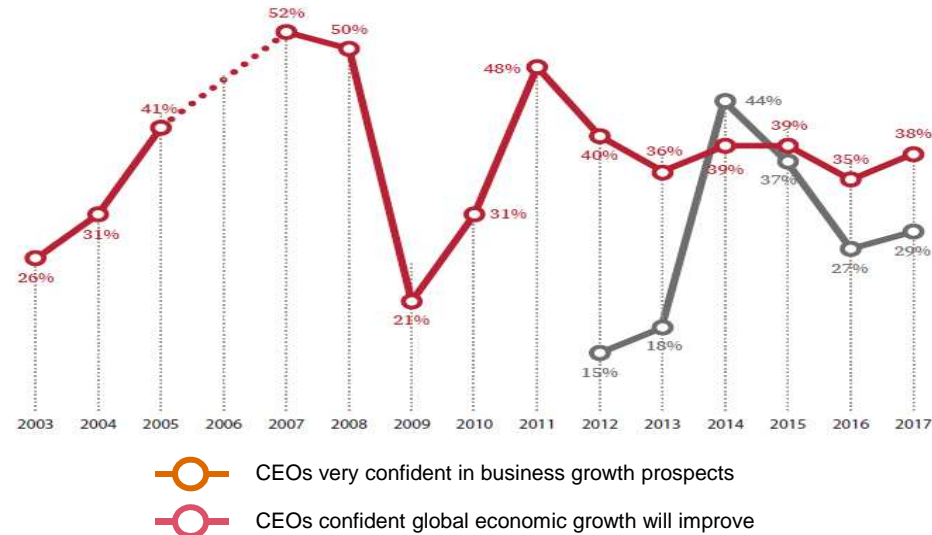
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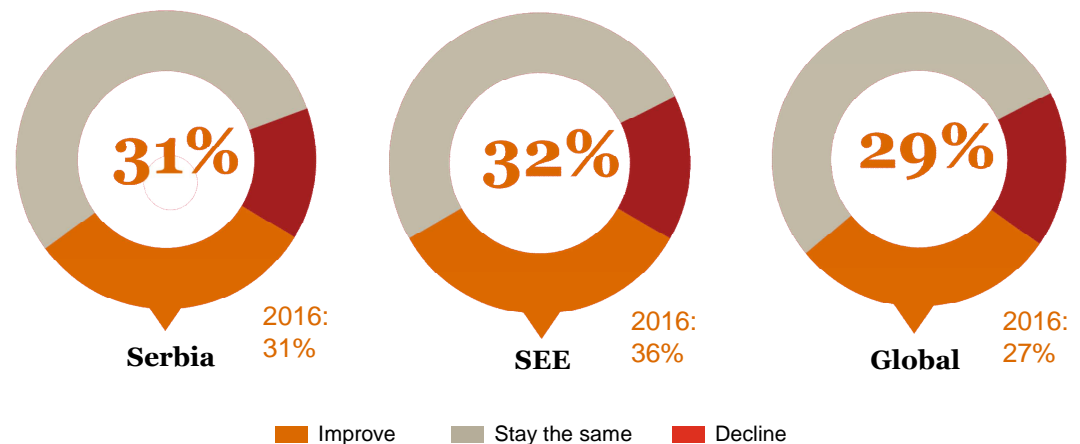
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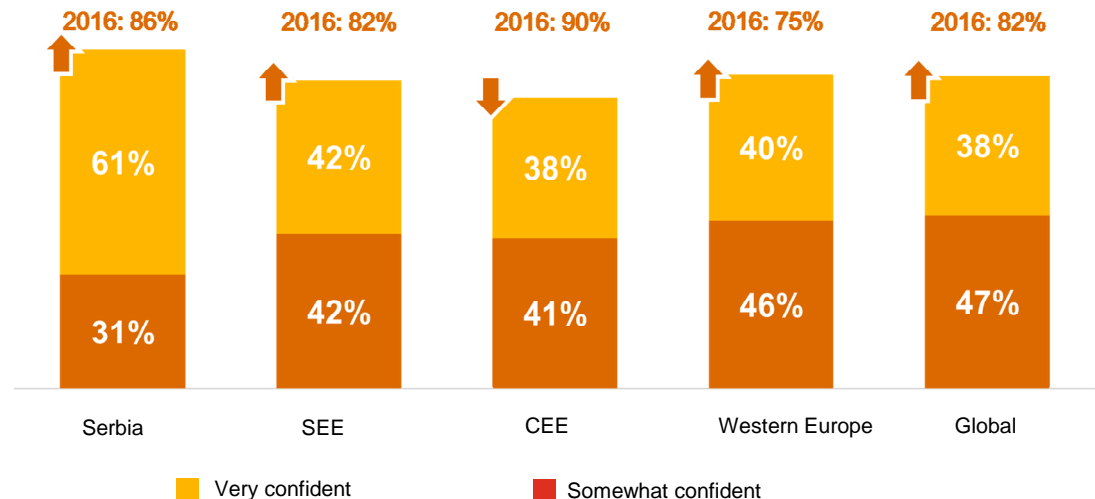
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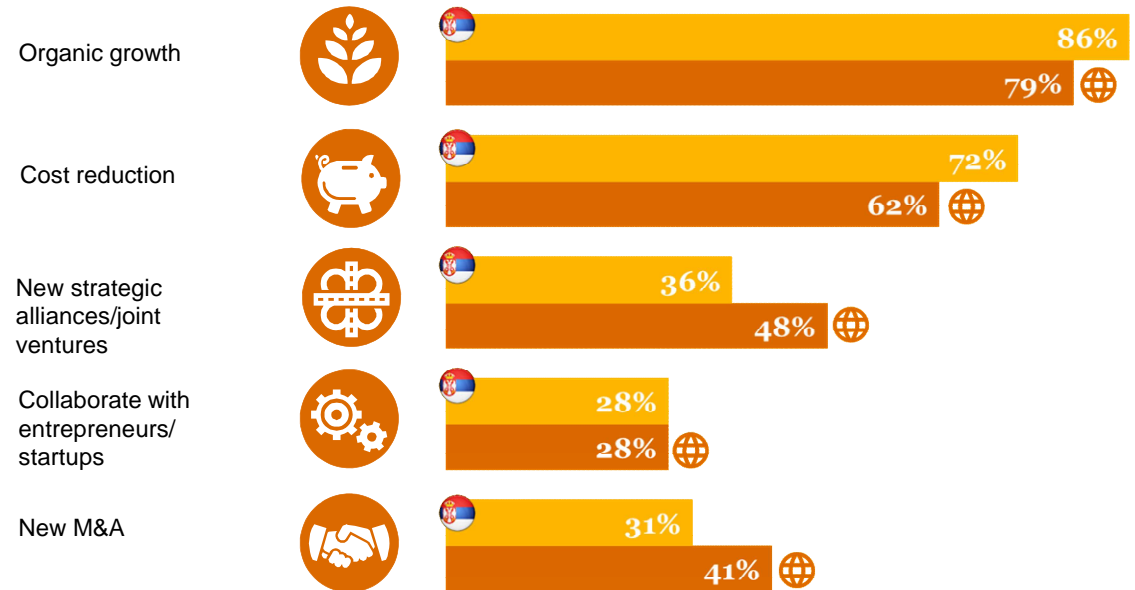
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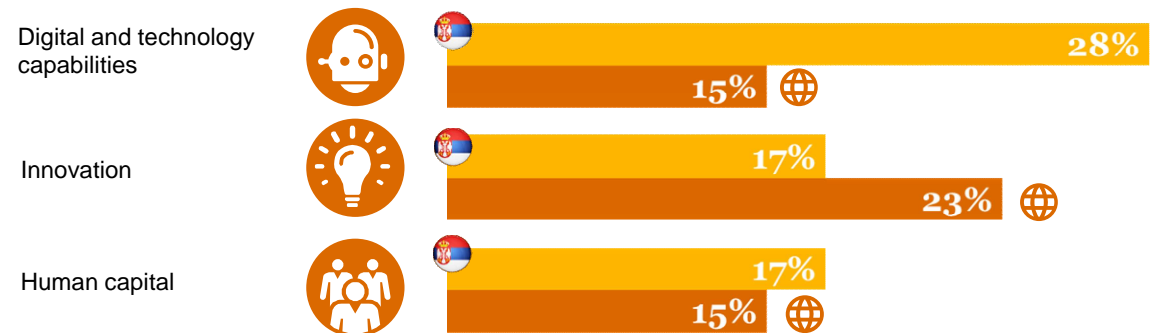
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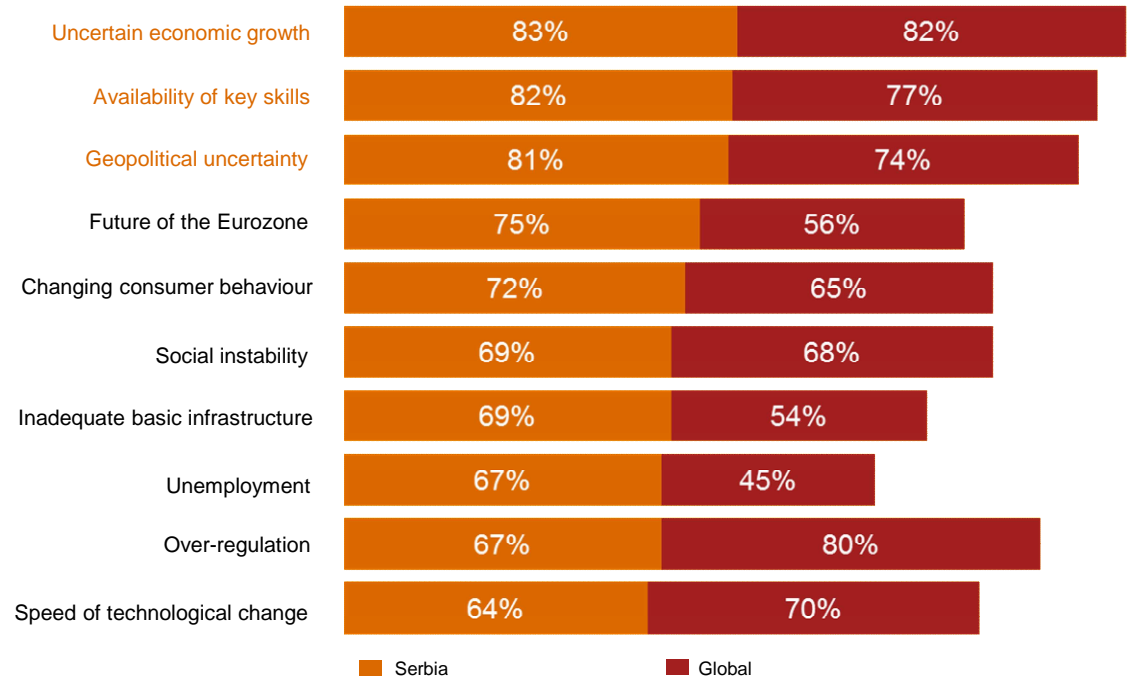
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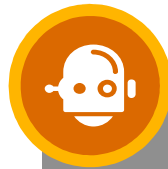


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Country Managing Partner, PwC Serbia



Managing man and machine



25% of Serbian CEOs say that new technologies will impact the headcount to a large extent

83% are looking for the best people, irrespective of who or where they are

Wanted: More technology and more people

Many individuals worry that globalisation will take away their jobs and they are even more nervous about the impact of technology.

In reality, CEOs now recognise the need for talent – 42% plan to increase headcount, but can't find people with the right skills. And many CEOs are concerned that a shortage of key skills could impair their company's growth. CEOs know they can't innovate using technology alone.

Serbian CEOs all agree that automation and other new technologies will impact the decrease in headcount. Yet, CEOs know they still need people.

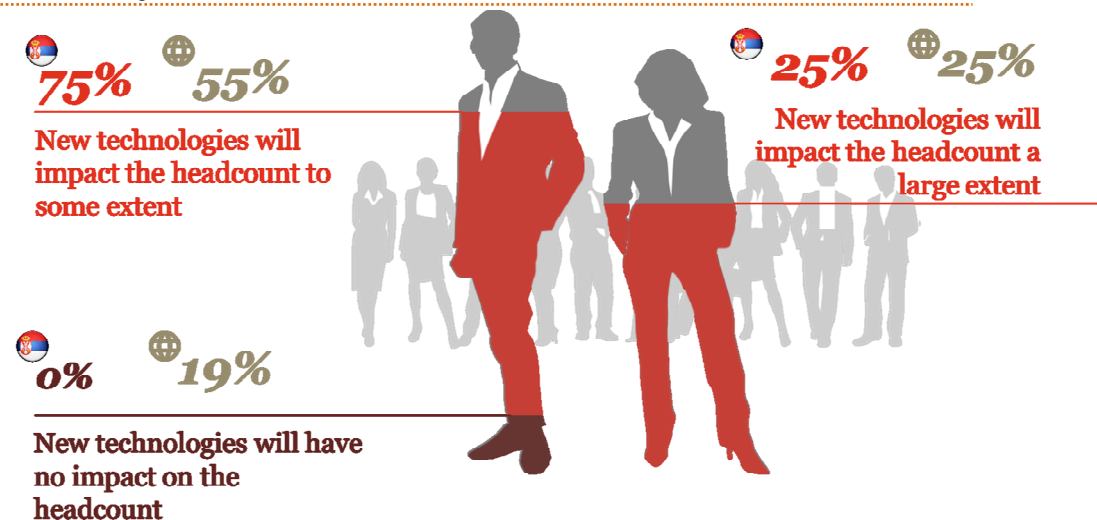
There are several reasons why organisations continue to need people. One is simply how long does it take to adopt new technologies, whether that's because older technologies are still profitable, because there are other priorities or because the effort and resources required are too great.

And even where jobs can be fully automated some will remain in human hands simply because companies need people to understand what consumers want, including how they prefer to interact with technology and the products and services they desire.

Q: Do you expect headcount at your company to increase, decrease or stay the same over the next 12 months?



Q: To what extent will the decrease in headcount be the result of automation and other technologies?



Soft skills are valued but hard to find

While technology is a key catalyst for innovation, 82% of Serbian CEOs are worried about human skills.

In the area of human resources, business leaders face challenges of both demand and supply: what they need, and what they have to work with.

Serbian CEOs prioritise problem solving, adaptability and leadership as the most desirable skills to bring into their organisations.

An overwhelming 91% of CEOs in Serbia say they struggle to find hires with appropriate leadership skills. Creative, innovative leaders with emotional intelligence are also in very short supply.

Talent strategy in digital age

So how are CEOs addressing the skills crunch? They're looking for the best people, irrespective of who or where they are; and moving employees where they're needed. CEOs, 72% of them, also told us that their company uses technology to improve their employees' wellbeing and that they've improved learning programmes by adding digital training.

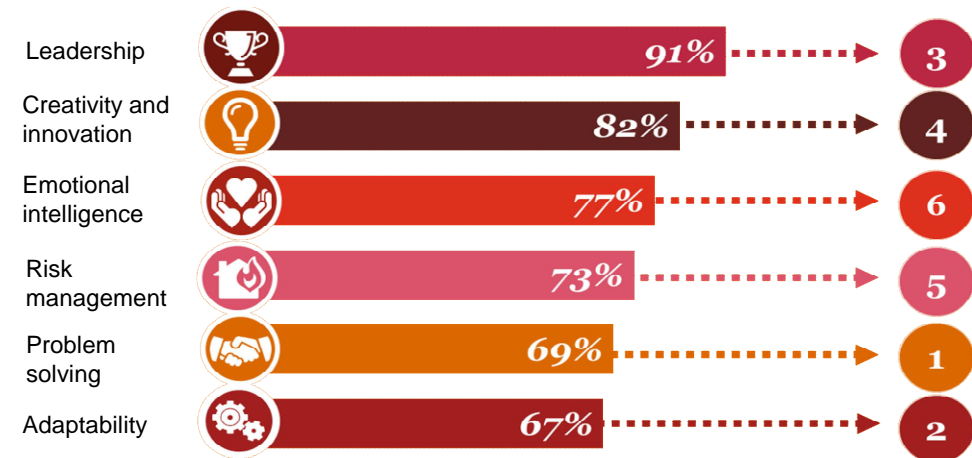
Q: How difficult, if at all, is for your organisation to recruit people with these skills or characteristics?
Q: In addition to technical business expertise, how important are the following skills to your organisation?

Difficulty in recruiting people with skill

Respondents who answered somewhat difficult or very difficult

Importance of skill

Respondents who answered somewhat important or very important



83%

We seek out the best talent regardless of demographics or geography

72%

We use technology to improve our people's wellbeing

72%

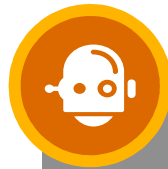
We have added digital training to our learning programmes

72%

We move talent to where we need it



Tech-tonic shifts and trust in a digital world



86% of Serbian CEOs 87% of CEOs believe social media could have a negative impact on the level of stakeholder trust in their industry

64% say that today it's harder for business to gain and keep trust

Waves of change

When we asked our CEOs what's the biggest change they've seen over the last 20 years, the answer was just one word: technology. Nineteen per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years and 31% think that it had significantly influenced the competitive environment in the last 20 years.

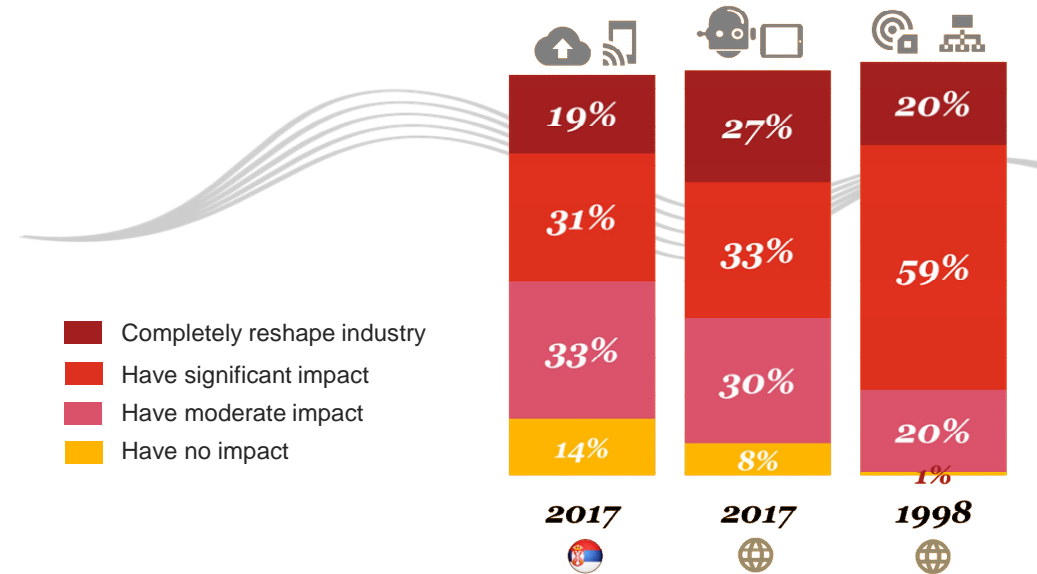
New technologies – new risks

While new technologies, business practices and international opportunities have reshaped what it means to be a CEO, for many of our respondents the changing times have brought a new set of risks to manage. Trust is now more important than ever, with 64% of CEOs reporting that it is harder to gain and keep trust in an increasingly digitised world.

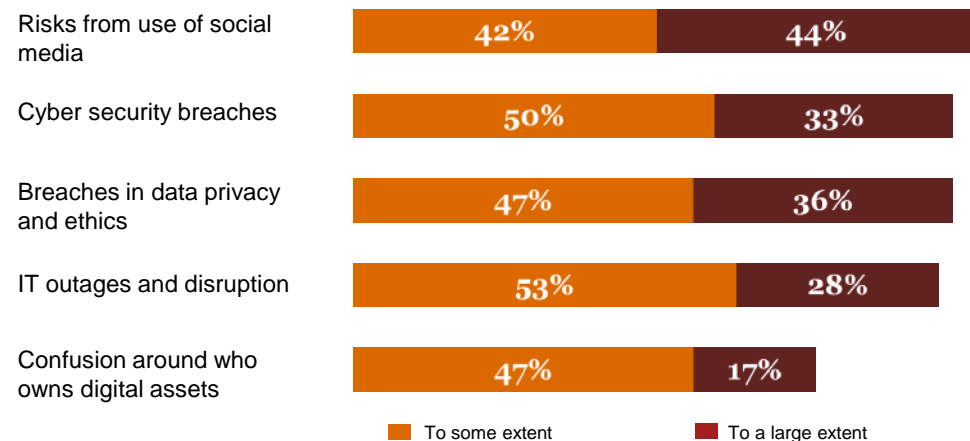
Social media is a great example. While majority of CEOs are active on social media, 87% (86% globally) identified social media as a risk that could harm how people perceive their industry.

A full 83% of Serbian executives say cyber security as well as breaches of data privacy and ethics will have a negative impact on stakeholder trust in the next five years.

Q(1998): To what extent do you think e-commerce will reshape competition in your industry?
Q (2017): To what extent has technology changed competition in your industry over the past 20 years?



Q: To what extent do you think the following areas will impact negatively on stakeholder trust levels in your industry in the next five years?



What's trust got to do with it?

Twenty years ago, trust wasn't on the CEO radar. When global CEOs were surveyed about this in 2002, only 12% thought public trust in the companies had greatly declined.

Today, it's a radically different story and the impact on CEOs has been significant: in 2013, 37% of global CEOs worried that lack of trust in business would harm their company's growth. This year, the number has jumped to 58%.

Trust, it appears, is slowly eroding in Serbia as well. In 2014, 24% of Serbia's CEOs were concerned about the lack of trust in business. That number has jumped to 36% last year and continued to grow, as 53% Serbian CEOs expressed their concerns this year.

How to regain trust?

CEOs are aiming to rebuild trust by doing a better job of meeting expectations placed on them. For example, they have changed their organisation's purpose in the last five years to take account of the broader impact they have on society. Furthermore, Serbian business leaders (81%) are well aware that today it is very important to have a strong corporate purpose that is reflected in the company's value, culture and behaviours.

In short, trust is an opportunity as much as it's a problem. CEOs that embrace the challenge to restore trust – not just with their customers, but also their employees and the wider public – may well find a point of sustainable competitive advantage.

Q: In the context of an increasingly digitised world, to what extent do you agree with the following statements?



81%

It's more important to have a strong corporate purpose, that's reflected in our values, culture and behaviours

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How we manage people's data will differentiate us

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It's more important to run our business in a way that accounts for wider stakeholder expectations

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It's harder for business to gain and keep trust

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Agree/Agree strongly



Making globalisation work for all



67%

of Serbian CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information

61%

feel that globalisation hasn't contributed to closing the gap between the rich and the poor

Barriers fell, but some problems persist

For the past two decades, CEOs have been largely positive about the impact of globalisation on their businesses and markets. But, by 2007, they were beginning to express reservations about the short-term effects on society. CEOs are still ambivalent today.

Asked to assess the extent to which globalisation has helped address a range of global issues, CEOs' responses are mixed— with a consensus emerging among our respondents that the benefits that globalisation has delivered in some respects are offset by a failure to make progress in others.

The 20th CEO Survey shows that Serbian CEOs view globalisation as a force for good. The majority of them (67%) believe that globalisation has helped with improving the ease of moving capital, people, goods and information. They also appreciate globalisation for enabling universal connectivity to a great extent (64%).

Like their global peers, Serbian CEOs feel that globalisation has not done much to close the gap between the rich and the poor or to mitigate climate change. Additionally, CEOs in Serbia cited that globalisation failed to help create full and meaningful employment (33%) and manage geopolitical risks (28%).

The ups and downs of globalisation

Q: To what extent has globalisation helped with the following areas?



67% **33%**

Improving ease of moving capital/people/goods/information



25% **75%**

Creating skilled and educated labour force



64% **33%**

Enabling universal connectivity



31% **64%**

Harmonising regulations



11% **81%**

Upholding standards for protection and ethical use of data



61%

Closing the gap between rich and poor



50%

Averting climate change and resource scarcity



33%

Full and meaningful employment



31%

Fairness and integrity of global tax systems



28%

Managing geopolitical risks

■ To a large extent ■ To some extent ■ Not at all

Globalisation disrupted?

Both Serbian CEOs and their global counterparts recognize the risks to their businesses associated with the backlash against globalisation: 47% in Serbia and 58% globally believe that more closed national policies will be detrimental to growth. We're seeing countries threatening to close their borders and many are using protectionist rhetoric. This poses a challenge to business.

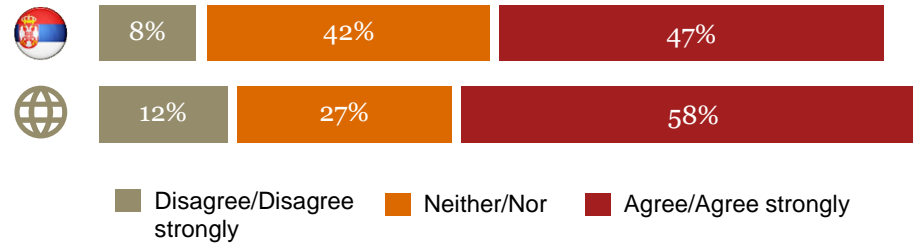
CEOs around the world cited this as a concern even before US elections; 39% of Serbian CEOs and 59% globally saw this as a risk.

Safeguarding the future

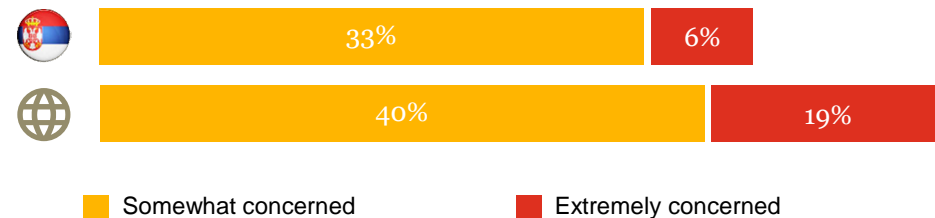
The future of globalisation is clearly one topic for discussion. Some CEOs think business has a role to play in promoting the benefits of globalisation. Others favour adopting a 'glocal' approach.

Addressing the dangers of globalisation and technology, while capitalising on the opportunities, is a delicate balancing act. Many CEOs freely admit that they struggle, both because they're uncertain about the extent of their company's social obligations and because greater emphasis on shareholder value has made it far more difficult to prioritise long- over short-term performance. Businesses that respond effectively – by articulating their purpose, anticipating risks and adhering to the values they profess – will thrive.

Q: To what extent do you agree or disagree that it's becoming harder for CEOs to balance competing in an open global marketplace with trends toward more closed national policies?



Q: How concerned are you, if at all, about protectionism?



“

CEOs see a world that's becoming more and more complex. There's a big contradiction going on as the world becomes more divided – you only have to look at the Brexit results to see the world becoming more nationalistic. At the same time though, technology is very global. It is now time for business leaders to step up and for the corporate community to work together.

Vladislav Cvetkovic
Director, Advisory Services, PwC Serbia

Overall, our findings – based on a global research sample of almost 1,400 global leaders that included 36 Serbian CEOs – suggest that Serbian CEOs are staying calm and determined as they continue to pursue growth in an uncertain world.

If nothing else, the turbulence and change throughout the world and in region over the past 20 years has proven one thing: The companies and people are able and willing to adapt and change. After being forced to rebuild their economies overnight, they've proven beyond a doubt that they can be agile, and find ways to benefit from change.



Participant snapshot



Serbia



36

interviews completed with Serbian business leaders



Global

1,379
79

interviews completed across countries between Sep - Dec 2016

Gender

19%

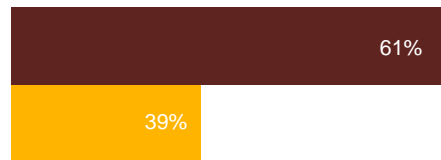
female

81%

male

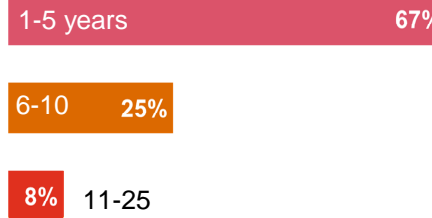


Ownership

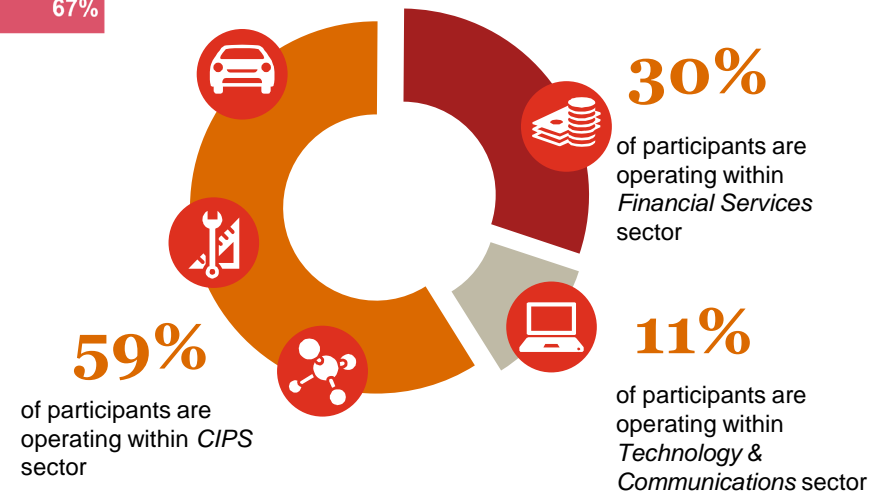


■ Privately owned
■ Publicly listed

Tenure



Industry span



Acknowledgement and thanks

Local data analysis

Jelena Miletić

Overall research and data analysis

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

Marketing and editorial

Jelena Miletić
Maja Vučinić

We'd like to thank the following PwC experts for their infights:

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Find out what global business leaders had to say by visiting www.pwc.com/ceosurvey. Here, you can dig deeper and uncover current perspectives.

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) and share your thoughts with us.



About the methodology

For the Serbian CEO Survey we conducted 36 interviews with CEOs operating in wide range of industries. Globally, we conducted 1,379 interviews in over 79 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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At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.

20th CEO Survey: Serbian insights

What's on the minds of Serbian CEOs?



1,379

interviews
completed
across 79
countries



36

interviews with CEOs of
leading companies in
Serbia with revenue of
over 6 USD bln

Introduction from our CEO

Welcome to the Serbian edition of PwC's 20th annual Global CEO Survey. We surveyed 1,379 CEOs in 79 countries from September to December 2016, including 36 CEOs in Serbia.

This year's survey reveals an optimistic outlook amongst Serbian CEOs and their global counterparts. Business confidence is up despite a number of uncertainties facing leaders around global geopolitical developments, technology advancements, a greater need for innovation and talent gaps in this increasingly digital world.

I would like to thank the executives in Serbia who participated in our 20th Global CEO Survey. We hope that the insights and perspectives provided will help you prepare and plan for future investment and growth.



Emmanuel Koenig

Country Managing Partner
PwC Serbia

Please find the full report on growth prospects, digital trust, technology and talent strategy in PwC's 20th Annual Global CEO Survey, pwc.com/ceosurvey

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Driving growth in today's marketplace

31% of Serbian CEOs expect that the global economy will improve in the upcoming 12 months, while 92% is confident in their company's revenue growth over the next 12 months.

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25% of CEOs say that new technologies will impact the headcount in their companies to a large extent.

Tech-tonic shifts and trust in a digital world

19% per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years.

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67% of CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information.



Driving growth in today's global marketplace



31%

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92%

are confident about their company's prospects over the next 12 months

Confidence in growth is up

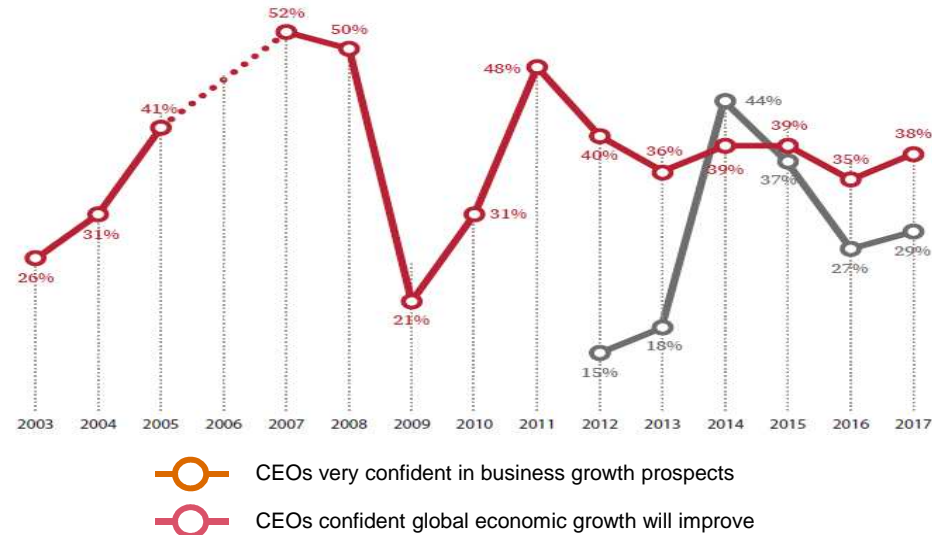
While CEOs around the world feel they have plenty to worry about in the year ahead, their confidence in their own growth prospects and their outlook for the global economy are back on the rise.

In the late 1997, when we completed our first survey, less than third of the participants were very confident in their company's short term revenue outlook. This year, 38% of CEOs are very upbeat about the immediate outlook, up from 35% last year.

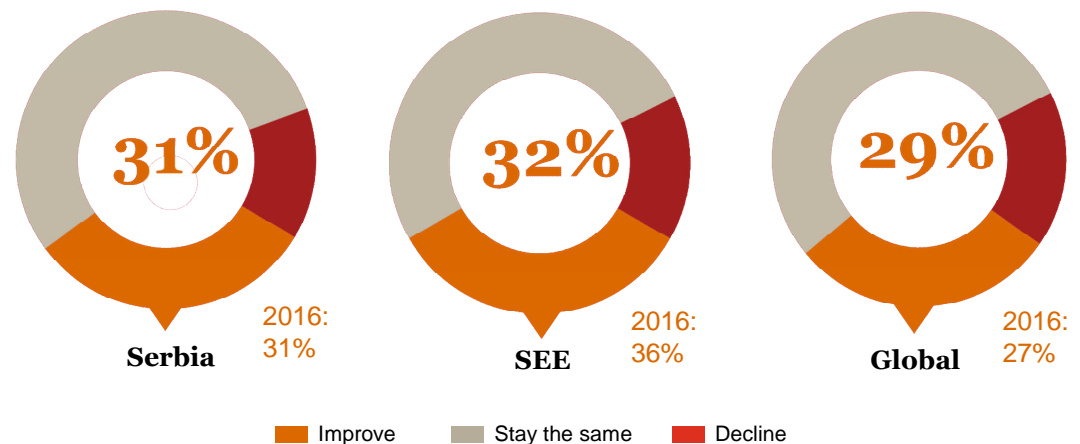
In terms of expectations for the global economic growth, Serbian CEOs (31%) are more optimistic than the global average (29%), though the optimism of Serbian CEOs stayed at the same level as last year.

On the other hand, business leaders in SEE seem to be less confident in global growth than last year, as their optimism declined from 36% in 2016 to 32% in 2017.

Q: Do CEOs believe that the global economy will improve, stagnate or decline in the next 12 months, and what is the correlation with their company's growth prospects?



Q: How do the Serbian CEOs see the global economic outlook in the next 12 months, compared to their CEE and global peers?





Serbian CEOs are the most optimistic when it comes to revenue growth confidence, followed closely by the 86% of CEE region CEOs, 86% in Western Europe and 85% globally.

The number of Serbian CEOs confident in their company's prospects for revenue growth over the next 12 months has increased by 6 percentage points this year, compared to last year (from 86 % to 92 %). We also see an increase in the number of those who are "very confident" among the Serbian CEOs (2015: 45 % 2016: 52 % 2017: 61 %).

This makes business leaders in Serbia more confident in their ability to ensure growth than their peers elsewhere (SEE: 42%, CEE: 38%, Western Europe: 40%, global: 38%).

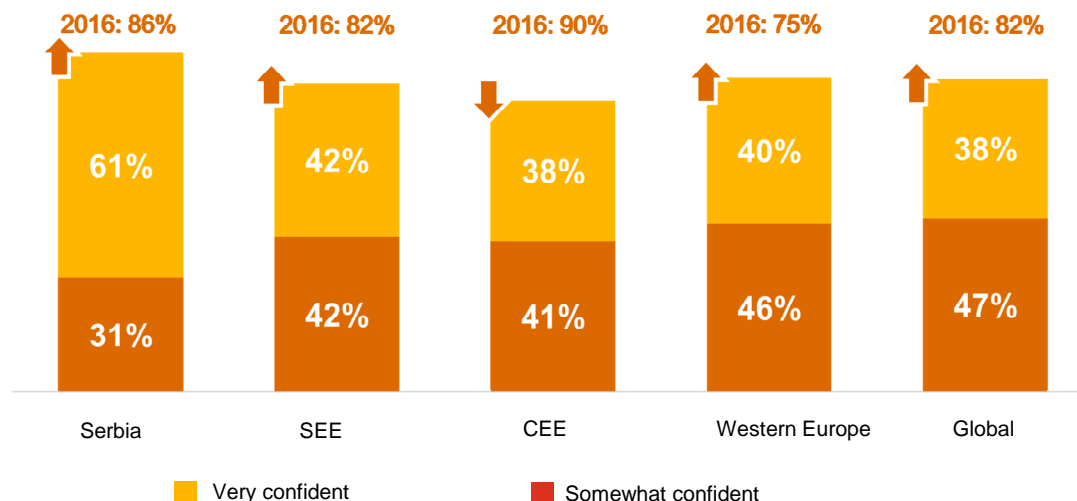
We believe that this positive attitude comes from macroeconomic improvements in Serbia and SEE.

100%

of Serbian CEOs confident about their organisations' prospects for revenue growth over the next three years



Q: How confident are CEOs about their company's prospects for revenue growth over the next 12 months?



“

Despite a tumultuous 2016, CEO confidence is moving back up – albeit slowly and still a long way from the levels we saw back in 2007. But there are signs of optimism right across the globe, including in the UK and US, where despite predictions of a Trump slump and a Brexit exit, CEOs confidence in their company's growth are up from 2016. And that mood is reflected elsewhere, with more CEOs across the world targeting the US and UK for investment than a year ago.

Bob Moritz
Global Chairman of PwC

CEOs are creating their own opportunities

What activities do Serbian CEOs expect to rely on to drive growth and profitability? A significantly high percentage of Serbian CEOs expect both organic growth and cost reduction to drive growth and profitability, just as their global counterparts. Their reliance on organic growth is pronounced when compared to any other activity on the list.

However, CEOs recognise that it's not enough to focus on organic growth and cost reductions alone, important though these are. So they are – rightly – prioritising investment in innovation and digital capabilities.

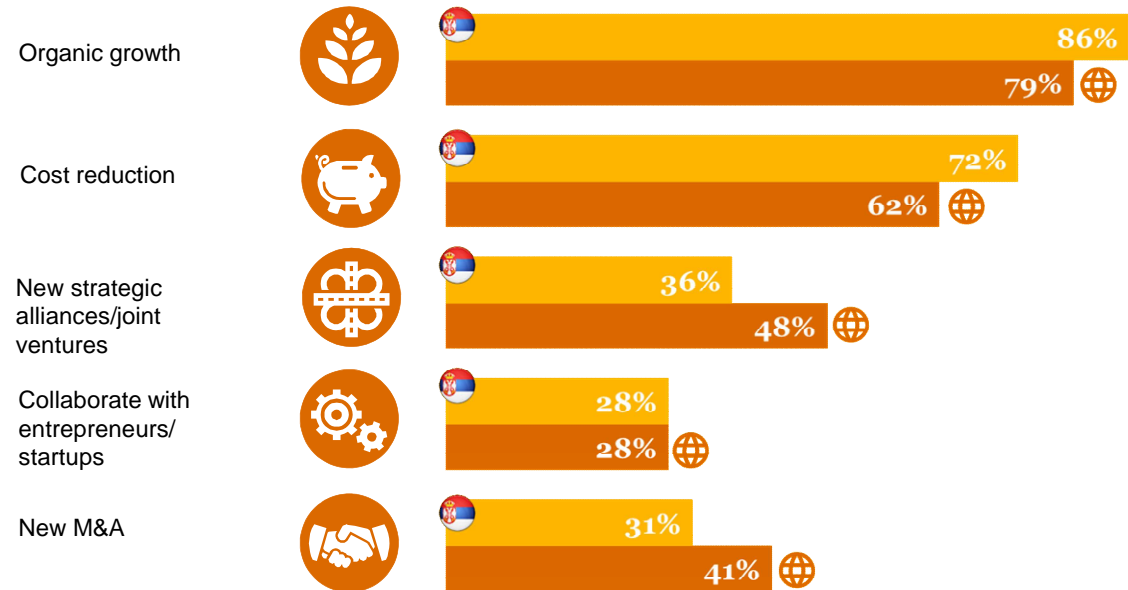
28%

of Serbian vs. 15% of global CEOs believe it is crucial to strengthen digital and technology capabilities

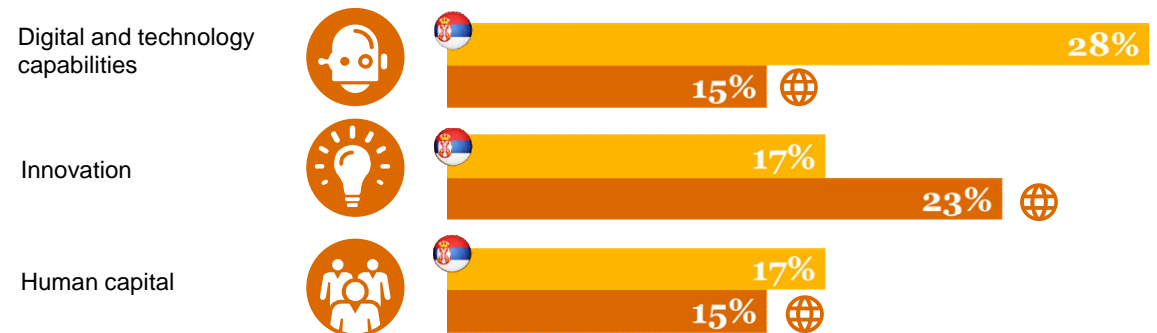
17%

of Serbian vs. 23% of global CEOs want to strengthen innovation in order to capitalise on new opportunities

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



Q: Given the business environment you're in, which of the following do you most want to strengthen in order to capitalise on new opportunities?



Top concerns for CEOs

83%

Uncertain economic growth

82%

Availability of key skills

81%

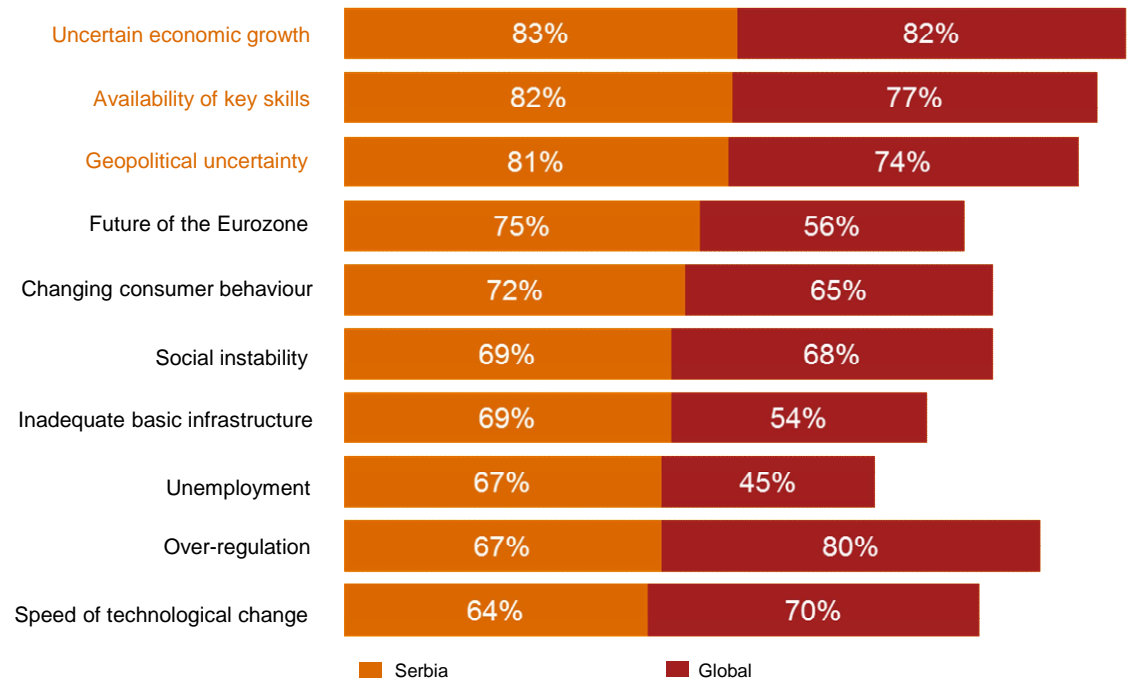
Geopolitical uncertainty

Asked how concerned they are about various economic, policy, social and environmental threats, Serbian CEOs rank uncertain economic growth top at 83% (compared to 82% among all CEOs globally), availability of key skills second at 82% (against 77% globally), and geopolitical risks third at 81% (against 74% globally).

Social instability which Serbian executives ranked as their top economic threat last year, at 82% – has moved to sixth in the ranking, while over-regulation moved from third biggest threat last year to the bottom of the list of concerns. Yet at a global level, over-regulation remains the second-biggest economic threat, cited by 80% of all CEOs worldwide.

Same as last year, Serbian CEOs are more worried about unemployment than their global counterparts, while speed of technological change remains one of top 10 concerns.

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth prospects?

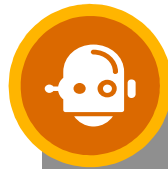


“This year’s survey results raise some important questions. Business confidence is up, but there are some caution signals around geopolitical developments, technological changes and innovation and talent related challenges.”

Emmanuel Koenig
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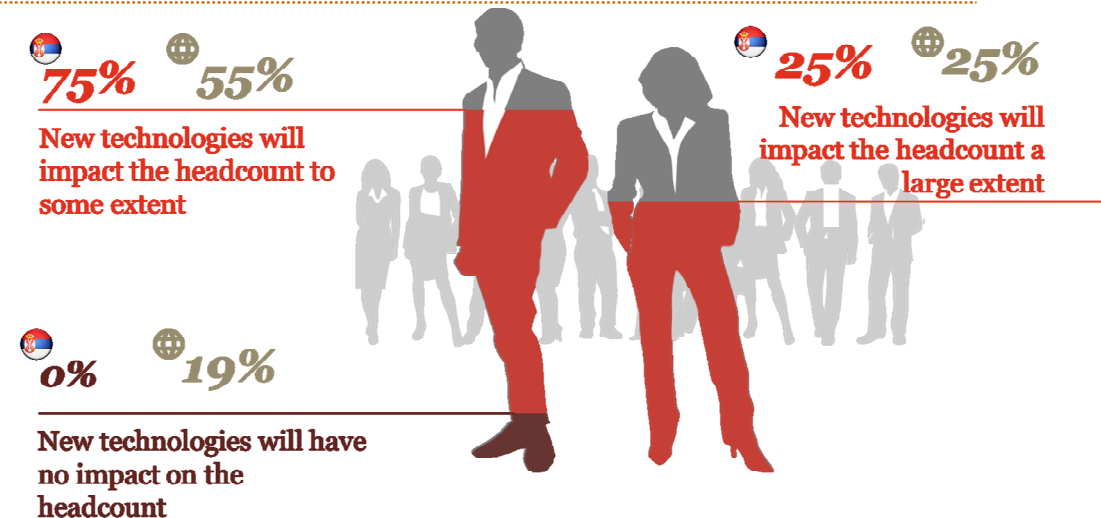
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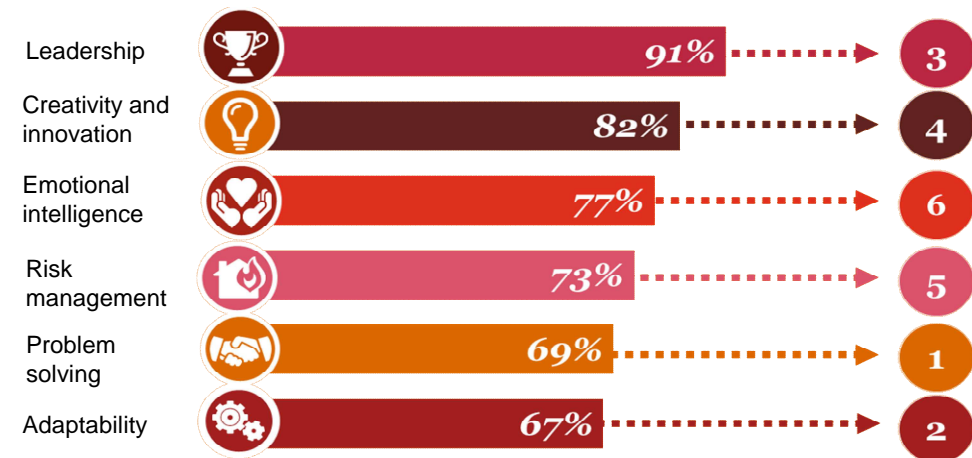
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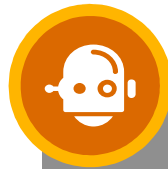
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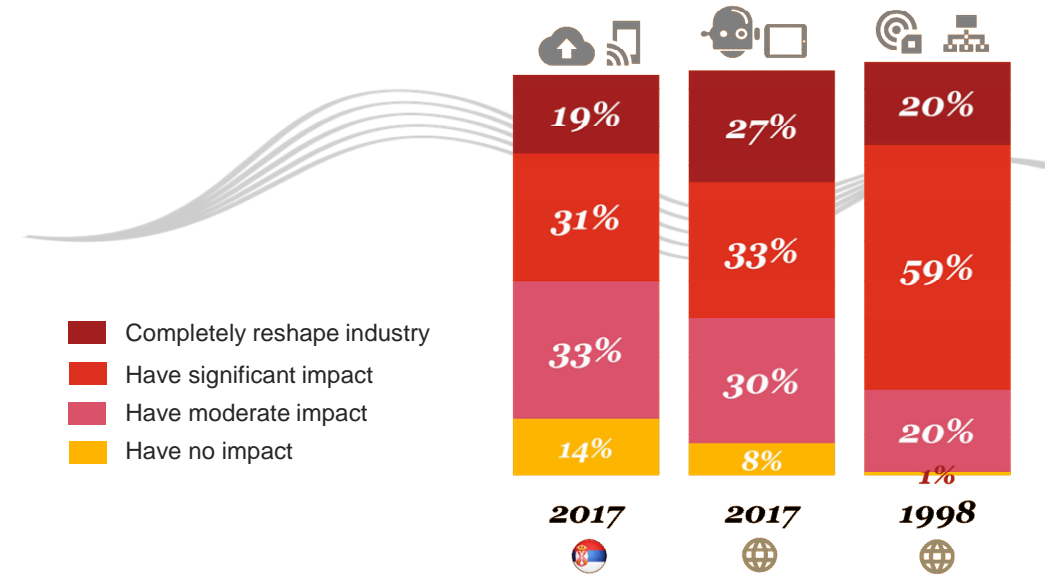
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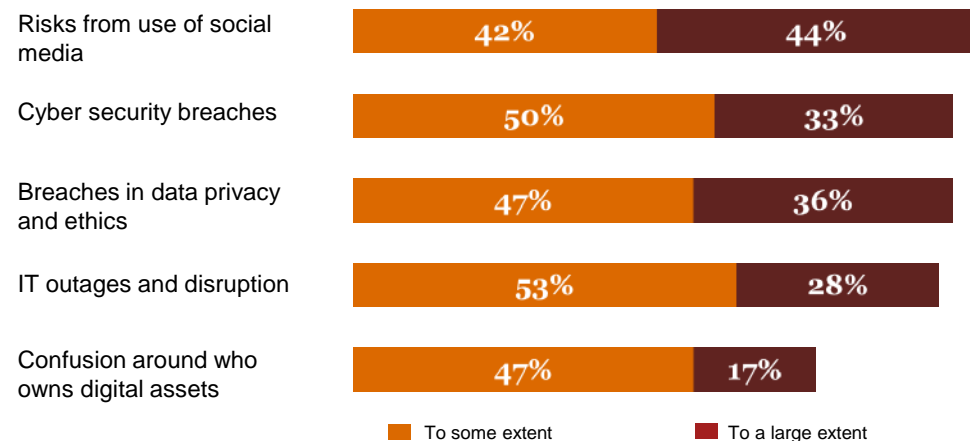
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The 20th CEO Survey shows that Serbian CEOs view globalisation as a force for good. The majority of them (67%) believe that globalisation has helped with improving the ease of moving capital, people, goods and information. They also appreciate globalisation for enabling universal connectivity to a great extent (64%).

Like their global peers, Serbian CEOs feel that globalisation has not done much to close the gap between the rich and the poor or to mitigate climate change. Additionally, CEOs in Serbia cited that globalisation failed to help create full and meaningful employment (33%) and manage geopolitical risks (28%).

The ups and downs of globalisation

Q: To what extent has globalisation helped with the following areas?



67% **33%**

Improving ease of moving capital/people/goods/information



25% **75%**

Creating skilled and educated labour force



64% **33%**

Enabling universal connectivity



31% **64%**

Harmonising regulations



11% **81%**

Upholding standards for protection and ethical use of data



61%

Closing the gap between rich and poor



50%

Averting climate change and resource scarcity



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Full and meaningful employment



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Fairness and integrity of global tax systems



28%

Managing geopolitical risks

■ To a large extent ■ To some extent ■ Not at all

Globalisation disrupted?

Both Serbian CEOs and their global counterparts recognize the risks to their businesses associated with the backlash against globalisation: 47% in Serbia and 58% globally believe that more closed national policies will be detrimental to growth. We're seeing countries threatening to close their borders and many are using protectionist rhetoric. This poses a challenge to business.

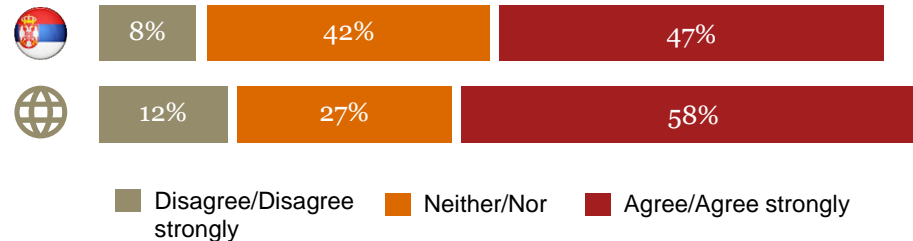
CEOs around the world cited this as a concern even before US elections; 39% of Serbian CEOs and 59% globally saw this as a risk.

Safeguarding the future

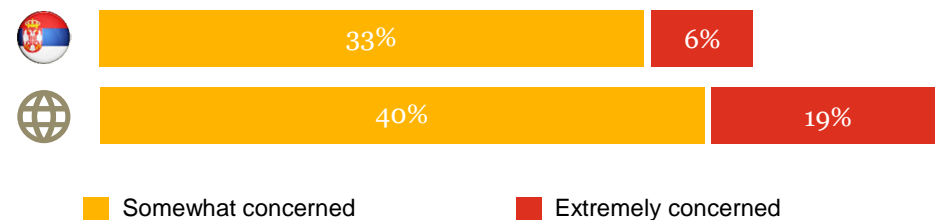
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Q: To what extent do you agree or disagree that it's becoming harder for CEOs to balance competing in an open global marketplace with trends toward more closed national policies?



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CEOs see a world that's becoming more and more complex. There's a big contradiction going on as the world becomes more divided – you only have to look at the Brexit results to see the world becoming more nationalistic. At the same time though, technology is very global. It is now time for business leaders to step up and for the corporate community to work together.

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Overall, our findings – based on a global research sample of almost 1,400 global leaders that included 36 Serbian CEOs – suggest that Serbian CEOs are staying calm and determined as they continue to pursue growth in an uncertain world.

If nothing else, the turbulence and change throughout the world and in region over the past 20 years has proven one thing: The companies and people are able and willing to adapt and change. After being forced to rebuild their economies overnight, they've proven beyond a doubt that they can be agile, and find ways to benefit from change.



Participant snapshot



Serbia



36

interviews completed with Serbian business leaders



Global

1,379
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interviews completed across countries between Sep - Dec 2016

Gender

19%

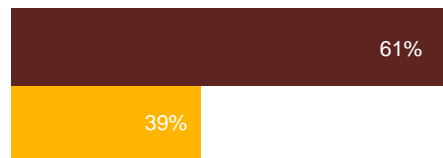
female

81%

male

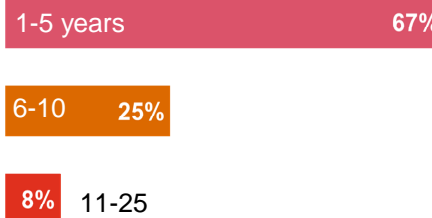


Ownership

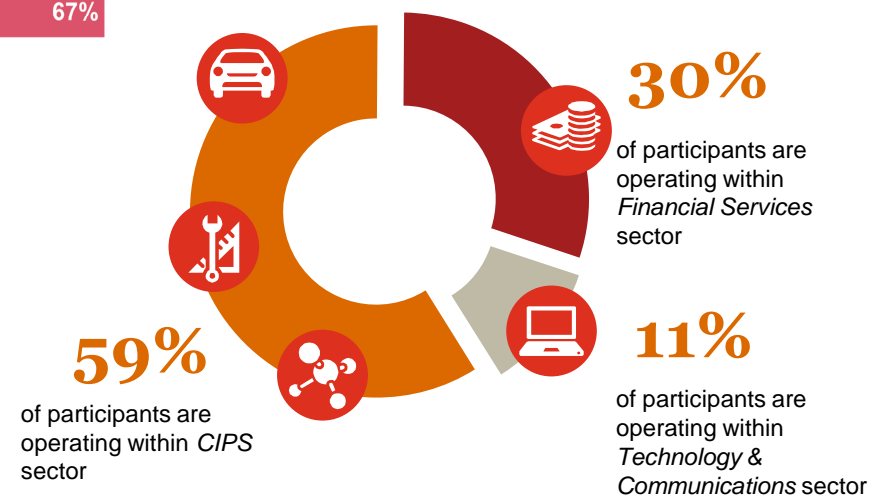


■ Privately owned
■ Publicly listed

Tenure



Industry span



Acknowledgement and thanks

Local data analysis

Jelena Miletić

Overall research and data analysis

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

Marketing and editorial

Jelena Miletić
Maja Vučinić

We'd like to thank the following PwC experts for their infights:

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Find out what global business leaders had to say by visiting www.pwc.com/ceosurvey. Here, you can dig deeper and uncover current perspectives.

Want to take part in the discussion next year?

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20th CEO Survey: Serbian insights

What's on the minds of Serbian CEOs?



1,379

interviews
completed
across 79
countries



36

interviews with CEOs of
leading companies in
Serbia with revenue of
over 6 USD bln

Introduction from our CEO

Welcome to the Serbian edition of PwC's 20th annual Global CEO Survey. We surveyed 1,379 CEOs in 79 countries from September to December 2016, including 36 CEOs in Serbia.

This year's survey reveals an optimistic outlook amongst Serbian CEOs and their global counterparts. Business confidence is up despite a number of uncertainties facing leaders around global geopolitical developments, technology advancements, a greater need for innovation and talent gaps in this increasingly digital world.

I would like to thank the executives in Serbia who participated in our 20th Global CEO Survey. We hope that the insights and perspectives provided will help you prepare and plan for future investment and growth.



Emmanuel Koenig

Country Managing Partner
PwC Serbia

Please find the full report on growth prospects, digital trust, technology and talent strategy in PwC's 20th Annual Global CEO Survey, pwc.com/ceosurvey

Contents

Driving growth in today's marketplace

31% of Serbian CEOs expect that the global economy will improve in the upcoming 12 months, while 92% is confident in their company's revenue growth over the next 12 months.

Managing man and machine

25% of CEOs say that new technologies will impact the headcount in their companies to a large extent.

Tech-tonic shifts and trust in a digital world

19% per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years.

Making globalisation work for all

67% of CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information.



Driving growth in today's global marketplace



31%

Of Serbian CEOs believe that the global economy will improve in the upcoming 12 months

92%

are confident about their company's prospects over the next 12 months

Confidence in growth is up

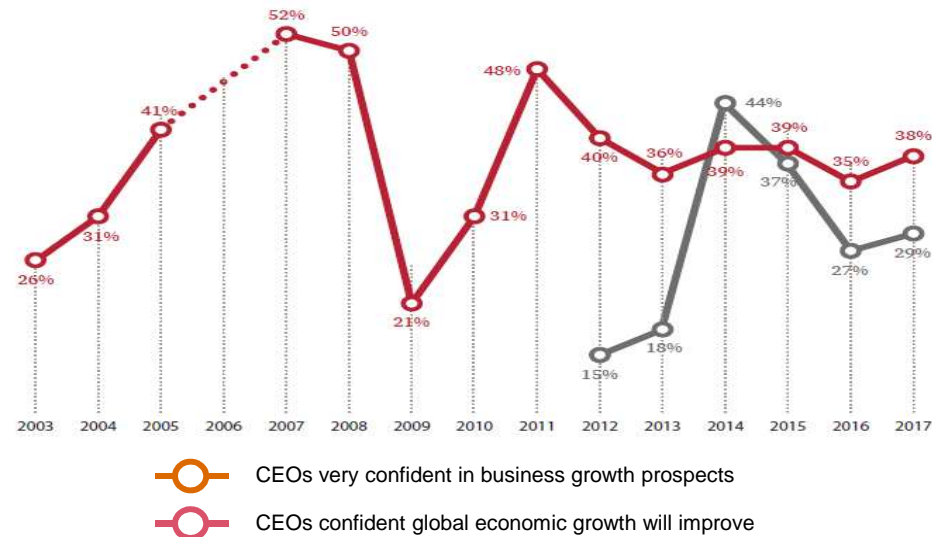
While CEOs around the world feel they have plenty to worry about in the year ahead, their confidence in their own growth prospects and their outlook for the global economy are back on the rise.

In the late 1997, when we completed our first survey, less than third of the participants were very confident in their company's short term revenue outlook. This year, 38% of CEOs are very upbeat about the immediate outlook, up from 35% last year.

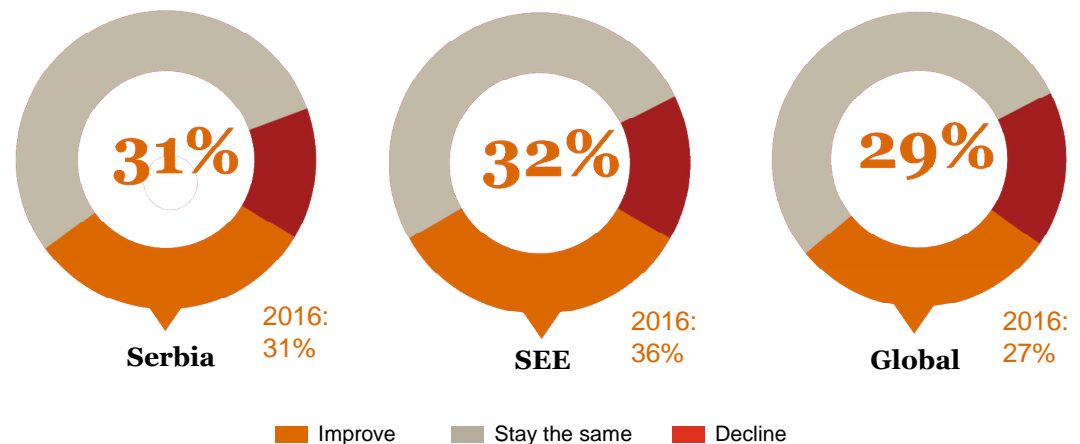
In terms of expectations for the global economic growth, Serbian CEOs (31%) are more optimistic than the global average (29%), though the optimism of Serbian CEOs stayed at the same level as last year.

On the other hand, business leaders in SEE seem to be less confident in global growth than last year, as their optimism declined from 36% in 2016 to 32% in 2017.

Q: Do CEOs believe that the global economy will improve, stagnate or decline in the next 12 months, and what is the correlation with their company's growth prospects?



Q: How do the Serbian CEOs see the global economic outlook in the next 12 months, compared to their CEE and global peers?





Serbian CEOs are the most optimistic when it comes to revenue growth confidence, followed closely by the 86% of CEE region CEOs, 86% in Western Europe and 85% globally.

The number of Serbian CEOs confident in their company's prospects for revenue growth over the next 12 months has increased by 6 percentage points this year, compared to last year (from 86 % to 92 %). We also see an increase in the number of those who are "very confident" among the Serbian CEOs (2015: 45 % 2016: 52 % 2017: 61 %).

This makes business leaders in Serbia more confident in their ability to ensure growth than their peers elsewhere (SEE: 42%, CEE: 38%, Western Europe: 40%, global: 38%).

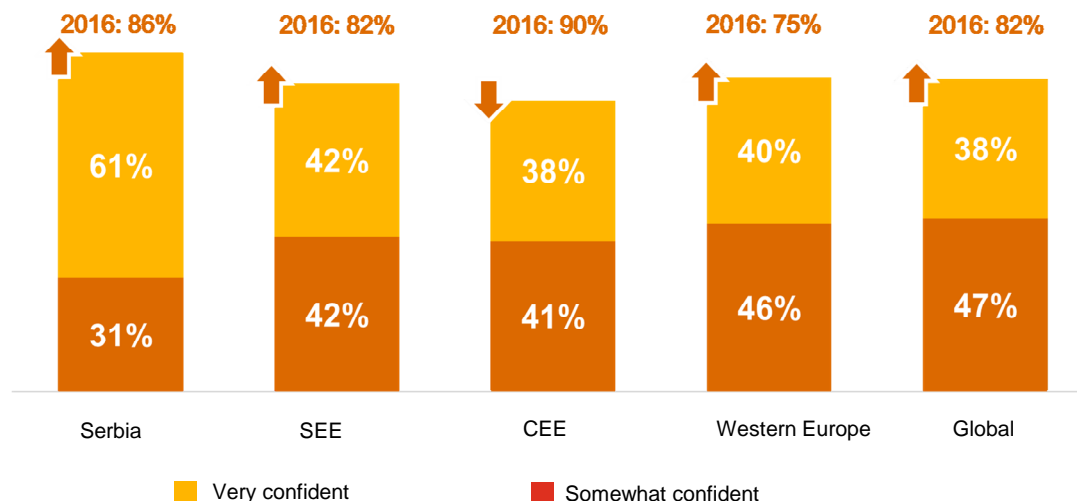
We believe that this positive attitude comes from macroeconomic improvements in Serbia and SEE.

100%

of Serbian CEOs confident about their organisations' prospects for revenue growth over the next three years



Q: How confident are CEOs about their company's prospects for revenue growth over the next 12 months?



“

Despite a tumultuous 2016, CEO confidence is moving back up – albeit slowly and still a long way from the levels we saw back in 2007. But there are signs of optimism right across the globe, including in the UK and US, where despite predictions of a Trump slump and a Brexit exit, CEOs confidence in their company's growth are up from 2016. And that mood is reflected elsewhere, with more CEOs across the world targeting the US and UK for investment than a year ago.

Bob Moritz
Global Chairman of PwC

CEOs are creating their own opportunities

What activities do Serbian CEOs expect to rely on to drive growth and profitability? A significantly high percentage of Serbian CEOs expect both organic growth and cost reduction to drive growth and profitability, just as their global counterparts. Their reliance on organic growth is pronounced when compared to any other activity on the list.

However, CEOs recognise that it's not enough to focus on organic growth and cost reductions alone, important though these are. So they are – rightly – prioritising investment in innovation and digital capabilities.

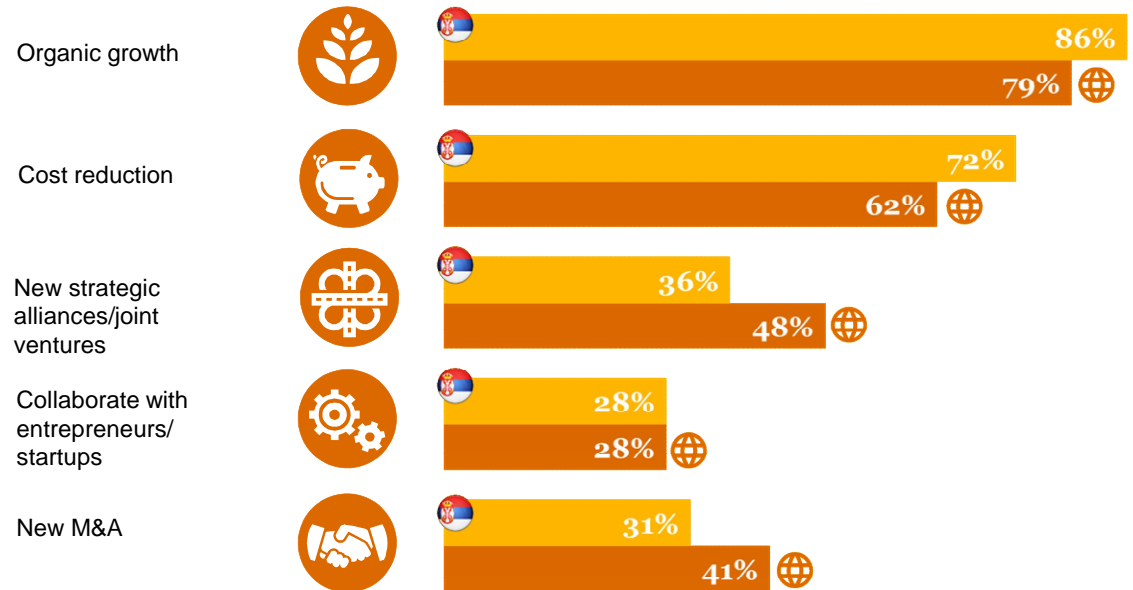
28%

of Serbian vs. 15% of global CEOs believe it is crucial to strengthen digital and technology capabilities

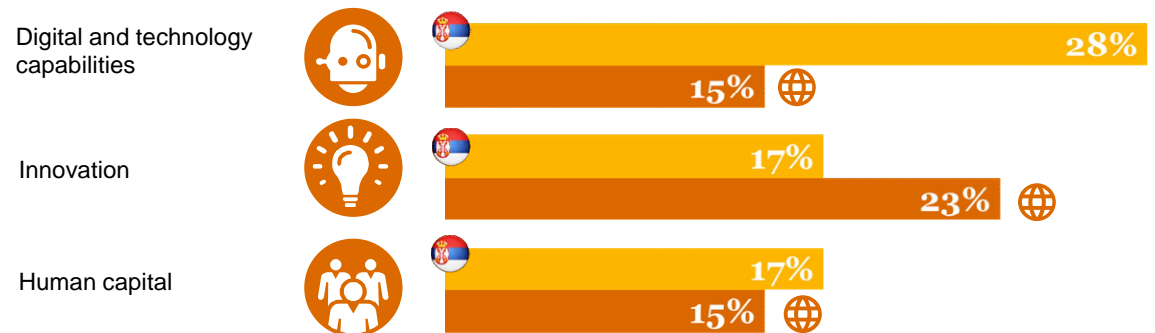
17%

of Serbian vs. 23% of global CEOs want to strengthen innovation in order to capitalise on new opportunities

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



Q: Given the business environment you're in, which of the following do you most want to strengthen in order to capitalise on new opportunities?



Top concerns for CEOs

83%

Uncertain economic growth

82%

Availability of key skills

81%

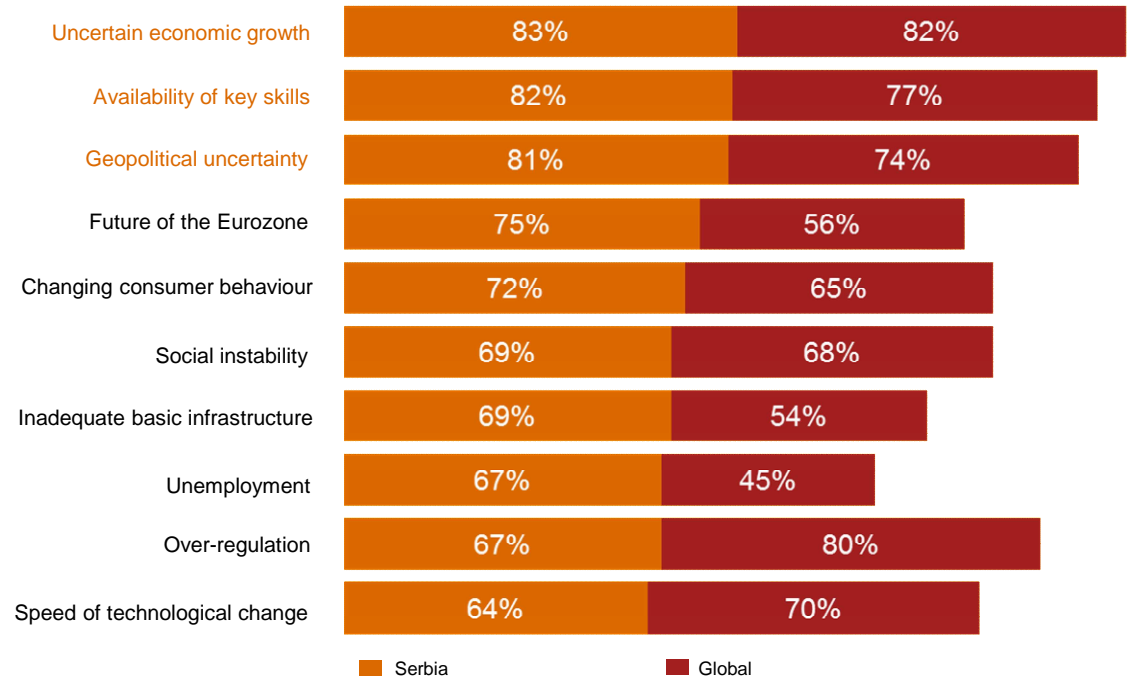
Geopolitical uncertainty

Asked how concerned they are about various economic, policy, social and environmental threats, Serbian CEOs rank uncertain economic growth top at 83% (compared to 82% among all CEOs globally), availability of key skills second at 82% (against 77% globally), and geopolitical risks third at 81% (against 74% globally).

Social instability which Serbian executives ranked as their top economic threat last year, at 82% – has moved to sixth in the ranking, while over-regulation moved from third biggest threat last year to the bottom of the list of concerns. Yet at a global level, over-regulation remains the second-biggest economic threat, cited by 80% of all CEOs worldwide.

Same as last year, Serbian CEOs are more worried about unemployment than their global counterparts, while speed of technological change remains one of top 10 concerns.

Q: How concerned are you about the following potential economic, policy, social and business threats to your organisation's growth prospects?



“This year’s survey results raise some important questions. Business confidence is up, but there are some caution signals around geopolitical developments, technological changes and innovation and talent related challenges.”

Emmanuel Koenig
Country Managing Partner, PwC Serbia



Managing man and machine



25% of Serbian CEOs say that new technologies will impact the headcount to a large extent

83% are looking for the best people, irrespective of who or where they are

Wanted: More technology and more people

Many individuals worry that globalisation will take away their jobs and they are even more nervous about the impact of technology.

In reality, CEOs now recognise the need for talent – 42% plan to increase headcount, but can't find people with the right skills. And many CEOs are concerned that a shortage of key skills could impair their company's growth. CEOs know they can't innovate using technology alone.

Serbian CEOs all agree that automation and other new technologies will impact the decrease in headcount. Yet, CEOs know they still need people.

There are several reasons why organisations continue to need people. One is simply how long does it take to adopt new technologies, whether that's because older technologies are still profitable, because there are other priorities or because the effort and resources required are too great.

And even where jobs can be fully automated some will remain in human hands simply because companies need people to understand what consumers want, including how they prefer to interact with technology and the products and services they desire.

Q: Do you expect headcount at your company to increase, decrease or stay the same over the next 12 months?



Q: To what extent will the decrease in headcount be the result of automation and other technologies?



Soft skills are valued but hard to find

While technology is a key catalyst for innovation, 82% of Serbian CEOs are worried about human skills.

In the area of human resources, business leaders face challenges of both demand and supply: what they need, and what they have to work with.

Serbian CEOs prioritise problem solving, adaptability and leadership as the most desirable skills to bring into their organisations.

An overwhelming 91% of CEOs in Serbia say they struggle to find hires with appropriate leadership skills. Creative, innovative leaders with emotional intelligence are also in very short supply.

Talent strategy in digital age

So how are CEOs addressing the skills crunch? They're looking for the best people, irrespective of who or where they are; and moving employees where they're needed. CEOs, 72% of them, also told us that their company uses technology to improve their employees' wellbeing and that they've improved learning programmes by adding digital training.

Q: How difficult, if at all, is for your organisation to recruit people with these skills or characteristics?

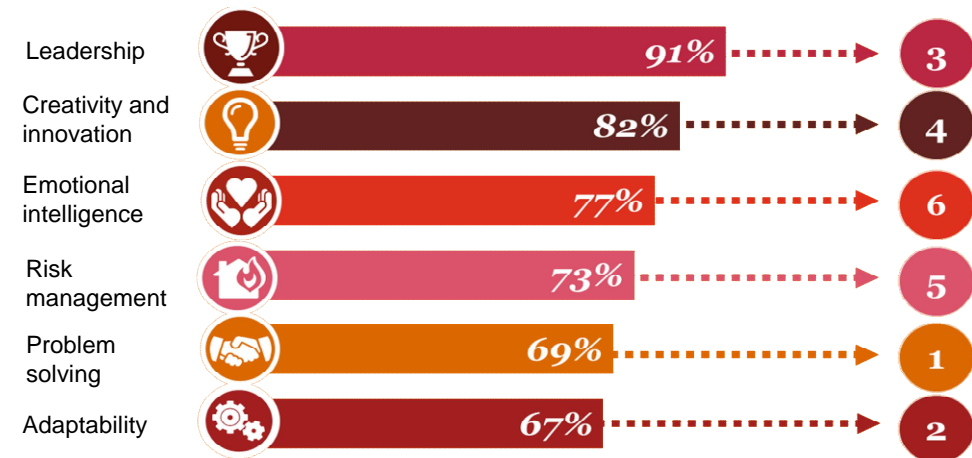
Q: In addition to technical business expertise, how important are the following skills to your organisation?

Difficulty in recruiting people with skill

Respondents who answered somewhat difficult or very difficult

Importance of skill

Respondents who answered somewhat important or very important



83%

We seek out the best talent regardless of demographics or geography

72%

We use technology to improve our people's wellbeing

72%

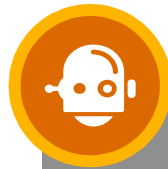
We have added digital training to our learning programmes

72%

We move talent to where we need it



Tech-tonic shifts and trust in a digital world



86% of Serbian CEOs 87% of CEOs believe social media could have a negative impact on the level of stakeholder trust in their industry

64% say that today it's harder for business to gain and keep trust

Waves of change

When we asked our CEOs what's the biggest change they've seen over the last 20 years, the answer was just one word: technology. Nineteen per cent of Serbian CEOs felt their industry has been completely reshaped by technology in the last 20 years and 31% think that it had significantly influenced the competitive environment in the last 20 years.

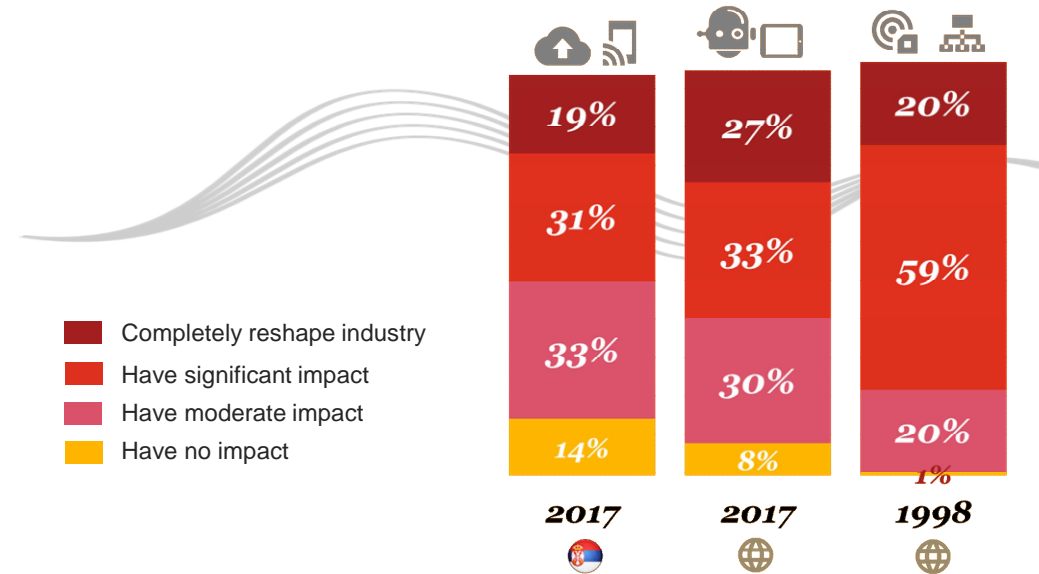
New technologies – new risks

While new technologies, business practices and international opportunities have reshaped what it means to be a CEO, for many of our respondents the changing times have brought a new set of risks to manage. Trust is now more important than ever, with 64% of CEOs reporting that it is harder to gain and keep trust in an increasingly digitised world.

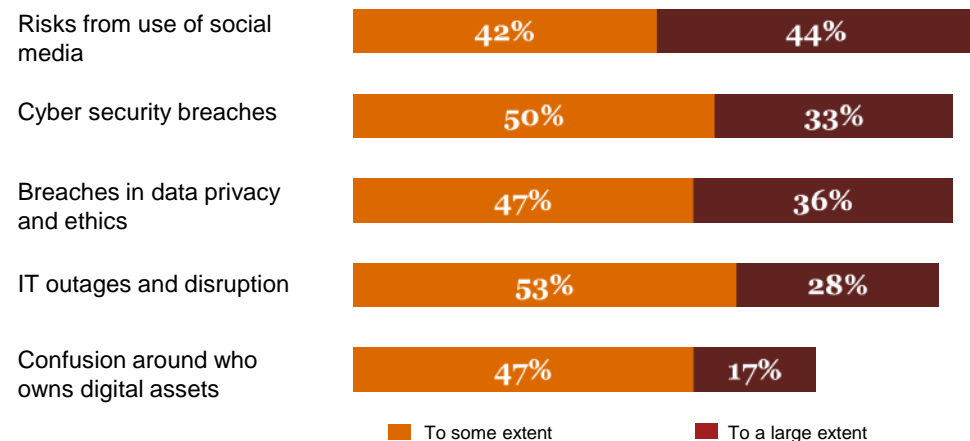
Social media is a great example. While majority of CEOs are active on social media, 87% (86% globally) identified social media as a risk that could harm how people perceive their industry.

A full 83% of Serbian executives say cyber security as well as breaches of data privacy and ethics will have a negative impact on stakeholder trust in the next five years.

Q(1998): To what extent do you think e-commerce will reshape competition in your industry?
Q (2017): To what extent has technology changed competition in your industry over the past 20 years?



Q: To what extent do you think the following areas will impact negatively on stakeholder trust levels in your industry in the next five years?



What's trust got to do with it?

Twenty years ago, trust wasn't on the CEO radar. When global CEOs were surveyed about this in 2002, only 12% thought public trust in the companies had greatly declined.

Today, it's a radically different story and the impact on CEOs has been significant: in 2013, 37% of global CEOs worried that lack of trust in business would harm their company's growth. This year, the number has jumped to 58%.

Trust, it appears, is slowly eroding in Serbia as well. In 2014, 24% of Serbia's CEOs were concerned about the lack of trust in business. That number has jumped to 36% last year and continued to grow, as 53% Serbian CEOs expressed their concerns this year.

How to regain trust?

CEOs are aiming to rebuild trust by doing a better job of meeting expectations placed on them. For example, they have changed their organisation's purpose in the last five years to take account of the broader impact they have on society. Furthermore, Serbian business leaders (81%) are well aware that today it is very important to have a strong corporate purpose that is reflected in the company's value, culture and behaviours.

In short, trust is an opportunity as much as it's a problem. CEOs that embrace the challenge to restore trust – not just with their customers, but also their employees and the wider public – may well find a point of sustainable competitive advantage.

Q: In the context of an increasingly digitised world, to what extent do you agree with the following statements?



81%

It's more important to have a strong corporate purpose, that's reflected in our values, culture and behaviours

93%



75%

How we manage people's data will differentiate us

64%



69%

It's more important to run our business in a way that accounts for wider stakeholder expectations

85%



64%

It's harder for business to gain and keep trust

69%

Agree/Agree strongly



Making globalisation work for all



67%

of Serbian CEOs believe that globalisation has helped to improve the ease of moving capital, people, goods and information

61%

feel that globalisation hasn't contributed to closing the gap between the rich and the poor

Barriers fell, but some problems persist

For the past two decades, CEOs have been largely positive about the impact of globalisation on their businesses and markets. But, by 2007, they were beginning to express reservations about the short-term effects on society. CEOs are still ambivalent today.

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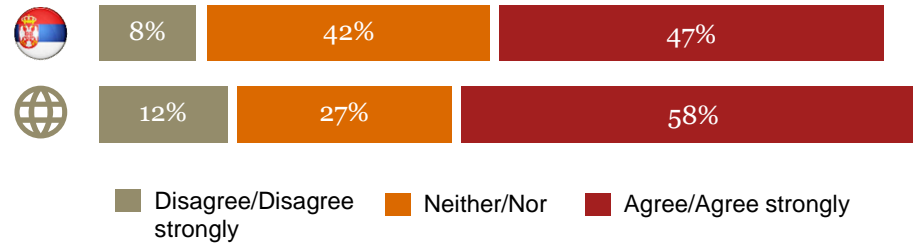
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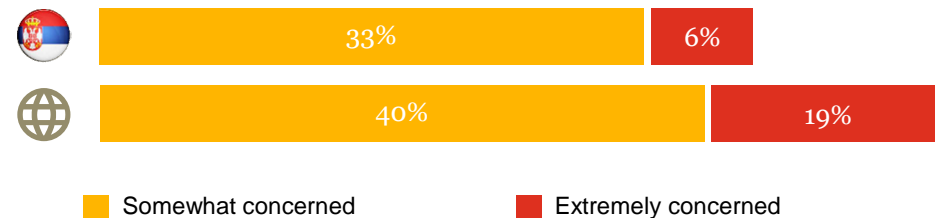
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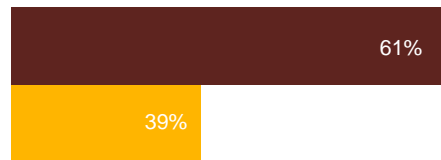
female

81%

male

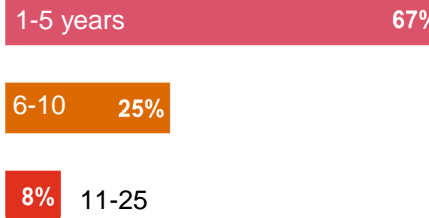


Ownership

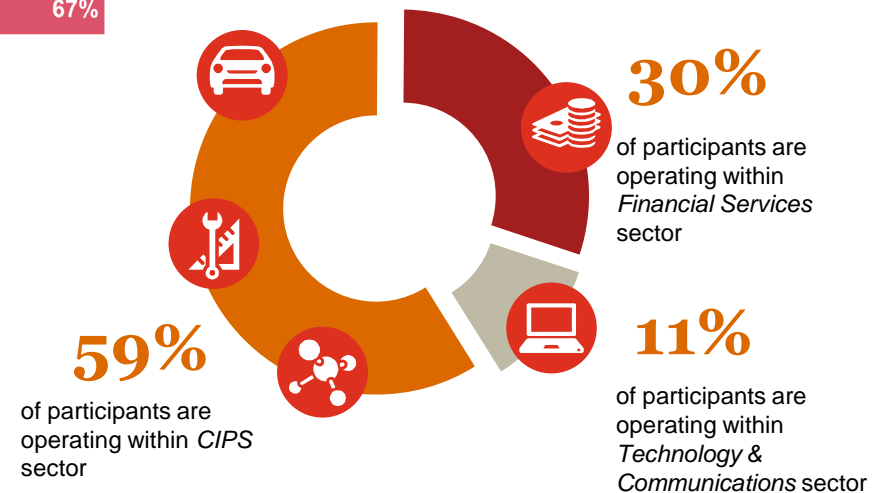


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