

PwC 24th Annual Global CEO Survey

# A leadership agenda to take on tomorrow

Croatia findings  
June 2021



## An improved outlook

Croatian CEOs report high optimism about the global economy, with 67% believing growth will improve in 2021. CEOs' optimism extends to their own company's performance: 84% expect that their organization's revenue will increase over the next year and 71% expects increase in profitability as well. 65% believe that their employee headcount will increase in the next 12 months.



## Digital transformation

81% of the Croatian CEOs is planning to increase long-term investments in digital transformation as a result of COVID-19 pandemics and 42% are planning to increase their rate of investment in digital transformation by 10% or more. CEOs in Croatia are less concerned than their global peers about cyber threats, with 68% saying they're somewhat or extremely concerned (compared to 85% globally).



## Availability of key skills

61% of the Croatian CEOs selected availability of key skills as the threat to their business that has been factored into their strategic risk management activities. 58% of the CEOs think that a skilled, educated and adaptable workforce should be one of the government's priorities in their country. These numbers represent CEOs concern about the lack of available and skilled workforce.

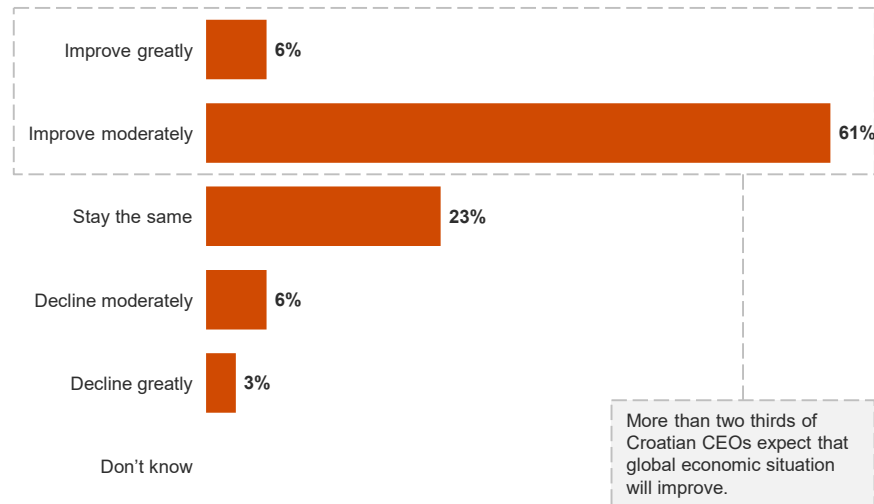


# Croatian CEOs are optimistic about global economic growth and confident in their own organisation's growth prospects.

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

## Croatia

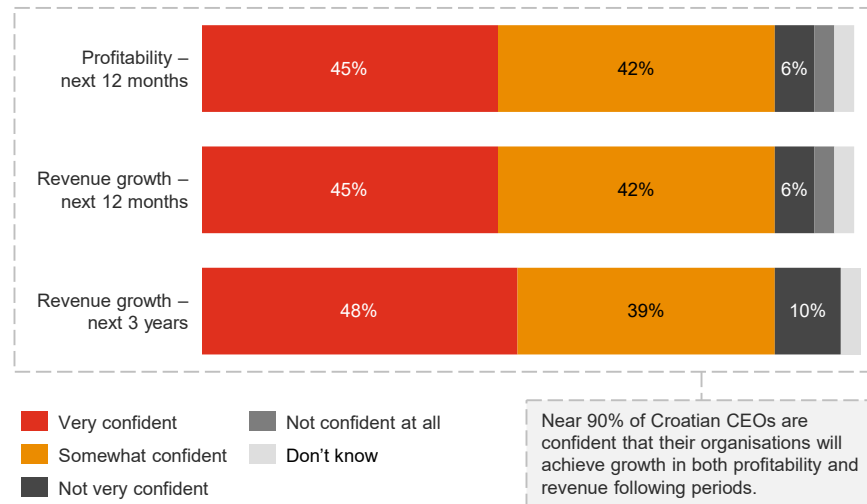
Base: 31



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

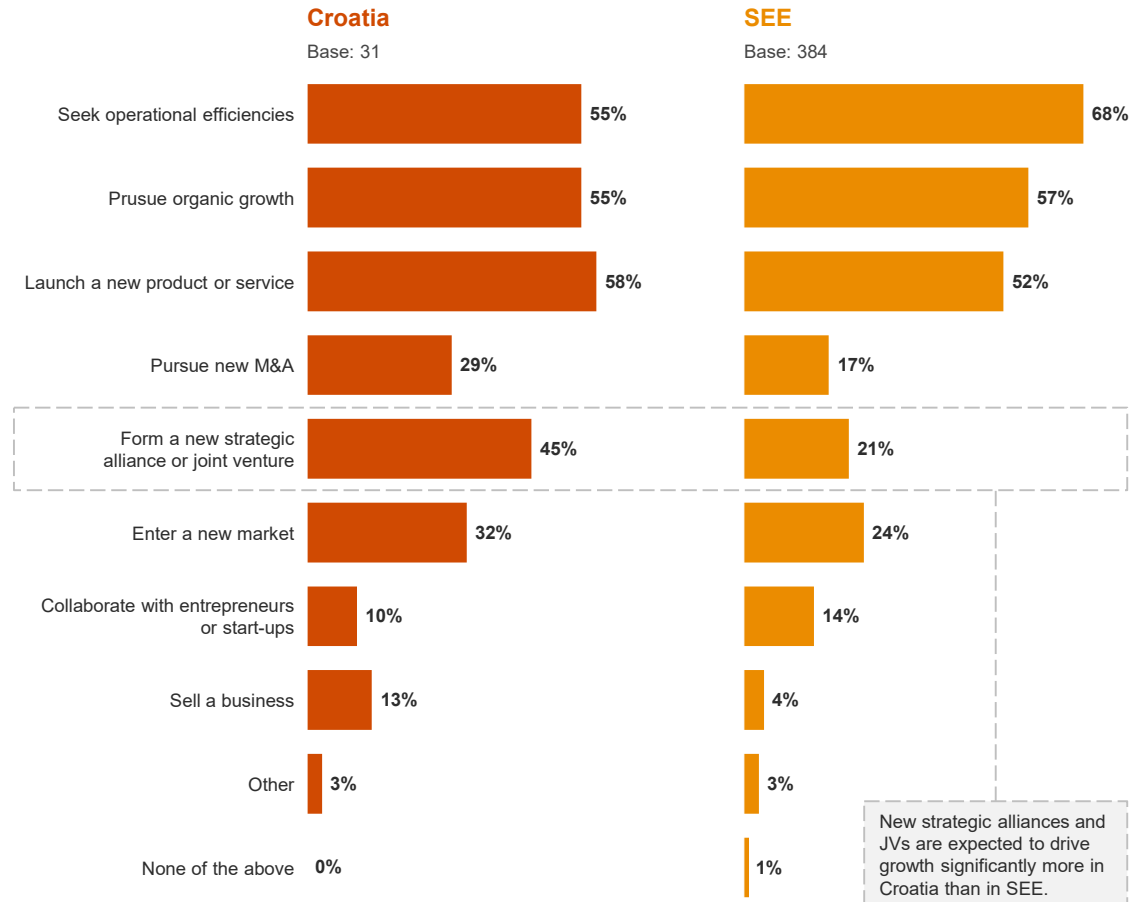
## Croatia

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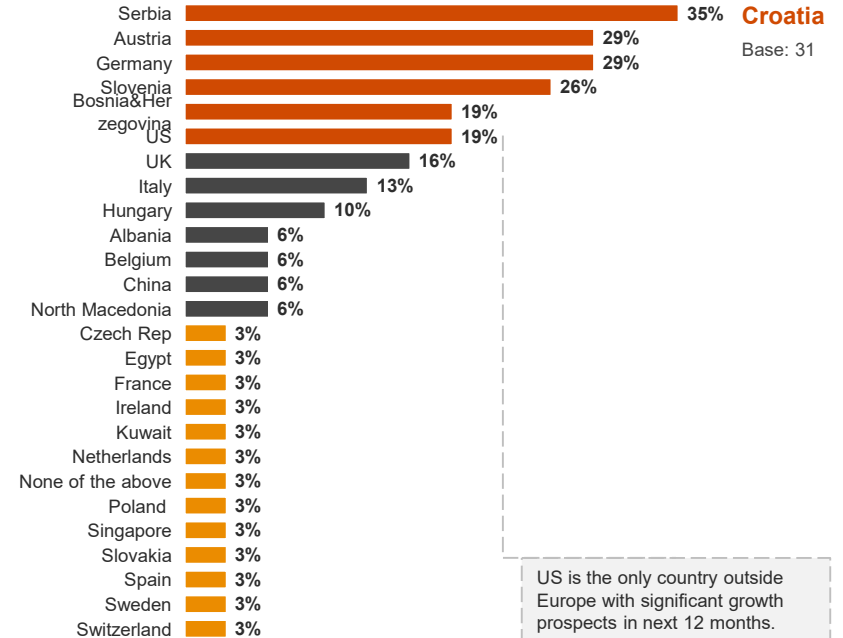
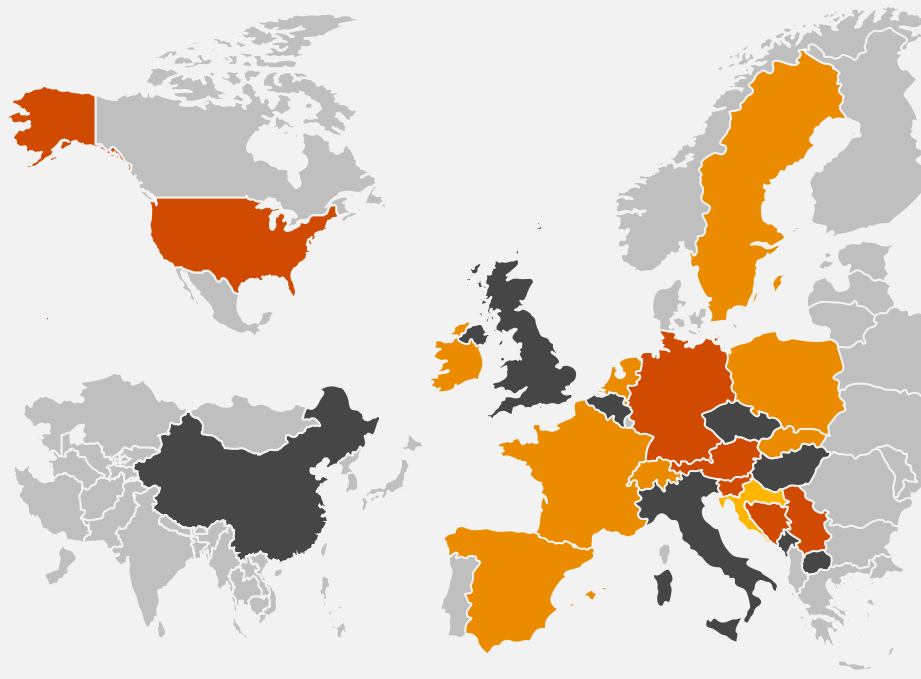
# New products and services, organic growth and improved operational efficiencies will drive growth in next 12 months according to Croatian CEOs.

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



With exception of US, Croatian CEOs are predominantly relying on European countries to fuel growth in next 12 months.

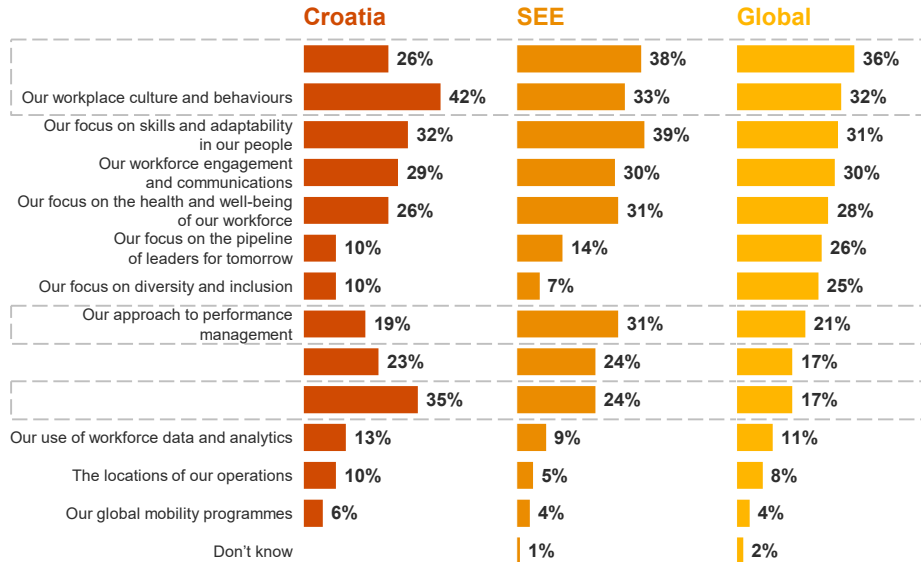
Q. Which countries do you consider most important for your organizations overall growth prospects in next 12 months?



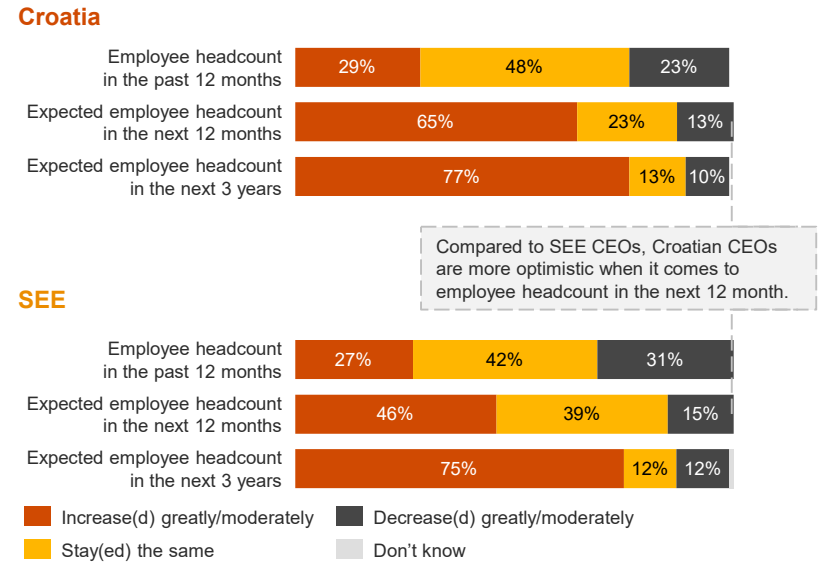
The pay and benefits provided are considered as one of the top workforce incentives in Croatia. On the SEE level, other factors have more priority.

While only 29% of Croatian CEOs increased headcount in past 12 months, 65% expects to increase headcount in next 12 months.

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

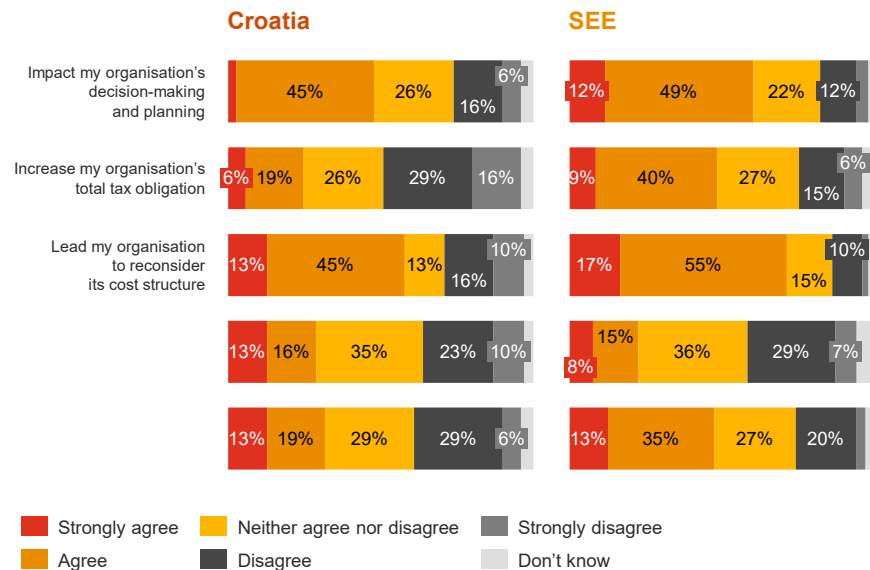


**Q.** Has your organisation's headcount changed in the past 12 months, & how do you expect it will change in the next 12 months & the next 3 years?

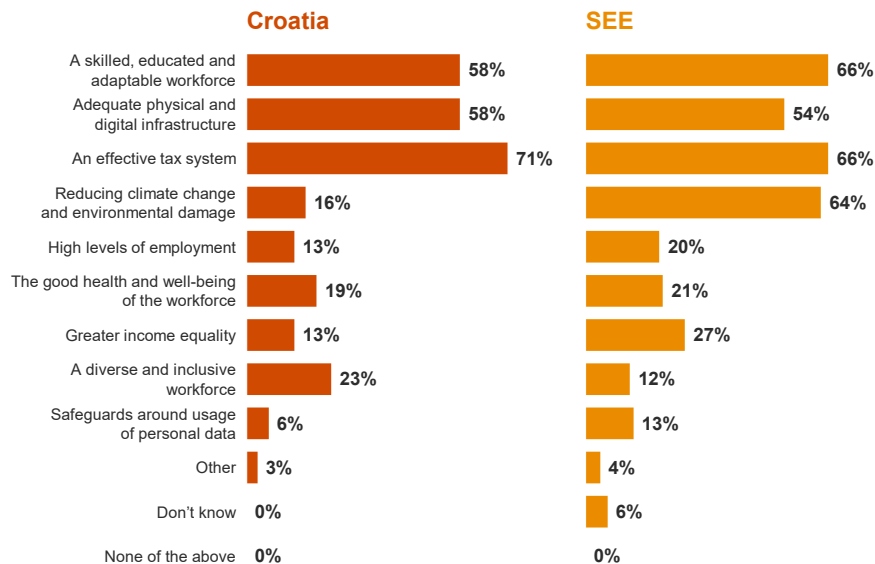


Effective tax system should be most important government priority according to 71% Croatian CEOs. Although, only 25% of Croatian CEOs believes that tax policy changes will increase their organization's total tax obligation (49% in the SEE).

**Q. Tax policy changes to address rising government debt levels in the country/territory in which you based will...**



**Q. Which three of these outcomes do you think should be government priorities in the country/territory in which you are based?**



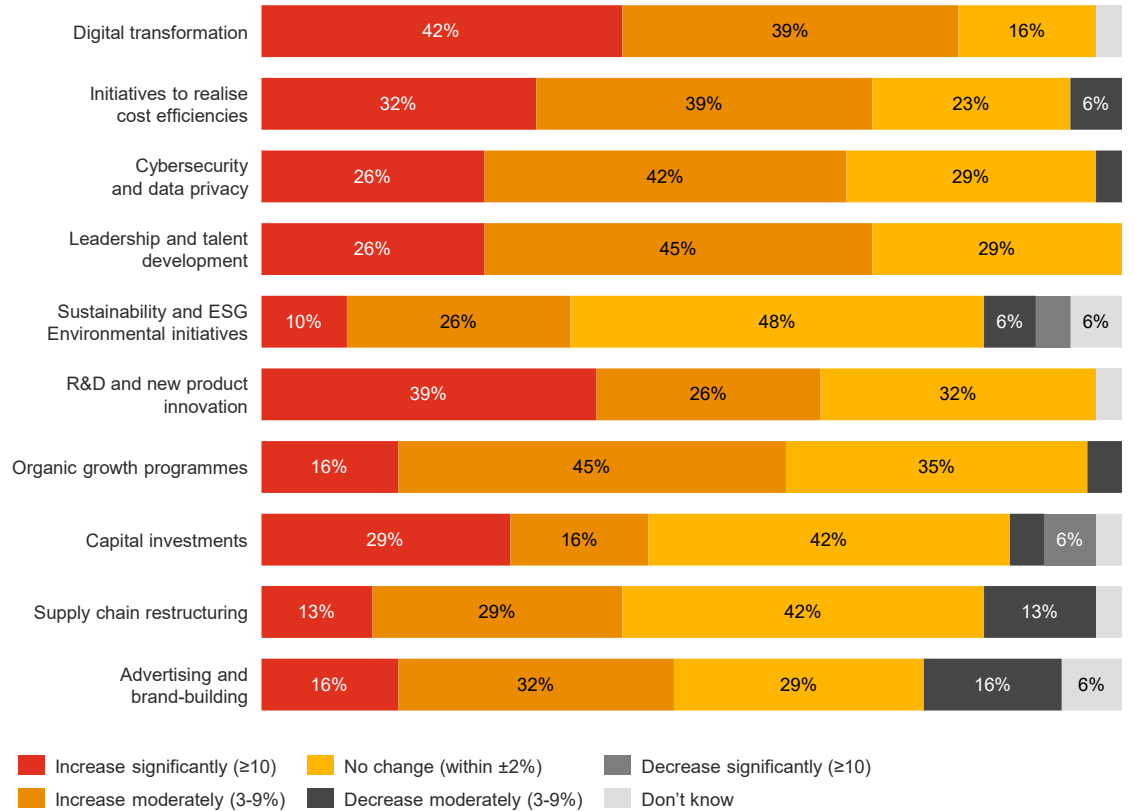
More than 80% of Croatian CEOs plan to increase their rate of digital transformation investment.

Only 10% Croatian CEOs aims to significantly increase investments into sustainability and ESG Environmental initiatives.

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

## Croatia

Base: 31



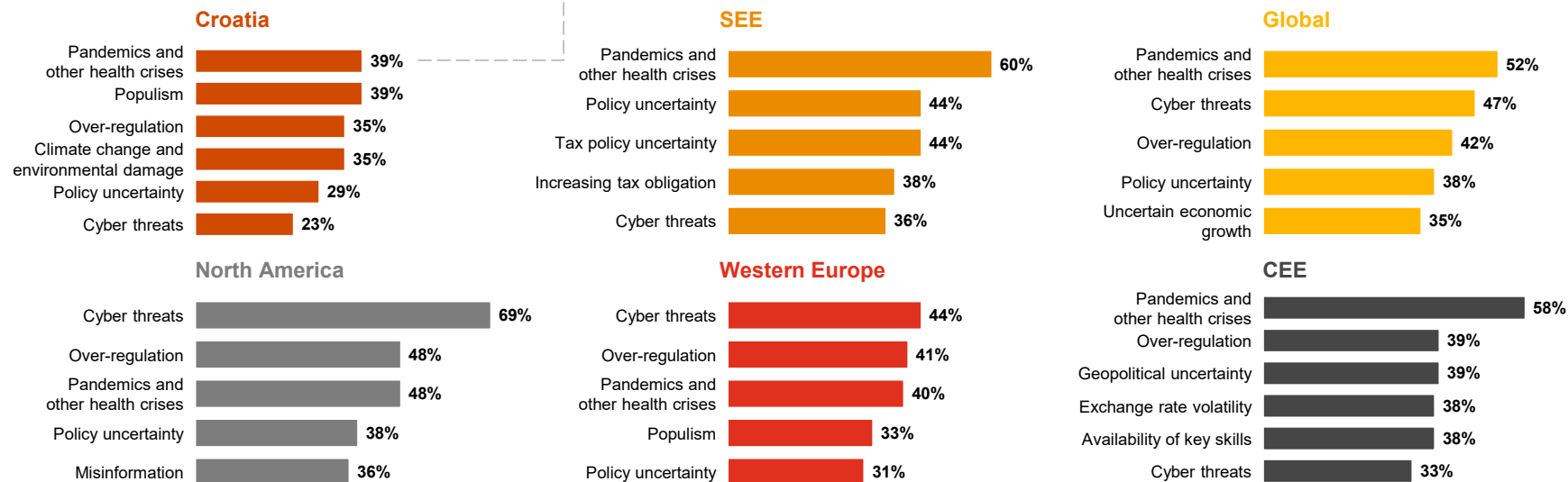


Global CEOs consider pandemics and other health crises as major threat to their business. Apart pandemics, threats like populism and over-regulation concerns Croatian CEOs the most. On a SEE level, CEOs are also concerned about policy uncertainty and tax policy uncertainty.

**Q.** How concerned are you about the list of potential business, economic, policy, social & environmental threats below? (showing „extremely concerned“ only)

61% of the Croatian CEOs have already incorporated threat of pandemics in their strategic risk management activities.

On one the main differences between global and Croatian CEOs is assessment of cyber threats, which came in second globally but only 7th in Croatia.



Croatian CEOs recognize their organisations need to do more to report on their workforce practices and business strategy. On a global level, there is more emphasis on improvement on disclosure of organizations environmental impact.

Q. In which of the following key areas of impact and value do you believe your organisation should be doing:

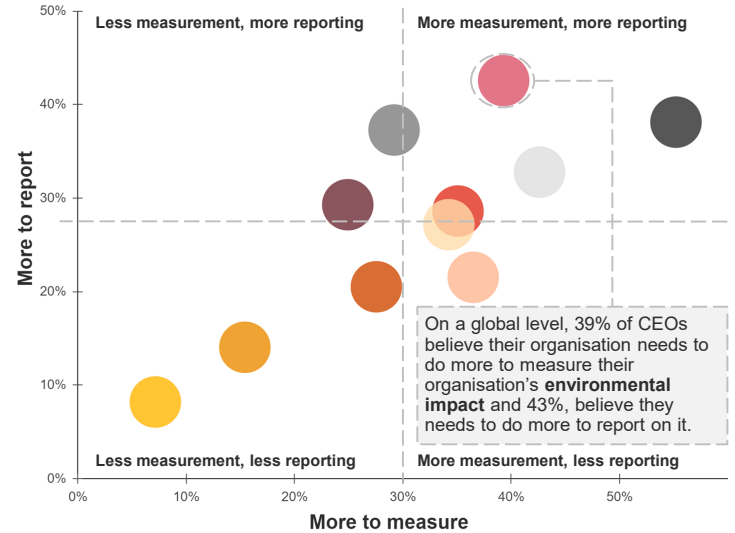
- A) More to **measure**
- B) More to **report**

### Croatia



- Traditional financial statements
- Non-statutory financial information
- Non-financial indicators
- Innovation
- Organisational purpose and values
- Business strategy

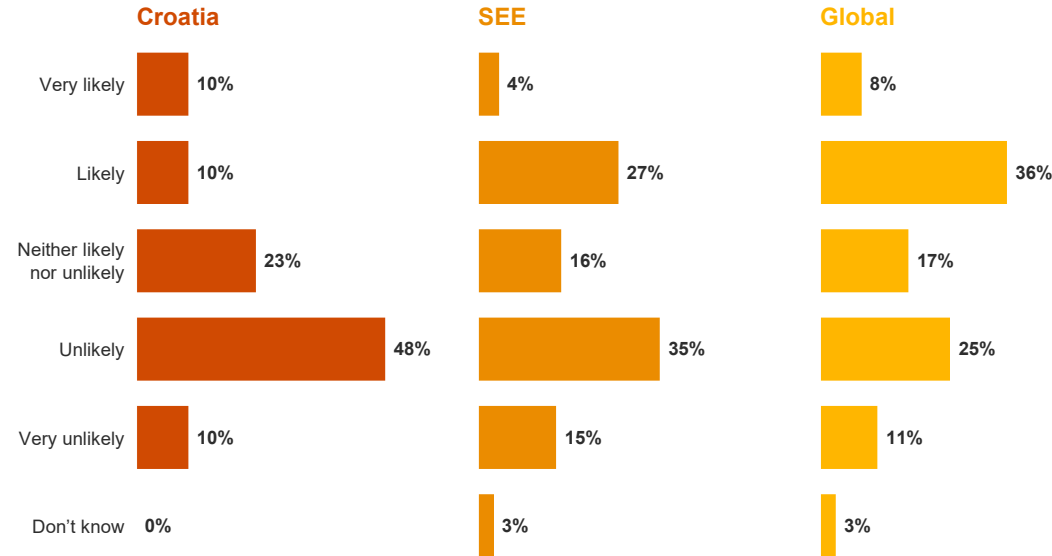
### Global



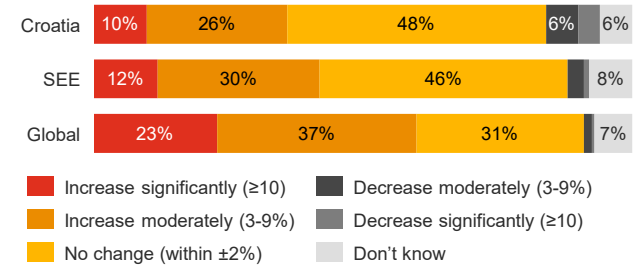
- Environmental impact
- Impact on wider communities
- Workforce practices
- Key risks
- Cybersecurity and data privacy

# Only 20% of the Croatian CEOs think that government's recovery plan relating to long-term environmental goals is effective compared to 31% on the SEE level.

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



**Q. How are you changing your long-term investments in sustainability?**



42% CEOs in Croatia have factored climate change into their strategic risk management activities versus 27% on the SEE level. CEOs recognize their organizations need to do more to report on their environmental impact, however only 16% of the Croatian CEOs think that reducing climate change and environmental damage should be in the top 3 business priorities. Reducing climate change is among business priorities for 35% and 26% of the global and SEE CEOs, respectively.

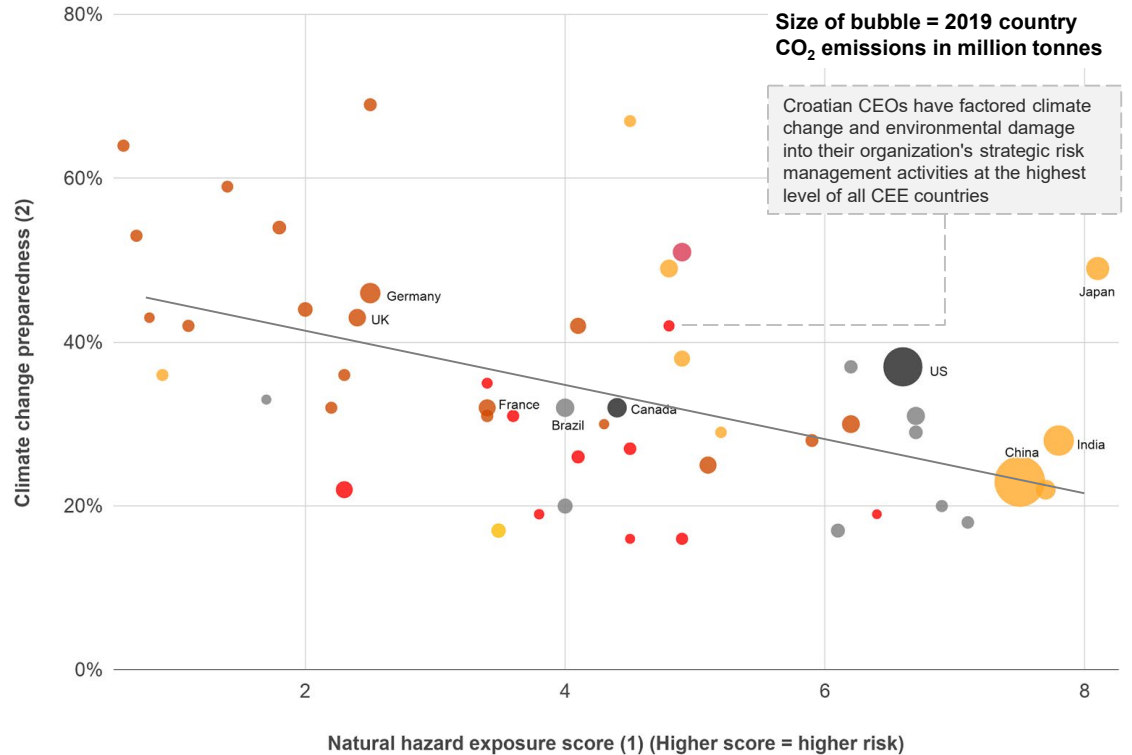
# Companies in countries with the highest exposure to natural hazards are less prepared for climate change risk

**Q.** Is climate change and environmental damage explicitly factored into your strategic risk management activities?

Source: PwC 24th Annual Global CEO Survey; EC DRMKC 2021 INFORM Risk Index; Our World in Data

1) Natural hazard exposure score reflects the country's probability of physical exposure associated with specific hazards including earthquake, tsunami, flood, tropical cyclone, drought and pandemic

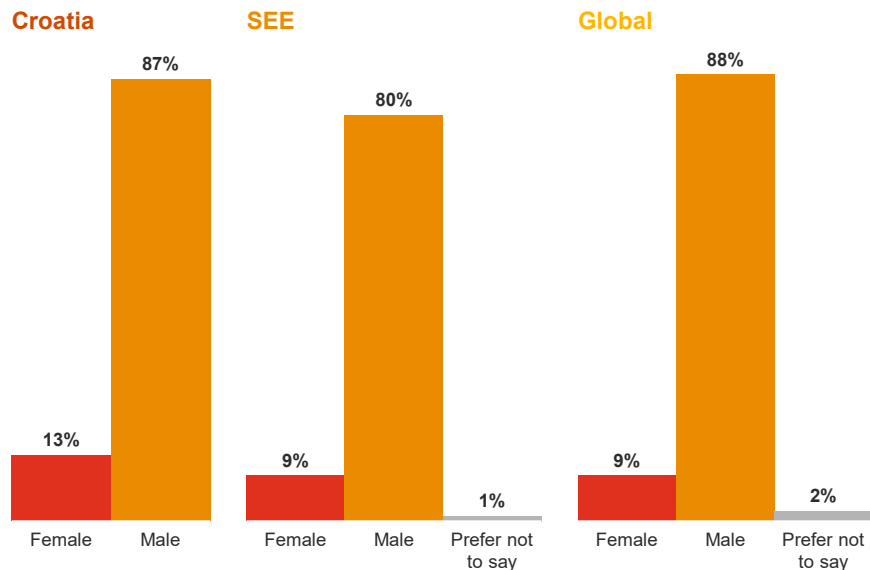
2) Share of CEOs that have factored climate change and environmental damage into their organisation's strategic risk management activities



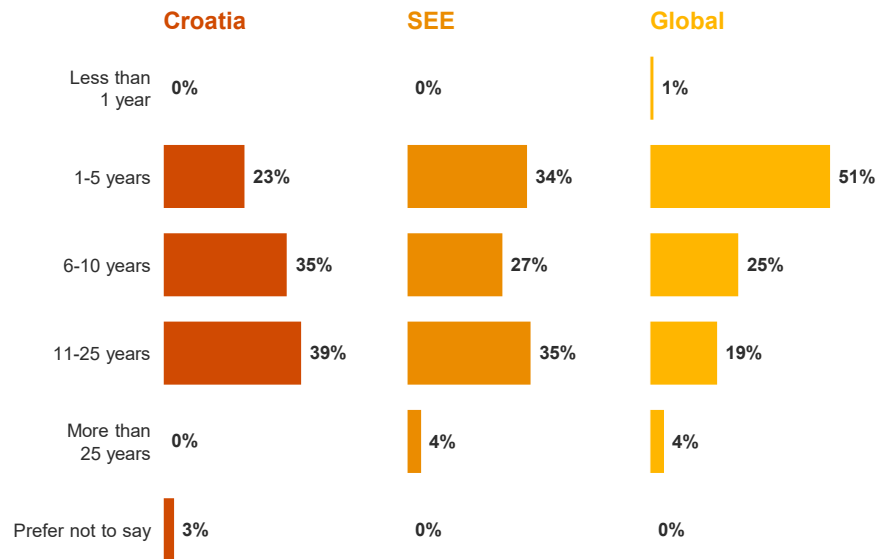
- Central and Eastern Europe
- Latin America
- Asia-Pacific
- Western Europe
- North America
- Middle East
- Africa

13% of the Croatian CEOs participated in this year's survey were female. Only 23% have been performing the current CEO role for less than 5 years, while 39% for more than 11 years. On the global level, the opposite trend is recorded - 52% of the interviewed CEOs have been performing the current role less than 5 years.

### Demographics – Gender



### Demographics – CEO tenure (number of years as acting as CEO of this organization)



# Methodology



PwC surveyed 5,050 CEOs in 100 countries and territories in January and February of 2021. The global and regional figures in this report are based on a sub-sample of 1,779 CEOs, proportionate to country nominal GDP to ensure that CEOs' views are representative across all major regions. The industry- and country-level figures are based on the full sample of 5,050 CEOs. Further details by region, country and industry are available on request.

Among the 1,779 CEOs whose responses were used, 31 were from Croatia:

- 16% of their organisations had revenues of US\$100m or more.
- 19% of their organisations had more than 500 employees.
- 81% of their organisations were privately owned and 16% publicly listed.

Among the 1,779 CEOs whose responses were used, 384 were from SEE:

- 22% of their organisations had revenues of US\$100m or more.
- 27% of their organisations had more than 500 employees.
- 80% of their organisations were privately owned and 18% publicly listed.

Notes:

- Conducting fieldwork in January and February of 2021 represents a shift from our historical approach. Typically, PwC surveys chief executives for its Annual Global CEO Survey between September and November, and then releases its report in January of the following year. Given global complexities in the fall of 2020, including pandemic surges, late-stage vaccine trials and several disruptive geopolitical events, we moved the fieldwork in an effort to create a dataset that would be meaningful and enduring.
- Not all percentages in charts add up to 100%, as a result of rounding percentages and the decision in certain cases to exclude the display of 'neither/nor,' 'other,' 'none of the above' and 'don't know' responses.

We also conducted in-depth interviews with CEOs from six regions. Some of these interviews are quoted in this report, and more extensive transcripts can be found on our website at <https://www.strategy-business.com/inside-the-mind-of-the-ceo>.

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>

# Thank you

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