

A Confident Look Ahead

Bulgarian CEO Survey as part of the
21st Annual Global CEO Survey





Foreword

For a third consecutive year, we are pleased to present the viewpoint of more than 100 CEOs of leading organisations on the Bulgarian market, with whom we have discussed important topics for the future of business and society. Thank you to all who have made the time to respond to our questions and share your thoughts, experiences and concerns.

This year we see that optimism and confidence in economic and organisational growth are once again at the heart of business leaders' expectations, even more so than in the past, both in Bulgaria and globally. Amidst the optimism for growth, business leaders are looking for ways to navigate through increasing levels of geopolitical upheaval, impeding threats of cyber-attacks and an ever-high scarcity of talent, skilled to work within the quickly changing technological landscape.

In our discussions with Bulgarian CEOs, we see that they are prepared to take on these challenges and are confident about the road ahead. It is encouraging that the business has realised its important role in shaping the future workforce, as business leaders are already actively working with educational institutions, both in terms of shaping curricula which more adequately address the needs of the business and by providing internship and apprentice programs which help students choose their future career.

This year we also focus on trust, which we, as business leaders, build in our employees and in society overall. As globalisation is opening borders and easing connectivity, we see more and more people choosing to work and live outside Bulgaria. We raised this societal and demographic issue with our participants and talked to them about what we can do together to build an environment where young people can see opportunities for growth and development. A common theme that surfaced in our conversations was that the young generations do not have trust in our government, social systems or the business.

We believe it is our responsibility to start building this trust, by giving opportunities to graduates, by trusting their knowledge and points of views and by being fair and transparent in the actions we take, in respect to their remuneration and career progression but also in respect to the working practices we have towards our clients and country as a whole.

Bojidar Neytchev

SEE Managing Partner,
CEE Corporate Finance
Leader at PwC





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Clear Road Under a Blue Sky***

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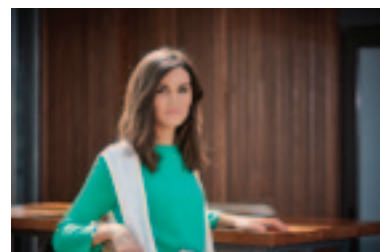
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01

Global and Organisational Growth: Clear Road Under a Blue Sky



71%

*of Bulgarian CEOs believe
that global economic growth
will improve in the next 12 months*

91%

*are confident in their
company's revenue prospects
for the next 3 years*

Confidence in growth prospects

This year's CEO survey results reveal the highest ever jump in business leaders' optimism about the global economy – more than half of CEOs globally believe that economic growth will improve over the next 12 months, while only 29% were this optimistic last year (see Figure 1).

As we have seen in previous years, Bulgarian business leaders tend to be more optimistic than their CEE and global counterparts. This year, they report an even stronger confidence about the economic environment (both in comparison to global CEOs this year and to their own results in the previous year).

As many as 71% of Bulgarian respondents expect that global economic growth will improve over the next 12 months. This number is almost double of what we saw in 2016 and 2017 – 36% and 39%, respectively. In fact, when comparing this year's results across the world, Bulgaria ranks third in terms of optimism, only after Brazil and Canada.

Although striking at first sight, these results are not so surprising in light of the global economic situation over the past year, with most of the world's major economies experiencing positive growth (as compared to the economic state just a few years ago)¹.

Figure 1:

CEOs globally report higher than ever optimism regarding global economic growth, while being somewhat more cautious about short-term and long-term prospects for revenue growth of their own companies

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

Q: How confident are you about your company's 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 3 years?



1. <https://www.wsj.com/articles/oecd-sees-global-economic-growth-reaching-seven-year-high-1511863206>

When comparing CEOs' optimism about the global economy to the confidence in their own company's growth prospects, we see a slight divergence, especially when we talk about longer-term perspectives. This presents an interesting contrast to the last couple of years, when CEOs globally were less certain about short-term success (both in terms of overall economic growth and in terms of their own company's prospects over the next 12 months) and were counting more on the longer term growth potential. Now, they are starting to feel more cautious about the more distant future.

When we look at what Bulgarian CEOs have told us, we see a similar trend – 66% of Bulgarian business leaders are very confident in their company's revenue prospects for the next 12 months, while fewer (55%) are very confident in what the next 3 years will bring (see Figure 2). Still, Bulgarian CEOs seem to have a more clear view of the road ahead as compared to their counterparts abroad and also compared to what they told us last year (41% were very confident in short-term growth, while 49% were confident in long-term growth).

Interestingly, CEOs in the rest of CEE seem to be the most uncertain about what's to come in the future – only 32% feel very confident in their companies' long-term prospects and this is the lowest rate of confidence across the globe. Clearly, business leaders in CEE are anxious about a number of factors that may impact the future, such as geopolitics (the tensions between Russia and the West, the impact of Brexit) or workforce quality, retention and demographics. Their Bulgarian peers do not seem so worried about such factors. Is this short-sighted optimism, spurred by consistently good economic growth over the recent years, or sober confidence grounded in objective economic reality and sustainable economic models?

Figure 2: Bulgarian CEOs are more optimistic about their companies' short-term and long-term growth prospects than their peers globally and in CEE

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



In the absence of a „black swan event“, there doesn't appear to be much in the way of negative sentiment which could disrupt the favourable economic trends impacting Bulgaria over recent years. Robust domestic and regional growth has resulted in employment levels approaching what could be considered close to full employment, driving wage growth and domestic consumption. This should continue in the short to medium term. In the longer term, however, the sustainability of development will be impacted by the ability of Bulgaria to address the negative demographic trends.

Jock Nunan,
Assurance Partner



When we asked CEOs how they plan to drive their companies' growth and profitability, their answers were similar to what they told us in previous years. Organic growth appears to be what 79% of the business leaders will rely on, both in Bulgaria and globally (see Figure 3). A large portion of global CEOs (62%) will also rely on cost-reduction initiatives to drive growth, while this number is much lower for Bulgaria, with 42% of business leaders planning cost cuts. It is noteworthy to mention that this year we see a jump in the percentage of Bulgarian CEOs planning new strategic alliances or joint ventures – 31% last year vs. 41% this year.

In terms of M&A, globally CEOs seem quite eager to acquire new businesses, with 42% reporting they plan such initiatives next year. Bulgarian CEOs are less ambitious to acquire new companies, with 27% planning growth through a merger or an acquisition. This number is very similar to Bulgarian CEOs plans last year, when 29% of participants were planning new M&As. Comparing plans to what actually happened, we see that this year 10% of Bulgarian CEOs report their company has acquired a company or a business in the last 12 months and 13% report having been a target of interest for an M&A deal.

Figure 3:

CEOs in Bulgaria will rely mainly on organic growth as a key driver of their advancement

Q: Which of the following activities are you planning in the next 12 months in order to drive corporate growth?

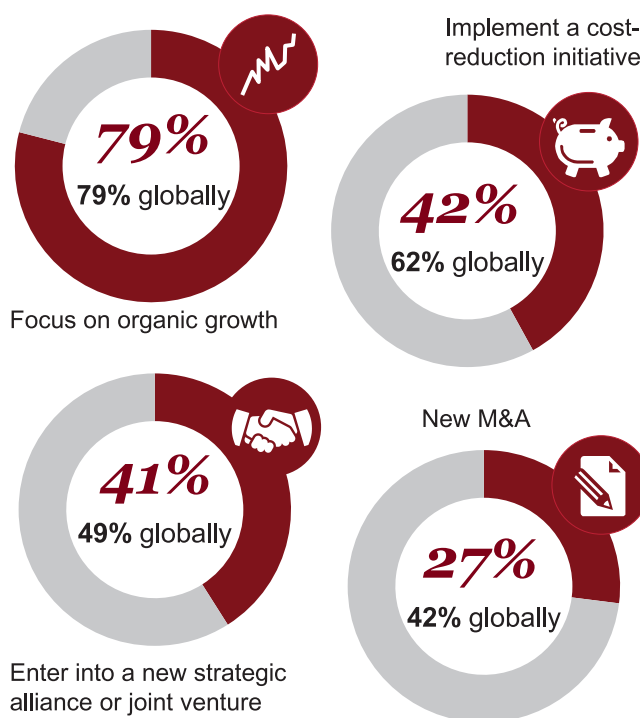
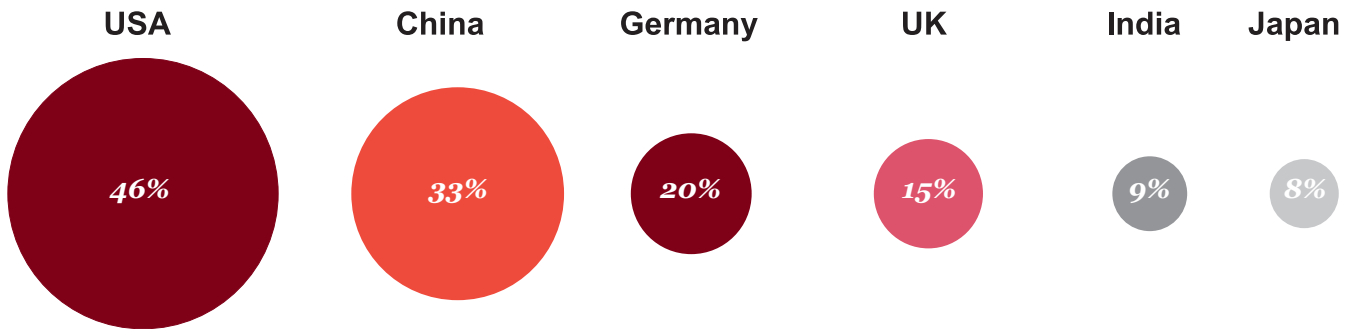


Figure 4:

Globally USA, China and Germany are once again the top 3 countries selected by the largest number of CEOs as important for their companies' growth

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



When talking about growth prospects, foreign markets play a key role, both in terms of export potential and opportunities for investments. Echoing last years' results, globally USA, China and Germany are recognised as having the greatest impact on the economic climate and as being the most important export destinations (see Figure 4).

Germany continues to be considered the most important market for growth by the biggest number of Bulgarian CEOs – 41% (see Figure 5). This comes as no surprise since Germany has been traditionally a key commercial partner for our market. USA holds the second position, with 25% of CEOs listing it as an important country for their success.

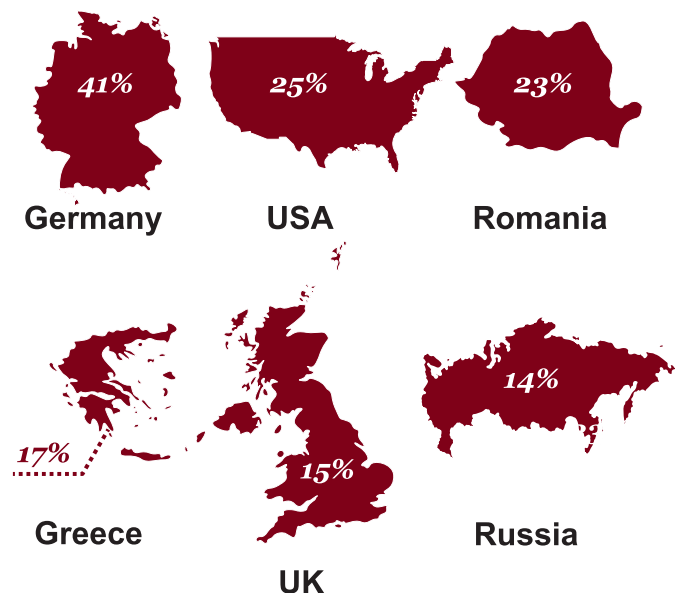
Romania has strengthened its hold and has moved to the third place, with 23% of CEOs mentioning it, as compared to 12% last year. It is interesting to note that Greece has made its way back into the top six, after lagging behind last year. The UK has lost its third place, although the number of CEOs who marked it as important, has not decreased significantly (15% vs 18% last year). Keeping in mind the economic uncertainty related to the voted Brexit, it is expected that Bulgarian CEOs are looking to countries closer to home such as Romania and Greece to capture opportunities.

Traditionally, none of the Asian giants in the top rankings of global CEOs has made it to the Bulgarian list.

Figure 5:

Germany continues to be the most important foreign market for Bulgarian business leaders; Greece makes a return to the top

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





Threats that keep CEOs awake at night

This year CEOs across the globe report a different mix of economic, policy, social, environmental and business threats as the most concerning. They seem increasingly anxious about broader societal and policy issues such as geopolitical uncertainty, over-regulation, terrorism, populism and protectionism. The concerns of Bulgarian business leaders are similar, with only two business aspects – cyber threats and availability of key skills – making it into the top 10 threats that keep Bulgarian CEOs awake at night (see Figure 6).

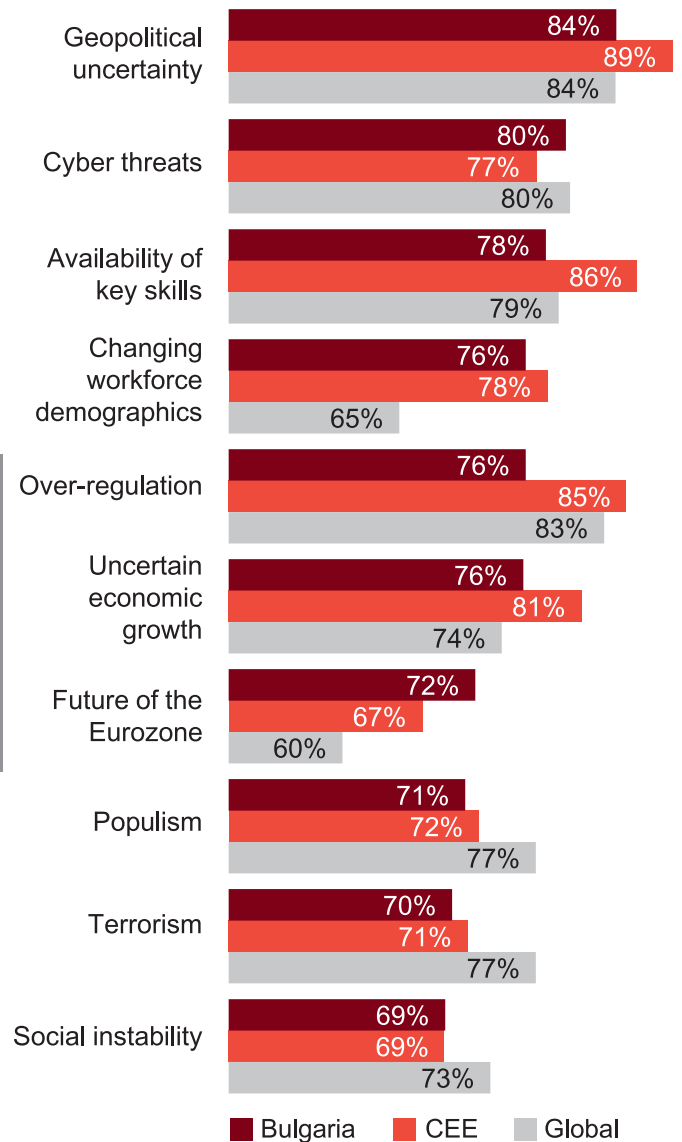
Broader societal threats top the list of concerns of both global and local CEOs like geopolitical uncertainty, populism and terrorism. Technology related concerns like cyber threats and speed of technology change are clearly moving up in the ranking. Top concern for the Bulgarian CEOs and their CEE colleagues is the availability of key skills which is understandable in view of the ongoing process of constant move of qualified labour force to bigger and more developed economies.

Orlin Hadjiiski,
Tax Partner



Figure 6: Geopolitical uncertainty continues to be the top reason for concern for CEOs across the globe, while cyber threats and availability of key skills make their way to the top for CEOs in Bulgaria*

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



* Note: Percentage of respondents who indicated *Somewhat concerned* or *Extremely concerned*

The future of the Eurozone was the second most worrisome topic on Bulgarian CEOs' minds last year, but business leaders appear less concerned about it today.

A noteworthy observation is the significant rise of the threat of cyber-attacks. Last year only 45% of Bulgarian CEOs reported being worried about cyber security while this year this is the second most concerning threat, for as many as 80% of the CEOs. While this threat seemed distant and not so relevant for our market last year, today it is gaining momentum after last year's numerous large-scale cyber-attacks with a significant financial and regulatory impact on both businesses and government institutions. For sure, cyber security will be high on CEOs' agenda over the next months.

Changing workforce demographics and availability of key skills have made Bulgarian business leaders increasingly anxious over the years and will probably continue to be a major concern over the next periods. As many as 78% of CEOs in Bulgaria and 86% in CEE are quite worried about the availability of qualified labour force and the impact this will have on the future growth prospects of their businesses. The aging population, the changes that Millennials are bringing in the workplace, the increasing number of Generation Z in the workforce and at the same time the increasing need for digital skills are all forces with significant implications on how business leaders in all sectors of the economy manage their companies.



Navigating through a fragmented world

CEOs (both in Bulgaria and globally) continue to recognise that the promise of globalisation has been realised to a large extent in select areas such as easing the movement of capital, people, goods and information and enabling universal connectivity (see Figure 7). However, globalization – which we define as the process by which the world is becoming increasingly integrated – has not been as effective in addressing other important issues. More than one third of CEOs in Bulgaria believe that globalization has not helped at all in closing the gap between the rich and the poor or in creating integrity and effectiveness of global tax systems. The world has also failed to unite and coordinate on its efforts to fight climate change and resource scarcity.

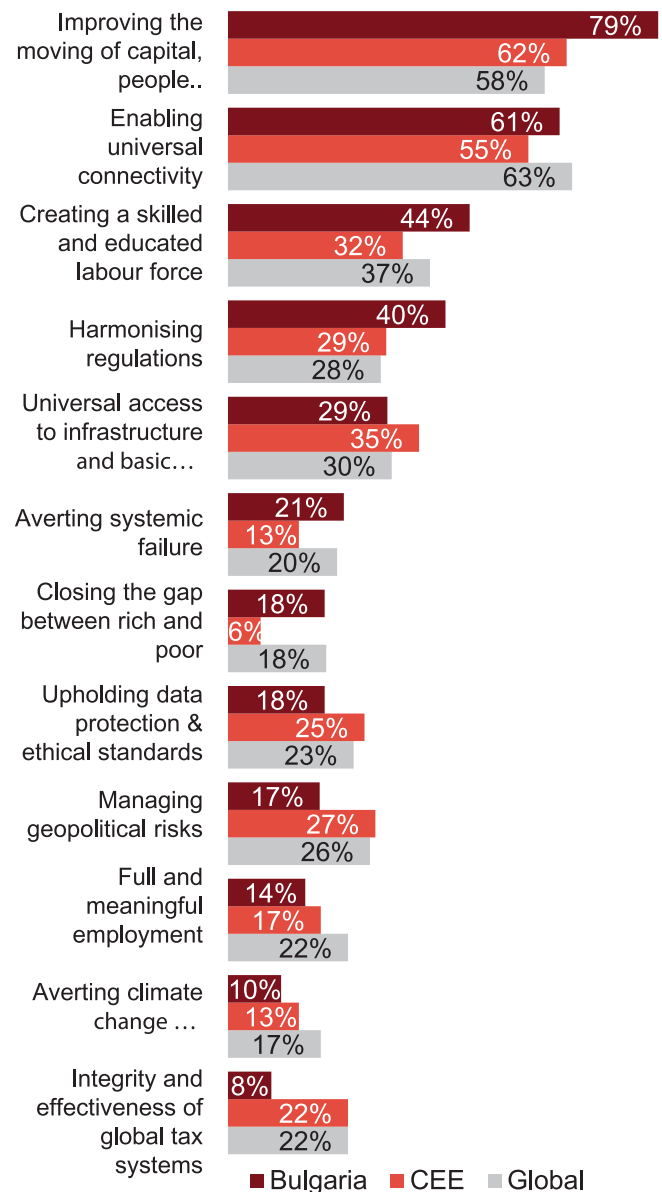
The constantly increasing number of Bulgarian businesses expanding geographically realise and accept that the fragmentation of the world is still a fact and their leaders confess that they need to be flexible and adaptive to the multiple rules of law and value systems in order to succeed and prosper abroad.

Julian Mihov,
Director Business Development, SEE



Figure 7: Although globalisation has facilitated universal connectivity and the movement of capital, people, goods and information, it has come short in other important areas like the integrity and effectiveness of global tax systems, climate change and managing geopolitical risks

Q: In your view, to what extent has globalisation helped with the following areas?*



* Note: Percentage of respondents who indicated To a large extent

Despite globalization playing its role as a key driving force, Bulgarian CEOs as well as their global counterparts, note more fragmentation than integration in the world in a number of areas (see Figure 8).

From a business perspective, corporations seem to be getting more and more integrated globally, which gives them expanded reach and impact. This is aided by the open access to the internet, which facilitates universal communication and allows instantaneous exchange of information.

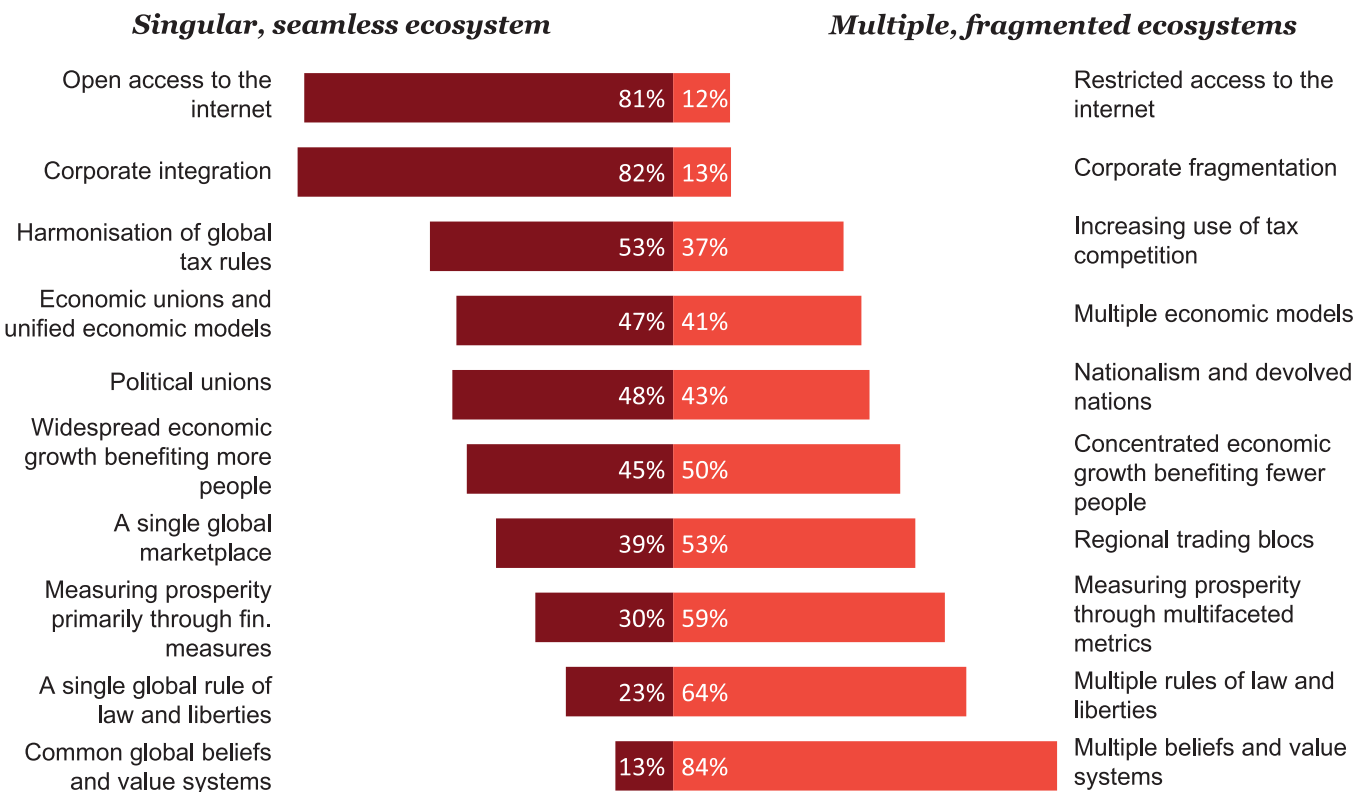
When it comes to geopolitical and social topics, however, business leaders globally see more fragmentation than globalization. 82% of CEOs globally and 84% of business leaders in Bulgaria believe that the world is moving towards multiple beliefs and value systems. More than 70% globally and more than half of Bulgarian CEOs note a tendency towards regional trading blocs, rather than a single global market place.

These conflicting tendencies pose quite a challenge to the CEO, striving for global presence and impact but having to navigate through many regional specifics. The implications are both in terms of corporate vision and values, as well as workforce management practices. What more than half of CEOs agree on (both in Bulgaria and globally) is that prosperity is increasingly measured not only through financial indicators but also through multifaceted indices like quality of life, corporate social responsibility, trust. Building a sustainable business means much more than ensuring shareholders' return and achieving non-financial outcomes becomes even more difficult in the fragmented world of the new reality.

The workforce and corporate culture implications of an integrated vs. fragmented world at play with the diverging forces of individualism vs. collectivism are further illustrated in the Side note: Which way are we going?, which follows next.

Figure 8: Bulgarian business leaders note that although the business world is integrating its forces globally, geopolitically and socially we are moving towards increasing fragmentation

Q: For each alternative, please select the one that you believe the world is moving towards.





Which way are we going?

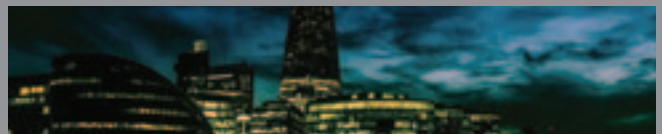
A summary of PwC's Workforce of the Future:
The competing forces shaping 2030 report

When we discuss economic, as well as corporate growth, we look at three major forces - globalisation, technology disruptions and shifts in economic powers – which are quickly shaping the future of the world we know today. These drivers of change and the way people and organisations respond to the challenges and opportunities they bring, create a complex network of interdependencies that may result in various scenarios for the future. Megatrends provide the context for the future scenarios but they do not dictate their shape or features at a specific point in time. Still the public sentiment and the government are the main forces to decide the 'push and pull' effect of collectivism versus individualism, and corporate integration versus business fragmentation.

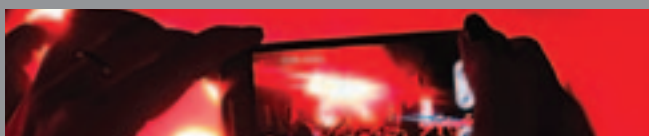
In an effort to get a better understanding for how all of these factors and trends might interact to shape our future, PwC's recent report *Workforce of the Future: The competing forces shaping 2030* explores several different scenarios of the world in 2030. These scenarios have distributed the weight of the megatrends and the human dynamics in four different ways, each forming a unique vision of a possible world.



In the Yellow World, workers and companies seek out greater meaning and relevance in what they do. Technology has helped to create the vibrant Yellow World by lowering barriers to entry by providing easy access to crowdfunded capital and a worldwide market. This allows entrepreneurial companies to compete in areas previously the domain of large organisations. But there is a central conflict around technology and automation. As more people are impacted by technical advances and see their skills become obsolete, disaffection and the push-back against policies that seem to favour the 'elite' grow.



In the Green World, trust is the basic currency underpinning business and employment. Corporate responsibility isn't just a nice-to-have – it's a business imperative. The CEO drives the people strategy of the organisation, believing that the people in the organisation, their behaviours and role in society have a direct link to the organisation's success or failure. Employees trust their employer to treat them fairly in terms of pay, development and conditions and in return reflect the culture of the company in their approach to work and overall behaviour.



The Red World is a perfect incubator for innovation. Anxious to compete, larger employers fragment to create their own internal markets and networks to cut through old-style hierarchies and encourage and reward workers to come up with new ideas. Specialism is highly prized in the Red World and a career, rather than being defined by an employer or institution, is built from individual blocks of skills, experience and networks.



In the Blue World, companies see their size and influence as the best way to protect their prized profit margins against intense competition from their peers and aggressive new market entrants. Corporations grow to such a scale, and exert such influence, that some become more powerful than nation states. Exceptional talent is in high demand – employers secure a core group of pivotal high-performers by offering excellent rewards but otherwise buy in flexible talent and skills as and when they're needed. For workers in the Blue World, the pressure to perform is relentless.

Managing the impact of the trends and forces shaping our Four Worlds of Work won't be easy. It requires collaboration and engagement from governments, organisations and society at large. As individuals – be it business leaders, workers, students, parents or consumers – it's important to have a clear view of what the future, driven by the megatrends and our own actions, may look like, what role we will play in it, and what is the direction WE want to take it to.

**Which world will
you belong to?**



02

Talent: Building Skillsets That Command Technology



55%

of Bulgarian business leaders report that it is difficult for them to attract digital talent

88%

of business leaders are modernising their workplace in an effort to attract the right employees

Headcount equilibrium

When discussing CEOs' view on their companies' growth prospects, the question about headcount definitely comes up, especially in the context of technological advancements and the impact that automation might have on the number of employees.

This year we see quite a different perspective from Bulgarian business leaders, both in comparison with their peers in CEE and globally and in comparison to previous years. Specifically, Bulgarian CEOs do not plan significant increases in headcount over the next year, with only 18% reporting an expected increase (see Figure 9). In comparison, more than half of CEOs globally are planning increases in headcount.

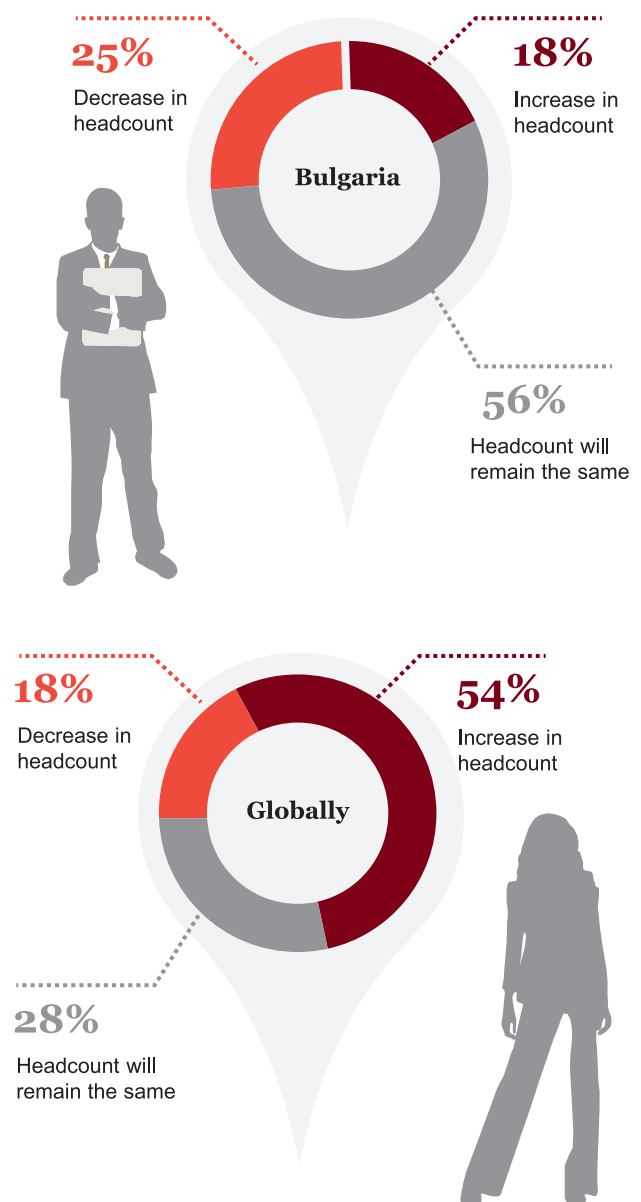
This year's results are also a significant drop compared to the numbers from last year, when approximately 45% of Bulgarian business leaders were planning headcount increases. To some extent, these trends can be explained by the fact that companies on the Bulgarian market have been growing over the past years, which is evident in both the reported growth of GDP and in the record low unemployment rates in the country. In fact, the low unemployment rates are now starting to be a concern for the business, as organisations are finding it more and more difficult to find and attract talent. At the same time it somehow contradicts to the declared organic growth expectations, which should be fuelled either by more human resources or by enhanced productivity and automation.

To explore the effects of automation on organisations' people strategies, we asked those CEOs who plan headcount decreases whether these plans would be a result of automation or other technologies. Close to 50% of the respondents in Bulgaria noted that their plans to decrease their workforce are at least partially due to some type of technological advancement. Globally, 18% of CEOs are planning decreases and 80% of the planned headcount deductions are related to technology.

Overall, it seems that the impact that we expect technology to have on the workforce is not that much related to headcount, at least not yet. What we need to be focusing on now is the changes in the skillset required of employees.

Figure 9: More than half of CEOs in the CEE and globally are planning to increase their headcount while only 18% of Bulgarian CEO have such plans

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



Scarcity of digital talent

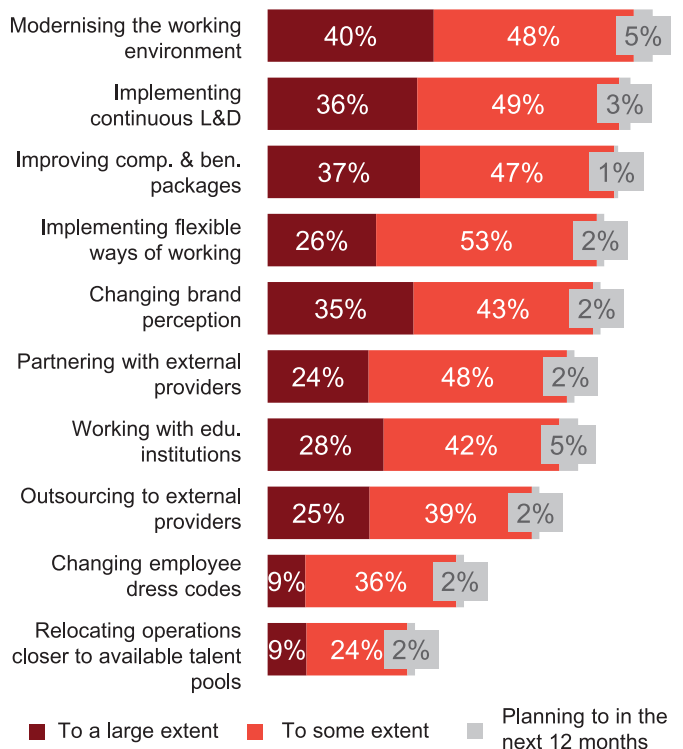
With the increasing number of growing ICT companies and with players in all fields and from all sectors heavily investing in digital transformations and platforms, there is an increasing demand for employees skilled in the use of current and emerging technologies, or what we refer to as digital talent.

More than half of Bulgarian business leaders (55%) report that it is somewhat difficult or very difficult for them to attract digital talent. Some of the explanations provided include the high competition on the market for companies to attract such professionals, the very high expectations of talents for positions, remuneration and growth opportunities, which businesses are often unable to match, and the inability of the education system to address this increasing business need by producing sufficiently qualified resources.

Most of the CEOs realise that in order to attract employees with a modern skillset, they need to ensure their working environment and practices are also modernised – as many as 88% of business leaders are engaging in some type of initiative aimed at modernising the workplace and another 5% are planning to do so in the next 12 months (see Figure 10). Continuous L&D programs, better remuneration packages, more flexible ways of working and new and improved brand perceptions are the other top areas the business is focused on to attract and retain the right talent.

Figure 10: Business leaders in Bulgaria realise that their organisations need to get on the digital wave if they want to attract digital talent

Q: To what extent is your organisation using the following strategies and tactics to attract or develop digital talent?



Developing, sustaining and keeping the talents of the future is a prerequisite to shaping our destiny. Thus, whether we have as a priority in the human capital strategy to increase the number of digital talent new recruits or we put efforts in developing and sophisticating the digital skills of the current employees is a matter of the Company's decision and vision of the future. More than 90% of the CEO survey participants both in Bulgaria and globally believe that they need to strengthen the soft skills in the organisation alongside the digital skills as this will provide competitive advantage and differentiate the skilled employees from the machines of the future. All of these factors are a matter of choice as to how we want to see the scarcity of talent issue be addressed. A choice that needs to be done promptly, in the context of the development of the business and the world around us.

Tsvetana Tsankova,
Assurance Partner



Taking the future into our hands

Since the availability of key skills, including digital, is a major concern for CEOs globally, it is only logical that they should devise strategies to address this growing issue.

One option for CEOs is to focus on retaining employees and helping them adapt to the changing work environment and needs. Most of the CEO survey participants (75%) believe they have a responsibility to retrain employees whose tasks and jobs are automated by technology (see Figure 11). Moreover, organisations should provide the tools and opportunities for their workforce to become more agile and quickly learn the new skills needed to be efficient in an increasingly technology driven and connected world. It is also important to note that almost all CEOs (both in Bulgaria and globally) realise the need to strengthen employees' soft skills (e.g. teamwork, communication), which alongside emotional intelligence and empathy cannot be replicated by machines and technology.

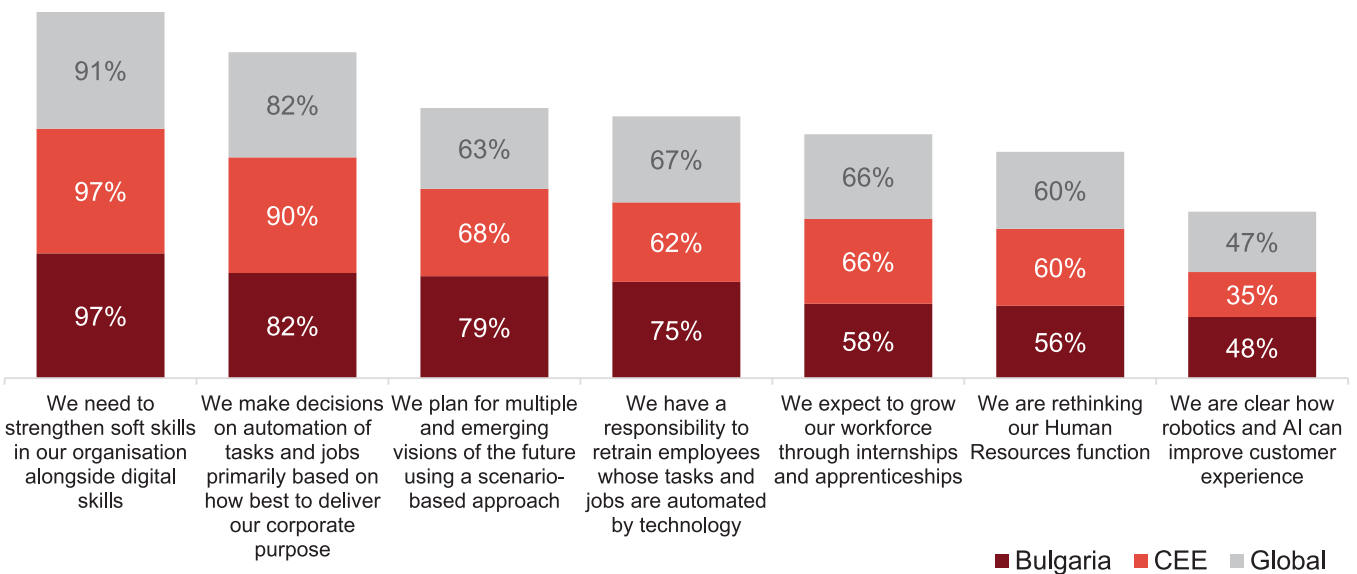
Another option is to stay ahead of the problem and work with universities to make sure graduates are equipped with the right skills when entering the labour market. 70% of our respondents are already working with educational institutions and another 5% are planning to do so over the next year. Internship programs seem to be the most common form of cooperation as in this way the business is giving the opportunity to students to step into the real working environment, to explore different options and to make an informed decision about their future careers. Additionally, more and more business professionals participate as guest lecturers in university classes or contribute actively to the creation of curricula and educational programs. Although not that common yet, some companies are also working on joint R&D projects with university students. And we also see quite a few sponsorship and donation projects.

It is encouraging that the business clearly sees its important role in shaping young people's perceptions and plans for their future and that CEOs and other business representatives strive to find opportunities to take an active role in the process.

Figure 11:

Although digital skills are scarce, it will be our soft skills that will truly differentiate us in the future, including from artificial intelligence.

Q: To what extent do you agree or disagree with the following statements about your organisation's talent activities?*



* Note: Percentage of respondents who indicated *To a large extent*

03**Trust: Focusing on What is Missing****52%**

*of CEOs declared lack of trust
in business as a significant business
threat to future economic growth*

59%

*of business leaders believe prosperity
and success should not be measured
only by financial metrics*

Trust on focus

Changing workforce demographics is the number four top threat for Bulgarian CEOs, immediately after the availability of key skills. Educational reform in collaboration with economic sector players may contribute to the quality of the workforce, but the scarcity of labour overall is the single factor that may hinder the mid to long term sustainable growth of the Bulgarian economy. The situation is further exacerbated by the increasing number of students, university graduates and young professionals who choose to live and work abroad. As part of this year's Bulgarian CEO Survey, we explored the root causes for this trend with business leaders and discussed what can motivate more young people to stay and develop in Bulgaria.

The prevailing view among business leaders in Bulgaria is that young people leave the country because they feel insecure and do not have trust and confidence in their future here. They do not trust institutions or the government to create sustainable environment for growth, they do not trust the legal or the healthcare systems to treat them fairly and respectfully as citizens, they do not trust the educational system to prepare their children adequately for the future. Business leaders further admit that young people probably do not trust the business in Bulgaria either, as the second noted reason for leaving is the perceived lack of career opportunities. Young people do not believe that companies present fair and equal opportunities to all, they do not see clear performance standards, transparency or sustainability. Lower salaries and the quality of the education system are also mentioned as reasons to look for realisation abroad.

Our own survey of 80+ Bulgarian university students confirms the above findings, as 87% of them declared lack of trust in business as a significant business threat to future economic growth, ranking it as a top 3 concern together with cyber threats and supply chain disruption (Section 4: Students' viewpoint provides more details about our sample and results).

We typically talk about trust primarily in the context of governments and institutions. However, the business has a tremendous role to play in building and establishing trust in society overall, by creating transparency and adopting integrity as an underlying principle of all working practices, but also by holding accountable the rest of the players in the wider societal ecosystem and taking a stance when needed. This is what the workforce of the future expects. And this is no longer a matter of choice of culture or values but rather a universal strategic imperative that ensures the sustainability of a company.

Albena Markova
Advisory Partner



The topic of trust is an issue we have been exploring as part of our conversations with CEOs each year. When asked about threats to their growth, 52% of Bulgarian CEOs and 61% of CEOs globally express concerns about issues related to lack of trust in business. In Bulgaria the figure has risen from last year, when 47% of our participants expressed such concerns.

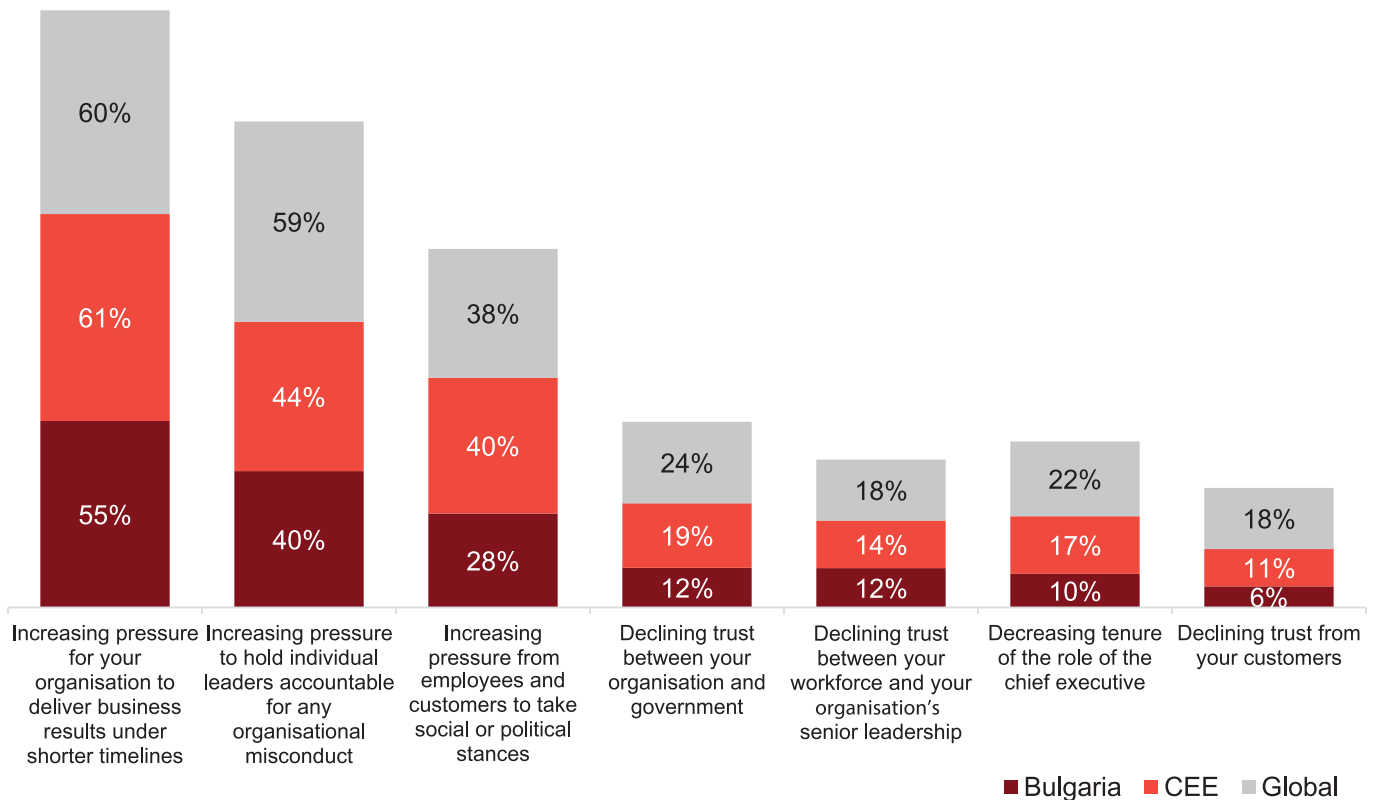
We asked CEOs if they experience erosion of trust with important stakeholder groups such as customers, employees and the government. Their answers indicate that they as business leaders have more urgent and important things on their agendas, such as the increasing pressure to deliver business results under shorter timelines and individual leadership accountability (see Figure 12).

It is interesting to compare this outcome to the perception of surveyed university students. 67% of them believe that Bulgarian businesses face declining trust from their customers and 63% think that trust between the workforce and senior leadership is also eroding.

Delivering on short-term goals can sometimes come at the expense of longer-term sustainability goals such as corporate social responsibility, people development agenda or building strong corporate values and trust in employees and in society overall. And the challenge in front of CEOs is particularly big in light of the fact that 59% of them believe prosperity and success should not be measured only by financial metrics (see Figure 8).

Figure 12: CEOs globally agree that there is increasing pressure to hold individual leaders accountable for any organisational misconduct, while CEOs in Bulgaria seem more concerned about the increasing pressure to deliver results sooner

Q: To what extent do you agree or disagree that you are currently experiencing the following challenges?*



*Note: Percentage of respondents who indicated *Strongly agree* or *Agree*

Transparency and integrity at the core of trust

The good news is that even though trust has been moved to the side by more pressing issues, leaders continue to take action in the right direction. When thinking about building trust in the workforce, companies are focused on creating transparency in organisational values, employees' contribution to the overall business results as well as in the companies' remuneration strategies (see Figure 13).

Figure 13: Businesses in Bulgaria understand the value of transparency, as through transparency they convey fairness and trustworthiness

Q: To what extent is your organisation building trust with its workforce by creating transparency in the following areas?*



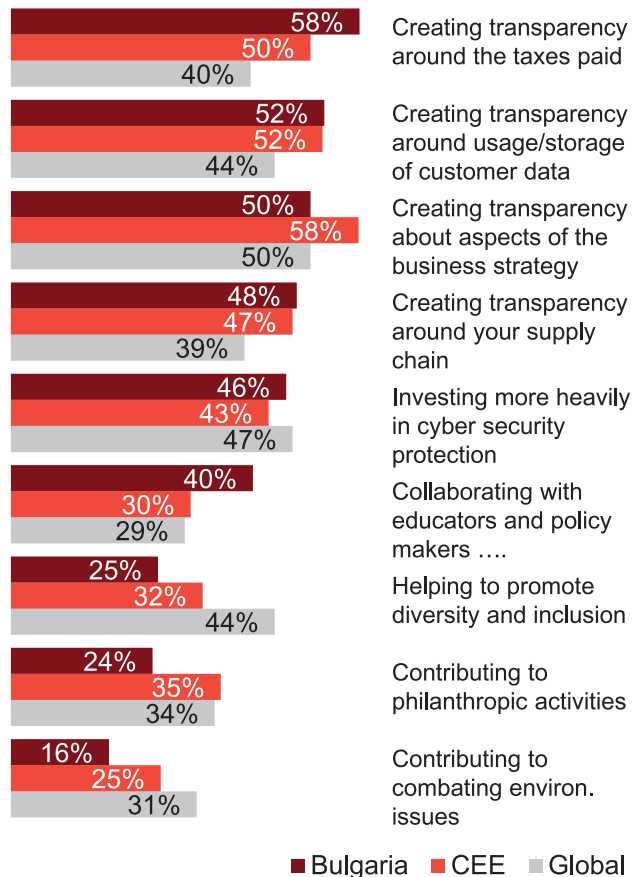
* Note: Percentage of respondents who indicated To a large extent

Based on the survey results, Bulgarian CEOs seem much more confident in the degree of transparency they exert towards their employees than their global peers. And they are relatively less concerned about trust issues as shown in Figure 12. It is interesting to consider to what extent this perception reflects reality and whether they understate a potential issue that is looming just behind the corner.

When talking about building trust with customers, CEOs realise the significance of transparent practices related to their interaction with institutions and good "corporate citizen" standing (see Figure 14). Another important topic coming up in the context of customer trust is the security of data. With cyber threats being a big concern and with the feared negative impact from breaches of data privacy on stakeholder trust (according to 87% of the Bulgarian participants in the PwC's 20th CEO survey), business leaders increasingly realise that ensuring full compliance with regulations such as GDPR and others as well as investing in IT security should be on top of their agenda.

Figure 14: Customer trust is enhanced by integrity and data protection

Q: To what extent is your organisation using the following strategies and tactics to build trust with its customers?



* Note: Percentage of respondents who indicated To a large extent

04

Students' Viewpoint



87%

of surveyed students are confident in the long-term growth prospects of the Bulgarian economy

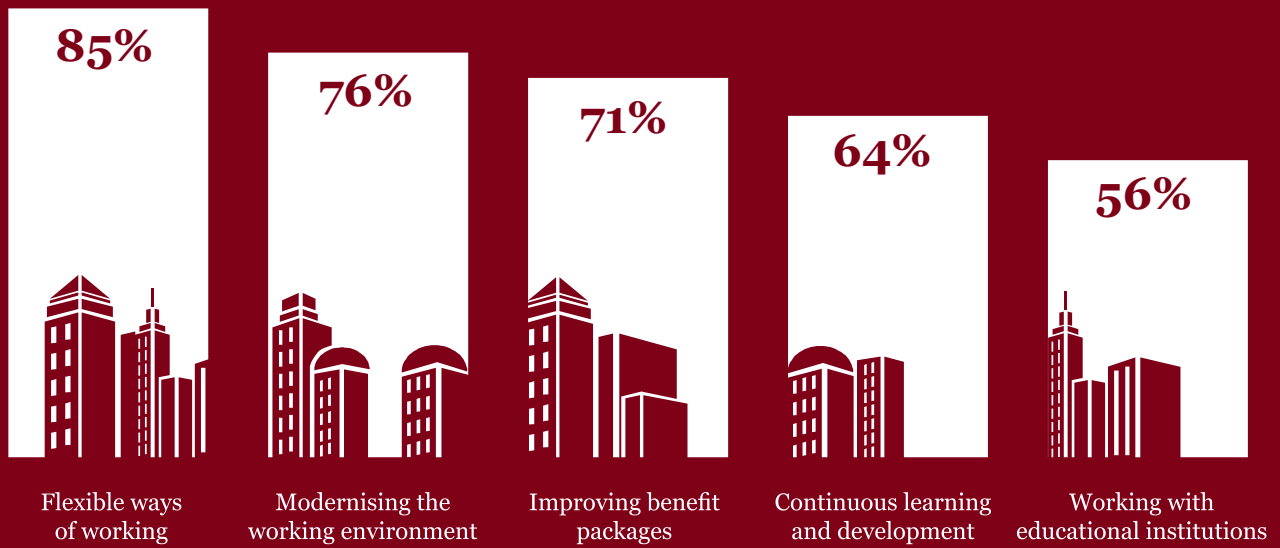
87%

See the trust in business as a key threat to future economic growth

Figure 17:

Flexible ways of working and modern working environment are top priorities for students

Q: To what extent do you think each of the following strategies will be effective in attracting digital talent?



Overall, university students’ survey reveals three important messages to the Bulgarian business:

1. Building trust in employees and the future workforce is key. By clearly seeing their own contribution to overall business outcomes, young people will be more confident in the integrity of the organisation they work for, which in turn will increase engagement in achieving business goals.
2. The younger generation appreciates and requires much more than a steady pay cheque. They value flexibility and dynamics in the working place that can cater to their unique and individual needs and aspirations – not only in terms of working hours but also in terms of location, teaming and assignments.
3. Finally, young people need to have role models. They need to see business leaders who are genuine, who have high level of integrity and who are successful because of their individual merits and achievements, as a result of good education, personal dedication and hard work.



05

Points for Action



The level of complexity which CEOs should navigate increases every year, hand in hand with technological advances, the interplay of corporate globalisation vs. geopolitical fragmentation and the effort for striking a balance between short-term financial results and long-term sustainability. Business leaders are faced with quite a challenge to constantly adapt their strategies in response to an ever changing world where values such as trust, engagement and purpose are juxtaposed to financial results. We believe that to be successful, business leaders should focus on strategies that will be effective regardless of the direction the world heads towards.

Invest in new ways of retaining, retraining and motivating talent. Our country has a tremendous asset - its people and their technical and digital skills. The bad news is that rivals from around the world have noticed and are luring people away, so businesses here need to learn to compete. The key is not just to offer higher salaries, but more importantly to offer higher engagement: helping employees connect with a sense of organisational and societal purpose, and providing opportunities for development and fulfilment that go beyond just a bigger pay cheque.

Work to build an education system for the future. Our educational system needs to equip and empower a workforce with the right skills to succeed, and the support of the business is vital to that effort. We have already seen that companies in Bulgaria are working with universities to educate students and to involve them in internships that will better prepare them for the labour market. We have also seen that the business recognises the ongoing reskilling responsibility it has towards its employees.

We believe that we as business leaders can be even more proactive in matching talent with opportunity by personally engaging in students' education and training our workers in the fields that will matter in a technology-enabled job market.

Help strengthen and improve the role of technology in society. There is a clear risk that in the future technology may displace more and more of the human workforce and even cause social isolation. However, emerging technologies can also help meet human needs in new and profound ways and will create new industries and unforeseen types of new jobs – jobs that will be more creative and fulfilling. Instead of being anxious about what technology will bring, it would be more productive if we focus on the ways in which we can develop our own skills and those of our workforce so we can manage technology effectively and to our advantage.

Commit to a purpose. The only way that companies can navigate through the multitude of forces shaping the business and social environment is by having a clear purpose – one that goes beyond financial goals to incorporate a broader set of values, which guide organisational decisions for a sustainable and meaningful future. We live in an age when transparency, fairness and clear accountability are critical for building trust in both employees and society as a whole. It is our responsibility as business leaders to find ways and consciously and consistently build this trust in the young generations so they start trusting that the future we are shaping for them here in Bulgaria is worth sticking around for.

06

Participants Snapshot and Credits

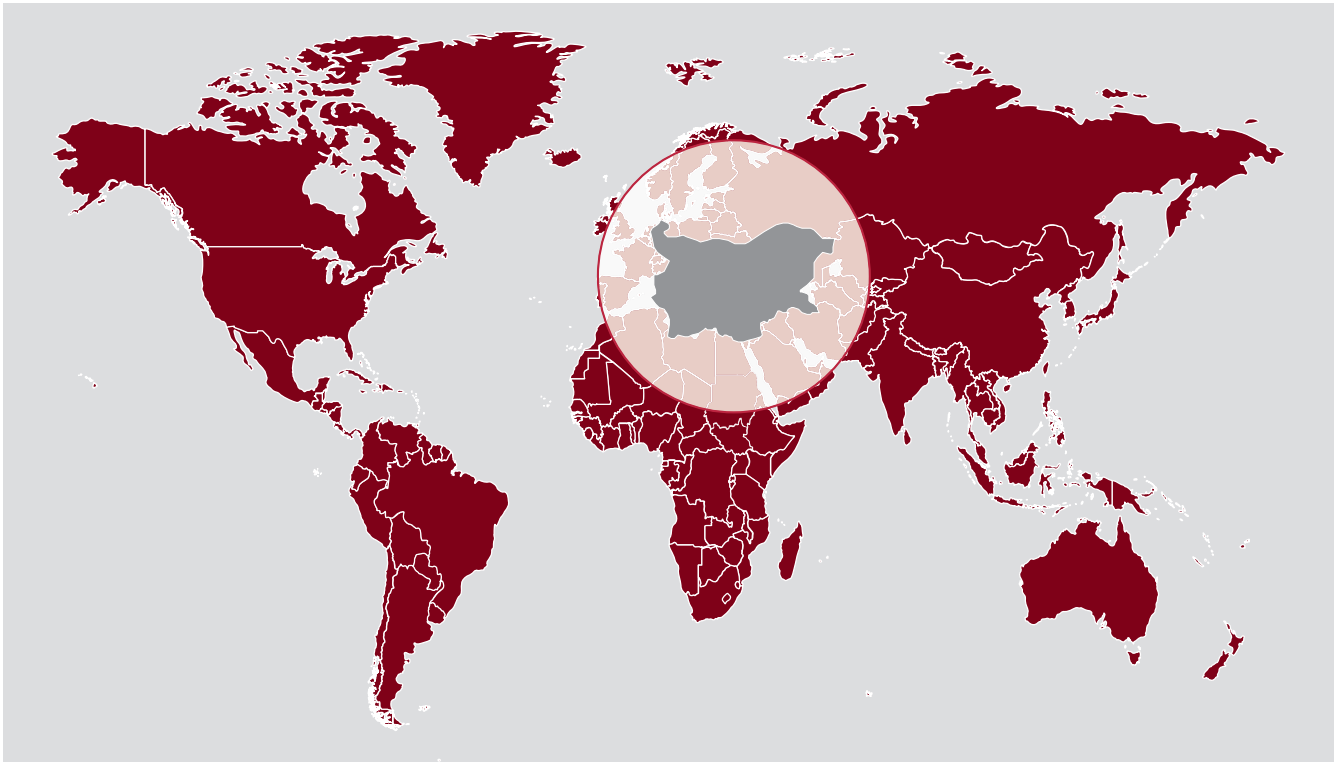


113

*Bulgarian CEOs took part
in the third Bulgarian CEO Survey*

57%

*of participants are operating within
the Consumer and Industrial Products
and Services (CIPS) sector*

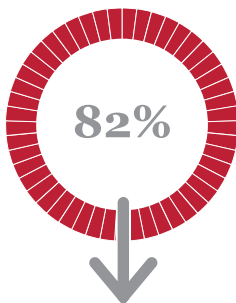


Participant snapshot

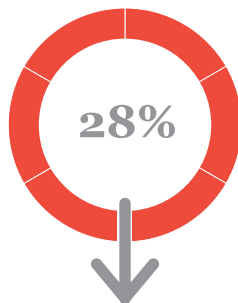


113 Bulgarian business leaders completed the CEO Survey

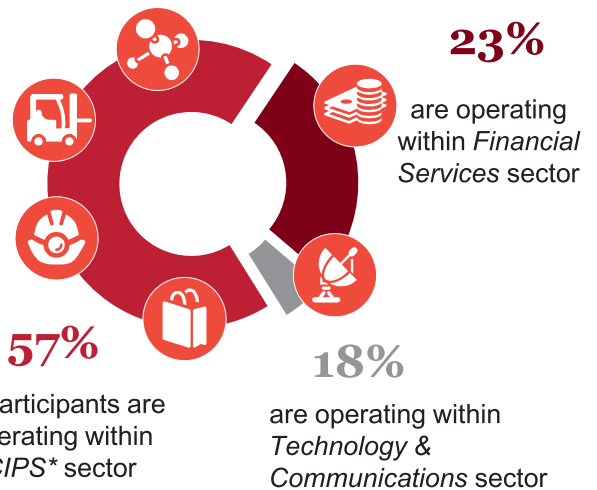
32% face-to-face interviews



male respondents



have been CEOs in this organisations for more than 10 years



* Consumer and Industrial Products and Services

Globally

1,293 CEOs interviewed

in **85** countries



Credits

Research and project team

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Data analysis

Data analysis was coordinated by PwC UK, located in Belfast, Northern Ireland

Marketing and editorial

Zhivka Petkova
Velina Yosifova
Albena Markova

We would also like to thank the following colleagues for their guidance and expert insight:

Tsvetana Tsankova
Bojidar Neytchev
Jock Nunan
Orlin Hadjiiski
Julian Mihov



Find out what global business leaders had to say by visiting www.pwc.com/ceosurvey. Here, you can dig deeper and uncover current perspectives.

Want to take part in the discussion next year?

If you are a CEO interested in participating in next year's survey, please contact Velina Yosifova (velina.yosifova@pwc.com) and share your thoughts with us.

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