



23rd Annual CEO Survey - Serbian insights

Navigating the rising tide of uncertainty



Forging a path in today's new world

What is clouding the view from the top? In a word, uncertainty.

As PwC's 23rd Global CEO Survey shows, there is no shortage of factors inspiring uncertainty, whether those factors are structural, economic or technological. This presents a tough challenge for business leaders.

Serbian CEOs are feeling more uncertain about global economic growth and are increasingly concerned about the speed of technological change and availability of key skills. They are focused on upskilling their workforce and investing in their people to accelerate digital transformation, drive higher productivity and build a stronger culture within their organisation.

Conducted in September and October 2019, our survey focuses on insights from Serbian CEOs across industries in several top-of-mind areas, including economic growth, business threats, upskilling and climate change.

We would like to thank Serbian CEOs who took the time to share their thoughts and opinions with us.



Uncertainty weighs on growth

In the survey, CEOs express a record level of pessimism regarding the global economic outlook in 2020, with 53% projecting a decline in the rate of global economic growth, up sharply from 29% last year.

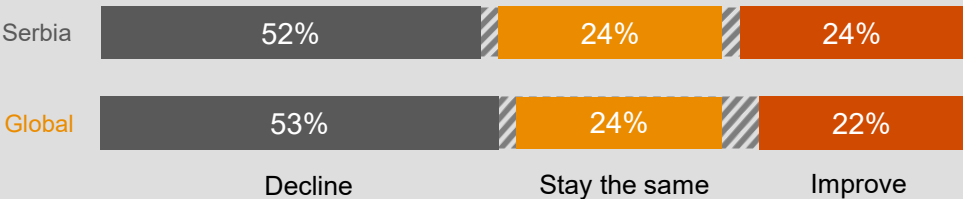
Since 2012, when we began asking about the prospects for growth in the coming year, the share of CEOs projecting a decline has never reached, much less surpassed, 50% (see the graphs on the right hand side). The number of CEOs who believe global economic growth will improve in 2020 dropped by a record share, from 42% to 22%.

Entering 2020, Serbian CEOs are more uncertain than ever. In 2019, 51% of Serbia’s CEOs expected global economic growth to improve, but this optimism dropped to 24% this year.

In fact, CEOs are the most negative they have been at any time in the past five years. This finding is compelling because the change in CEOs’ revenue confidence has proven to be a reliable indicator of both the direction and level of global GDP growth in the year ahead.

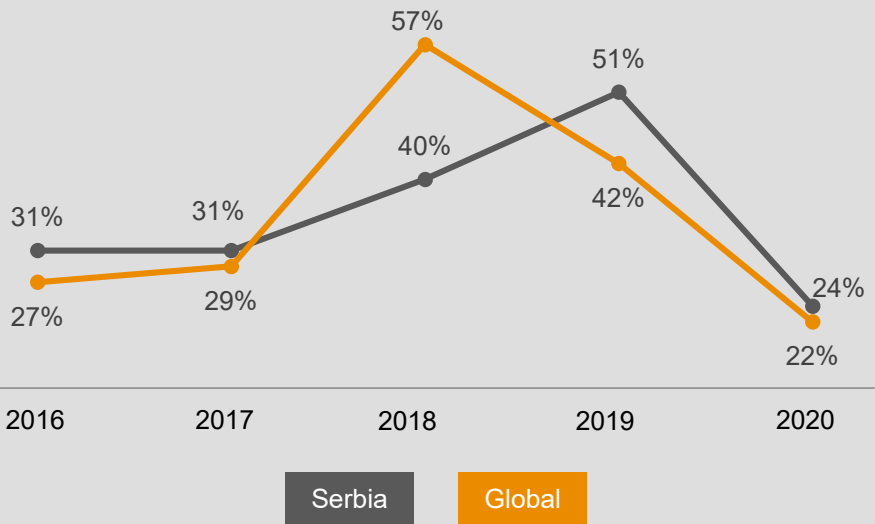
Prospects for global economic growth in 2020

Question: Do you believe global economic growth will ... over the next 12 months?



CEOs have shifted from record optimism to record pessimism

Five year overview of percentage of CEOs who believed global economic growth will **improve**





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What's happening in the economy, politics and our society today is important for all decision makers. When we look at megatrends and events like digitalisation, cyber attacks, trade wars – it is very hard to predict what's going to happen in years to come.

We live in an age of uncertainty, so it's not surprising that the global economy suffers.

Emmanuel Koenig
Country Managing Partner
PwC Serbia

Economic worry meets possibility

Serbian CEOs' confidence in their own organisation's short-term prospects is also slightly muted, with 82% expressing confidence in their company's prospects for revenue growth over the next 12 months, a decrease compared to last year (97%), and on the same level with CEOs in the SEE region (81%) and higher than CEOs globally (72%).

Their medium-term vision remains more or less unchanged: 76% are optimistic about their prospects for revenue growth in the next three years, compared to 80% in the SEE and 85% globally.

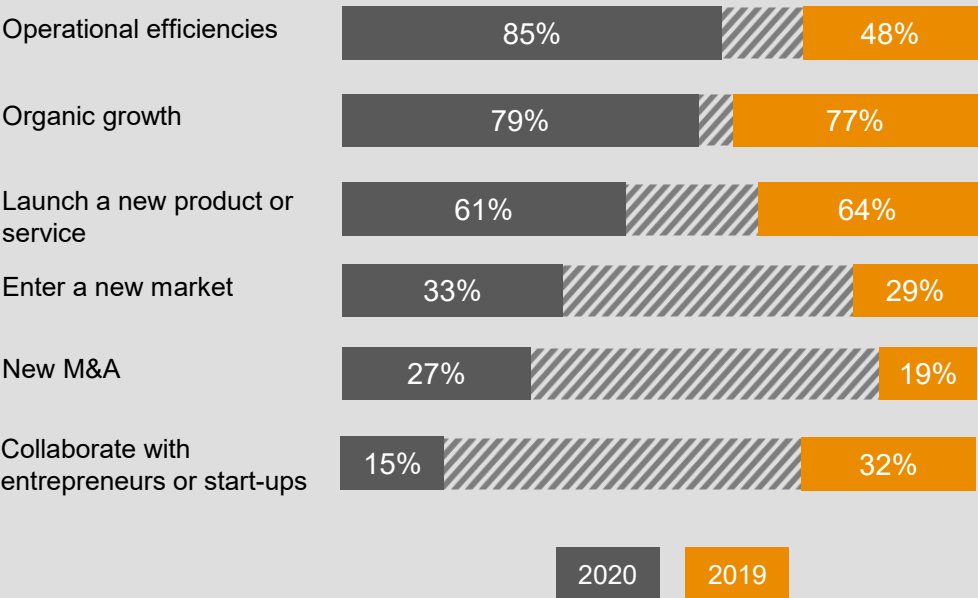
Practical cost-saving measures, such as increasing operational efficiency, are high on the priority list for Serbia's CEOs. Many are also exploring new opportunities for growth and expansion, both in terms of the products and services they offer and their international reach.

However, CEOs in Serbia are less likely to rely on new M&A opportunities and collaborate with entrepreneurs and startups in 2020.

42% of Serbian CEOs believe their company is slightly ahead compared to their competitive peers.

Key growth activities

Question: Which, if any, of these activities are you planning in the next 12 months to drive revenue growth?



Crossing uncharted territory

The general theme of uncertainty hindering progress moved to the fore in our survey's ranking of threats to organisations' growth prospects.



Threats are high

As in last year's results, speed of technological change (46% vs. 29% globally) and availability of key skills (42% vs. 32%) appear to weigh heavily on the minds of Serbian CEOs.

The other concerns registering prominently on local CEOs' radar are geopolitical uncertainty (36%), uncertain economic growth (34%) and policy uncertainty (33%).

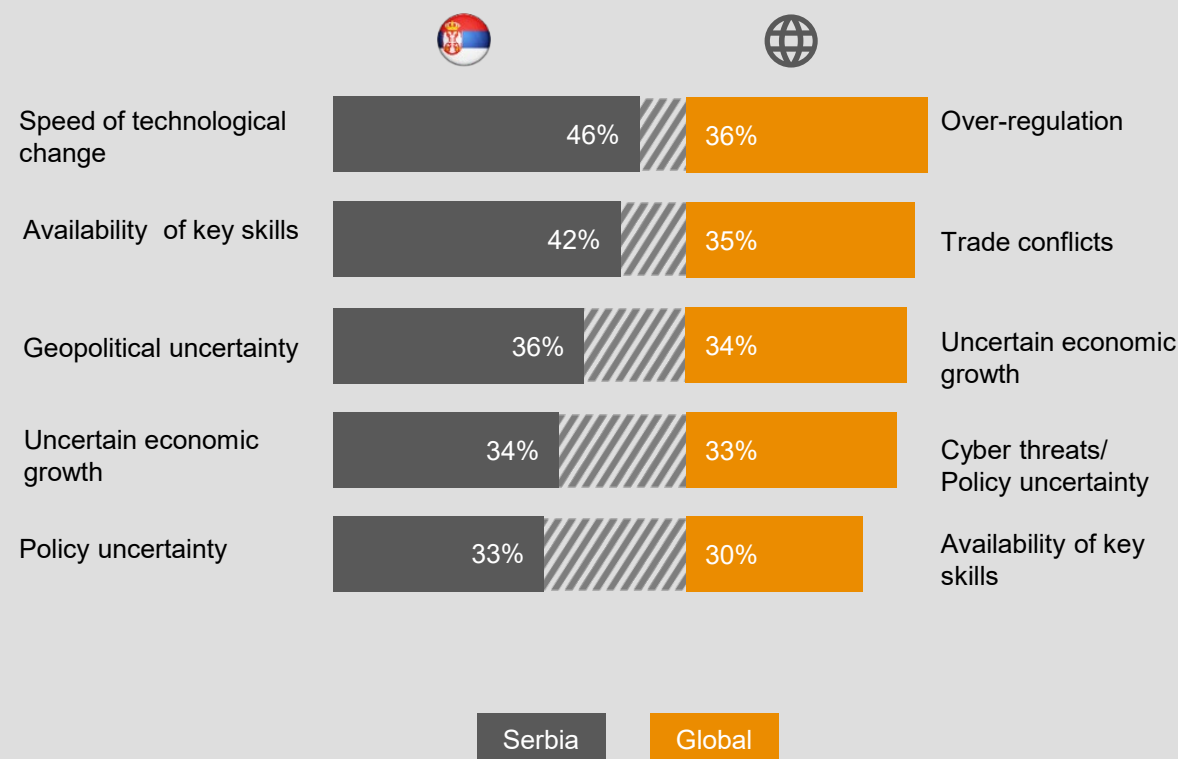
Beyond these top five threats, persistent challenges, such as over-regulation, trade conflicts and cyber threats (the global number one threat), also remain top-of-mind; similar percentages of CEOs as last year cited them as an 'extreme concern'.

“ Compared to their global counterparts, Serbian CEOs are much more concerned about immediate business threats on their doorstep including the pace of technological change, skills shortage and change in consumer behaviour. They are less concerned about economic and policy issues, which indicates that they are more focused to opportunities in the local market and in their own companies.

Biljana Bogovac
Partner, PwC Serbia

Top CEO concerns for 2020

Question: How concerned are you with each of these threats to your organisation's growth prospects? (respondents who answered **extremely concerned**)



New world. New skills.

The digital revolution requires a skills revolution. The skills revolution is about helping people build their digital awareness and skills to fully participate in the digital world — and it needs to start now.



To upskill or not to upskill is no longer the question

In last year’s survey, the majority of CEOs agreed that significant retraining/upskilling was the most important way to close a potential skills gap in their organisation. The business leaders told us that hiring talents is becoming more difficult. They feel it is driving up people costs more than expected, and impacting quality and innovation.

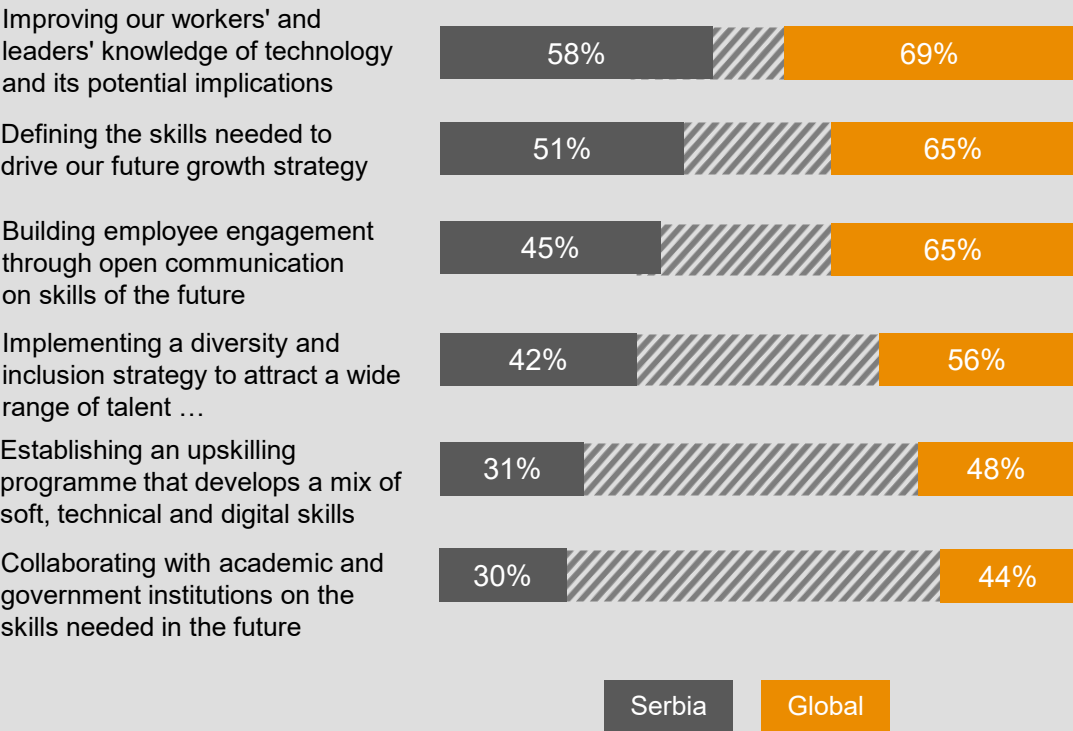
Although the number of respondents who expect to increase headcount in their organisations has significantly dropped - from last year’s 74% to 42%, a significant number of Serbian CEOs are determined to maintain the level of employment by investing their efforts to upskill their workforce. More than half of Serbian CEOs, and 69% globally, reported progress in the development of technical skills among employees and leaders as one of the steps in the upskilling process.

Of course, ‘upskilling’ can mean different things in different territories or industries. For the purposes of this survey, upskilling was defined as follows: “An organisation’s clear intent to develop its employees’ capabilities and employability, and to advance and progress their technical, soft and digital skills.”

45% of Serbian CEOs believe that significant retraining and upskilling programmes will help close a skills gap in their organisation

Assessing upskilling progress

Question: How much progress has your organisation made in the following areas related to upskilling? (respondents who indicated **moderate** or **significant progress**)



Our jobs are rapidly changing

Jobs are changing fast, and our society’s biggest challenge is the future of work and its effect on jobs. Serbian CEOs have started to take notice and lay the groundwork for their upskilling plans - but are concerned about their effectiveness and existing challenges.

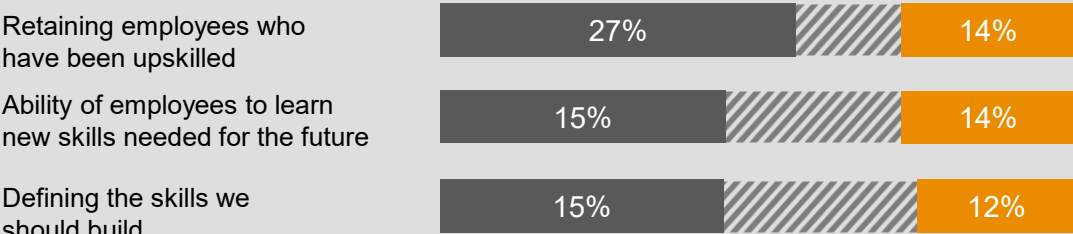
Looking at the key challenges affecting the development of upskilling programmes, Serbian CEOs have expressed concerns about retaining upskilled personnel. While this is understandable, to some extent, employers may well ask, “What if I spend money upskilling my employees, and they leave?” The reply is simple: What if you don’t, and they stay? To retain employees, companies must do more than go through the motions of upskilling; they need to give their talent the opportunity to do ‘good work’.

But there’s good news. Employers that have made progress in upskilling are achieving better business outcomes, including a stronger corporate culture, higher workforce productivity, greater business growth, improved talent acquisition and retention, greater innovation, and reduced skills gaps and mismatches.

As major benefits of upskilling they noted stronger corporate culture (88%), higher productivity (88%) and business growth (85%).

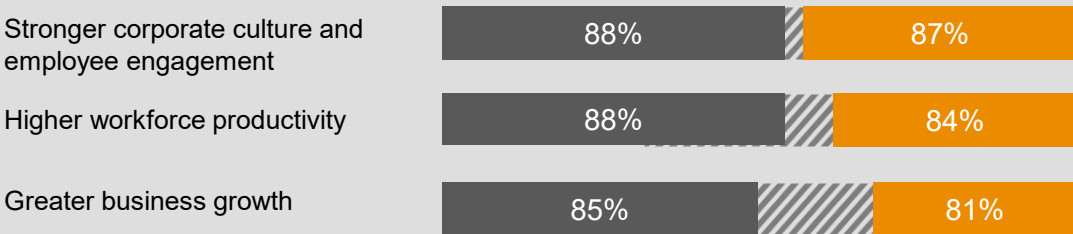
Greatest upskilling challenges

Question: Please rank the three greatest challenges your organisation currently faces in its upskilling efforts



Upskilling programmes effectiveness

Question: How effective are your upskilling programmes in achieving the following outcomes?.



Serbia Global

Facts mixed with questions

Today, there's a consensus that climate change is real and tied to human activity and emissions. Sustainability is becoming critical to how a company is judged by its customers, workers, society, investors and the government.



Climate change, not yet a priority

As a group, CEOs are more acutely aware of the threat climate change poses to their business and believe how they respond will shape their reputation. In fact, three quarters (70%) of Serbian CEOs believe their response to climate change can provide a reputational advantage for their business and half (52%) believe finding solutions to the climate crisis presents a significant business opportunity.

Even though CEOs are far more likely to see the benefits of 'going green', their actions are not in sync.

With regards to making an initial analysis of the potential risks of future climate events, just nine percent have analysed physical risks such as infrastructure damage and only 24% have analysed the risks related to the transition to a greener economy, such as changing CO₂ emission standards and technological shifts. This is on par with their European counterparts - seven percent and 11% analysed physical risks and transition risks, respectively.

When asked about possible solutions, almost 40% believe there's no sufficient cooperation between governments and companies to effectively limit the risk of climate change.

21% of Serbian CEOs expressed extreme concern about the effects of climate change

Recognising benefits of 'going green'

Question: How strongly do you agree or disagree with the following statements regarding climate change? ((respondents who answered **agree/strongly agree**)



Methodology

PwC conducted 1,581 interviews with CEOs in 83 countries between September and October 2019. Our sample is weighted by national GDP to ensure that CEOs' views are fairly represented across all major regions. 7% of the interviews were conducted by telephone, 88% online, and 5% by post or face-to-face. All quantitative interviews were conducted on a confidential basis. 46% of companies had revenues of \$1 billion or more; 35% of companies had revenues between \$100 million and \$1 billion; 15% of companies had revenues of up to \$100 million; 55% of companies were privately owned.

Not all figures add up to 100% as a result of rounding percentages and excluding 'neither/nor' and 'don't know' responses from exhibits.

Contacts

You can the results and interpretation of the 23rd Annual Global CEO Survey by PwC Global at: www.ceosurvey.pwc

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