



Press release

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Romanian CEO's upbeat about the growth perspectives in 2014

Confidence levels on the rise worldwide

Bucharest, 22 January 2014 – Romanian CEOs are confident in their companies' perspectives for revenue growth, with 86% somewhat or very confident of growth in the next 12 months and 39% very confident. On the longer run, 96% are somewhat or very confident of growth over the next three years and 49% very confident. This is in line with global results.

Global economy

Globally, twice as many CEOs around the world as last year believe the global economy will improve in the next 12 months, and 39% say they are 'very confident' their company's revenues will grow in 2014, according to *PwC's 17th Annual Global CEO Survey*.

The number of CEOs who see improvement in the global economy over the next 12 months leapt to 44%, up from only 18% last year. And just 7% predict the global economy will decline, sharply down from 28% in 2013

Regionally, CEOs in Western Europe are the most confident about short-term global economic prospects (50%), in line with signs of improving conditions. They are followed by those in the Middle East (49%), Asia Pacific (45%), Latin America (41%), North America (41%) and Africa (40%). CEOs in Central and Eastern Europe show the lowest level of confidence at 26%, yet Romanian CEOs are significantly more optimistic about the world economy, with 45% of respondents confident that the global economy will improve in the next 12 months, compared to just 13% last year.

"Surveys that measure expectations are very good lead indicators of economic trends. The significant increase in the number of CEOs confident in the near term growth of their companies' revenues might signal that we are moving into an expansion stage of the world economy, which will probably last



longer (expansions are usually longer than recessions), but could have a slow growth rhythm. For example, in the US, before the onset of the recession in 2007, the economy grew for almost 16 years continuously (since 1991), with the single exception of two quarters in 2001, triggered by the 9/11 terrorist attacks. Yet, this does not guarantee that the future expansionary stage will last as long”, stated Vasile Iuga, Country Managing Partner, PwC Romania.

By industry, CEOs in the Hospitality and Leisure sector are most confident about prospects for the next 12 months (46%), followed by those in Banking and Capital Markets (45%), Retail (44%), Financial Services (44%), Asset Management (44%), Communications (44%), and Engineering & Construction (41%). CEOs in the Metals industry are least confident at 19%.

“CEOs have successfully guided their companies through recession and now more CEOs feel positive about their ability to increase their revenues and prospects for the global economy. However, CEOs also acknowledge that generating sustained growth in the post-crisis economy remains a challenge, especially as they deal with changing conditions like slowing growth in the emerging markets”, said Vasile Iuga.

“Worries continue to loom large on CEO horizons with CEOs sending a clear message to government with their levels of concerns about over-regulation, fiscal deficits and tax burdens at their highest levels. For the future, CEOs tell us that they expect three major global trends – rapid technological advances, demographic changes and shifts in economic power – will have a major impact on the future of their businesses. Finding ways of turning these global trends to their advantage will be the key to future success.” added Vasile Iuga.

Revenue growth

For their own companies, 39% of CEOs worldwide say they are ‘very confident’ of revenue growth prospects for the next 12 months. That’s up from 36% last year. Confidence in revenue growth reached a low of 21% in 2009.

CEOs in the Middle East, 69%, are the most confident of short term revenue growth, up from 53% last year. They are followed by those in Asia Pacific at 45%, up from 36% last year.

In Western Europe, confidence has risen 8% from last year’s trough to reach 30%. But in Africa confidence has continued to fall. Just 40% of African CEOs are very confident of 12-month growth, down from 44% last year and 57% in 2012. Confidence has also dipped among Latin American CEOs, to 43%, down from 53% last year. Meanwhile, CEO confidence in North America remains flat at 33%.

At an individual country level, confidence varies very widely: the highest levels of CEO confidence are found in Russia, where 53% of CEOs are very confident of revenue growth, followed by Mexico (51%) and Korea 50%. Korea has had a huge swing in confidence up from only 6% last year. They are followed by India (49%), China (48%), Switzerland (42%), Brazil (42%), US (36%), Germany (33%), UK (27%), Canada (27%), Japan (27%), Italy (27%), France (22%) and, finally Argentina where only 10% of CEOs are very confident of revenue growth in 2014. (*see note 2*)



CEO top concerns

As CEOs' viewpoint on the economy slants upward, their major concerns have also changed. Government action, or the lack of it, tops the list of CEO worries. The level of concern about over-regulation at 72% and fiscal deficits at 71% are as high as they have ever been. Countries where CEOs are particularly worried about over regulation include France 88%, Australia 85%, India 82% and Germany 77%. In the US it is fiscal deficits that have CEOs most worried with 92% CEOs expressing concern, followed by Argentina at 90% and France at 84%.

In addition, CEOs say they are worried almost as much about a slowdown in emerging economies, 65%, as they are about sluggish growth in developed markets, 71%. Other top concerns include increasing tax burdens (70%), as well as availability of key skills (63%), exchange rate volatility (60%) and lack of stability in capital markets (59%).

But such topical subjects as cyber threats – including lack of data security – and the speed of disruptive technological change are named as threats by less than half of CEOs.

Talking in more detail about regulation, nearly 80% of CEOs say it has increased costs, while 52% say that regulation makes it more difficult to attract skilled workers. And 40% say regulation has inhibited their efforts to pursue a new market opportunity or to pursue innovation. On the positive side, over half of CEOs credit regulation for helping to improve service delivery and quality standards.

Preparing for the future

When asked what would drive future growth, new product or service development leads the list of opportunities, cited by 35% of CEOs compared with 25% last year. Those planning mergers and acquisitions or strategic alliances in the next year have risen to 20%, up from 17% a year ago. CEOs also say they are exploring growth in countries beyond the BRICs (Brazil, Russia, India and China), and see good growth prospects over the next three to five years in Indonesia, Mexico, Turkey, Thailand and Vietnam. The US, Germany and the UK are also ranked highly.

In Romania, 47% of CEOs see growth opportunities coming from product/service innovation, and 24% from an increased share in existing markets. When asked to name the foreign markets most important to them for their companies' growth in the next 12 months, 27% of Romanian CEOs named Germany and 18% Russia.

Globally, CEOs are also more positive about hiring plans for the coming year. Half of CEOs say they expect to add to staff in the next 12 months, compared with 45% who had such plans last year. Industries where job prospects look most positive are technology (63%), business services (62%) and asset management (58%) (*see note 3*).

As the global economy stabilises, CEOs have identified major trends that will transform their business over the next five years. Top among them is technological advance, cited by 81% of CEOs, followed by demographic shifts, 60%, and shifts in global economic power, 59%.

To meet these and other challenges, CEOs say they are making changes to their talent strategies (93%), customer growth and retention strategies (91%), technology investments (90%), organisational structure/design (89%) and use and management of data (88%).

More than half of CEOs say their current planning time horizon is three years, though only 40% say that time frame is ideal.



Notes to editors:

1. Survey Methodology:

For PwC's 17th Annual Global CEO Survey, 1,344 interviews were conducted in 68 countries during the last quarter of 2013. By region, 445 interviews were conducted in Asia Pacific, 442 in Europe, 212 in North America, 165 in Latin America, 45 in Africa and 35 in the Middle East. The results for Romania are based on responses from 49 local CEOs.

A detailed report with the results for Romania will be launched in the coming months.

2. List of country/regional CEOs saying they are very confident of 12 month growth.

Very confident of short-term revenue growth		
	2014	2013
Russia	53%	66%
Mexico	51%	62%
Korea	50%	6%
India	49%	63%
China/Hong Kong	48%	40%
ASEAN	45%	40%
Denmark	44%	NA
Switzerland	42%	18%
Brazil	42%	44%
Global	39%	36%
Romania	39%	42%
US	36%	30%
Australia	34%	30%
Germany	33%	31%
Scandinavia	30%	20%
UK	27%	22%
Canada	27%	42%
Japan	27%	18%
Italy	27%	21%
Venezuela	25%	30%
South Africa	25%	45%
Spain	23%	20%
France	22%	13%
Argentina	10%	26%

3. List of CEOs planning job increases by industry.

Percentage of CEOs expected to boost headcount in next 12 months (by industry)		
	2014	2013
Technology	63%	44%
Business services	62%	56%
Insurance	59%	39%
Asset Management	58%	55%



Energy	56%	39%
Entertainment & Media	53%	43%
Healthcare	53%	43%
Banking & Capital Markets	52%	44%
Communications	52%	36%
Engineering & Construction	51%	52%
Hospitality & Leisure	51%	33%
Retail	51%	49%
Chemicals	49%	43%
Consumer Goods	46%	40%
Consumer & Industrial Products Services	46%	N/A
Industrial Manufacturing	46%	36%
Automotive	45%	44%
Forest, Paper & Packaging	45%	32%
Pharmaceuticals & Life Sciences	44%	38%
Transport & Logistics	40%	43%
Power & Utilities	36%	41%
Mining	25%	39%
Metals	22%	28%

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