



Albanian 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 PwC's 26th Annual Global CEO Survey, during October and November, 2022 we surveyed local and international business leaders whose companies operate in Albania.

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 Albania 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 year/s ahead:

- 76% of Albanian CEOs believe that the global economy will decline in the next 12 months. The pessimistic view of Albanian CEOs for the growth of the global economy is also reflected on their own company's growth prospects.
- 49% believe that inflation is the top concern in the next 12 months and also being the biggest worry over the next five years, followed by cyber risk and macroeconomic volatility.
- In Albania, 46% of CEOs are cutting costs and 34% raising prices — but most don't plan to reduce the workforce.
- 46% of Albanian CEOs don't think their companies will be economically viable a decade from now if they continue on their current path.
- In our country, roughly 60% of business leaders are planning to invest more in automation of processes and systems.
- Close to 40% of CEOs in our country are considering increasing cyber investments in response to geopolitical conflict.
- CEOs want to spend less time on operations, more time reinventing their business.

Therefore, 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, from global CEOs and Albanian CEOs as well. 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. Albanian 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 Albania are pessimistic about the prospects for the global economy, the survey finds. Similarly, they're bearish on the outlook for their own local economy. The good news? Executives are more optimistic about their own companies' 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 Albanian CEO responses to the Survey questions and in some relevant instances, a comparison to the responses of Central and Eastern Europe's 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.

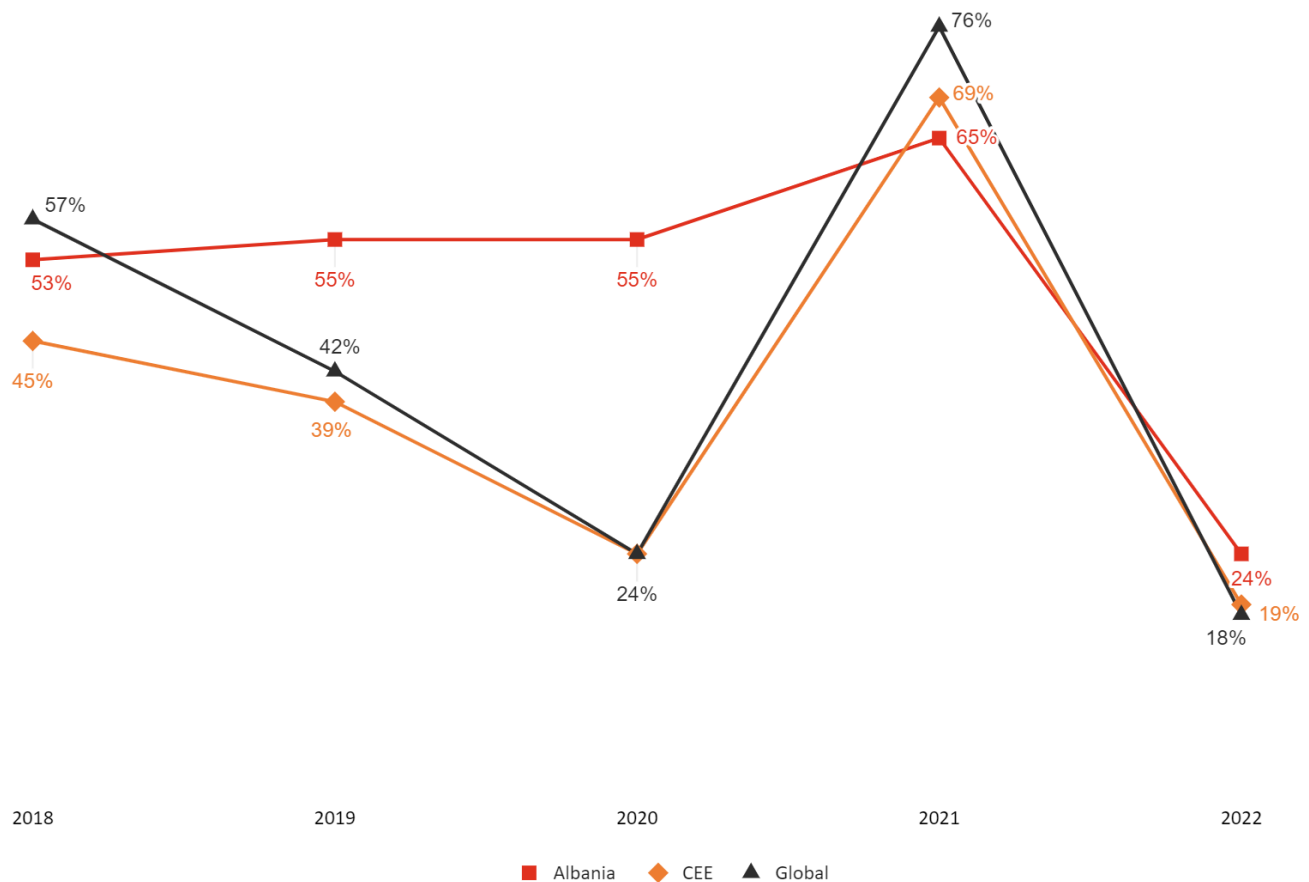
View of Tomorrow

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, where 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?



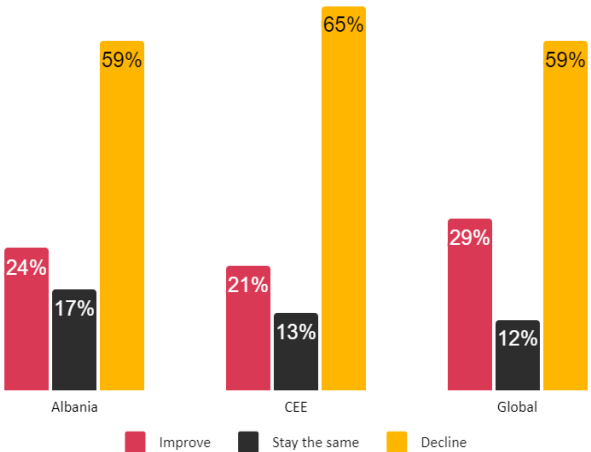
The line chart shows the response rate for the **improvement option** for the global economy through the years

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

Albanian executives are slightly less pessimistic about their own country or territory's economy: 59% believe growth will slow. This is so even though our economy is affected by Russia's invasion of Ukraine, due to dependency on Russian exports such as grain and oil.²

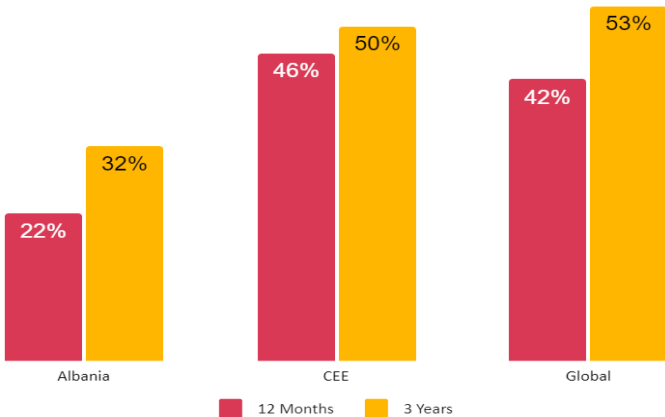
Question: How do you believe economic growth (i.e., gross domestic product) will change at your country territory, if at all, over the next 12 months:

More than half of executives in Albania think that economic growth will decline over the next 12 months



The pessimistic view of Albanian 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). Only 22% of CEOs indicated that they were "Very Confident" for short term growth, down from 82% last year³. In long terms, Albanian business leaders are a little bit more positive with overall growth prospects increasing by 10%.

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

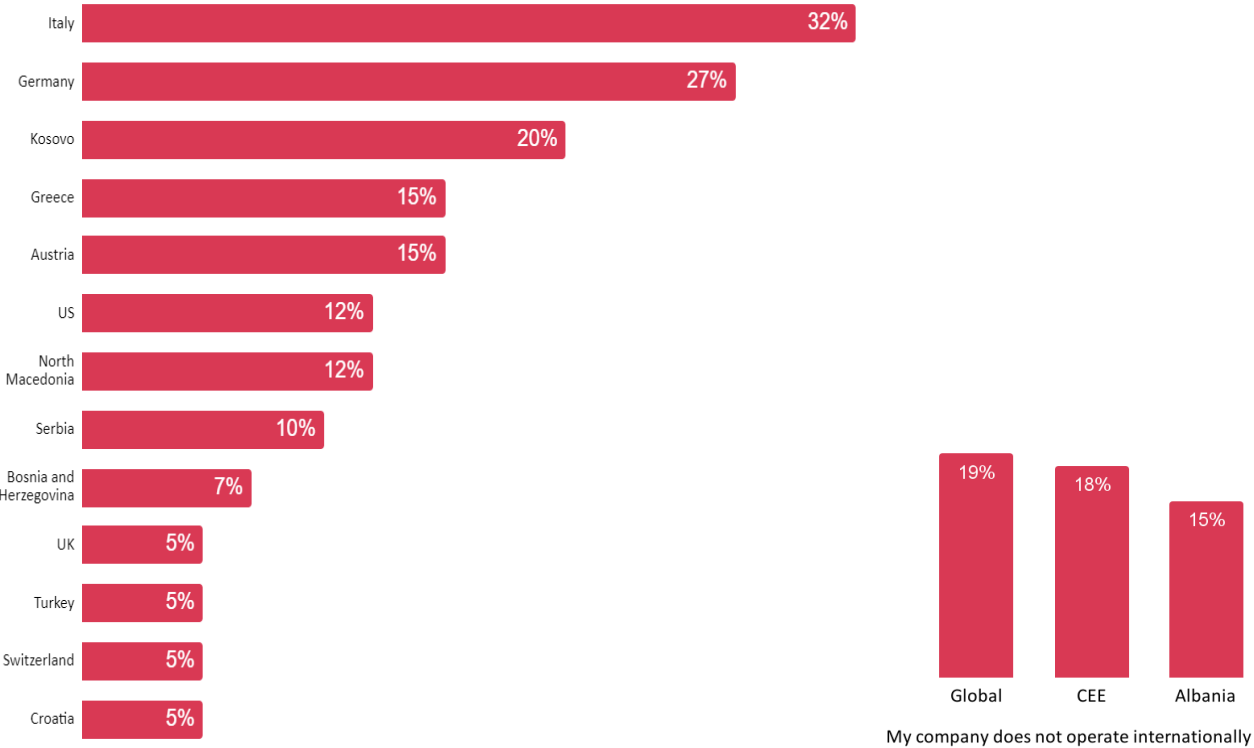


When it comes to seeking expansion opportunities abroad, not surprisingly Albanian leaders are looking closer to home than

² Exports from Russia to Albania - [link](#)
³ PwC's 25th Annual Global CEO Survey - Albania Findings - [link](#)

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?



Albanian CEOs in line with the past years continue to be mostly tied with countries that have economies with a proximity such as Italy, Kosovo, Greece, and North Macedonia. Italy continues to be the lead for this year as well, followed by Kosovo which despite being in second place continues to be one of the most significant countries impacting Albanian revenue growth. This year the connection with major global markets such as Germany and Austria has slightly increased, while the number of CEOs that report that their company does not operate internationally has decreased from last year (26% in 2021 vs 15% in 2022)⁴. 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.

⁴ PwC’s 25th Annual Global CEO Survey - Albania Findings - [link](#)

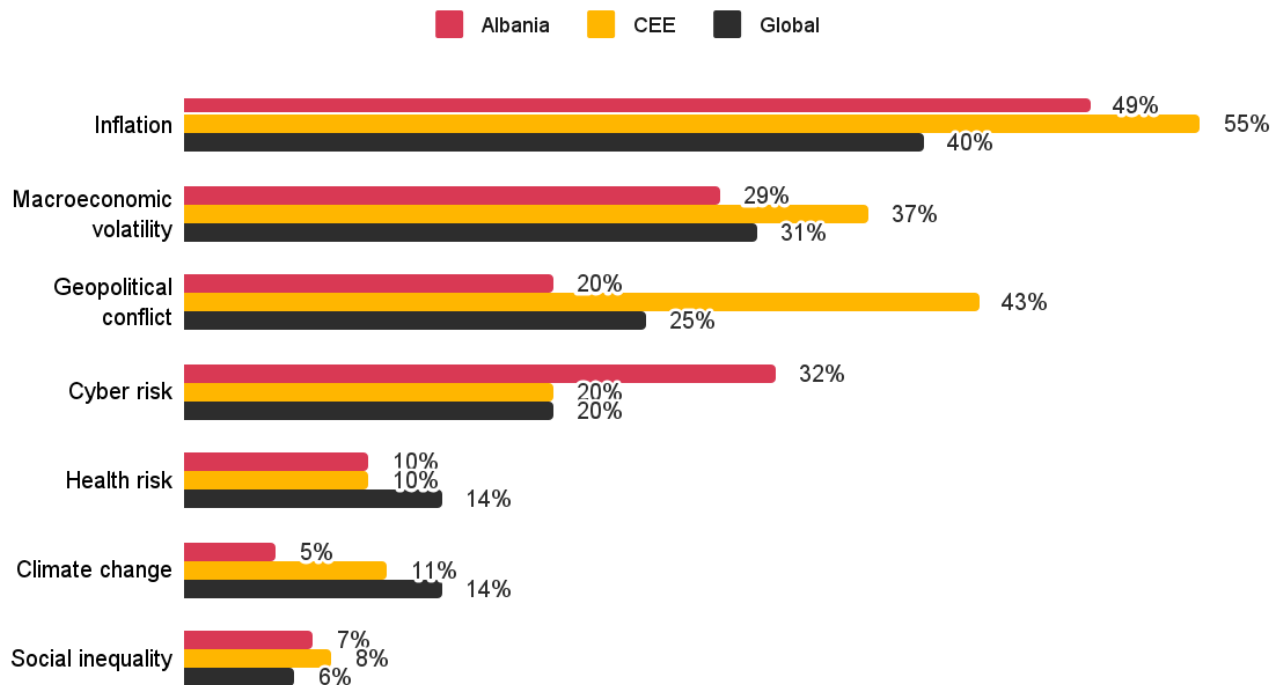
Today's Threats

Inflation: The Top Concern

Inflation is the top concern in the next 12 months and also being the biggest worry over the next five years.

The threat perception among CEOs in Albania is mostly aligned with that of their regional and global counterparts. While the danger from the war, captured in the category of geopolitical conflict, is certainly real, it is overshadowed by the threat from inflation, macroeconomic volatility, and cyber risk. 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?

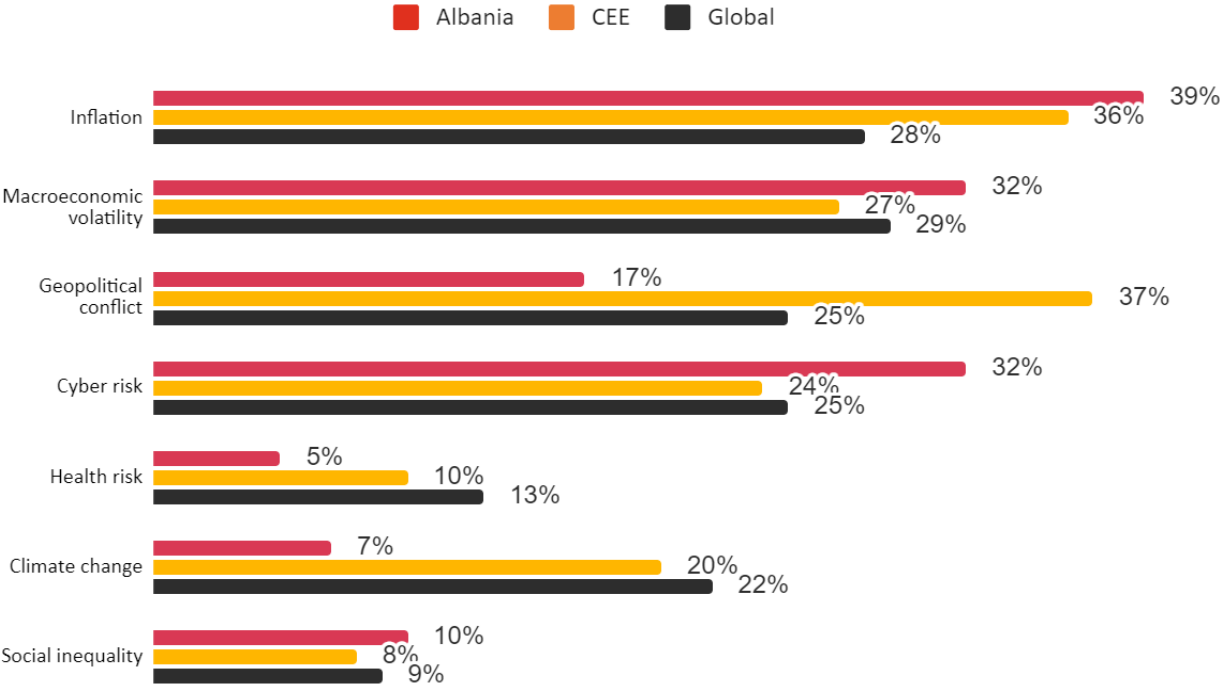


Showing only Extremely/Highly exposed respondents

The last year has been a tough year for cyber security in Albania since the first cyber attack of the governmental portal.⁵ Still, executives perceive inflation as a relatively transitory threat: While half of them say their companies are “extremely exposed” to it over the next 12 months, the figure for the next five years declines to 39%. Macroeconomic volatility, meanwhile, moves up by just 3 percentage points to 32%, the second highest ranking over the five-year horizon.

⁵ [Iranian State Actors Conduct Cyber Operations Against the Government of Albania | CISA](#)

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 Insights⁶ a critical contributor to cybersecurity improvements at leading companies was C-suite collaboration to make the most of sustained, cumulative investments in risk mitigation.

⁶ November 2022, PwC US <https://www.pwc.com/dti>

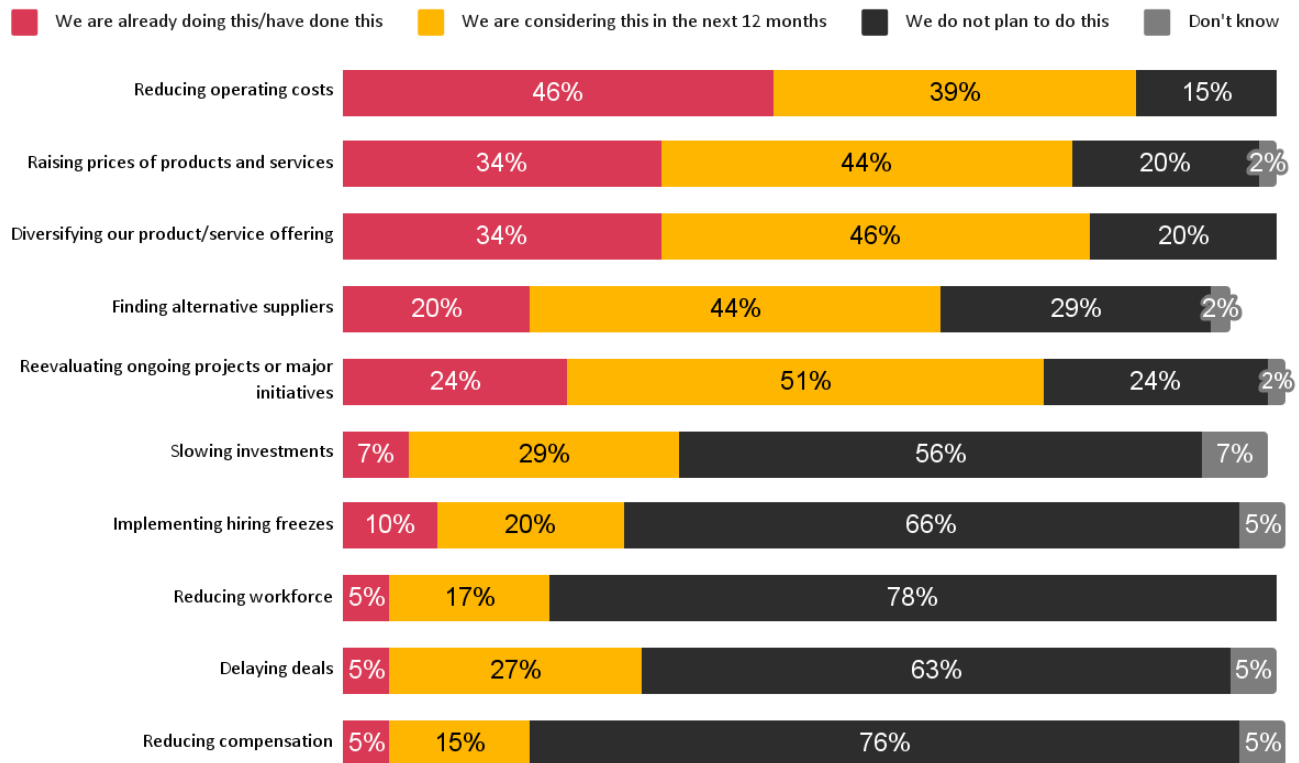
Taking Action against Economic Challenges

In Albania, CEOs are raising prices and cutting costs — but most don't plan to reduce the workforce

In response to near-term economic challenges, CEOs in our country are in line with global peers in taking actions to spur revenue growth and cut costs. One action stands out: 46% of CEOs in our country say they've already begun reducing operating costs, followed by 34% that have raised prices of products and services and 34% are diversifying products/service offering. 24% of Albanian CEOs are reevaluating ongoing projects or major initiatives to mitigate the risk against potential economic challenges. Just 10% are implementing hiring freezes, only 5% are reducing the size of their workforce and 5% 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?



Need for Transformation

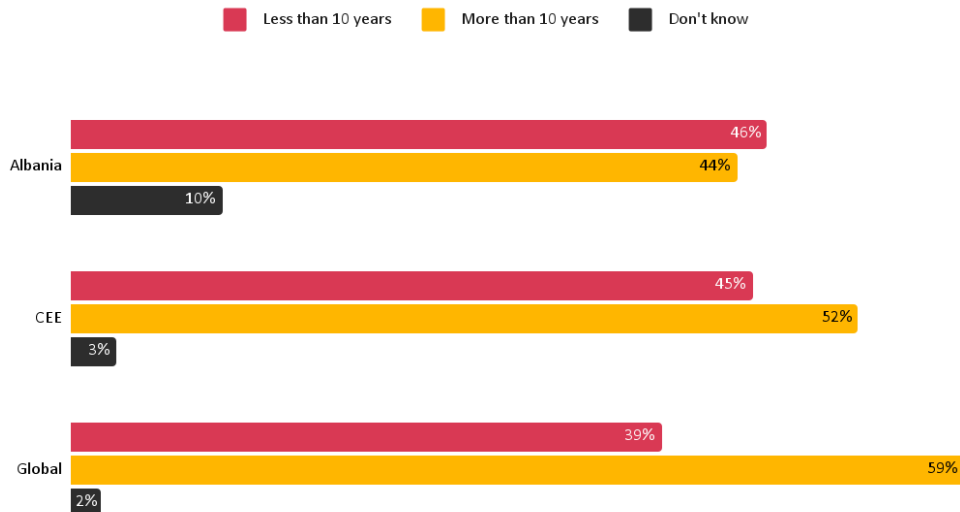
Albania's continuing war for talent

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

CEE and Albanian CEOs have a keen awareness of the potential for disruption ahead: 46% in our country, 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.

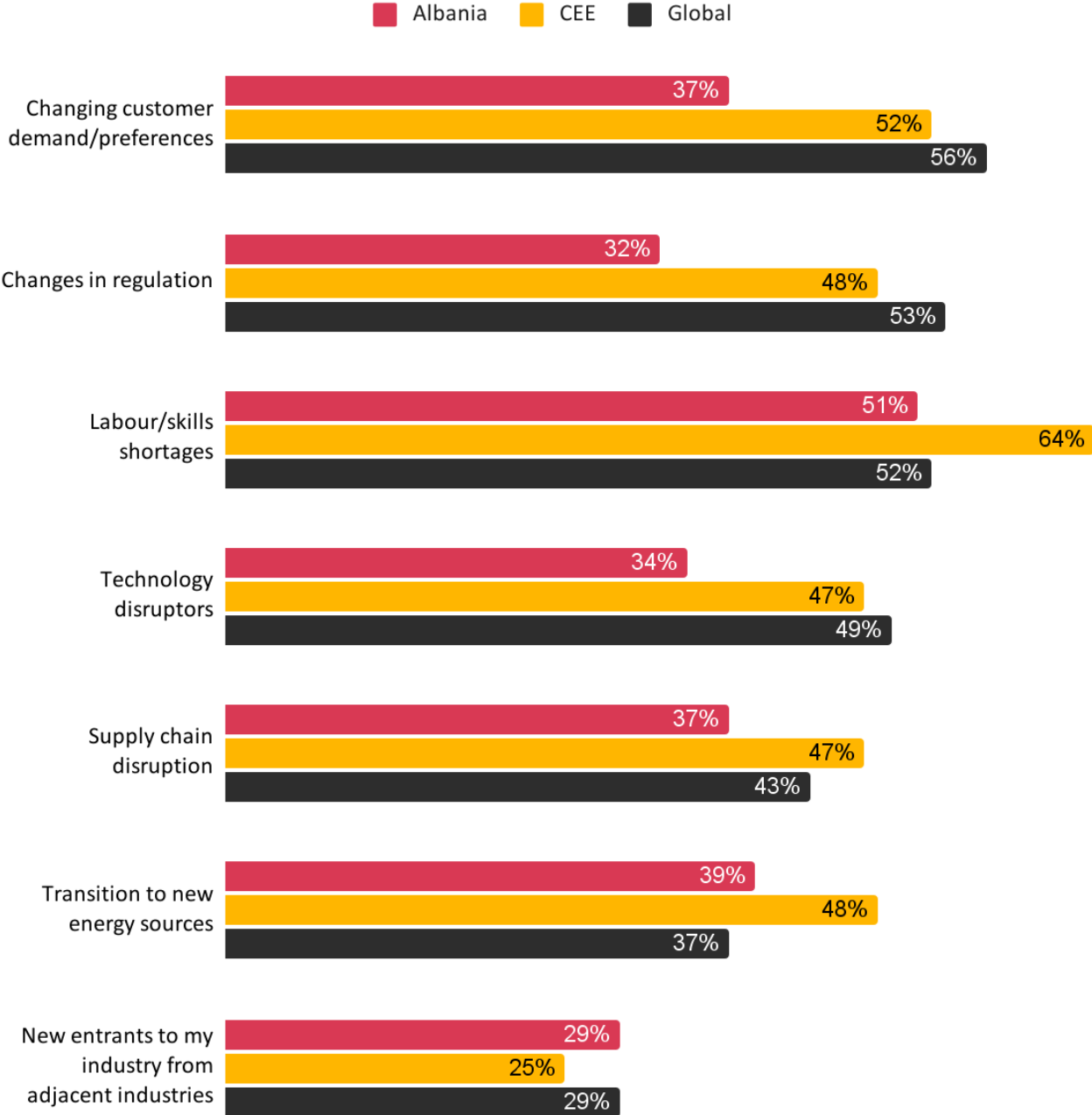
Question: If your company continues running on its current path, for how long do you think your business will be economically viable?

46% of Albanian 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, 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 Albanian 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 Albania. 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 transition to new energy sources (Albania: 39%, global: 37%), supply chain disruption (Albania: 37%, global: 43%) and change in customer demand (Albania: 37%, global: 56%).

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?

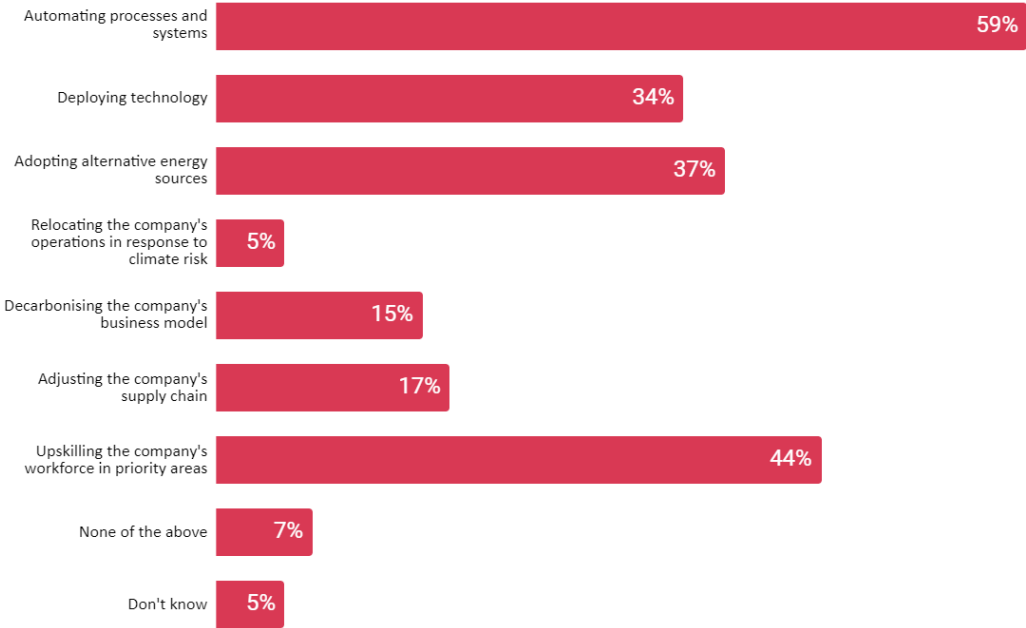


(Showing only 'to a large extent' and 'to a very large extent' responses)

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 our country, business leaders are planning to invest more in automation, upskill their workforce in the next 12 months, adopt alternative energy sources and deploy technology (cloud, AI, and other advanced tech).

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



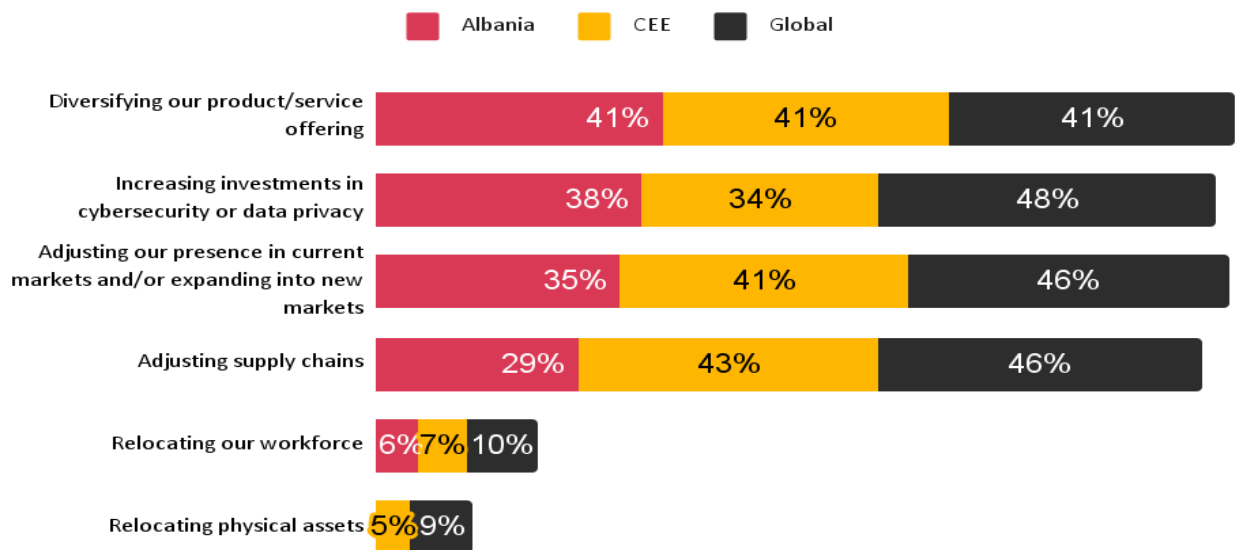
Cyber Investment

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.

While the survey shows that cyber risks are not a top priority for chief executives globally in the next 12 months, the picture changes for their five-year outlook. Over that timeframe, cyber risks join inflation, macroeconomic volatility, and geopolitical conflict in the top tier of risk exposure. This suggests that there is a clear first-mover advantage for leaders who can prioritize investments in cybersecurity today, stealing a march on their competitors.

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



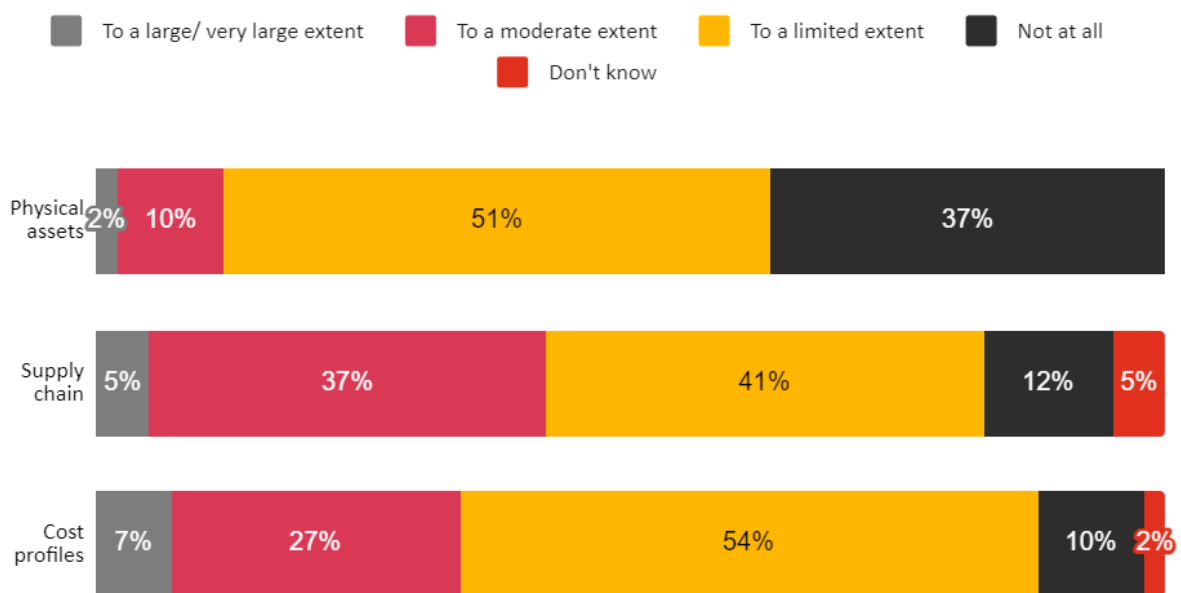
Please note: Only asked those respondents who stated that they were at least "Slightly exposed" at Q3.

Climate Risks

Managing climate risks is a growing priority for businesses

Taking actions against climate change is extremely important because it impacts different business areas. The majority of Albanian CEOs expect some degree of impact from climate change in the next 12 months. Primarily they are concerned about the supply chain (where approximately 42% expect a moderate, large, or very large impact) and their cost profiles (34%). Fewer than (12%) are worried about climate-related damage to their physical assets.

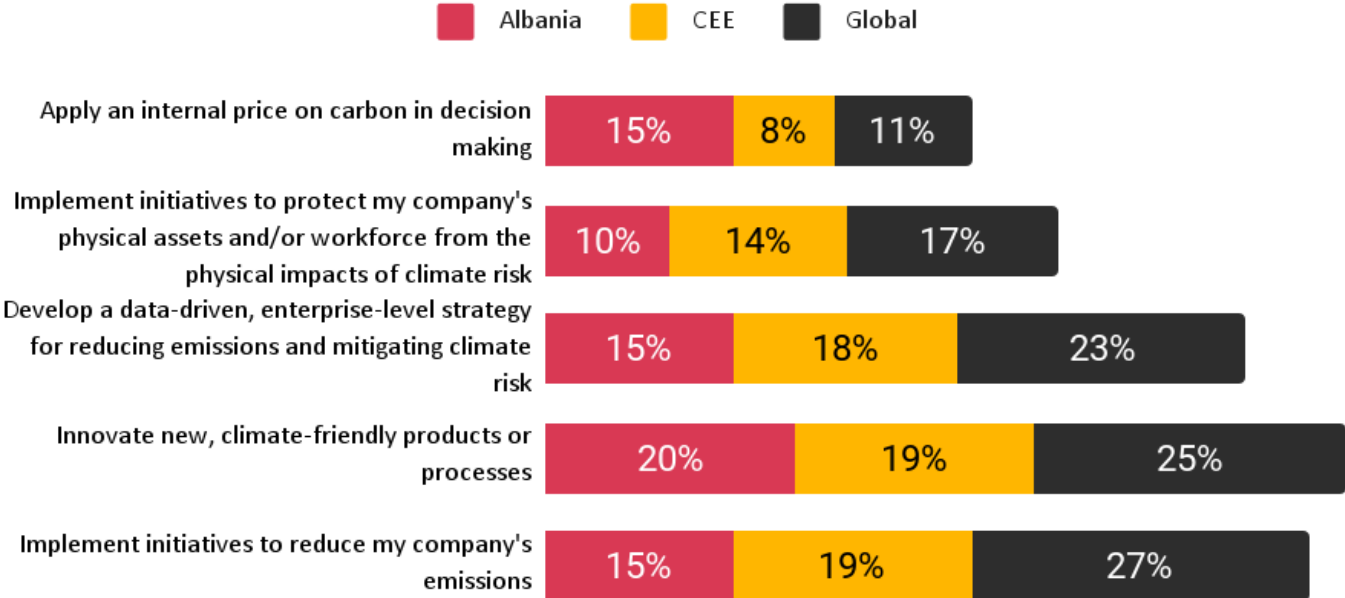
Question: To what extent do you expect the following areas of your business to be impacted by climate risk in the next 12 months?



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

20% of Albanian CEOs state that they are creating climate-friendly products or processes by reducing their company’s emissions. 15% have already applied an internal price on carbon in decision making, while only 8% of CEE leaders have completed this action. In general, more than half of the CEOs state that they do not have plans to tackle the risk of climate change.

Ecosystem and Workforce

CEOs Time

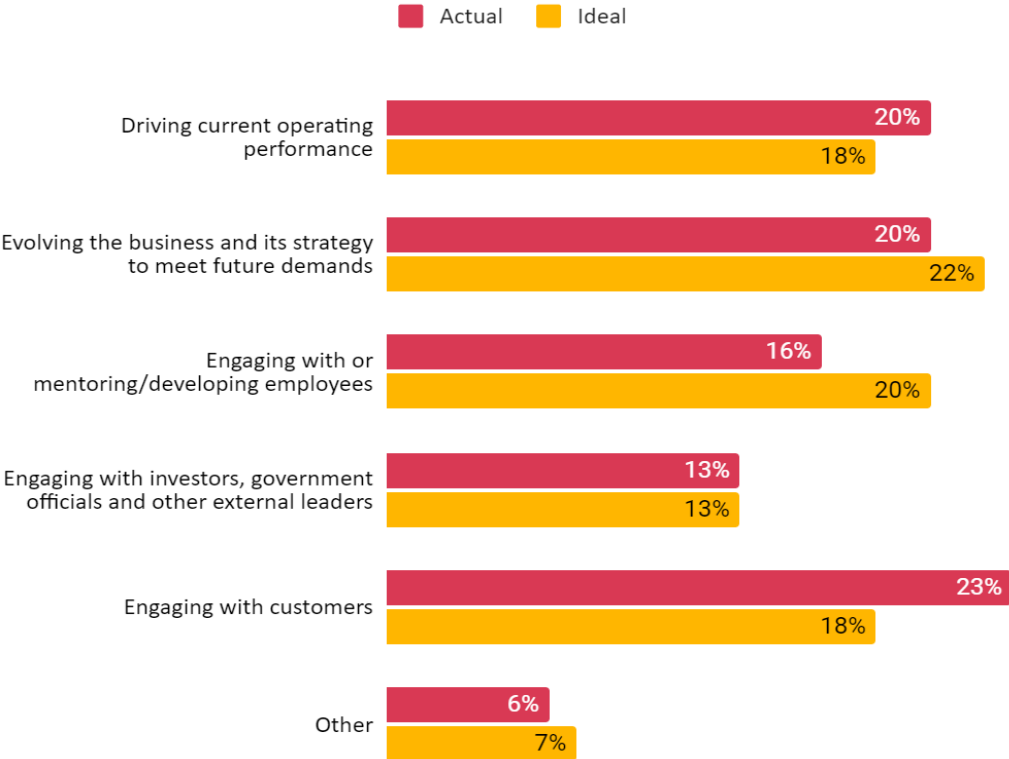
CEOs want to spend less time on operations, more time reinventing their business

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. Engaging with customers 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.

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?

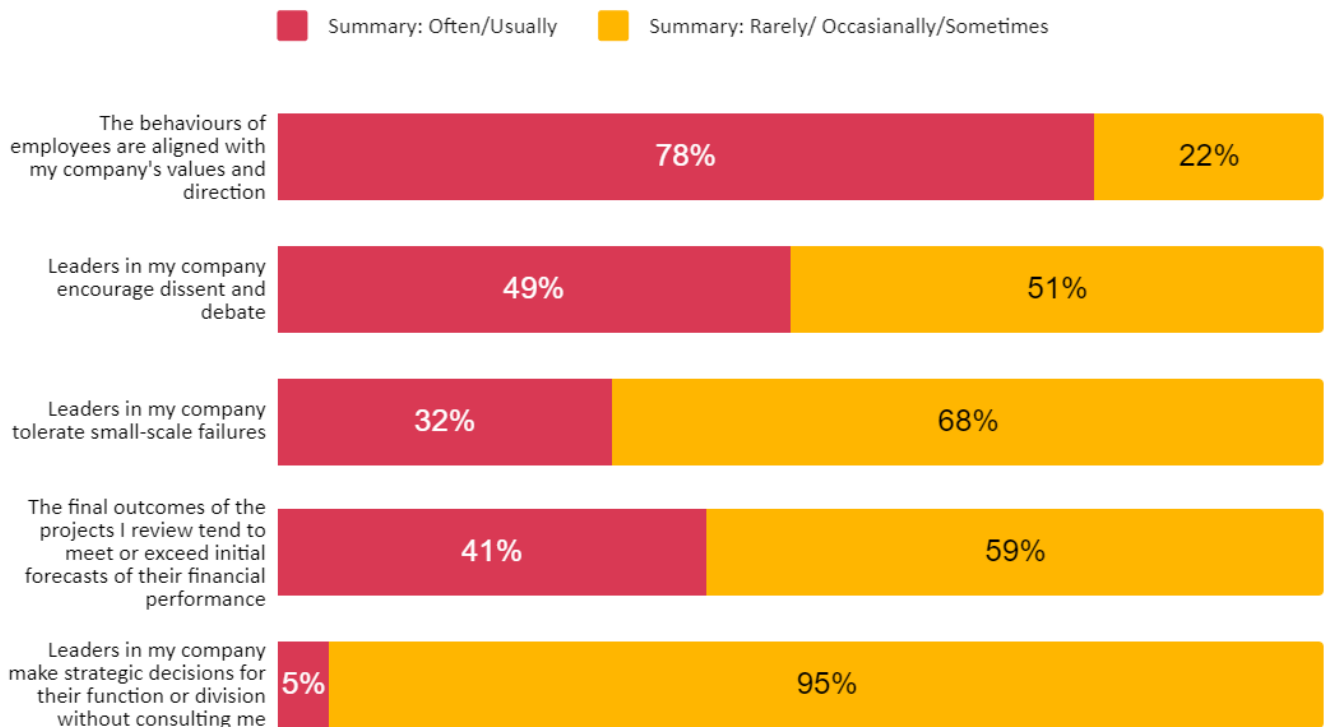


Empowering People

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. As many as 49% of Albanian CEOs said leaders in their organization often encourage debate and dissent, while 68% said their leaders rarely tolerate small-scale failures. And 95% said their leaders do not often make independent strategic decisions for their function or division without consulting the CEO.

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

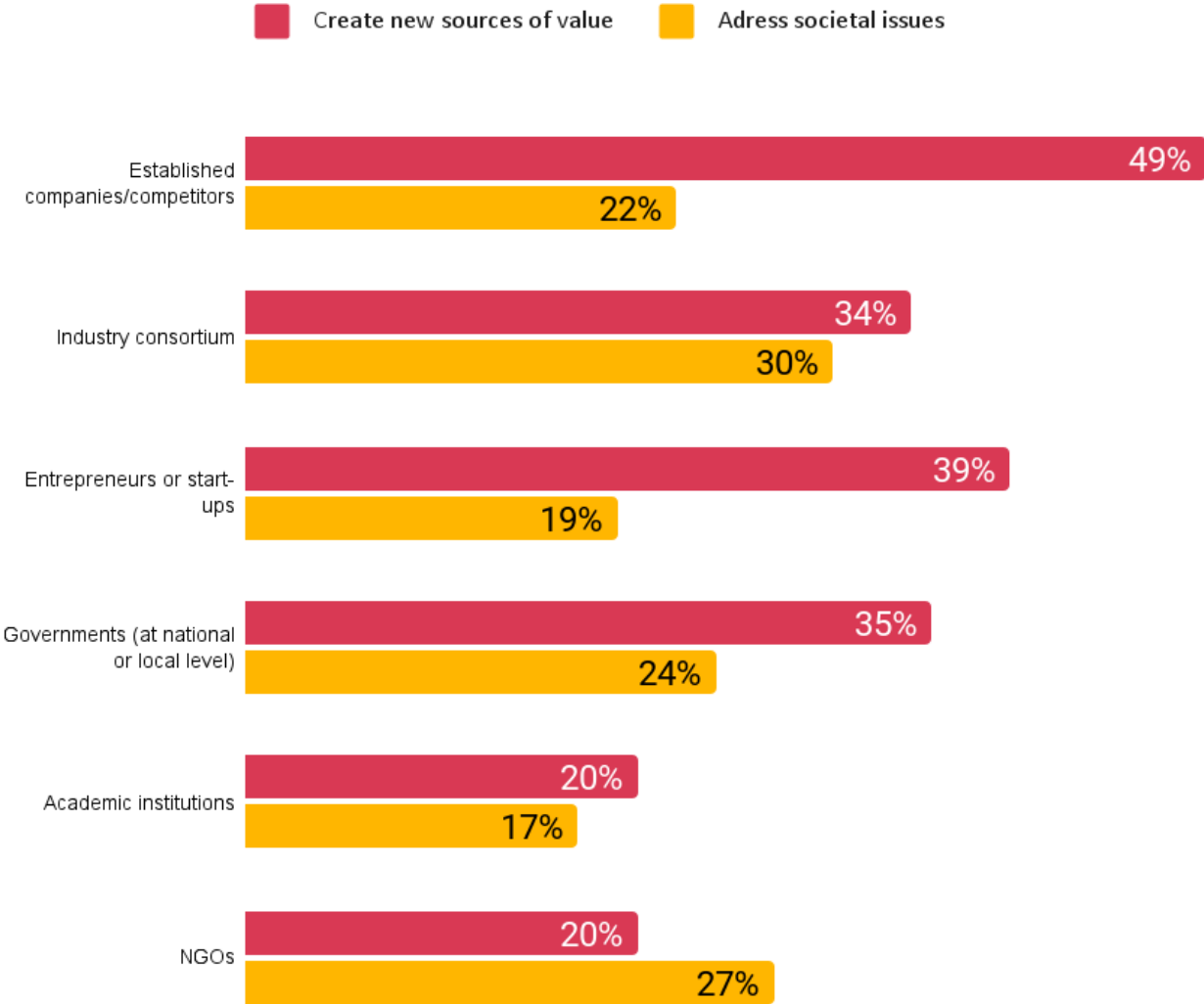


The diversity and complexity of today’s business challenges place a premium on the ability to collaborate across the boundaries of the corporation. To get a window on these dynamics, we asked CEOs how they forge partnerships—with whom and to what objective. The results show that companies work with a wide network of collaborators, and that those relationships are most often struck to create new sources of value. Addressing societal issues such as education and sustainable development was more often a goal of collaboration with non-business entities like NGOs.

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 Albania.

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 41 CEOs from Albania included in the sub-sample.

Snapshot of Albanian participants

- 41 CEOs of top Albanian companies completed the survey this year - at a rate of 100%.
- 36% of respondents in Albania have held the CEO position at their current company for 1-5 years, whereas 34% for 6 -10 years and 27% for more than 10 years.
- The majority of CEOs who took part in this survey (71%) are male, whereas 29% 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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