PwC's 28th Annual CEO Survey - Albania and Kosovo Findings

Reinvention on the edge of tomorrow

CEOs report an increase in efficiency at work due to GenAI and increased revenue from climate related investments. The challenge remains the long term viability of their businesses.

Foreword

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As part of PwC's 28th Annual Global CEO Survey, we surveyed local and international business leaders whose companies operate in Albania and 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 Albania and 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 year/s ahead:

- More than 70% of CEOs from Albania and Kosovo expect an increase of the global economic growth over the next 12 months.
- 53% expect an increase in headcount over the next 12 months, with only 7% expecting a decrease.
- CEOs are seeing benefits from using GenAI: 60% of them reported increases in their efficiency at work, while 46% reported increases in their employees' efficiency at work.
- 63% of the CEOs from Albania and Kosovo believe their company will no longer be viable in the next ten years without reinvention. 40% of CEOs from Albania and Kosovo have started competing in new sectors in the last five years.
- Climate related investments in 31% of the cases have resulted in increased revenue, while 40% claim that these investments have had no significant impact on costs.

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.

At PwC, our purpose is to build trust in society and solve important problems. We aim to provide you with useful solutions that will enable you to address key issues and achieve long-term success.

Reinvention on the edge of tomorrow

‘The future is already here—it’s just not evenly distributed,’ said speculative fiction author William Gibson. This sentiment echoes through the results of PwC’s 28th Annual Albania and Kosovo CEO Survey, based on responses from chief executives representing the economy of Albania and Kosovo.

Some CEOs are moving rapidly to capture the growth and value-creation potential inherent in the defining forces of our era. They’re investing in generative AI, addressing the opportunities and threats posed by climate change, and reinventing their operations and business models to create value in new ways. Yet many others are moving slowly, constrained by leadership mindsets and processes that lead to inertia.

This latter group has two options: either accelerate their reinvention efforts or bet on hope— hope that, with just a few tweaks, today’s operating and business models will continue to deliver results even as AI and the transition to a low-carbon economy set value in motion across the economy.

Among the key findings:

- Expectations for GenAI remain high. 23% of CEOs of Albania’s and Kosovo’s companies say GenAI has increased revenue and 26% report an increase in profitability over the past year, and almost half (44%) expect their investments in the technology to increase profits in the year ahead. Yet trust remains a hurdle to adoption.
- Investment in climate actions and sustainability is paying off. 32% of CEOs in Albania and Kosovo report that climate-friendly investments made over the last five years have resulted in increased revenue. In addition, 40% say these investments have had no significant cost impact.
- Sector boundaries are blurring. 40% of CEOs in Albania and Kosovo say their companies started to compete in new sectors in the last five years. Consistent with last year’s survey, 63% of them believe their company will no longer be viable in ten years if it continues on its current path.
- The pace of reinvention is slow. On average, only 9% of revenue over the last five years of companies from Albania and Kosovo has come from distinct new businesses added by organisations in this period. Barriers to reinvention include weak decision-making processes, low levels of resource reallocation from year to year, and a mismatch between the short, expected tenure of many CEOs and powerful long-term forces, or megatrends, at work.
- Underlining the tension across time horizons, CEOs of companies from Albania and Kosovo are optimistic about the near-term outlook even as they worry about their company’s long-term viability. 72% expected global economic growth to increase over the next 12 months, up from 38% in last year’s survey and only 24% two years ago. CEOs also expect to increase rather than decrease (53% vs. 7%) headcount in the year ahead.

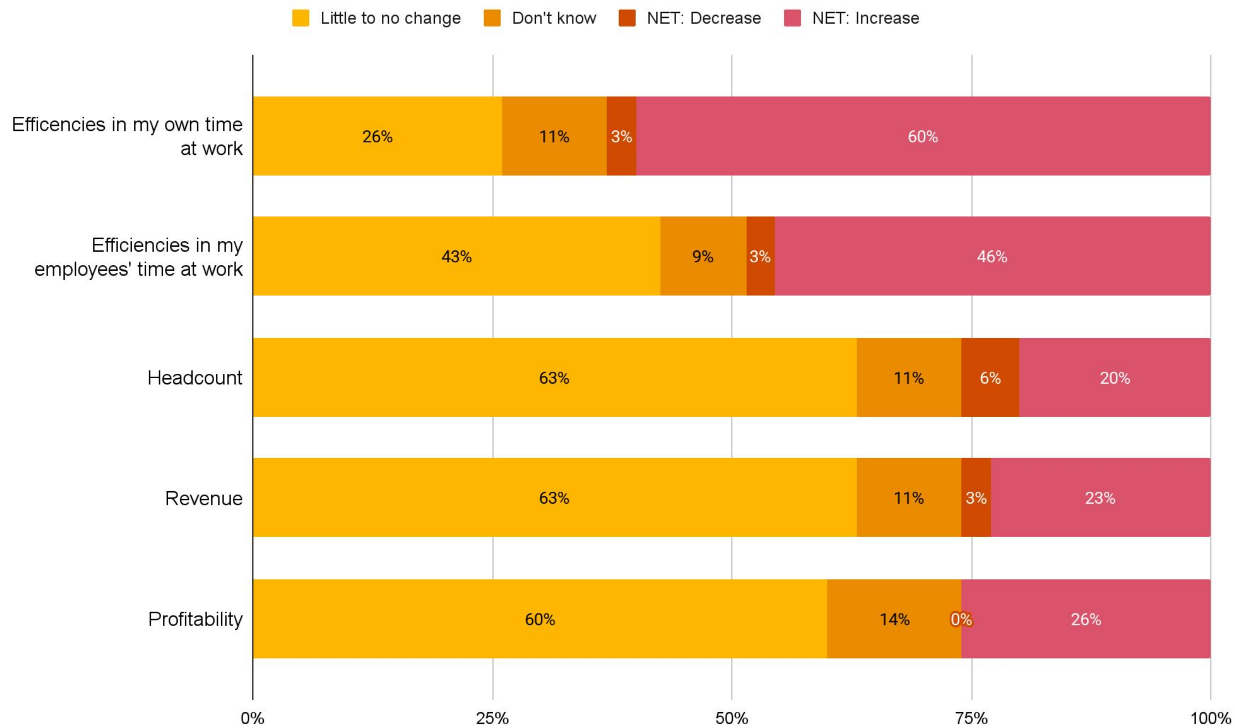
Two defining issues: AI and climate change

Early returns on GenAI

Only two years after GenAI first appeared on the radar of most executives, companies in Albania and Kosovo have been embracing it at scale. What's more, many CEOs in Albania and Kosovo are seeing promising results. More than half (60%) tell us that GenAI has resulted in efficiencies in how employees use their time, while around 23% report increased revenue and 26% report an increase in profitability.

These outcomes are slightly below the heady expectations CEOs shared with us a year ago, but this has not dampened their optimism. CEO expectations for GenAI impacts in the year ahead are, in fact, remarkably similar to those reported in last year's survey. Almost half of CEOs (44%) expect GenAI to increase the profitability of their company over the next 12 months.

Question: To what extent did generative AI increase or decrease the following in your company in the last 12 months?



Source: PwC's 28th Annual CEO Survey

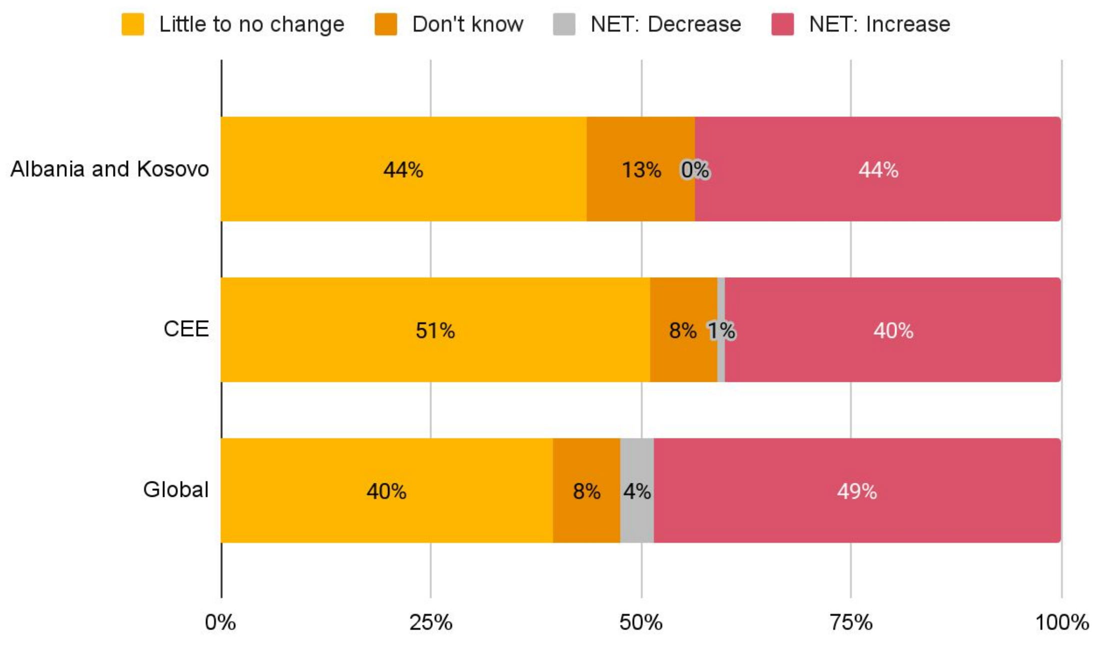
Two defining issues: AI and climate change

Early returns on GenAI

Based on the data gathered from the survey 44% of the CEOs from Albania and Kosovo report an increase in the profitability of their company in the next 12 months due to GenAI. With its ability to automate complex tasks, generate innovative solutions, and enhance decision-making processes, GenAI is seen as a transformative tool that can drive efficiencies and unlock new revenue streams. Many executives anticipate that the integration of GenAI into their operations will lead to significant cost savings and improved productivity, contributing to an increase in profits over the next 12 months. As businesses continue to navigate the challenges of a rapidly evolving market, the strategic adoption of GenAI technologies is expected to offer a competitive edge, fostering growth and positioning companies for long-term success. This shows a ongoing belief that AI integration is the future of business and that it will also require more people who know their way around this new technologies in order to get the maximum out of them. The findings for Albania and Kosovo align with those reported by the CEE region and the Global ones. They also share the same optimism regarding the increase in profitability from using GenAI.

While on the other hand there are also a huge number of sceptics who assume that there will be no change whatsoever from GenAI regarding the profitability of their companies. In Albania and Kosovo, 44% report that there will be no difference in the profitability of the company from using AI. This comes as no surprise due to the huge number of people who believe that the technology still has its limitations and should be used with caution. This findings also aligns with those of the CEE and Global reports which share the same scepticism about using AI.

Question: To what extent will generative AI increase or decrease profitability in your company in the next 12 months?



Source: PwC’s 28th Annual CEO Survey

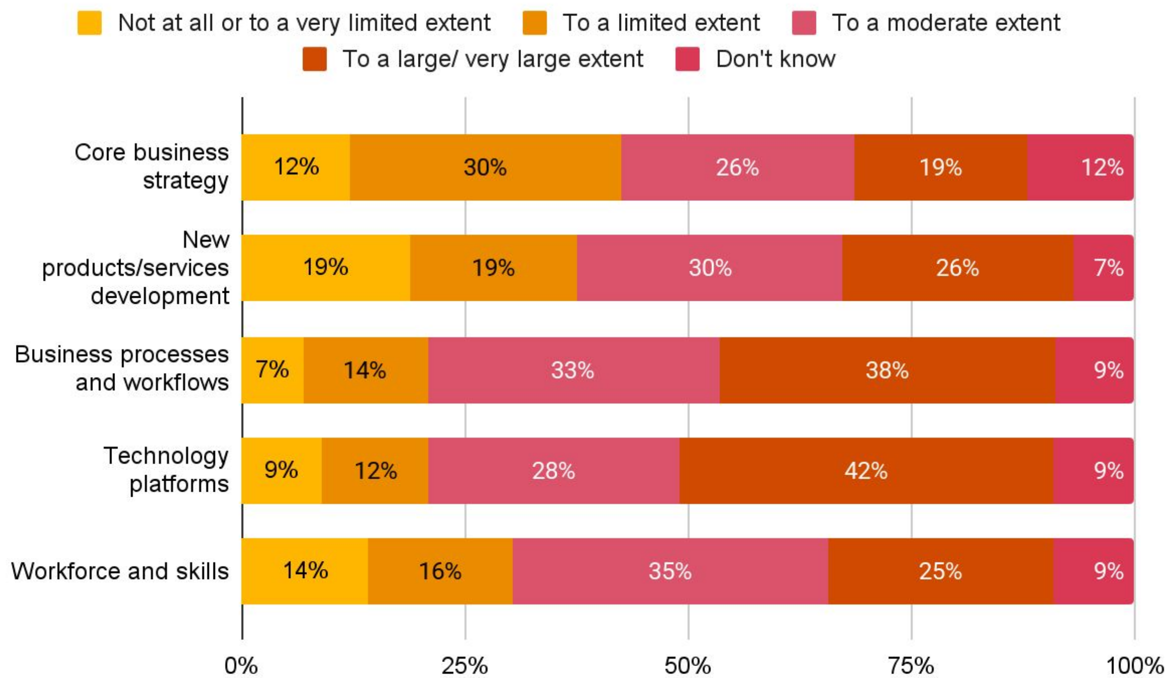
Two defining issues: AI and climate change

Early returns on GenAI

Although it is early days, there's nothing in our data to suggest a widespread reduction in employment opportunities across Albania's and Kosovo's economy. Only a few CEOs (6%) say they have reduced headcount in the last 12 months due to GenAI. Yet a higher percentage (20%) tell us that headcount has increased as a result of GenAI investments. This growth in headcount can be attributed to the need for new roles and skills to leverage GenAI technologies effectively, as well as the expansion of business operations driven by enhanced efficiencies and capabilities.

Looking forward, nearly half of CEOs say that their biggest priorities over the next three years are integrating AI (including GenAI) into technology platforms as well as business processes and workflows. Fewer are planning to use AI for the development of products and services or to reshape core business strategy. For most companies, this order of priorities makes sense. Furthermore, more than one third of CEOs are planning to integrate AI in workforce and skills strategy. This is not surprising as many CEOs have realised the benefits AI could bring to their workforce. However, it will depend on employees knowing when and how to use AI tools in their work - and understanding the potential pitfalls to make the future AI implementation a success.

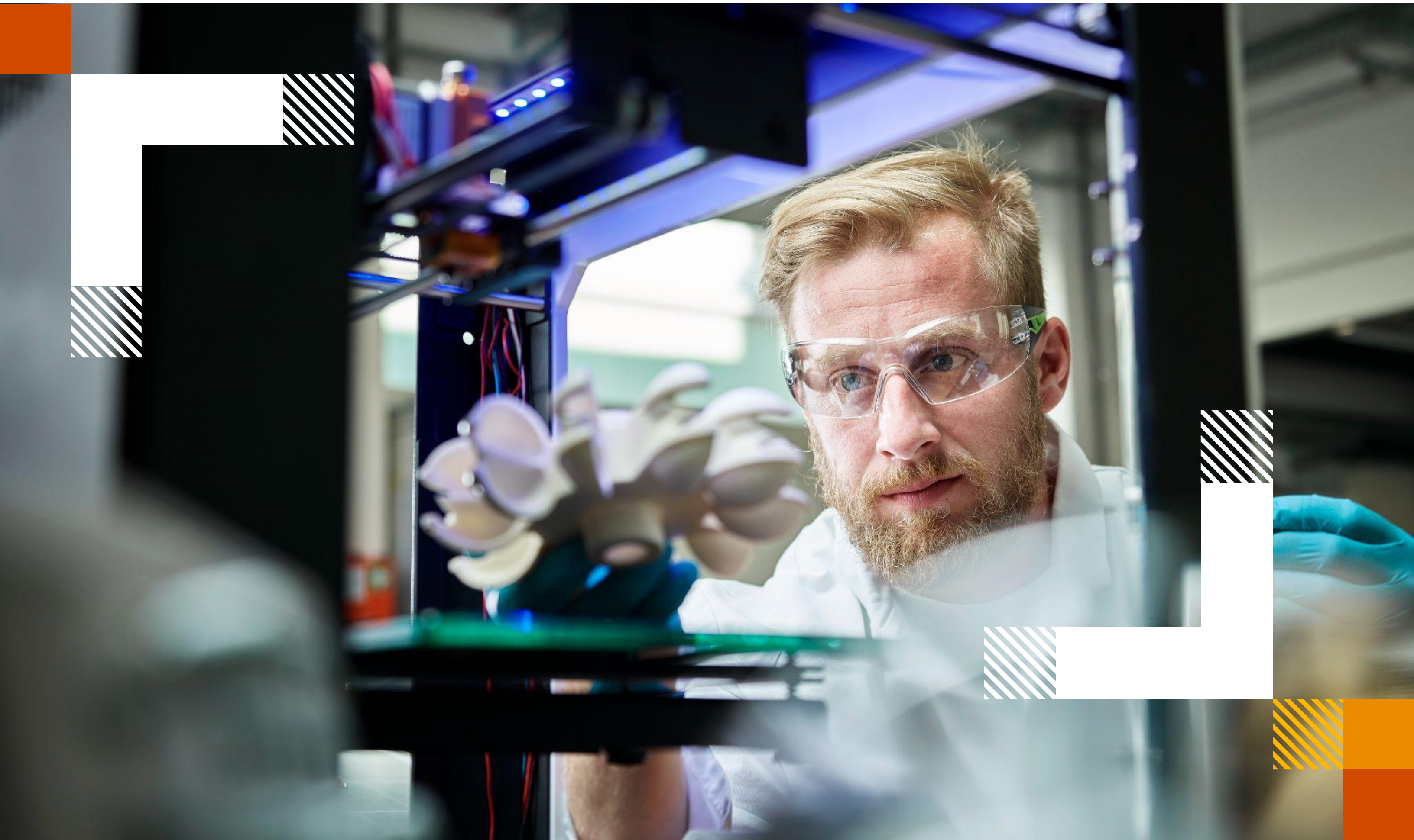
Question: To what extent, if at all, do you predict AI (including generative AI) will be systematically integrated into the following areas in your company in the next three years?



Source: PwC's 28th Annual CEO Survey

Early returns on GenAI (continues)

Your next move: Keep your eyes on the prize. GenAI is still quite new in terms of its technical evolution, and is just starting its journey to widespread adoption in business. So, it should not be surprising that the majority of companies have yet to see concrete financial results from it. The challenge facing CEOs is to keep their organisation's eyes on the prize amid the froth that accompanies the introduction of every major technology. Capturing the productivity potential of GenAI will soon be table stakes in many industries. Realising these gains requires a systematic approach to deciding where to implement the technology, plus investment in data readiness, integration of GenAI into technology platforms and workflows, and effective programmes to build workforce skills. These foundational moves will also position organisations to seize bigger opportunities ahead, whether this means transforming a specific function or undertaking a more dramatic change of business model. The impact of GenAI will vary among sectors, but its disruptive potential in most is high.



Upside from climate action

When we asked CEOs to take stock of the financial impact of their climate-friendly investments over the last five years, we found that these moves were more likely to have increased revenue as to have decreased it. In addition, around 40% of CEOs from Albania and Kosovo report that climate-friendly investments have had no significant impact on costs. The fact that a considerable percentage of CEOs in Albania and Kosovo report no significant increase on costs highlights the feasibility of integrating sustainable practices without burdening operational budgets.

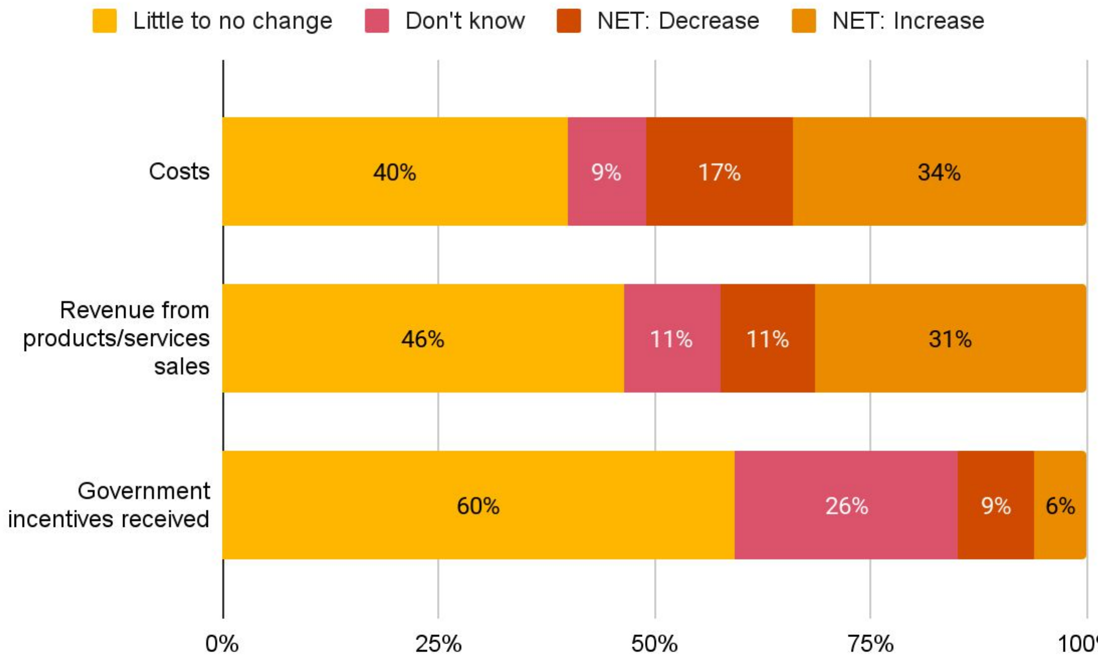
These findings suggest that climate-friendly investments can be financially beneficial for companies, potentially enhancing revenue while not significantly impacting costs for a substantial number of businesses. 31% of the CEOs report an increase in revenues due to these investments. This could encourage more companies to adopt environmentally responsible strategies, recognizing both their economic and ecological advantages. However, more can be done from Governments to increase their funding in regards to climate action matters, helping businesses become more open to implementing these strategies.

When it comes to gains and loses, Albania and Kosovo fall somewhere in between with slightly increased costs but higher gains from climate-friendly in investments. This could have also happened because it takes some time for these initiatives to have the expected results. However, it is always better being in the forefront, being an early adopter when it comes to climate change initiatives and setting the example on the market.

In general, we find from this year's survey that making climate friendly investments in Albania and Kosovo is associated with improved profit margins. It also resonates with the findings from the CEE and Global report from both years, where climate change initiatives have made firms more profitable. Also relevant is the recent Harvard Business School research (published in PwC's strategy+business), which translates well in the environment of Albania and Kosovo showing that faster revenue growth among firms that are transitioning their product portfolio towards climate solutions.

In general it is expected for this adaptation to increase the interest of investors and persuade them to place their investments in companies with climate solution initiatives also in Albania's and Kosovo's markets. This suggests that more companies in Albania and Kosovo should keep climate action on top of their mind, especially during their long-term planning. From a broader outlook, in the recent PwC Global Investor Survey 2024, almost 70% agreed that companies should make expenditures to address sustainability/ESG issues relevant to the business, even if it reduces near-term profitability. In addition, more than half of all CEOs globally (63%) say their personal incentive compensation is linked to sustainability metrics. The higher the percentage of CEO compensation at stake, the more revenue that's likely to be coming from climate-friendly investments.

Question: To what extent have climate-friendly investments* initiated by your company in the last five years caused increases or decreases in the following?



*Examples of climate-friendly investments include transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies.
Source: PwC's 28th Annual CEO Survey

Your next move: Search for sustainable value. To generate value from sustainability, CEOs and their leadership teams must push themselves more into introducing climate-friendly products, services, and technologies to the market. As it can be seen above, 31% of companies in Albania and Kosovo are now generating revenue from climate investments made over the last five years. As the economy continues on its path towards decarbonisation this percentage is expected to increase.

Apart from this initiative, check also your company's resource use and energy consumption. This means taking into account the so-called energy trilemma: simultaneously ensuring a reliable supply of energy, reduction of emissions and cost saving measures. There is also a new trend across the world's energy systems, due to many organisations starting to play the dual role of producer–consumer. These energy 'prosumers' might still purchase electricity from the grid—but they also produce their own electricity, store it and sell it.

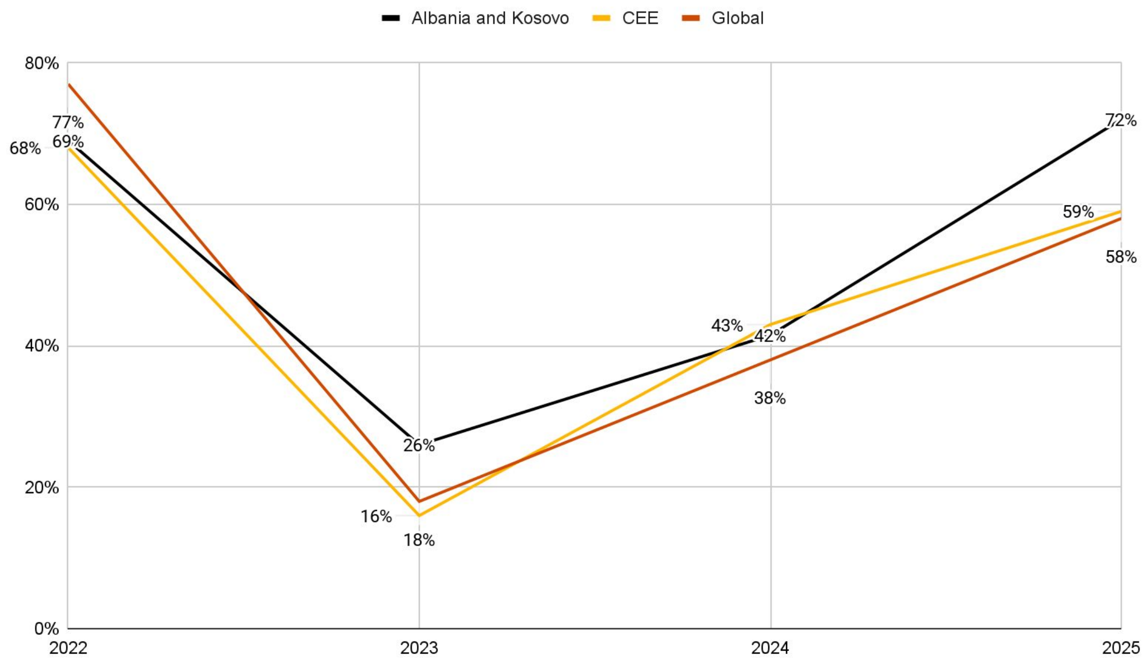
One further action item: Implement a data strategy focused on sustainability to help your company comply with new reporting standards while equipping leaders across the organisation with reliable data-driven insights for informed decision-making.

Business as (un)usual
Outlook and threats

It might seem surprising to find out that considering the latest tensions regarding the geo-political and trade tension, CEOs from Albania and Kosovo have shown an optimistic outlook in terms of the global economy. Almost 72% expect global growth to improve in the 12 months ahead, up from 42% in last year's survey and only 26% two years ago.

The optimistic outlook among CEOs from Albania and Kosovo can be attributed to several factors. Firstly, both countries have been making significant strides in improving their business environments, attracting foreign investment, and fostering innovation, which has bolstered confidence in economic growth. Additionally, the ongoing digital transformation and the adoption of new technologies have opened up new markets and opportunities for businesses in these regions. Furthermore, the potential for increased regional cooperation and integration into European markets provides a promising avenue for economic expansion. Despite global challenges, these leaders see their economies as well-positioned to capitalize on emerging trends and shifts in the global economic landscape.

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?



Source: PwC's 25th, 26th, 27th and 28th Annual CEO Survey

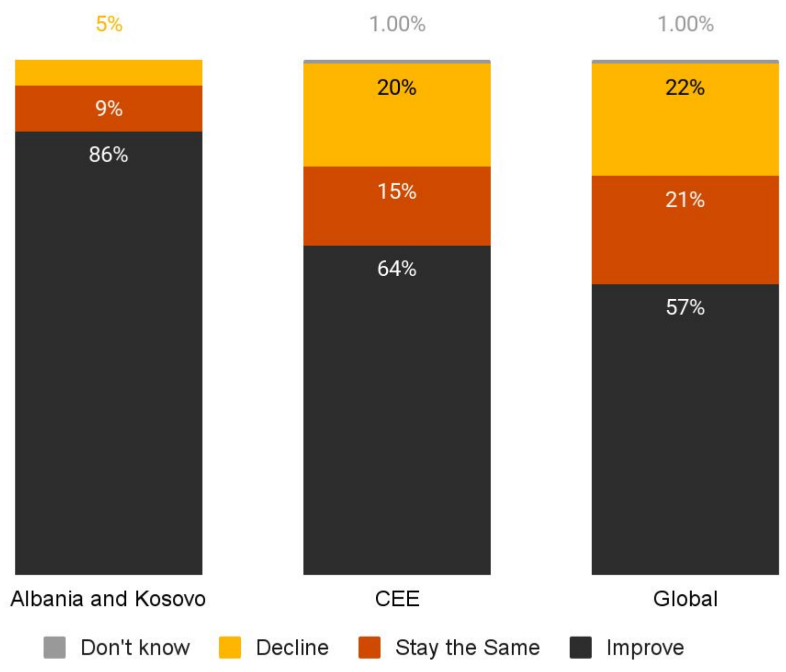
Business as (un)usual
Outlook and threats (continues)

Meanwhile, there is an equally positive outlook when it comes to the opinion of the CEOs regarding the territory's economic growth. In Albania and Kosovo, there is an optimistic prediction regarding this prompt, and nearly all of the CEOs (86%) expect an improvement of the overall economy in their territory. This expectation is much more optimistic than that of the CEE and that of Global, which are respectively 64% and 57%.

Several factors contribute to this optimism among CEOs in Albania and Kosovo. Factors like macroeconomic stability and investment opportunities have created a more favorable business climate. There is also a growing sense of regional cohesion, which enhances collaborative efforts and economic integration. Key sectors such as infrastructure, tourism, and technology are experiencing significant growth, further bolstering confidence in the economic future. Additionally, these regions are benefiting from strategic investments and partnerships that are expected to drive sustainable development and resilience in the face of global uncertainties.

CEOs also remain broadly confident about the outlook for their own company. They also expect to increase headcount in the year ahead (53%) while only 7% expect to reduce it. This indicates a generally positive sentiment towards business expansion and operational scaling in the near future. Moreover, many executives are investing in employee training and development to ensure that their workforce is equipped with the necessary skills to thrive in a rapidly evolving digital economy. This commitment to talent development underscores their long-term strategic vision and confidence in sustained business success.

Question: How do you believe economic growth will change if at all, over the next 12 months in your territory?



Source: PwC's 28th Annual CEO Survey

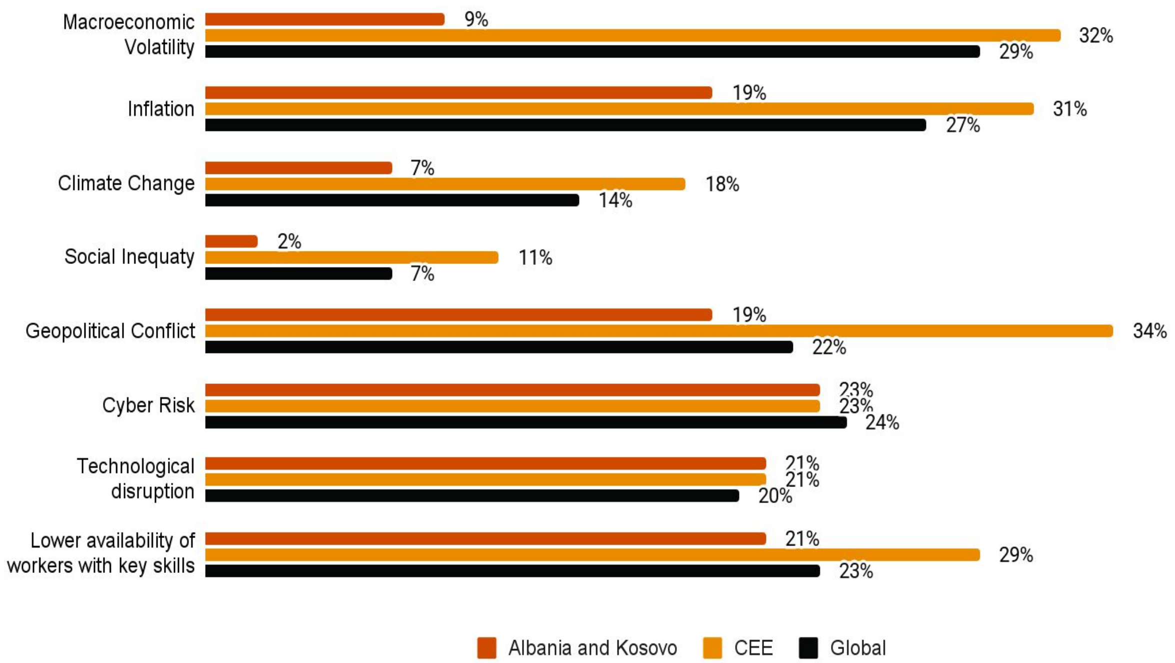
Business as (un)usual
Outlook and threats (continues)

These figures represent a snapshot of sentiment in October to early November 2024, when our survey was in the field, and CEOs were by no means oblivious to the risks. Macroeconomic volatility was cited as the threat most likely to precipitate a substantial financial loss in the year ahead in a global level. The second biggest threat on a global level is Inflation, with cyber risks ranked third.

Contrary, CEO's among Albania and Kosovo do not see macroeconomic volatility as a concerning threat with only 9% considering it as a key threat in the next 12 months. Instead they (23%) rank cyber security as the biggest threat for the economy in the next 12 months. Following closely (ranked by 21% of CEOs) are concerns about the availability of workers with key skills and technological disruption. Geopolitical conflict and inflation are considered slightly more moderate concerns.

This heightened concern about cyber risk is driven by several critical factors. Data breaches and theft can lead to significant financial losses and damage to a company's reputation. The evolving threat landscape, coupled with increased remote work, has expanded the attack surface, requiring continuous investment in cybersecurity measures. Additionally, the risk of intellectual property theft and the need for regulatory compliance add to the pressure, as any breach can result in severe penalties and compromise a company's competitive edge. Together, these factors underscore the importance of prioritizing cybersecurity to protect assets and maintain trust.

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



Source: PwC's 28th Annual CEO Survey

Your next move: Calibrate your perspective. There's no such thing as a global CEO. Even the most well-travelled executive was born somewhere, resides somewhere, and is influenced by local preoccupations. Our survey data offers an opportunity to stress-test personal assumptions against those of neighbours, peers and competitors. For example, are companies in Albania and Kosovo in fact more or less exposed to cyber security threats compared to their counterparts in the CEE region? A sector-by-sector view is equally revealing. In Albania the sectors which can be affected by cyber risk are the banking, digital services and energy sectors. On the other hand some sectors that might be affected by cyber risks in Kosovo are telecommunication, energy and government services. Meanwhile agriculture, tourism and construction may be affected by the low availability of workers with key skills in Albania. Whereas in Kosovo the low availability of workers with key skills can impact sectors like technology, manufacturing, financial services and tourism.

Consider also the connections between threats that could amplify their impacts. There could be a bigger risk if both cyber risk and technological disruptions are taken into account together. While new technological advancements make the work easier on the long run, they also could open the door to many cyber risks due to the unfamiliarity with it during its deployment. Equally, the link between geopolitics and cyber risk is increasingly evident. More than ever, systems thinking is needed to anticipate what may lie ahead.

Ramping up reinvention

Many business leaders recognise the need to reinvent their business models. 63% of the CEOs from Albania and Kosovo believe their company will remain viable for less than ten years if it continues on its current path.

Since the first time this question was asked two years ago, according to the PwC's 28th Annual Global CEO Survey the industries in which CEOs feel most under pressure to reinvent have been largely consistent: media and entertainment, technology, telecom, and industrial manufacturing. These are all sectors in which digitisation, decarbonisation or both are changing the basis of competition. Yet there are now signs of rising anxiety elsewhere. AI is a contributor to this unrest due to its effects all over the workplace. This along with the other reasons may push companies towards a constant reinvention while trying to keep up with these changes.

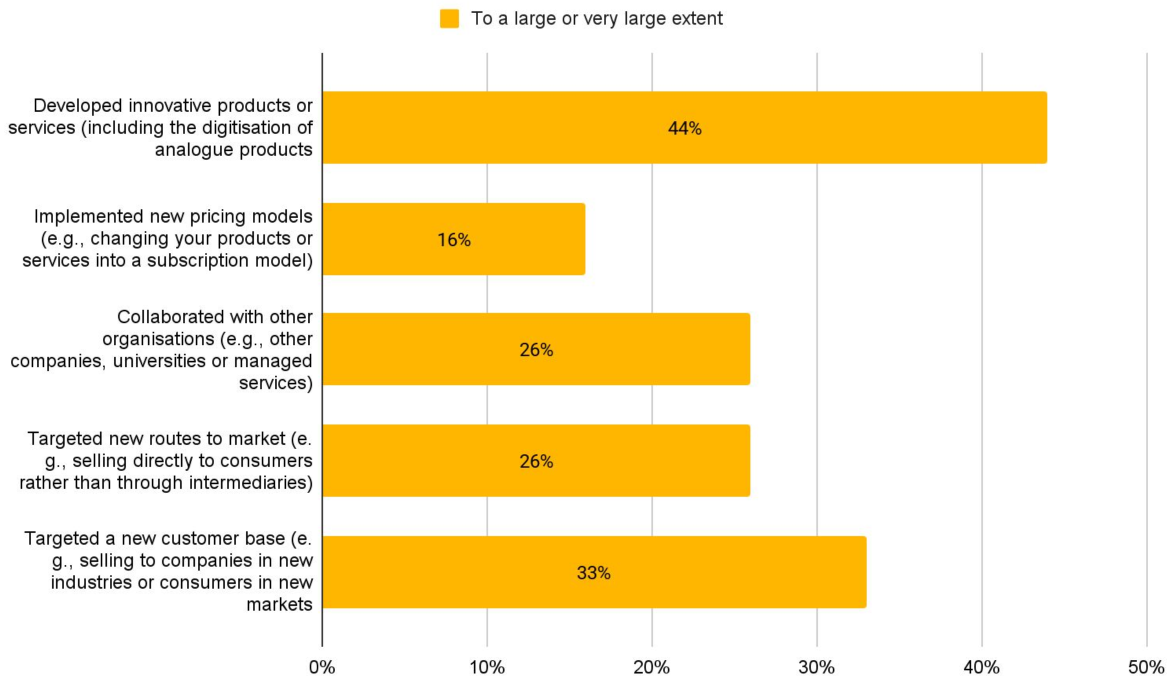
Across all sectors, the majority of CEOs from Albania and Kosovo report having taken at least one significant action to change how their company creates, delivers, and captures value. The most common reinvention actions are developing innovative products and services as well as targeting a new customer base. Fewer companies have taken actions that typically come with higher degrees of difficulty - such as pioneering new routes to market, implementing new pricing models or collaborating with other organisations to create new ecosystems. The local data seems in line with the conclusions drawn on a Global level.

Taking action to create innovative products and services indicates a need for diversification. Companies are looking to extend their product and service offering to fit better to the needs of various customer groups. To better match the customer demands and emerging trends and to remain competitive, businesses are increasing their investments in research and development. This proactive approach not only helps in expanding their market reach but also in staying ahead of competitors.

Fewer companies have taken actions that typically come with higher degrees of difficulty—such as pioneering new routes to market, implementing new pricing models, or collaborating with other organizations to create new ecosystems. These require companies to put more time and effort into studying these routes and having a detailed understanding of the path that needs to be taken. Despite the challenges, some forward-thinking leaders recognize the long-term benefits of these strategies and are willing to take calculated risks. By doing so, they are setting a foundation for sustainable growth and innovation that can potentially unlock new revenue streams and enhance their market position.

The most common reinvention actions taken by companies are innovating products and services and targeting new customers

Question: To what extent has your company taken the following actions in the last five years?



Source: PwC's 28th Annual CEO Survey

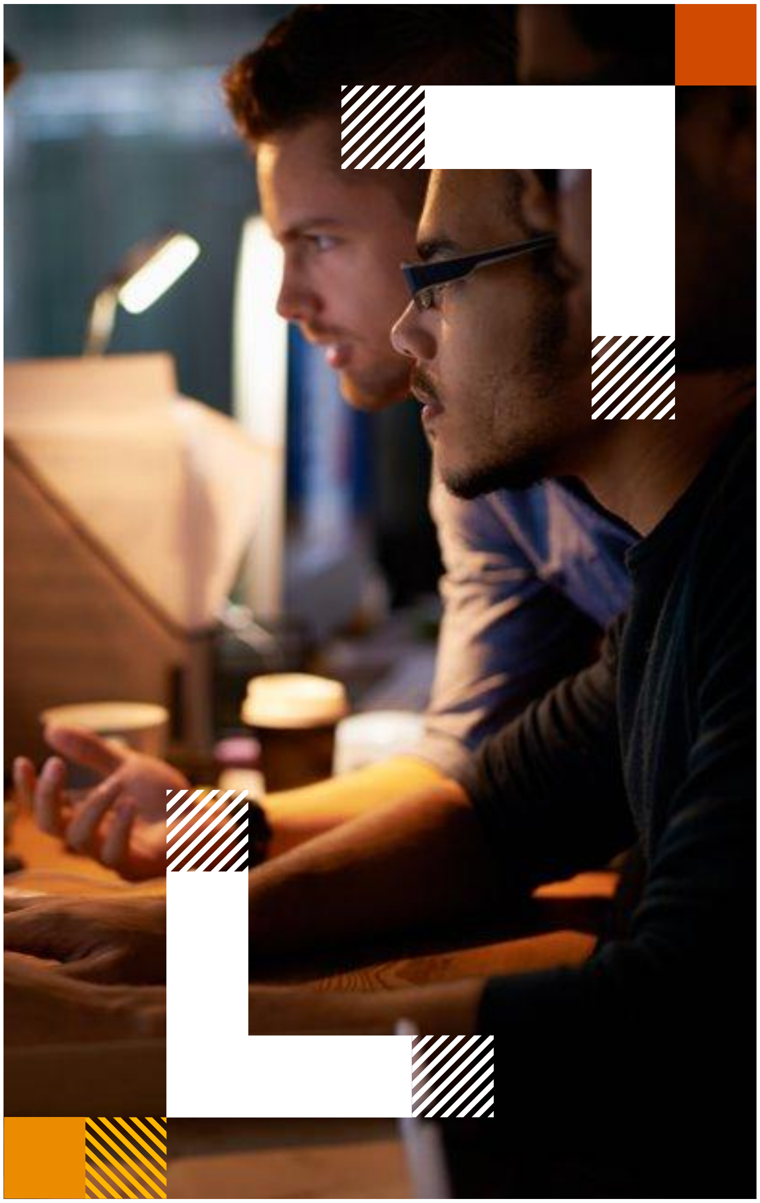
Will these moves be enough to power reinvention? For many CEOs, the honest answer will be no. Consider, for example, the percentage of revenue that companies get from new businesses, a measure of how fast they are growing beyond the core. Across our sample, from the CEOs in Albania and Kosovo, on average, only 9% of revenue in the last five years has come from fundamentally distinct businesses. Also a higher yet small amount of revenue (11%) came from extension of core businesses through new locations or product lines.

If CEOs need further encouragement to double down on reinvention, they should note that we see a strong association in the data between the number of reinvention actions companies have taken and the profit margins they achieve. Companies taking more actions also report bigger gains from GenAI over the last year

Business as (un)usual
Ramping up reinvention

Your next move: Look outwards. The road to reinvention starts with customers—and this maxim applies equally to B2C and B2B companies. In our experience, a determined effort to refocus on unmet needs, pain points and every other aspect of the customer experience can catalyse innovation. Importantly, this often includes changes that take the company outside its comfort zone—for example, moving beyond the product road map to consider new pricing models, new routes to market or new alliances that add value for customers in new ways. In addition, we recommend looking for external triggers that might arise quickly and create customer needs. The rise of GenAI is one such example. Consider also leading indicators that your industry or an adjacent sector is ripe for reinvention. Telltale signs include the arrival of market entrants, a rise in venture capital investment or a rapid redistribution of market share among incumbents.

The great reconfiguration



More than three decades of digitisation have already started to erode boundaries between sectors. Our strong belief is that the interactions among climate change, AI and other megatrends will hasten the process of reconfiguration and create new domains of growth that cut across sectors. Consider, for example, recent boundary-breaking moves by tech giants into nuclear power generation, reflecting the complex interplay of AI and climate change.

40% of the CEOs in Albania and Kosovo tell us that their companies have started to compete in at least one new sector in the last five years. Although many of these initiatives may have been small, these ventures show a need and a desire to experiment and diversify. Nonetheless, the diversification should come with a careful consideration of the market's conditions. When it comes to venturing beyond sector boundaries, agility matters. It is better to be prepared for any challenge that may arise from these changes. According to the PwC's 28th Annual Global CEO Survey, among the sectors CEOs say they are moving into are business services (with new competitors coming from technology, telecommunications and media), health services (with new competitors, coming from insurance, tech and telecom), and consumer markets (with new competitors coming from pharmaceuticals, banking and media). These findings ring true. Consider, for example, moves by telecom companies to generate additional revenue by offering business customers a range of services beyond connectivity, or moves by health insurers into healthcare provision, or moves by banks to offer consumers additional fee-based services.

Business as (un)usual
The great reconfiguration

Your next move: Envision your ecosystem. We expect industry reconfiguration to accelerate in the decade to come. For CEOs, the challenge is to envision the ecosystem in which their company will operate in the future. This means thinking through the impacts of megatrends (notably, but not only, climate change and AI), how customer needs will change, how value pools will shift and what roles distinct types of companies will play. In today's business environment, the elements above are in a constant state of change and companies need to evaluate these changes frequently so that they can get the most out of them. Companies who tend to study and come up with plans to exploit these opportunities are the ones who have the tendency to gain more from them. In the eyes of the customers, they position themselves more favourably.

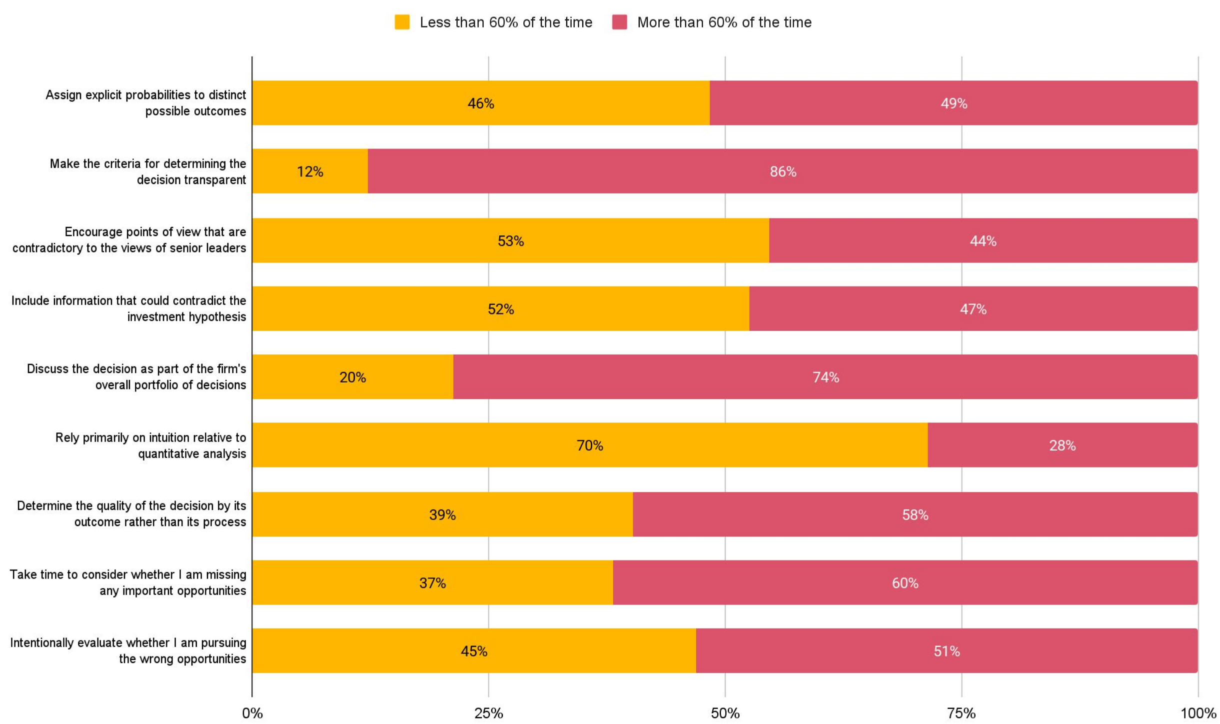
Alliances and partnerships are essential sources of learning (as well as revenue) on the journey towards new domains of growth. New expertise within the executive team may also be needed, although hiring one or two new functional leaders is never the full solution. Navigating industry reconfiguration is a job for the top team as a whole, with strong support from the board.

Continual reinvention
Pay attention to decision quality

Leading a company during a period of great change requires decision-making that is well informed, disciplined and unbiased. Yet many CEOs tell us that their company's strategic decision-making processes are inconsistent at best. For example, proven practices for countering confirmation bias include making decision criteria transparent in advance, deliberately canvassing alternative points of view and intentionally seeking out information that contradicts the investment hypothesis. Almost always more than half of companies regularly employ the full suite of these techniques for strategic decisions. Similarly, 58% of the CEOs from Albania and Kosovo told us that they usually judge strategic decisions by their outcomes, not by the quality of the process. At first glance, this makes perfect sense.

CEOs are results-oriented and take pride in that trait. The snag is that outcomes are often determined by factors, including luck, that are beyond the control of the decision-makers. The only thing leaders can fully control is the quality of the decision-making process. Our survey results suggest that CEOs are leaving money on the table by not following the best practices of decision-making: companies with higher-quality processes for making strategic decisions report higher profit margins (as always, this is after controlling for industry, geography, company size and other factors that might skew the data).

Question: When making strategic decisions*, how often do you take the following actions?



Source: PwC's 28th Annual CEO Survey

Continual reinvention
Pay attention to decision quality

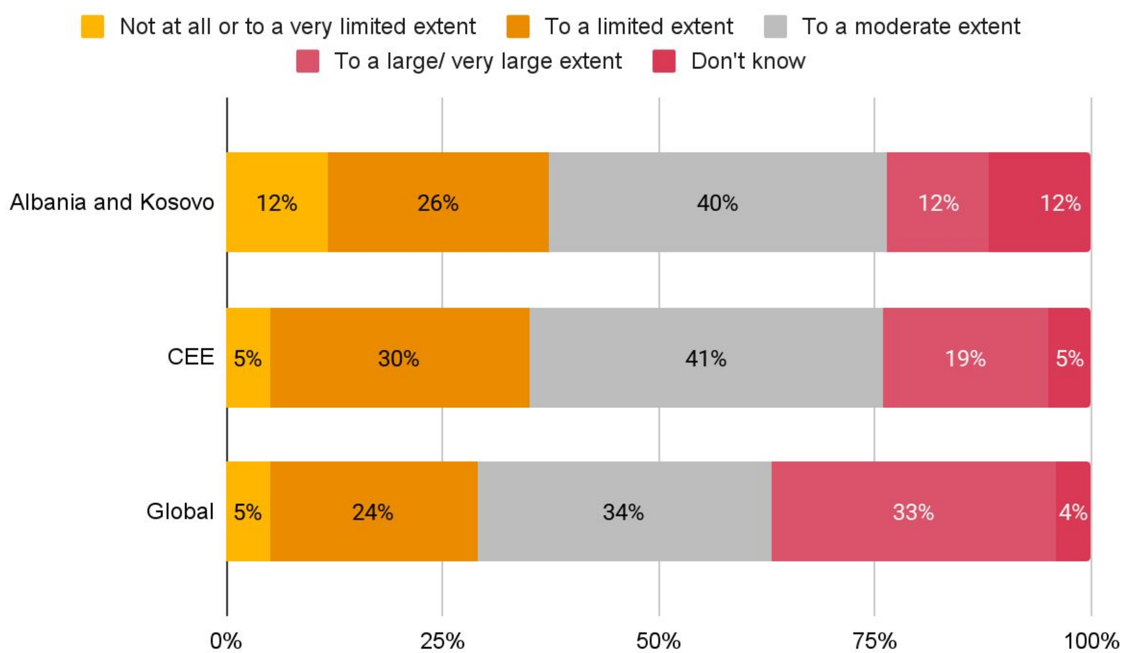
Your next move: Prioritise process. Decisions sometimes need to be made quickly, before every box has been ticked. But there is compelling evidence that stronger decision-making processes typically result in better decisions—especially under conditions of uncertainty, when intuition and experience are unreliable guides. In the current environment, with very high levels of uncertainty across multiple dimensions, decision quality is paramount. Thorough, fact-based decision-making also comes into its own when emotions run high. On climate change, for example, CEOs are under scrutiny from customers, employees, investors and even family members. The same goes for how CEOs handle decisions related to AI, and questions about the future of legacy businesses in the face of industry reconfiguration. In these circumstances, robust decision-making processes can break deadlocks and support a bias to action. Our survey data confirms this: CEOs who report stronger decision processes also report more reinvention actions.

Continual reinvention
Build trust for a new era

As noted above, about 26% of CEOs from Albania and Kosovo believe that GenAI will increase the profitability of their company in the year ahead. This result shows that there is an ever increasing confidence that AI will help companies in the long run with different aspects of the business life. At the same time, only 12% say they have a high degree of trust in having AI embedded into key processes. This shows that there is still a little uncertainty about letting AI handle important procedures inside the company and deal with confidential information regarding the company. As you might expect, CEOs who trust AI reported higher gains from GenAI over the last 12 months and expect higher gains from the technology in the year ahead. What our findings also show is that a large number (40%) of CEOs from Albania and Kosovo trust AI to a moderate extent. While they still might not trust it completely, they understand that AI can be an integral part of their companies. These findings are in line with the CEE and Global survey results. While, CEOs might still need time to fully trust the AI, many have already started to use it for some of the processes. They are also more likely to be moving forward with integration of GenAI into technology platforms, business processes and workflows.

The wide distribution of CEO trust in AI mirrors that among the wider population. PwC's Voice of the Consumer Survey 2024 of 20,000 consumers globally found a similar spread of opinion. A key difference is that CEO opinions can have bigger consequences. The question for CEOs at the low end of the trust spectrum is whether they are actively working to understand and address the issues—or simply allowing their scepticism to get in the way of the opportunity. At this early stage of GenAI's development, 'bounded optimism' feels like an appropriate stance. Uninformed pessimism does not.

Question: To what extent do you personally trust having AI (including generative AI) embedded into key processes in your company?



Source: PwC's 28th Annual CEO Survey

Continual reinvention
Build trust for a new era

Your next move: Embrace Responsible AI. All CEOs need to walk before they can run with GenAI—that is, avoid hurriedly deploying the technology in ways that may undermine the trust of customers, employees or other stakeholders

In practice, this means embracing the potential of this powerful, general-purpose technology while also taking steps to manage the risks, which include the potential for inaccurate outputs ('hallucinations'), creation of biased or offensive content and intellectual property issues related to the data on which GenAI models are trained.

Responsible AI practices can mitigate—though not yet eliminate—many of these issues and are most effective when baked into GenAI strategy from the start. Equally, we recommend proactively addressing the potential societal impacts of GenAI by, for example, tracking the impact of adoption on company carbon emissions.

Continual reinvention
Beware the tenure trap

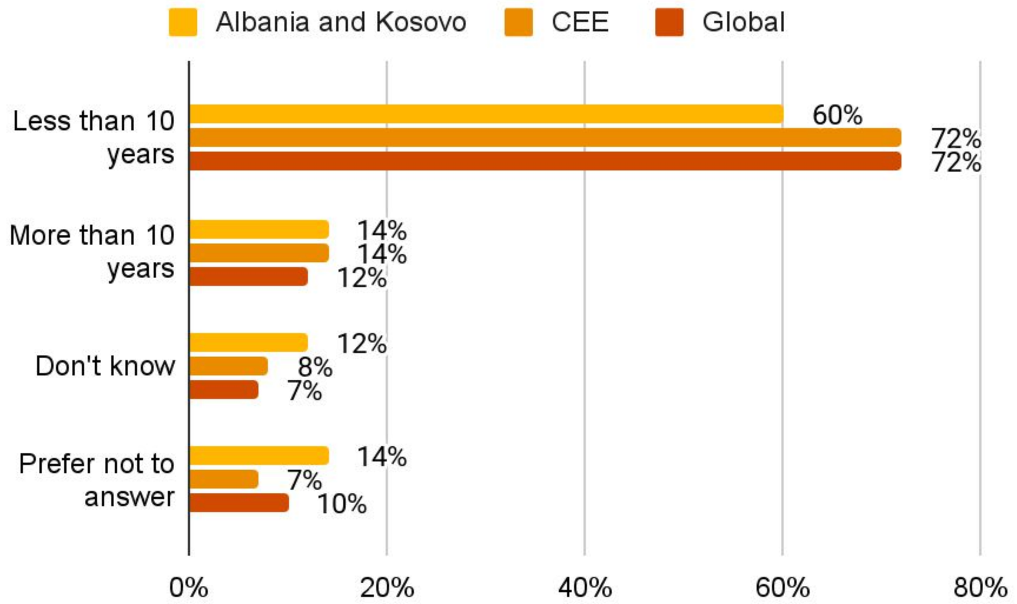
Business, society and the competitive landscape are being reshaped by powerful forces that will play out over the decade to come. Yet when we asked CEOs of companies in Albania and Kosovo how long they expect to remain in their current role, almost half (44%) answered five years or less. In addition, we see intriguing differences between the survey responses of CEOs with shorter expected tenure and those who expect to be in the role longer.

Those with long expected tenure are more likely to:

- be taking multiple actions to reinvent their company's business model (which is, in turn, associated with higher profit margins)
- report profitability gains from investment in GenAI and have higher expectations for the technology in the year ahead.
- be using a range of techniques to ensure the quality of strategic decisions.

These are statistical associations. We know many CEOs with a year or two of remaining tenure who are moving decisively to reinvent their company and capture the value-creation opportunities afforded by AI. Even so, the data highlights a corporate governance dilemma that, although hardly new, takes on additional weight at this decisive moment in business history.

Question: How many years do you expect to remain in your current role?



Source: PwC's 28th Annual CEO Survey

Conclusion

The survey of CEOs from Albania and Kosovo presents a promising outlook for the region's economic growth, driven by a favorable business environment, increased foreign investment, and a commitment to innovation and digital transformation. As these countries position themselves for closer cooperation with European markets, the optimism among CEOs is reflected in their plans to expand their workforce and invest in employee training to meet the demands of a digital economy.

Despite the positive sentiment, cybersecurity remains a significant concern, underscoring the need for robust protective measures. While macroeconomic volatility is perceived as less threatening, the integration of generative AI into business processes is anticipated to boost profitability, aligning with global trends observed in the PwC survey.

Furthermore, the link between climate-friendly investments and higher profit margins is recognized, encouraging CEOs to embrace sustainable practices. This aligns with the broader global movement towards sustainability, where investor sentiment increasingly favors long-term environmental responsibility over short-term gains.

In conclusion, the CEOs of Albania and Kosovo are urged to consider strategic questions about their readiness to adapt to these evolving dynamics. By proactively reinventing their business models and integrating AI and sustainable practices, they can position their companies to thrive in the future global economy.

Survey methodology, demographics and definitions

PwC Albania and Kosovo surveyed CEOs in both countries at the end of 2024.

The global and regional figures in this report are weighted proportionally to the country's nominal GDP to ensure that CEOs' views are representative across all major regions.

Snapshot of Albania's and Kosovo's participants:

- 43 CEOs of top companies from Albania and Kosovo completed the survey this year.
- 47% of the respondents are CEOs of a single or multi-entity parent company, 42% are CEOs of a country subsidiary within a multi-entity parent company, and 7% are CEOs of a product-oriented subsidiary within a multi-entity company.
- Most CEOs from Albania and Kosovo who took part in this survey (74%) are male, whereas 26% are female.

Notes

Percentages in charts may not add up to 100%—a result of rounding percentages; multiselection answer options; and the decision in certain cases to exclude the display of certain responses, including 'Other,' 'Not applicable' and 'Don't know.'

The research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services.

https://www.pwc.co.uk/pwcresearch

Albania and Kosovo CEO Survey as part of PwC's 28th Annual Global CEO Survey

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