

24th Annual Global CEO Survey  
Armenian edition

# Change to succeed

5,050

CEOs from  
100 countries

32

CEOs  
in Armenia

April 2021



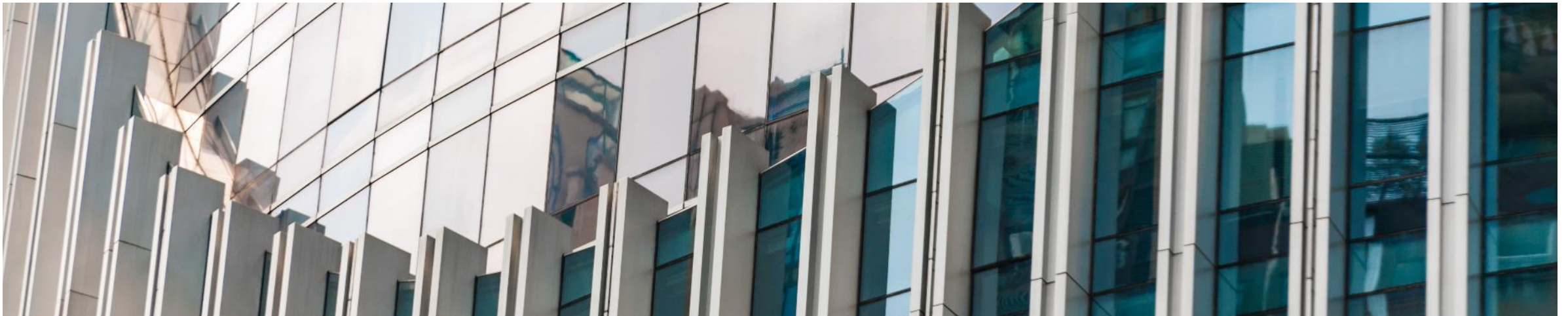
# PwC Global CEO Survey of the world's largest companies

Every year PwC conducts a global survey of the leaders of the largest companies. This is PwC's flagship survey, involving nearly 5,000 business leaders around the world.

The goal of the project is to identify the key trends and patterns that influence the adoption of important management decisions.

This year, for the first time, we have prepared an Armenian edition of the study, containing more detailed data on the survey results in Armenia and comparisons with the responses of CEOs from other territories.

The results of the global survey are traditionally presented at the annual World Economic Forum in Davos.





**Inga  
Shakhnazarova**  
Country  
Managing Partner

The past year was an uneasy one for many countries across the globe, especially for Armenia.

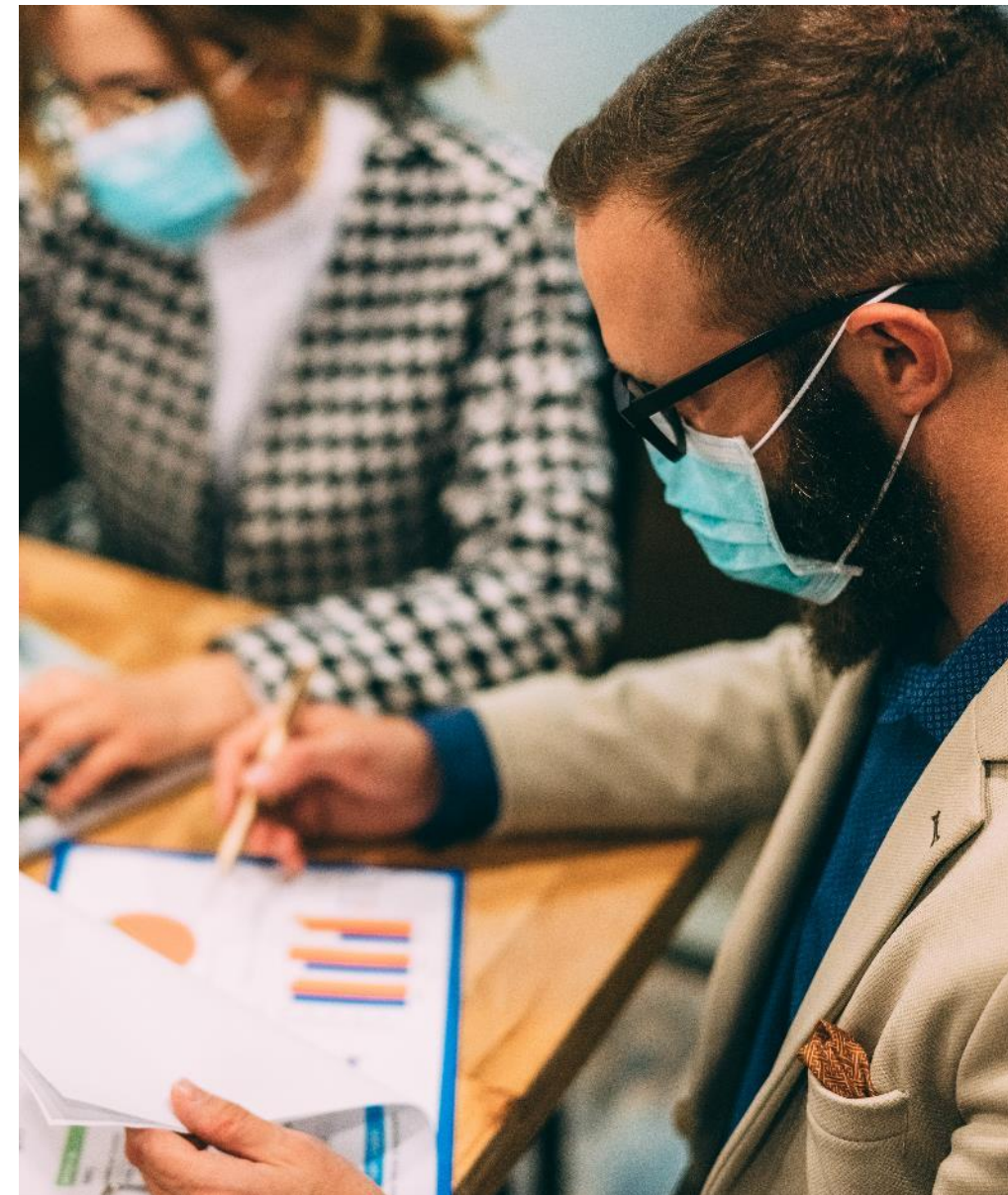
Companies have faced some of the largest challenges in their history, including a decline in the population's purchasing power and rapid changes in consumer behaviour. Meanwhile, remote work and other factors have pushed organisations to try reimagine the possible.

For Armenia, 2020 started positively, as the country had one of the highest GDP growth rates of any European country for all of 2019 and the first two months of 2020.

Starting from March 2020, Armenia began to feel the impact of the COVID-19 pandemic and, later on, the war.

This year is crucial for the country's recovery. One of the main driving forces is likely to be a reset among businesses – a power that is expected to drive the economic growth forecasted by the Central Bank of Armenia and the World Bank.

PwC Armenia believes that the results of our CEO Survey provide a number of important insights. And despite the challenges they face, CEOs in Armenia are cautiously optimistic about the future.







**Alexey  
Rusanov**  
Director

Despite the challenges that Armenia faces, our survey results indicate that CEOs are confident that revenues and profitability will grow over the next 12 months and throughout the next three years. A vast majority (88%) of the CEOs that we interviewed are very confident or somewhat confident regarding the outlook for revenue growth over the next three years.

In order to adapt to the environment, CEOs in Armenia have prioritised operational excellence, organic growth, new products and services.

In response to the COVID-19 pandemic, 59% of CEOs in Armenia have made or plan to make organisational changes to their purpose that better reflect on their role in society.

CEOs in Armenia also mentioned their dedication to make significant and long-term investments in cost efficiency, digital transformation and data privacy.

PwC Armenia invites you to learn more about how CEOs in Armenia are thinking about and preparing for the future.



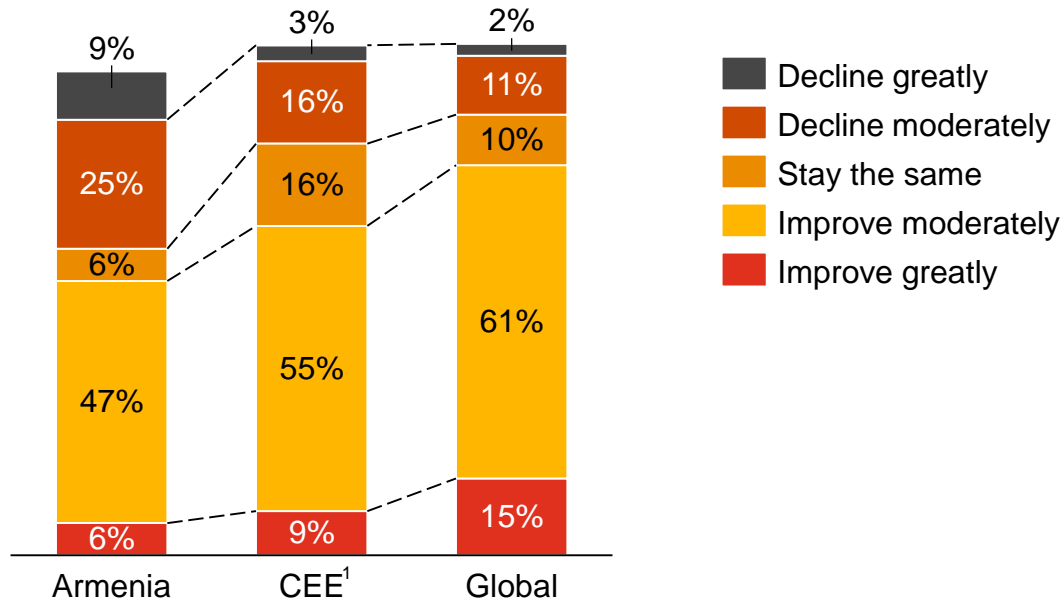
# 1

# Growth



# Following the 2020 economic downturn, almost half of CEOs in Armenia believe that economic growth will improve moderately, which is somewhat less optimistic than the view of CEOs in the CEE region

Do you believe global economic growth will improve, stay the same or decline over the next 12 months?



## Notes about interpreting charts:

Throughout this deck, not all figures in bar and stacked bar charts will add up to 100% as a result of rounding and the decision in certain cases to exclude 'neither/nor', 'other', 'none of the above' and 'don't know' responses.

1 – Central Europe and Eurasia

24th Annual Global CEO Survey: Armenian edition

PwC

## CEO perspectives:

“

In my mind the global economy, especially in developed countries, will grow again over the next 12 month. It will take another 5-6 month till the vaccination will become available for the entire population.

The past shows us that even if we have economy decline in the CIS, the Armenian economy can stay on acceptable level.

**Vahe Khoranian**

Zeppelin Armenia

“

The positive impact of global growth on Armenian economy is connected with rising demand/price for export goods, such as mining and agricultural processing, however the raising cost of imports such as steel and other industrial goods may negatively affect the local demand.

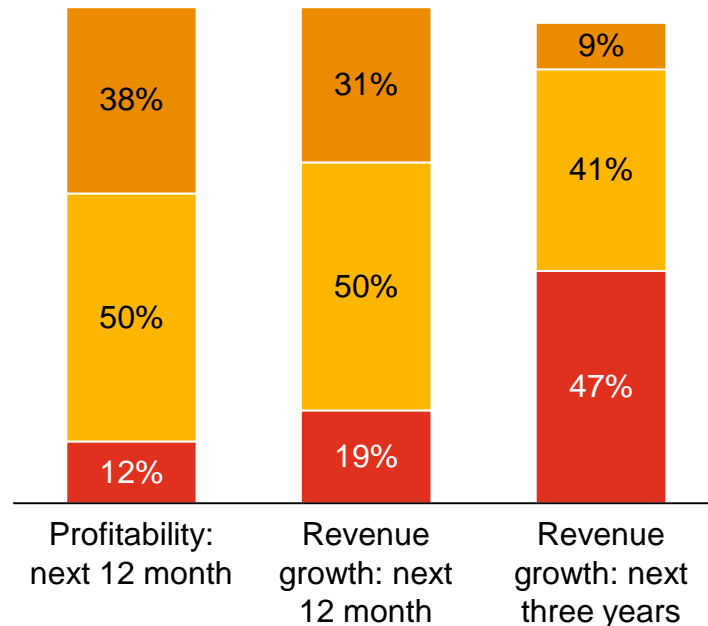
**Hayk Shekyan**

Shtigen

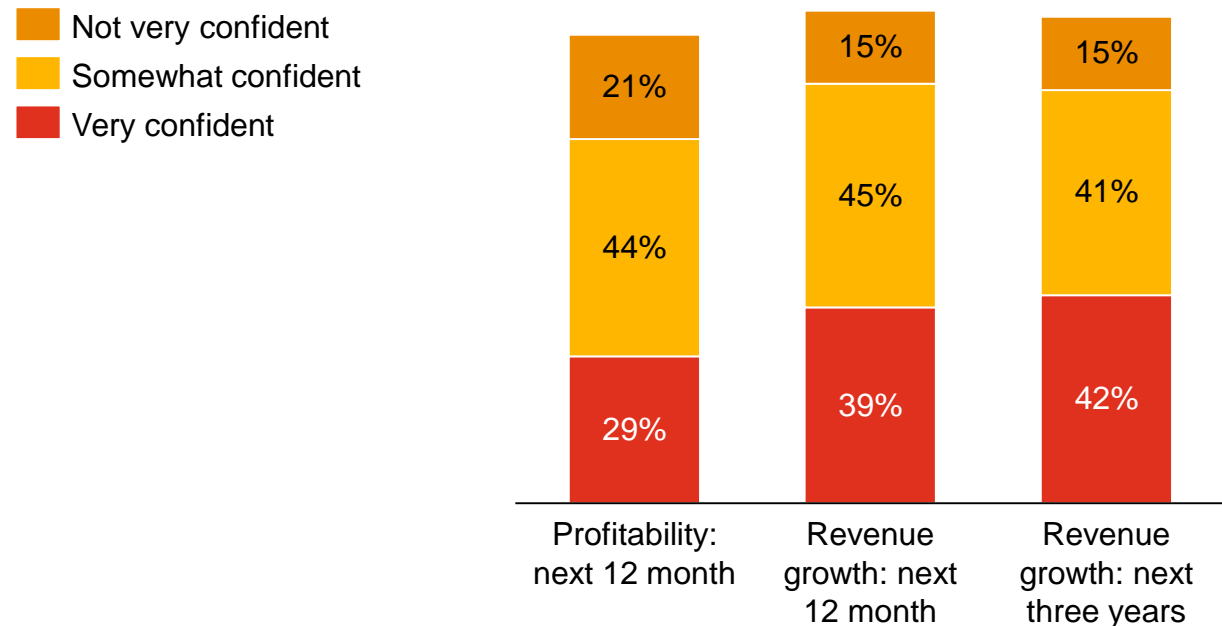
# CEOs are cautious about profitability and revenue growth in 2021, but are very confident that revenues will grow over the next three years

How confident are you about your organisation's prospects for profitability and revenue growth over the next 12 months and the next three years?

## Armenia

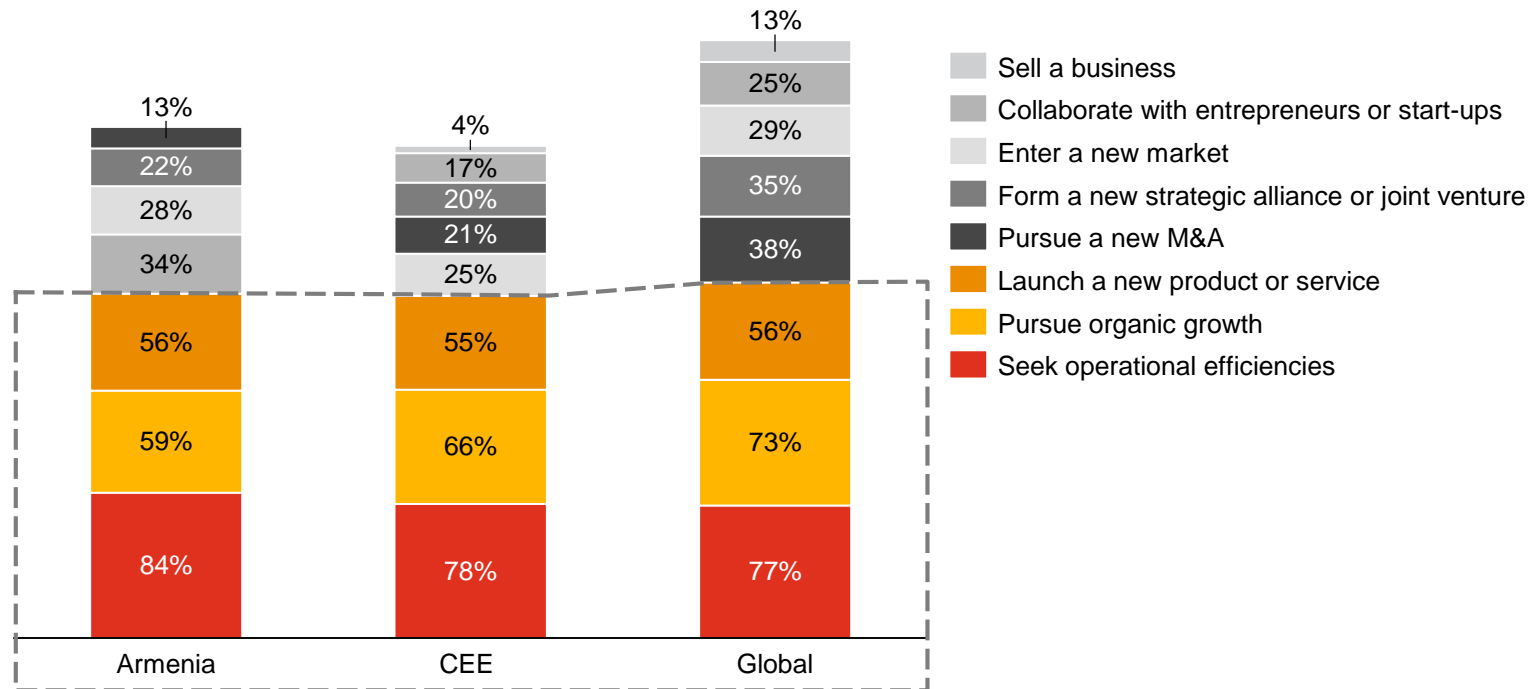


## CEE



# To drive growth, companies have prioritised seeking operational efficiencies, pursuing organic growth and launching new products

Which of the following activities, if any, are you planning in the next 12 months in order to drive growth?



## CEO perspectives:



Our organisation will continue to invest in our day to day business and we are also planning to launch new products and services to our portfolio. We will keep our business running on the highest possible level.

Considering that Armenia has a very limited market size and our company as market leader is in focus of all competitors we need continue to keep our position with investments and have more flexible approach with increasing our portfolio

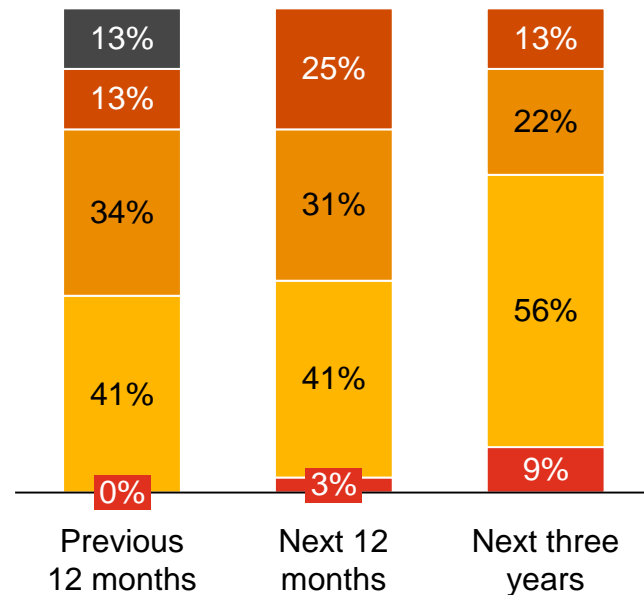
**Vahe Khoranian**  
Zeppelin Armenia



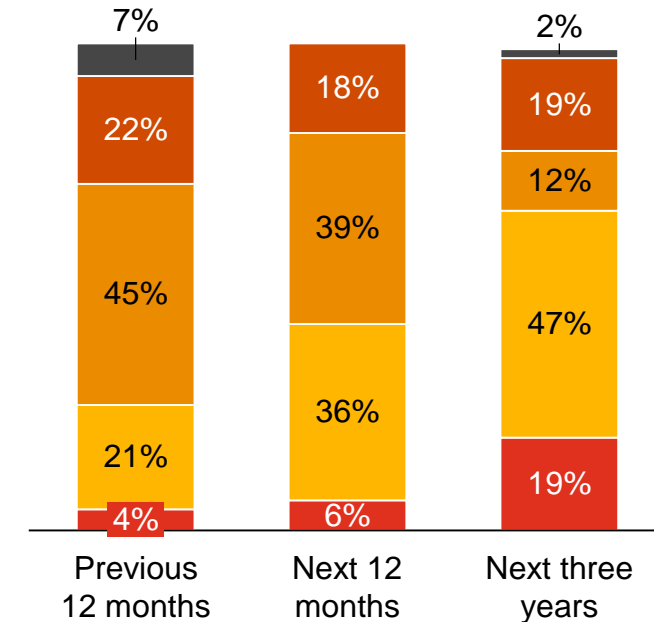
# Companies want to grow without reducing their headcounts, as only 13% of CEOs plan to decrease staff moderately over the next three years

How has your organisation's headcount changed and expect to change in the next 12 months and the next three years?

## Armenia

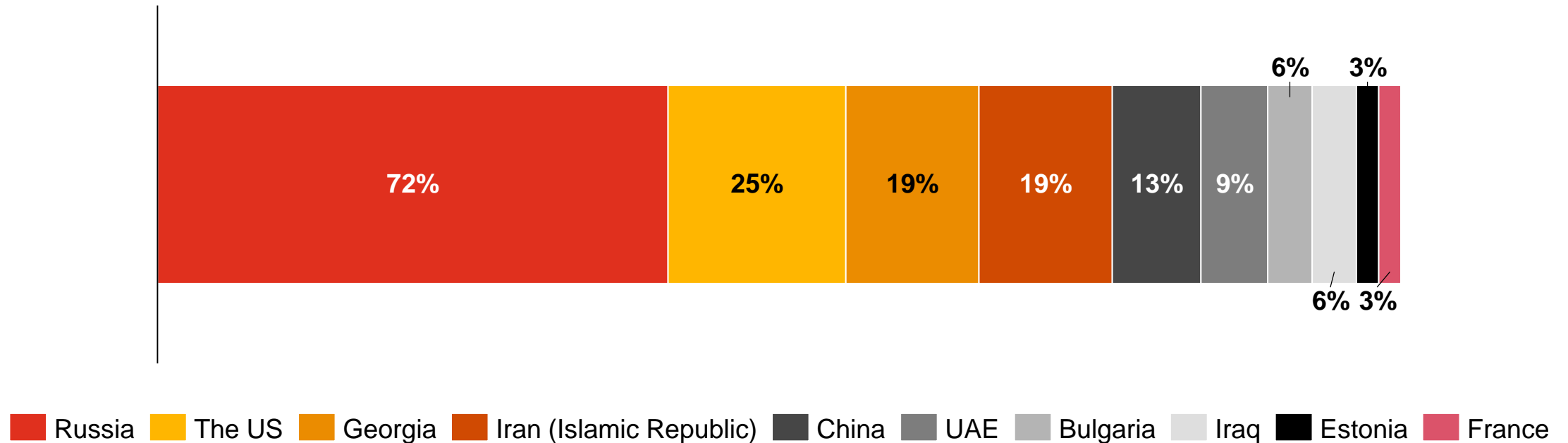


## CEE



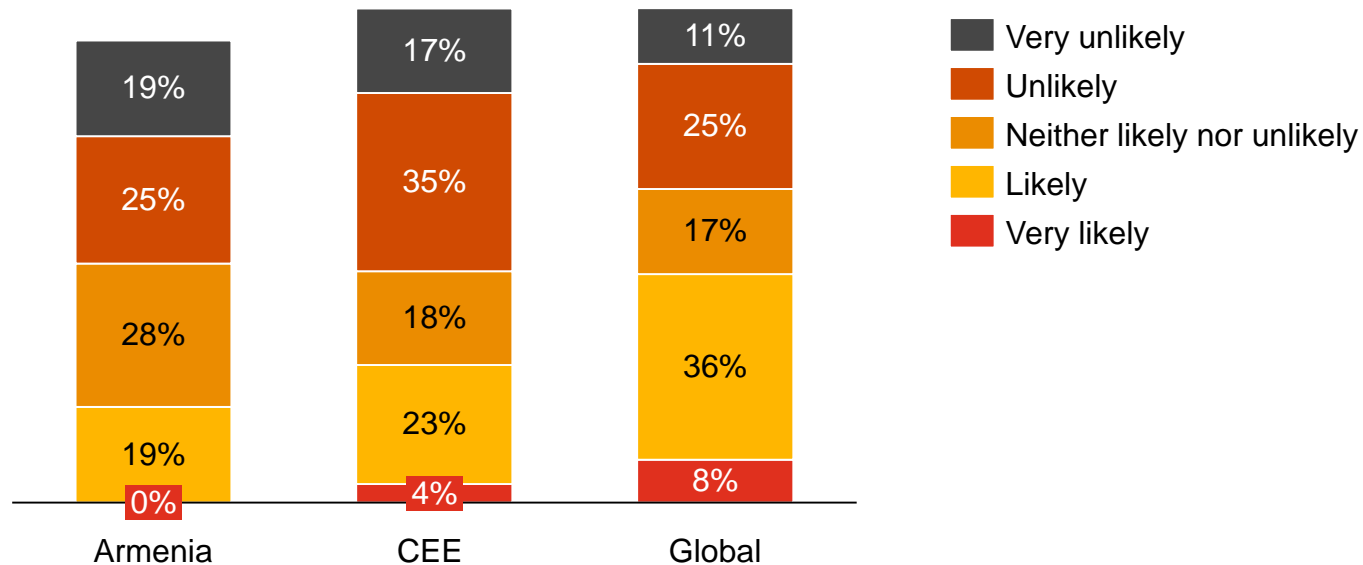
# Russia, the US, Georgia and Iran were the four countries most frequently mentioned as the most important for the growth

Which countries/territories, excluding the country/territory in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months?



# CEOs in Armenia, the region and around the globe are staying cautious regarding government recovery plans

How likely is it that the government's recovery plan in the country/territory where you are based will effectively balance short-term economic needs with long-term environmental goals?



## CEO perspectives:



The business expectation from the Government is in creating required market conditions for sustainable business development through stabilization of the financial markets and predictable, logical and transparent tax regulation system. We appreciate current state tax audit system improvements.

**Arthur Davtyan**  
Kamar BC



The Government needs better organisation, and stronger capacity to drive effective dialogue with the society and business to balance short-term with the long term goals.

**Hayk Shekryan**  
Shtigen



# CEOs perspectives on “Growth” topic



For 2021 we plan to keep current financial stability with possible growth of 5%. We assume that in 2021 the local market is not ready for better results.

**Arthur Davtyan**  
Kamar BC



Our market segments are growing despite negative developments, and we are actively working on developing new niches and segments, the growth estimate is about 20-30%.

**Hayk Shekyan**  
Shtigen

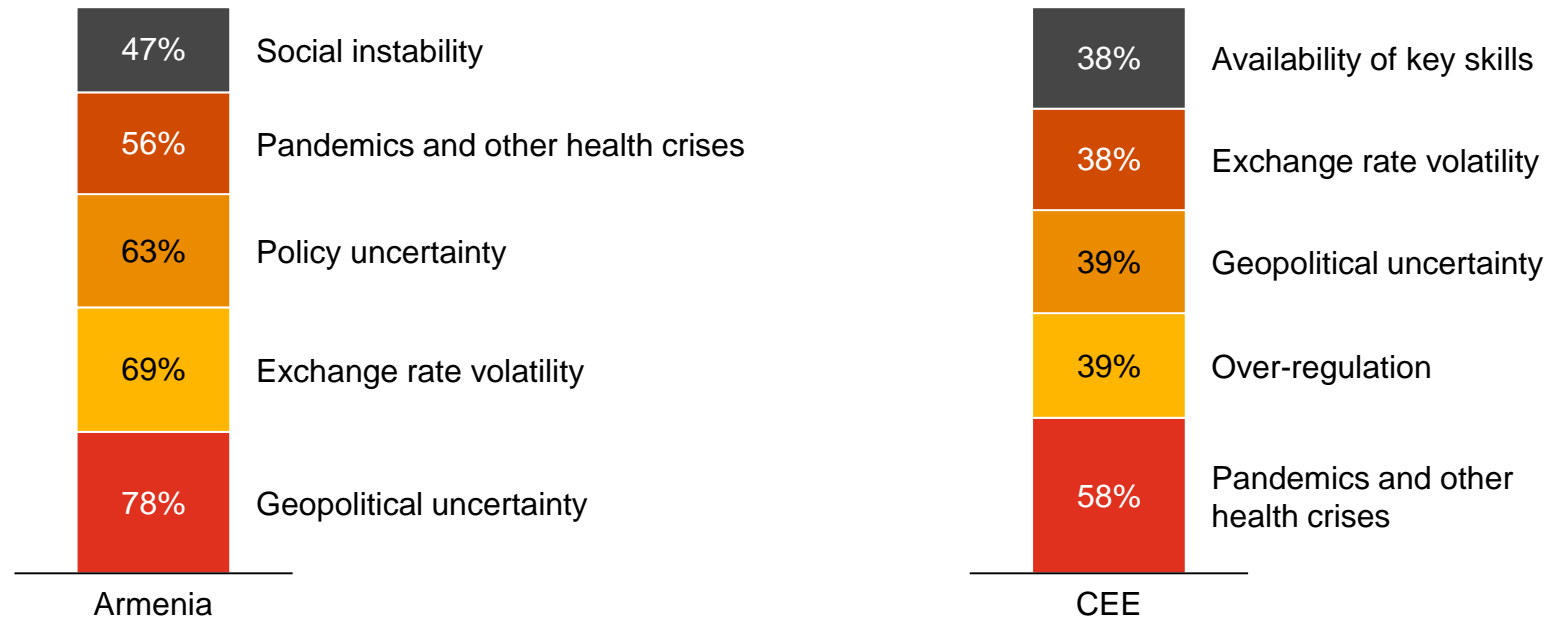


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# Threats

# CEOs in Armenia are concerned about geopolitical uncertainty, exchange rate volatility, policy uncertainty, pandemics and social instability while in CEE, pandemics are seen as the top threat

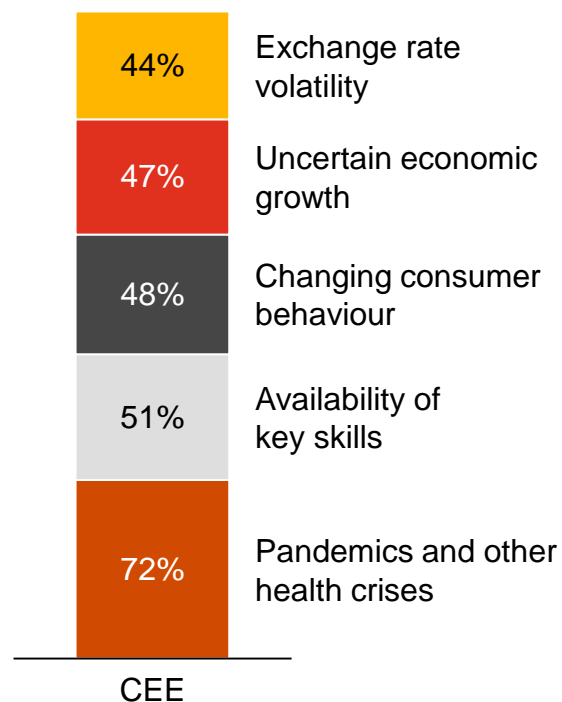
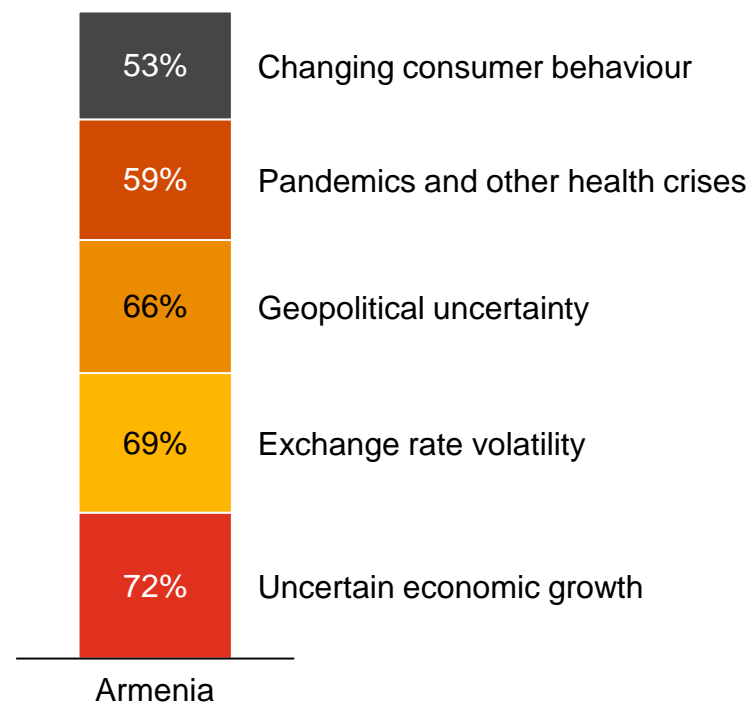
Which from the following list of potential business, economic, policy, social and environmental threats to your organisation's growth prospects are you extremely concerned about?





# CEOs in Armenia have prioritised three areas in risk management: uncertain economic growth, exchange rate volatility and geopolitical uncertainty

Which of the following threats, if any, are explicitly factored in to your strategic risk management approach?



## CEO perspectives:



We have increased our focus towards risk management. Long-term investments need to have deeper analyzes. And higher focus on receivables and credit risks due to unstable currency fluctuation.

**Vahe Khoranian**  
Zeppelin, Armenia

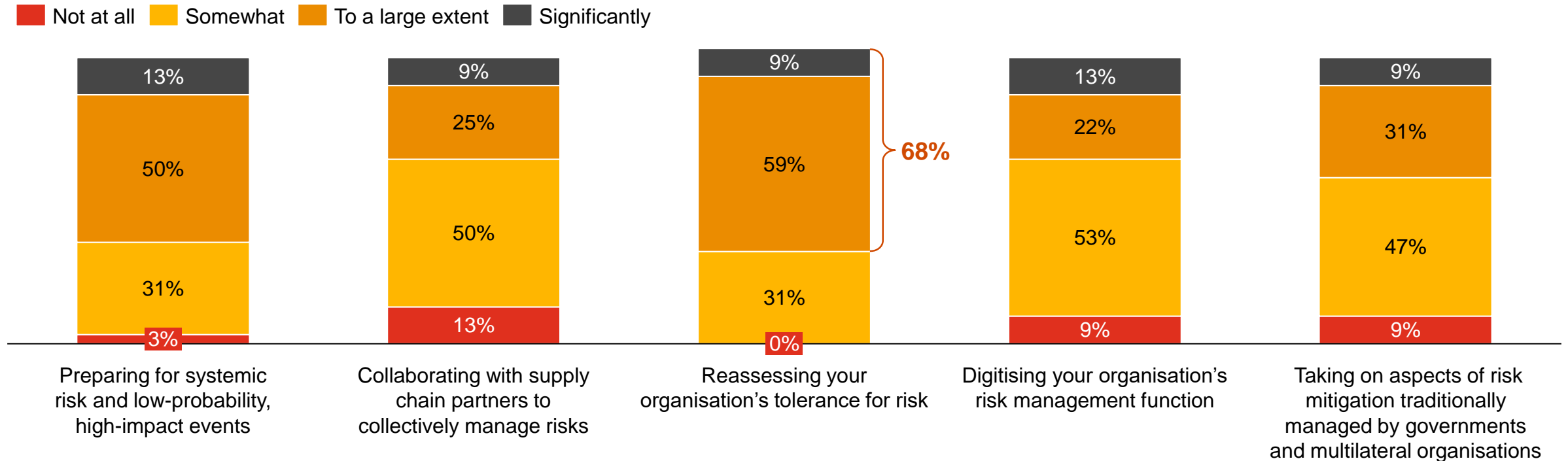


We are planning to overcome the existing threats through sustainable financial strategy and more targeted services for the customers.

**Arthur Davtyan**  
Kamar BC

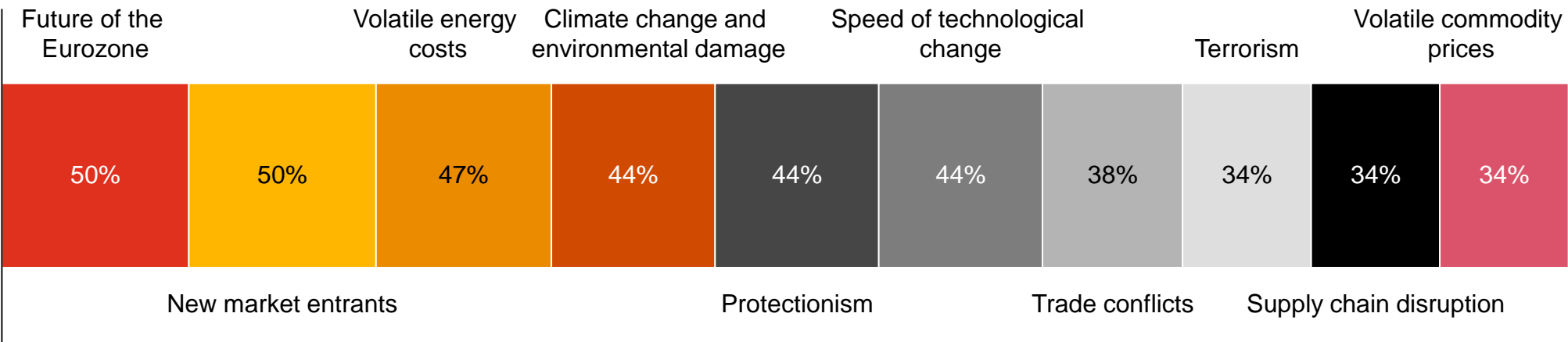
# The COVID-19 pandemic has been a catalyst for change management, and companies are increasing their focus on reassessing their risk tolerance

With respect to your organisation's approach to risk management, to what extent are you increasing your focus on... as a result of the COVID-19 crisis? [Armenia]



# Armenian CEOs **are least concerned about** the future of the Eurozone, new market entrants and volatile energy costs

How concerned are you, if at all, about... [sum of “Not concerned” answers results]





# CEOs perspectives on “Threats” topic



We hope that the situation will be changed in the near future and we can go back to a standard business approach.

**Vahe Khoranian**  
Zeppelin, Armenia



We promote more efficient, responsible and secure products and services, which give our customers better individual protection from macro level risks, this cultivates a shift in customer behavior making it easier for all to withstand the global risks one by one.

**Hayk Shekyan**  
Shtigen

3

Investments,

Workforce &

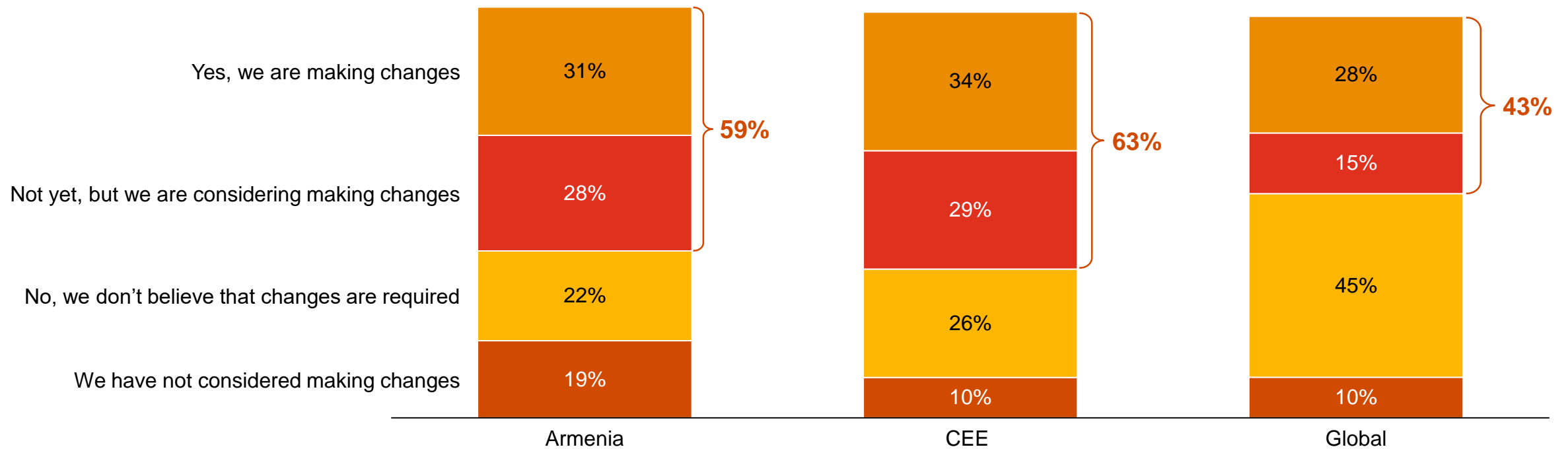
Stakeholder

Engagement



# 59% of CEOs in Armenia are making or planning to make organisational changes to their purpose to better reflect on their role in society in the aftermath of the COVID-19 pandemic

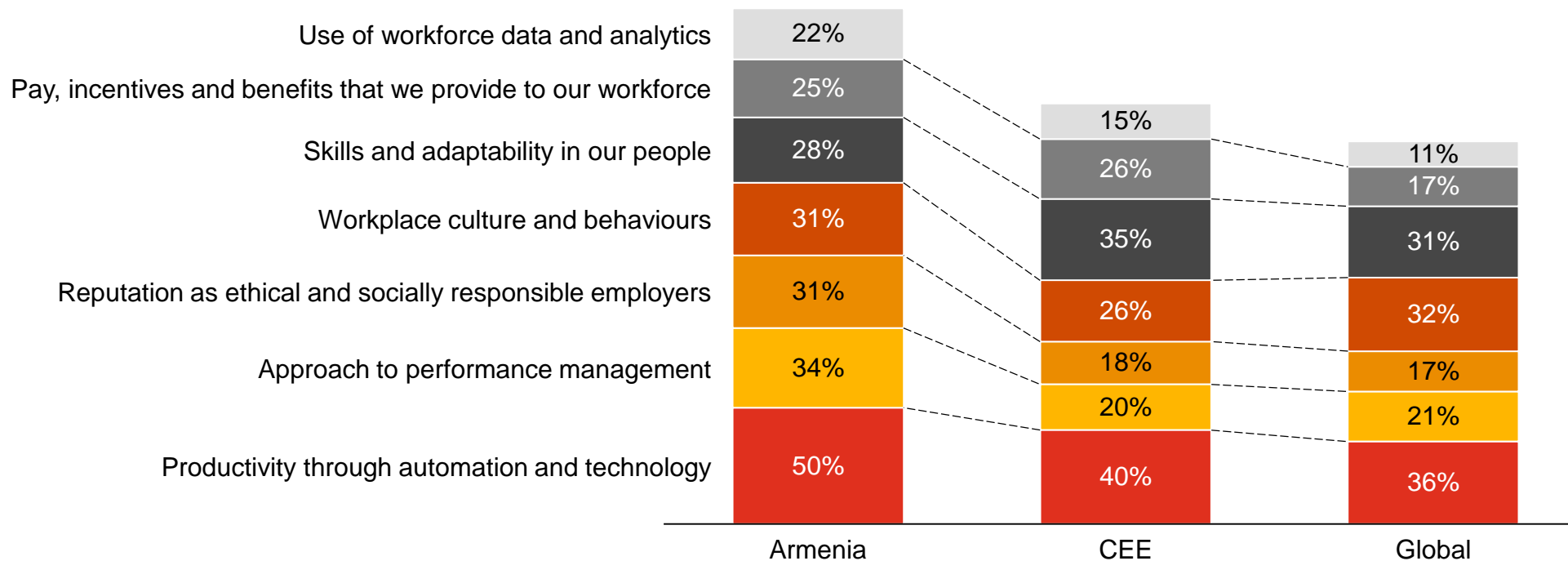
As a result of the COVID-19 crisis, are you making any changes to your organisational purpose to better reflect the role your organisation plays in society?





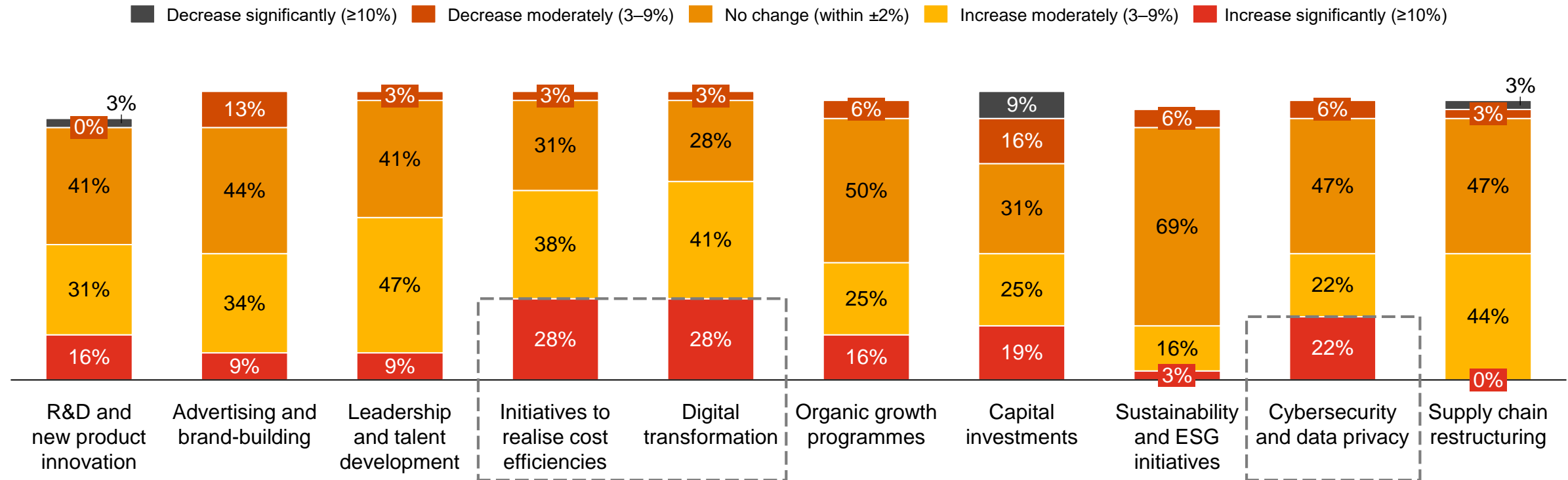
# Elements of workforce strategy that have the most significant impact on an organisation's competitiveness: focus on productivity, performance management and reputation as ethical and socially responsible employers

Which aspects of your workforce strategy are you changing, if any, to make the greatest impact on your organisation's competitiveness?



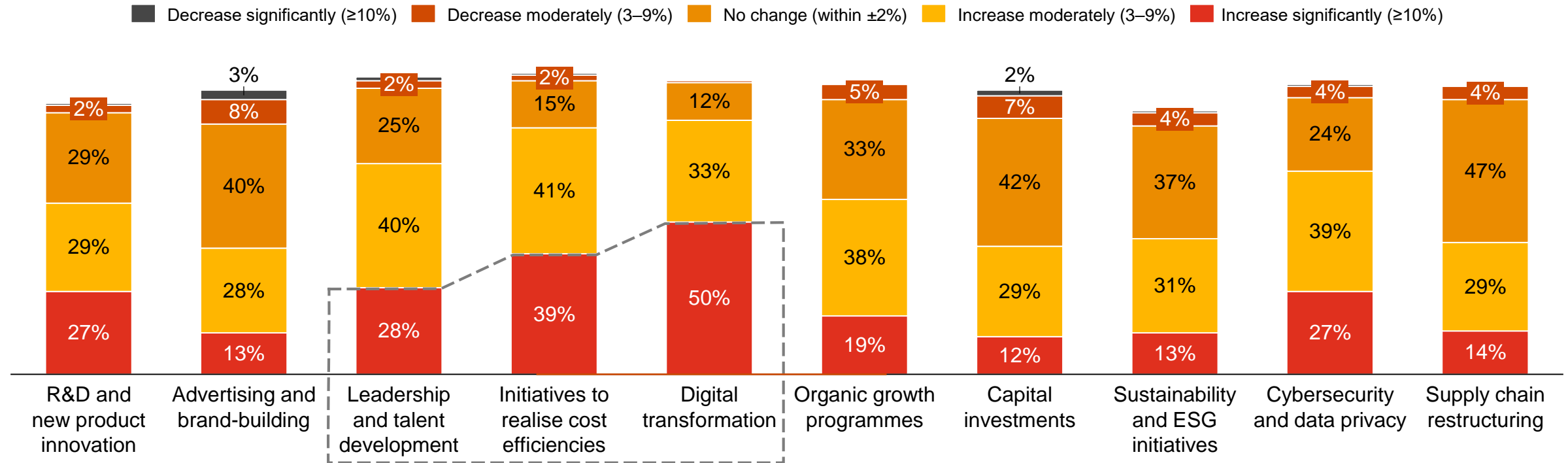
# In response to the pandemic, CEOs in Armenia are planning to make significant long-term investments in cost efficiency, digital transformation and data privacy...

How do you plan to change your long-term investments in... over the next three years, as a result of the COVID-19 crisis?



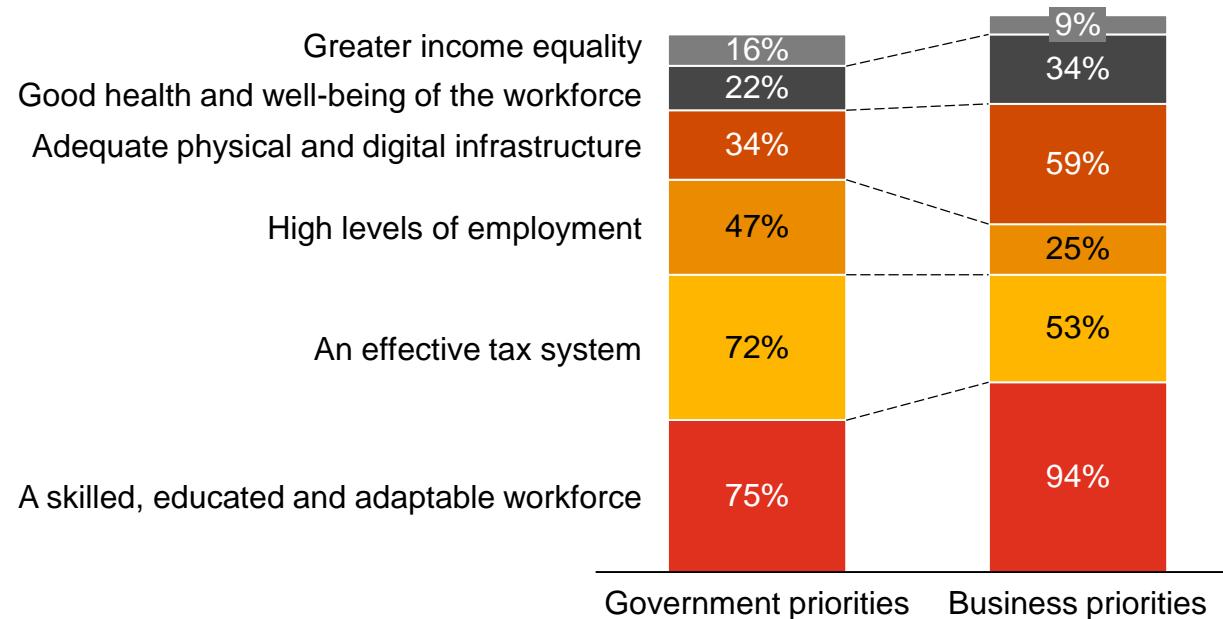
# ... and CEOs in CEE have similar priorities: digital transformation, cost efficiency, leadership and talent development

How do you plan to change your long-term investments in... over the next three years, as a result of the COVID-19 crisis?



# CEOs in Armenia believe that both government and business should prioritise creating a skilled and educated workforce and building an effective tax system

Which three of these outcomes do you think should be priorities in the country/territory in which you are based? [Armenia]



## CEO perspectives:

“

We believe that one of the main challenges of the Armenian labor market is a large number of unskilled and uneducated workforce as well as inappropriate remuneration system.

**Arthur Davtyan**  
Kamar BC

“

The major challenge for our company is the lack of qualified workforce within the securities market in Armenia. We are doing our best to teach them in-house. The tax system is on an acceptable level, while tax administration should be improved.

**Hayk Yeganyan**  
Armenia Securities Exchange

# CEOs perspectives on “Investments, Workforce & Stakeholder Engagement” topic



We are suffering in general from unqualified workforce in all segments and not only the tax system. We are teaching and coaching our employees in-house not to be dependent on the market. The issue is very serious and the current situation in Armenia will be the reason to face more issues with qualified workforce in the future.

**Vahe Khoranian**  
Zeppelin Armenia



In order to overcome the Covid-19 pandemic crisis we are working on cost-effectiveness and decreasing operational costs. Meanwhile taking into account the global tendency of digitalization we have made cybersecurity and data protection improvements, e.g. a new web-site will be launched in 2021.

**Arthur Davtyan**  
Kamar BC



4

Global

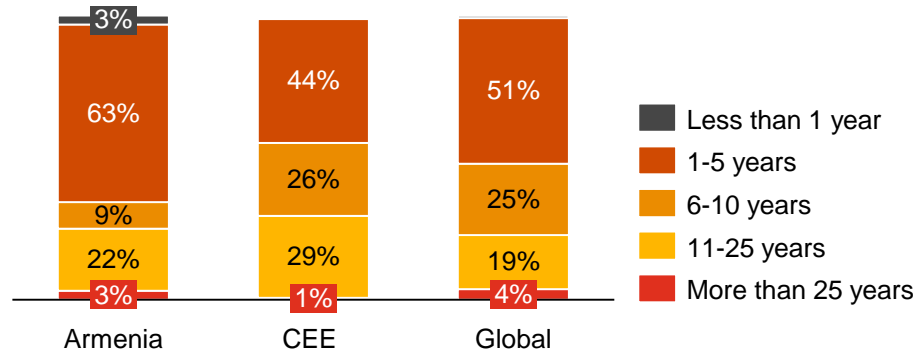
CEO Survey

Participant

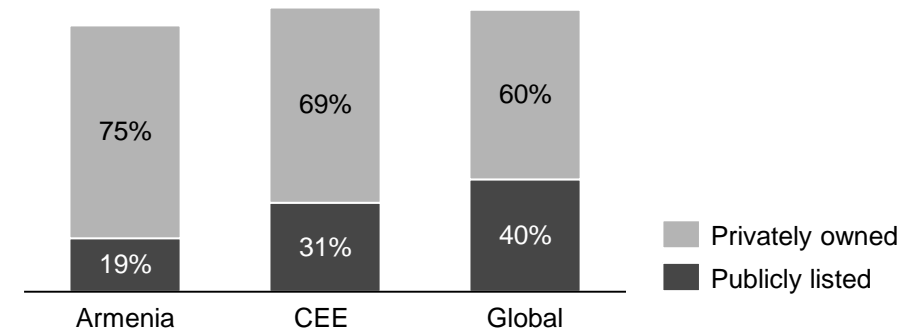
Profile



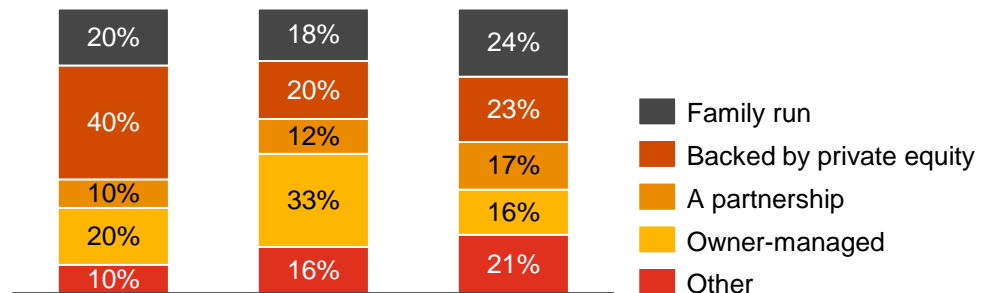
## How long have you been CEO of this organisation



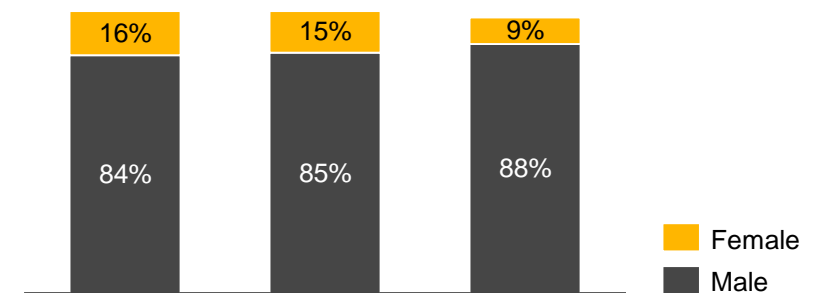
## Is your firm privately owned or publicly listed?



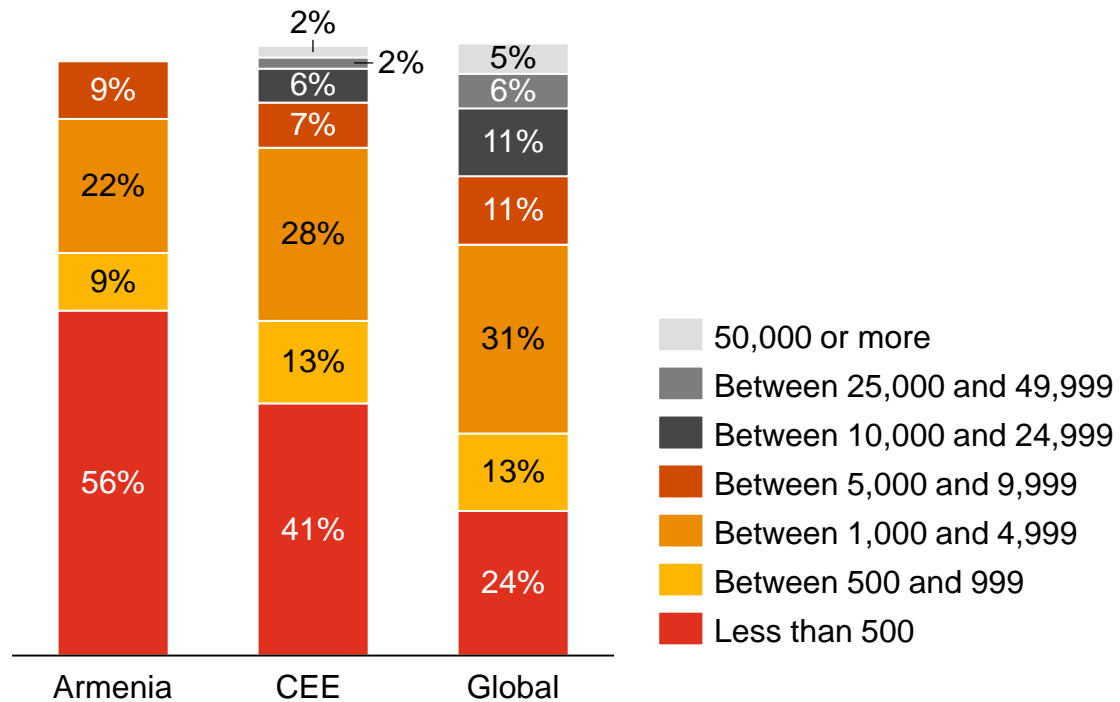
## Is your firm family run, backed by private equity, a partnership or owner-managed?



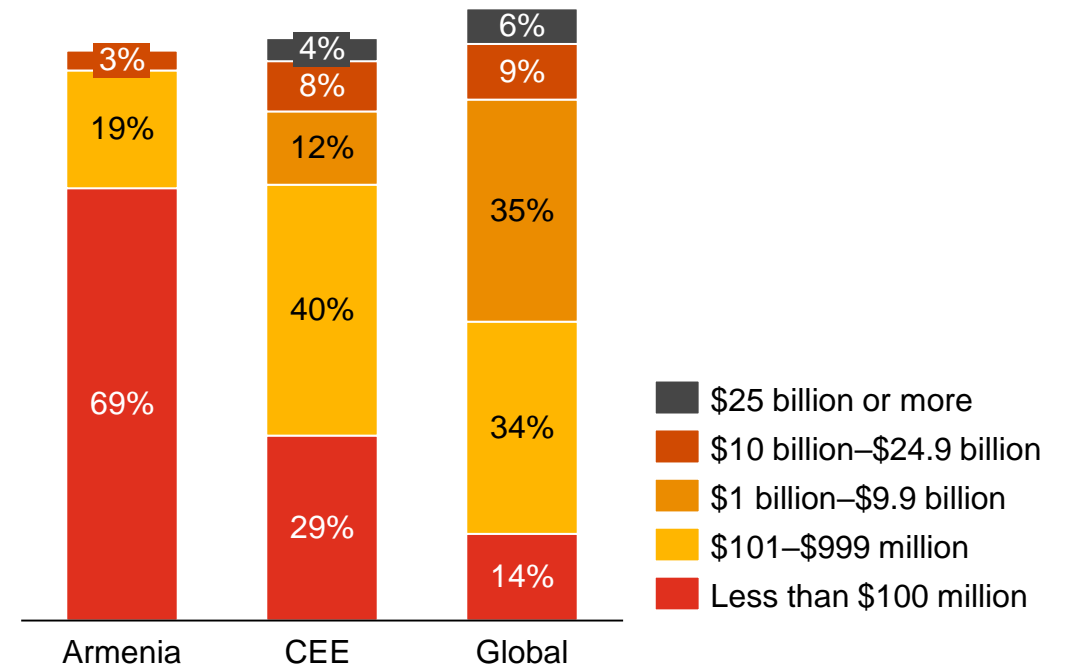
## CEO gender



## How many employees does your organisation have?



## What was your organisation's revenue in the last fiscal year?





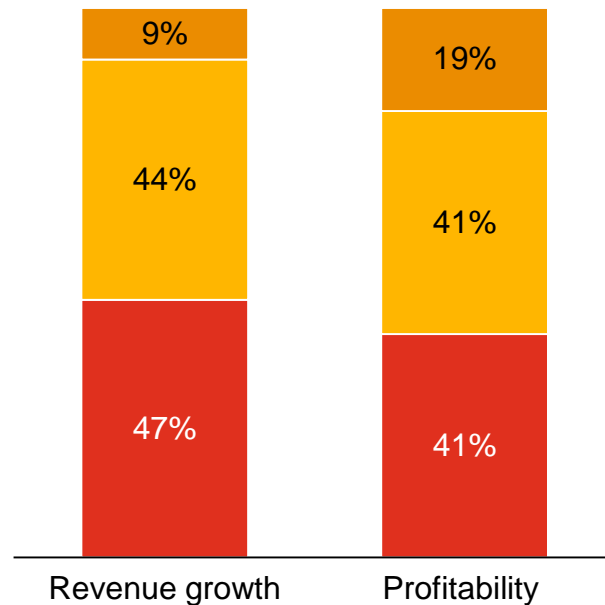


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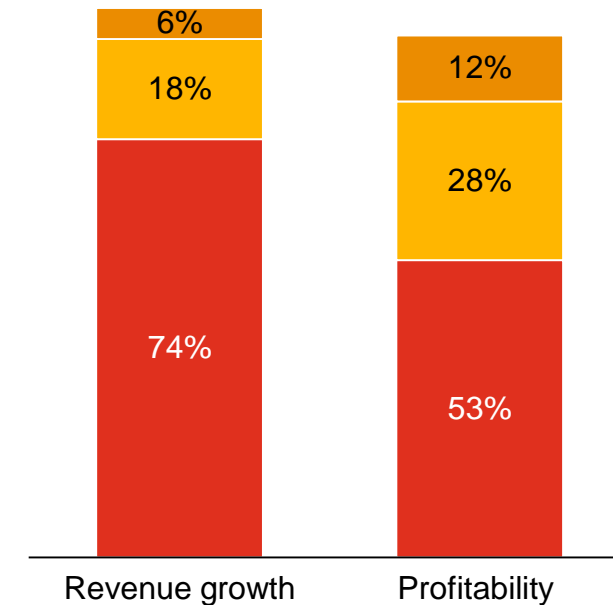
# Appendix

# What are your organisation's expectations over the next 12 months (revenue growth and profitability)?

## Armenia



## CEE



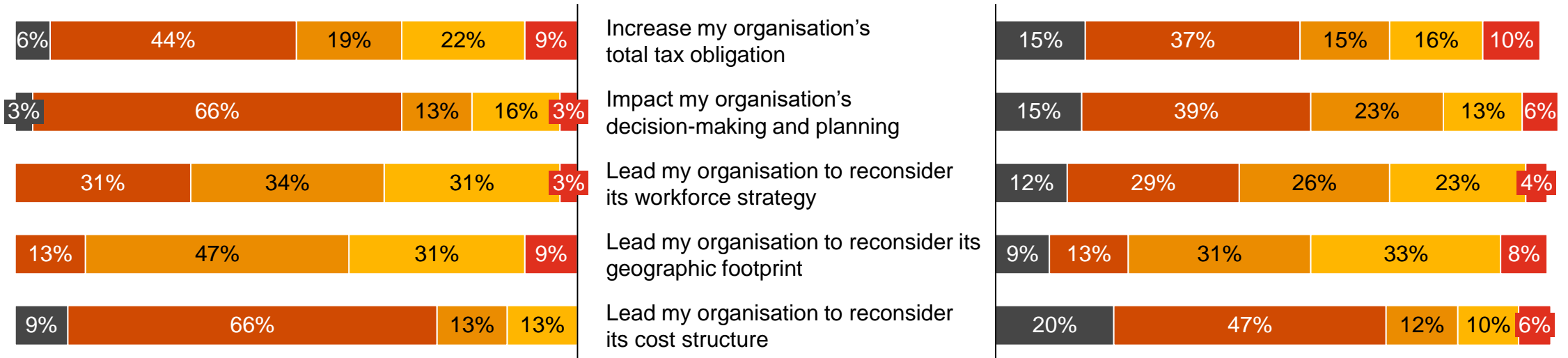


# How strongly do you agree or disagree that “tax policy changes to address rising government debt levels in the country/territory in which you are based will...”

## Armenia

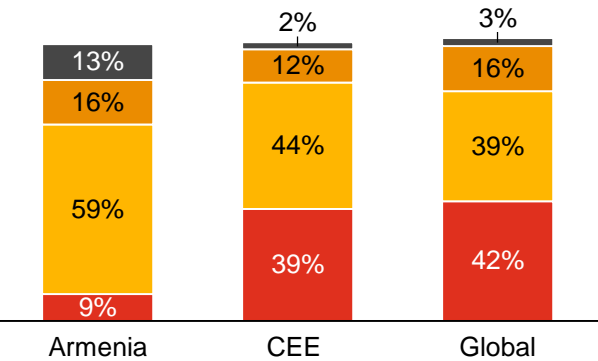
## CEE

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



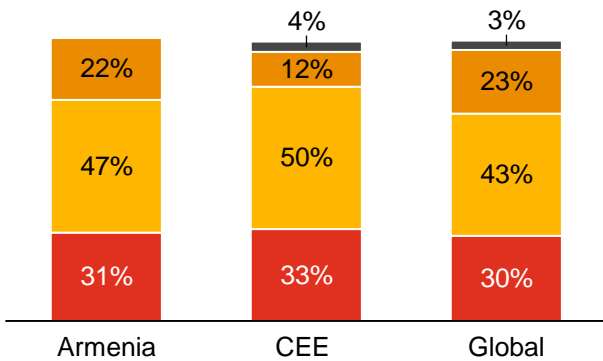
# How concerned are you, if at all, about...

## Over-regulation

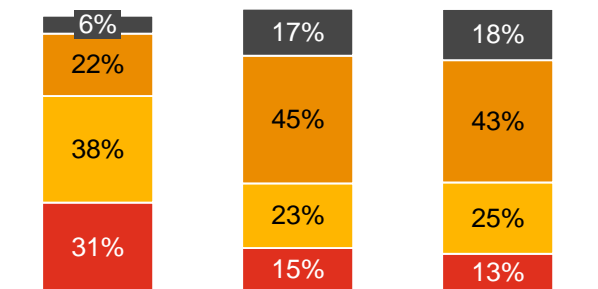


## Increasing tax obligations

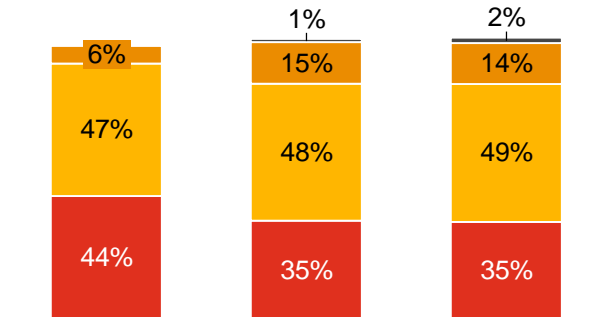
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



## Access to affordable capital?

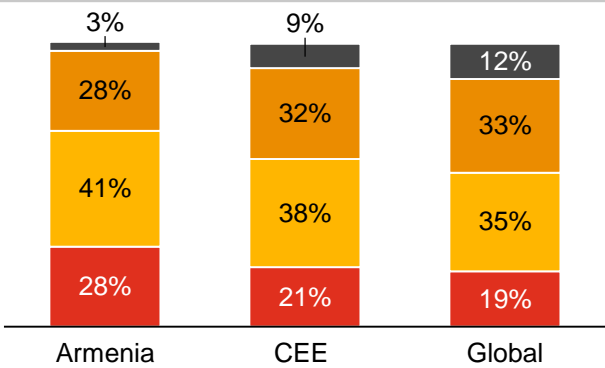


## Uncertain economic growth?

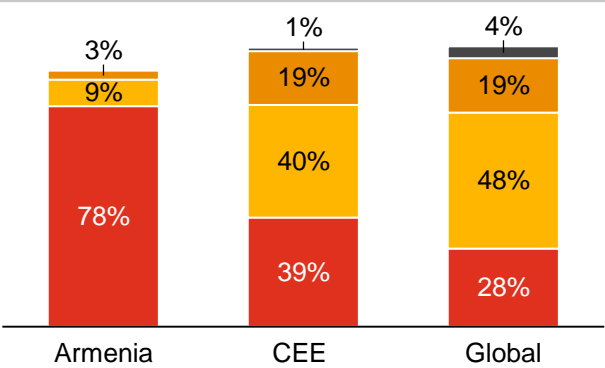


# How concerned are you, if at all, about...

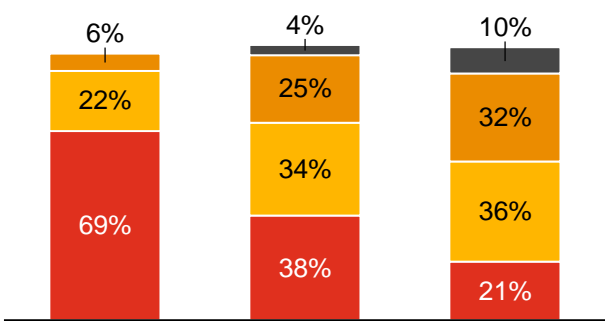
## Inadequate basic infrastructure?



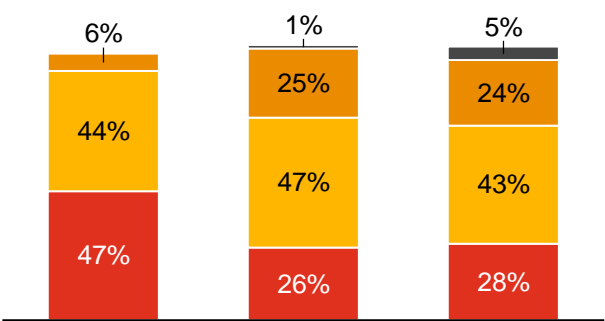
## Geopolitical uncertainty?



## Exchange rate volatility?

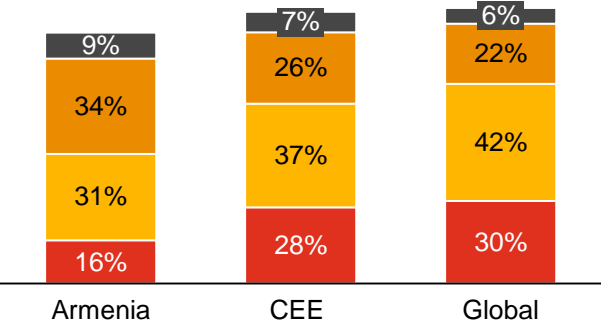


## Social instability?



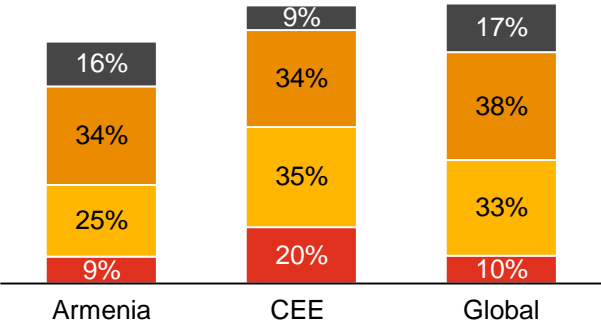
# How concerned are you, if at all, about...

## Climate change and environmental damage?

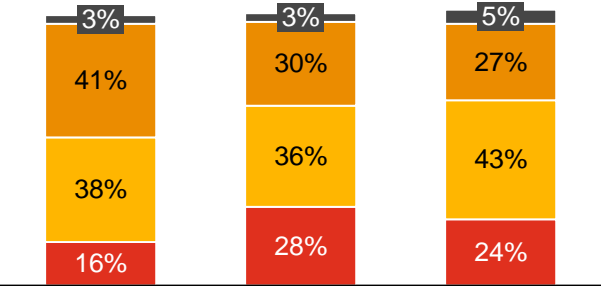


## Future of the Eurozone?

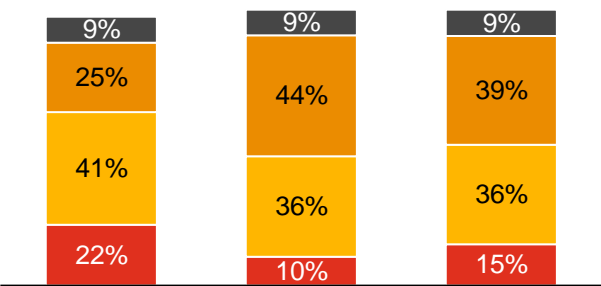
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



## Protectionism?

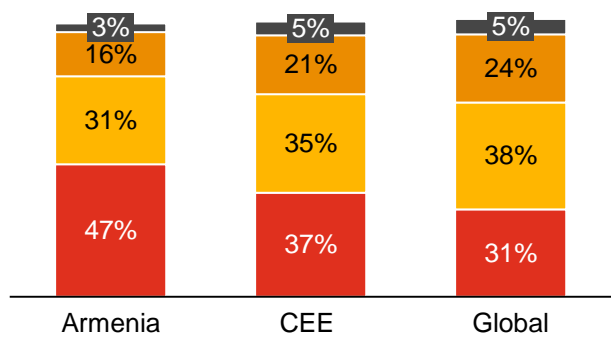


## Terrorism?



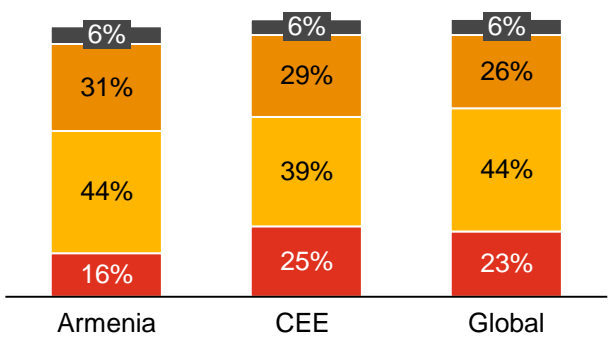
# How concerned are you, if at all, about...

## Populism?

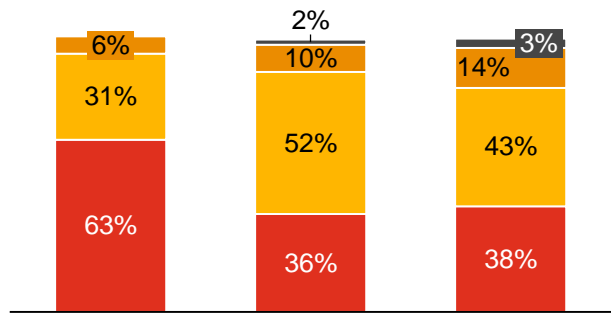


## Trade conflicts?

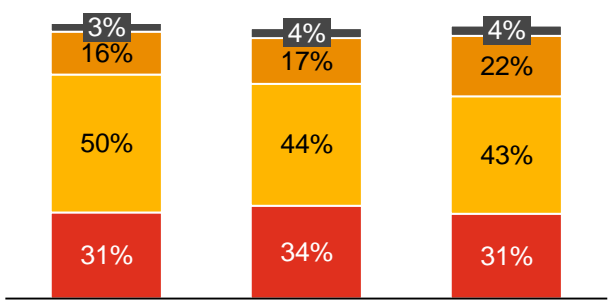
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



## Policy uncertainty?



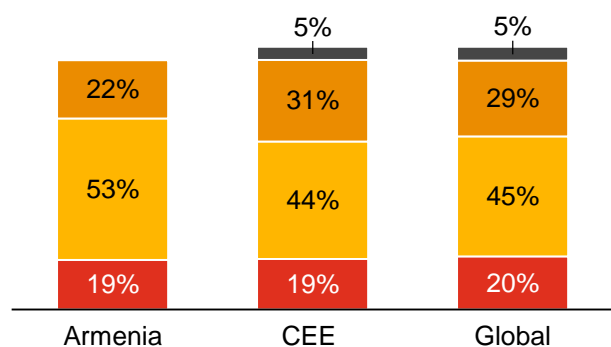
## Tax policy uncertainty?





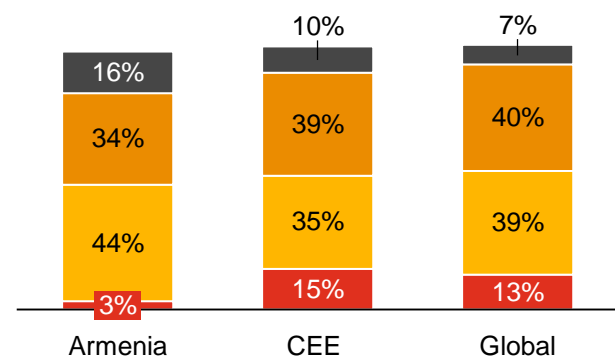
# How concerned are you, if at all, about...

## Economic inequality?

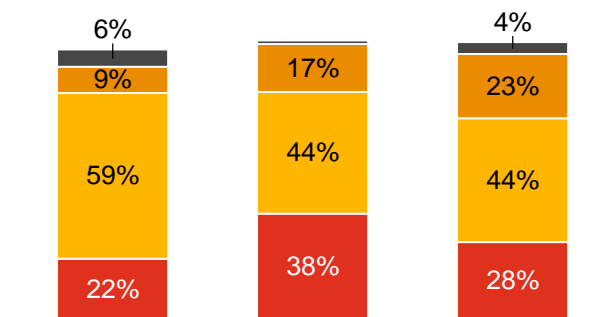


## New market entrants?

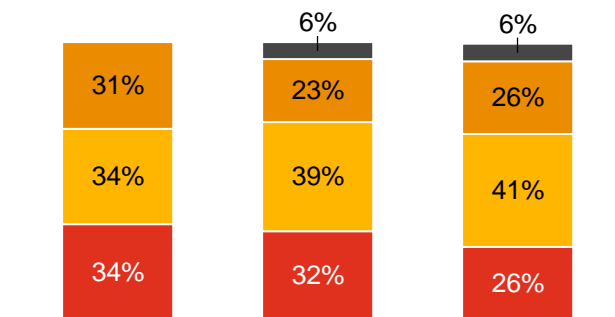
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



## Availability of key skills?

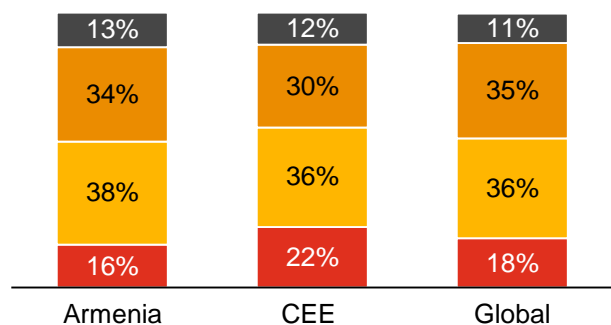


## Changing consumer behaviour?



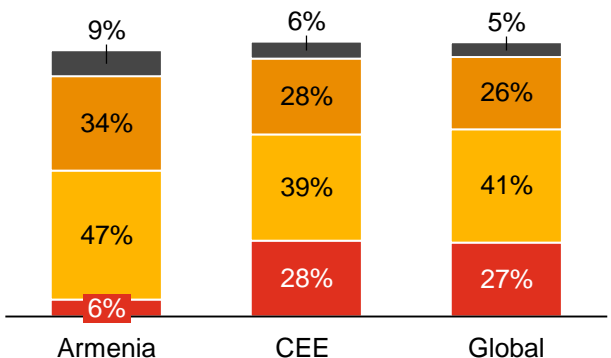
# How concerned are you, if at all, about...

Volatile energy costs?

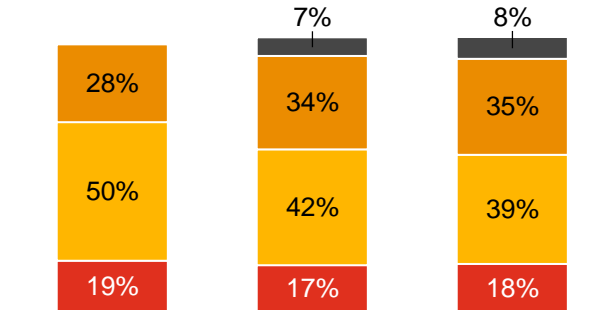


Speed of technological change?

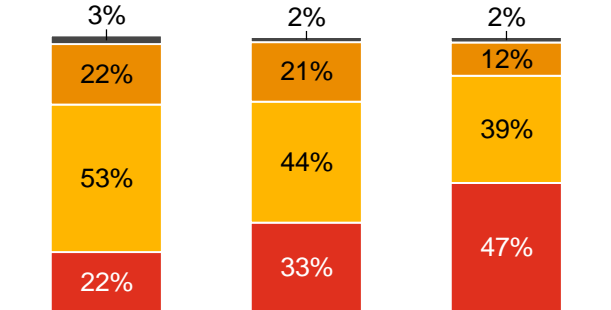
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



Lack of trust in business?

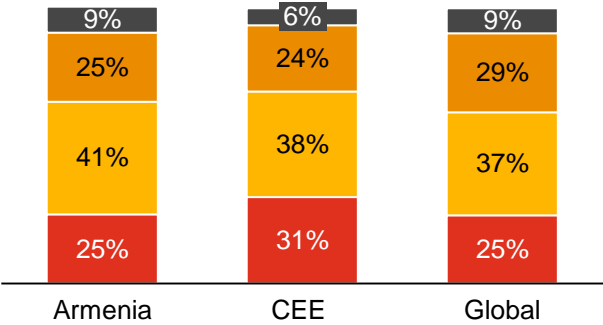


Cyber threats?



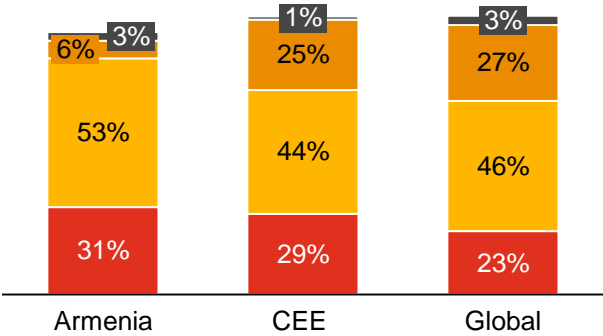
# How concerned are you, if at all, about...

## Supply chain disruption?

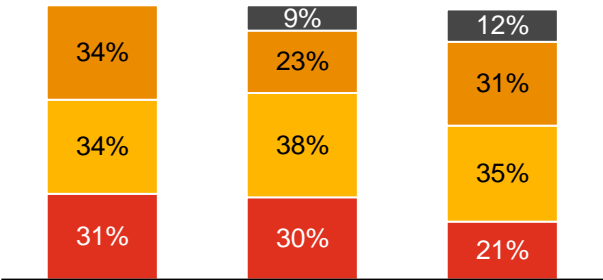


## Readiness to respond to a crisis?

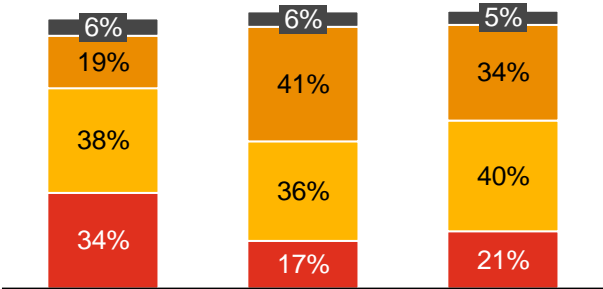
- Not concerned at all
- Not very concerned
- Somewhat concerned
- Extremely concerned



## Volatile commodity prices?

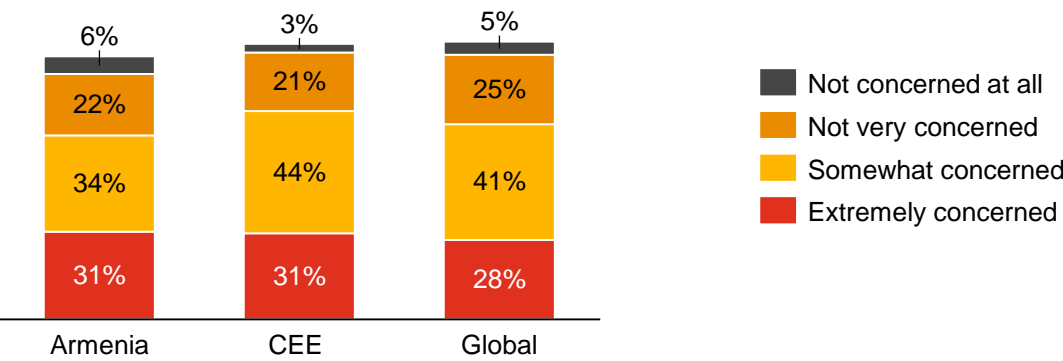


## Unemployment?

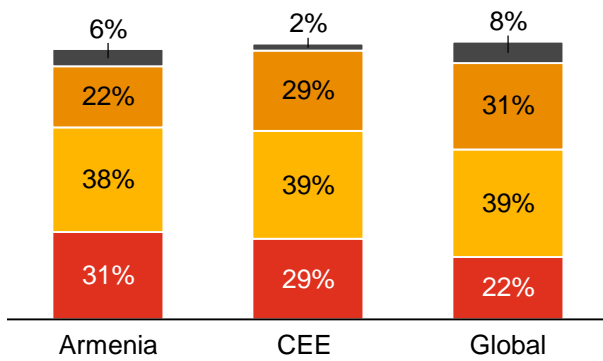


# How concerned are you, if at all, about...

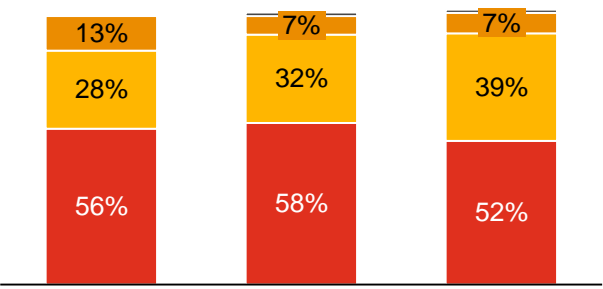
## Misinformation?



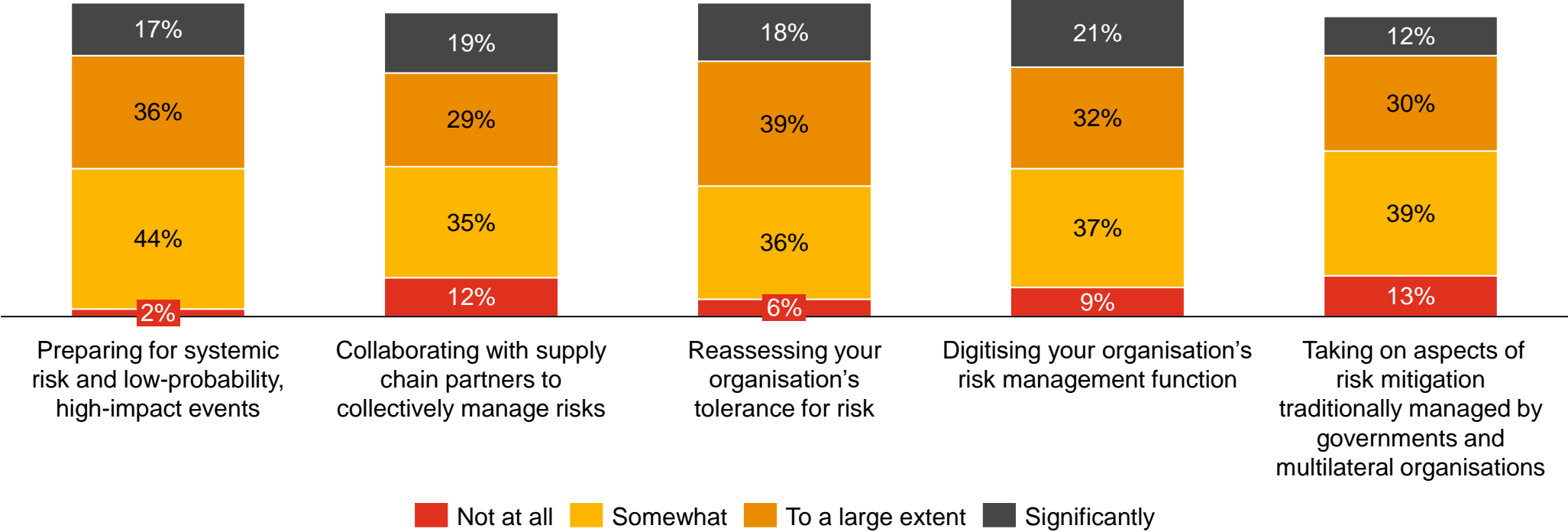
## Declining health and well-being of your workforce?



## Pandemics and other health crises?



# With respect to your organisation's approach to risk management, to what extent are you increasing your focus on... as a result of the COVID-19 crisis? [CEE]

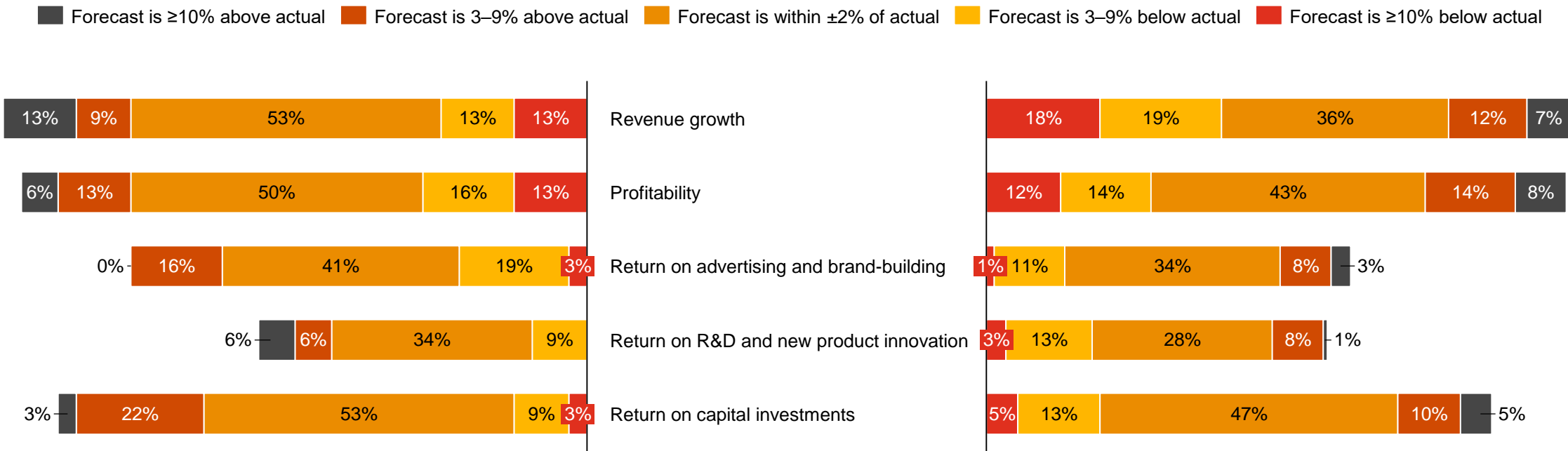




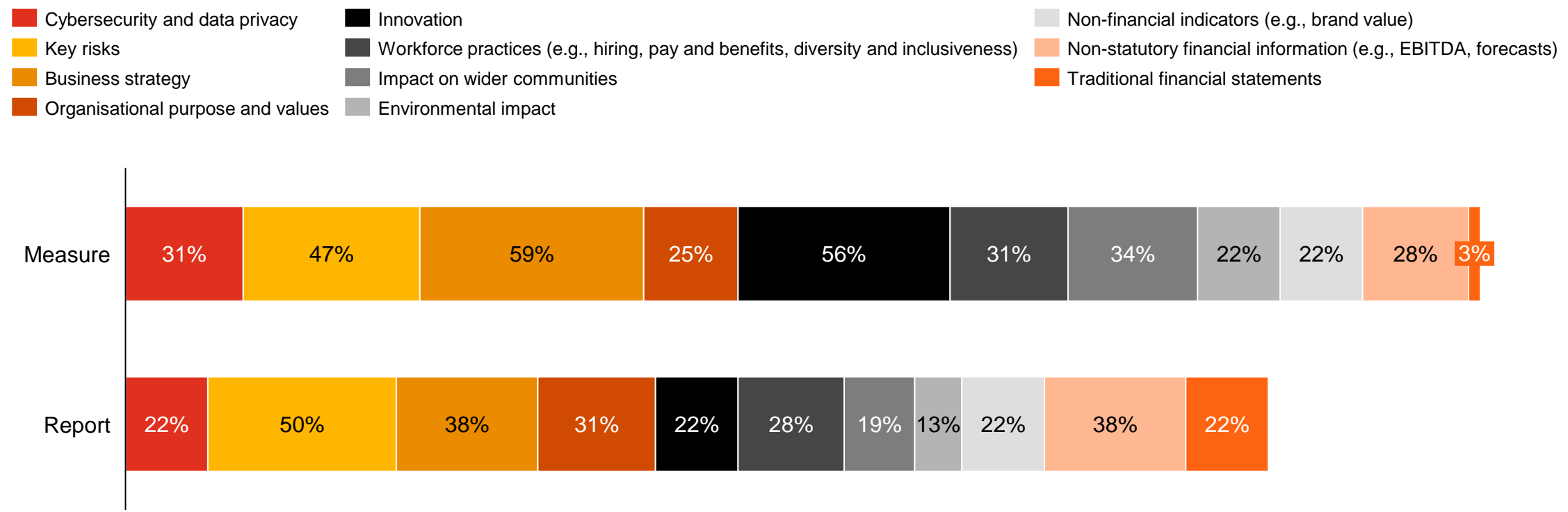
# Under normal circumstances (pre-COVID-19), how would you describe your organisation's typical forecasting accuracy in...

## Armenia

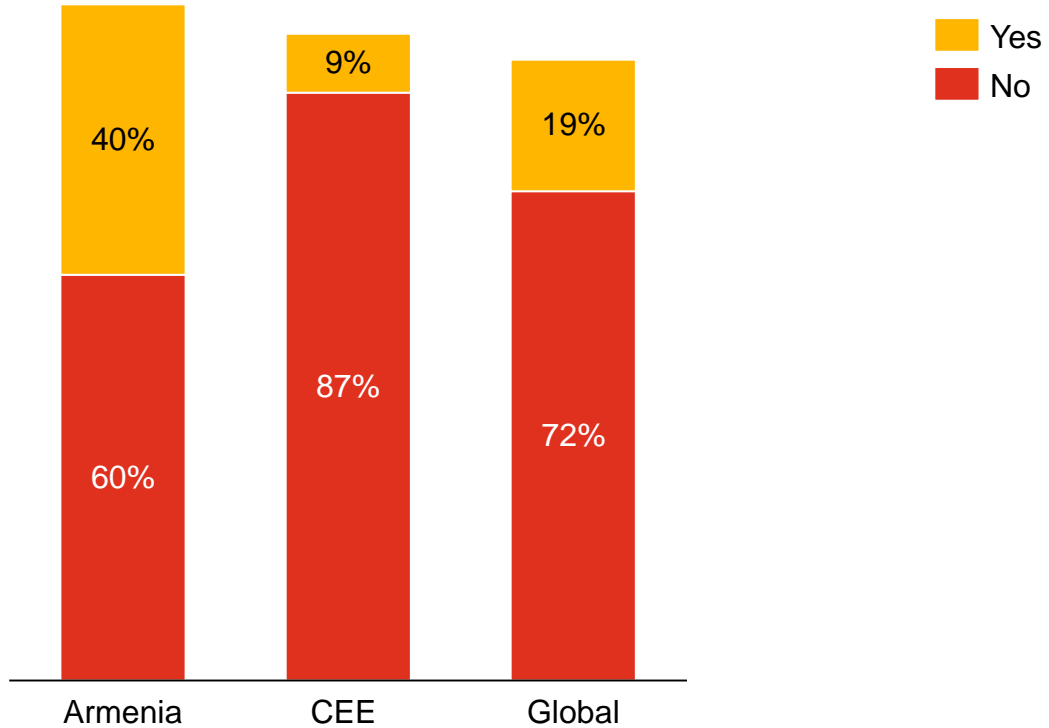
## CEE



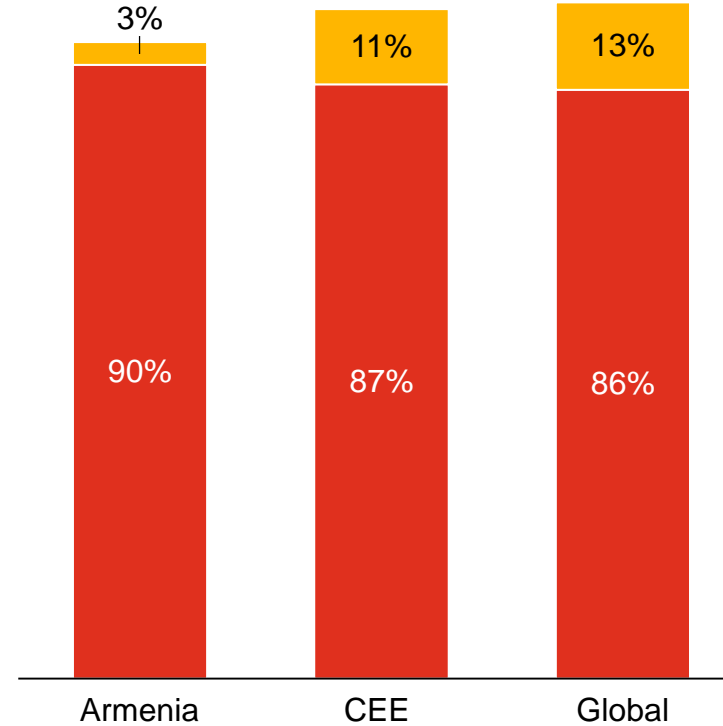
# In which of the following key areas of impact and value do you believe your organisation should be doing more to... [Armenia]



**Are more than 32% of the voting rights  
in your organisation held by a family?**



**Has your organisation any form of  
government ownership  
or backing?**



# For additional questions or clarifications, please reach out to the CEO Survey team in Armenia



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# Thank you

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