

12th Annual PwC Cyprus CEO Survey

# Challenges of today and tomorrow.

**Key findings for Cyprus**







## Message from the CEO

Twelve years after the first CEO survey in Cyprus, I can say with confidence that we have at our disposal a valuable and comprehensive database that provides an insight into how our business leaders think and operate. The 159 CEOs from Cyprus who participated in this year's survey give us a clear picture of what gives them optimism, but even more so of what worries them during current difficult times.

I would like to extend my warmest thanks to the 159 CEOs, as well as all those who have contributed to our survey throughout these 12 years. Without their participation, our venture would not be a success. I thank them both for their time and their continued trust.

The multiple crises we are facing today are mainly due to the acceleration of the so-called long-term megatrends and the difficulty of getting ahead of them. Some events of recent years like the pandemic of COVID-19 and the war in Ukraine have accelerated megatrends such as technological innovation and evolution, climate change, geopolitical shifts and social uncertainty. The bet now is to move in a timely and transformative manner across the entire spectrum of society, economy, entrepreneurship and governance.

But what has changed compared to the recent past? The answer lies in a key insight: It is the acceleration of megatrends, as a result of increasing interaction between them, that leads to individual "acute" crises. Transformation is therefore imperative across the entire spectrum of society, economy, entrepreneurship and governance.

PwC's global strategy, "The New Equation", is based on the idea that technology, innovation and trust bring out the best in us, turning today's ideas into tomorrow's solutions. With "The New Equation" as our compass, we are here to support you on this journey and discover new ways to create value for the business community and for society.

I hope that the survey you are holding in your hands will prove to be a useful tool for information, planning and decision-making in the development of your business.

**Philippos Soseilos**  
CEO & Chairman



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# 1. A few words about the 26th Global CEO Survey

A total of 4,410 business leaders from 105 countries participated in PwC's 26th Annual Global CEO Survey. The survey was conducted between September and November 2022, amid the continuing war in Ukraine and conditions of ongoing broader geopolitical instability. At the same time, the energy crisis, the threat of stagflation, supply chain disruptions causing political and economic instability, coupled with a persistent pandemic, are all making their presence particularly felt.

Against this backdrop, nearly 40% of global CEOs think that their companies will no longer be economically viable in 10 years from now, if they continue on their current path. The majority of these CEOs believe it is extremely important for them to reinvent their businesses for the future. At the same time, close to 73% of business leaders expect the global economy to decline during the year ahead.

The multiple challenges CEOs are facing today can serve as an opportunity to demonstrate their leadership, helping companies take on the role that society so desperately needs – that of a catalyst of innovation and solutions.

A total of

# 4.410

business leaders  
from **105** countries  
participated

**In this landscape, the survey focuses on three main points:**

1

**The race for the future.** CEOs are called to rethink their corporate strategy and how it is impacted by climate change, in order to stay ahead of the long-term threats to their businesses, to society and to the planet itself.

2

**Today's threats.** CEOs will need to find ways to strengthen their companies and retain their workforce, in the face of geopolitical and other crises.

3

**Balance.** CEOs are re-evaluating their time and investments, reviewing their role as leaders, in order to reinforce the changes under way and create new sources of value.



An aerial photograph of a coastal city, likely Nicosia, Cyprus. The image shows a mix of urban development, including residential buildings and a large park area with winding paths, trees, and a playground. A beach and the sea are visible on the right side. Overlaid on the image are several semi-transparent colored squares in shades of red, orange, and yellow.

## 2. PwC's 12th Annual CEO Survey in Cyprus

**A total of 159 business leaders have participated in PwC's 12th Annual CEO Survey in Cyprus, sharing their thoughts for the future.**

Let's take a brief look at the key points they have highlighted.

**81%**

of the CEOs will not reduce the compensation of their workforce

**69%**

believe that global economic growth will decline over the next 12 months

**56%**

believe that economic growth in Cyprus will decline over the next 12 months



- **With 47%, inflation is the top concern for CEOs.** It is followed by geopolitical conflict at 41% and macroeconomic volatility at 26%.
- **Climate change is expected to have some degree of impact on businesses**, affecting different areas: 70% cite their cost profiles, 58% supply chains and 63% physical assets.
- 40% of global CEOs think that their companies will no longer be **economically viable 10 years from now**, if they continue on their current path.
- **Profitability** over the next ten years is threatened by **labour and skills shortages (60%)**, **technological developments (59%)** and **supply chain disruption (58%)**
- 71% of CEOs invest primarily in **process & systems automation**.
- CEOs would choose to dedicate 26% of their work time to their **company's strategy, rather than driving current operating performance**, in order to meet future needs.
- **48% are somewhat optimistic about their own company's prospects for revenue growth** over the next 12 months.





# 3.

## Where did the optimism go?

**The majority of the 159 CEOs who have participated in PwC's survey in Cyprus (69%) are pessimistic, as they believe that global economic growth will decline over the next 12 months. The corresponding figure for the same question in the previous survey was merely 19%, highlighting the dramatic drop and the contrast from last year, when optimism prevailed with 75%.**



The optimism of the last three years is starkly reversed, as the past year has been marked by the ongoing war in Ukraine, the energy crisis, inflation and supply chain disruptions, all causing political and economic instability.

Similar low levels of optimism for their own territory are also noted in the Eurozone with 74% and Globally with 73%, reflecting the CEOs' sentiment that their country's economic growth will decline.

Figure 1

### Global economic growth

How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months in the global economy?

■ Improve   ■ Stay the same   ■ Decline

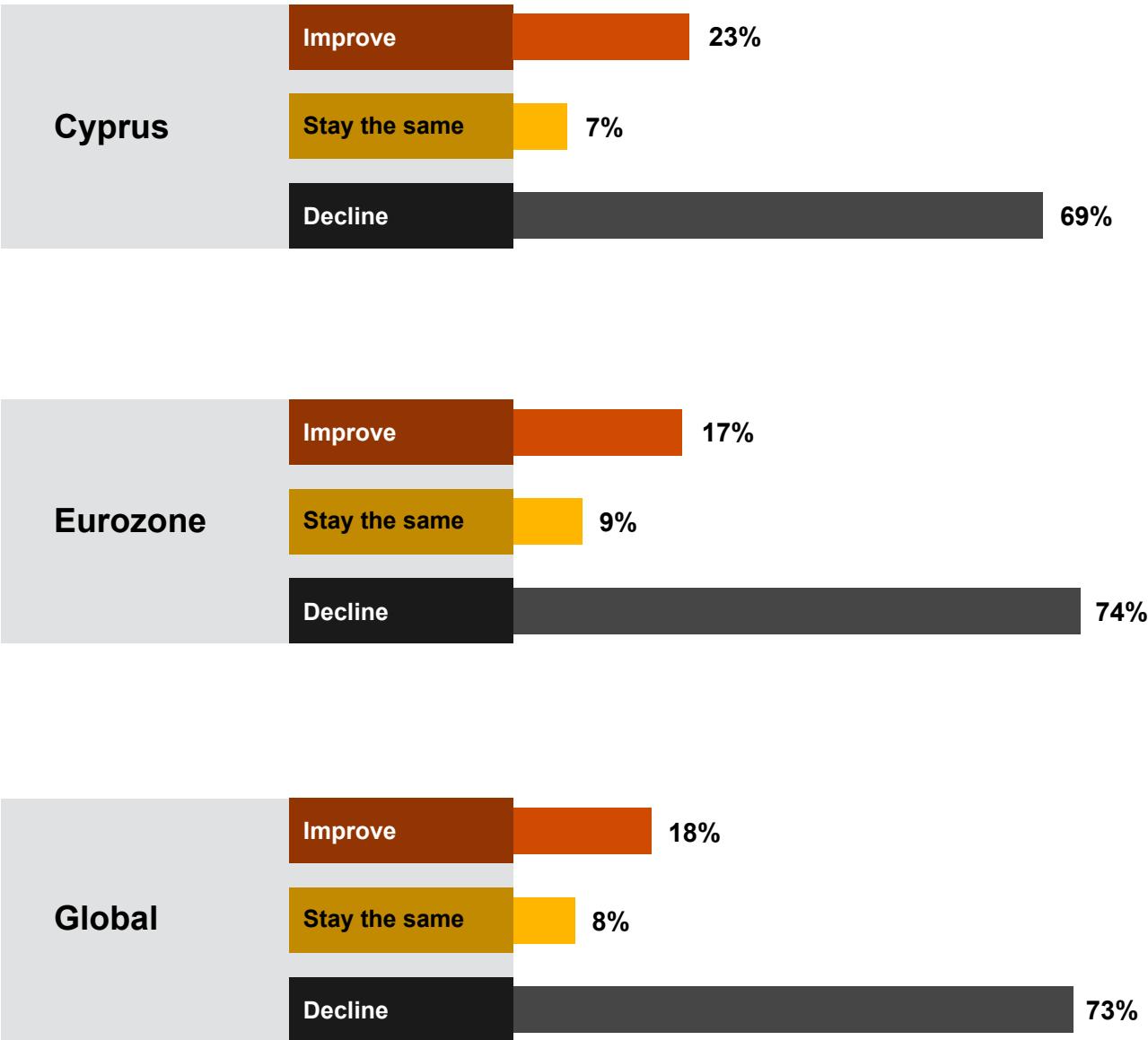


Figure 2

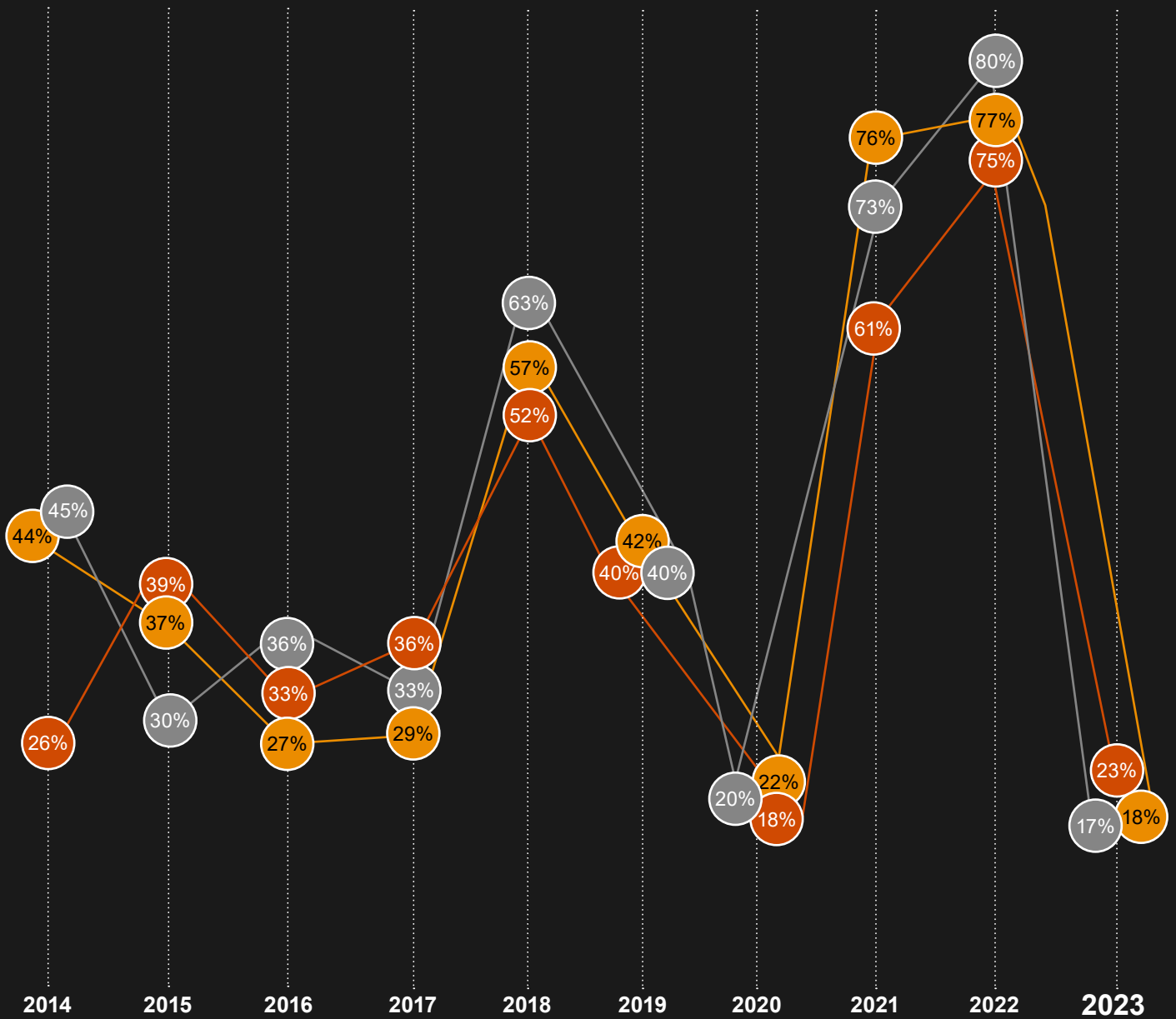
Analysis of the Global economic growth potential.



Respondents who stated that global economic growth will improve over the next 12 months.

10 year analysis.

■ Cyprus    ■ Eurozone    ■ Global



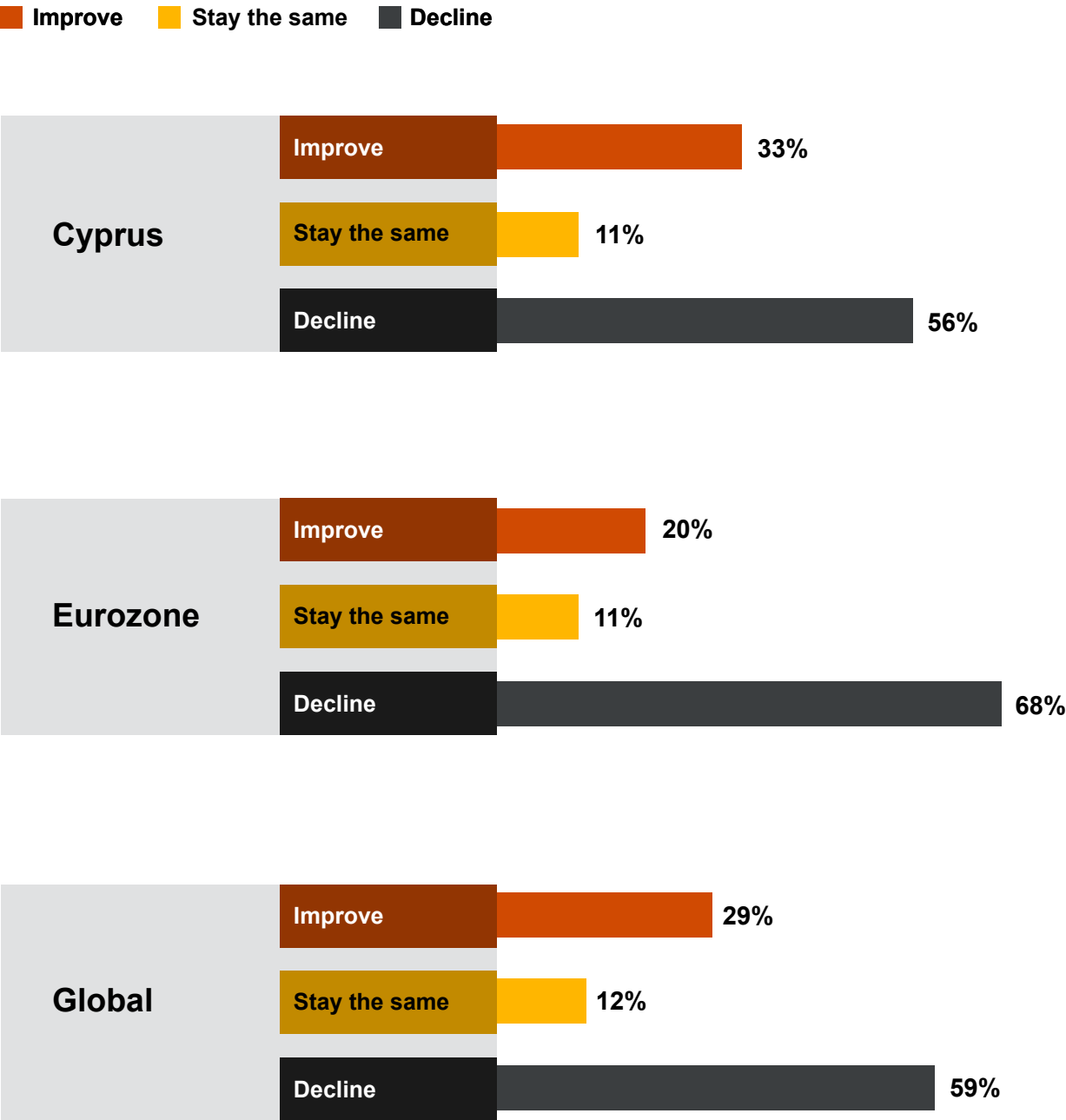


Regarding the CEOs' optimism about the country they operate in, only 33% of business leaders in Cyprus are optimistic about the country's economic growth. On the contrary, 56% believe that the island's economic growth will decline over the next 12 months. But CEOs appear more optimistic about their own countries' near-term growth prospects than the global economy.

Figure 3

**Territory economic growth**

How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months in your country/territory?



# 4.

## Prospects for profitability and revenue growth

### When asked to predict revenue growth in their own company, CEOs draw a different picture.

38% of CEOs in Cyprus are very confident about their company's revenue growth prospects over the next 12 months, while an additional 48% are moderately confident. A similar strong trend of confidence about their own company's revenue growth prospects is noted in the Eurozone, with 36% of CEOs being very confident and 49% moderately confident. The percentage of very confident CEOs Globally reached 42% and that of moderately confident 47%.

# 48%

of the CEOs in Cyprus are cautiously optimistic about the prospects of increasing their company's revenues in the next 12 months



Over a three-year horizon, the confidence rates of CEOs in Cyprus relating to their own company's prospects for profitability and revenue growth rise to 43% for the very confident and 48% for the moderately confident. In the Eurozone, 48% are very confident and 46% moderately confident, while the respective rates Globally stand at 53% and 43%.

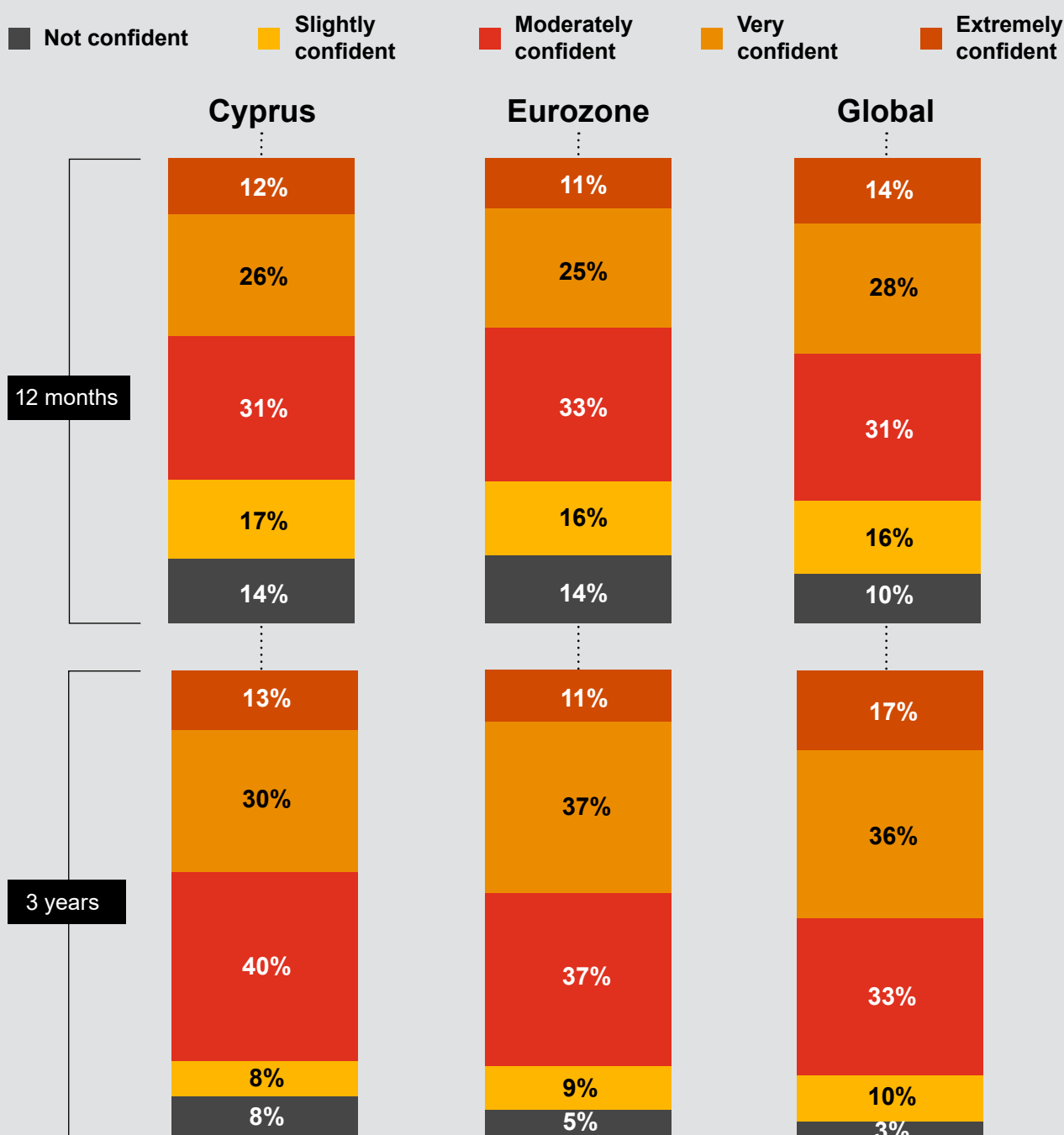
When it comes to their company's actual profitability in the two previous years, excluding the last financial year, half of the CEOs in Cyprus reported that their results were significantly better compared to their closest competitors. This was also the claim made by 46% of CEOs in the Eurozone and 43% Globally.

It is worth highlighting the fact that optimism levels regarding the potential increase of revenue growth are lower compared to the previous year.

Figure 4

## Revenue growth prospects

How confident are you about your company's prospects for revenue growth over the next 12 months and the next 3 years?





# 5.

## Entering new markets

**To the question “Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company’s prospects for revenue growth over the next 12 months?” Greece is, once again, the number one choice for CEOs in Cyprus with 36%, followed by the UK with 26% and Germany with 18%.**

It is worth noting that as a result of the imposed sanctions, contrary to previous years, Russia no longer appears in the list.

# 36%

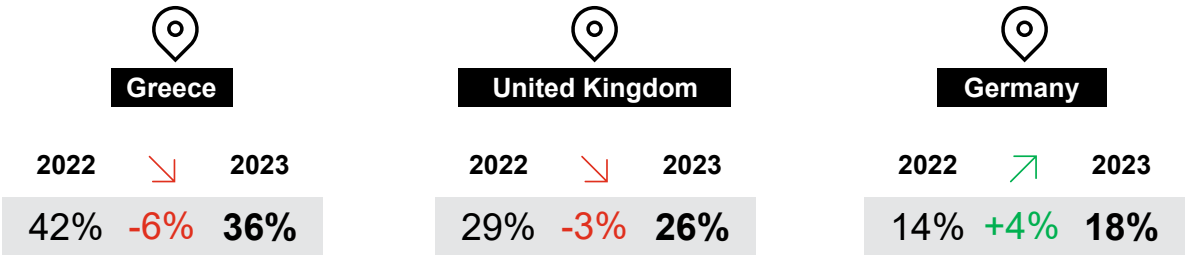
Greece is the number one choice for CEOs in Cyprus



Figure 5

Important countries for overall growth prospects

Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company’s prospects for revenue growth over the next 12 months?







## 6. Global threats & concerns

Over the next 12 months, CEOs in Cyprus feel more exposed, and appear to be most concerned with a percentage of:

**47%**

about **inflation**

**41%**

about **geopolitical risk**

**26%**

about **macroeconomic  
volatility**

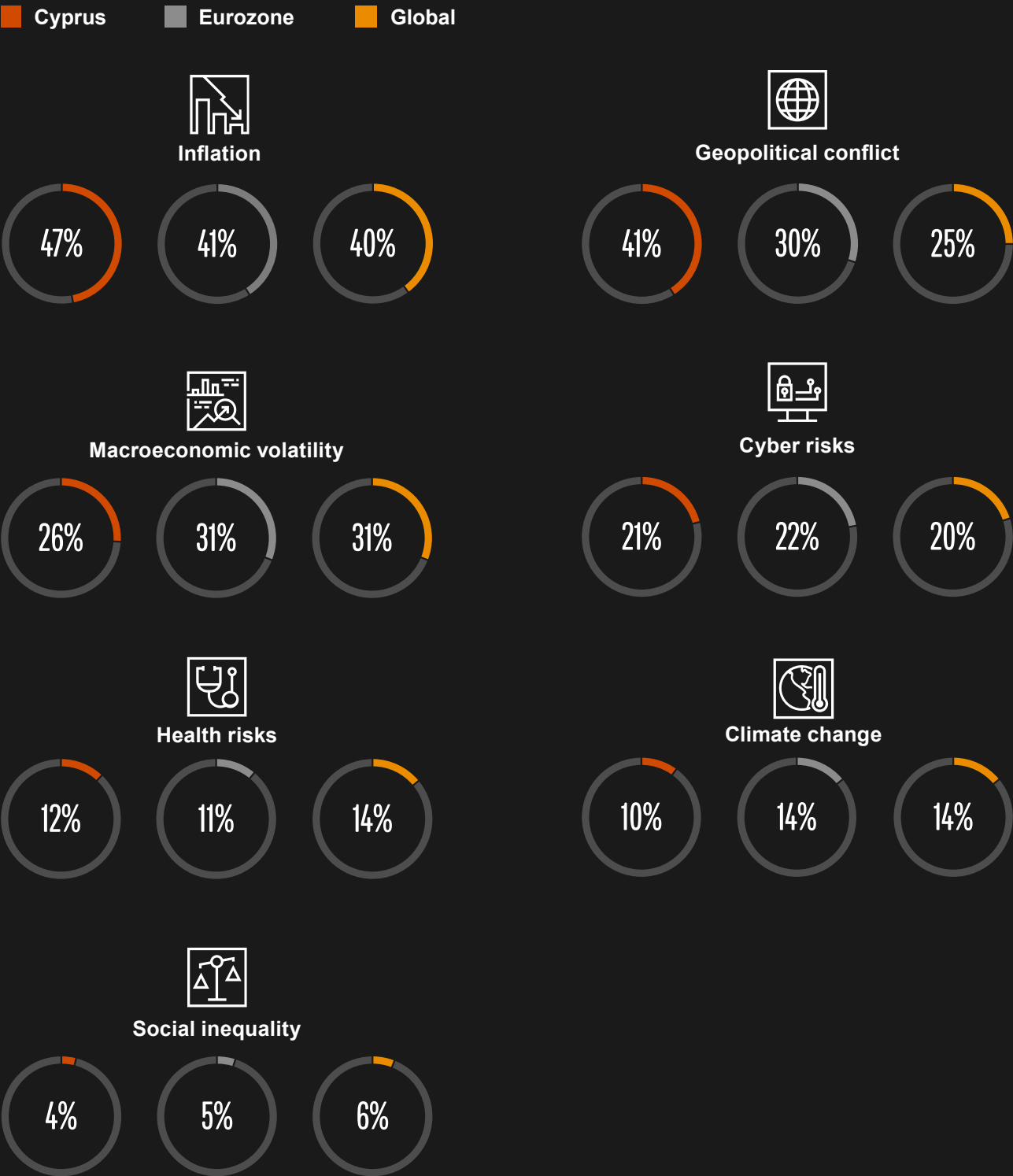
All three threats are immediate and reflect, in fact, a reality that can be exacerbated as, for example, the war in Ukraine pushes up prices, encouraging central banks worldwide to intervene through growth-dampening interest rate hikes.

CEOs in the Eurozone and Globally share the same concerns. The drop in “health risks”, last year’s dominant threat, is worth noting, as they currently rank merely 5th in the list of threats for Cyprus. The rate of all CEOs expressing concern about cyber risks has also dropped, although they do hold the 4th place in the relevant ranking in Cyprus.

Figure 6

Global threats and concerns

How exposed do you believe your company will be to the following threats in the next 12 months?





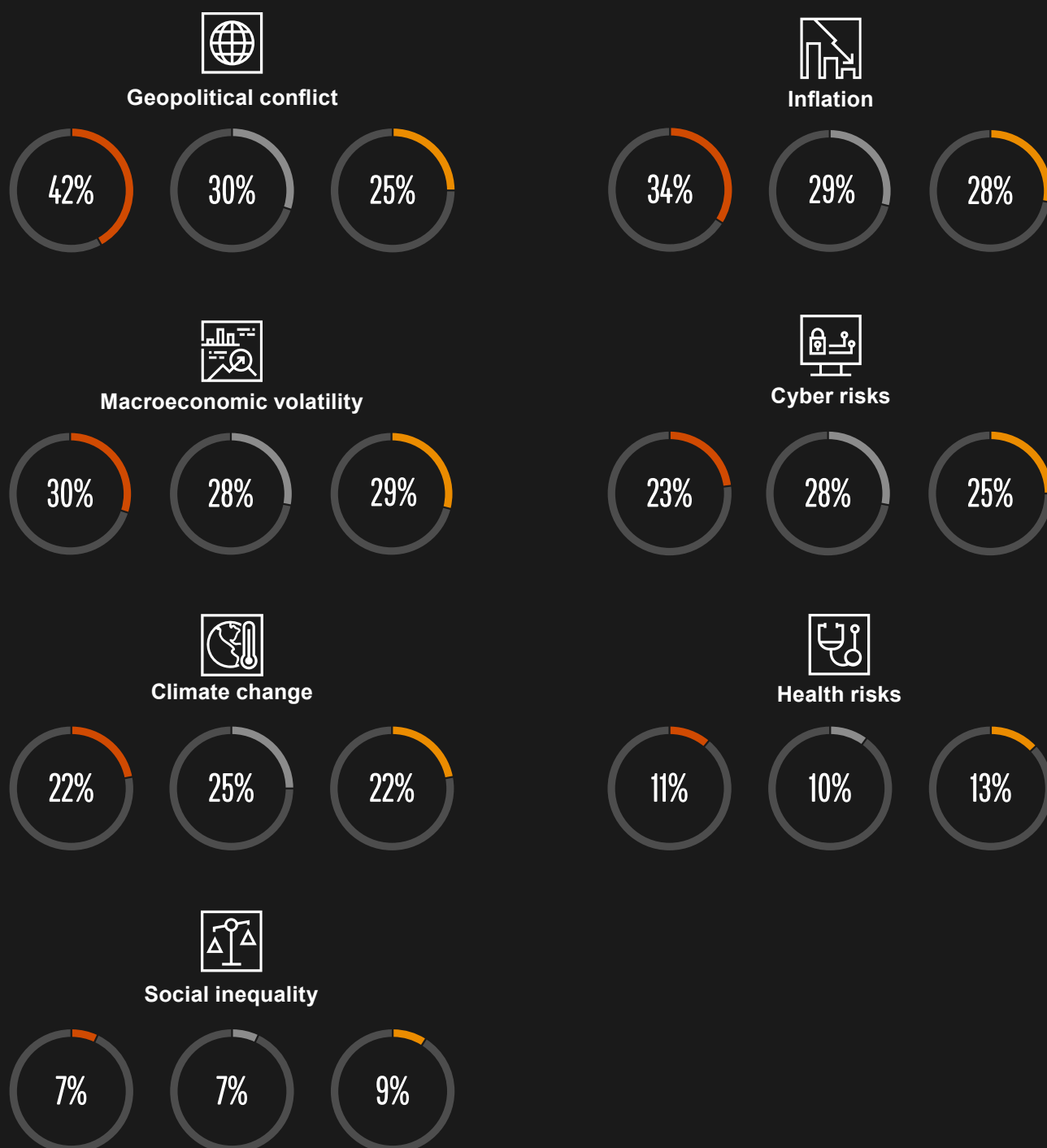
On a five-year outlook, CEOs in Cyprus feel equally exposed to a variety of risks, dominated by geopolitical conflict with 42%. It is followed by inflation at 34% and macroeconomic volatility at 30%. There is no doubt that cyber risks and climate change, combined with inflation, macroeconomic volatility and geopolitical conflict, are creating a dangerous landscape for companies, which CEOs need to manage immediately.

Figure 7

## Global threats and concerns

How exposed do you believe your company will be to the following threats in the next 5 years?

■ Cyprus ■ Eurozone ■ Global



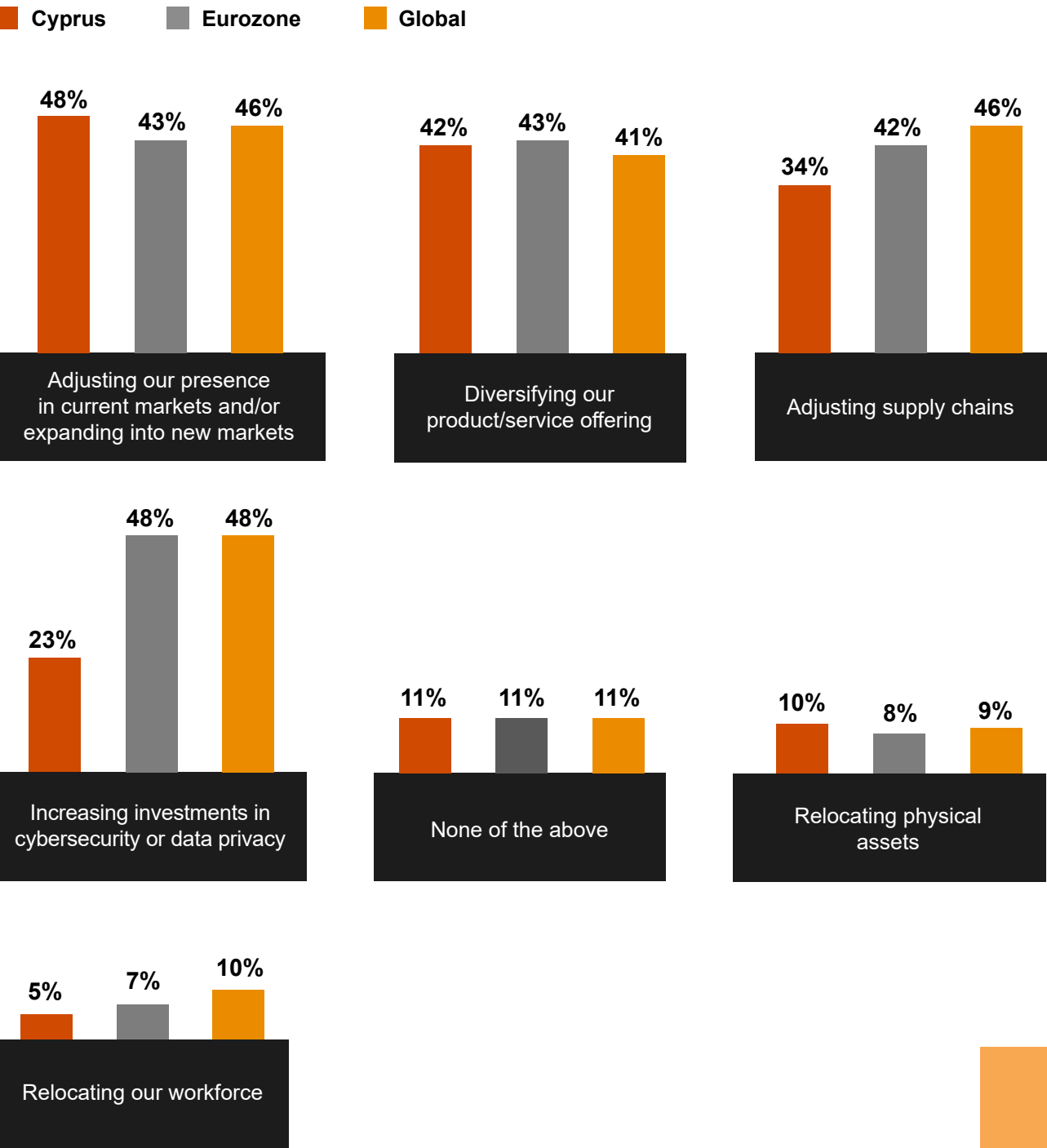
In an effort to address their major concerns and mitigate their exposure to the impact of geopolitical conflict, 48% of CEOs in Cyprus intend to adjust their presence in current markets and expand into new ones, while 42% are considering diversifying their company's product/service offering. CEOs in the Eurozone and Globally feel that what they need to do to mitigate their exposure to geopolitical conflict is, first and foremost, to increase their investments in cybersecurity and data protection.

Figure 8

Global threats and concerns

Which of the following actions, if any, is your company considering to mitigate against exposure to geopolitical conflict in the next 12 months?

Respondents who stated "slightly exposed" and "extremely exposed"



Business leaders in Cyprus also feel threatened by economic volatility. To mitigate their exposure, they have already begun:

- cutting operating costs **(47%)**
- collaborating with other suppliers **(47%)** and
- raising the prices of their products/services **(40%)**.

At the same time, half of the CEOs are considering a review of projects under way and other important initiatives.

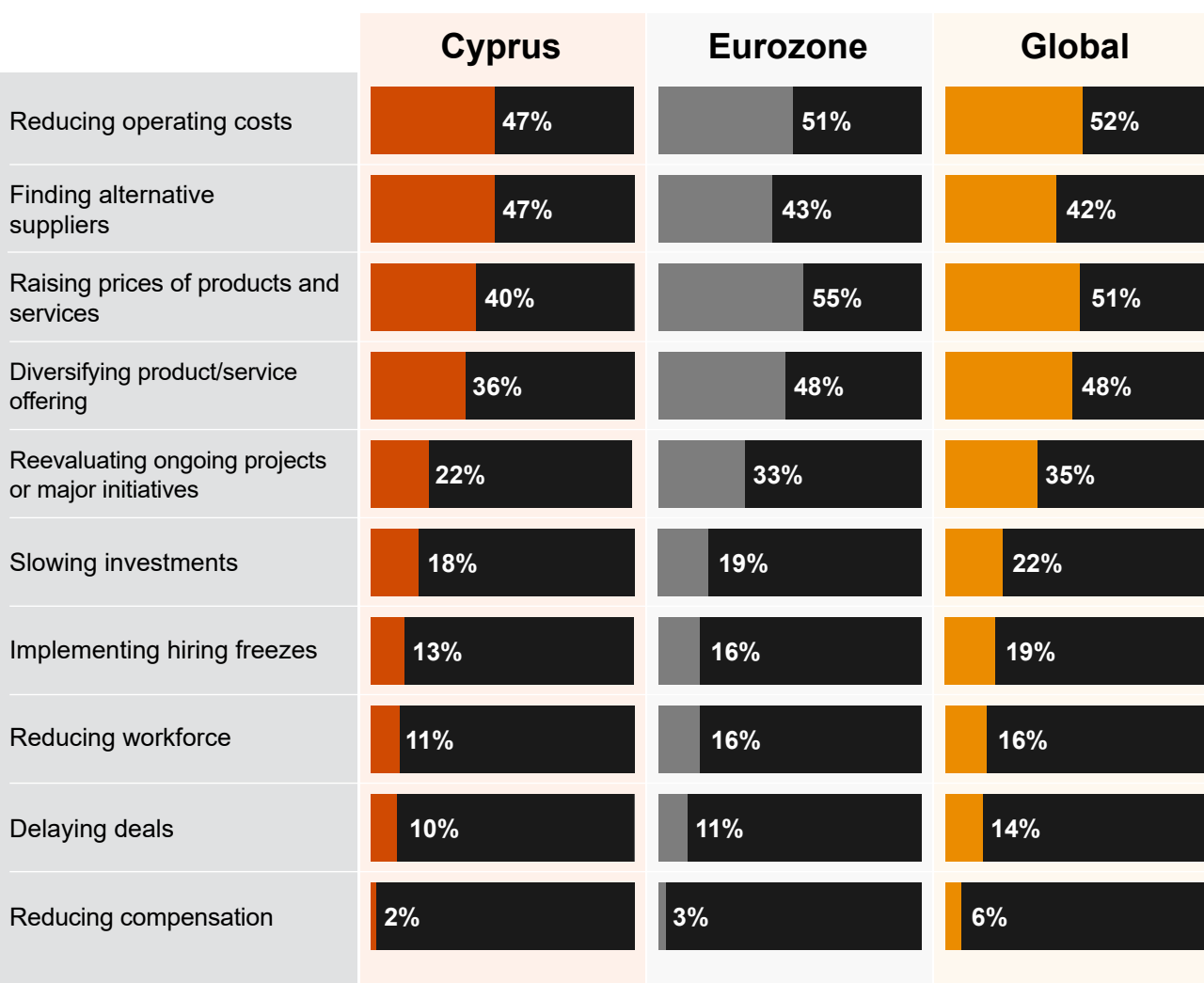
Figure 9

## Global threats and concerns

Which of the following best describes any action your company may be considering to mitigate against potential economic challenges and volatility in the next 12 months?

Respondents who stated "We are already doing this/have done this"

■ Cyprus    ■ Eurozone    ■ Global





These are the first reactions of CEOs to volatility and the factors behind it. Some issues are, however, non-negotiable when it comes to their company. These include the certainty with which CEOs state, at a rate of 81%, that no matter what happens, they will not reduce their people's compensation. At the same time, a substantial percentage of 65% do not plan to reduce their workforce and 63% will not delay deals they have already concluded.

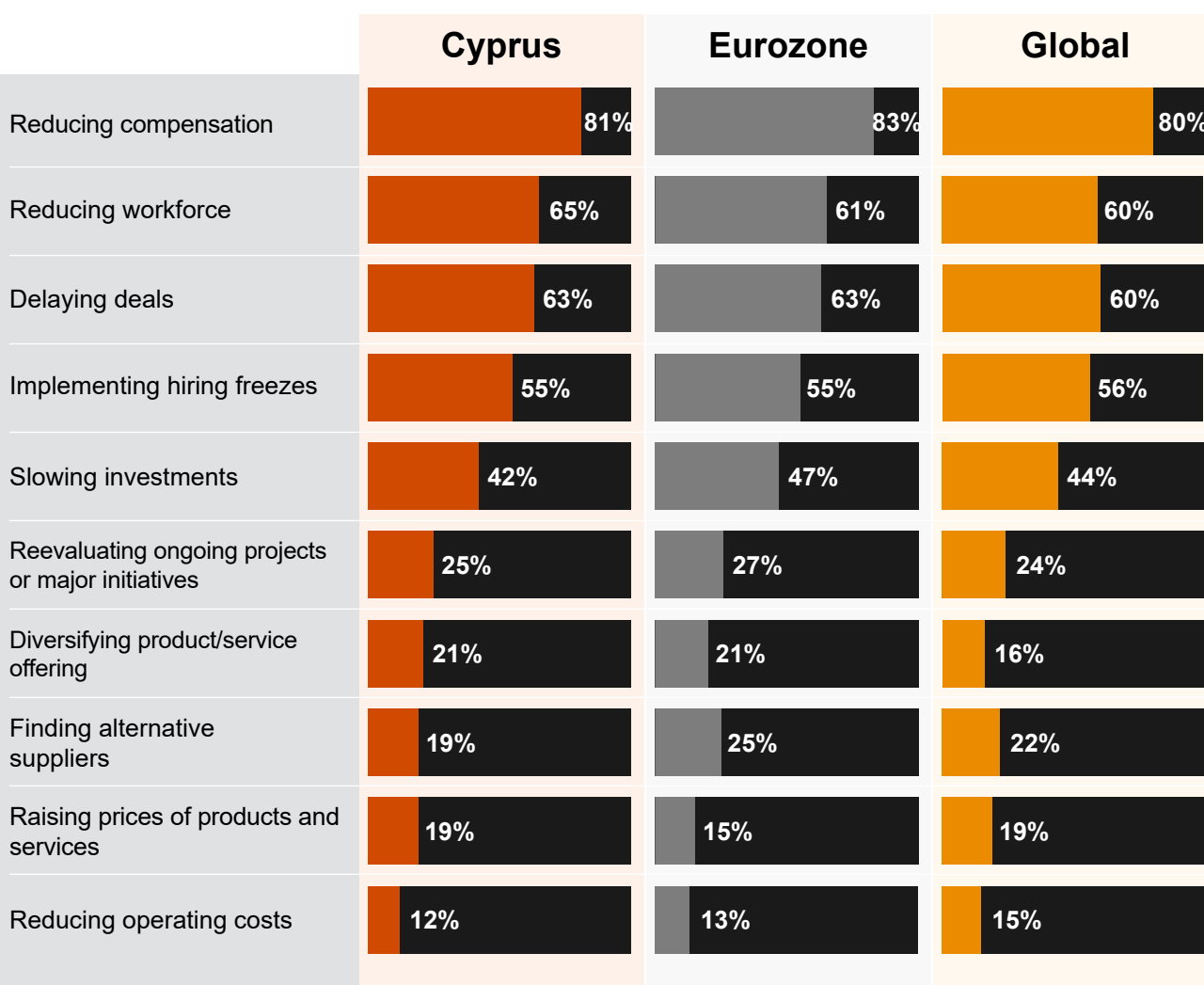
Figure 10

## Global threats and concerns

Which of the following best describes any action your company may be considering to mitigate against potential economic challenges and volatility in the next 12 months?

Respondents who stated "We are already doing this/have done this"

■ Cyprus    ■ Eurozone    ■ Global



# 7.

## The impact of climate risks

### CEOs' race against time is especially urgent when it comes to climate change

Only 18% of CEOs are very concerned about the impact of climate change on their cost profile, while 70% are worried to a limited/moderate extent. 63% are worried to a limited extent about climate-related damage to their physical assets and 58% to their supply chain. Similarly, CEOs in the Eurozone and Globally are mostly concerned about the extent of the impact of climate change on the cost profile of their business.

Deeper statistical analysis of the survey shows that the CEOs who feel most exposed to climate change are more likely to take action to address it. Combating climate change requires a coordinated, long-term approach. The issue will not be resolved if the only companies working on it are those that face immediate financial impact.

# 70%

of the CEOs are concerned to a limited/moderate extent about the impact of climate change on costs

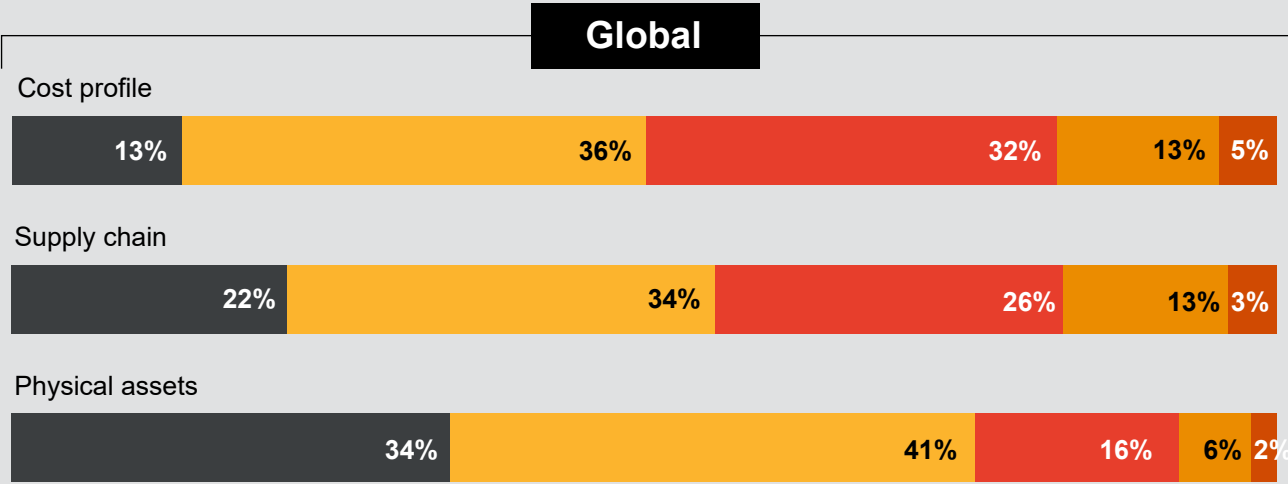
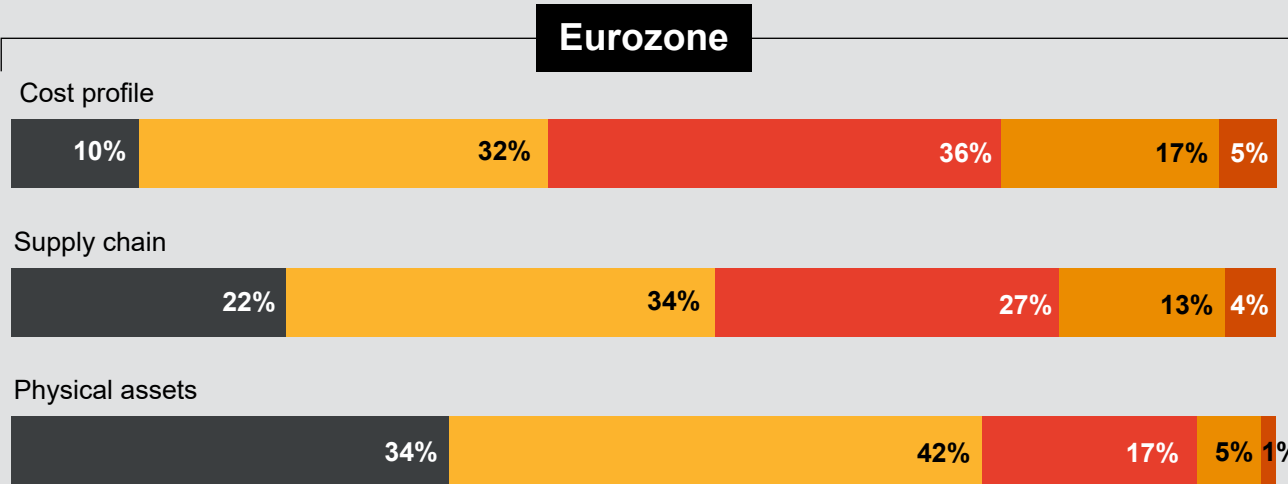
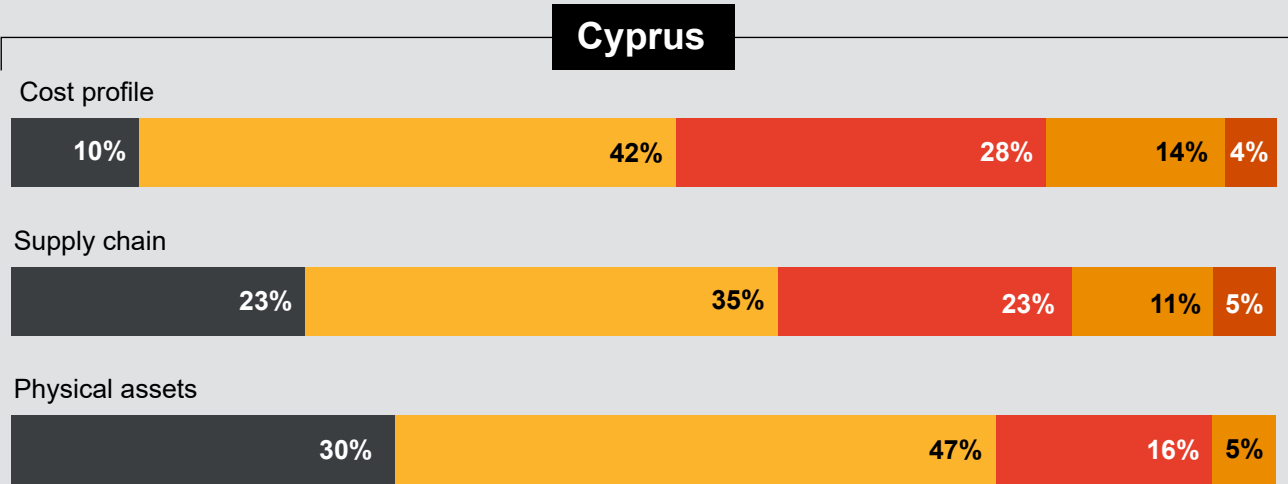


Figure 11

Climate risk impact

To what extent do you expect the following areas of your business to be impacted by climate risk in the next 12 months?

Not at all    To a limited extent    To a moderate extent    To a large extent  
To a very large extent





## **So what are we doing in Cyprus regarding climate change and everything that comes with it?**

38% of CEOs in our country have already launched and implemented a series of initiatives to reduce their company's emissions and have developed a data-driven enterprise-level strategy to reduce emissions and mitigate climate risks. They are preparing in this way to manage the risks posed by climate change. At the same time, 36% plan to innovate with new climate-friendly products or processes. These are the efforts made by CEOs to prepare their companies for climate change risks.

CEOs in the Eurozone and Globally follow along the same lines, setting similar priorities and adopting corresponding actions.

Moving with the right pace and priority to mitigate climate risks, generate opportunities and decarbonise are enormous strategic challenges. Measuring and communicating progress to the organisations' stakeholders on a regular basis is another imperative challenge.



Figure 12

Level of progress against climate change

Below is a list of actions companies may undertake to prepare for the risk of climate change. Which statement best characterises your company’s level of progress on these actions?



Cyprus

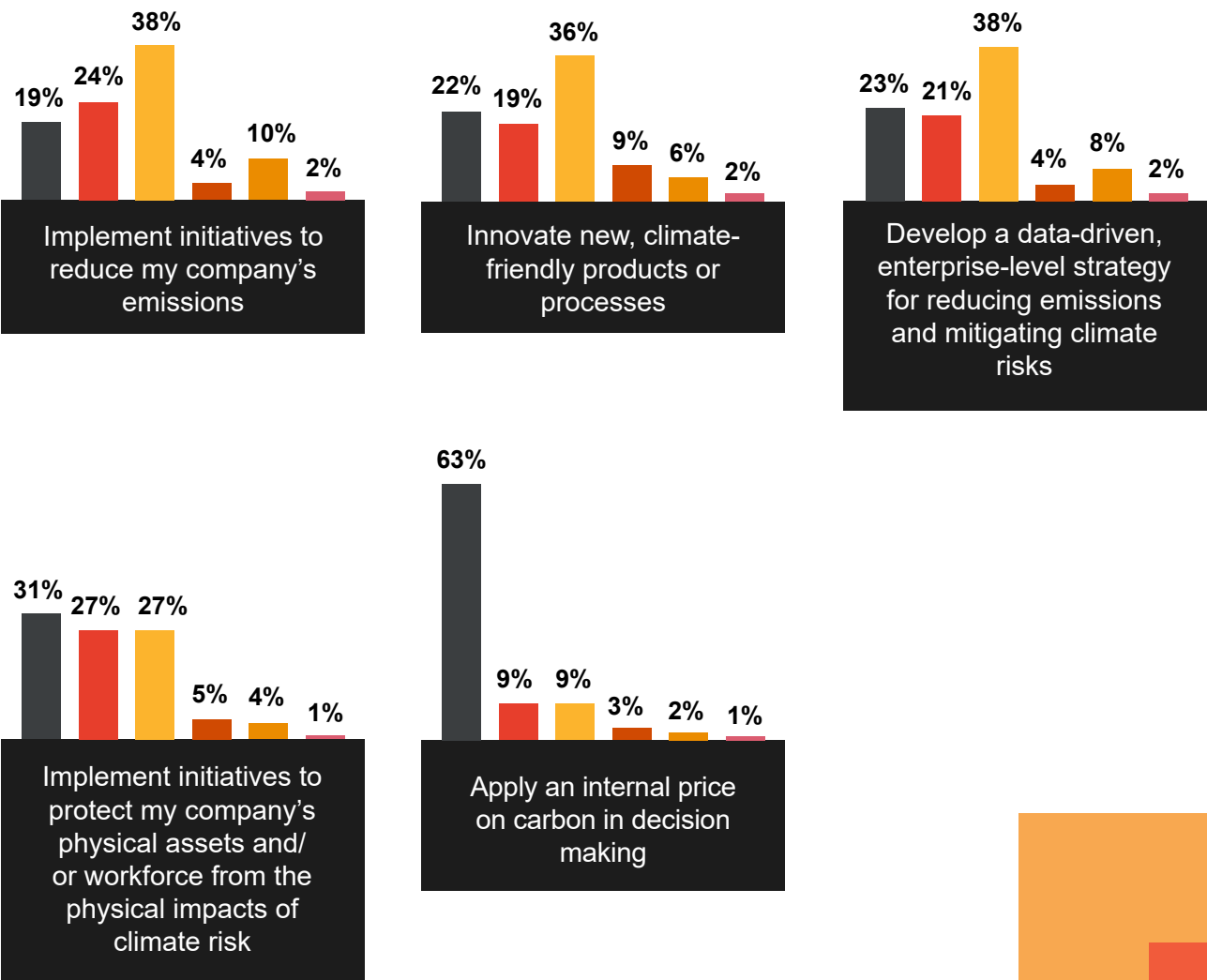


Figure 13

Level of progress against climate change



Eurozone

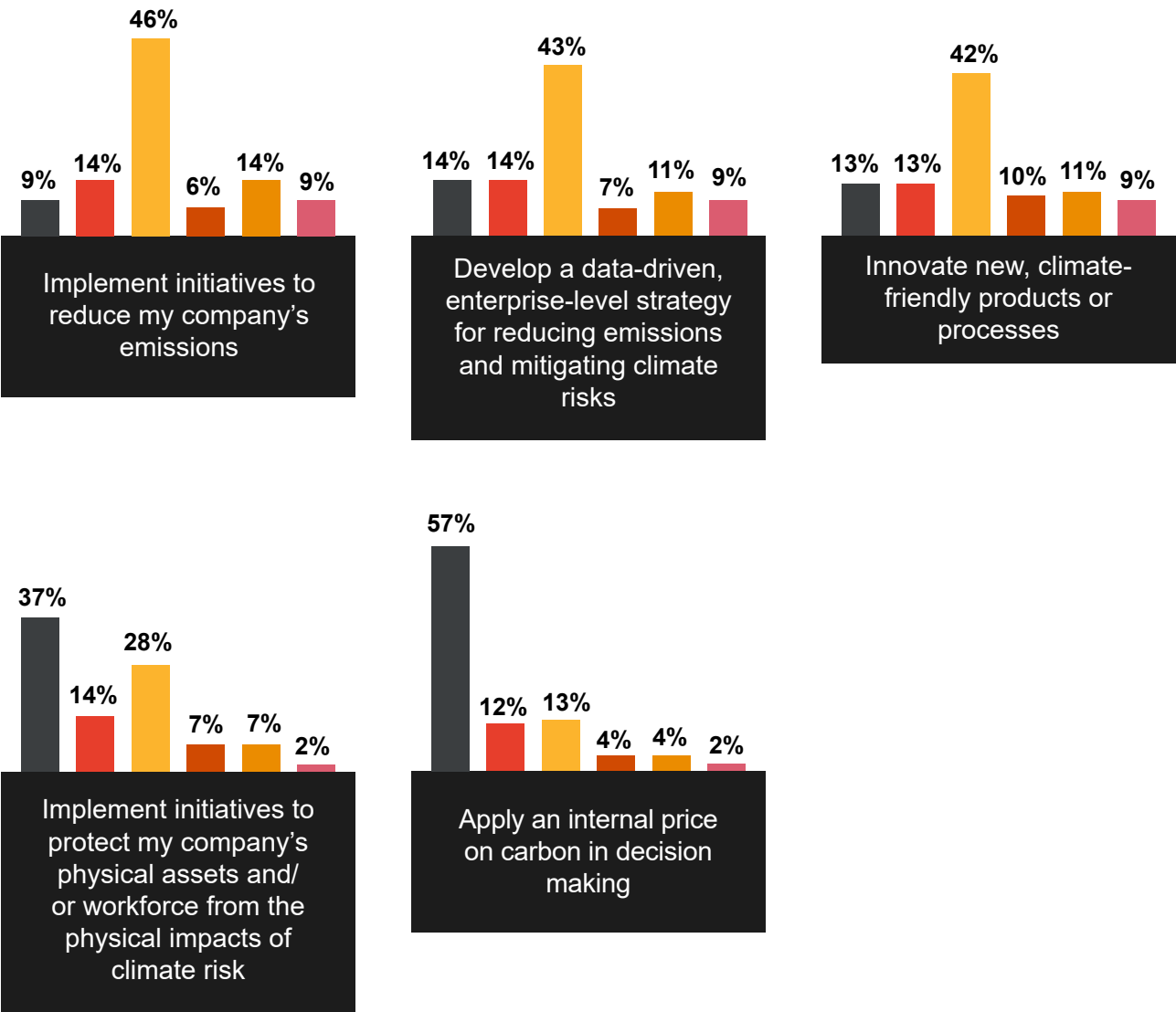


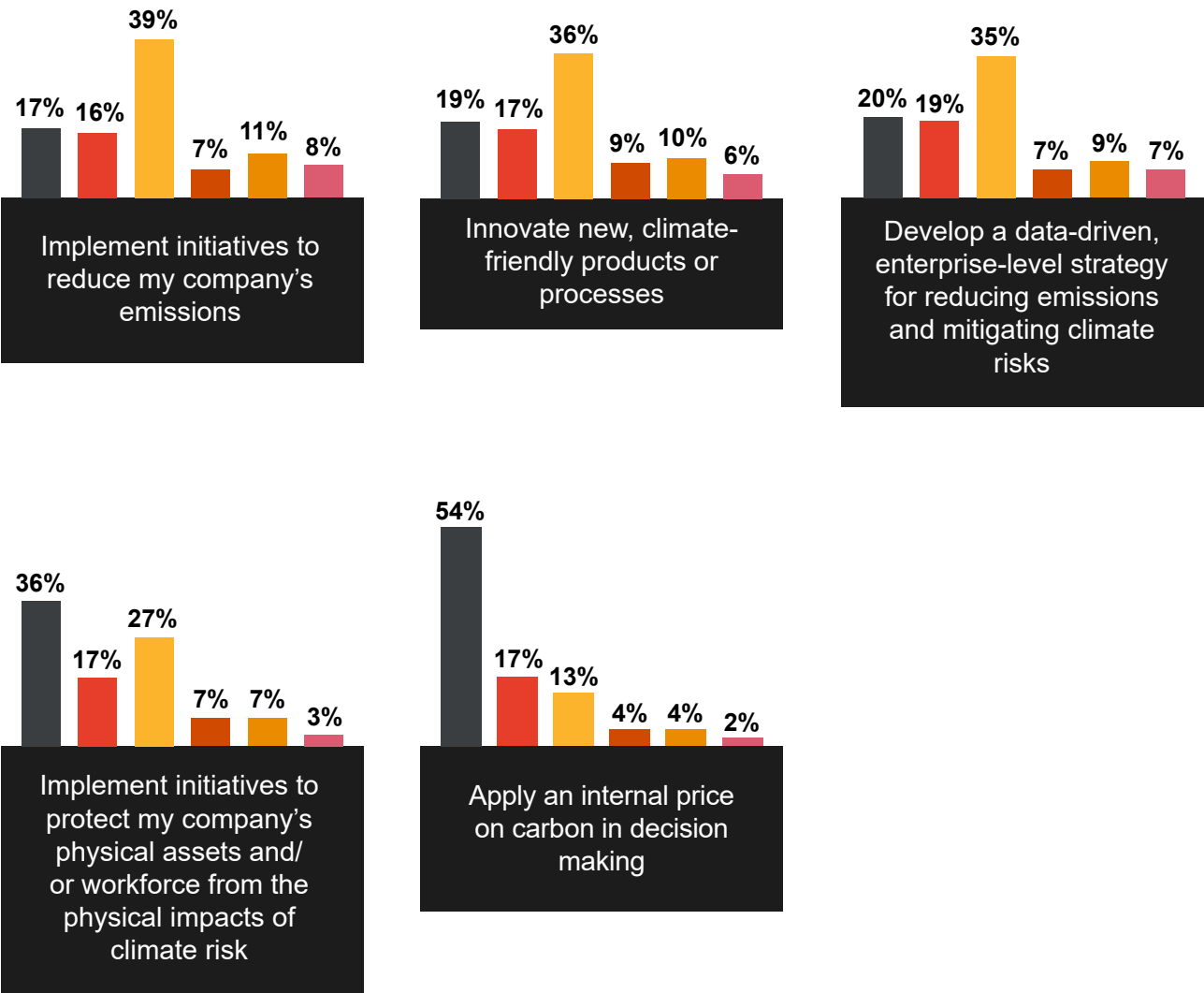


Figure 14

Level of progress against climate change



Global







# 8.

What kind of ecosystem are we building?

**The diversity and complexity of today's business challenges have shifted the focus to the ability to collaborate beyond the confines of the company.**

According to our survey, when companies do collaborate, their primary goal is to create new sources of value, rather than to solve societal challenges.

We asked CEOs in Cyprus how they build their partnerships - with whom and to what objective. The results show that the majority of CEOs, at 23%, work with a wide network of collaborators, and even competitors, in order to create new sources of value.

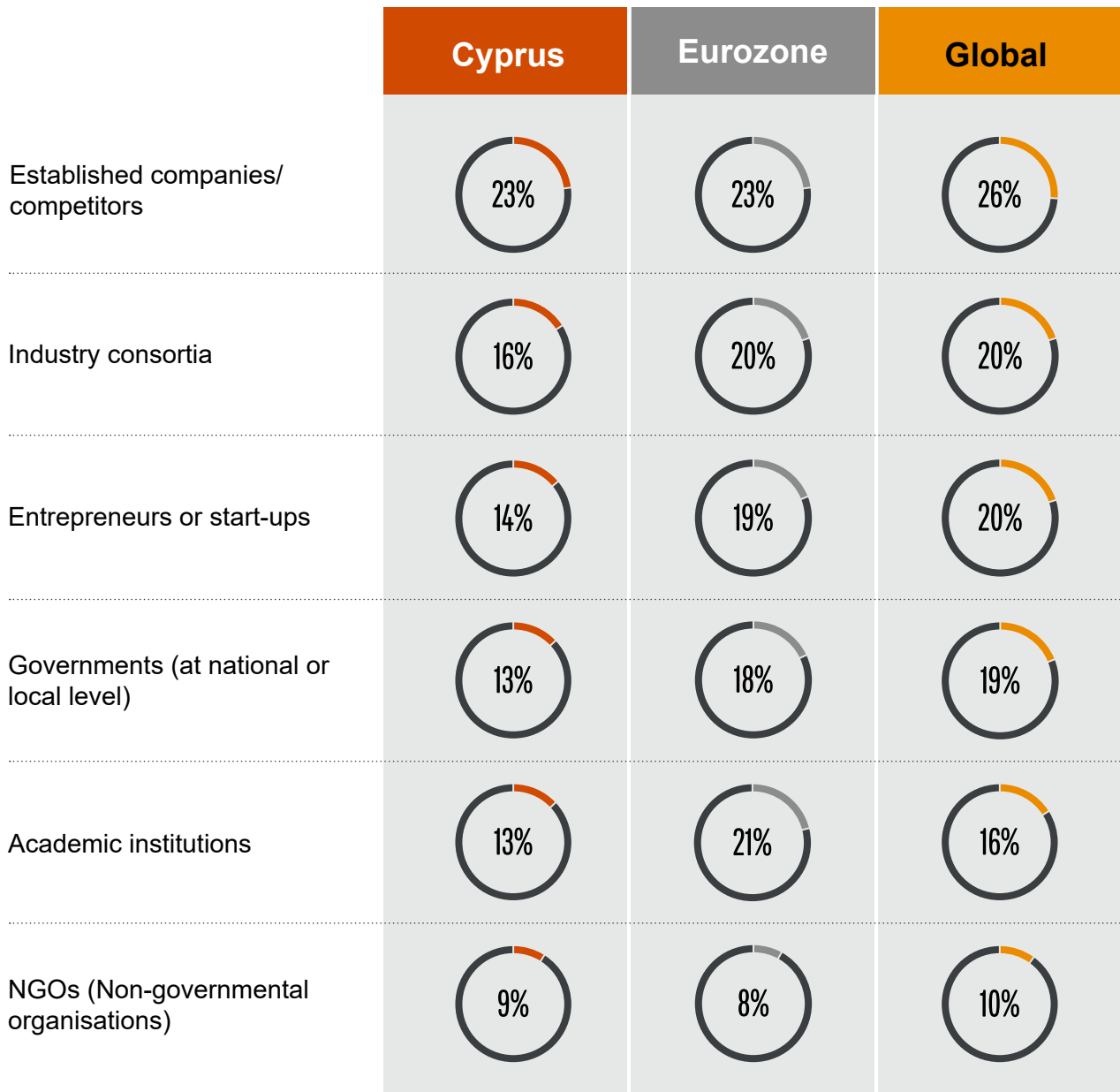


Figure 15

### Creating new sources of value

To what extent is your company collaborating with the following groups to create new sources of value (e.g innovation of new products/in new markets)?

Respondents who stated “to a large extent” and “very large extent”





55% of business leaders responded that addressing societal issues, such as education, was the most common reason for partnering with non-business entities, e.g. academic institutions, NGOs and government agencies. Sustainable development was another goal for such partnerships, at 43%.

# 55%

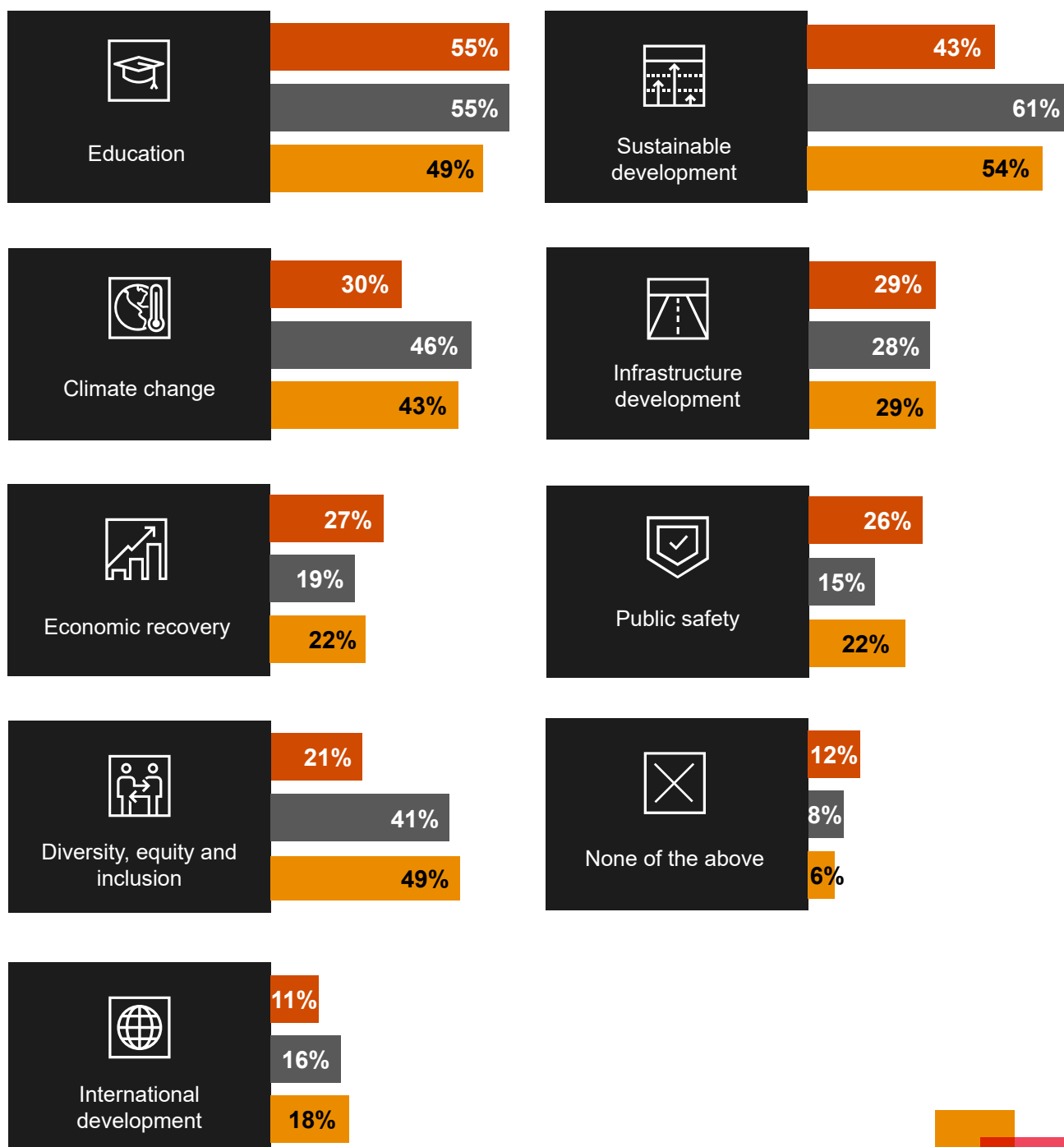
of CEOs responded that education, was the most common reason for partnering with non-business entities

Figure 16

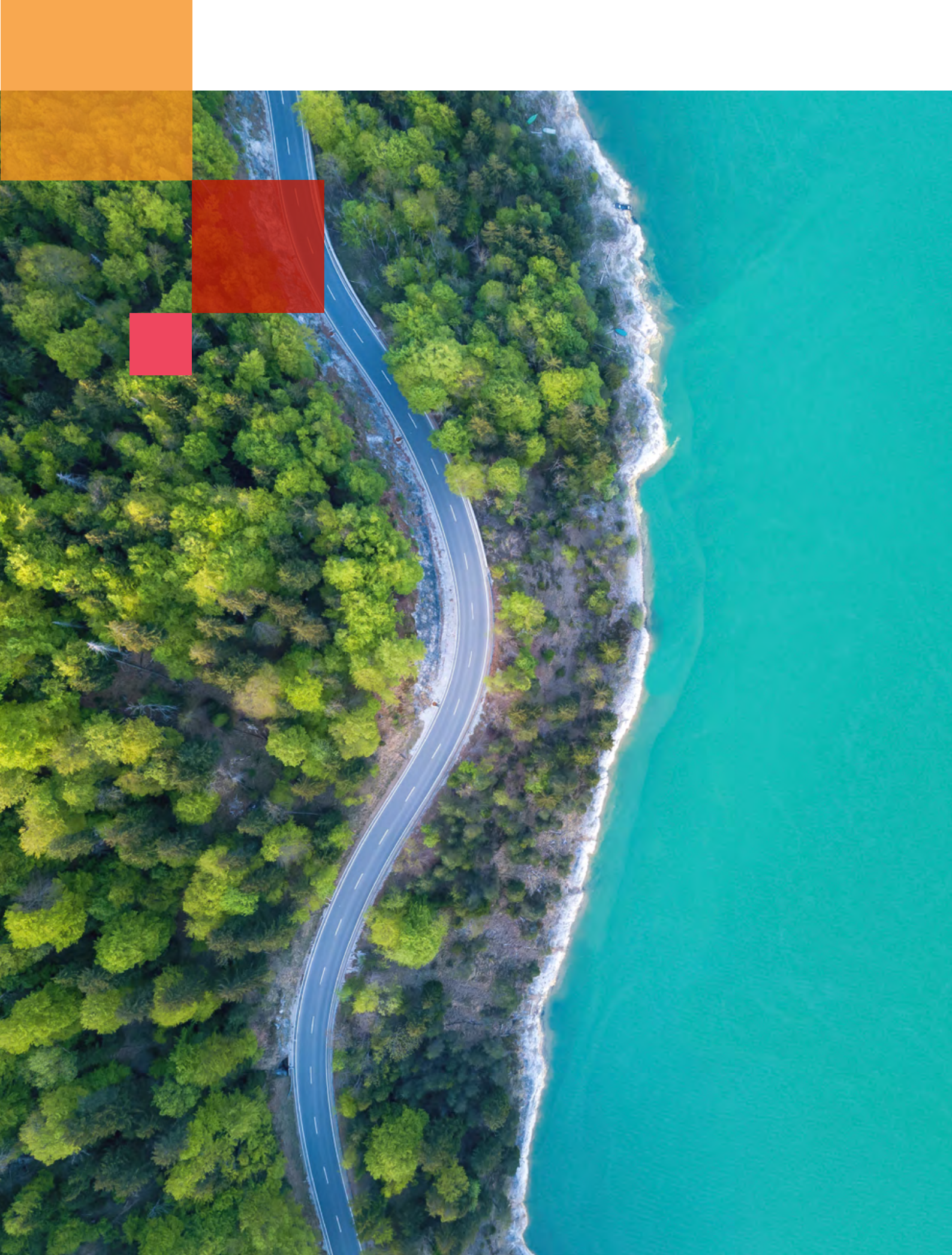
## Addressing societal issues

In which of the following areas is your company collaborating with non-business entities (governments, NGOs or academic institutions) to address societal issues?

■ Cyprus ■ Eurozone ■ Global











## 9. Trust

**Trust helps companies, institutions and individuals take big steps together. The aim is to win today's bet while striving to address tomorrow's challenges.**

Advanced analysis of data from last year's CEO survey revealed a statistically significant relationship between customer trust and financial performance. Survey data also suggested that trusted companies had a long-term orientation. Trust is very important and deeply intertwined with leadership.

CEOs have first-hand experience of geopolitical and social changes, adapt to and in many cases participate in them. Dialogue with the top management on the impacts of these shifts can help CEOs strengthen the c-suite, allowing them to focus on the future.



The good news is that almost half of the CEOs surveyed in Cyprus, at 52%, claim that their company's leadership often encourages disagreements and the constructive discussion that ensues. Moreover, 35% of the CEOs say that the leadership usually tolerates small-scale failures and the 42% argue that sometimes their company's leadership does not consult them before making strategic decisions. At a rate of 82%, CEOs feel that in general employee behaviour is aligned with the values and direction of the organisation they belong to.

It is a fact that in many organisations, the conditions are not in place for managers and employees to identify major new opportunities or to spot and appropriately respond to emerging threats. CEOs should seek to create a shared vision and empower their people to take initiative and make decisions, while CEOs themselves should take the lead in adopting and implementing the broader changes that are necessary.

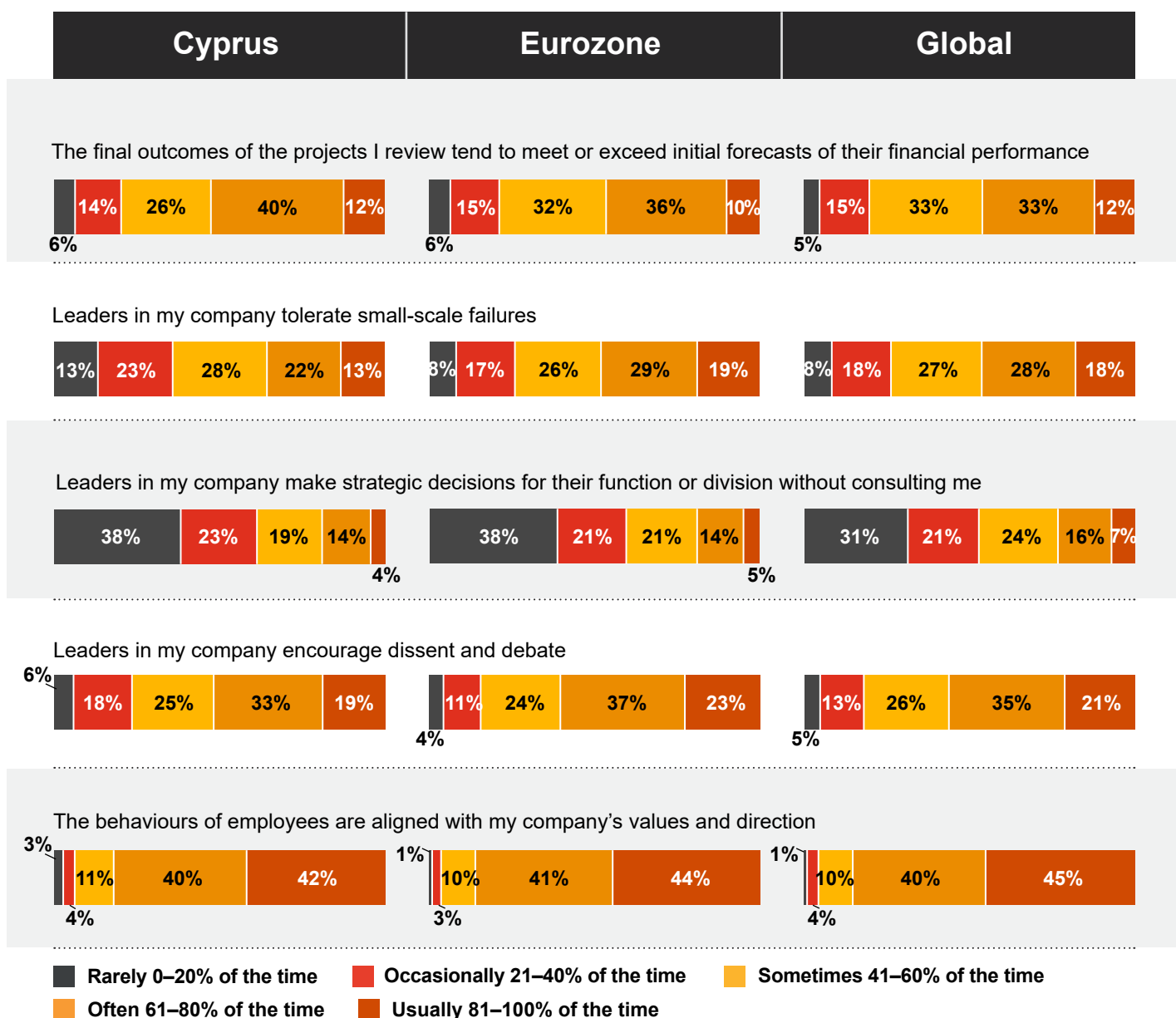
# 82%

of the CEOs feel that in general employee behaviour is aligned with the values and direction of the organisation they belong to

Figure 17

## Level of trust

For each of the statements below, please indicate how frequently these occur in your company:



An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. The road has white dashed lines and a solid white edge. A small blue car is visible on the road. The image is decorated with several semi-transparent, overlapping geometric shapes in various colors: a red square in the top left, a yellow square in the top center, a large orange rectangle on the left side containing the section header, a light grey rectangle in the center, a brown square below it, a large pink rectangle in the bottom right, and an orange rectangle below that. The overall composition is modern and artistic.

# 10.

## Sustainability

**The survey demonstrates the CEOs' concern for the future of the business community.**

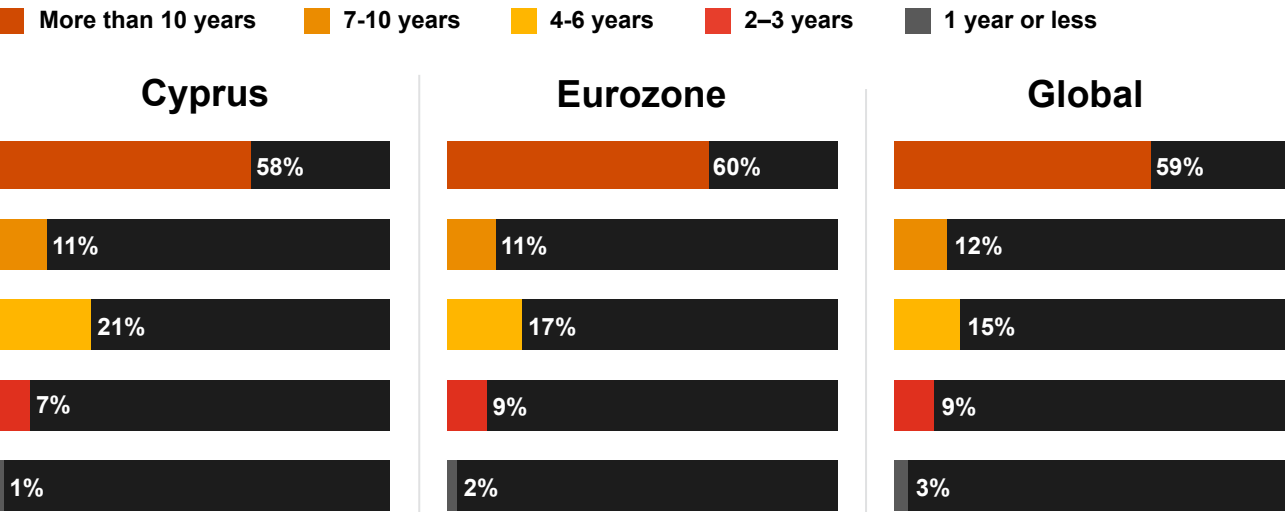
To the question whether their company will be economically viable in the future if it maintains its current operating model, 40% of CEOs in Cyprus and 39% in the Eurozone and Globally responded that it will not be viable for more than ten years, confirming their concern with a significant percentage.



Figure 18

**Economic viability**

If your company continues running on its current path, for how long do you think your business will be economically viable?



When asked about the forces most likely to impact their industry’s profitability over the next 10 years, most respondents in Cyprus cited labour and skills shortages (60%), followed by technology (59%) and supply chain disruption (58%). Only 41% pointed to the transition to new energy sources and their impact.

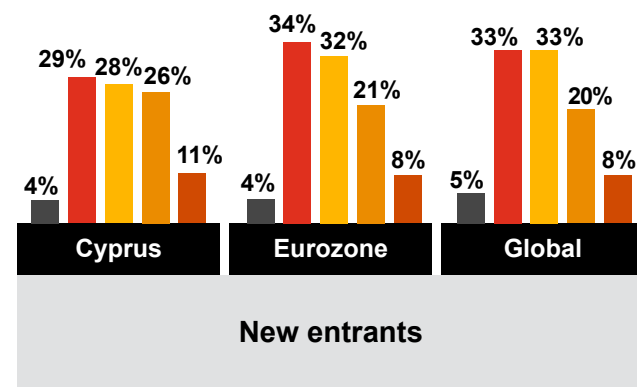
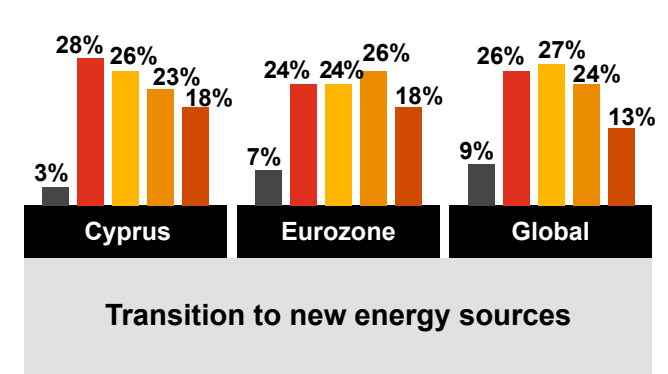
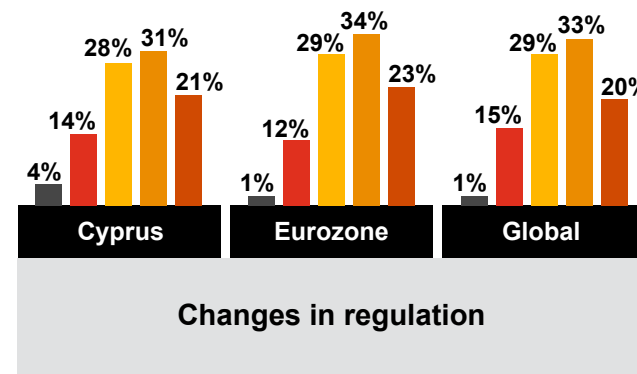
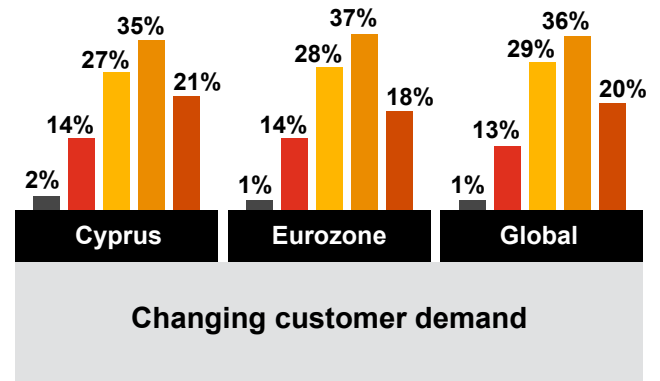
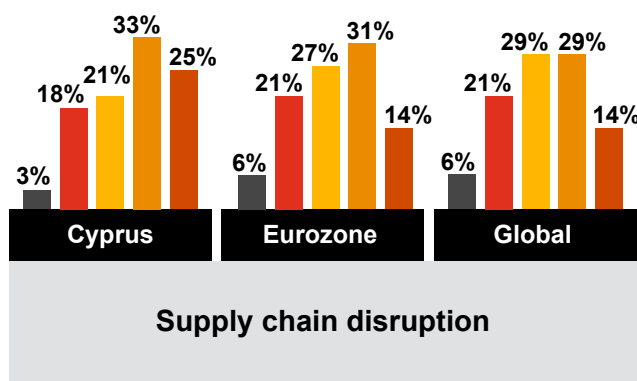
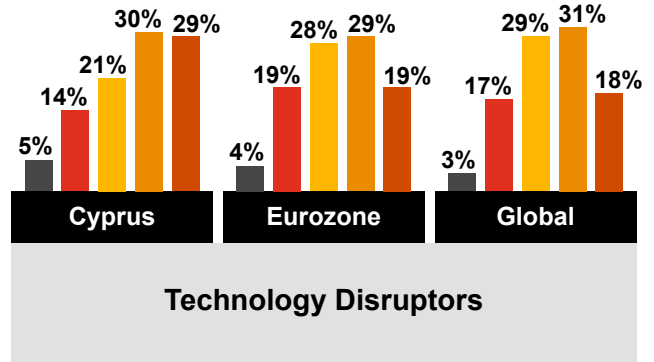
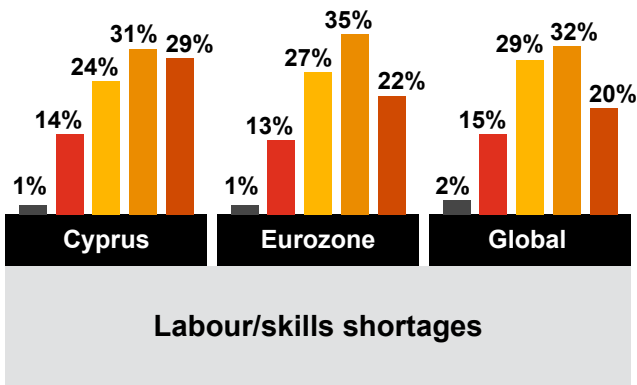


Figure 19

## Impact on profits

To what extent do you believe the following will impact (i.e., either increase or decrease) profitability in your industry over the next ten years?

■ Not at all ■ To a limited extent ■ To a moderate extent ■ To a large extent ■ To a very large extent



Investing in technology is a top priority for Cyprus. Almost three quarters of companies, at:

71%

are focused on **automating processes and systems**

61%

on deploying **advanced technologies**

55%

on **upskilling the company's workforce**



Figure 20

## Investment areas

Which of the following investments, if any, is your company making in the next 12 months?

|   | Cyprus | Eurozone | Global |
|---|--------|----------|--------|
| Automating processes and systems                                | 71%    | 77%      | 76%    |
| Deploying technology  | 61%    | 68%      | 69%    |
| Upskilling the company's workforce in priority areas            | 55%    | 72%      | 72%    |
| Adopting alternative energy sources                             | 40%    | 46%      | 34%    |
| Adjusting the company's supply chain                            | 26%    | 36%      | 41%    |
| Decarbonising the company's business model                      | 12%    | 37%      | 31%    |
| Exploring the metaverse   | 8%     | 10%      | 12%    |
| None of the above   | 7%     | 3%       | 2%     |
| Relocating the company's operations in response to climate risk | 4%     | 5%       | 7%     |





If we take a closer look at the rationale for these investments, roughly 60% in each category is focused on reinventing the business for the future and 40% on preserving the current business. This 60/40 ratio was remarkably consistent across the full spectrum of investments, a reflection of the balancing act that CEOs are striving to strike. Transition to new energy sources needs to be especially addressed, as it has been voted as the number one future investment by 64% of the CEOs.

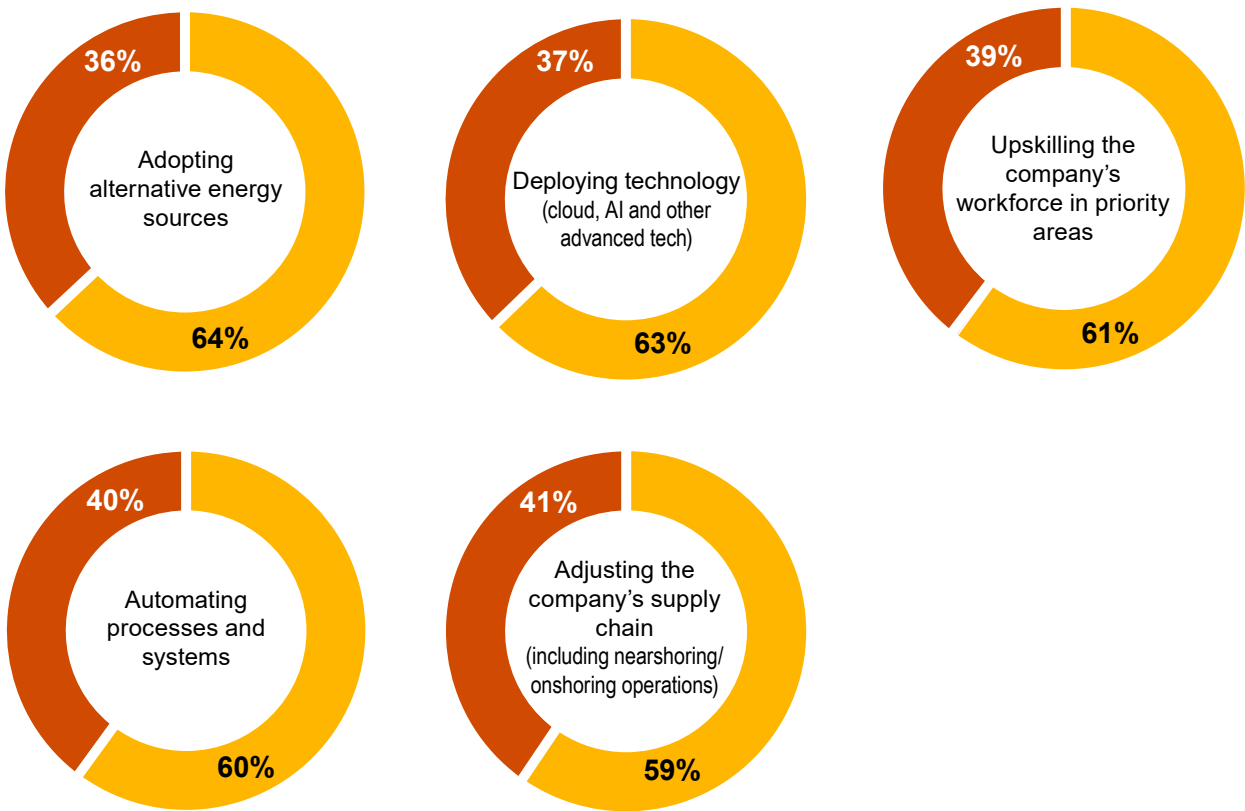
Figure 21

Investment allocation

For each of the investment areas selected, please indicate on the slide scale the percentage of investment allocated to preserving current business versus reinventing the business for the future.

- Preserving current business
- Reinventing the business for the future

Cyprus





# 11.

## What do CEOs focus on

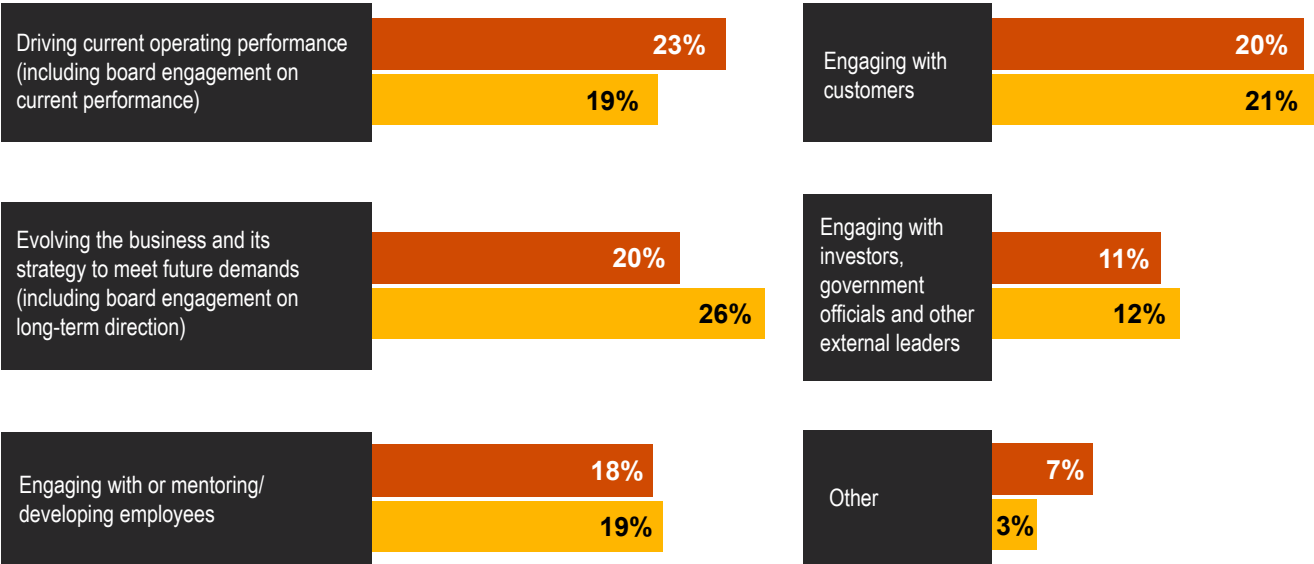
**Torn between the demands of short-term and long-term transformation, CEOs argue that they would like to spend more time evolving their company and preparing it for future changes and less on driving current operating performance.**

CEOs in Cyprus have stated that they dedicate 23% of their time to driving their company's current operating performance and 20% to thinking how to evolve it. In an ideal environment, they would have liked to invest 26% of their time on their evolution strategy, 21% on their relationship with their customers and only 19% on their company's current operating performance. The respective rates for CEOs in the Eurozone and Globally are similar.

Figure 22

- During your work time, on average, what percentage of time do you spend on each of the following? (Actual)
- Knowing what you know now, if you could start over with a blank calendar, how would you allocate your time as CEO? (Ideal)


Cyprus



The challenge CEOs are facing today begins with making the most of their professional time. It should be noted here that the risks currently facing companies and society are intertwined and cannot be addressed in isolation. CEOs must collaborate effectively with stakeholders in the public and private sector to mitigate these risks, build trust and create long-term value - for companies, for society and for the planet.





The background of the slide is a photograph of a rural landscape at sunset. A tall, dark metal windmill stands on the right side, its blades silhouetted against the orange and yellow sky. The sun is a bright, low orb on the left, casting a long, warm glow over a field of dry grass and distant hills. The sky is filled with soft, colorful clouds. Overlaid on the image are several semi-transparent geometric shapes in shades of red, orange, and yellow, primarily in the upper left and right areas.

# 12.

## In conclusion

**We are indeed living in unprecedented times. Faced with a future that appears to be more uncertain than ever, the critical question is how we can address difficult realities and successfully rise to the major challenges.**



**The 159 CEOs in Cyprus and the 4,410 CEOs from 105 countries that participated in our global survey have expressed strong pessimism regarding economic growth, both in the long and in the short term. They are concerned about inflation, geopolitical risks and macroeconomic volatility, which are also issues of concern for society in general.**

Climate change has its own share in the worries expressed, although CEOs do not seem to be convinced that it will have a major impact on their company.

There is certainly a drive on their part by implementing a number of initiatives to reduce emissions and having developed a data-driven corporate strategy. In this way they are preparing to manage the risks brought about by climate change and especially the effect they will have on the operating costs of the companies. In this context, they are investing in technology and in reinventing their business as they believe it will greatly affect their company's profitability over the next decade. In addition to technology, CEOs are mainly concerned about the labour/skills shortages, as well as the impact of the disruption of the supply chain on their business' profitability.

This year's survey also includes an important reference to CEOs' time and how they would like to allocate it, highlighting issues of strategy and the need to focus on tomorrow.

In the new world that is taking shape, CEOs and the entire business community have a particularly important role to play. It is imperative that they act as an effective driving force for transformational change for the entire economy and society. We are all called to work collaboratively to co-create the prosperous Cyprus of tomorrow. A dynamic and modern country, relying on a sustainable model of economic growth that serves the needs of society as a whole.







## Nicosia



PwC Central, 43 Demostheni Severi Avenue, CY-1080 Nicosia  
P O Box 21612, CY-1591 Nicosia, Cyprus

## Limasol


City House, 6 Karaiskakis Street, CY-3032 Limassol  
P O Box 53034, CY-3300 Limassol, Cyprus

## Paphos

2 Falirou Street, CY-8035, Paphos  
P O Box 60479, CY-8103 Paphos, Cyprus







12th Annual PwC Cyprus CEO Survey

**Key findings for Cyprus**

