

Kosovo CEO Survey as part of PwC's
26th Annual Global CEO Survey

Winning today's race while running tomorrow's

March 2023



Foreword



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As part of the 26th Annual Global CEO Survey, during October and November, 2022 we surveyed local and international business leaders whose companies operate in Kosovo.

A special thank you goes to all respondents this year, who have contributed by sharing their thoughts, experience and concerns. We really value your opinion and input to this survey.

We are thrilled to note the CEO Survey has become now a tradition for the Business Agenda in Kosovo where we share valuable insights regarding the business environment in the years ahead.

During the analysis phase of the survey, the following remarks and trends prevailed on predicting the business environment in the years ahead:

- 63% of Kosovo CEOs believe that the global economy will decline in the next 12 months. The pessimistic view of CEOs in Kosovo for the growth of the global economy is also reflected in their own company's growth prospects.
- 30% believe that inflation is the top concern in the next 12 months, followed by geopolitical conflict, cyber risk and macroeconomic volatility.
- In Kosovo, 40% are diversifying product/service offering, 38% raising prices and 28% finding alternative suppliers — but most don't plan to reduce the workforce.
- 45% of CEOs of Kosovo don't think their companies will be economically viable a decade from now if they continue on their current path.
- In Kosovo, 75% of business leaders are planning to invest more in upskilling their workforce, 70% to invest more in automation of processes and systems and 50% at deploying technology (cloud, AI and other advanced tech).
- 53% of CEOs in our country are considering diversifying product/service offerings in response to geopolitical conflict.
- CEOs want to spend less time on operations, more time reinventing their business.

I invite you to read this report and make best use of it as a source of inspiration when putting into life your strategies, vision and objectives of your business.

Our values help us work towards our purpose of building trust in society and solving important problems. At PwC, we aim to provide you with useful solutions that will enable you to address key issues and achieve long-term success.

This year's survey results in brief

This year's survey was conducted during October and November 2022, where on a global level 4,410 CEOs responded to PwC's 26th Annual CEO Survey. Unlike last year, there is a pessimistic view for global economic growth, in terms of global CEOs and Kosovo CEOs. Forty percent of global CEOs think their organization will no longer be economically viable in ten years' time if it continues its current course.

On a regional level, the war in Ukraine has put the global spotlight on Central and Eastern Europe. From Germany's eastern border to the frontier of China, CEOs throughout the region are dealing with the fallout from the conflict, which is also driving uncertainty around the world. Kosovo's executives must seize this opportunity to transform their organizations, meeting challenges including geopolitical threats, rampant inflation and economic instability.

Like their peers elsewhere, CEOs in Kosovo are pessimistic about the prospects for the global economy, the survey finds. Similarly, they're bearish on the outlook for their own national economies. The good news? Executives are more optimistic about their companies' own prospects. They see the need for change – and they're also thinking about the steps they need to get there.

This is an optimistic sign that executives are finding ways to leverage the current crisis for their companies' long-term benefit. As leaders seek to transform their organizations, we believe the data in this survey can be a powerful tool for them, highlighting priority areas for change and helping them chart a course of action.

The data we'll present shows Kosovo's CEO responses to the Survey questions and in some relevant instances, a comparison to the responses of Central and Eastern Europe and Global CEOs. By making the questions explicit, we hope to help leaders zero in on their biggest possibilities and vulnerabilities. The dual imperative facing today's CEO is a challenge of the first order, but it's also an opportunity to lead with purpose and help business play the role needed so desperately by society—a catalyst of innovation and a community of solvers that plays for the long haul.

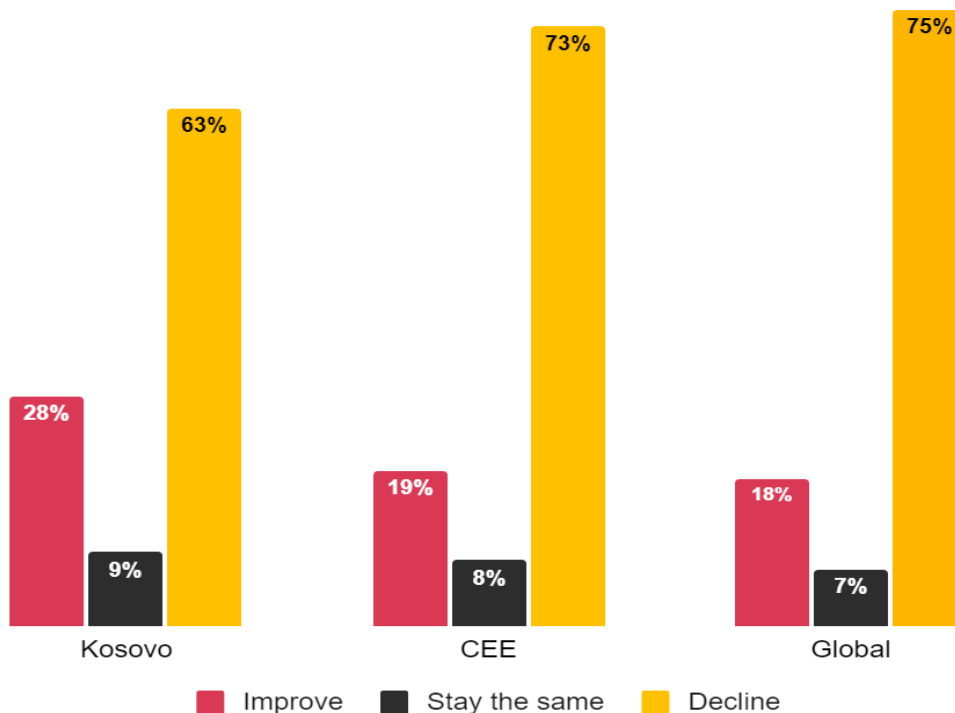
View of Tomorrow

Economic Growth

CEOs are justifiably pessimistic about global economic growth in the year ahead

The biggest near-term challenge facing CEOs, of course, is the state of the global economy. Not surprisingly, nearly three-quarters of CEOs responding to this year's survey project that global economic growth will decline over the next 12 months. These expectations represent a sharp reversal from last year¹, when 65% in the country and 69% around the region foresaw an improvement. Last year's optimism, driven by the waning of the global pandemic, was dashed in 2022 by shocks such as Russia's invasion of Ukraine, surging energy, and commodity prices, and accelerating general wage and price inflation.

Question: How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months in the global economy?



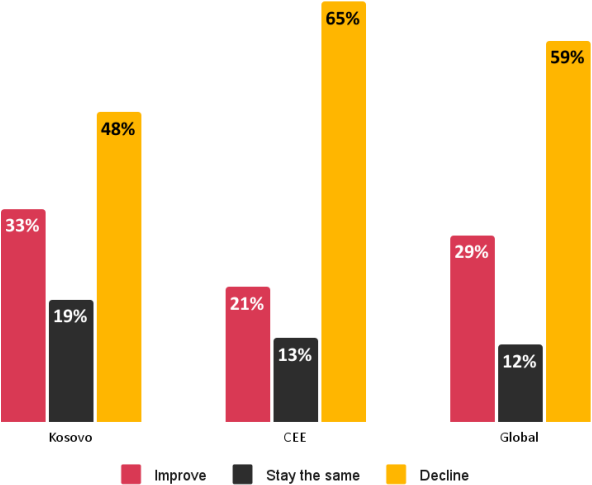
*The line chart shows the response rate for the **improvement option** for the global economy through the years*

¹ PwC's 25th Annual Global CEO Survey - Kosovo Findings - [link](#)

Kosovo executives are slightly less pessimistic about their own country or territory's economy: 48% believe economic growth will slow.

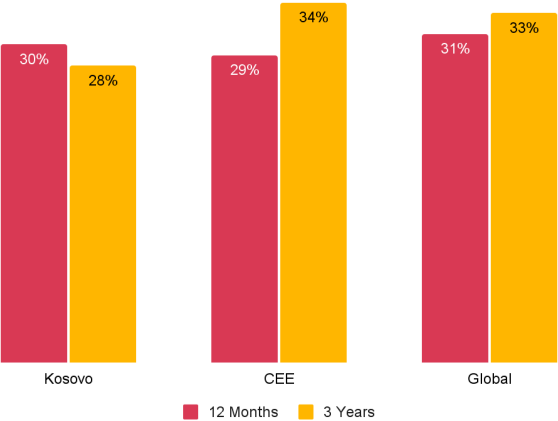
Question: How do you believe economic growth (i.e., gross domestic product) will change at your country territory, if at all, over the next 12 months:

Close to half of executives in Kosovo think that economic growth will decline over the next 12 months in Kosovo



The pessimistic view of Kosovo’s CEOs for the growth of the global economy is also reflected in their own company’s growth prospects in the short term (next 12 months) and long term (next 3 years). Over the next 12 months, only 30% of CEOs indicated that they were “very confident” for revenue growth, down from 83% last year². The percentage was not much different in the 3 year frame, with 28% of CEOs being “very confident” towards revenue growth in this time-frame as well.

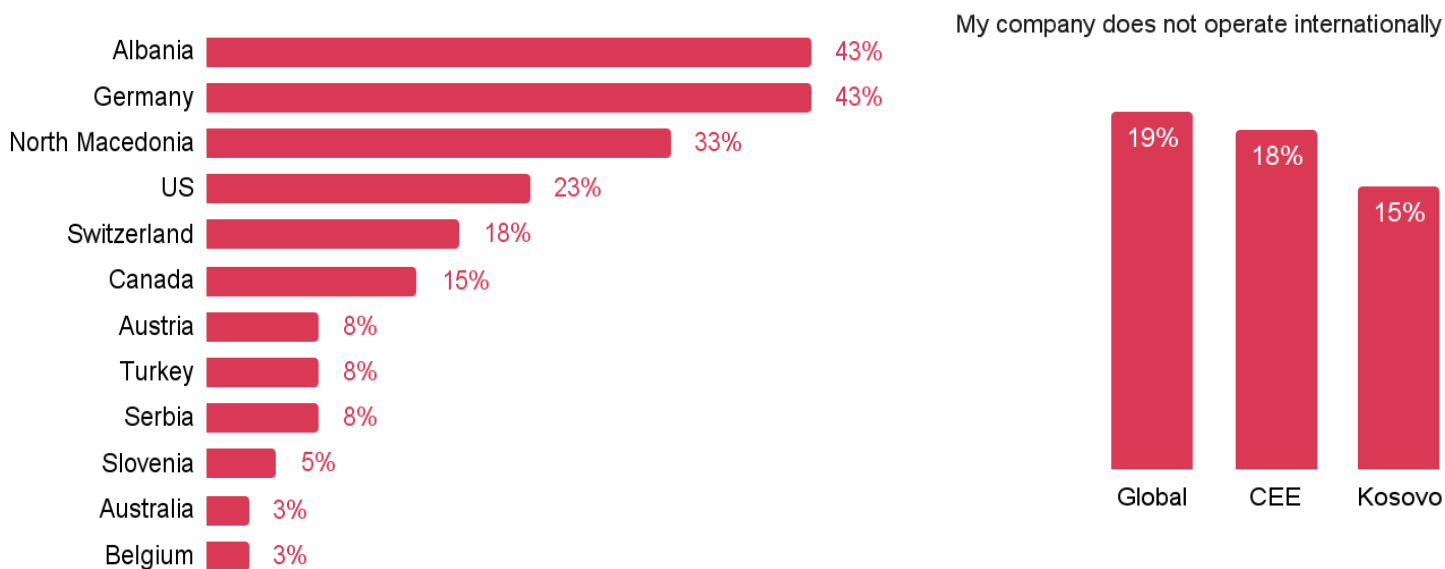
Question: How confident are you about your company’s prospects for revenue growth over the next 12 months / 3 years?



² PwC’s 25th Annual Global CEO Survey - Kosovo Findings - [link](#)

When it comes to seeking expansion opportunities abroad, not surprisingly Kosovo’s leaders are looking closer to home than before. The shock of the pandemic and the ongoing geopolitical turmoil mean companies around the world are seeking ways to nearshore their business relationships, shortening, and strengthening supply chains, and companies in our country are no different.

Question: Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company’s prospects for revenue growth over the next 12 months?



43% of Kosovo’s CEOs seem to view that Albania is a country with geographical and cultural proximity, considered to be very important for their companies’ revenue prospects over the next 12 months. Similarly, another 43% of Kosovo’s CEOs believe Germany has the same importance and impact to them.

Compared to last year³ Kosovo CEOs have increased their international operations by 2%. This indicates that CEOs are understanding the importance of collaboration with external markets and the direct impact that it has on a company’s prospects for revenue growth.

³ PwC’s 25th Annual Global CEO Survey - Kosovo Findings - [link](#)

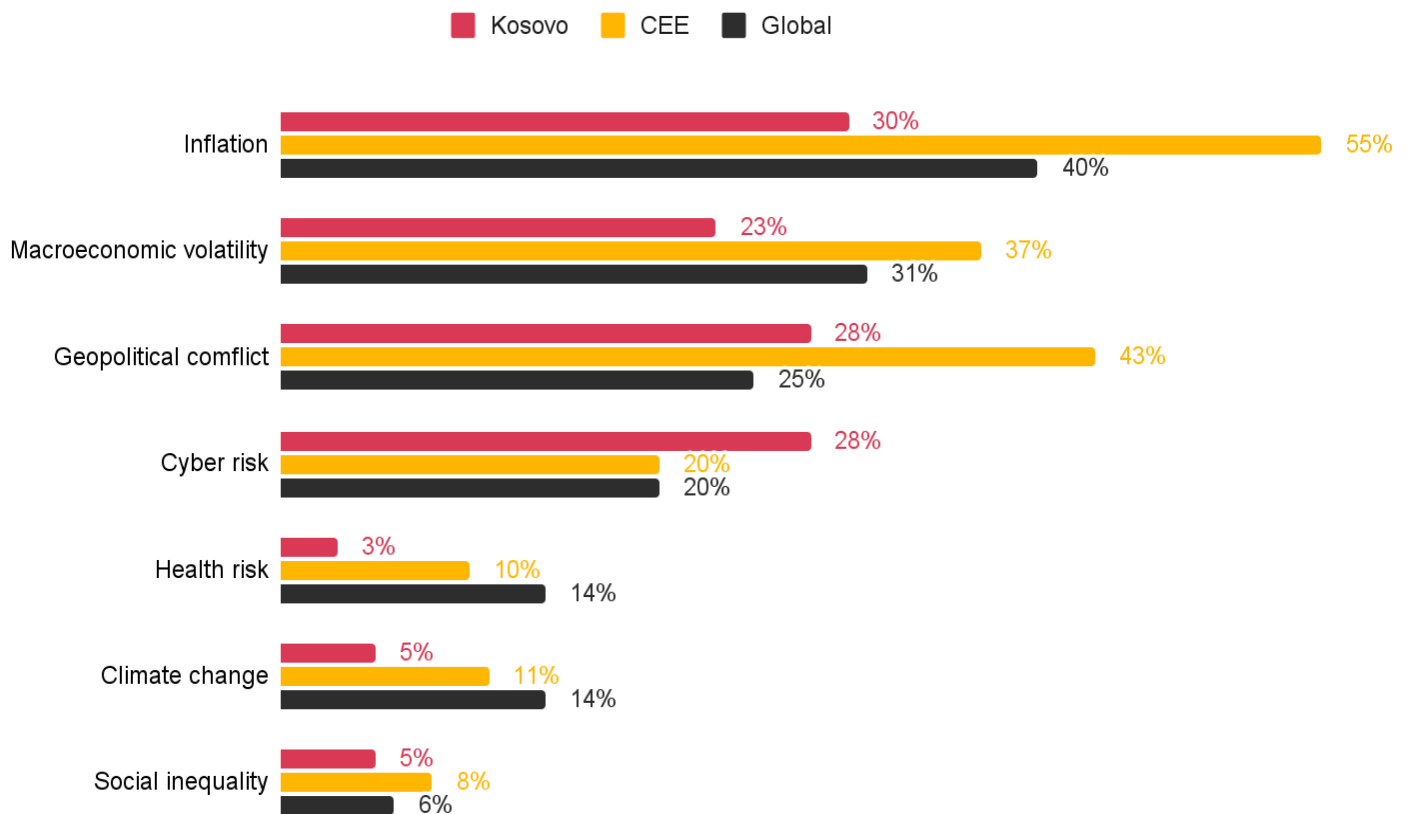
Today's Threats

Inflation: The Top Concern

Inflation is the top concern in the next 12 months, with geopolitical conflict the biggest worry over the next five years

From the responses of Kosovo CEOs, while the danger from the war, captured in the category of geopolitical conflict, is certainly real (28%), Kosovo CEOs predict threats from inflation (30%) and cyber risk (28%) over the course of the next 12 months. All of these are immediate issues that can reinforce and compound each other.

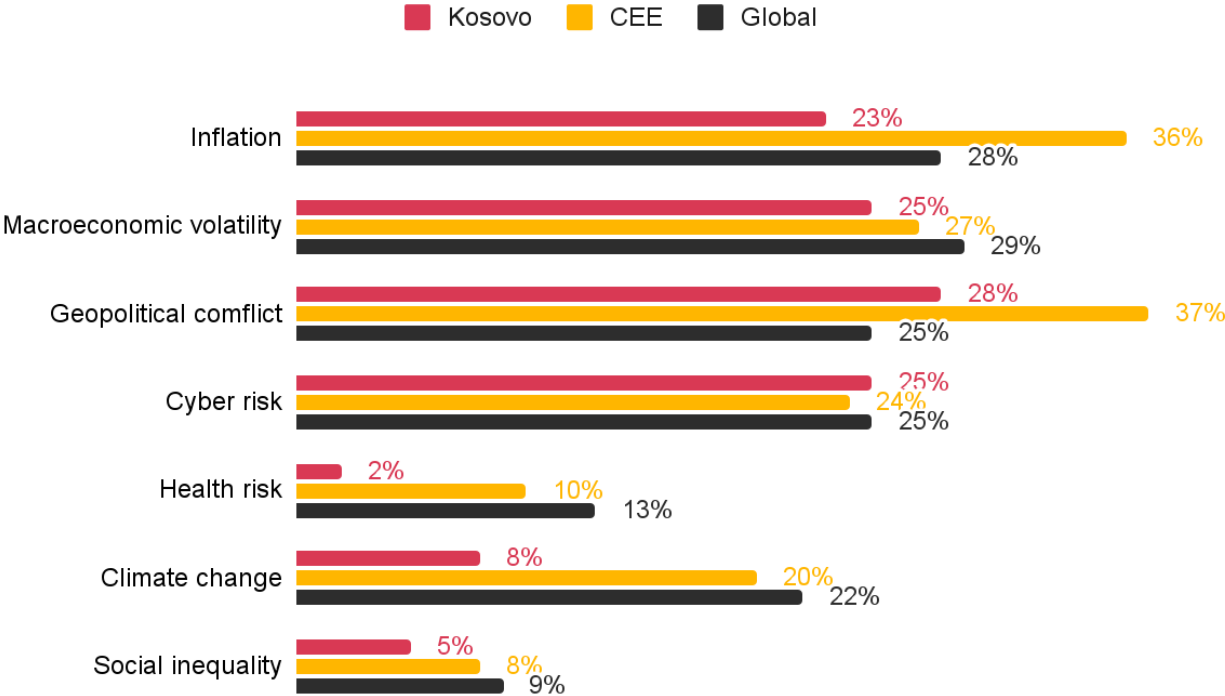
Question: How exposed do you believe your company will be to the following key threats in the next 12 months?



Showing only Extremely/Highly exposed respondents

For the next 5 years, Kosovo’s leaders claim that geopolitical conflict, cyber risk, macroeconomic volatility and inflation to be the main threats and fears of business growth. These factors are the same main elements of concern for CEE and Global CEOs. The next row of threats that businesses in Kosovo believe to be exposed are climate change, social inequality and health risks, in respective order.

Question: How exposed do you believe your company will be to the following key threats in the next 5 years?



Showing only Extremely/Highly exposed respondents

Mobilize the C-suite. CEOs have a crucial role to play in overcoming cyber issues, from publicly expressing their dedication to cybersecurity to utilizing their power to promote major reforms and forging an effective front against cyberattacks. According to the latest PwC’s research on Digital Trust Insights⁴ a critical contributor to cybersecurity improvements at leading companies was C-suite collaboration to make the most of sustained, cumulative investments in risk mitigation.

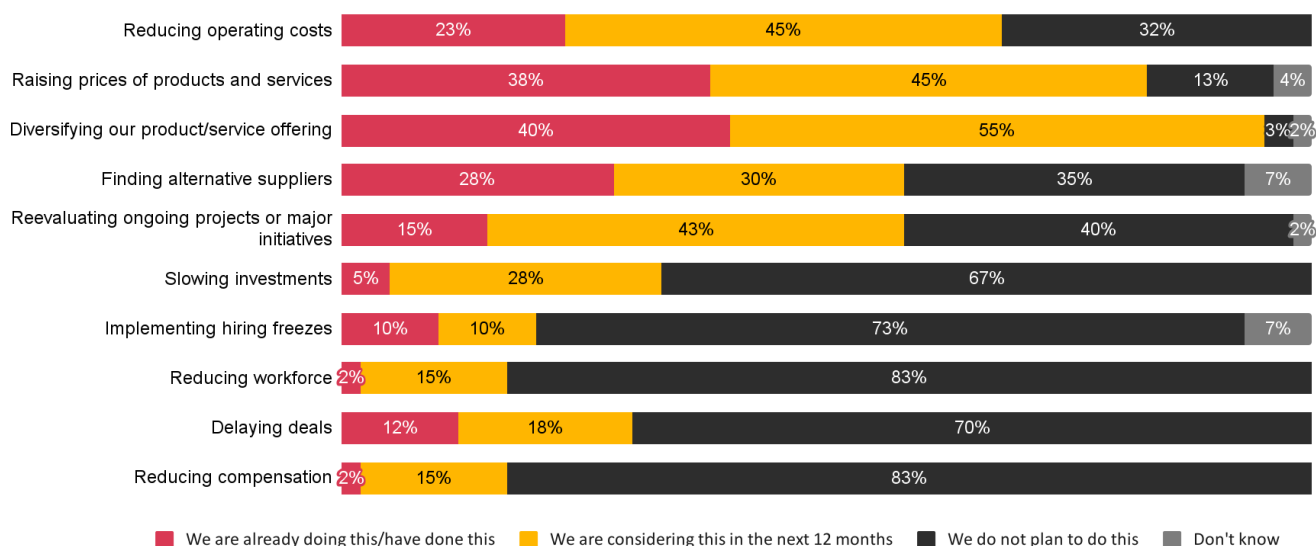
⁴ November 2022, PwC US, <https://www.pwc.com/dti>

Taking Action against Economic Challenges

In Kosovo, CEOs are diversifying their product/service offering and raising prices of products/services

In response to near-term economic challenges, CEOs in Kosovo are ready to face them by diversifying their product/service offerings (40%), and raising prices of products/services as their main counter-strategies (38%). Reducing operating costs (23%) and finding alternative suppliers (28%) are the next strategies of choice to mitigate against these potential economic challenges and volatility in the next 12 months. 15% of Kosovo CEOs are reevaluating ongoing projects or major initiatives to mitigate the risk against potential economic challenges. Just 10% are implementing hiring freezes, only 2% are reducing the size of their workforce and 2% are reducing compensation. Both in CEE and globally, the shock of the Great Resignation and the ongoing need to attract and retain talent are shaping the response to macroeconomic challenges.

Question: What actions, if any, is your company considering to mitigate against potential economic challenges and volatility in the next 12 months?



(Showing only 'very concerned' and 'extremely concerned' responses)

Need for Transformation

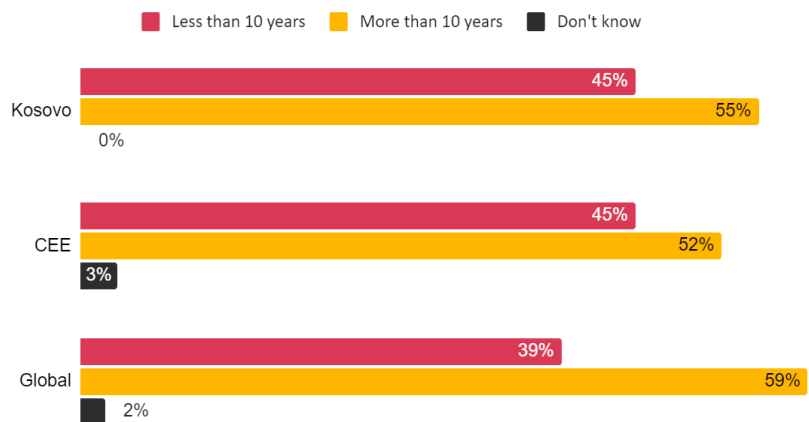
Kosovo's continuing war for talent

Labour and skills shortages seen as top long-term challenge to profitability

CEE and Kosovo's CEOs have a keen awareness of the potential for disruption ahead: 45% in Kosovo, and 45% in the region, don't think their companies will be economically viable a decade from now if they continue on their current path. Business leaders are conscious that the threats they face are existential – and they're taking action accordingly.

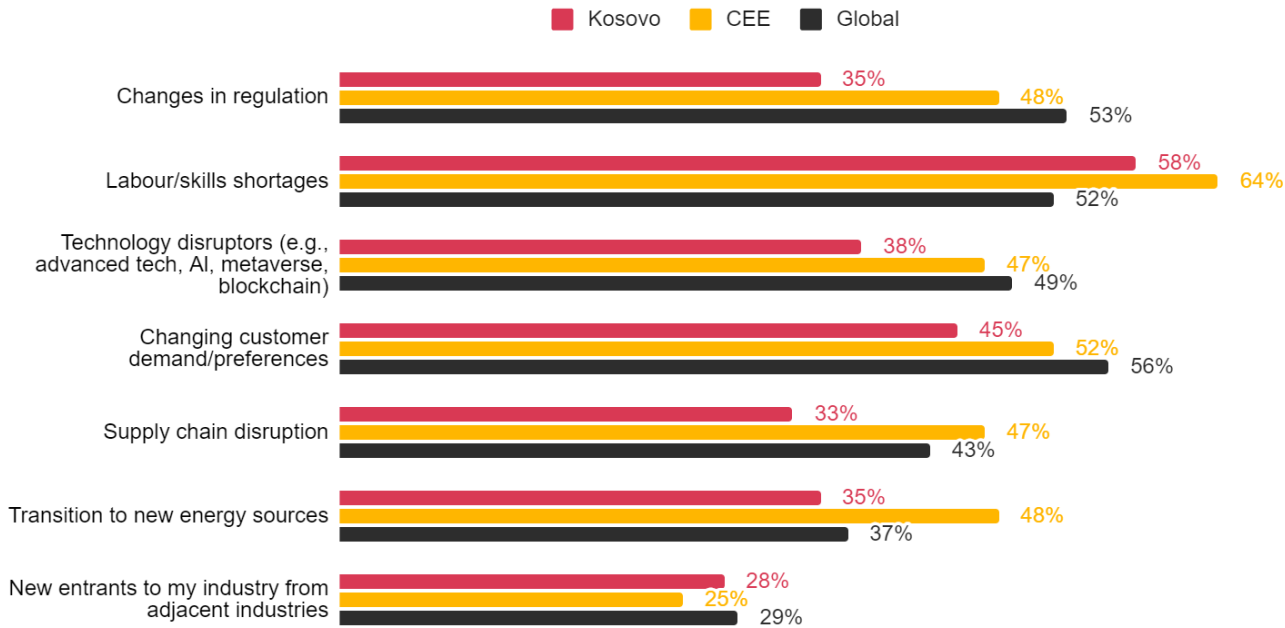
Question: If your company continues running on its current path, for how long do you think your business will be economically viable?

45% of Kosovo's CEOs don't think their companies will be economically viable a decade from now if they continue on their current path



Chief among threats to their businesses, for leaders in our region and our country, are potential shortages of labor and skills – part of the ongoing global war for talent that has been evident in CEO surveys for several years now. When asked about the forces most likely to impact their industry's profitability over the next ten years, about half or more of surveyed Kosovo's CEOs cited that labor skills or shortages may be a huge force that would impact their profitability. The labor and skills shortage are highly impacted by the emigration from Kosovo. As many as 64% of regional CEOs cited skills shortages as impacting them "to a large/very large extent", well above the 52% global rate. Other threats include change in customer demand (Kosovo: 45%, global: 56%), technology disruptors (Kosovo: 38%, global: 49%), transition to new energy sources (Kosovo: 35%, global: 37%) and changes in regulations (Kosovo: 35%, global: 53%).

Question: To what extent do you believe the following will impact (i.e., either increase or decrease) profitability in your industry over the next 10 years?

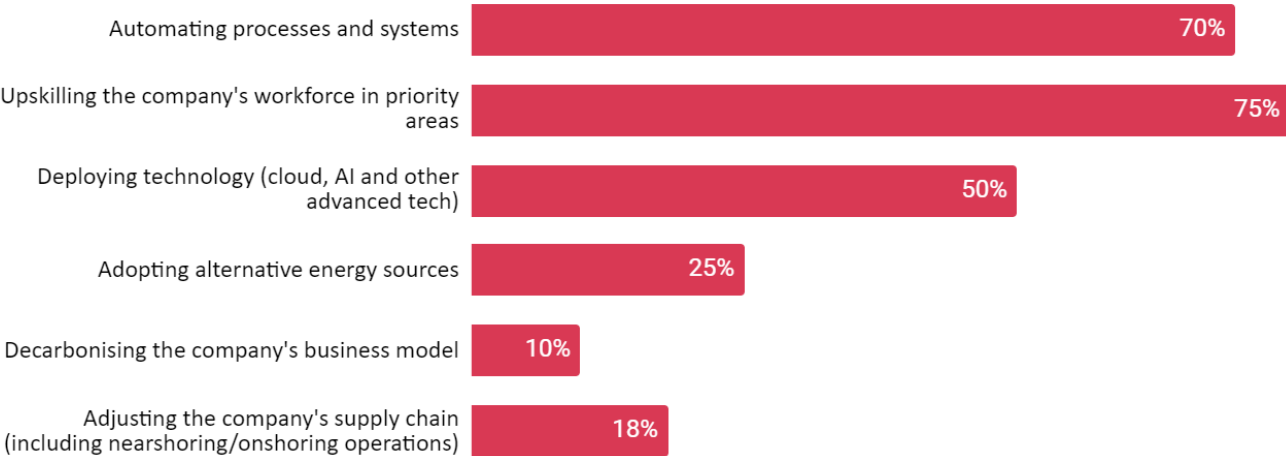


(Showing only 'to a large extent' and 'to a very large extent' responses)

Underlying these figures, we believe, is consciousness among today’s leaders that we are living through extraordinary times, with five broad megatrends—climate change, technological disruption, demographic shifts, a fracturing world, and social instability—reshaping the business environment. Although none of these forces is new, their scope, impact and interdependence are growing in our country, with varied magnitude across industries.

To respond effectively to these challenges, CEOs are building resilience today. Technology- and reinvention-oriented investments loom large for many global and CEE CEOs. In Kosovo, business leaders are planning to invest more in the next 12 months in upskilling their workforce at 75%, automating processes and systems at 70%, deploying technology (cloud, AI and other advanced tech) at 50%, and then adopting alternative energy sources at 25% - as the main points of focus, among others.

Question: Which of the following investments, if any, is your company making in the next 12 months?



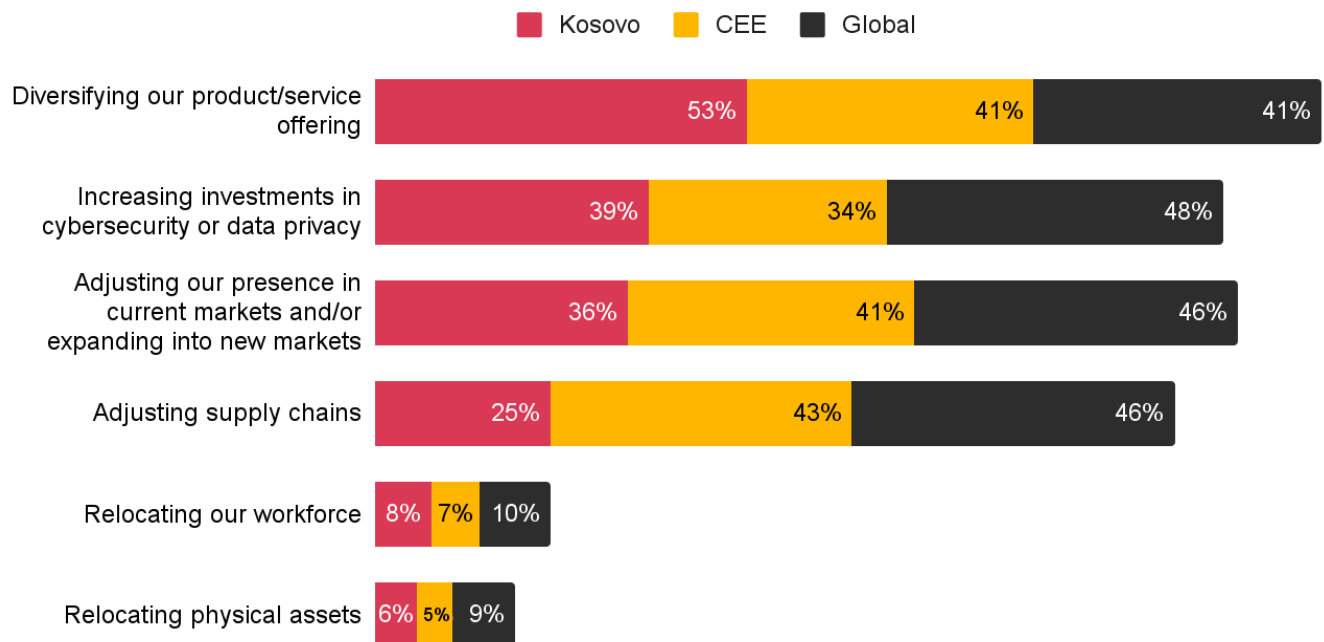
Cyber Investment

CEOs in our region may need to further increase cyber investments in response to geopolitical conflict

The digital transformation of the global economy has changed cybersecurity. The COVID-19 pandemic forced many companies to shift to remote work and online sales, which propelled the adoption of new tools and technologies. As a result, digital transformation shifted from a long-term agenda item to the most urgent one. Yet leaders have to bear in mind that it's easy for important business technology investments to inadvertently create cyber vulnerabilities.

When asked on the actions their company is considering as it comes to mitigating against exposure to geopolitical conflict in the next 12 months, Kosovo CEOs rank increasing investments in cybersecurity or data privacy (39%) as second, after diversifying their product/service offerings (53%).

Question: Which of the following actions, if any, is your company considering to mitigate against exposure to geopolitical conflict in the next 12 months?



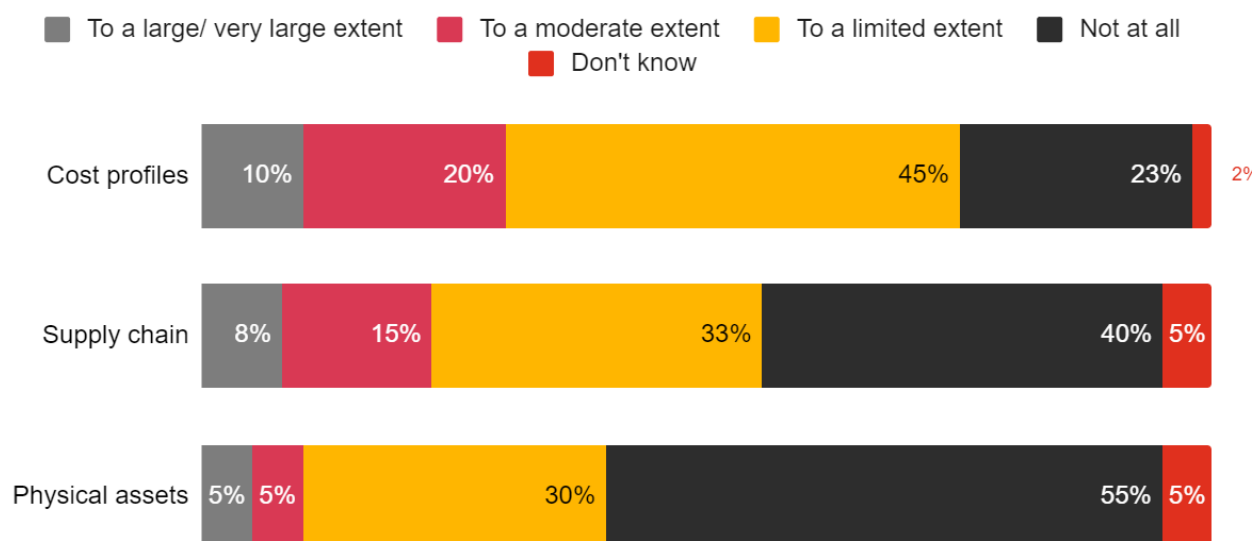
Please note: Only asked those respondents who stated that they were at least "Slightly exposed" at Q3.

Climate Risks

Managing climate risks is a growing priority for businesses – both globally and in CEE

Taking actions against climate change is extremely important because it impacts different business areas. The majority of Kosovo's CEOs expect some degree of impact from climate change in the next 12 months. Primarily they are concerned about the cost profiles (where 30% expect a moderate, large, or very large impact) and their supply chain (where 23% expect a moderate, large, or very large impact). Around 10% are worried about climate-related damage to their physical assets.

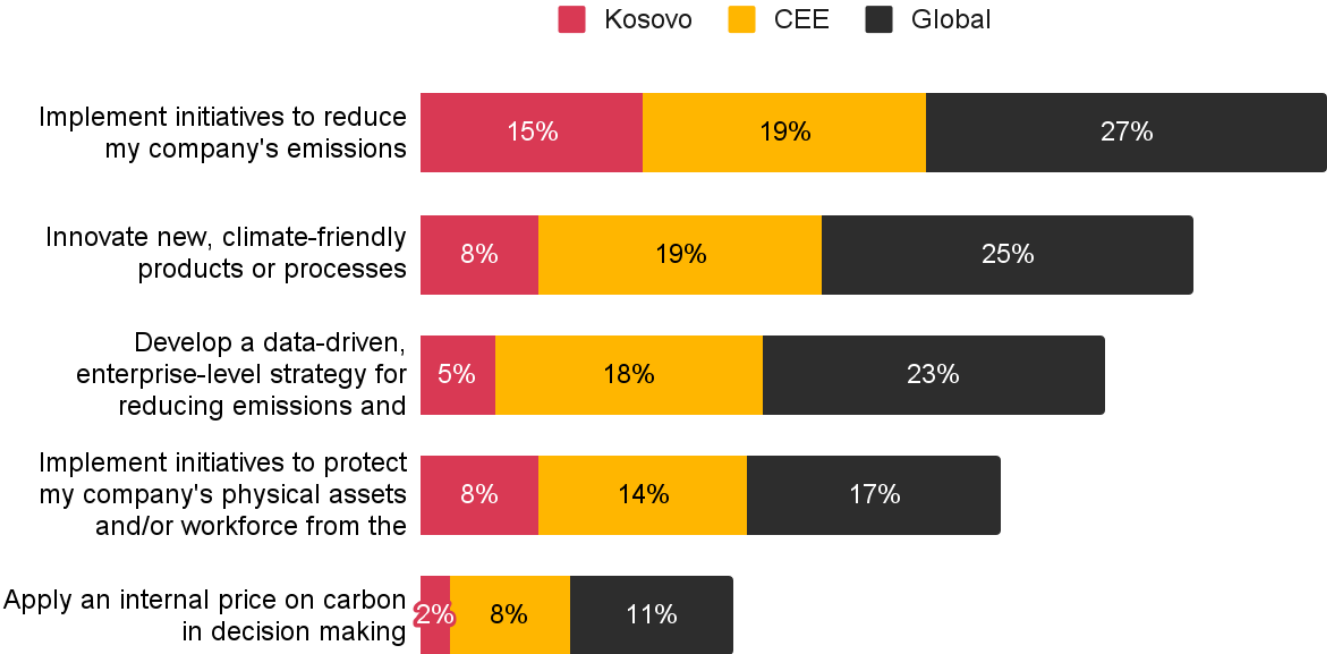
Question: To what extent do you expect the following areas of your business to be impacted by climate risk in the next 12 months?



Despite the risk of climate change growing day by day, local companies are not completely into taking the proper initiatives at the right time to prevent the consequences. Moving at the right pace and with the right priorities to mitigate climate risks, generate opportunities and decarbonise is an enormous strategic challenge. Climate change is affecting business in daily and long term as we mentioned above. These impacts are localized, and the way they impact your business will vary

depending on your industry, location, and vulnerability (such as what your business facilities are made from, and the services it depends on). On a global level many companies are trying to decarbonise, innovate and craft climate strategy in parallel. The question then is whether leaders in our country are correct in moving more slowly than their global peers to address climate challenges.

Question: Below is a list of actions companies may undertake to prepare for the risk of climate change. Which statement best characterizes your company’s level of progress on these actions?



Showing only "Completed" responses rate

15% of Kosovo business leaders claim that they are ready to implement initiatives to reduce their companies’ emissions, with 19% of CEE CEOs stating so, and 27% of Global CEOs. 8% of Kosovo’s CEOs state that they are innovating new, climate-friendly products or processes, and another 8% of Kosovo’s business leaders are ready to implement such initiatives with the purpose of protecting their companies’ physical assets and/or workforce.

Ecosystem and Workforce

CEOs Time

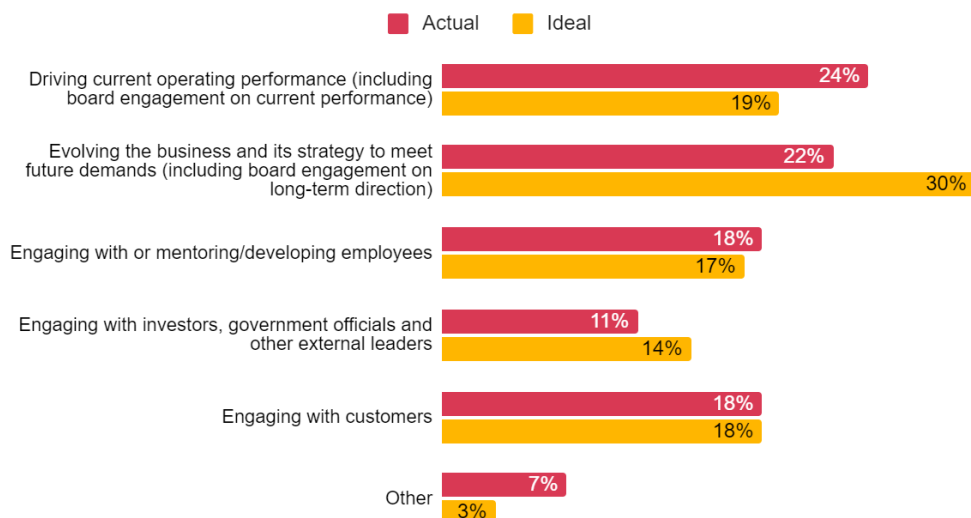
CEOs want to spend less time on operations, more time reinventing their business

We asked CEOs how they divide their time among a range of priorities, including driving current operating performance; adapting the business for the future; spending time with customers; engaging with employees; and interacting with investors, the board, and other external stakeholders. Driving current operating performance (including board engagement on current performance) consumed the biggest share of CEOs' time. If they could redesign their schedules, they told us, they would spend more time evolving the business and its strategy to meet future demands (including board engagement in long-term direction).

The results indicate how the challenges of today's business environment demand that CEOs keep their hands firmly on the wheel, giving them less time for less immediate considerations. This highlights how business transformation is important not only for companies to survive after the next 10 years, but also for reimagining the role of the CEO: creating organizations whose top leaders are freed up from day-to-day challenges.

Question (actual): During your work time, on average, what percentage of time do you spend on each of the following?

Question (ideal): Knowing what you know now, if you could start over with a blank calendar, how would you allocate your time as CEO?



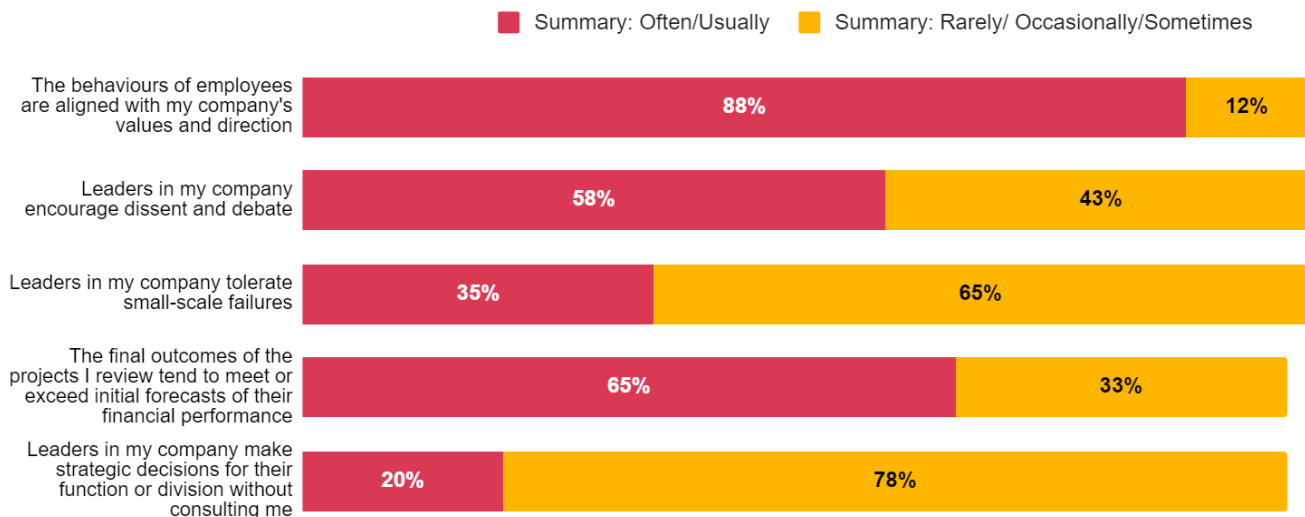
Empowering People

CEOs need to empower their people to deliver on today's business – to free up time to focus on the future

Engaged, empowered organizations move faster, innovate more readily, and collaborate more effectively to get things done. For CEOs hoping to enjoy such benefits, this year's survey suggests some warning signs, as well as areas of opportunity.

88% of CEOs in Kosovo from this survey claim that often/usually the behaviors of their employees are in harmony with the values and direction of the company. On the other hand, 58% of CEOs in Kosovo claim that leaders in their company encourage dissent and debate on a frequent basis, with 35% of leaders tolerating small-scale failures and only 20% of CEOs stating that strategic decisions of their function or division come often/usually as a result of their company's leaders not consulting with the CEO.

Question: For each of the statements below, please indicate how frequently these occur in your company.

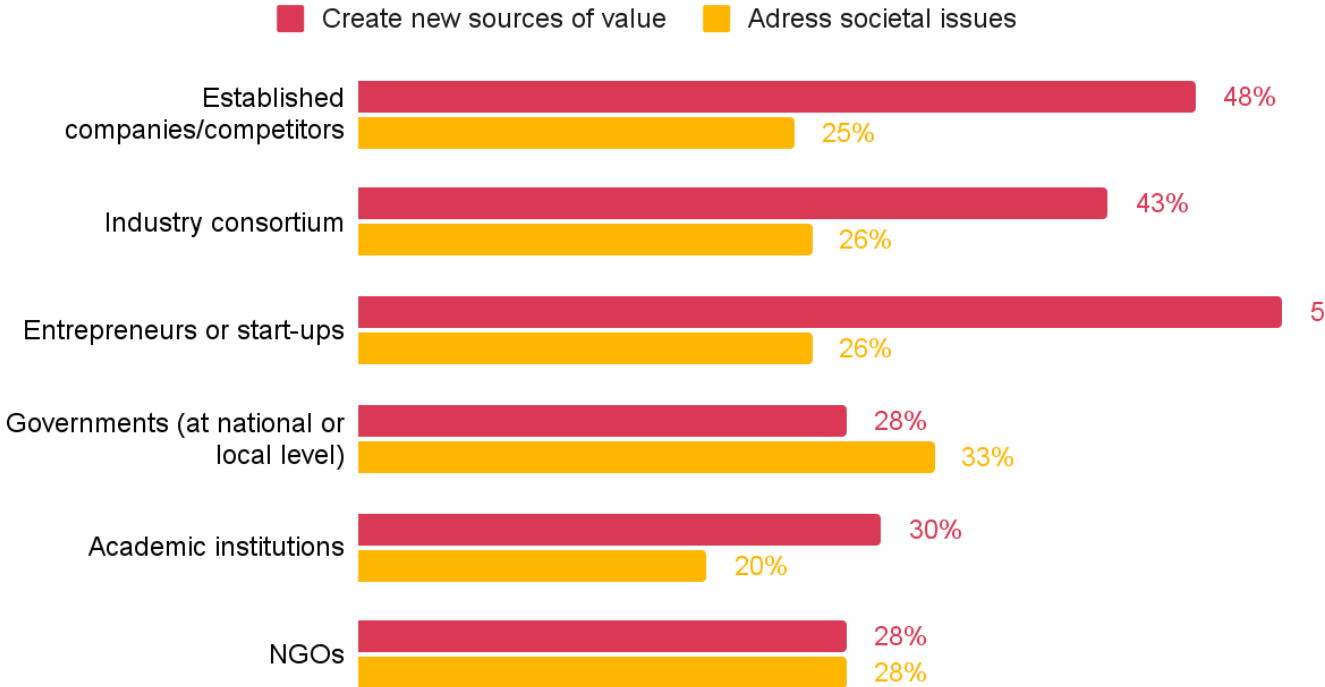


The diversity and complexity of today's business challenges place a premium on the ability to collaborate across the boundaries of the corporation. To get a window on these dynamics, we asked CEOs how they forge partnerships—with whom and to what objective. The results show that companies work with a wide network of collaborators, and that those relationships are most often struck to create new sources of value.

Question: To what extent is your company collaborating with the following groups to:

A: Create new sources of value?

B: Address societal issues?



Looking ahead: Redefining the leadership agenda

Through this survey, we continue to engage business leaders in our country and the region on their confidence level, their main priorities and the actions they are taking for the year ahead. Never has this exercise been more crucial to the future of our country and our region. We believe that the leadership agenda of CEOs will go a long way towards mapping a path for the region overall.

Decades-high inflation, supply chain disruption, and geopolitical conflict have contributed to a level of CEO pessimism not seen in over a decade. But there is an opportunity in every crisis. And the need to take decisive action by the leaders and to reinvent their businesses for the future has never been as strong – 45% in our region don't think their companies will be economically viable a decade from now if they continue on their current path.

The data we presented show that CEOs are balancing how to maintain focus on both long-term and short-term challenges.

They might be now focused more on current concerns: inflation, geopolitical turmoil and the economic downturn. But looking after employees and upskilling them is an even more pressing need than ever before. Labour and skills shortages are seen as top long-term challenges to profitability in Kosovo.

CEOs here and around the world also noted the need to collaborate with a wide range of stakeholders to build trust and deliver sustained outcomes if they are to generate long-term societal value.

The decisions that CEOs make in these moments will shape the development of their organizations, and of the region's economies and society as a whole for the next decade or more. We are hopeful that our research will help leaders identify vulnerabilities and focus on their biggest opportunities, leading to broad, long-lasting positive change. We look forward to continuing to engage with our clients and stakeholders in the months ahead on this important discussion about the future of our region.

Methodology

PwC surveyed 4,410 CEOs in 105 countries and territories in October and November of 2022. The global and regional figures in this report are weighted proportionally to country or regional nominal GDP to ensure that CEOs' views are representative across all major regions. The industry- and country-level figures are based on unweighted data from the full sample of 4,410 CEOs. There were 40 CEOs from Kosovo included in the sub-sample.

Snapshot of Kosovo's participants

- 40 CEOs of Kosovo's top companies completed the survey this year - at a rate of 100%.
- 48% of respondents in Kosovo have held the CEO position at their current company for 1-5 years, whereas 30% for 6 -10 years and 15% for more than 10 years.
- The majority of CEOs who took part in this survey (97%) are male, whereas 3% are female.

For a snapshot of Global participants, please see the Global report: [link](#)

Notes:

Not all percentages in charts add up to 100%—a result of rounding percentages, multi-selection answer options and the decision in certain cases to exclude the display of certain responses, including 'other,' 'none of the above' and 'don't know.'

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