

Family Business Survey CEE

2023





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Introduction



2023 Family Business Survey CEE



Family businesses are at the very heart of the economies of Central and Eastern Europe (CEE). They contribute meaningfully to the region's economic growth, development and employment – accounting for 40–50% of all jobs in the private sector. Yet today's family businesses have to deal with multiple challenges in a rapidly changing business landscape: economic and geopolitical volatility, technological disruption, the war for skilled talent, cyber risks and intensifying competition.

An optimistic sign is that family firms in CEE have seen stronger performances than their global peers over the last financial year, and their growth aims are even more ambitious over the next two years. They are also finding ways to leverage the current challenges for their long-term benefit and reinventing their businesses for the future.

We believe the data in our survey can be a powerful tool for family firms, highlighting priority areas for transformation – digitalisation, ESG, succession, and building trust with their clients, employees and stakeholders – and helping them map out a course of action.



Our survey shows that despite the difficult economic and geopolitical climate, family firms in Central and Eastern Europe continue to perform well and are optimistic about the future. Family firms in the region are growing, and the level of ambition of local entrepreneurs and their appetite for innovation and expansion are significant. Yet, the results also show that family businesses in Central and Eastern Europe are at a crossroads, facing critical decisions about their future. As they mature, they need to take decisive actions in many dimensions: digitalisation, ESG, building trust with clients, employees and stakeholders and succession planning. The message that comes from our survey is clear – family businesses must transform to survive and grow. And the time for this is now”

Piotr Michalczyk, Partner, Entrepreneurial and Family Business Leader, PwC CEE

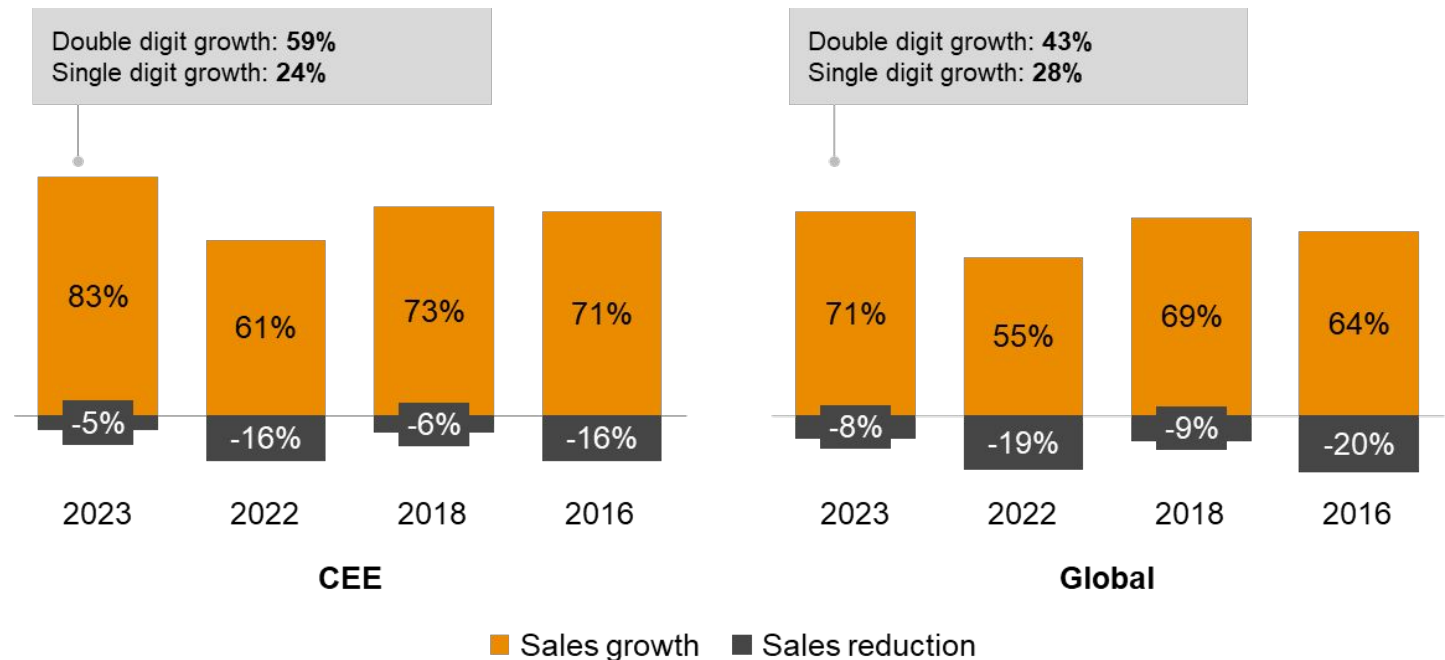
Family businesses' performance



Most family businesses in CEE performed strongly in the last financial year and expect a similar performance in the next two years

Despite tough economic conditions, CEE family businesses have seen strong performances over the last financial year, with 83% experiencing growth and only 5% seeing a reduction in sales. This compares with 61% experiencing growth and 16% reduction when asked the same question in 2021. The CEE situation is more positive than the global picture – globally, 71% of family businesses grew while 8% saw a reduction.

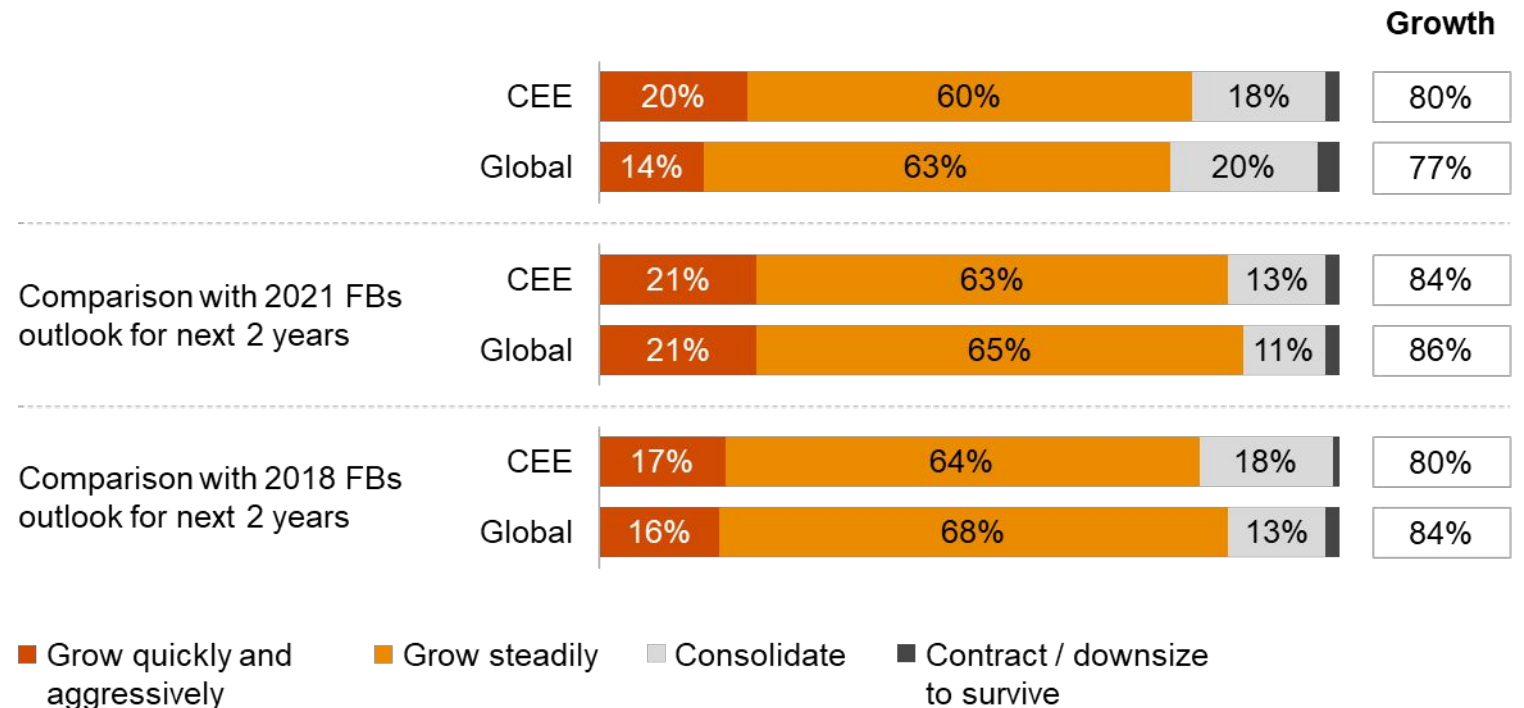
Question: Looking back over the last financial year would you say your sales have been:



Most family businesses in CEE performed strongly in the last financial year and expect a similar performance in the next two years

What's more, growth plans in CEE are even more ambitious over the next two years. As many as 80% of CEE family businesses expect to see growth, compared with 77% globally.

Question: Which of the following best describes your company's ambitions for the next two years?





Adapting to changing conditions

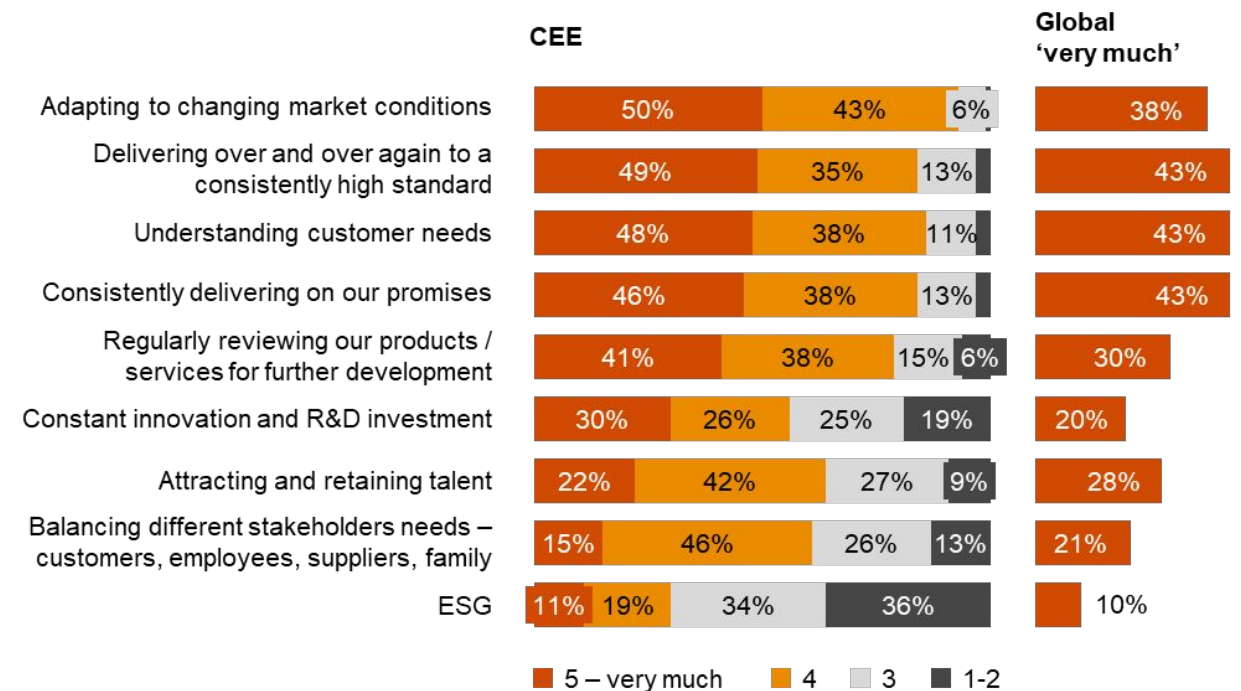


Family firms in CEE put a lot of focus on adapting to changing market conditions, innovation and development

As challenging macroeconomic headwinds impact businesses in CEE, it's not surprising that 50% of family firms in our region, compared to just 38% globally, devote “very much” focus, energy, investment and resources into adapting to changing market conditions. Other priorities include delivering high standards (CEE: 49%, global: 43%) and understanding customers' needs (CEE: 48%, global: 43%).

Interestingly, family businesses in CEE are more likely than their global peers to say that constant innovation / R&D investment is their main area of focus (CEE: 30%, global: 20%), and 41% of firms in our region versus just 30% globally put a lot of time and energy on reviewing products/services for further development.

Question: For each of the following, how much focus, energy, investment and resource do you put into it right now



Family firms in CEE put a lot of focus on adapting to changing market conditions, innovation and development



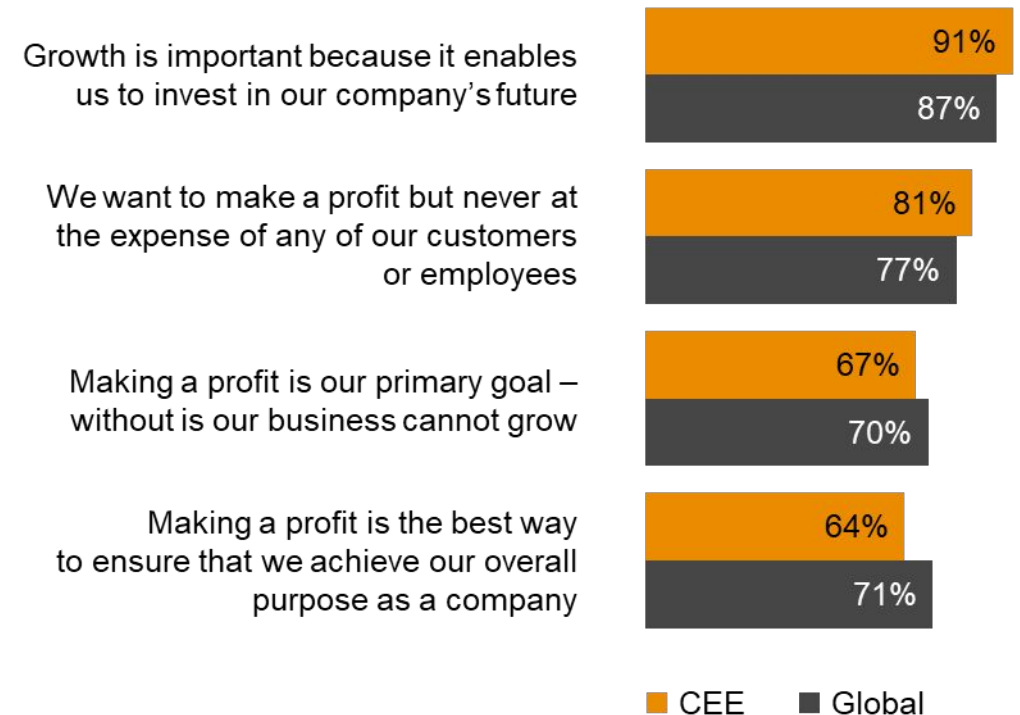
The need to take decisive action by leaders to reinvent their businesses for the future has never been as strong – our [26th Annual Global CEO Survey](#) found that 45% of executives in CEE don't think their companies will be economically viable a decade from now if they continue on their current path.

Family firms in CEE put a lot of focus on adapting to changing market conditions, innovation and development

However, while growth and profit are considered essential, most (81%) family businesses agree that they should not come at the expense of customers or employees.

With inflation at record highs throughout the CEE region, companies are under more pressure than ever. Yet their owners and managers need to strike a fine balance when passing on increased costs to their customers – who, as we know from our [2023 Global Consumer Insights Pulse Survey](#), are also becoming more price-sensitive. The ongoing need to attract and retain talent is also shaping the response to growth challenges.

Question: How strongly do you agree or disagree that...

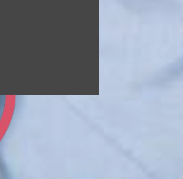
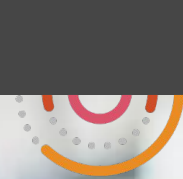




To address the challenges the current economic environment brings to our business, we focus on agility, innovation, and cost management. We continuously monitor market trends and customer demands, adjusting our strategies accordingly. For example we are already implementing ChatGPT in our day-to-day business and exploring more ways to integrate AI or to just automate some jobs/processes. In our media business we use it to create content and increase our reach through better copies on social media posts

Hristo Hristov, CEO, Darik Group

Improvement in digital capabilities



Family businesses in CEE are improving their digital capabilities

CEE family businesses are more likely than family businesses globally to think they are more advanced in a number of areas, including their ability to adapt quickly (CEE: 67% vs. global: 58%), having access to reliable and timely information and handling data (CEE: 68% vs. global: 64%).

Yet only 42% of CEE family firms (the same as the global average) feel they have strong digital capabilities.

Question: How strongly do you agree or disagree that...



Family businesses in CEE are improving their digital capabilities

The good news is that improving digital capabilities (CEE: 47%, global: 44%) and investing in innovation and R&D (37% in CEE vs. 27% globally) are among key priorities for CEE family businesses over the next two years. Companies are aware that digital transformation is a driver for change. It can not only help them better meet customer expectations and improve operational efficiency, but also build their competitive advantage. Thus helping them achieve their top two short-term goals: expanding into new markets or client segments (57%) and introducing new products / services (49%).

The below list of priorities also proves that family businesses have learned their lessons from the pandemic: they are aware that they need to diversify their portfolio to be able to respond to challenges and survive.

Question: Which, if any, of the following are the company's top five priorities for the next two years?





In a world of challenges, proper implementation of cutting edge technology is a critical means of converting crisis into opportunity. Digitization and the shift to the cloud will help family businesses transform, engage with their clients and stakeholders, and generate new opportunities for growth. Although CEE in general is lagging behind Western Europe in cloud transformation, it is quickly catching up. And from our perspective, the delay actually works to the advantage of companies here in the region – because they can implement cloud solutions with a more mature model”

Mariusz Chudy, Partner, Technology Alliances Leader, PwC CEE



Digital transformation poses a number of challenges for a family-owned company. Responding to them requires applying appropriate practices, which depend on the industry, the size of the company and its level of digitization, among other things. The obstacles could be a lack of knowledge and resources such as capital, personnel or technology, and competing with more experienced companies with greater resources. Implementing new technologies usually means transforming many processes in an organization. A good practice for digital transformation is to set goals that align with the company's mission and promote an innovative culture. This is because the process requires changing the organizational culture to one that enables innovation. This can mean, among other things, training employees in new technologies and promoting an open and flexible organizational culture

Ewa Woroszył, CFO, Blue Media S.A.



ESG related issues



ESG related issues are not a major current area of focus

As with family businesses across the globe, most firms in our region admit that issues related to ESG are not among their top current priorities (CEE: 11%, global: 10%). Only 43% of global and 35% of CEE family firms have a person or team in place responsible for ESG. And only a minority set goals and targets for diversity, inclusion and social impact.

Yet family businesses executives should bear in mind that due to powerful demographic shifts, most of today's customers and employees hail from generations – millennials and Gen Z – whose values differ from those of older generations. In PwC's [2023 Global Consumer Insights Pulse Survey](#) of more than 9,000 consumers in 25 territories, 70% of respondents said they would be willing to pay more for food produced in an ethical way. In the [2022 edition](#) of the survey, half of consumers said ESG considerations influenced their trust in a company and their decision to recommend it or its brands to others. Gen Z and millennials were substantially more likely to express this opinion.

And our [2022 Global NextGen Survey](#) revealed that 72% of next-generation members in family businesses around the world expect to play a role in increasing their family enterprise's focus on investing in sustainability in the future.

Question: Do you have a person or team in your company directly responsible for each of the following?



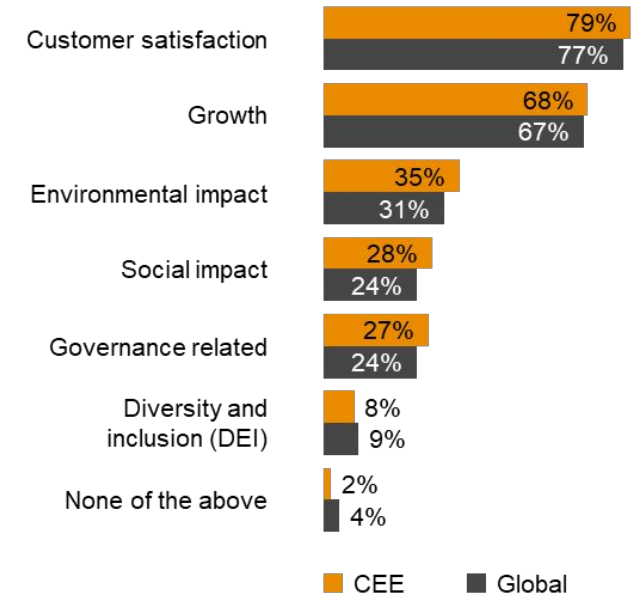
ESG related issues are not a major current area of focus

Question: If yes, who has this responsibility?

	CEO / MD / COO / CFO / CTO	Owner / family member	The Board	Head of Risk	Head of HR
Corporate Governance	48%	24%	38%		8%
	52%	30%	36%	7%	6%
Risk Management and Compliance	56%	12%	29%	7%	7%
	49%	19%	20%	28%	9%
ESG	33%	26%	31%	5%	18%
	49%	23%	20%	11%	14%
Family governance	23%	70%	30%		3%
	27%	65%	19%	2%	3%
Diversity and inclusion					
	28%	19%	14%	4%	53%

* row blank if sample size < 30 respondents

Question: In addition to revenues and profits, which of the following goals and targets do you set as standard policy?





Although the survey does not seem to be positive when it comes to the ESG focused results, it is crucial to note that family businesses have a huge potential to lead real change in the sustainability area and to act as pioneers. As family businesses dominate key industries (e.g. in the automotive sector, just 36 families control companies that account for 55% of the total global market), it gives them a unique opportunity for a quick win in becoming a sector leader that sets ESG trends and that is followed by their peers. Companies should start thinking more about the long-term perspective and make sure that they will be able to meet not only clients and financial institutions expectations but also their future employees, i.e. Gen Z and younger, whose expectations are on the rise when it comes to sustainability”

Agnieszka Rogowiec, ESG Vice Director, PwC CEE





ESG matters greatly to us. We have implemented and continuously recertified quality and food safety management systems, complying with the highest standards, such as ISO and IFS. Sustainability helps us maintain our customers' trust and align with global safety initiatives. Additionally, we make conscious efforts to minimize our environmental impact by using packaging with less plastic and opting for easily recyclable materials. This commitment to sustainability ensures that we operate responsibly and contribute positively to our community and the environment

Diana Ilie Crăciunescu, Managing Partner, DIANA Group



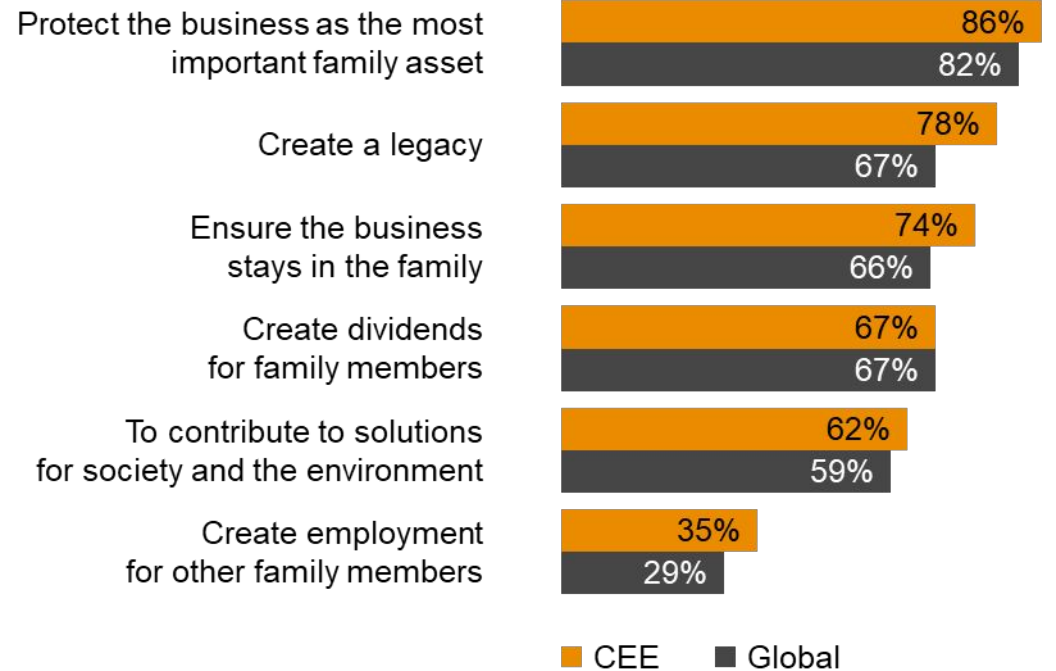
Legacy and succession planning

Legacy and succession planning are top of mind for family businesses in 2023

Protecting the business as the family's most important asset (CEE: 86%, global: 82%), creating legacy (CEE: 78%, global: 67%) and ensuring the business stays in the family (CEE: 74%, global: 66%) are key long-term personal goals for family businesses in CEE. Yet only 69% of them have some form of governance policy in place within the business (vs. 81% globally), including a testament / last will (CEE: 25%, global: 35%).

With many first-generation entrepreneurs now in their late sixties, succession planning is a growing challenge for many family-owned firms in CEE: 64% of them (vs. 32% globally) are in the hands of the first generation and 36% of the second or further generations (vs. 68% globally).

Question: How important are the following longer-term goals to you i.e. over the next five years or longer?

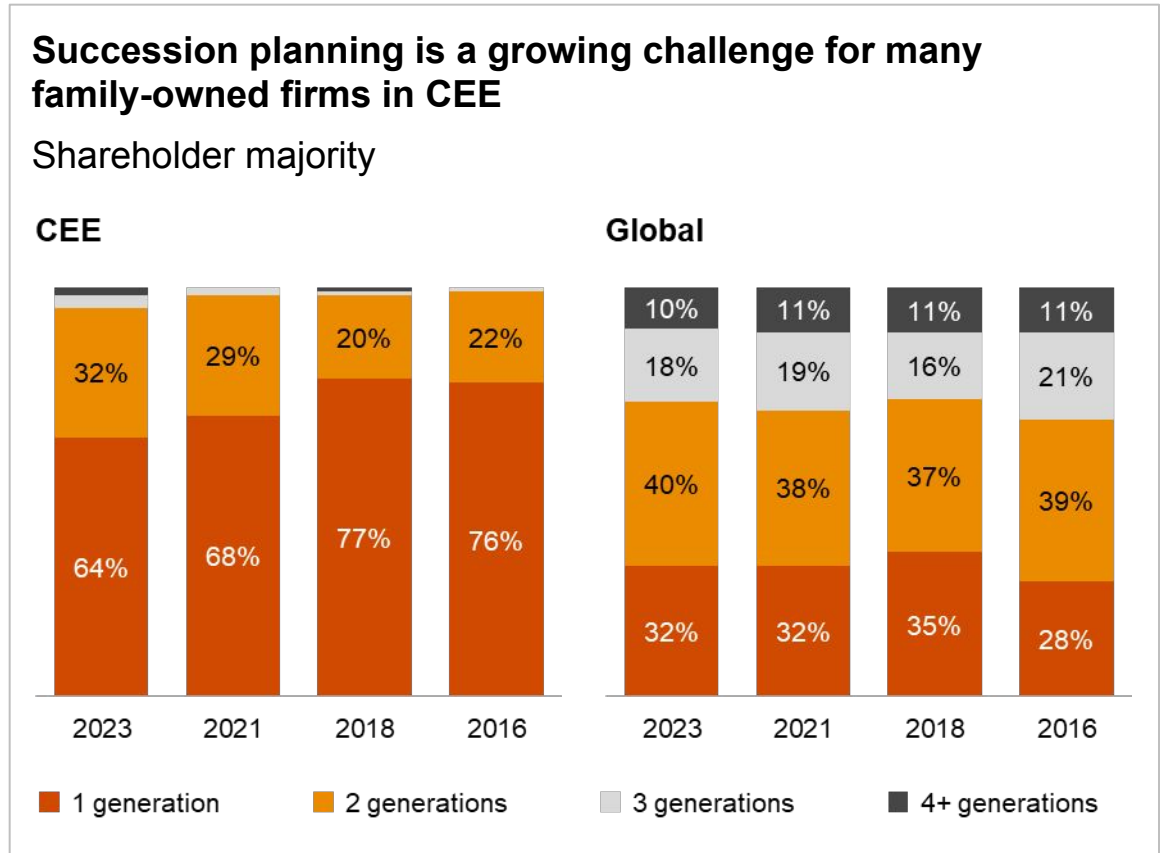
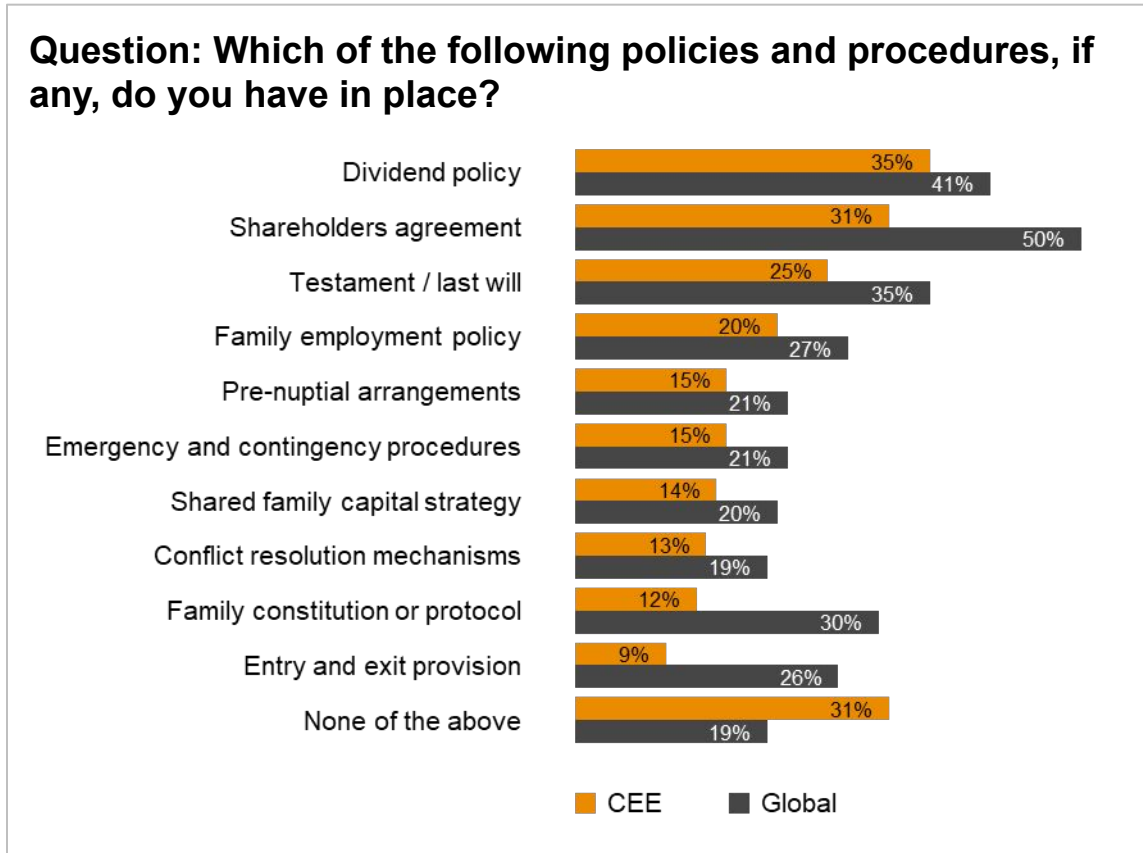


Legacy and succession planning are top of mind for family businesses in 2023

Succession planning is an important way for family businesses to lay a solid foundation for their path forward. Many families use it as an opportunity to identify new ways for the business to evolve and grow. For example, engaging digitally savvy next-generation family members might lead to conversations about digital transformation that those currently running the business haven't yet considered. And as we mentioned above, the younger generation is expecting ESG issues to play a growing role in business strategies.



Legacy and succession planning are top of mind for family businesses in 2023





We observe that family businesses are more and more aware of the importance of proper succession planning. What is important, business owners are ready to organise it in a structured way, often with the help of external advisors. The process is not only focused on simply passing the ownership to the next generation or securing wealth by establishing proper legal structure, but covers establishing rules of communication, setting up proper family governance and passing knowledge, experience and values to the younger generation. The professionalisation of succession planning in the region proves that family businesses in CEE are maturing”

Piotr Woźniakiewicz, Partner, Leader of Succession Planning Practice, PwC Poland

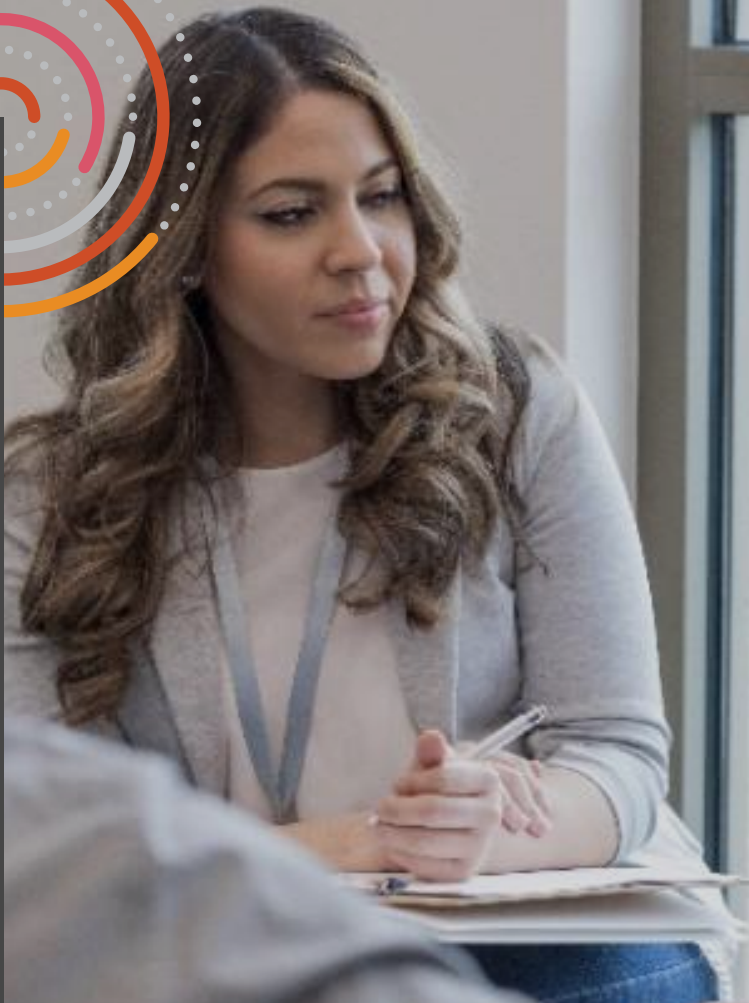


A Family Business means the safety of my Family. A smooth succession thought out to the smallest detail, is a guarantee that the future of my family and company is and will be stable. In my opinion, an external advisor, thanks to extensive experience, ensures the mitigation of risks that I would not even think of as a founder

Henryk Owsiejew, Chairman of the Supervisory Board, Malow



Building trust



Mind the trust gap

The trust perception among family businesses in CEE is aligned with that of their global counterparts. Most firms in the region believe that it is essential to be trusted by customers, employees and family members. However, only 52% and 41% believe they are fully trusted by their customers and employees, respectively.

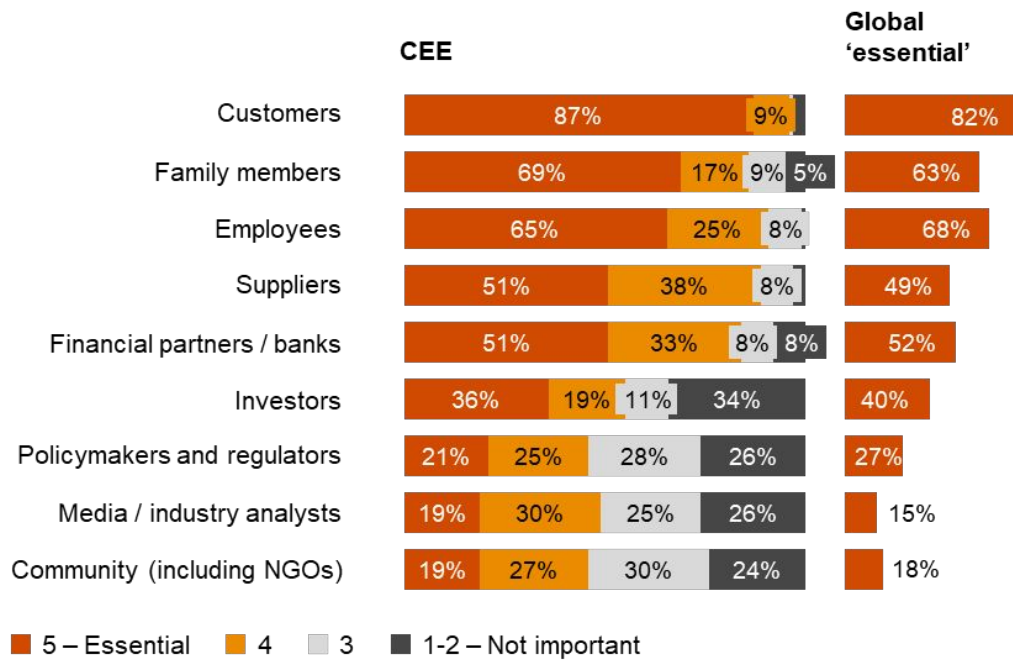
Trust levels between family members are generally seen as high, with just under a fifth admitting to lower levels of trust between family members. Communication between family members is also high, with 69% saying there is family alignment on company direction (vs. 59% globally).

Trust has been – and remains – a vital competitive advantage that sets family businesses apart from other companies. The [Edelman Trust Barometer](#) confirms that family businesses are trusted more than other businesses: their trust score is 12 percentage points higher than that of businesses in general. Higher levels of trust can result in better performance, as demonstrated by recent PwC research showing a strong correlation between [trust and profitability](#).

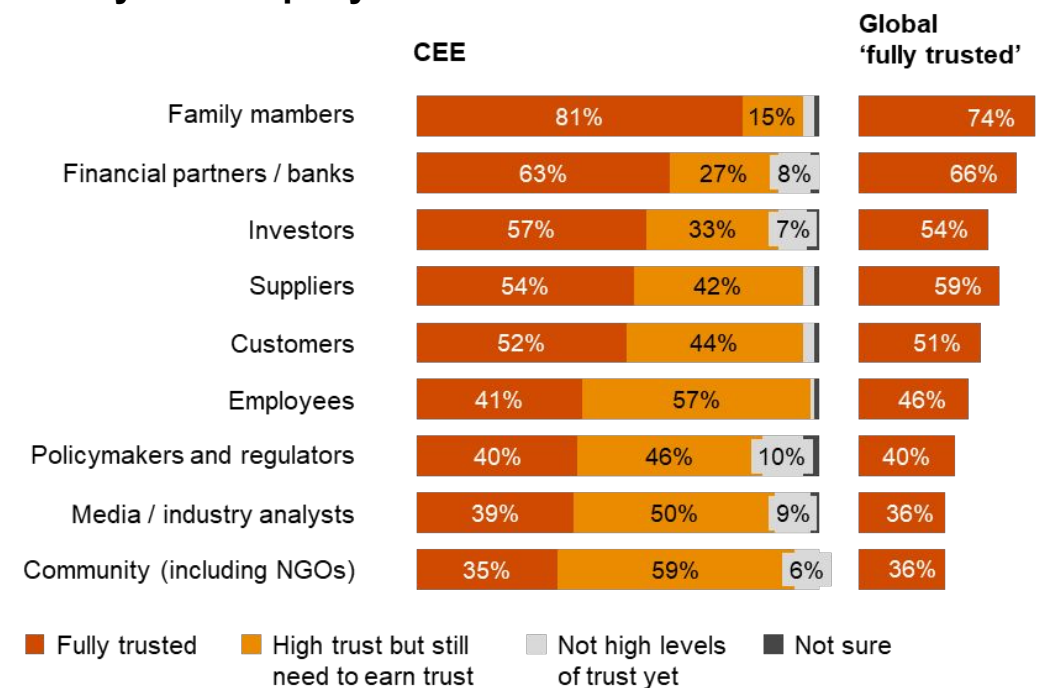


Mind the trust gap

Question: How important is it that your company is trusted by the following stakeholder groups?



Question: Which of the statements below do you believe best describes the level of trust the following stakeholder groups have in your company?



Company purpose



89% claim to have a clear company purpose, but many do not take the required action to ensure it is effective and builds trust

Family businesses know that the trust of customers and family members is essential, but those businesses need to be more proactive in building trust with their wider key stakeholder groups, especially employees and the general public.

Although as many as 89% of family businesses claim to have a clear company purpose, only 29% regularly communicate about how well they are performing against defined non-financial goals and targets.

Question: Which of the following policies and procedures, if any, do you have in place?

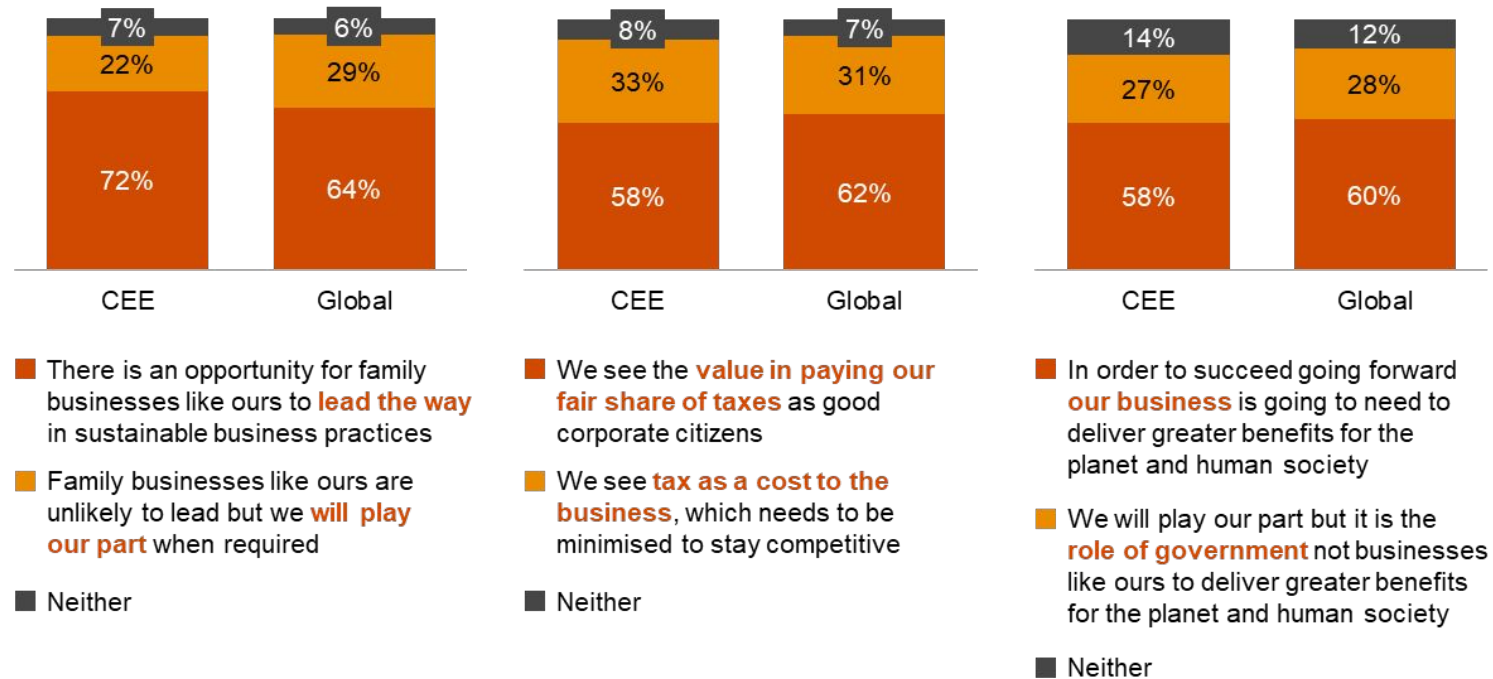


89% claim to have a clear company purpose, but many do not take the required action to ensure it is effective and builds trust

Most CEE family businesses engage in some form of social responsibility activities. In the main this tends to involve contribution to the local community or traditional forms of philanthropy.

72% of CEE family businesses say there is an opportunity for family businesses like theirs to lead the way in sustainable business practices (vs. 64% globally). 58% of them see the value in paying their fair share of taxes as good corporate citizens (vs. 62% globally).

Question: Which of the statements below best describes the way you feel about the role of your family business today?



A man with short, graying hair, wearing a red button-down shirt, is shown in profile, looking upwards and to the right with a thoughtful expression. His hands are clasped together. The background is a light-colored wall with some dark rectangular objects. The image is overlaid with a dark gray semi-transparent box on the left side containing the text 'Looking ahead'. There are also several colorful, concentric circular patterns with dots, in shades of orange, red, and pink, scattered across the image.

Looking ahead

Looking ahead



Today's formula for building success requires a transformative approach. This challenge is particularly essential for family firms given that the skills, qualifications and approaches needed to transform and grow the business today are very different from those needed by the previous generations.



The data we presented show that family businesses are aware of this challenge. As many as 50% of family firms in our region, compared to just 38% globally, devote “very much” focus, energy, investment and resources into adapting to changing market conditions. The results of the survey also highlight where and how family businesses need to transform and grow in the future. Improving digital capabilities (CEE: 47%, global: 44%) and investing in innovation and R&D (37% in CEE vs. 27% globally) are among key priorities for family firms over the next two years.

Looking ahead



Yet staying ahead of the curve will require even bigger and bolder strategic thinking, including around ESG issues, among others. Although most current business owners do not identify ESG issues as a top priority, the leaders-in-waiting are more willing to say that sustainable growth is fundamental to the longevity and continuity of family businesses. With many first-generation entrepreneurs now in their late sixties, succession planning is also a growing challenge for many family-owned firms in CEE. Now might be the best time for the next generation to engage with the current leaders to start imagining a resilient and dynamic future for their company.



The decisions that family business owners make today will impact their companies for the next decade and more. Having a strategic vision for where the company is going next can be a challenge – but we are hopeful that our report will help business leaders identify priorities and opportunities for their companies' growth and transformation.



A young woman with long, straight blonde hair is smiling broadly, looking out of a window. She is wearing a white short-sleeved blouse. The background is a blurred office interior with large windows. There are decorative graphic elements: a large spiral of colorful dots (orange, red, pink, white) in the upper left, and several smaller versions of the same spiral at the bottom left.

About the survey

About the survey

The Family Business Survey is a global market survey among key decision makers in family businesses within a number of PwC's key territories. The goal of the survey is to get an understanding of what family businesses are thinking on the key issues of the day. This year's survey of 2,043 family business owners in 82 territories uses a model developed by Sandra J. Sucher, a Harvard Business School professor of management and the author, with Shalene Gupta, of **The Power of Trust**, to assess whether family businesses are doing the right things in today's world to build trust.

There were 110 family business owners from Central and Eastern Europe included in the sub-sample.



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