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**CEO confidence rises in CEE despite new risks and uncertainty**

* Confidence in company growth rises, in line with global figure
* CEE business leaders see more benefits from globalisation than their global peers
* Geopolitical uncertainty tops the list of threats that concern CEOs
* CEOs in the region are committed to innovation to capitalise on new opportunities

**16th January 2017. –** CEOs in Central and Eastern Europe expressed increased confidence in their companies’ growth prospects and the outlook for the global economy, in line with their global peers, and showed a commitment to innovation, technology and human capital to meet the challenges of today’s business environment.

PwC’s 20th annual survey of CEOs in the region found that 38% are very confident about their company’s growth prospects for the next 12 months, the same as the global figure and up from 37% a year earlier. Twenty-eight percent believe global economic growth will improve, compared with 25% a year earlier and 29% globally.

Despite the more positive outlook, CEE business leaders also expressed concern about a range of threats to their businesses. Asked how concerned they were about various economic, policy, social and environmental threats to their organisation’s growth prospects, 82% cited geopolitical uncertainty (compared with 74% globally), followed by over-regulation with 80% (the same as the global figure) and uncertain economic growth (78% versus 82%).

Olga Grygier-Siddons, PwC CEO Central and Eastern Europe, comments:

“*While Central and Eastern Europe (CEE) faces all of the same challenges as other regions around the world, and some in even greater measure, business leaders here are just as confident as their global peers. While the challenges ahead are daunting, when I look back at how far the region has come in the 20 years since the survey began it gives me confidence that we’ll be able to meet those challenges.”*

The survey also found that the region’s CEOs are generally more positive about the effects of globalisation than their global peers: asked how much globalisation has helped in various areas, the percentage of business leaders responding “to a large extent” was higher than the global average in 11 of the 12 areas. (On the 12th, “closing the gap between rich and poor”, the region was just one point lower, at 12% versus 13%.) The biggest differences from the global perception were in the view of globalisation as a force for good in upholding access to infrastructure and basic services (51% in CEE versus 34% globally), improving the ease of moving capital, people, goods and information (76% to 60%) and harmonising regulations (33% compared with 23%).

“*Whilst business leaders in Central and Eastern Europe recognise that our region is among the world’s biggest winners from globalisation and new technologies, they also recognise that there are a number of key challenges that need to be met if we are to continue to grow and benefit,”* said Grygier-Siddons.

Like their global peers, CEOs in the region are looking inside their companies for growth, rather than seeking acquisitions or joint ventures. To meet the new challenges, CEE business leaders are betting on innovation even more enthusiastically than their global counterparts; it was the first choice for both groups when asked which element of their business they most wanted to strengthen (25% in the region and 23% globally) in order to capitalise on new opportunities. CEOs are also looking at digital and technology capabilities (16% versus 15% globally) and human capital (also 16% versus 15% globally), and even fewer are banking on M&A and partnerships (4% compared with 7%) as the main source of growth.

Grygier-Siddons cautions that for innovation to thrive, businesses in the region need to seek new ways of working with academia and government. “The challenge for CEE policymakers and business leaders is to create a truly integrated ecosystem for tech development,” she says. “At the moment, the region has all the pieces of the puzzle: academia, research, a vibrant startup scene and established businesses. What’s missing is the integration of all of these elements. Smart CEOs (and other leaders) will look for ways to break down the silo mentality that keeps different elements of the ecosystem from working together effectively.”

ENDS

Notes to editors:

1. This survey was carried out between September and December 2016. 1379 CEOs responded from 79 countries, to online, postal, face to face and phone interviews. 57% worked in privately owned companies, 43% in publicly listed companies. 36% worked at companies with revenues over $1bn PA; 38% between $101-$999bn PA; and 21% with revenues of less than $100m. Within the global sample, there were 147 CEOs from 11 countries across Central and Eastern Europe.

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