



Press release

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56% of Romanian CEOs expect to increase headcount in the next 12 months, according to the results of PwC's Global CEO Survey 2016

- **Romanian CEOs amongst the most optimistic in the world about revenue growth prospects-**

Bucharest, 20 January 2016 – 50% of Romanian CEOs are very confident of revenue growth in their company over the next 12 months, according to the results of PwC's Global CEO Survey 2016. This is six points up on last year's 44% and 15% higher than the global average (35%), making Romanian CEOs some of the most confident business leaders in the world, just behind those of India and Spain, but well above those from Western or Eastern Europe.

On the medium term, 61% of Romanian CEOs declared themselves were very confident about their own company's prospects for revenue growth over the next 3 years, up seven points on last year's 54%, and above the global average of 49%.

This perception of higher opportunities for growth translates also into optimism regarding future employment, with 56% of local CEOs saying they intend to increase headcount in the next 12 month, while only 18% plan to layoff employees this year.

"The optimism of Romanian CEOs is fed by the economic growth of the past three years, as well as the estimates for Romania's GDP growth in 2016, which stands at 4%. However, we should keep an eye on the gathering storm on the emerging markets and the global capital markets and make sure that a future global crisis does not take us by surprise, just like it did back in 2008. In order to put Romania's economy into a safe harbour, we need to keep up the pace of structural reforms, cutting red tape, reforming the public sector and improving the country's infrastructure, in order to maintain Romania as an attractive investment destination", stated Ionuț Simion, Country Managing Partner, PwC Romania.



The results, in PwC's Global CEO Survey - *'Redefining business success in a changing world'* - underline a gloomy outlook for the global economy in the next twelve months. More than 1,400 CEOs were interviewed for the research, which is published at the opening of the World Economic Forum Annual Meeting in Davos, Switzerland.

Globally, two-thirds of CEOs (66%) see more threats facing their businesses today than three years ago. China's economic rebalancing, crude oil price falls, and geopolitical security concerns are all impacting an overall increase in uncertainty about the global economy's growth prospects. Globally, only just over a quarter (27%) of CEOs think global growth will improve over the next 12 months, compared to 37% last year, while 23% think it will worsen (2015: 17%). Levels of optimism amongst North American CEOs is half that (16%) of the most optimistic regions (Western Europe 33% and Middle East 34%). Almost a third of China's CEOs (33%) believe global economic growth will slow down in 2016.

On a global level, revenue growth confidence falls

Confidence in businesses' own revenue growth for the next 12 months has also fallen (35% 'very confident' vs 39% last year). Against this tide of pessimism, CEOs in India (64%), Spain (54%) and Romania (50%) stand out as more optimistic. The biggest turnaround is seen in Taiwan, where only 19% are very confident of short-term company growth, compared to 65% last year - an astonishing slump of 46 points. However, Switzerland has the lowest confidence with only 16% of Swiss CEOs very confident of revenue growth compared with 24% in 2015.

Confidence in revenue growth is also down compared to last year for nearly every major economy in the world: China 24% (2015: 36%), United States 33% (2015: 46%), United Kingdom 33% (2015: 39%) and Germany 28% (2015: 35%). Italy 20% (2015: 20%) and Japan 28% (2015: 27%) remained static. Only Russia bucks the trend as confidence rose to 26% from a deep low of 16% last year.

Looking at investment prospects, the US, China, Germany and the UK remain the countries CEOs view as most important for growth in the next 12 months. Mexico and the UAE have also entered the top ten in place of Indonesia and Australia.

"There's no question that business leaders' confidence in both the global economy and their own company growth prospects has taken a knock. No matter what the business size, the threats it faces are becoming more complex, crossing the borders of geopolitics, regulation, cyber security, societal development, people, and reputation. There is a new spectrum of risk for CEOs that represents threats to both national and commercial interests", stated Dennis Nally, Global Chairman of PwC.

"The pessimistic outlook for the year ahead is reinforced by the position of the US, China, Germany and the UK as being the most important for growth again. The fact that CEOs continue to point to these 'safe havens' underlines the general uncertainty about where real growth will come from in the long term", added Dennis Nally.

CEOs see more threats

With heightened concerns about geopolitics, two thirds of CEOs (66%) now see more threats facing their business today than there were three years ago.

As in most years the spectre of over-regulation is seen as the top threat to companies' growth prospects, with 79% of CEOs citing this – the fourth year in a row that concerns about regulation have risen. However geopolitical uncertainty has jumped from fourth in CEO concerns last year to second this year, cited by 74% of business leaders. As a result, concerns about availability of key skills have



dropped from second to fourth, but remain a concern for nearly three quarters (72%) of CEOs. Worries about exchange rate volatility are in third place (73%).

Cyber security is also a worry for 61% of CEOs, representing threats to both national and commercial interests. Concern is highest amongst CEOs in the US, Australia and the UK (74%+) and in the banking, technology and insurance sectors.

Skills and recruitment

Nearly half (48%) of CEOs plan to increase their headcount over the next 12 months, a slight drop on last year (50%). Business recruitment activity is highest in India (70%), the UK (66%) and China (57%).

Concerns about the availability of key skills remains high (72%). Several sectors have particularly high levels of concern, topped by entertainment and media, and technology, while sectors more traditionally aligned with 'STEM' skills including manufacturing, pharmaceuticals and life sciences, also feature. Geographically, concerns are highest in Asia Pacific (81%), the Middle East (83%) and Africa (86%), and lowest in Western Europe (59%).

Government & business

The top priority for government should be a clear and effective tax system, say 56% of CEOs, followed by a skilled, educated and adaptable workforce (53%), and infrastructure (50%) – both physical and digital.

However CEOs tended to not rate their governments highly – particularly around the effectiveness of the tax system, and income equality. Two thirds (67%) cite a stable tax system as being more important than low tax rates.

Around a third (33%) rate governments as ineffective at safeguarding personal data (26% effective), with China (46%), the US (60%), Brazil (72%) and Argentina (52%) having the highest levels of concern.

Technology

The survey underlines technology's force in business for change and better customer and stakeholder understanding.

Nine out of ten (90%) CEOs say they are changing how they use technology to assess customer and wider stakeholder expectations, and deliver against them. The most significant levels of change are reported in sectors with traditionally high customer service expectations including banking and capital markets (90%), insurance (95%), hospitality and leisure (94%) and healthcare (93%). Overall, more than three quarters (77%) believe technological advances will have transformed expectations of businesses over the next five years.

Data and analytical tools, and CRM systems are seen as having the greatest return for stakeholder engagement. This is followed by R&D and innovation cited by 53% of CEOs globally, with CEOs in Taiwan (76%), Brazil (72%), France (71%) and Germany (67%) prioritising it higher than the global average.

Internally however, technology & data analytics still has untapped potential. In talent management, only 4% report using predictive workforce analytics, and 16% use it to focus on productivity. Concerns



about the speed of technological change as a threat to growth prospects is being felt most acutely in the banking and capital markets sector (81%), 20% higher than the global average (61%), followed entertainment and media (79%), and technology (66%) sectors – mirrored in CEOs concerns about skills in these sectors.

Trust and purpose in business

This year’s survey examines how CEOs are preparing to respond to changing customer and wider stakeholder expectations of business. 59% of CEOs say businesses need to do more to communicate their purpose and values.

Trust is certainly a concern, as CEOs consider changing stakeholder needs. More than a half (55%) of CEOs are concerned about the lack of trust in business, compared with 37% just three years ago.

But there are barriers to responding to changing expectations. Many CEOs (45%) say additional cost is stopping them from taking action to respond to greater expectations. Unclear or inconsistent standards and regulations, cited by 42% of CEOs, is also a significant barrier.

In five years’ time, more than three quarters (77%) believe technological advances will have transformed expectations of businesses on communication, reporting, investment and planning. In addition, 71% of CEOs believe that in five years’ time, successful companies will be guided by a purpose centred on creating value for wider stakeholders. 87% say companies will prioritise long-term over short-term profitability. Overall they believe that customer and other stakeholder needs will be more important than shareholders’ in successful organisations.

“The CEO environment is a challenging one. They recognise the wider stakeholder expectations of their business. Reshaping companies built on profit alone into ones where profit and purpose combine, is not going to happen quickly or easily, but it’s a transformation that is already starting and that businesses need to keep pace with”, concluded Dennis Nally.

Notes to editors:

- 1. About the survey:** PwC’s 19th Annual Global CEO Survey was conducted during the last quarter of 2015, with 1409 CEO respondents in 83 countries. Regionally, 476 interviews were conducted in Asia Pacific, 314 in Western Europe, 170 in Central and Eastern Europe, 169 in Latin America, 146 in North America, 87 in Africa and 47 in the Middle East. Download the full survey or examine the results in detail at www.pwc.com/ceosurvey.
- 2.** List of country/regional CEO saying they are very confident of 12 month growth.

Very confident of short-term revenue growth				
	2016	2015	2014	2013
India	64%	62%	49%	63%
Spain	54%	35%	23%	20%
Romania	50%	44%	39%	42%
Mexico	46%	50%	51%	62%
Argentina	42%	17%	10%	26%
Africa*	42%	***	***	***
ASEAN**	38%	47%	45%	40%
South Africa	37%	39%	25%	45%
Global	35%	39%	39%	36%



Australia	35%	43%	34%	30%
UK	33%	39%	27%	22%
US	33%	46%	36%	30%
Nordic	31%	26%	***	***
Canada	31%	36%	27%	42%
Denmark	30%	33%	44%	NA
Germany	28%	35%	33%	31%
Japan	28%	27%	27%	18%
Russia	26%	16%	53%	66%
China	24%	36%	48%	40%
Brazil	24%	30%	42%	44%
Italy	20%	20%	27%	21%
Taiwan	19%	65%	***	***
Switzerland	16%	24%	42%	18%

* Africa excludes South Africa

** The ASEAN countries in which interviews were conducted are: Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam

*** Not available

3. A detailed country report based on the responses from Romanian CEOs will be published in the coming months.

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