

## The CFO Programme

Responses to the Covid-19 Crisis  
2021 Central Europe CFO Survey – supplement

This survey was conducted in 16 Central European countries with 519\* CFOs as respondents: Albania, Bulgaria, Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Romania, Serbia, Slovakia and Slovenia, between November and December 2020.

This edition focuses on the impacts of the COVID-19 Pandemic, reporting specifically on the initiatives companies take to tackle increasing stress and anxiety among employees. It will also look at revenue expectations and how CFOs in Central Europe (CE) are prioritizing their investment areas.

\*Polish respondents are included in the sample when analyzing companies' investments in chosen areas (making it a total of 590 respondents). See chapter "Investments in restructuring and digitalization remain the path to recovery".



58% of CFOs confirm that impact of the Covid-19 pandemic on mental health is not openly talked about in their organizations.

36% of businesses are operating at or above their pre-Covid level and 22% expect to return to pre-crisis levels only in 2022 at the earliest.

CFOs from the Financial Services are most negative about the recovery, with 30% expecting to return to the pre-crisis level in 2022 at the earliest.

60% of CFOs in the Life Sciences and almost half in the Energy, Utilities and Mining industry say they are already at pre-crisis levels.

61% of CFOs plan to invest more in business process improvements such as restructuring, streamlining, automation.

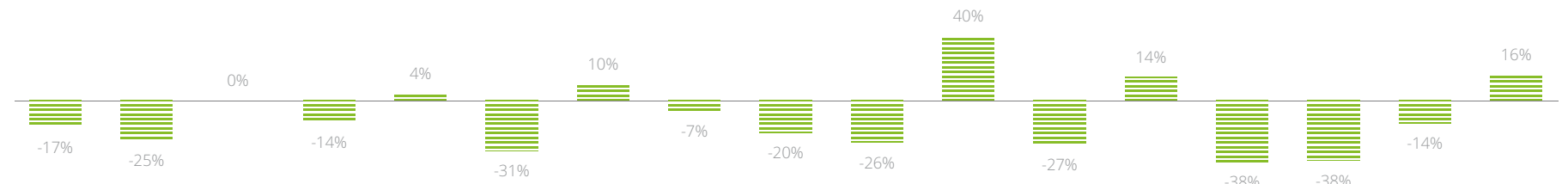
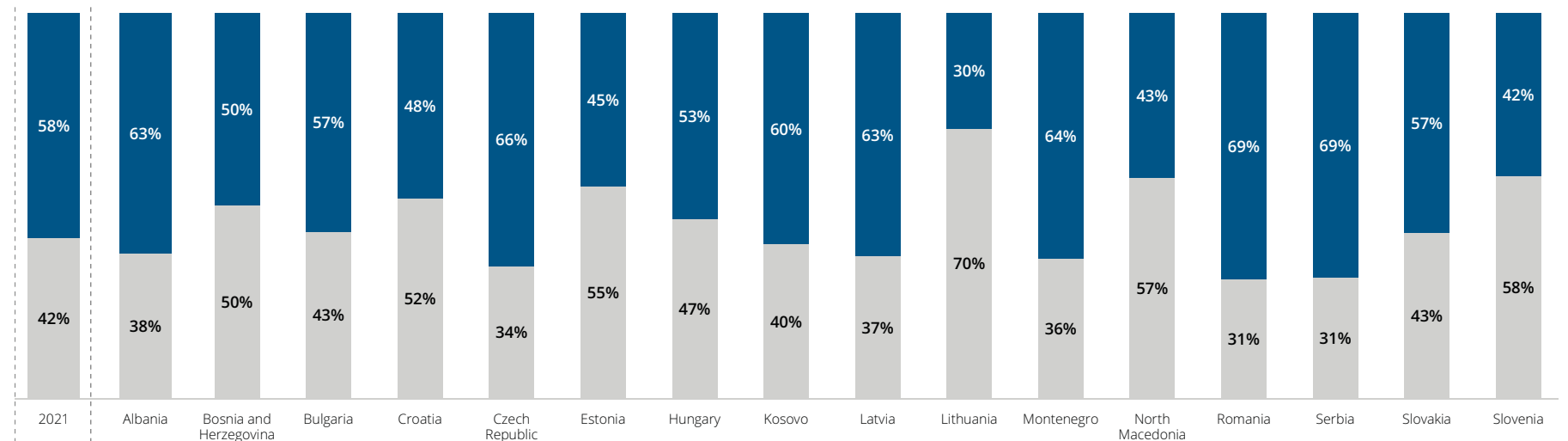
# Tackling anxiety and uncertainty among employees

The COVID-19 pandemic has caused many to experience fear, stress or long term anxiety. Fear of losing a job or chronic loneliness brought on by social isolation, combined with fear of contracting the virus are only some of the devastating impacts of COVID-19 on mental health.

In times of uncertainty, these are normal responses to real or projected dangers, regardless of profession, social status or country of residence. New realities of working from home, potential or actual unemployment, home-schooling children, and a lack of physical contact with family members, friends and colleagues will continue to affect the mental and physical well-being of people.

Never before, when compared with previous decades, has work been such an essential and prominent part of life for so many people – especially in western or rapidly developing societies. In these times of uncertainty, mental health must be a major concern for employers. Following the outbreak of the pandemic we witnessed many companies launch programmes to tackle increasing stress and anxiety among their workers – not only as part of their employee well-being agenda, but also because such actions directly impact their businesses’ performance, revenues and future. Our survey provides insight on how some of the regions’ major companies reacted to the implications of Covid-19 on the mental health and well-being of their employees.

**The COVID-19 pandemic has negatively affected many people’s mental health and created new barriers for people already suffering from mental illness. Is mental health openly talked about in your organization?**



■ Yes ■ No

In 2021 and beyond, companies need to take mental health awareness beyond the workplace and place it higher up their priority list.

Almost 60% of our respondents stated that implications of the Covid-19 Pandemic on mental health is not openly discussed in their organizations. These views differ throughout Central Europe. We only found Financial Directors in 5 out of the 16 participating countries that recorded a positive net balance\*, with Lithuania and Slovenia being the most progressive in this area.

At the country level, it is in Romania, Serbia and the Czech Republic that CFOs are the most hesitant about their organization's readiness to openly talk about mental health.

Four out of five CFOs that stated mental health is openly discussed in their organizations confirm that leaders within their organisations make themselves available to staff to talk about any fears, worries, or concerns they have about work or personal matters. Additionally, consistent virtual meetings between employees and leadership, in order to ease the stress of isolation and feeling of uncertainty, are also recognized as a common way to address employees' mental health throughout the Pandemic. More than half of the organisations represented in our survey, encourage employees to talk about issues not directly related to work through virtual video meetings. It is encouraging to note that half of our respondents confirmed that employees in their businesses know where to find information, guidance and support for mental health – both in internal and external resources. One third of organisations surveyed have internal channels – dedicated specifically to responding to employees' questions or to help establish plans around well-being to help manage stress and anxiety.

The Deloitte CFO Programme helps CFOs stay ahead of increasingly complex demands through unique opportunities to draw on the experience of Deloitte leaders, subject-matter specialists, CFO peers, and board members.

\*Net balance is an index value calculated by subtracting the percentage of respondents giving a negative response from the percentage giving a positive response.

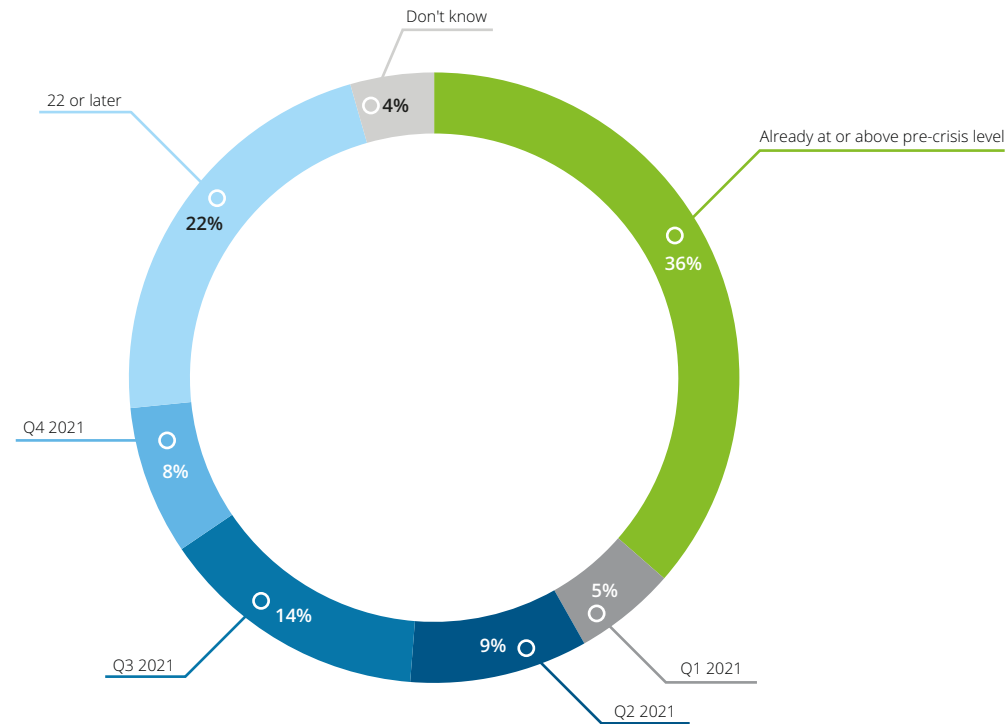
If you answered “yes” to the above question, please tell us what your organization does to help and support employees in these extraordinary times?

Our leaders make themselves available to staff to talk about their fears and reassure them about work and personal issues.	81%
We organize regular virtual meetings with leadership to ease the mental stress of isolation and feeling of uncertainty that our employees may feel.	62%
We encourage employees to stay regularly connected through virtual video meetings to talk about issues not directly related to work.	56%
Our employees know where to find information, guidance and support for mental health – both in internal as well as external resources.	52%
We help our employees set boundaries and have a clear division between their work and personal time.	38%
We developed internal channels to respond to employee questions and concerns.	32%
We developed internal well-being programmes helping our employees manage stress and anxiety (e.g. we encourage them to take regular breaks during a day, to replenish energy, to engage in physical activity, etc.).	30%
We have established a hotline (e.g. consultation with psychologists) for employees who need support.	19%
We designated mental health ambassadors who serve as points of reference for our employees who need support and information about mental health.	10%
We organize outdoor activities in smaller groups respecting the social distancing rules.	10%

# Road to recovery is long but marked with optimism

In our recent CFO Survey, we noted that 53% of CFOs expect their revenues to increase over the next twelve months, against 23% who expect them to fall\*. While this outlook seems more positive, it does not mean that most businesses have already returned to their pre-pandemic revenues. While 36% of businesses are indeed operating at or above their pre-pandemic level, 22% still expect to return to pre-crisis levels in 2022 at the earliest.

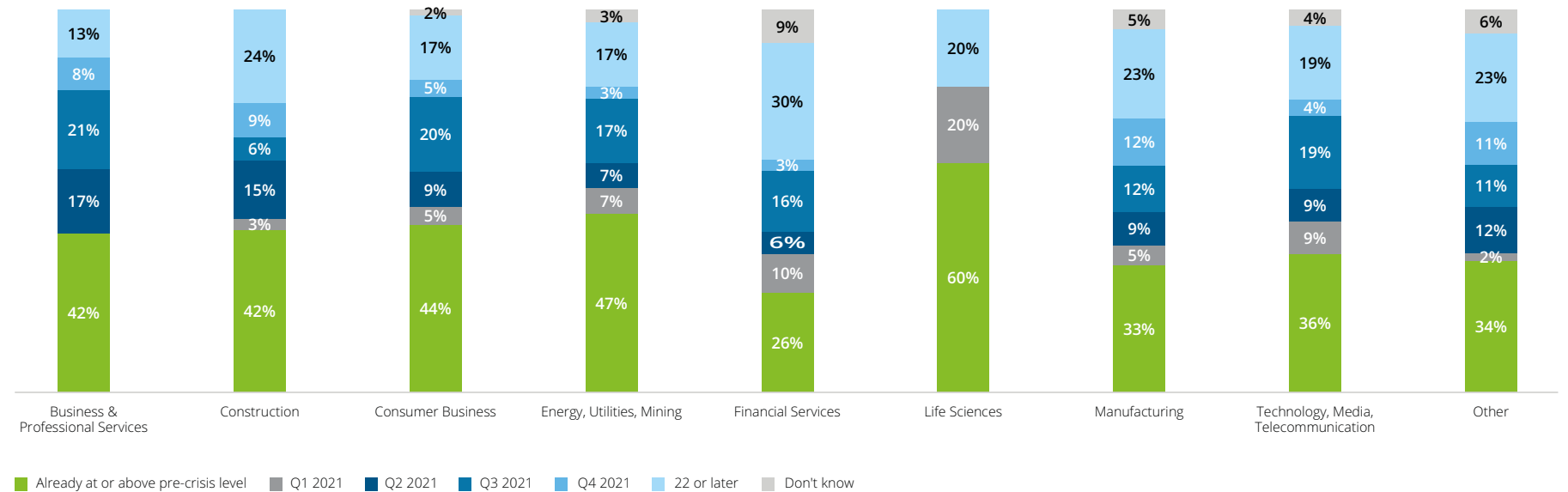
Based on the information you have so far, when do you expect your company to return to a pre-crisis level of revenues generation?



\*2021 Central Europe CFO Survey

When looking at individual sectors, we found that Financial Services CFOs are the most negative about recovery, with 30% expecting to return to their pre-crisis level in 2022 at the earliest. In Manufacturing and Construction, almost a quarter of CFOs point to 2022 as the likeliest time for a full recovery in revenues, as well. At the other end of the spectrum, 60% of CFOs in the Life Sciences and almost half of the Energy, Utilities and Mining industry respondents say they are already at pre-crisis levels. Additionally, one in five CFOs in Business & Professional Services, Consumer Business, and Technology, Media & Telecommunication sectors expect a full recovery in the third quarter of 2021.

In your view how are costs for companies in your country likely to change over the next 12 months?



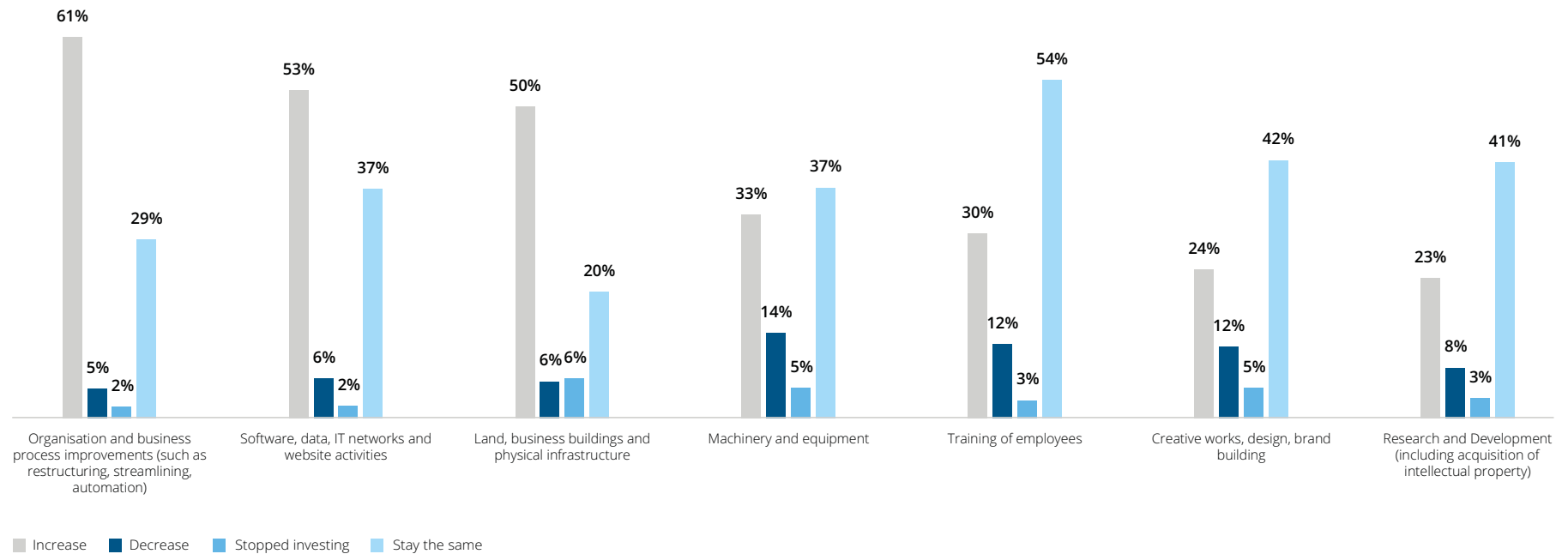


# Recovery through investment in restructuring and digitalization

Investment plans across CE remain moderately optimistic with 27% of CFOs planning to reduce capital expenditures (CAPEX) over the next twelve months. This compared to the 37% that expect to increase those expenses. Despite a rather cautious appetite for investment, 61% of CFOs plan to invest more in business process improvements such as restructuring, streamlining and automation. This is similar to the 53% of respondents that intend to increase their investment in software, data and IT networks.

50% of CFOs surveyed stated that their companies will increase investments in land, business buildings or physical infrastructure. Other tangible assets, like machinery and equipment, are expecting a 33% increase in investment. There are notable differences across sectors, with CFOs in industries more reliant on physical capital (such Energy, Utilities and Mining or Consumer Business) more likely to increase their investment in tangible assets, like machinery and equipment. Within the Financial Services sector, investments in assets like organisation and business process improvements and Research and Development are certainly a priority. Creative works, design and brand building are named as one of the top priorities for Financial Services and the TMT sector.

Over the next 12 months and compared to the situation before the COVID-19 pandemic, how will your company's investments change in the following areas?



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