

22nd Global CEO Survey
Key findings in Cyprus

Transition to the Digital Era

Are businesses ready?



Local survey highlights

40%

of CEOs in Cyprus believe global economic growth will improve over the next 12 months

-23%
compared to the previous year

83%

are confident about their company's prospects for revenue growth over the next 12 months

-2%
compared to the previous year

83%

are confident about their company's prospects for revenue growth over the next 3 years

-8%
compared to the previous year



75%

are planning to drive corporate growth and profitability through operational efficiencies

59%

expect headcount at their company to increase over the next 12 months



-4%

compared to the previous year

33%

Greece



-21%

29%

U.K.



-23%

are the 2 countries that CEOs in Cyprus consider most important for their overall growth prospects

compared to the previous year

36%

of CEOs are extremely concerned about geopolitical uncertainty

35%

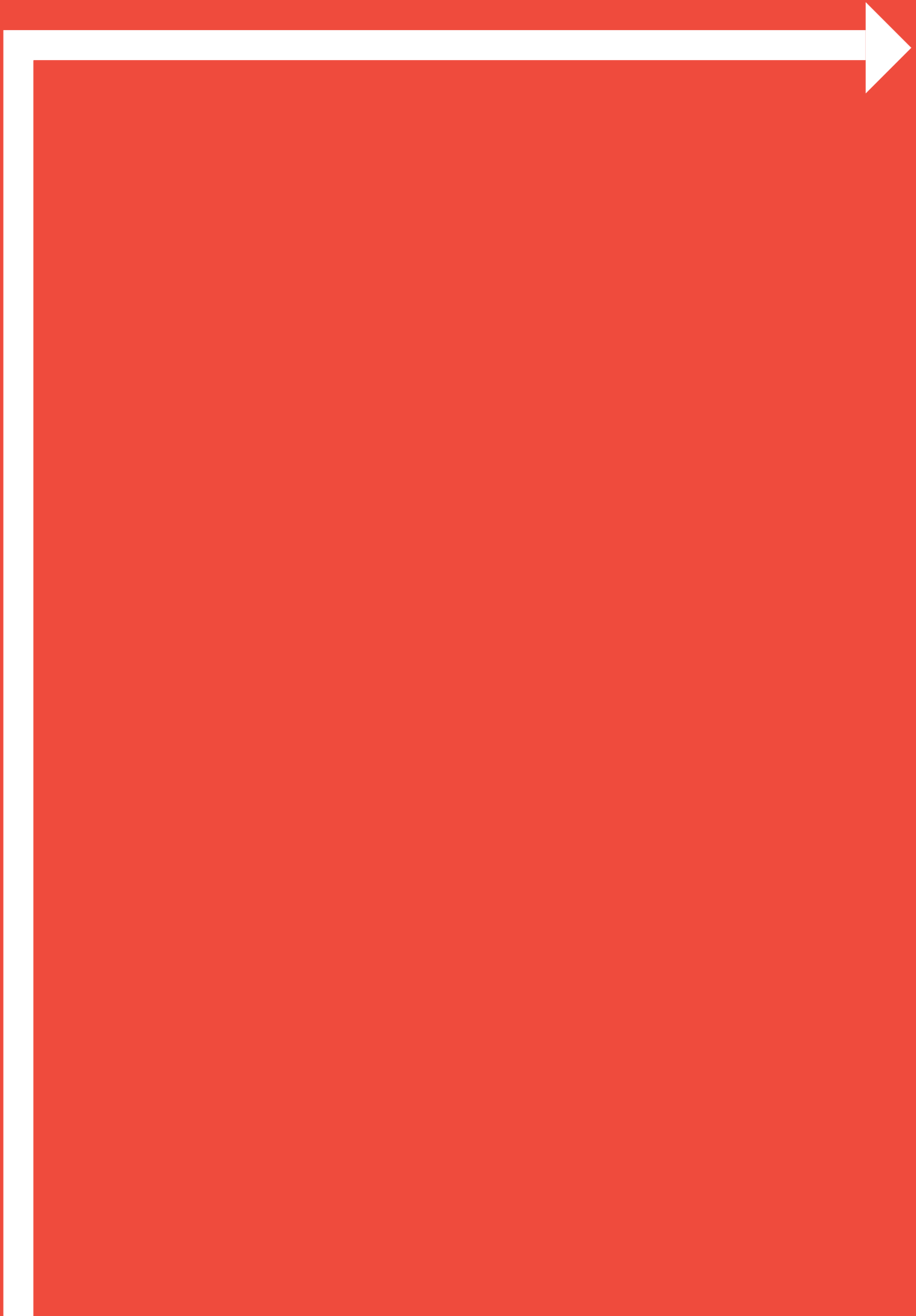
are extremely concerned about cyber threats

80%

believe that artificial Intelligence will significantly change the way they do business in the next 5 years

43%

have no plans to pursue any AI initiatives at the moment



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Notes:

Not all figures add up to 100% due to rounding of percentages and to the exclusion of “neither/nor” and “Don’t know” responses.

The Eurozone group includes Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia and Spain.

A few words on the global survey

PwC's 22nd Annual Global CEO Survey titled "CEOs' curbed confidence spells caution" was completed for yet another year with the participation of 1,378 CEOs from 90 countries. The interviews were conducted mostly online, followed by telephone. The entire process is carried out in full confidentiality. The survey, which is presented every year at the World Economic Forum in Davos, Switzerland, explores the views of CEOs on the economy, technology, globalisation and other issues affecting their strategic thinking. It also contains extensive references to the ways in which companies address opportunities, challenges and threats, comparing the views of CEOs from different geographical areas.

This is a landmark year for our survey, which was first conducted in 1997, as it attempts a brief overview of the past, while also looking forward, to the future. We have found that CEO responses over the past decade reveal a strong correlation between chief executives' expectations for their own organisations' revenue growth and actual economic growth. In short, CEOs' confidence is a strong indicator for the direction of the global economy.

This year's global survey reveals a shift in the opposite direction, as almost 30% of business leaders believe that global economic growth will decline in the next 12 months, approximately six times the level of 5% last year, reflecting a record jump in pessimism. The drop in CEO optimism has also impacted growth plans beyond their own country borders, while it is worth noting that they have turned their focus to addressing the rise of populism in the markets where they operate. Trade conflicts, policy uncertainty and protectionism are amongst the greatest threats. At the same time, CEOs continue to face issues with their own data management capabilities, resulting in a significant information gap. And all this at

a time marked by Artificial Intelligence which, according to the predictions of 85% of CEOs, will dramatically change their business over the next 5 years, with two thirds of the survey respondents expecting that it will have a larger impact than the internet.

But let's turn our focus to Cyprus, to take a closer look at the extent to which the views of our local CEOs identify with those in the Eurozone and globally.



Introduction

The analysis of the CEO survey has highlighted 3 main points, which we will examine in detail further below:

1. A Jump on the opposite side

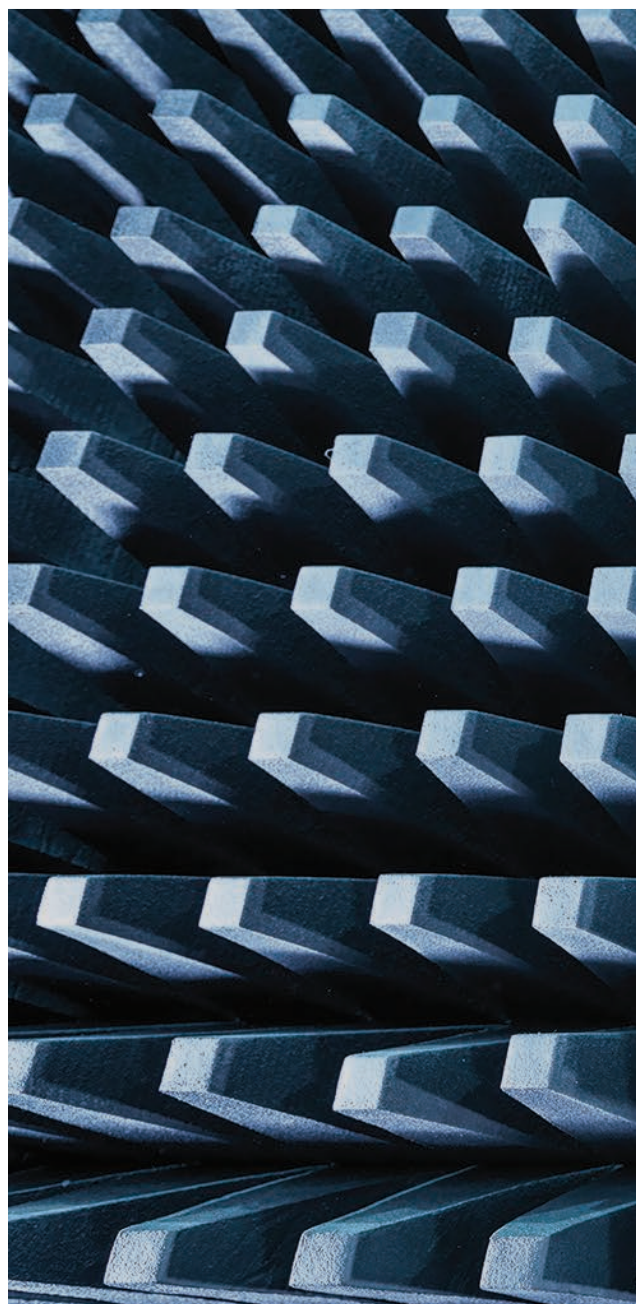
It is worth noting that last year saw a record jump in optimism regarding global growth prospects for 2018, whereas this year we are witnessing a leap in the opposite direction: pessimism.

2. Concerns & challenges

The survey reveals that geopolitical uncertainty, the future of Eurozone and uncertain economic growth as well as cyber threats and the speed of technological change are issues of concern for CEOs in Cyprus.

3. The lack of talent & data is a concern

CEOs have focused on developing their own skills, given the lack of talent. Despite their huge investments, there is a significant gap between the data that leaders need and the data they receive at the end.



The landscape in Cyprus

The Cyprus economy, which now relies on a more stable and healthy fiscal base, is taking firm positive steps and has entered a new era of growth. Significant progress has been made in terms of improving the business climate and attracting foreign investment. As a result, international credit rating agencies have upgraded Cyprus back to investment grade. Moreover, the fact that Cyprus has been described as one of the most rapidly growing economies of the Eurozone is indeed noteworthy and indicative of the progress achieved.

However, despite this positive climate, the country continues to face significant and complex geopolitical and economic challenges, which make existing business models unstable and have a negative impact on competitiveness and economic growth. According to our survey, CEOs are concerned, amongst others, about geopolitical uncertainty, the future of the Eurozone and uncertain economic growth.

Amidst this landscape, it has become evident that Cyprus needs a new growth model that will strengthen the prospects of the economy and respond to the future needs of its people. We must have a clear action plan and a bold reform agenda, with a focus on the following aims: encourage innovation, increase productivity, enhance competitiveness, make business easier and fully adapt to the digital era.

A total of 91 CEOs in Cyprus have participated in the local CEO Survey, sharing their own insights on how they see the future of their businesses and the economy in general.

What are the views of Cyprus CEOs?

It is a change of scenery for CEOs in Cyprus, in the Eurozone and globally, as they appear to be significantly less optimistic on the prospects of global economic growth compared to last year's survey.

Specifically for Cyprus, 40% of CEOs are confident that global economic growth will improve, compared to 52% in 2018. Similar percentages of CEOs maintain that global economic growth will stay the same, 37% this year compared to 40% last year. However, the rise in the share of CEOs (20%) who believe global economic growth will decline over the next 12 months is impressive, compared to a mere 6% in 2018.

The same degree of optimism is expressed by CEOs in the Eurozone and globally, with 40% and 42% respectively, compared to 63% and 57% last year.

The figures confirm a more general trend of cautious optimism regarding global economic growth amongst all business leaders, irrespective of whether they are based in Cyprus, in the Eurozone or globally. The increase in the share of CEOs who believe that we are very close to a recession is also quite impressive, considering that data is collected only one year apart. The striking rise in pessimism does not come as a surprise since most major

economic models have adjusted their 2019 forecasts downward and many economists see a slowdown as overdue.

International trade tensions, political upset and uncertainty and stricter monetary and fiscal policy all play out differently but with the same general result: a more cautious outlook on global economic growth. We are witnessing many challenges globally as populist politicians exercise increasing influence over economic policy. Political leaderships are currently facing significant challenges which adversely affect competitiveness and economic growth. According to the IMF report, there is a long list of destabilising factors.

There is a perceptible shift away from reliance on global governance structures designed to facilitate cooperation on issues such as trade, climate change, and nuclear proliferation. The result has been one recognized by the World Economic Forum: a trend towards nation-state unilateralism and, consequently, greater global fragmentation and uncertainty.

"The future for the global economy especially in the developing markets (e.g. BRICS) looks rather bleak to me. I do not like the fight between America and China and what this can bring to the markets, not to mention of-course Brexit, which is still very unclear to everybody. Brexit will probably affect Cyprus negatively. What we see in front of us are essentially trade tensions."

Dr. Andreas Pittas
Executive Chairman
Medochemie Ltd

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Figure 1: Global economy growth prospects

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

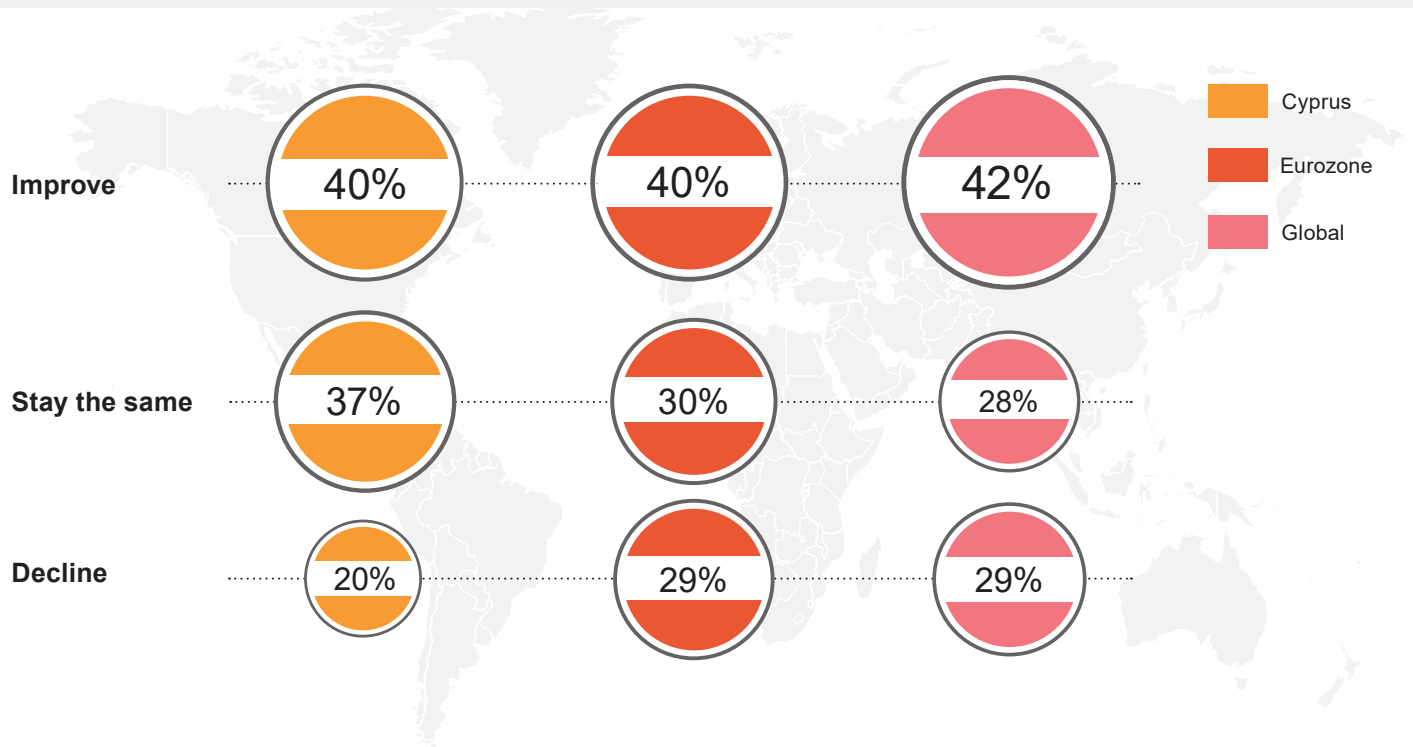
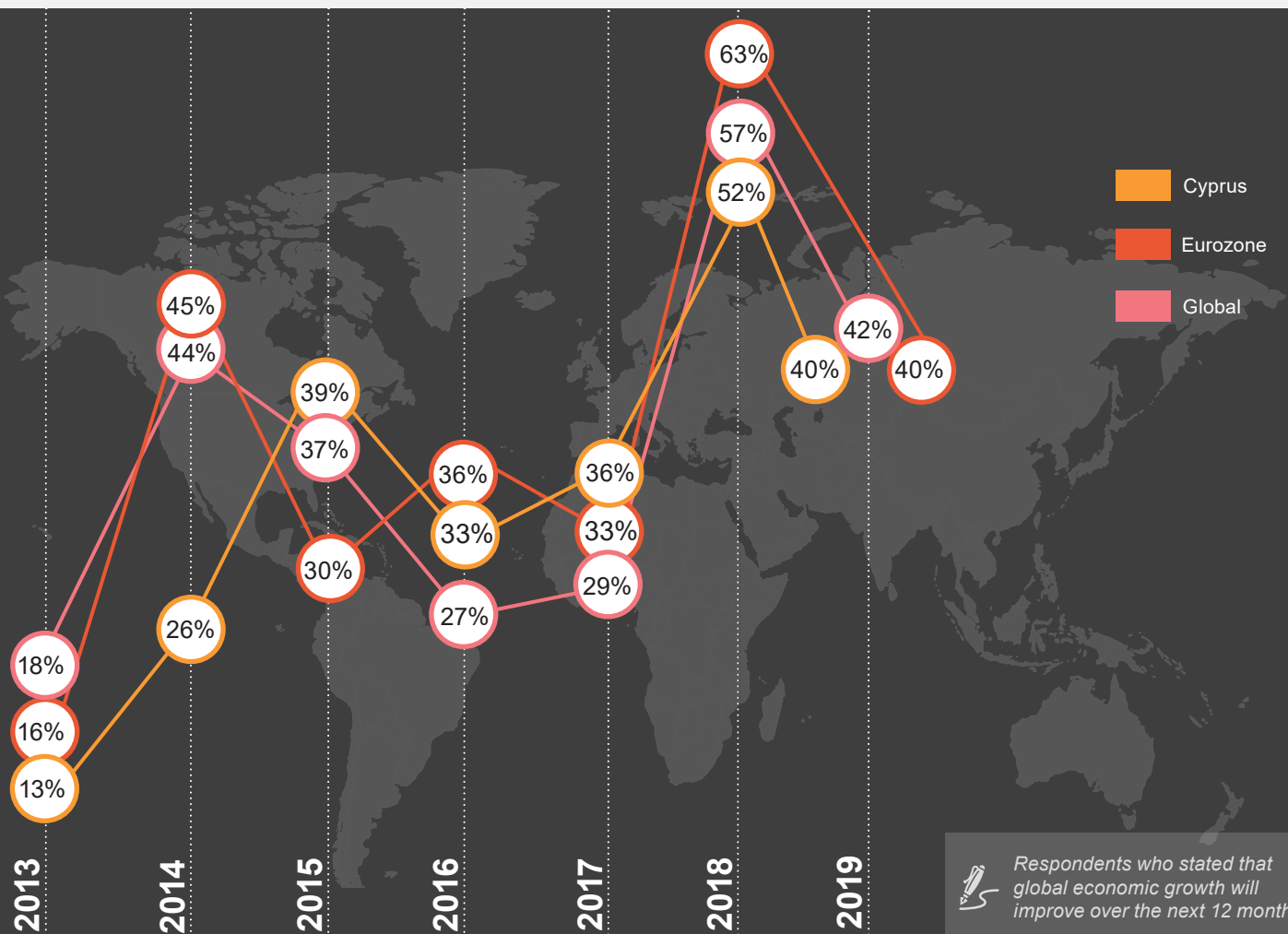


Figure 2: Global economic growth over the next 12 months.
A 7 year analysis.



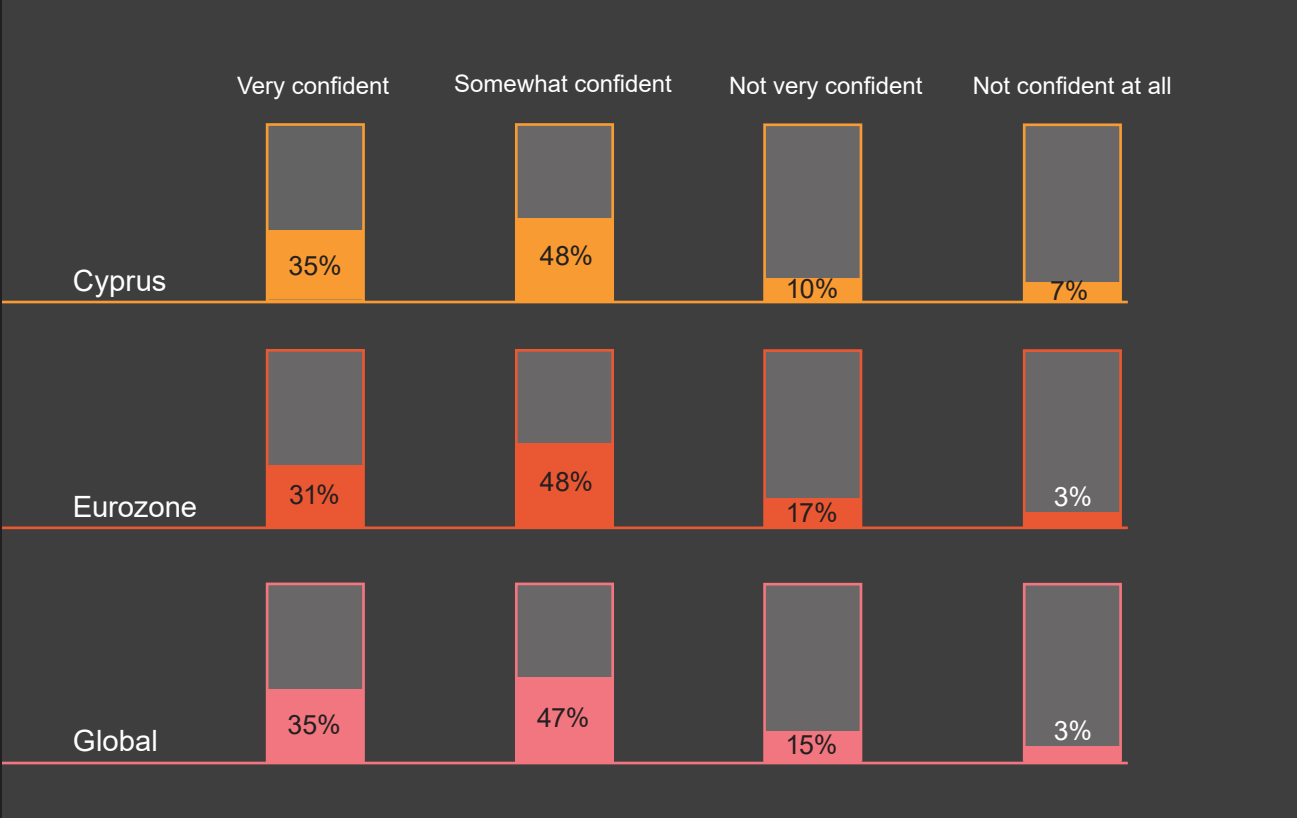
So in this landscape, CEOs in Cyprus, in the Eurozone and globally, are more cautious than ever on the future of the global economy, without this affecting however their expectations for their own organisations’ revenue growth over the next 12 months.

83%

of CEOs in Cyprus are confident about their company’s revenue growth prospects over the next 12 months

Figure 3: Company prospects for revenue growth over the next 12 months

Q: How confident are you about your company’s prospects for revenue growth over the next 12 months?



A total of 35% of the 91 CEOs in Cyprus who participated in our survey are “very confident” about their company’s prospects for revenue growth over the next 12 months, a rate close to the 34% recorded in 2018. Overall, 83% of CEOs in Cyprus, compared to 85% in 2018 (combined rate of “very confident” and “somewhat confident”) are positive regarding their company’s growth.

The corresponding percentages for CEOs in the Eurozone and globally are 79% and 82% respectively.

How accurate are however the CEOs’ predictions? An interesting finding of this year’s survey is the fact that the predictions of business leaders in terms of the outlook for the economy over the next 12 months prove to be quite accurate.

In particular, there appears to be a correlation between the change in the levels of confidence regarding the revenue growth prospects of their companies in the next year with actual economic growth, as measured by GDP.

Figure 4: Revenue growth prospects over the next 12 months.
A 7 year analysis.

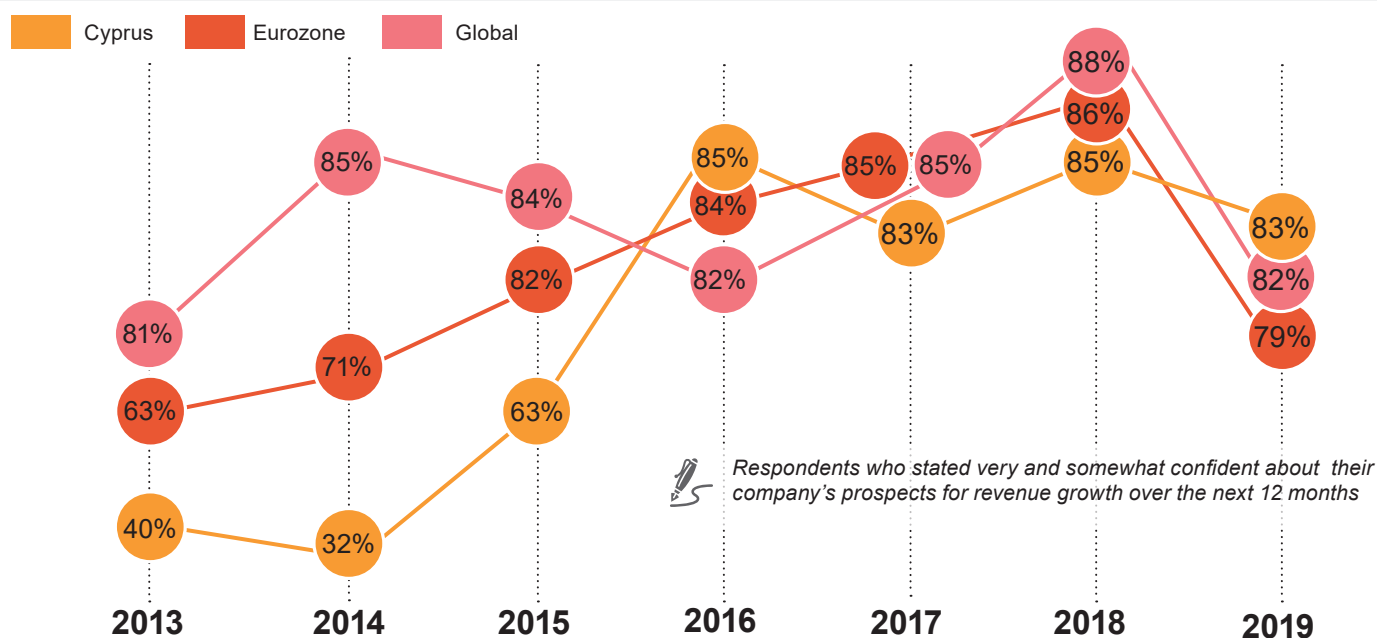
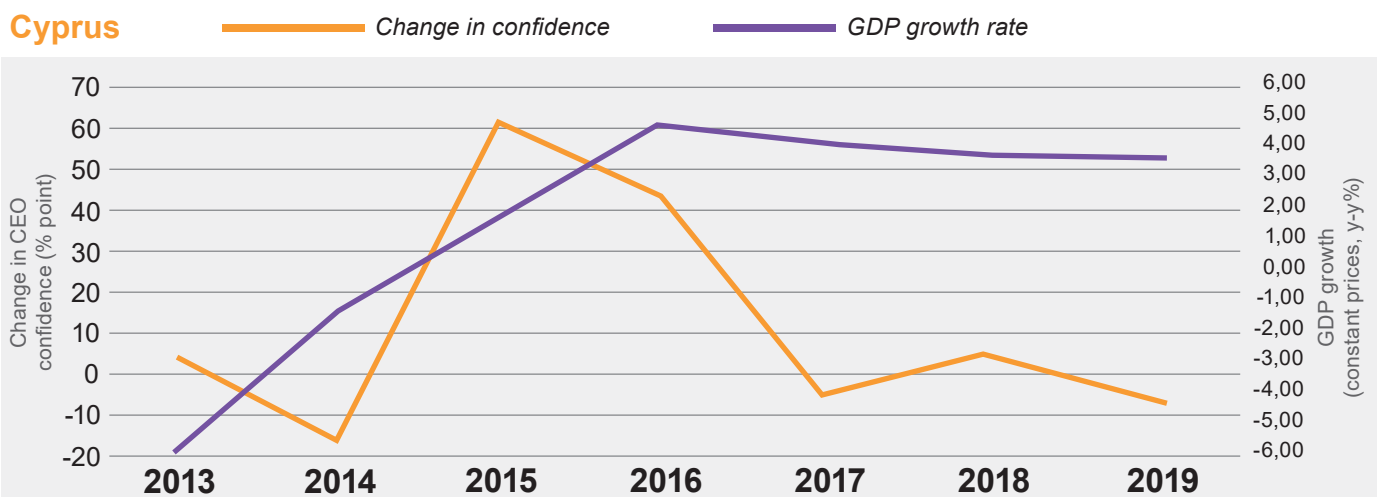


Figure 5: Revenue growth prospects over the next 12 months and GDP growth rate.
A 7 year analysis.



We calculate change in CEO confidence by taking the change in the net balance percentage of CEOs answering ‘very confident’ or ‘somewhat confident’ minus the percentage of respondents answering ‘not confident’ or ‘not confident at all’ to the question: ‘How confident are you about your organisation’s prospects for revenue growth over the next 12 months?’

Sources: GDP figures are from the Cyprus Statistical Service and the 2019 forecast from the Ministry of Finance.

Exactly the same findings are true over a three-year period, with 83% for CEOs in Cyprus, compared to 91% last year. CEOs both in the Eurozone and globally are also somewhat confident and positive for their revenue growth prospects over the next 3 years, with 83% and 85% respectively. It is worth noting that these rates are slightly decreased compared to 2018, but depict nevertheless a positive outlook on the future of businesses.

83%

of CEOs in Cyprus are confident about their company's prospects for revenues growth over the next 3 years

Figure 6: Company prospects for revenue growth over the next 3 years

Q: How confident are you about your company's prospects for revenue growth over the next 3 years?

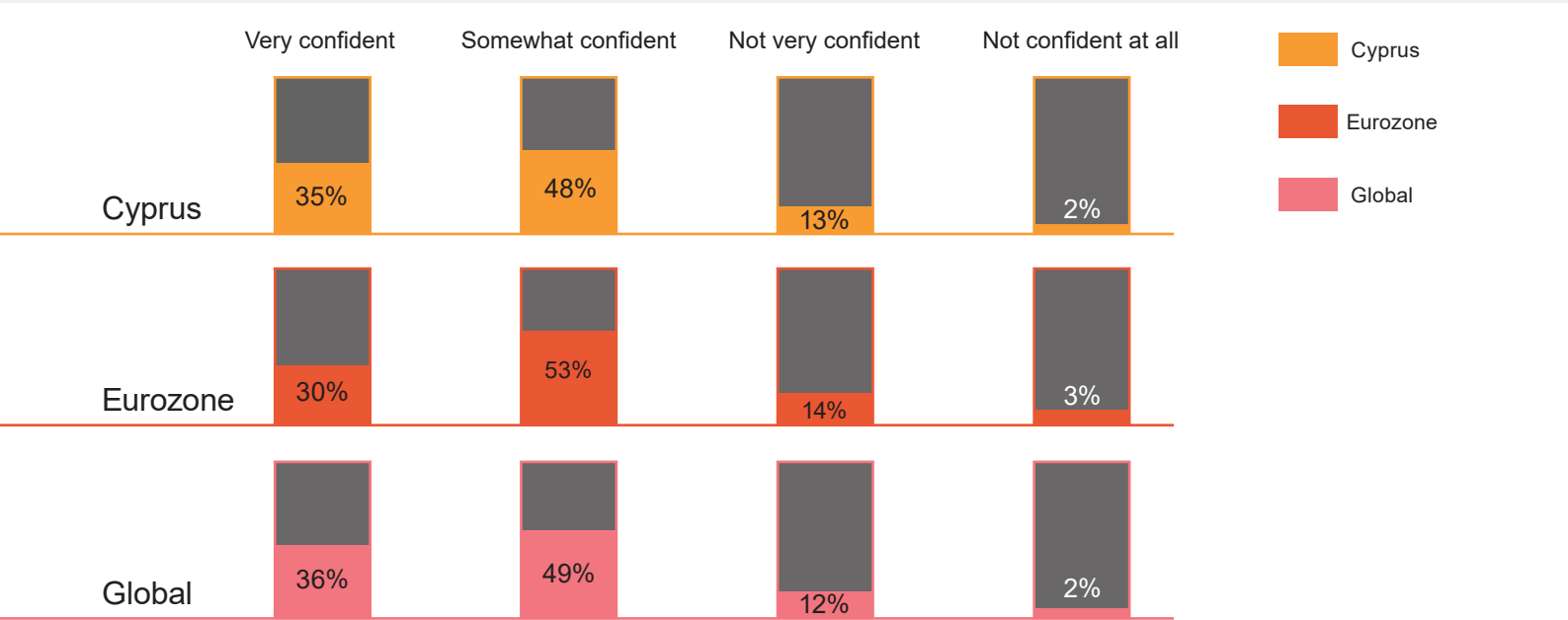


Figure 7: Revenue growth prospects over the next 3 years. A 7 year analysis.

-8%

in the confidence levels regarding growth prospects over the next 3 years

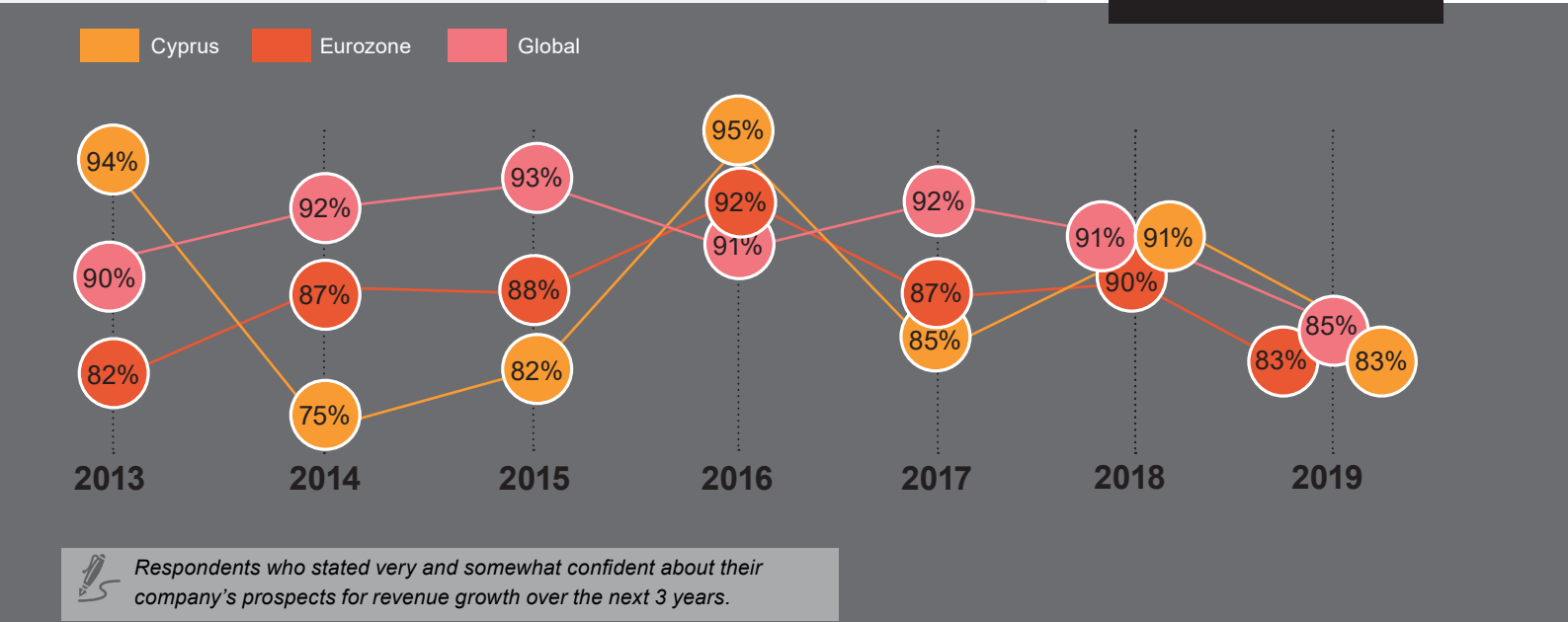
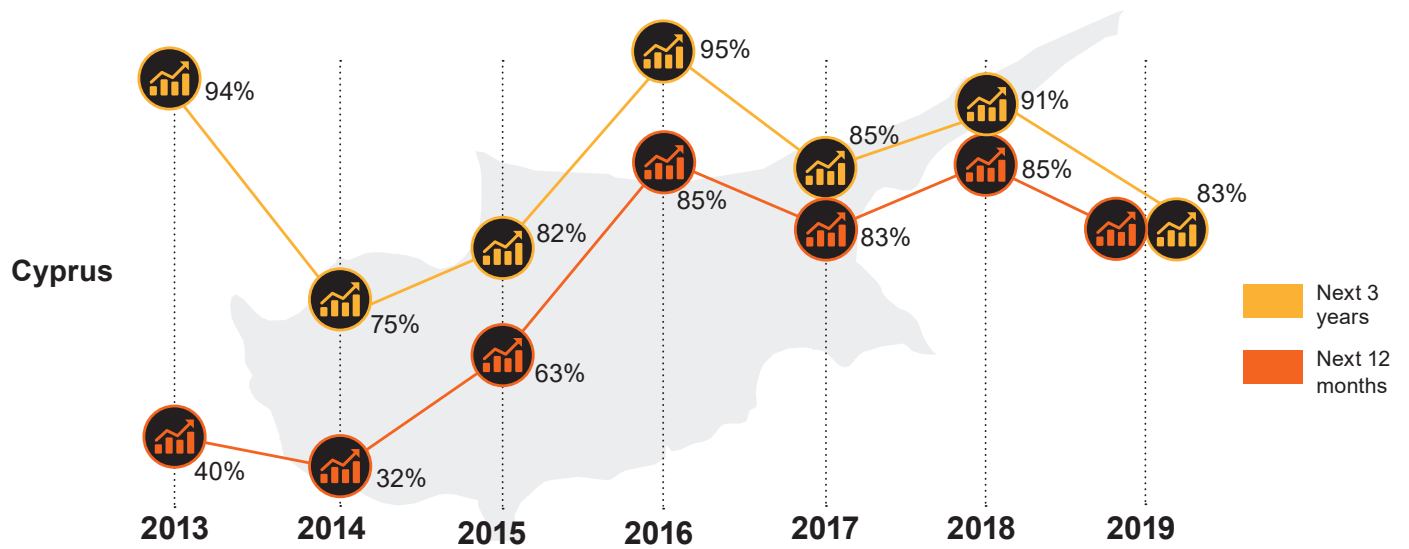

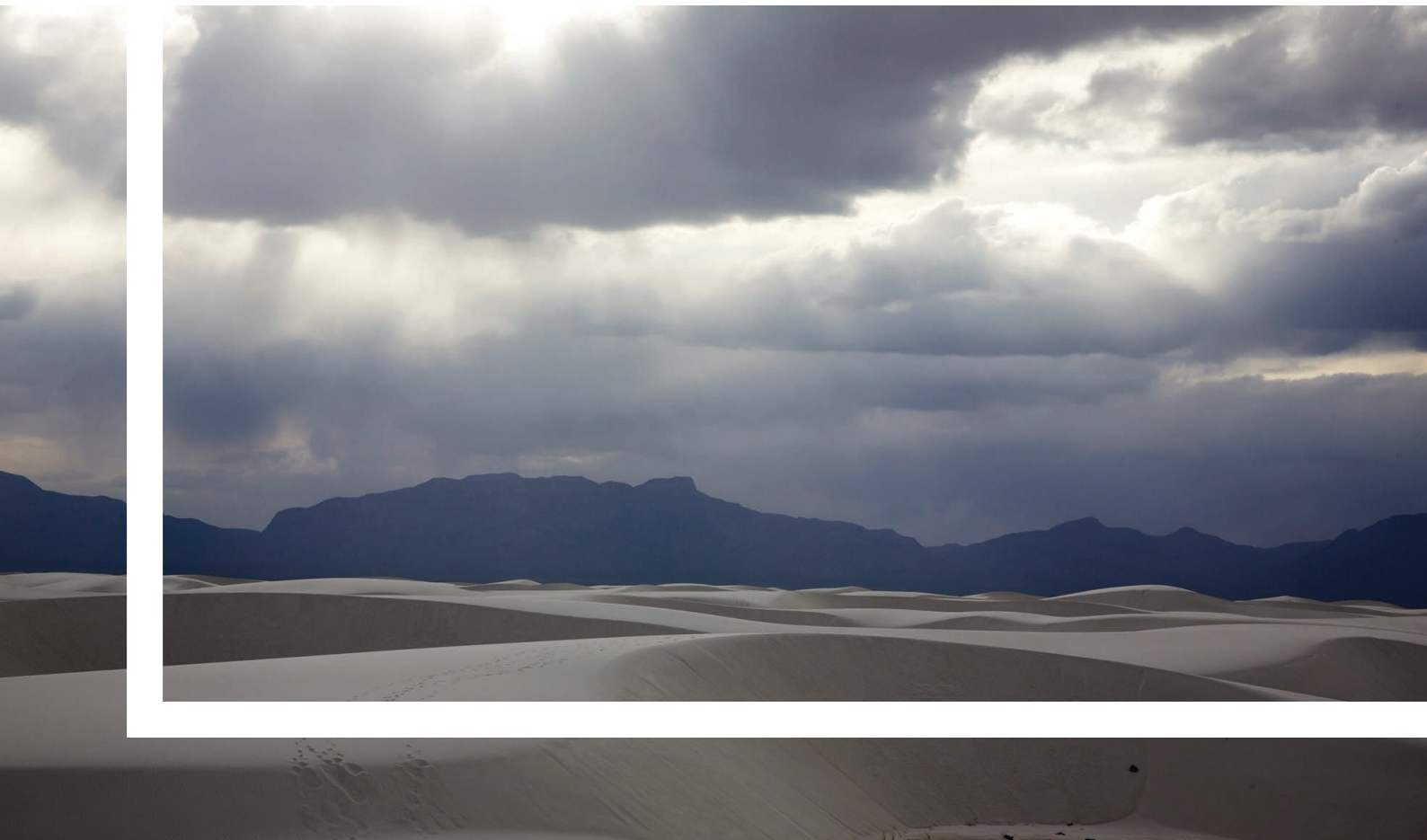


Figure 8: **Short and medium-term revenue growth prospects.**
A 7 year analysis.



 Respondents who stated very and somewhat confident about their company's prospects for revenue growth



But what are the thoughts of CEOs and how are they planning to drive revenue growth for their businesses?

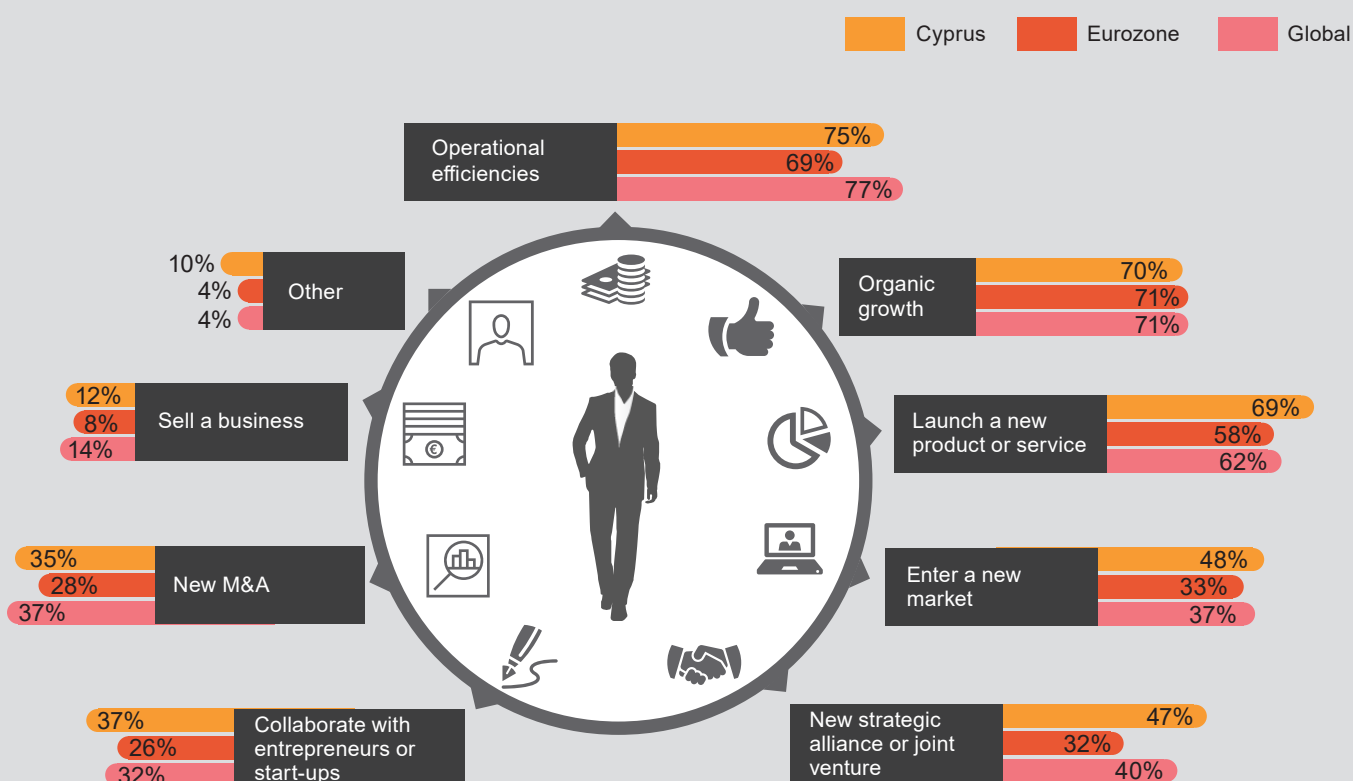
Operational efficiencies, organic growth and the launch of new products and services are the top three activities that they are planning over the next 12 months, aiming at corporate growth and profitability.

Next on the list of priorities, for business leaders in Cyprus, in the Eurozone and globally, are entering a new market and new strategic alliances or joint ventures.

In 2018, the top three activities for CEOs were organic growth, cost reduction and new strategic alliances.

Figure 9: Activities to drive corporate growth and profitability

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



In the question, do you expect headcount at your organisation to change over the next 12 months, 59% of CEOs expect their headcount to increase, compared to 34% who assume it will stay the same and 6% who say it will decrease.

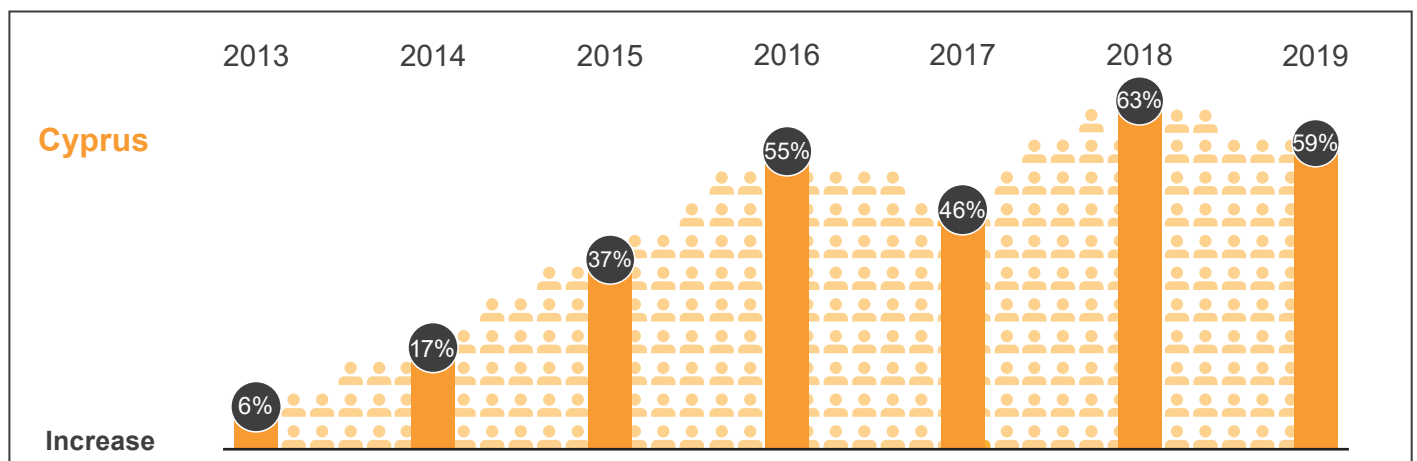
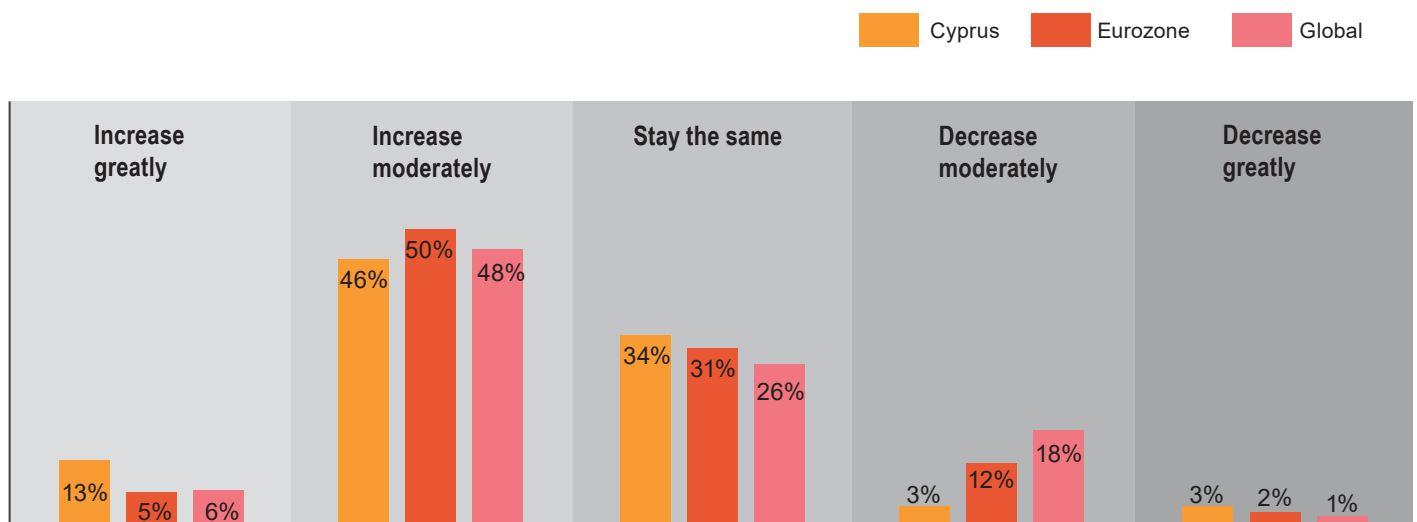
54% of CEOs respectively expecting an increase in their headcount.

As regards the rates of CEOs in the Eurozone and globally who believe their headcount will stay the same, these stand at 31% and 26% respectively.

These figures do not vary greatly from last year's results, when 63% expected to increase their headcount, 34% said it would stay the same and 3% that it would decrease. Approximately the same rates are recorded in the Eurozone and globally, with 55% and

Figure 10 and 11: **Changes in the headcount**

Q: Do you expect headcount at your organisation to increase, decrease or stay the same over the next 12 months?



New markets

Investment in new markets and countries has always presented opportunities for corporate growth. How CEOs view the world and how they choose the countries in which to operate is linked to a number of factors. It is worth noting that this year, CEOs see a noticeable decline in the percentages of all the countries where they see growth prospects. This combined with geopolitical uncertainty that concerns CEOs, is part of the explanation for this decline.

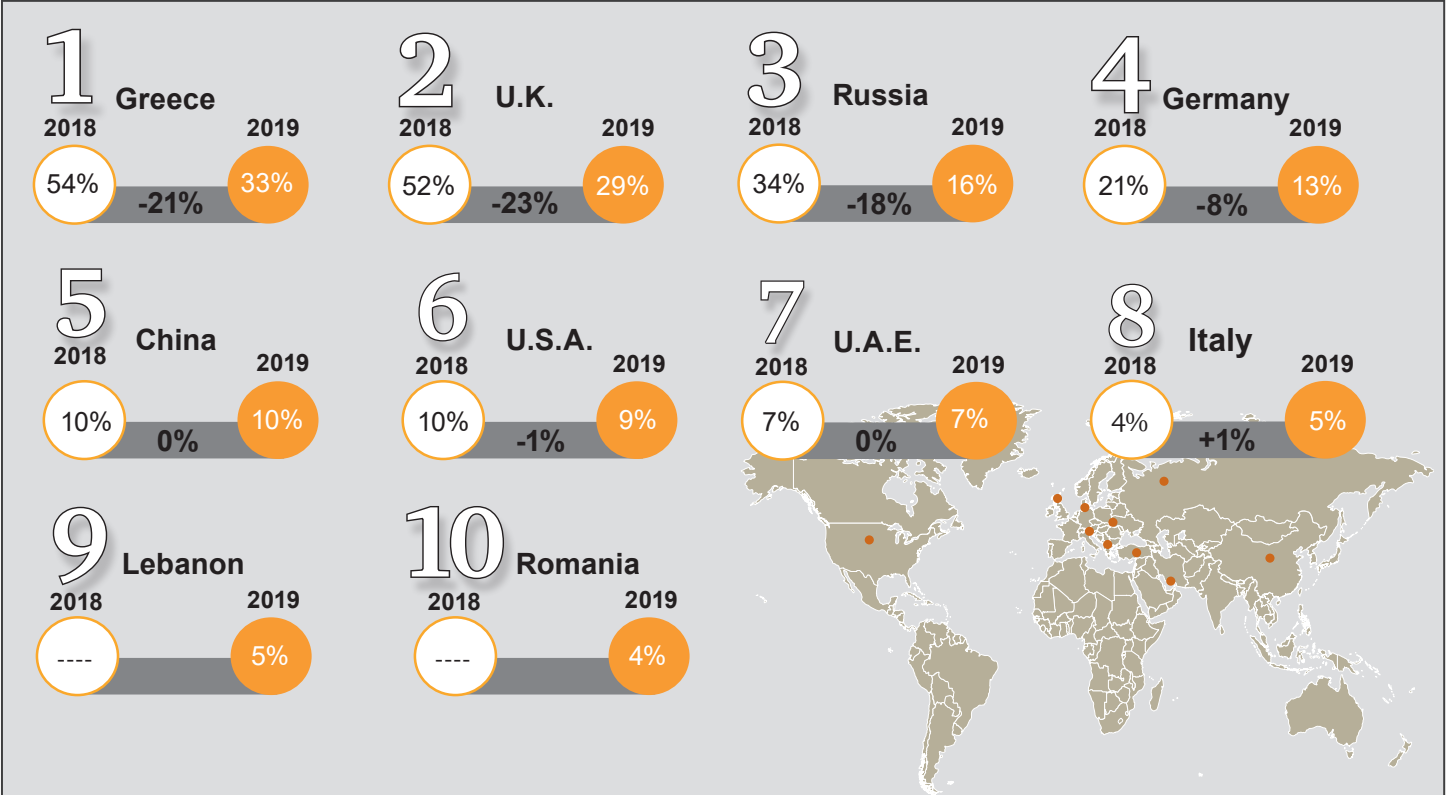
It is worth mentioning the most important countries in the case of Cyprus. The top five include Greece, the United Kingdom, Russia, Germany and China, in exactly the same order as last year, but with significantly lower rates, dropping almost by half, with the exception of China and the US, for which rates are similar to last year.

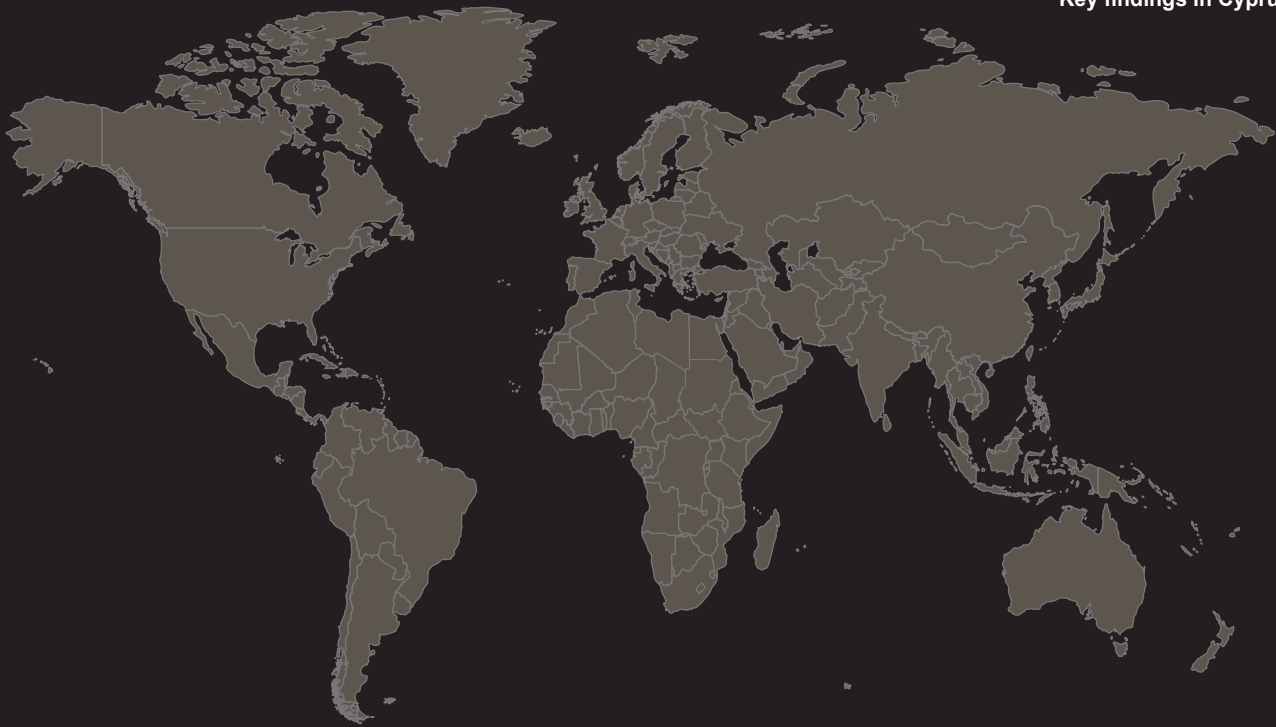


Cyprus Top 10

Figure 12: Important countries for overall growth prospects

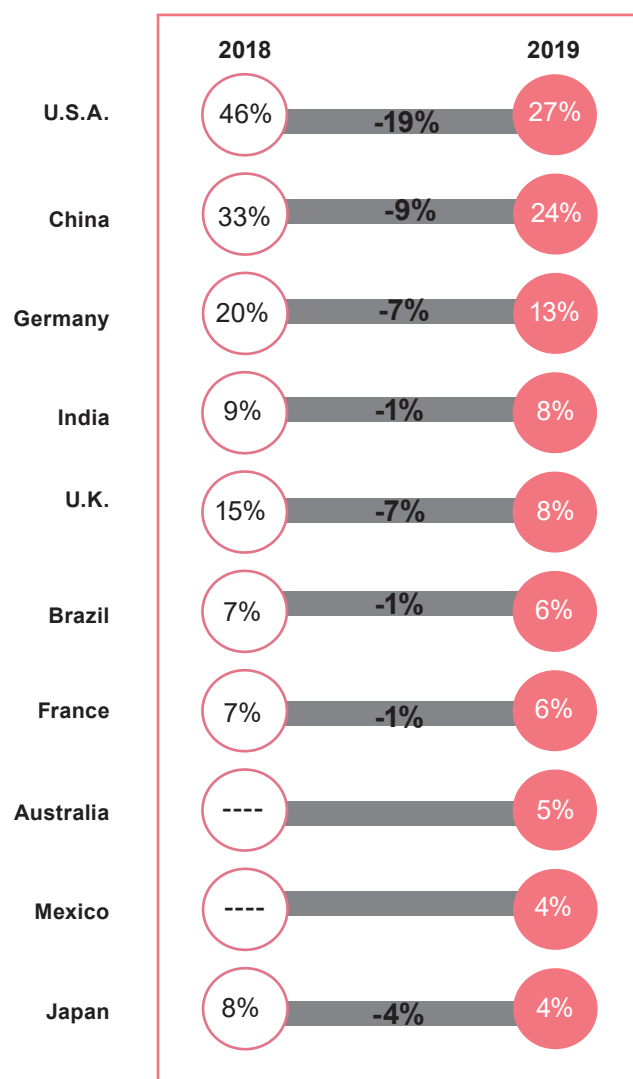
Q: Which three territories, excluding the territory in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months?





Global Top 10

Figure 13: Important countries for overall growth prospects



CEOs globally choose U.S.A. with 27%, China with 24% and Germany with 13%. It is true that the US Government has taken a series of measures to decrease taxes and unemployment, which it has managed to maintain at low levels, but no one can say for sure how long these measures will remain in effect.

27%

of CEOs globally consider U.S.A. to be the most important country for their organisation's growth prospects

Concerns & threats

Concerns and threats make up the broader landscape for CEOs, who strive to respond early, incorporating into their strategic planning actions to address the challenges.

Top economic, policy, social and environmental threats for Cyprus

**Geopolitical
uncertainty**

36%



**Future of the
Eurozone**

31%



**Uncertain
economic
growth**

29%



**Climate change
and
environmental
damage**

26%



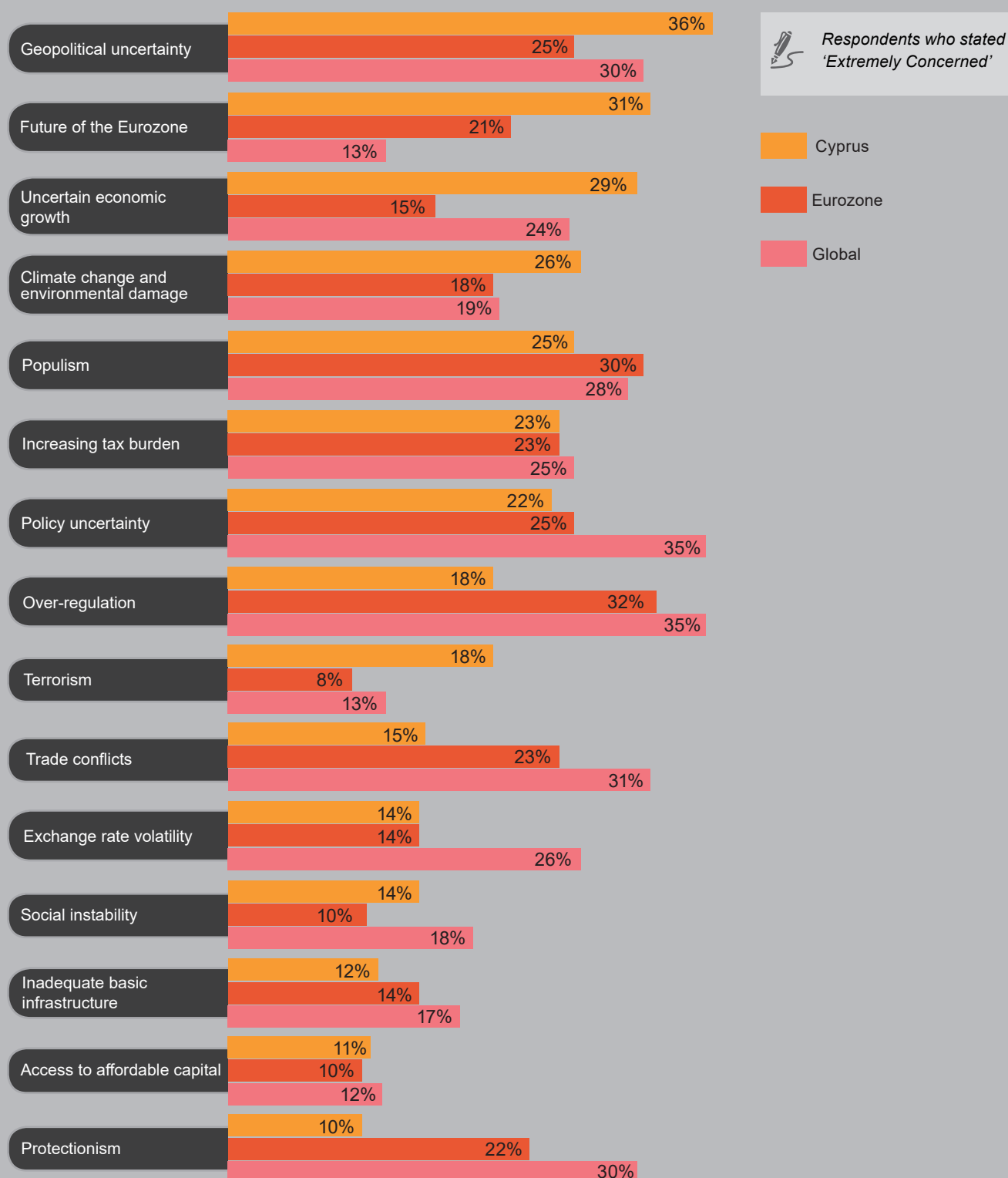
Geopolitical uncertainty is the top concern for CEOs in Cyprus with 36%, followed by the future of the Eurozone with 31% and uncertain economic growth with 29%, as further confirmed by the decrease in confidence for global economic growth. CEOs in the Eurozone with 32% expressing concern for over-regulation, 30% for populism and 25% for both policy and geopolitical uncertainty. CEOs globally are mostly concerned about over-regulation and policy uncertainty at 35%, followed by trade conflicts at 31%.

It is absolutely understandable that the future of the Eurozone as well as geopolitical uncertainty are amongst the top economic, policy, social and environmental threats identified by CEOs in respect of their organisations' growth prospects.

Populism remains firmly in second place for CEOs in the Eurozone, highlighting a major issue that exists in a global level while democracy, political stability and social well being are come under threat.

Figure 14: **Economic, policy, social and environmental threats**

Q: How concerned are you about the following economic, policy, social and environmental threats to your organisation's growth prospects?



Top Business threats for Cyprus

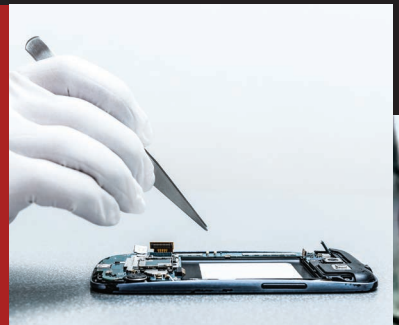
Cyber threats

35%



**Speed of
technological
change**

32%



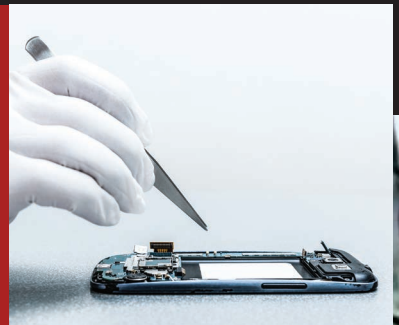
**Volatile
energy costs**

25%



**Availability of
key skills**

24%



Moving on to business threats, CEOs in Cyprus (35%) appear to focus on cyber threats, followed by the speed of technological change, therefore highlighting the issue of technology and how it affects a business, either positively or negatively.

Volatile energy costs is the third business threat according to CEOs in Cyprus emphasizing the issue for businesses. For CEOs in the Eurozone (32%) top threats include the availability of key skills, followed by cyber threats and the speed of technological change. CEOs globally confirm the same business threats putting first with 34% the availability of key skills

followed by cyber threats with 30% and the speed of technological change with 28%.

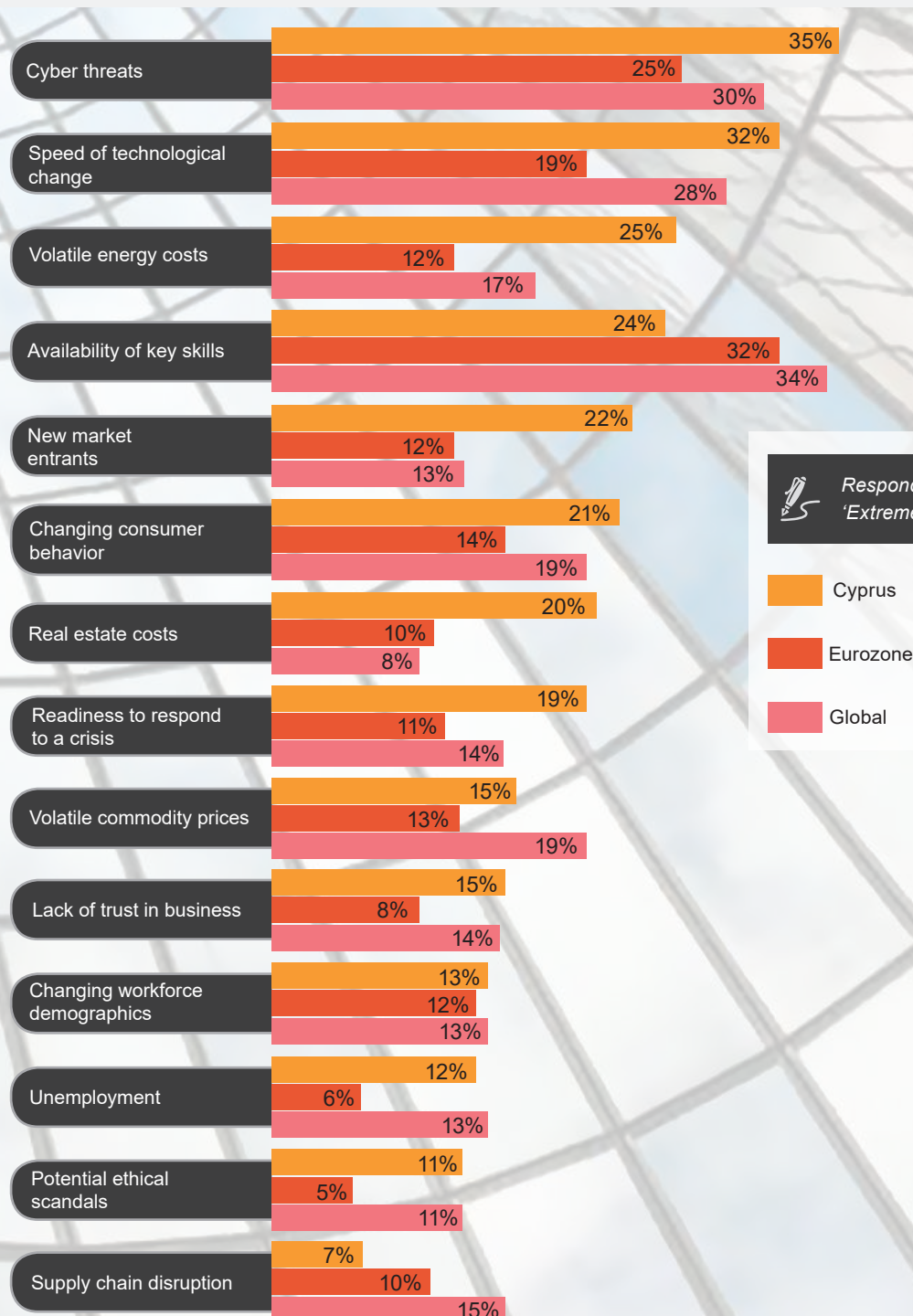
Business leaders in Cyprus appear to be concerned about the cost of real estate, in fact at double the rate than CEOs globally.

The concern of CEOs in Cyprus for the cost of real estate with 20% is significantly higher compared to 10% of CEOs in the Eurozone and 8% globally. The lack of an active secondary market in combination with the reduced availability of commercial properties and specialised facilities for lease, is leading many companies to the purchase of land for the construction of

their own facilities. Consequently, possible future expansions of their business, are inextricably linked with increased exposure to the real estate industry. At the same time, the increased activity by foreign investors in recent years, has contributed to the increase in property prices in certain regions, thus creating additional challenges for local businesses.

Figure 15: **Business threats**

Q: How concerned are you about the following potential business threats to your organisation's growth prospects?



Respondents who stated
'Extremely Concerned'

Cyprus
Eurozone
Global

Global trends

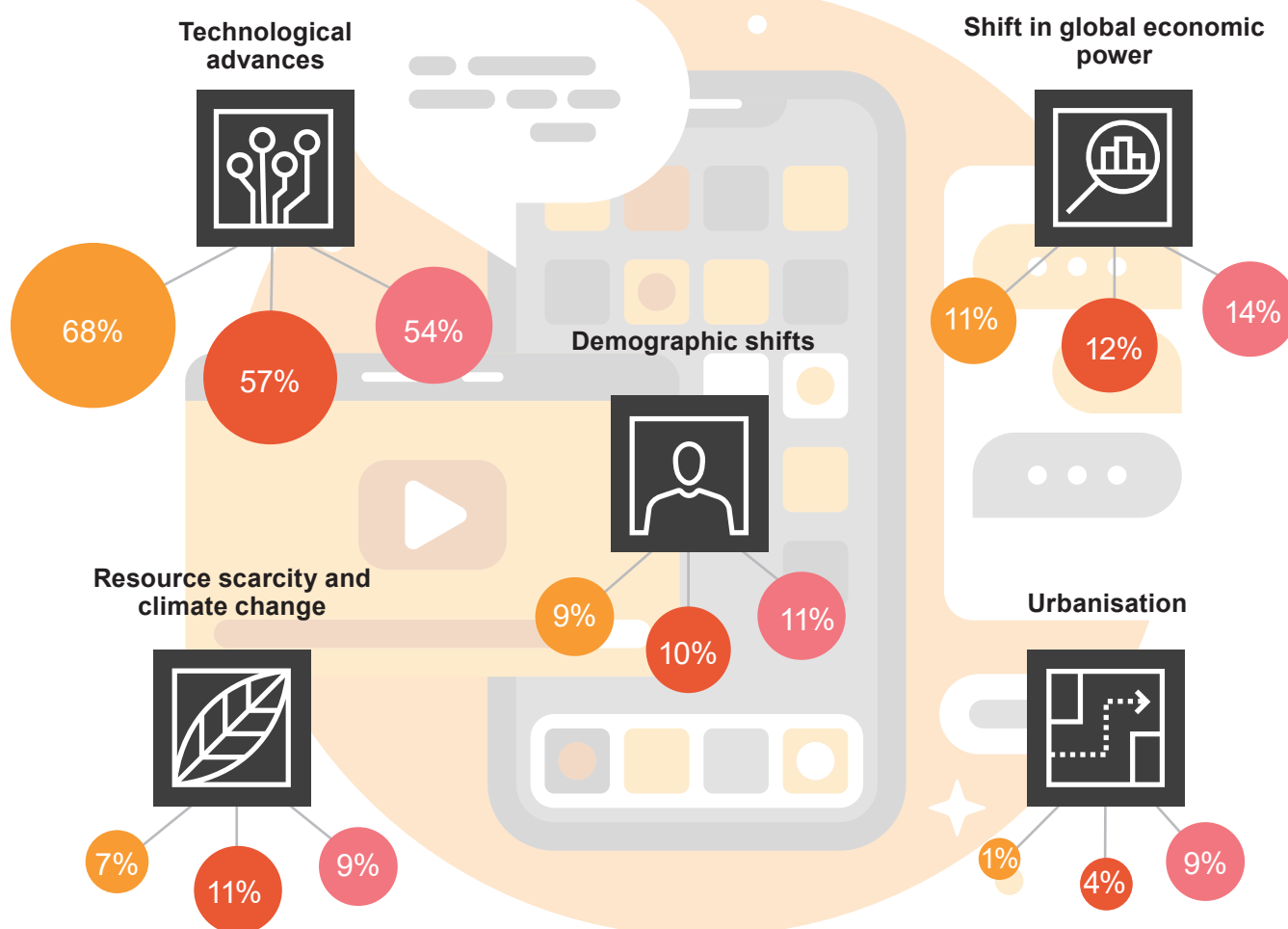
When asked to reflect on which global trends have brought about the greatest changes to businesses in the past five years, the majority of CEOs have pointed to technological advancements, followed by the shift in global economic power and demographic shifts.

Figure 16: **Global trends that have transformed businesses**

Q: Looking backwards to the past five years, please rank the top three global trends from the following list, which you believe have transformed your business the most.

% ranked 1

Cyprus Eurozone Global





Technology rules!

An organisation's relationship with technology presupposes that business leaders are willing to change their culture and look at how their company operates from a different perspective, with a view to incorporating digital strategy into their plans. For this venture to be successful and in order to invest in a culture of technological innovation, we must focus on human experience and how employees relate both to each other and to their clients. The survey reveals a gap between the importance CEOs place on the availability of data about their customers' and clients' preferences and needs and the fact that those data are not adequate according to their views.

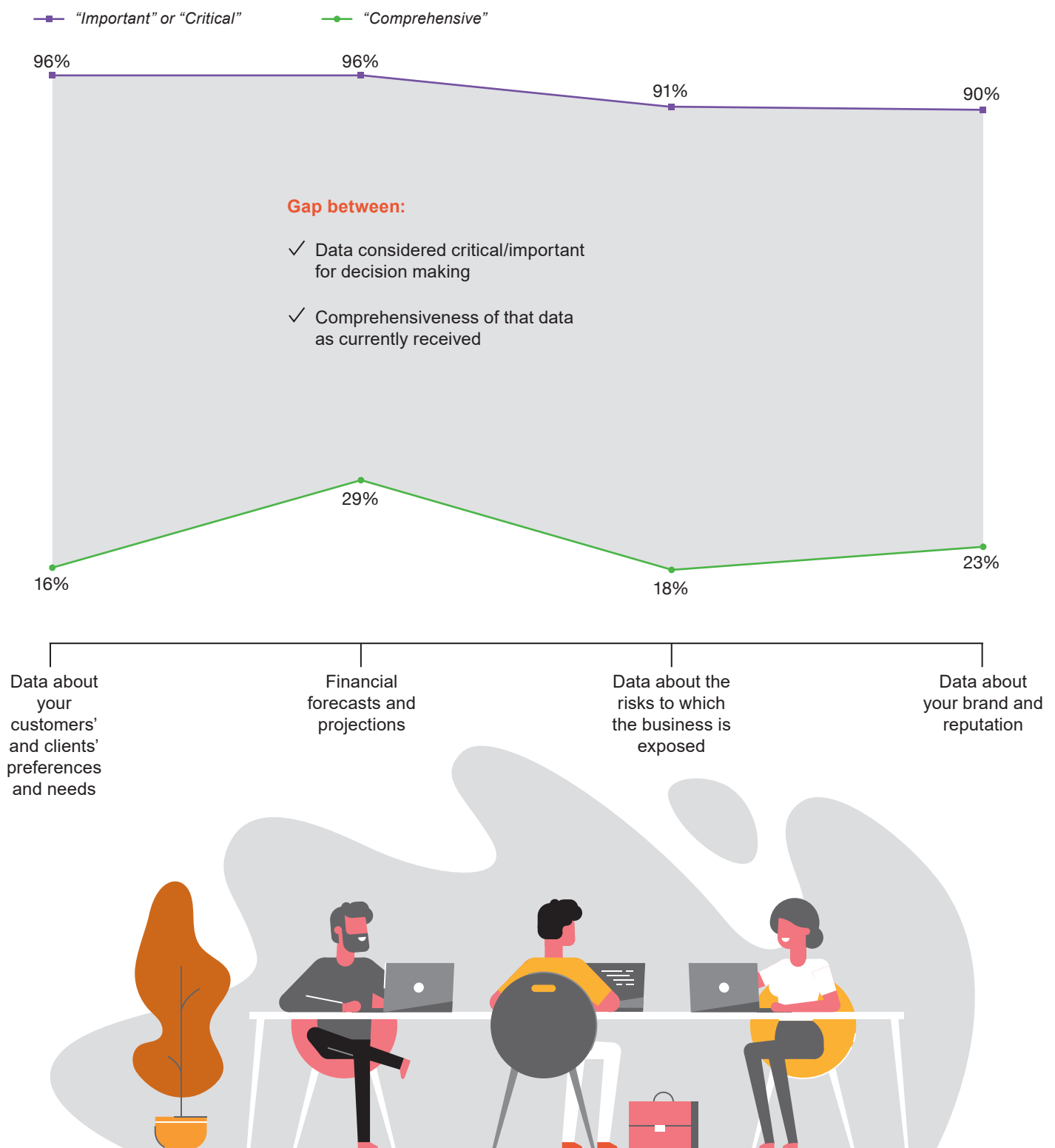
According to PwC's "2018 Global Digital IQ Survey", business leaders in Cyprus are focused on how to penetrate new markets, while aspiring to upgrade their brand by incorporating new digital skills. In addition, business executives in Cyprus feel that their employees' lack of skills in key digital technologies must be urgently addressed.

Data and its significance in the decisions that CEOs make is a point of concern, not so much in terms of its necessity, but with regard to proper use such as to ensure the long-term success and durability of businesses. A total of 96% of CEOs in Cyprus attach great importance to data about their clients' preferences and needs, but also financial forecasts and projections. This is followed by data about the risks to which the business is exposed (91%) and data about brand and reputation (90%). Exactly the same findings and in the same order are true for CEOs both in the Eurozone and globally.

There is no doubt that in developing their strategic plans, CEOs and businesses need to rely on different sets of data. It is therefore essential not only to collect data, but also to look at how this data is collected, to ensure it becomes an integral part of the business process and not an ad hoc operation. So, CEOs believe that it is very important or critical to receive adequate data so as to make the right decisions about their businesses but it seems that those data are not sufficient.

Figure 17: Importance of Data in Decision-Making

Q: Thinking about the data that you personally use to make decisions about the long-term success and durability of your business, how important are the below and how adequate is the data that you receive?





When asked how adequate is the data they receive in terms of reliance, 33% of CEOs in Cyprus have responded positively regarding data about their supply chain, while 45% in the Eurozone and 41% of CEOs globally have responded positively regarding data about their financial forecasts and projections.

"I see technology beside commercial aspects (e.g. online sales etc.) as an impressive tool in research and innovation. We are currently improving our technology access in many ways."

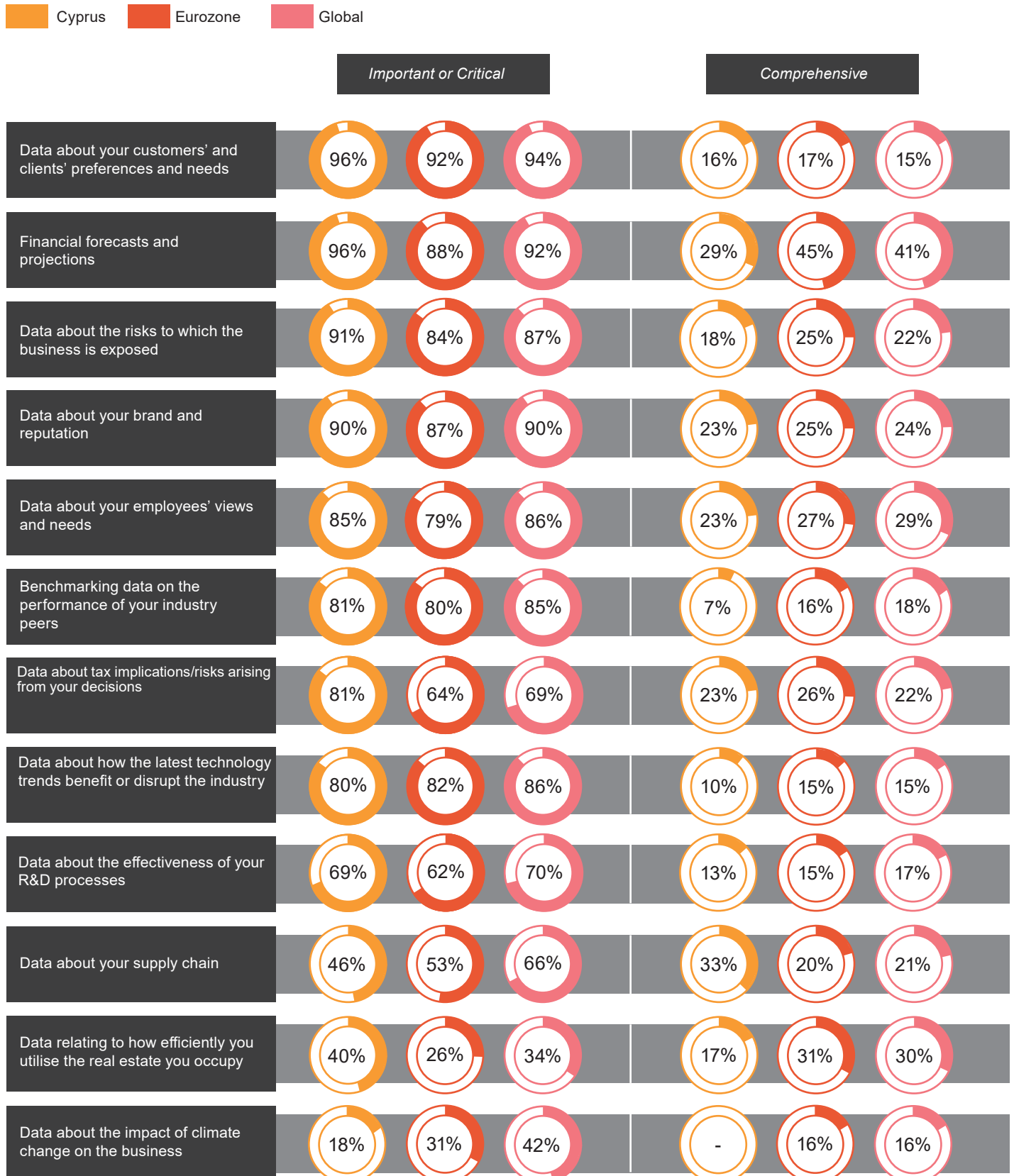
Dr. Andreas Pittas
Executive Chairman
Medochemie Ltd

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Figure 18: Importance of Data in Decision-Making

Q: Thinking about the data that you personally use to make decisions about the long-term success and durability of your business, how important is...

Q: How adequate is the data that you receive?



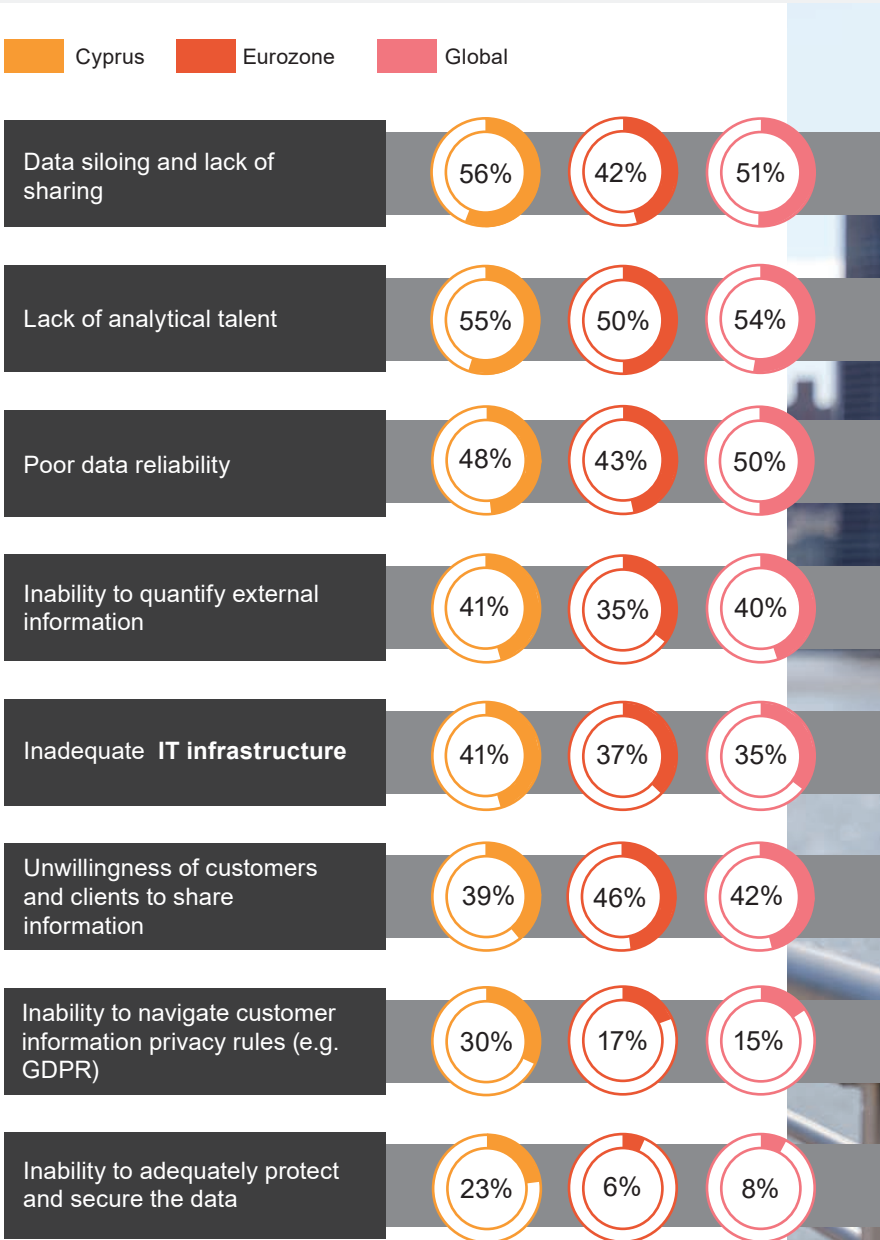
The primary reasons for which CEOs do not receive adequate information are the creation of data siloing and the lack of sharing as far as Cyprus is concerned (56%), lack of analytical talent (55%) and poor data reliability (48%). For CEOs in the Eurozone (50%) the primary reason is the lack of analytical talent, followed by poor data reliability and data siloing and the lack of sharing. CEOs globally (54%), rank first the lack of analytical talent, by data siloing and the lack of sharing (51%) and data reliability (50%).

56%

of CEOs in Cyprus believe that Data siloing and lack of sharing is the main cause of data inadequacy

Figure 19: Causes of data Inadequacy

Q: What are the primary reasons that the data you receive is not adequate or that you do not receive the information?



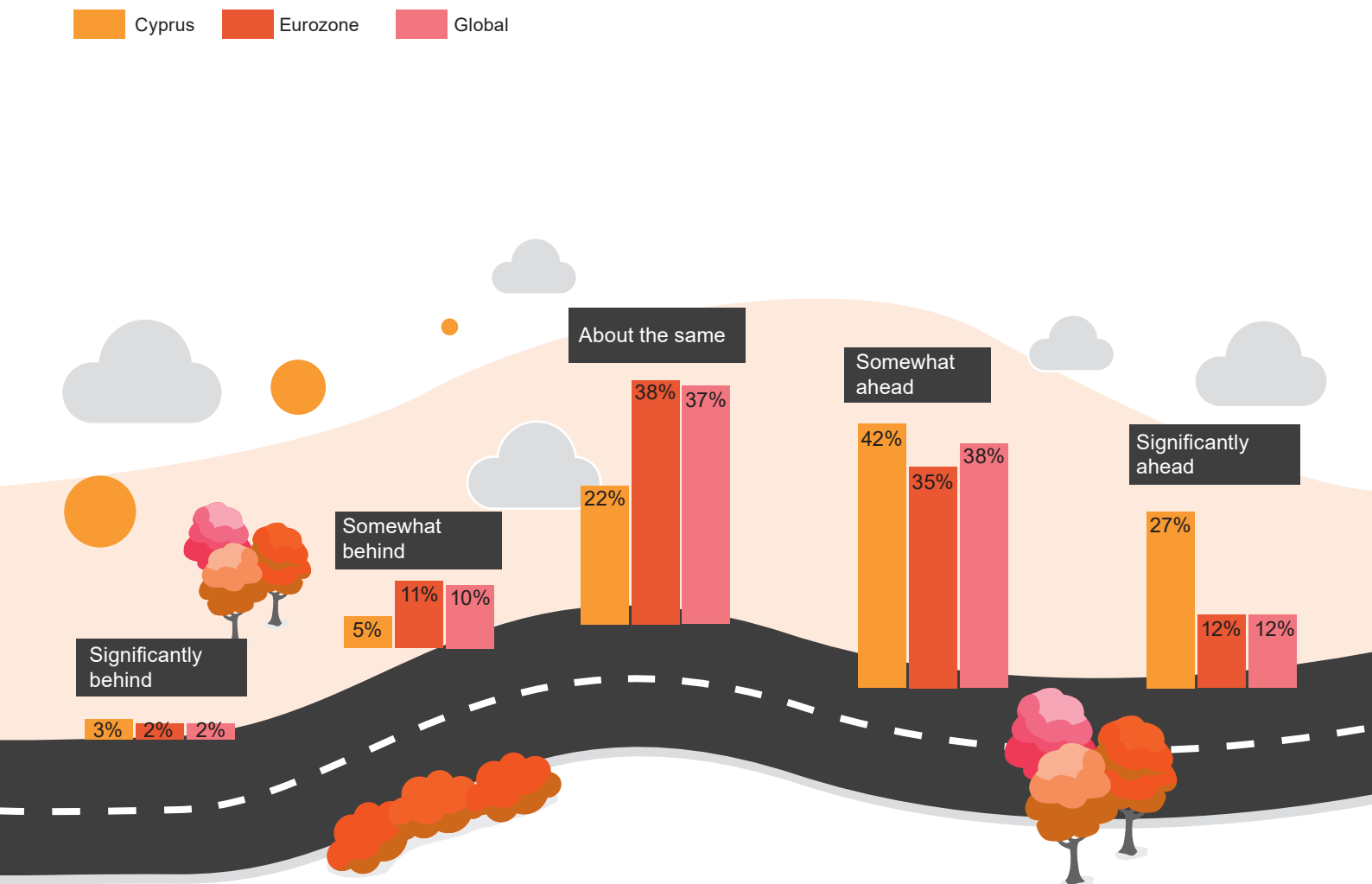
Nonetheless, CEOs in Cyprus state, at 69%, that they are ahead in terms of their organisation's ability to make decisions based on data and analytics, compared to competitors in the same industry. This percentage is significantly lower for CEOs in the Eurozone (47%) and globally (50%).

69%

believe that their organisation is significantly ahead of the competition as regards their ability to make decisions based on data and analytics

Figure 20: **Ability to make decisions based on data and analytics**

Q: How would you assess your organisation's ability to make decisions based on data and analytics compared to competitors in your industry?



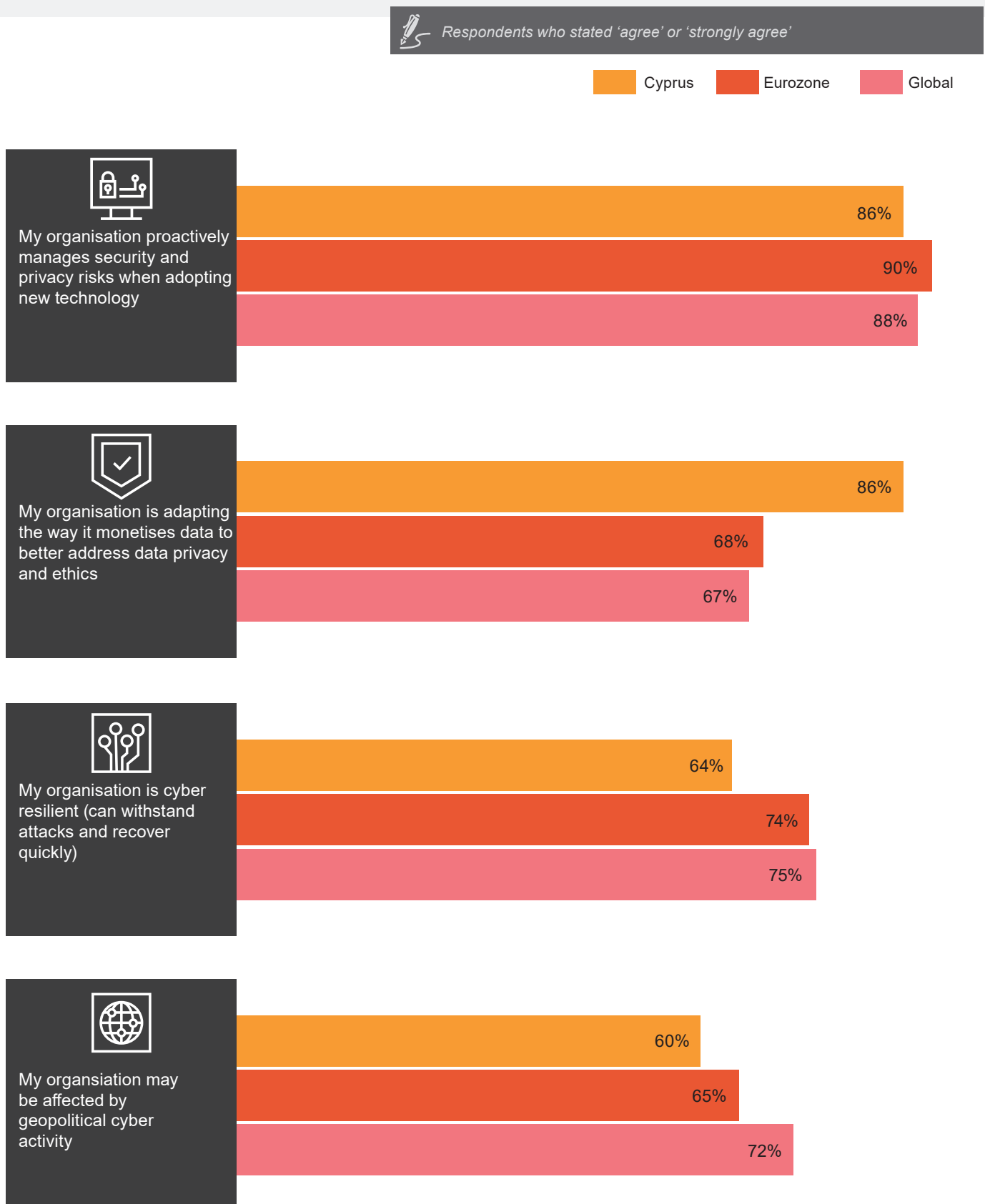
The cyberspace creates a multitude of challenges, but according to our survey, the vast majority of CEOs in Cyprus, as well as in the Eurozone and globally, believe that their organisation proactively manages security and privacy risks when adopting new technologies.

Moreover, 86% of CEOs in Cyprus, 68% in the Eurozone and 67% globally consider that their organisation is adapting the way it monetises data to better address data privacy and ethics. CEOs in Cyprus appear to be particularly optimistic regarding their resilience to the new environment created by cyberspace and feel that their organisation is cyber resilient and can withstand attacks and recover quickly (64%).



Figure 21: **Cyber and risks**

Q: To what extent do you agree or disagree with the following statements?



How important are people?

The ability to find employees and more specifically skilled talent is one of the challenges that CEOs are currently faced with. It is the people who give value to an organisation and contribute to its success. Finding the talent that will support them, embrace the principles and values of the organisation and assist with specialised knowledge is therefore a priority for business leaders. Unfortunately, half and more participants in the survey, point out the deficit in supply of skilled workers.

62% of CEOs in Cyprus 72% in the Eurozone and 62% globally believe that hiring in their industry has become more difficult, mainly due to the deficit in the supply of skilled workers and the growth rate of the industry.

Figure 22 **Ease of hiring workers**

Q: In general, has it become more difficult or less difficult to hire workers in your industry, or is it unchanged?

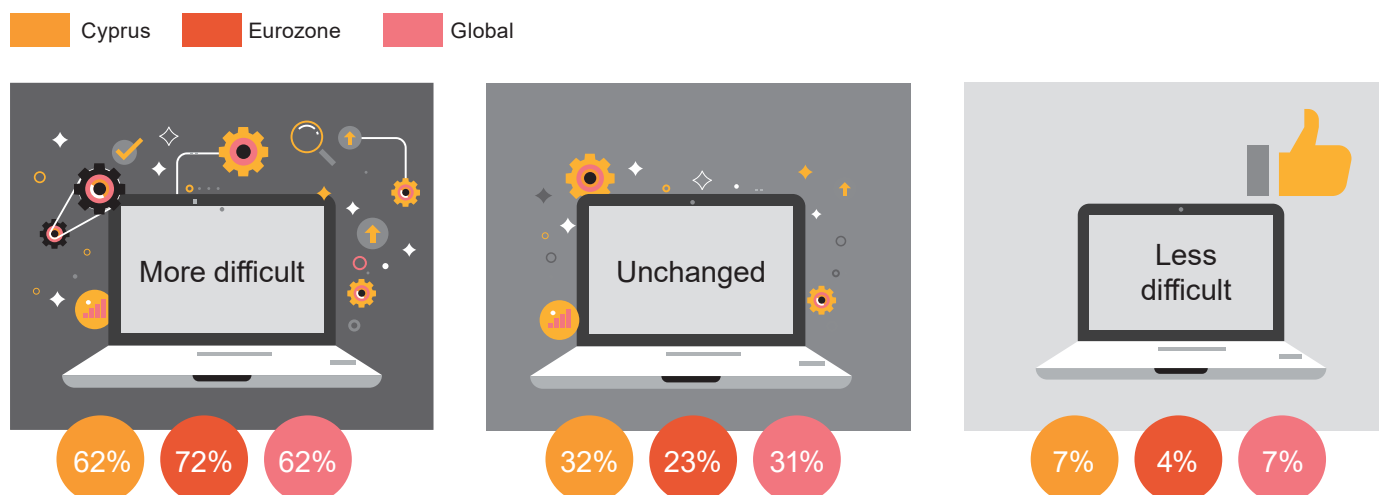
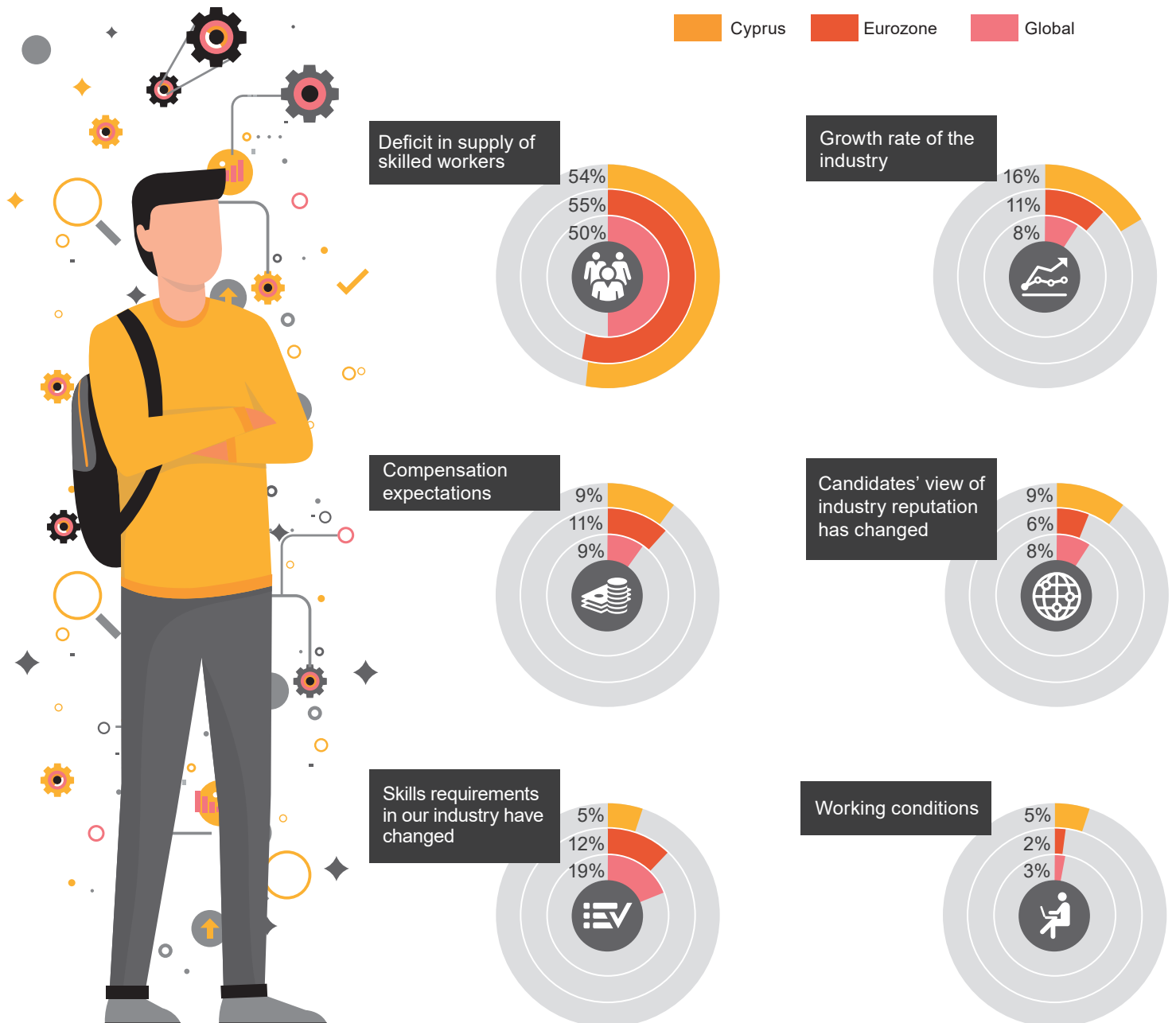




Figure 23: **Why businesses struggle to find the right talent**

Q: Which of the following is the primary reason why it has become more difficult to hire workers?



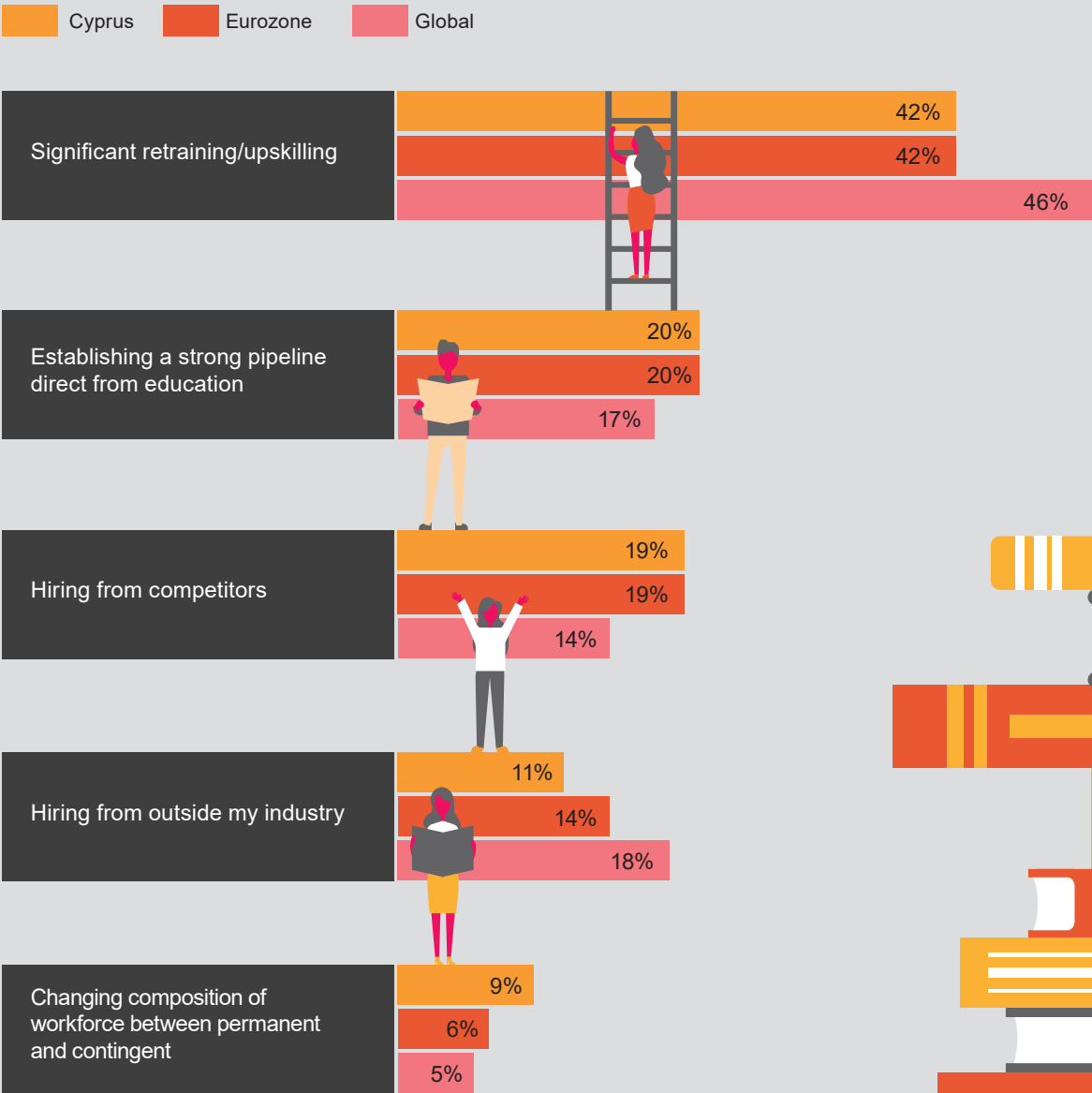
For this reason, when CEOs need to close a skills gap in their organisation they first resort to the implementation of retraining and upskilling programmes, followed by the establishment of a strong network in close collaboration with educational institutions and hiring from competitors. It is worth pointing out that, as you will also see in the diagram below, CEOs percentages in Cyprus, in the Eurozone and globally are very close, therefore confirming that what matters is not the country in which you operate, but to directly and efficiently address the challenges that are common to all businesses.

42%

undertakes significant retraining/
upskilling initiatives to close the skills
gap in their organisation

Figure 24: Closing the skills gap

Q: Which of these is the most important to close a potential skills gap in your organisation?





Artificial Intelligence

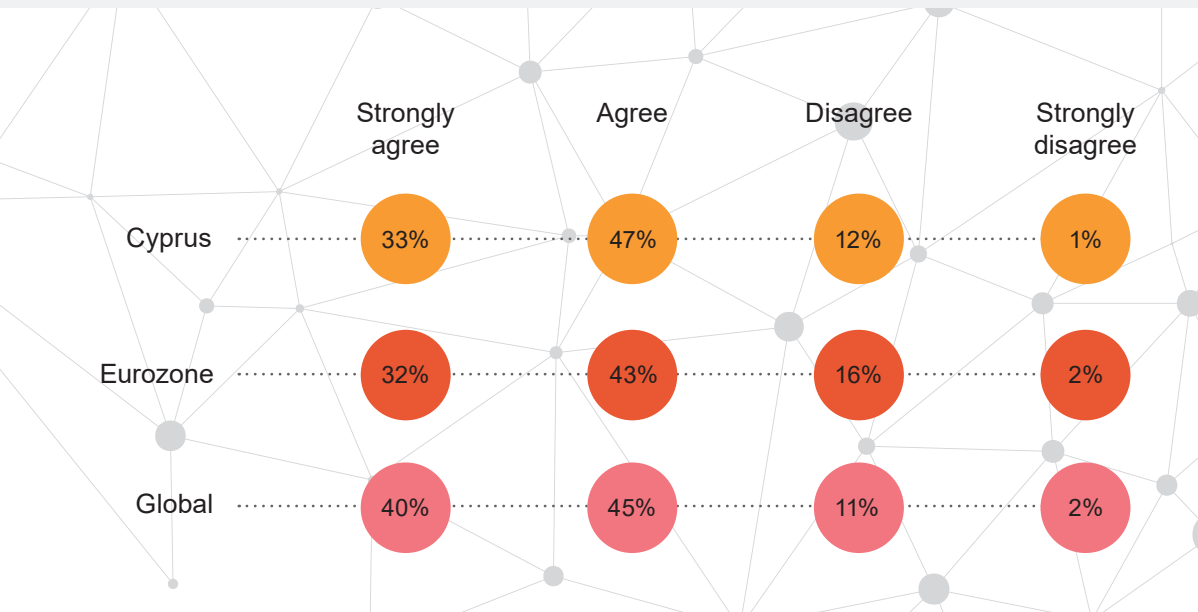
Artificial Intelligence is a way of being more efficient and quicker and of doing things differently. It is another big chapter for businesses. The Artificial Intelligence applications that are currently being developed will upgrade the technological transformation of businesses, making AI a tool for business growth.

80% of CEOs in Cyprus, 75% in the Eurozone and 85% globally agree that Artificial Intelligence will significantly change the way they do business in the next 5 years. 14% of CEOs in Cyprus have introduced AI initiatives in their businesses but only for limited uses while 41% have plans to start introducing such initiatives in the next 3 years.

14%
of CEOs have introduced AI initiatives in our business, but only for limited uses

Figure 25: Will Artificial Intelligence change the way we do business?

Q: To what extent do you agree or disagree that Artificial Intelligence (AI) will significantly change the way you do business in the next 5 years?



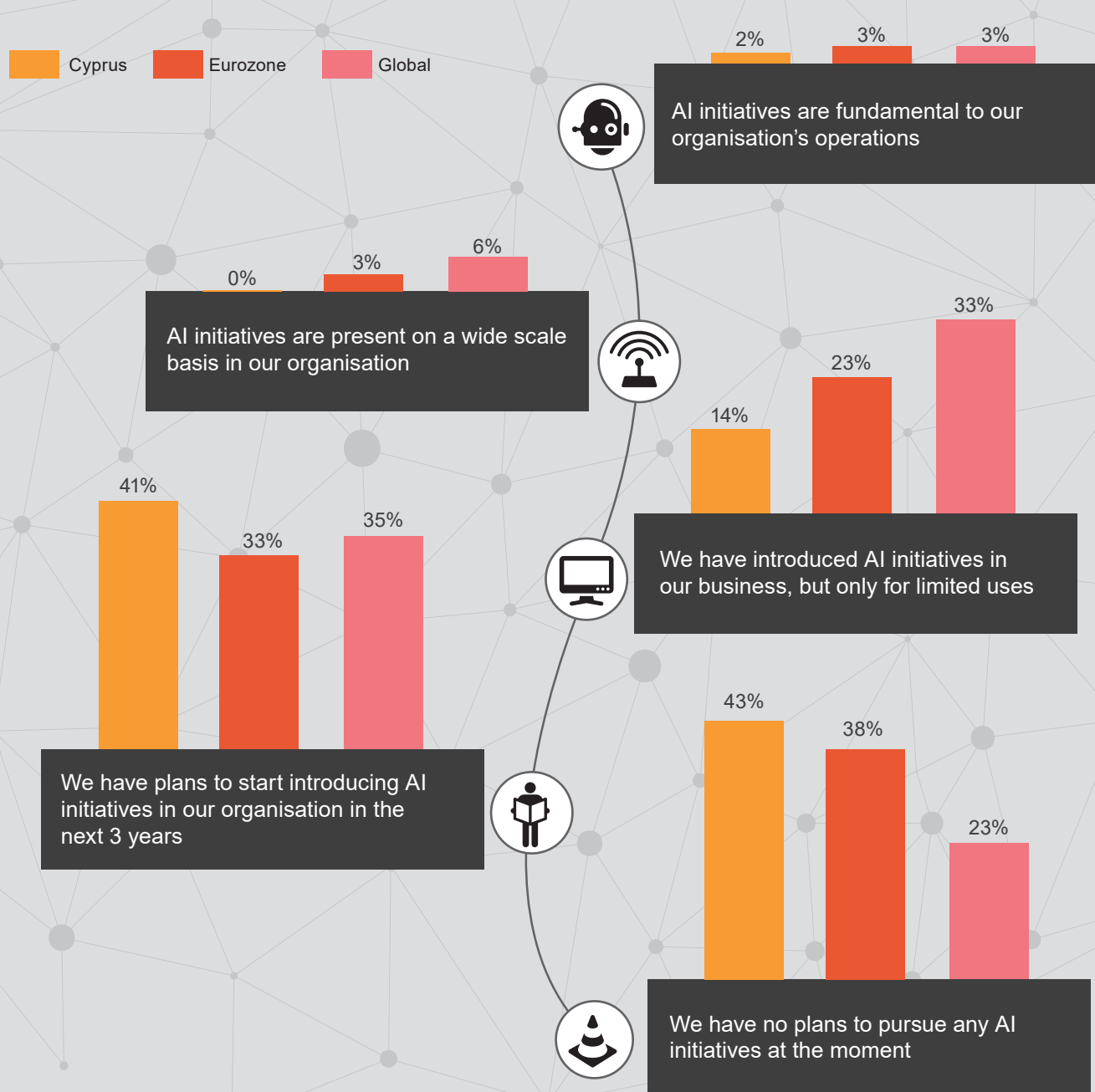
On the contrary, CEOs globally are ahead, 33% have already introduced relevant initiatives in their businesses, but only for limited uses while, 35% of them have already made plans to start introducing such initiatives in their organisation in the next 3 years.

43%

have no plans to pursue any AI initiatives at the moment

Figure 26: **Artificial Intelligence initiatives**

Q: Please select the statement that best applies to your organisation with regards to AI initiatives





According to a relevant PwC survey titled “PwC’s Global Artificial Intelligence Study: Exploiting the AI Revolution”, Artificial Intelligence (AI) can transform the productivity and GDP potential of the global economy. Strategic investment in different types of AI technology is needed to make that happen. This is the only way to improve labour productivity as some tasks will be selectively automated, resulting in profits that will contribute positively to GDP. The study also shows that 45% of total economic gains by 2030 will come from product enhancements, stimulating consumer demand. This is because AI will drive greater product variety, with increased personalisation, attractiveness and affordability for consumers. It should be noted that Artificial Intelligence is likely to contribute up to \$15.7 trillion to the global economy.

Nonetheless, the overwhelming majority of CEOs (85% in Cyprus, 83% in the Eurozone and 84% globally) agree that AI-based decisions need to be explainable in order to be trusted.

Figure 27: The value of Artificial Intelligence

Q: How strongly do you agree or disagree with the following statements about Artificial Intelligence (AI)?



Respondents who stated ‘agree’ or ‘strongly agree’

	Cyprus	Eurozone	Global
AI-based decisions need to be explainable in order to be trusted	85%	83%	84%
Governments should play a critical and integral role in the AI development	80%	70%	68%
AI will have a larger impact on the world than the Internet revolution	74%	57%	62%
AI is good for society	69%	68%	79%
AI will displace more jobs than it creates in the long run	62%	43%	49%
AI will eliminate human bias such as gender bias	57%	38%	48%
AI will become as smart as humans	41%	33%	45%

The role of governments is critical and they all realise the huge impact of the sector, while it is worth noting that they also acknowledge the beneficial impact that Artificial Intelligence will have on society.

CEOs feel strongly that government should take good care of those employees that will lose their jobs due to AI systems. 77% of CEOs in Cyprus, 53% in the Eurozone and 56% globally say that government should provide a safety net to people displaced by Artificial Intelligence.

90%

believe that governments should individually develop a national strategy and policies for AI including expected impact on communities

Figure 28: **Government involvement with Artificial Intelligence**

Q: How strongly do you agree or disagree with the following statements about government involvement with Artificial Intelligence (AI)?



Respondents who stated 'agree' or 'strongly agree'

Cyprus Eurozone Global

Governments should

individually develop a national strategy and policies for AI including expected impact on communities

90% 74% 76%

provide a safety net to people displaced by AI

77% 53% 56%

incentivise organisations to retrain workers whose jobs are automated by AI

75% 65% 65%

introduce incentives to accelerate the development and use of AI

66% 61% 66%

allow organisations to self-regulate the use of AI

63% 44% 59%

should limit regulations around data collection to facilitate the development of AI

59% 41% 52%

intentionally slow down the replacement of workers by AI to avoid widespread job displacement

42% 21% 24%



Siezing the opportunities of the digital era



Conclusions by the CEO
of PwC Cyprus:
Evgenios C. Evgeniou



I would like to thank you for taking the time to study our annual CEO survey.

I do hope that the findings have helped you form a clearer and more comprehensive view on both the global and the local economic and business landscape.

My wish is that this survey will prove to be a useful tool of information, planning and decision making to grow your businesses.

I would like to especially thank all 91 CEOs for doing us the honour to participate in our survey. It is worth mentioning that this year's participation rate is the highest of the last 8 years during which the local survey is conducted.

An important finding of the local survey relates to the drop in CEOs confidence regarding global economic growth. At the same time, confidence in the growth and revenue prospects of their own company over the next 12 months, but also over the next 3 years, has remained stable.

Areas of concern include geopolitical uncertainty, the future of the Eurozone, uncertain economic growth coupled with cyber threats, the speed of technological change and, for CEOs in Cyprus, the cost of real estate. Uncertainty has hit optimism.

In addition, CEOs attach great importance to data about their clients' preferences and needs. The data on which they base their financial forecasts and projections is also critical. The inadequacy of the information they receive, mainly due to the lack of data sharing, is also pointed out, and a lack of analytical talent is identified.

Operational efficiencies, organic growth and the launch of new products and services are the three main activities that CEOs are planning in the next 12 months in order to drive corporate growth and profitability.

Once again, technology plays a leading role, leaving its own distinct mark. Business leaders acknowledge that, compared to any other global trend, technological advances have transformed their business the most over the last 5 years. In addition, the majority of CEOs in Cyprus, in the Eurozone and globally, consider that their organisation proactively manages security and privacy risks when adopting new technologies. The deficit in the supply of skilled workers and the need to develop the skills of their people are also noted.

As regards technology in particular, Artificial Intelligence occupies a special place. According to the survey, it is expected to significantly change the way CEOs do business in the next 5 years. However, only few companies seem to have taken any measures.

The application of technology is becoming a key challenge. The improvement of quality of life will depend on how this challenge will be addressed and how new technological capabilities will be utilised.

But how are we going to harness technology? Education is the key to a better future for all. People are the main factor of success in digital transformation projects and several businesses are investing in the development of their digital skills in view of preparing their people for the future. This development is inextricably linked with innovation and in order to be successful, business leaders need to train their workforce, while fostering skills such as proactivity, empathy, teamwork and creativity. These are the building blocks of a modern corporate culture.

The findings of the PwC survey shed light on the path to the future of the business community. It is critical for CEOs to be aware of the realities, challenges and key parameters in order to shape their strategy.

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22nd Annual Global CEO Survey

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The 22nd Global CEO Survey report is available online at:
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