



Shape the future
with confidence

EY Entrepreneurship Barometer 2026

From resilience to
systemic advantage

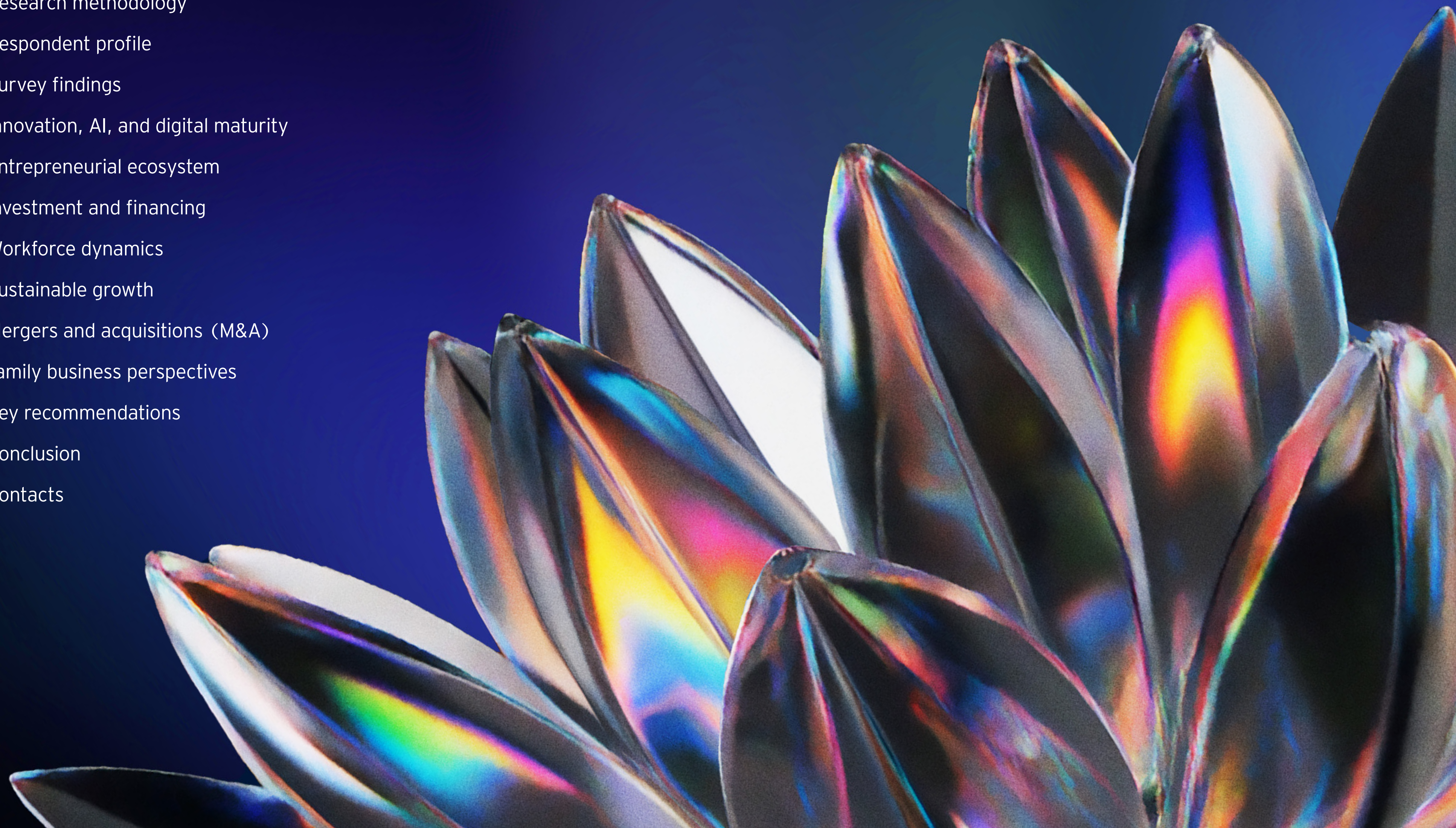
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Foreword



Across wider Europe, entrepreneurship continues to serve as a cornerstone of economic dynamism. Yet the environment in which entrepreneurs operate is evolving, not merely in terms of pace, but in character. What was once a story of mere resilience is now also becoming one of deliberate, systematic execution.

The 2026 EY Entrepreneurship Barometer captures this shift with clarity. Drawing on insights from 1,009 entrepreneurs across 14 countries, this year's findings reveal a Region that while in transition, is not retreating from ambition, but recalibrating how to pursue that ambition. Investment is becoming more disciplined. AI is moving from experimentation to operational deployment and workforce models are adapting to structural scarcity rather than cyclical fluctuation.

What emerges from the data is a pragmatic thesis: The businesses best positioned to outperform are those building systemic, transformative advantage – formalized, repeatable systems of execution across innovation, technology, and capital allocation – rather than relying on isolated initiatives or favorable conditions.

We have designed this report to bring those insights to life. Organized around the major thematic areas of the Barometer, it presents both the regional picture and the country-level nuances that matter to entrepreneurs, investors, and policymakers across the Region. We hope it serves as a practical reference for those navigating this complex but opportunity-rich landscape.



George Papadimitriou

EY Europe Central Clients & Industries
Leader

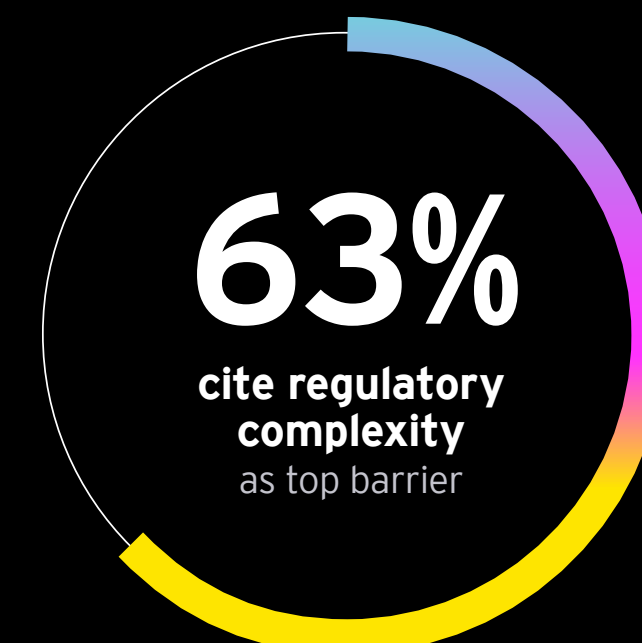
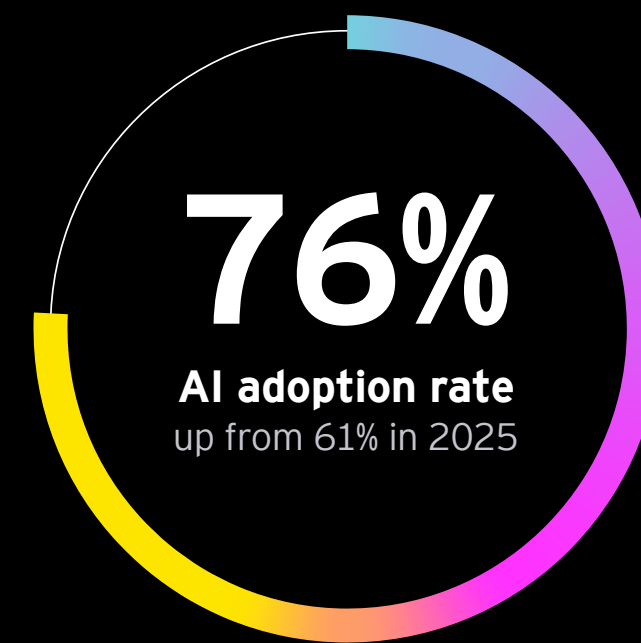
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Executive summary

Entrepreneurs across wider Europe are responding differently to uncertainty than they did a year ago. While the external environment remains challenging – with regulatory complexity, cost pressures and talent scarcity continuing to weigh on business performance – the 2026 findings point to a clear behavioral shift. Businesses are not stepping back from transformation; they are becoming more deliberate in how they execute it.

What is emerging is no longer a story of intent, but one of execution. The most resilient firms are beginning to build systemic advantage – an edge formalized into how a business operates – through three reinforcing dynamics: strengthening product and operational innovation, applying AI to improve productivity and decision quality, and funding transformation through disciplined, payback-driven investment.

1,009
entrepreneurs
across **14** countries



Executive summary

1

Innovation, AI, and digital maturity

Innovation is widespread and increasingly product-led, with **56%** prioritizing product innovation and ~46% focusing on process and organizational innovation; only 7% report no plans.

AI adoption has surged to **76%** (from 61% in 2025), marking a clear shift from experimentation to mainstream operational deployment.

Investment is deepening, with the share reporting no AI spend falling from 43% to **25%**; one quarter invests over US\$25,000 and 8% over US\$250,000 – doubling year-on-year.

Value realization remains uneven: **60%** report efficiency gains and 51% cost savings, but only 38% see revenue growth – highlighting a persistent adoption-to-outcomes gap.

Non-technical barriers dominate, led by data privacy (**53%**), regulatory uncertainty (45%) and IP risks (36%), alongside ongoing difficulty scaling pilots (35%).

2

Entrepreneurial ecosystem

Entrepreneurial sentiment remains fragile, with only 28% rating conditions as favorable, while **45%** rate them as unfavorable, though this represents marginal improvement on 2025 (24% favorable, 50% unfavorable).

Regulatory burden is the dominant ecosystem constraint, with **63%** citing bureaucracy and regulatory complexity as the most significant barrier, with regulatory changes negatively impacting finance and tax (53%), sales (43%), and human capital (40%).

3

Investment and financing

Investment intent is cautious and optimization-led, anchored in IT and software (**55%**) and process automation (45%), while expansionary and physical investments are more measured.

Financing remains highly conservative, with **65%** relying primarily on reinvested profits, consistent with 2025. Economic uncertainty (57%), financial constraints (41%), and geopolitical instability (40%) are the primary investment inhibitors.

Return expectations are tightening, with a growing share of firms emphasizing ROI thresholds and shorter payback periods, reinforcing a shift toward staged, higher-confidence investment decisions.

4

Workforce dynamics

Skills scarcity is the dominant hiring challenge (**63%**), with experience gaps (50%) and rising compensation pressure (29%) compounding the difficulty.

Workforce models are evolving. Full-time hiring intent has cooled (**43%** vs 48% in 2025) as use of external collaborators and part-time staff rises – a structural shift toward flexibility over fixed capacity.

Talent attraction and retention remains the top workforce management challenge (**44%**), closely followed by labor cost pressure (41%) and employee engagement (37%).

5

Sustainable growth

Cost pressure dominates the risk landscape. Labor costs (**80%**) and operating costs (79%) are the most widely anticipated threats to financial security, with inflation (74%) and geopolitical instability (74%) reinforcing the pressure.

Transformation is delivering mixed outcomes: **63%** report improved operational efficiency, but people outcomes lag sharply – only 40% report improved employee satisfaction and 24% report rising turnover.

Supply chain disruption is the only risk worsening meaningfully year-on-year, rising from 35% to **41%** net negative impact, signaling a shift from price volatility to operational reliability as the defining resilience challenge.

6

Mergers, acquisitions, and succession

Near-term exit appetite is low: **66%** are not likely to sell part of their company in the next 12 months, though a non-trivial 34% are at least open to a partial transaction.

Family succession (**40%**) and **trade sale** (**39%**) remain the dominant legacy planning pathways, with institutional exits through funds or IPO remaining niche.

Succession planning governance is underdeveloped. Only 23% of family businesses have a formal succession plan, while **29%** have not addressed it at all – an unchanged position from 2025.

Research methodology

We collected data for this report through an anonymous online survey conducted via Qualtrics between February and March 2026. The survey targeted entrepreneurs, including owners of family businesses, start-ups and other private enterprises across various industries in 14 countries in wider Europe: **Bulgaria, Croatia, Czech Republic, Denmark, Greece, Hungary, Kazakhstan, Malta, Poland, Romania, Serbia, Slovak Republic, Sweden, and Türkiye** (referred to throughout this report as “the Region”).

The primary objective of the survey was to assess the current state of entrepreneurship across the Region, with particular attention to innovation, digital and AI adoption, investment and financing strategies, workforce dynamics, sustainable growth, M&A and succession planning, and the entrepreneurial ecosystem.

We collected a total of 1,009 responses, with the sample broadly representative of privately owned SMEs and mid-market firms operating in the Region. We conducted fieldwork simultaneously across all 14 countries to ensure comparability of findings. We have included responses from Denmark and Sweden in the overall regional results; given their smaller individual sample sizes, we have not presented country-level analysis separately for these two markets.

We have drawn year-on-year comparisons against the 2025 EY Entrepreneurship Barometer, which surveyed 1,031 entrepreneurs across 16 countries in the same wider European region. Changes in country coverage and some question formats mean that certain comparisons are directional rather than strictly like-for-like; we have noted these instances where relevant.

Respondent profile

The 2026 Barometer sample reflects the economic fabric of the wider European region it covers: dominated by established, privately owned businesses, with a significant family enterprise component and a healthy spread of sectors and company sizes.

Geographic coverage

We collected responses from entrepreneurs across 14 countries: **Bulgaria, Croatia, Czech Republic, Denmark, Greece, Hungary, Kazakhstan, Malta, Poland, Romania, Serbia, Slovak Republic, Sweden, and Türkiye.**

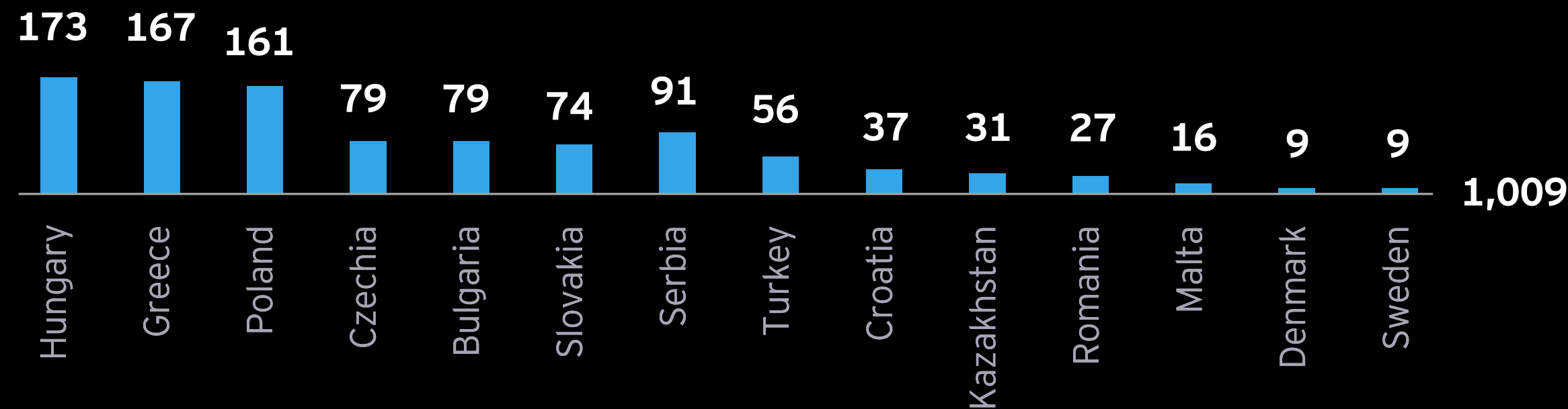
The sample provides representative coverage of the Region, with country-level sample sizes sufficient for directional insights **across 12 markets**. Denmark and Sweden contribute to the overall regional picture but we have not represented them separately given their smaller respondent bases.

Business profile

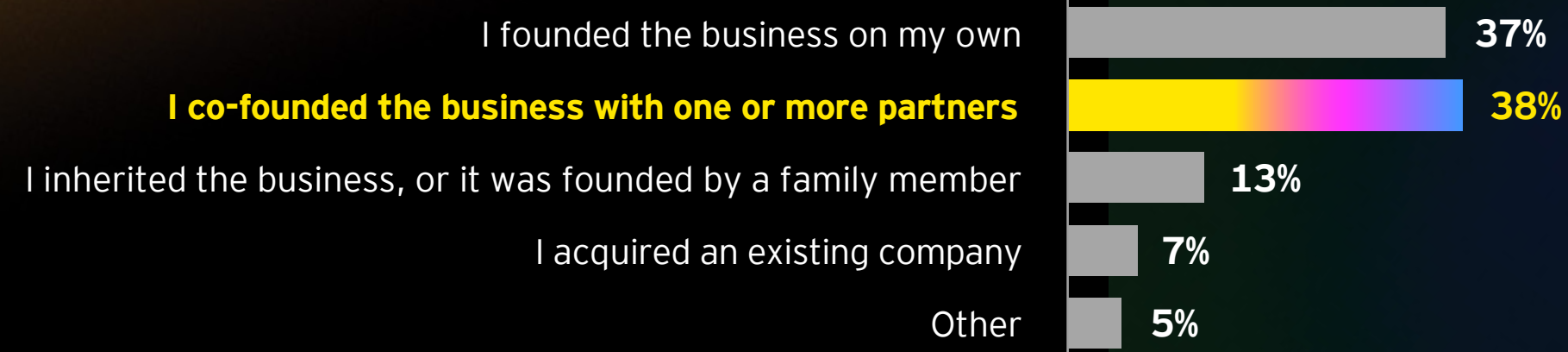
The sample remains anchored in established SMEs and mid-market firms, over half of which (54%) operate as family businesses – a consistent and structurally important feature of the Region’s entrepreneurial landscape. Sectors range widely, with **manufacturing, professional services, retail** and **technology** among the most represented.

While the overall profile is broadly stable year-on-year, there are early signs of gradual shift – including a greater share of younger companies and increased female representation – pointing to a slowly evolving entrepreneurial base.

Number of respondents by country



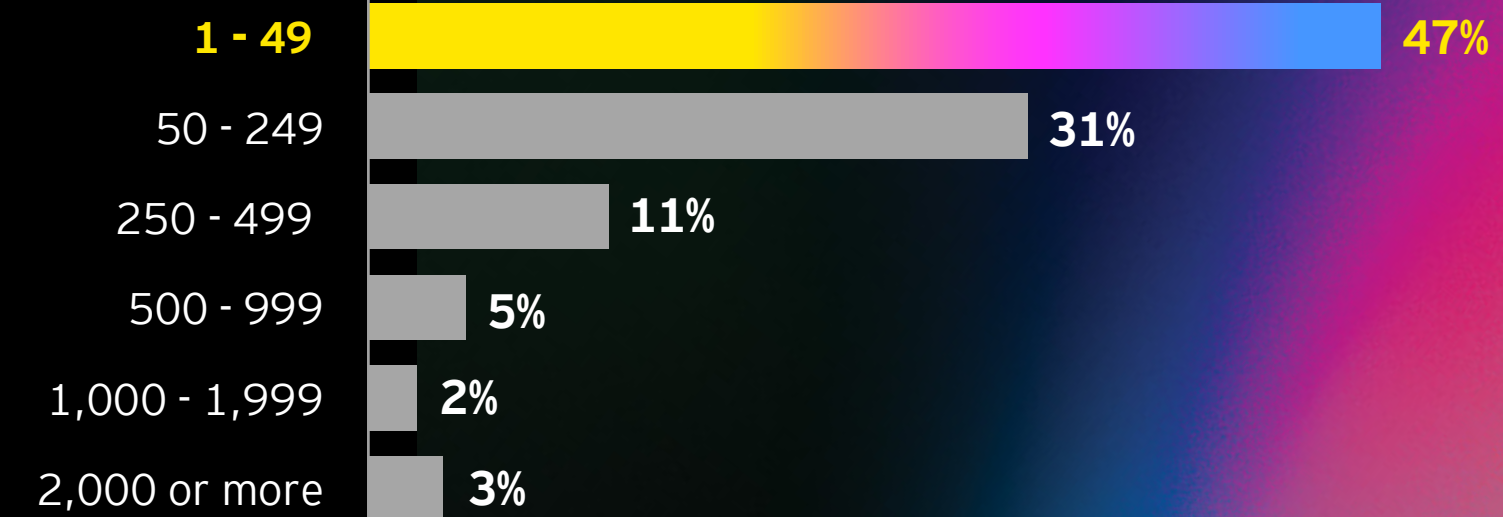
How was your company founded?



38%

of respondents co-founded the business with one or more partners.

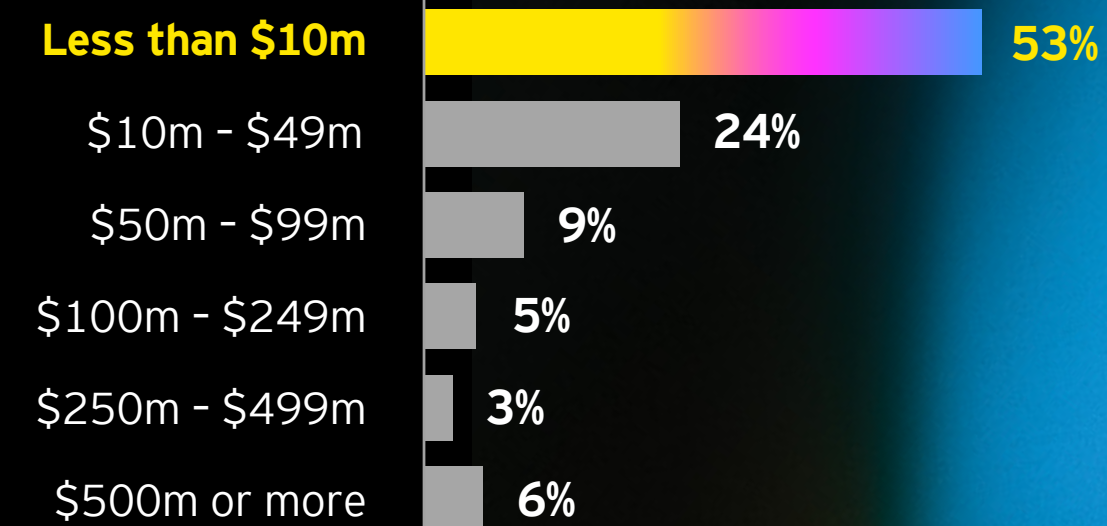
What is your organization's total headcount?



47%

of organizations have a total headcount of 1-49.

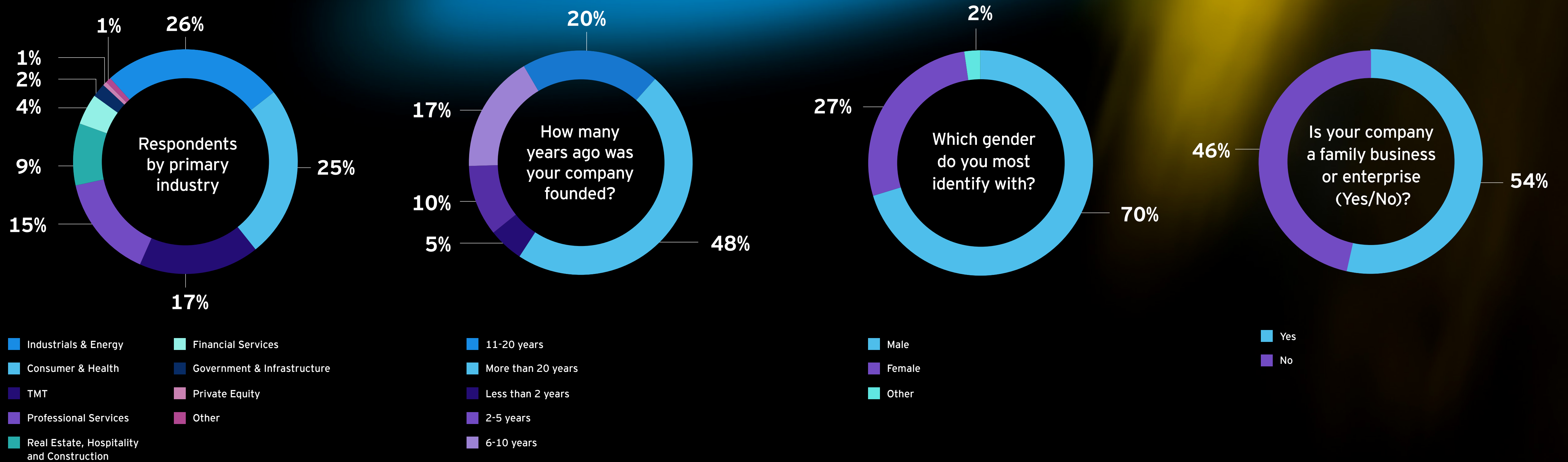
What was your organization's annual revenue in the last fiscal year (US\$)?



53%

of organizations reported annual revenue of less than US\$10m in the last fiscal year.

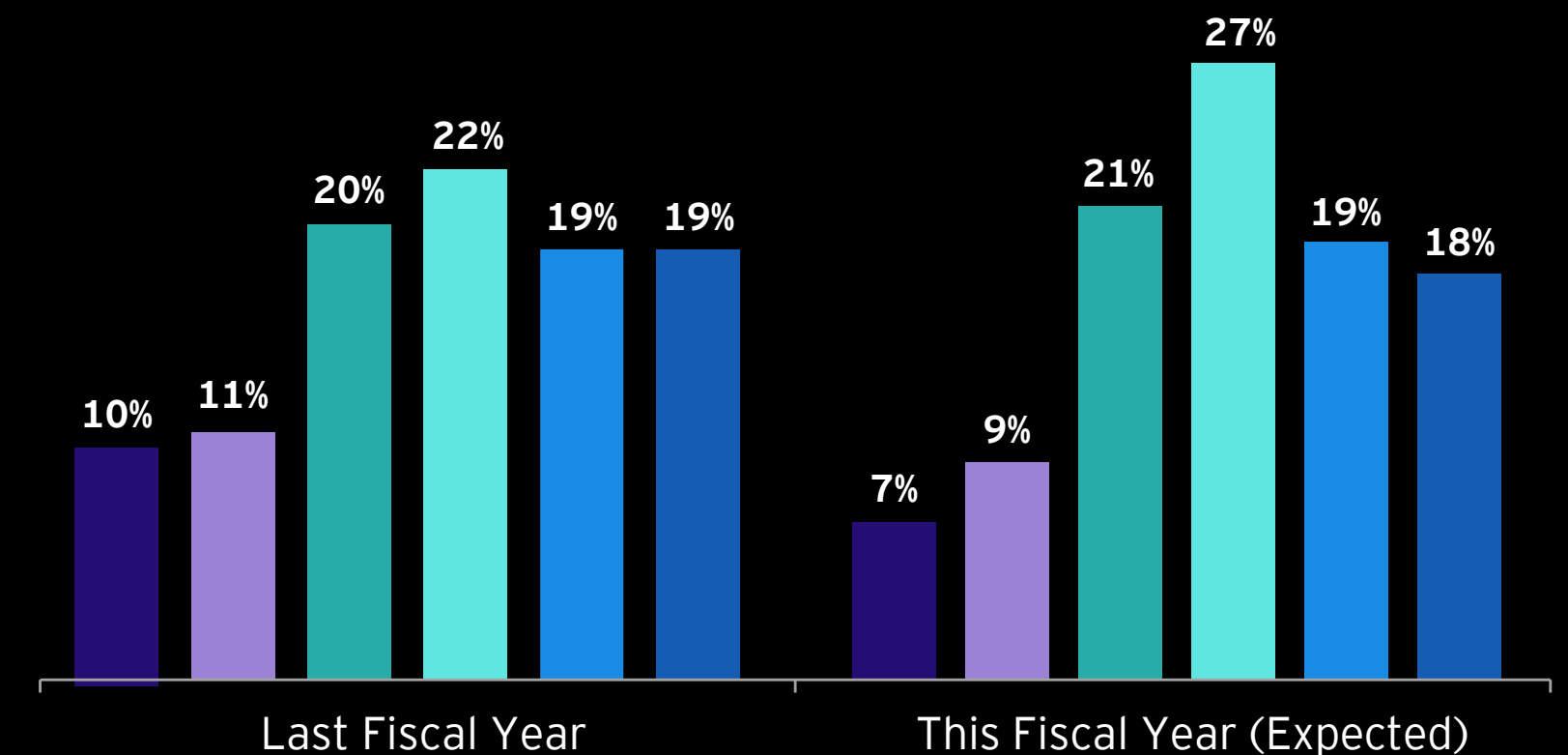
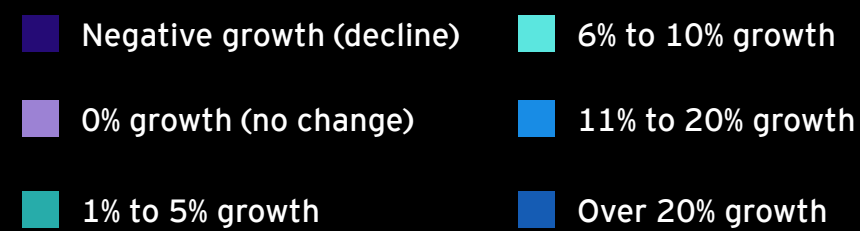
Respondent profile



Is your business a publicly listed company?



Revenue growth % Last Fiscal vs Next Fiscal



Survey findings

01

Innovation, AI and digital maturity



Innovation

is becoming more **execution-led, driven by AI adoption and disciplined scaling.**

Innovation across the Region is becoming more execution focused. Product innovation leads, and has strengthened year-on-year, while process and organizational innovation remain critical enablers. This shift toward practical, outcome-driven innovation is most visible in how businesses are approaching technology, with AI as the defining theme of 2026.

Innovation priorities

The Region's innovation agenda is consolidating around product leadership and operational scalability, with a growing share of firms committing to at least one form of innovation.

What are your key areas of innovation for the next 12 months?



Regional observation

Product innovation is the dominant Regional priority in 2026

56%

indicating that entrepreneurs are primarily pursuing **market-facing growth** rather than internal reinvention.

Strategic and marketing innovation is a secondary but meaningful lever

39%

with a substantial share innovating through go-to-market or channel changes alongside product or operational initiatives.

Process and organizational innovation

46%

form a strong execution backbone, with many firms pairing product moves with **operational and organizational readiness.**

Only

7%

report **no planned innovation**, down from 8% in 2025, indicating the innovation mindset is widening across the Region.

Innovation priorities

Country highlights

Kazakhstan and **Slovakia** (both **68%**) outperform the Regional average on product innovation, alongside **Poland** (**67%**) and **Bulgaria** (**66%**), forming a cluster of product-innovation leaders.

Malta (**38%**) and **Hungary** (**42%**) fall well below the regional average, indicating weaker emphasis on product renewal relative to peers.

Poland (**53%**), **Kazakhstan** (**52%**) and **Türkiye** (**50%**) show the most aggressive go-to-market experimentation, while **Romania** (**30%**) and **Serbia** (**31%**) take more conservative approaches.

Year-on-year comparison

Product innovation rose from 53% to **56%** and **organizational** from 45% to **46%**, while **process holds flat**, confirming the Region's continued move toward product-led growth underpinned by operational readiness.

The widening of the innovation base is not translating to faster demand-generation activity: **strategic** and **marketing innovation** moves only marginally (38% to **39%**), suggesting commercial activation remains the lagging edge of the Region's innovation agenda.

Product innovation is advancing

56%

but commercial activation still lags

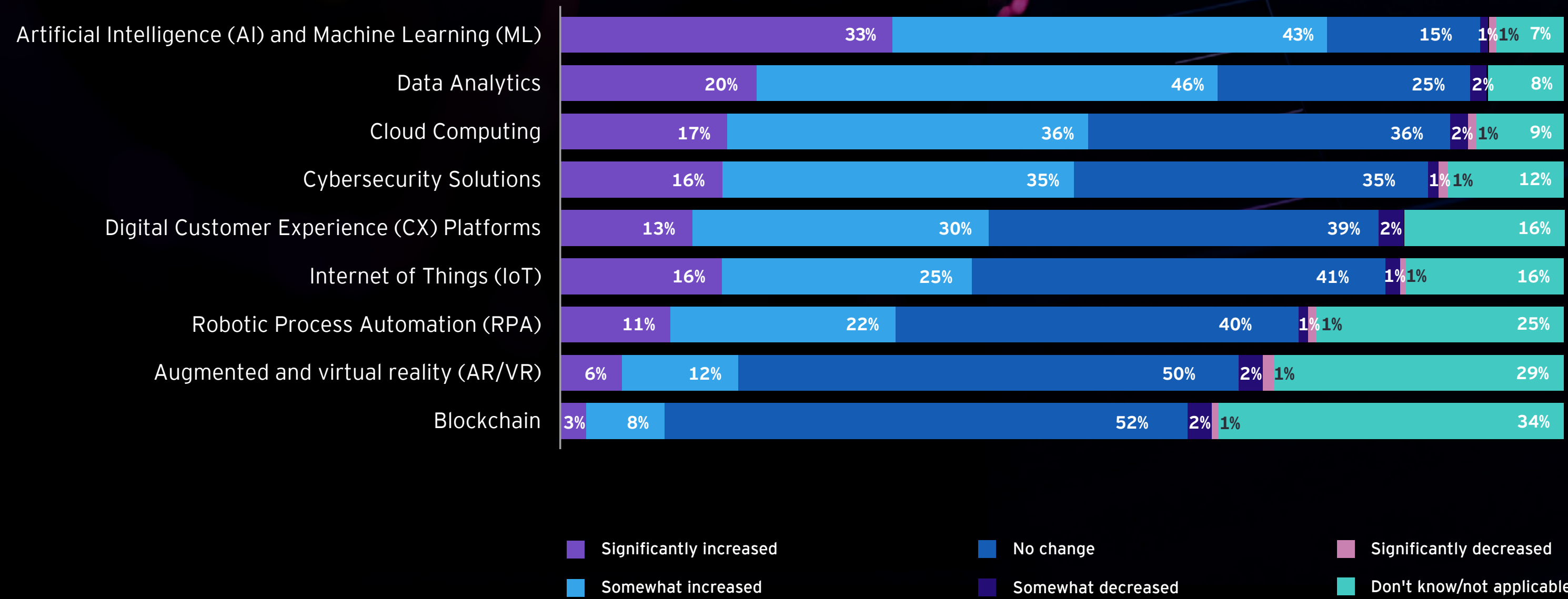
Product innovation



Digital technology adoption

A I has moved from a peripheral experiment to a core operational tool, representing the most significant digital inflection point of 2026. Businesses are scaling what works, deprioritizing what does not, and concentrating investment where productivity and decision quality gains are most immediate.

How has your use of the following digital technologies in your business operations changed over the past 12 months?



Regional observation

AI and machine learning adoption has reached **76%** across the Region, the strongest digital momentum of any technology tracked by the Barometer, and a decisive transition from experimentation to mainstream operational adoption.

Data analytics (**66%**) has emerged as the second most scaled technology, indicating a growing shift from intuition-led to data-driven decision-making.

Cloud computing (**53%**) remains well embedded, while advanced technologies such as **RPA** (**33%**), **AR/VR** (**18%**) and **blockchain** (**11%**) remain niche, confirming that most firms are still focusing on scaling core digital capabilities before pursuing frontier technologies.

AI and machine learning adoption has reached

76%

across the Region

Digital technology adoption

Country highlights

Slovakia (89%) significantly outperforms the regional AI adoption average, reflecting advanced integration rather than pilot-level deployment.

Türkiye (63%) and **Poland (62%)** exceed the regional average for cloud adoption, while **Czech Republic (44%)** and **Slovakia (43%)** underperform on cloud, suggesting plateauing or already-embedded usage.

Poland and **Türkiye** consistently outperform across Digital CX (both **70%**), RPA (**66%** and **38%**) and blockchain (**26%** and **27%**), positioning them as multi-technology digital frontrunners.

AI adoption is rising by

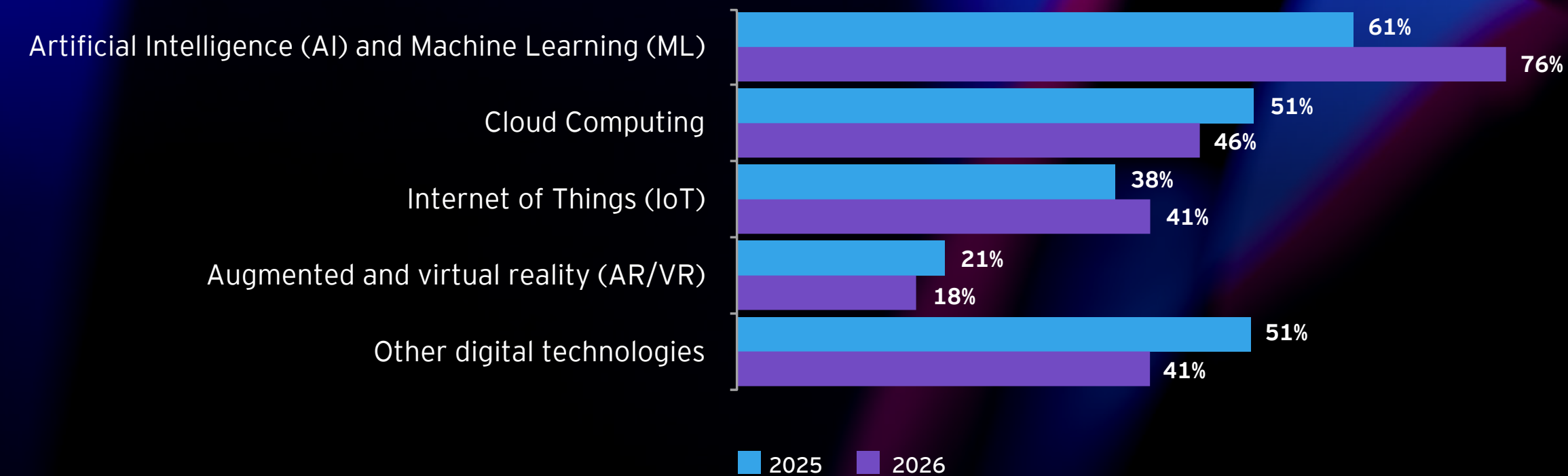
15 percentage points

Year-on-year comparison

AI saw a step-change at the Regional level, with **adoption rising** from 61% to **76%** (+15 percentage points), marking a decisive transition to mainstream operational use.

Beyond AI, **technology investment is diverging**. IoT grew modestly (38% to **41%**), while **AR/VR declined** and firms are concentrating digital spend on productivity tools and pulling back from immersive technologies that have yet to prove near-term returns.

How has your use of the following digital technologies in your business operations changed over the past 12 months? (Net increase)



AI investment and value realization

The Region has crossed a threshold, so that AI investment is now a business norm, not a fringe activity. The shift from curiosity to commitment is visible across investment levels and adoption breadth – though the gap between investment and commercial outcomes remains the defining challenge.

Regional observation

AI investment is now firmly established, with only 25% of businesses reporting no investment in the past three years – a major structural shift from exploration to commitment.

The most common investment band is “up to US\$25,000” (37%), indicating that small-scale, practical deployments rather than large transformational bets continue to drive adoption.

One-quarter of respondents (26%) report investing more than US\$25,000, demonstrating that a meaningful minority is already moving beyond pilots toward scaled implementation.

High-value AI investments remain concentrated, with 8% investing over US\$250,000 – still the exception rather than the norm, but a growing segment.

Country highlights

Hungary stands out as the most pronounced laggard, with 57% reporting no AI investment. In contrast, Poland (7%) and Malta (13%) show near-universal engagement.

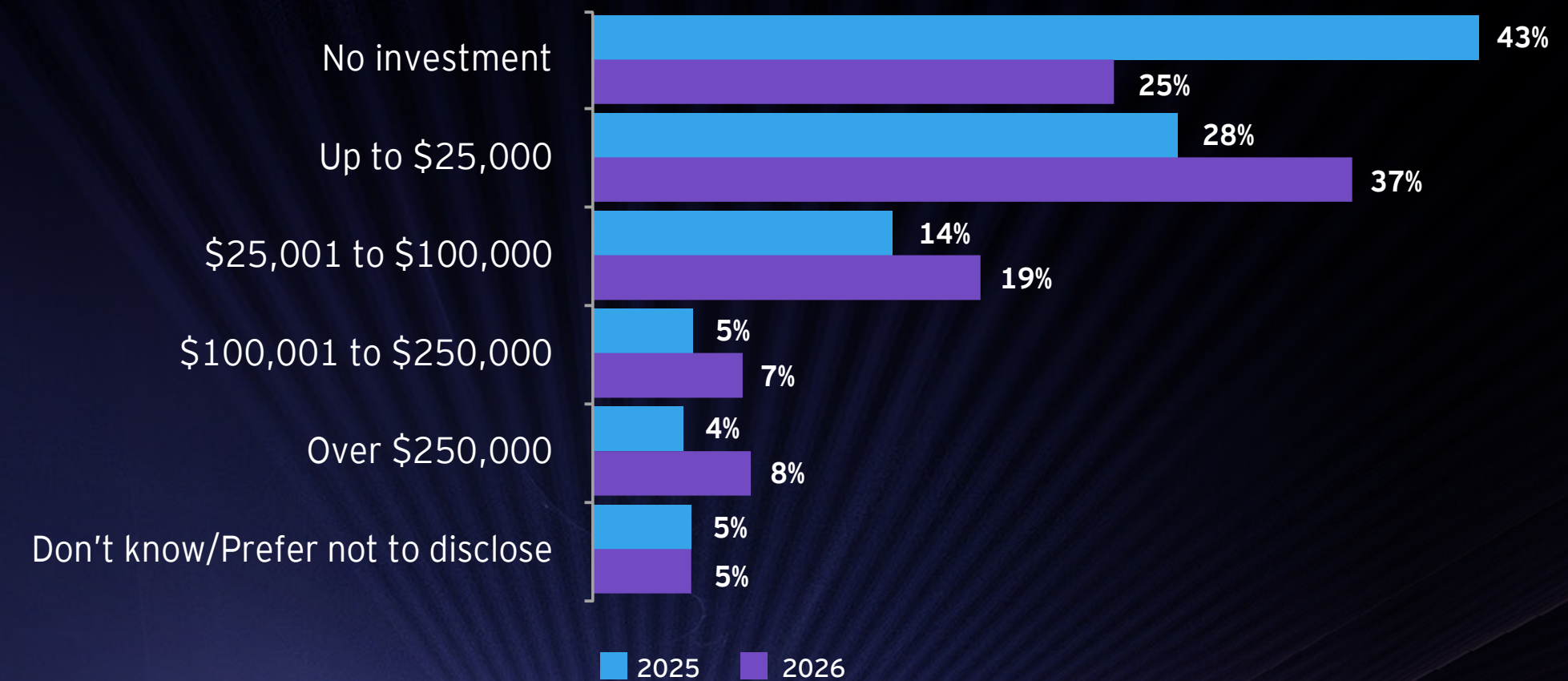
Kazakhstan emerges as the strongest investor, with 42% of firms investing more than US\$100,000 – far exceeding any other market in the Region.

Year-on-year comparison

The share reporting no AI investment fell sharply from 43% to 25% (–18 percentage points), one of the most material structural shifts across the entire 2026 Barometer.

Large investments are growing: “over US\$250,000” doubled from 4% to 8%, and “US\$100,001 to US\$250,000” rose from 5% to 7%, showing that a subset of firms has crossed the threshold into enterprise deployment requiring data modernization, governance and change management.

Please indicate the range of investment in artificial intelligence (AI) in your business over the past three years?



Only **25%** report no investment in AI over the past three years

Value realization: where digital is delivering, and where it isn't

The value story from AI and digital adoption follows a consistent Regional pattern: strong on internal operational gains, weak on commercial and customer-facing outcomes. Anticipated benefits and actual realized outcomes tell the same story and as AI experience grows, expectations are becoming more measured to match.

Regional observation

Operational efficiency and productivity (61%) is the dominant expected impact, confirming that the primary regional value lens remains cost, speed, and execution improvement.

Improved decision-making quality and speed (47%) is the second most cited benefit, highlighting increasing expectations that AI will augment management judgment and not just automate tasks.

Direct cost reduction expectations are more muted (31%), suggesting growing realism about transformation costs and payback timelines.

Customer-centric and revenue-side outcomes remain the weakest link. Only 23% expect AI to drive demand through personalization, and actual results confirm the gap with just 38% reporting revenue growth benefits, against 60% reporting efficiency gains and 51% cost savings.

Country highlights

Malta (88%), Türkiye (79%), Greece (75%) and **Slovakia (72%)** show the strongest conviction in AI as a productivity engine; **Hungary (43%)** and **Poland (47%)** under-index significantly, a gap confirmed by actual outcomes, where **Kazakhstan (77%)** and **Serbia (77%)** lead on realized efficiency gains while **Hungary (42%)** and **Poland (44%)** lag.

Kazakhstan stands out as the Region's clearest digital value converter, leading on innovation uplift (74%), cost savings realization (71%), and customer-insight enablement (61%) from digital adoption. At the opposite end, **Hungary** and **Malta** show the widest gap between adoption rates and realized commercial outcomes.

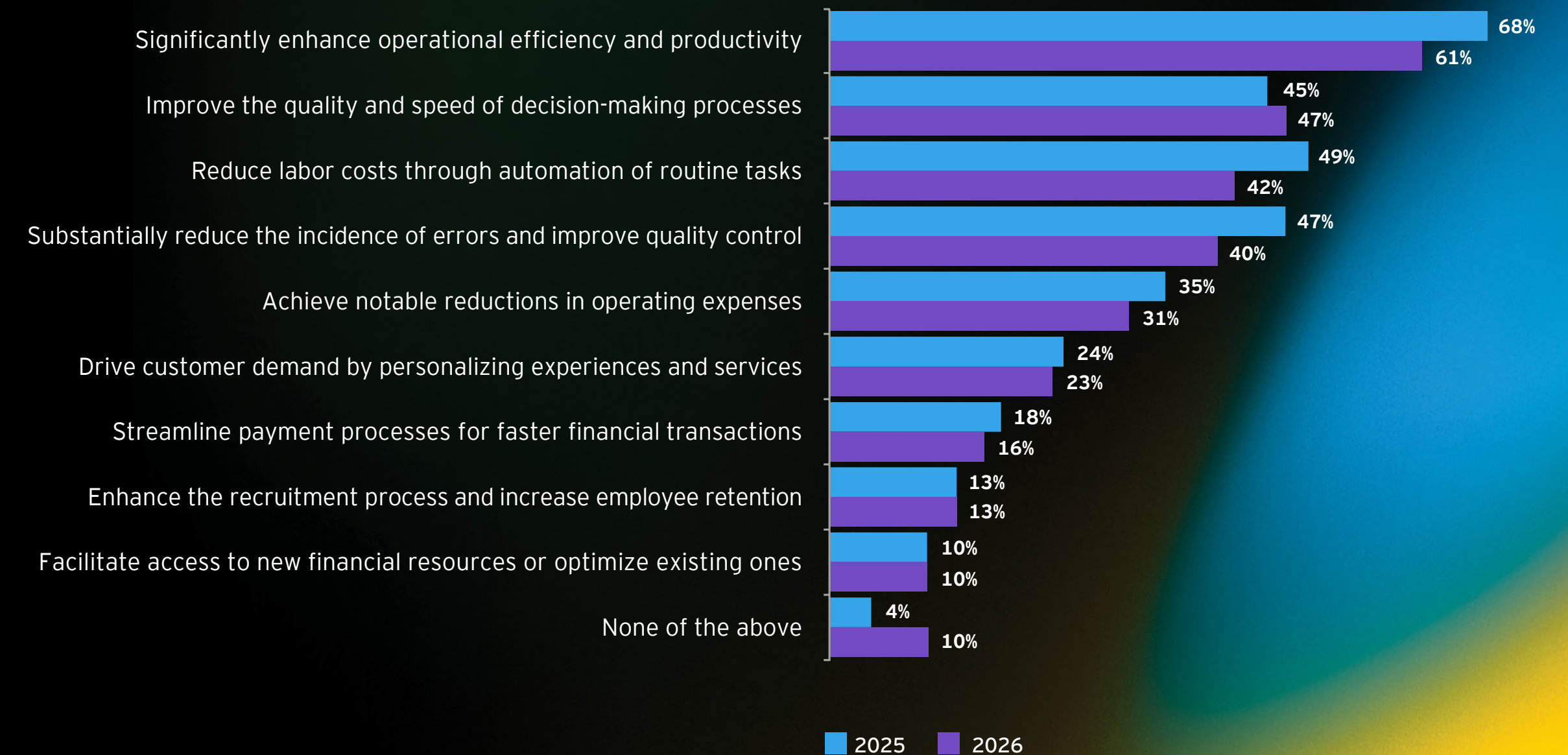
Year-on-year comparison

Expectations are maturing as experience accumulates. Anticipation that **AI will significantly enhance operational efficiency fell 7 percentage points** (68% to 61%), indicating a transition from broad transformational promise to more pragmatic, use-case-driven assessments.

Anticipated **labor-cost reduction through automation** fell from 49% to 42% (-7pp), suggesting entrepreneurs are reassessing the ease and speed of workforce substitution.

Perceived **quality-control benefits declined** from 47% to 40% (-7pp), reflecting more realistic expectations about integration complexity.

How do you anticipate AI and other digital technologies will impact your business in the next three years?



Operational efficiency and productivity

61%

is the dominant expected impact

AI implementation areas and concerns

Where businesses deploy AI reveals a clear priority: high-frequency, lower-risk internal functions before customer-facing automation.

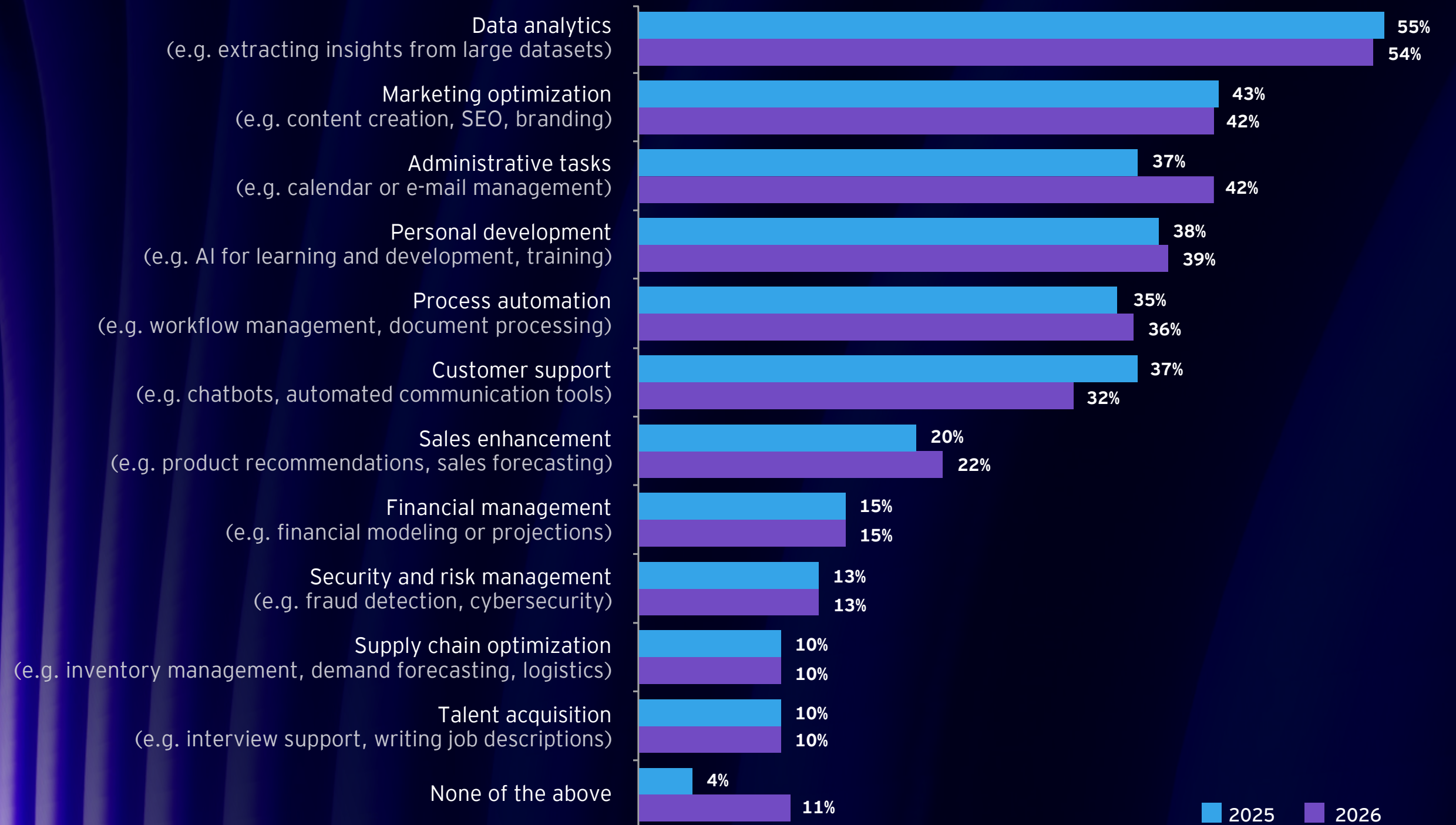
Regional observation

Data analytics is the top implementation area (54%), indicating that most businesses are using AI first to extract insight and improve decisions rather than to automate end-to-end processes.

Marketing optimization (42%) and **administrative tasks** (42%) are the next most common use cases, concentrated in high-frequency, low-friction functions where businesses can deploy tools quickly.

Personal development (39%) and **process automation** (36%) form the **mid-tier**, with many firms building internal capability and automating workflows at a measured pace.

In which of the following areas have you implemented AI and other digital technologies in your business operations?



AI implementation

AI implementation areas and concerns

Country highlights

Malta (75%), Kazakhstan (71%), and Serbia (66%) are clear leaders on data analytics implementation, signaling more advanced insight-led operating models.

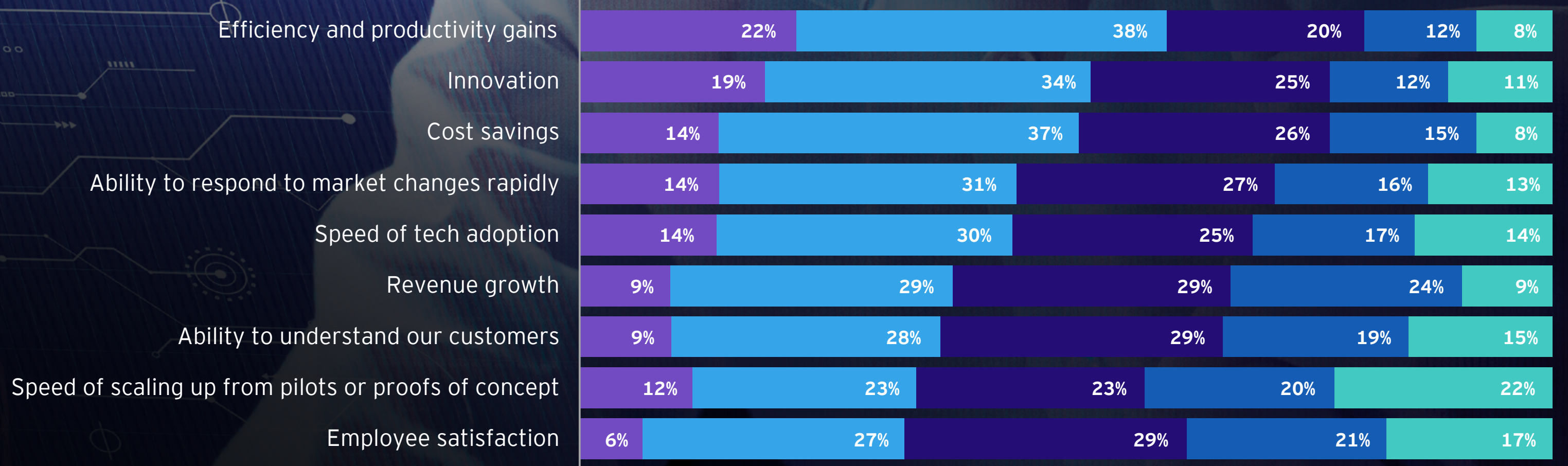
Türkiye (54%) significantly outperforms on marketing optimization, while **Malta** under-indexes, suggesting its AI effort is more concentrated in analytics and administration.

Year-on-year comparison

AI use is shifting toward everyday productivity, led by **administrative tasks** – up from 37% to 42% – reflecting faster adoption of low-friction tools that deliver visible gains quickly.

Customer-facing deployment is losing momentum. **Customer support use** declined from 37% to 32%, while back-office applications have held steady or grown. Concerns about response quality, brand risk and governance readiness appear to be driving firms toward internal reliability over external automation.

Over the past three years, to what extent has the adoption of digital technologies improved your company's performance in the following areas?



■ Significant improvement
 ■ Minimal improvement
 ■ Don't know/not applicable
■ Moderate improvement
 ■ No improvement

Adoption concerns: governance rising above capability

The barriers to scaling AI are shifting. Technology capability is no longer the primary constraint, replaced by trust, governance, and regulatory clarity.

Regional observation

Data privacy is the top concern (53%), confirming that trust, security, and sensitive data handling remain the main barriers to confident AI scaling.

Regulatory uncertainty is the second-largest concern (45%), showing that many businesses still lack clear “rules of the road” for adopting AI at scale without governance risk.

Intellectual property risks (36%) and **difficulty distinguishing AI-generated from human-generated work** (33%) are becoming mainstream operational concerns.

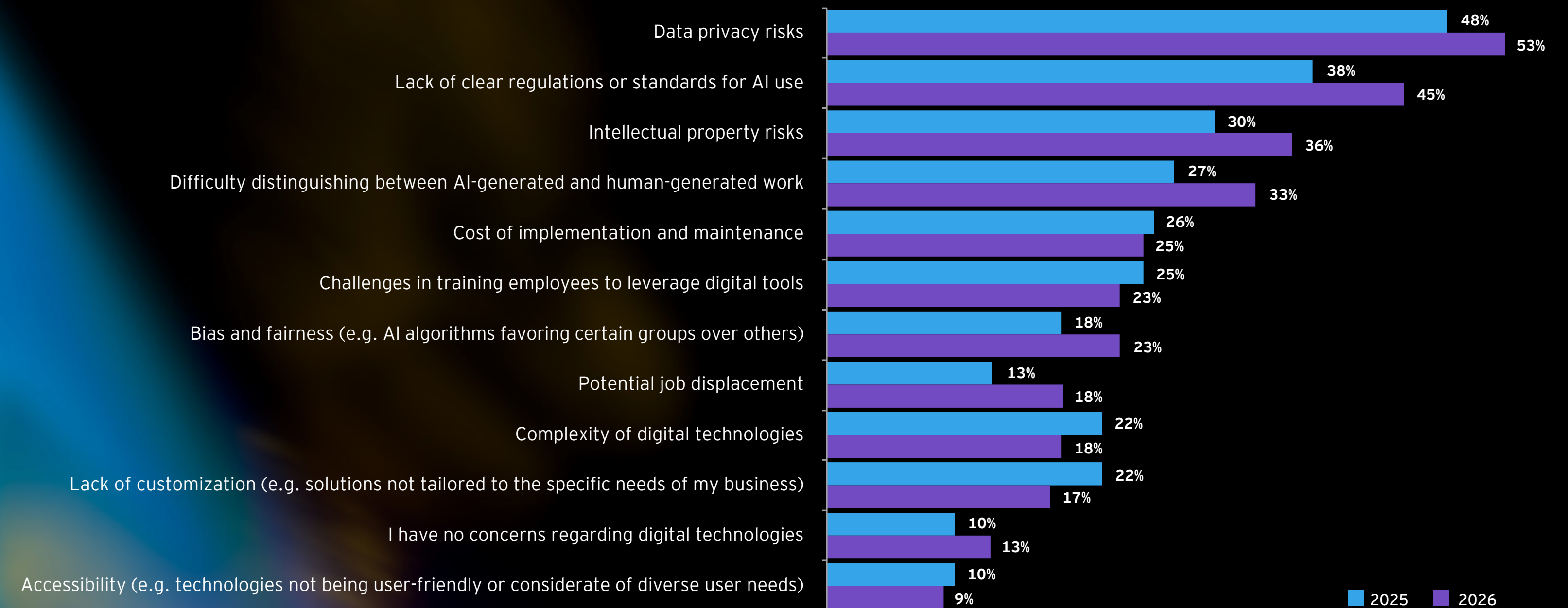
Job displacement (18%) is a mid-level concern, indicating workforce anxiety exists but is not the primary reason firms hesitate.

Country highlights

Croatia (65%), **Greece**, and **Hungary** (both 61%) show heightened sensitivity to data handling and confidentiality which is well above the regional average. **Türkiye** (22%) is a notable low outlier on privacy concern.

Malta (69%) strongly exceeds the regional average on regulatory clarity as a constraint, while **Czech Republic** (34%) sits well below, suggesting regulation is not the binding constraint there relative to other risks.

Which of the following concerns, if any, do you have about using AI and other digital technologies in your business?



Year-on-year comparison

Governance anxiety is rising, with **data privacy concerns** rising from 48% to 53%, and concern over **lack of clear regulations** increasing from 38% to 45%.

Trust and ownership risks are accelerating faster than cost concerns. **IP risks** climbed from 30% to 36%, and **difficulty distinguishing AI from human work** rose from 27% to 33%.

Implementation friction is easing. **Complexity** fell from 22% to 18% and **lack of customization** from 22% to 17%. However, people-impact concerns are growing, with **bias and fairness** rising from 18% to 23% and **job displacement concerns** from 13% to 18%.

Entrepreneurial ecosystem

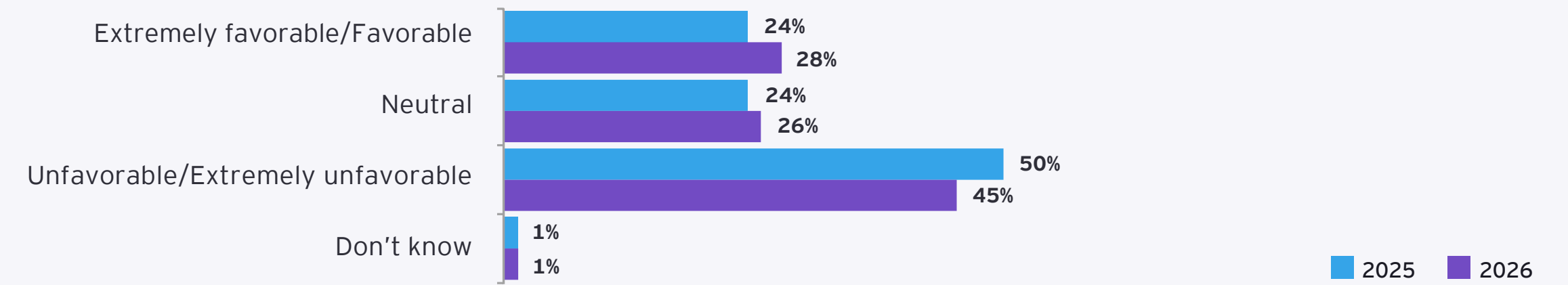
The ecosystem

remains constrained – shaped by regulatory friction, cautious sentiment, and uneven operating conditions.

Entrepreneurial sentiment remains broadly cautious across the Region. Regulatory complexity is not only the dominant barrier, but its reach is also widening, with measurable impact on finance, revenue, workforce, and investment decisions simultaneously.

Sentiment and conditions

How do you assess the current conditions for entrepreneurial businesses in your country?



Regional observation

Only **28%** of entrepreneurs rate current conditions as favorable or extremely favorable; a subdued confidence environment despite marginal improvement from 2025.

Neutral sentiment accounts for **26%** a significant segment that perceives the environment as stable but lacking strong momentum.

Negative sentiment remains dominant at **45%** with 15% rating conditions as “extremely unfavorable” against only 4% rating them “extremely favorable” and confirming that structural concerns persist.

Country highlights

Slovakia is the most pessimistic market, with **84%** rating conditions unfavorable or extremely unfavorable. **Serbia (69%), Hungary (68%), and Romania (63%)** follow, forming a cluster of markets with entrenched entrepreneurial pessimism.

Kazakhstan and **Malta** stand out with comparatively strong optimism well above the Regional average, each with **44%** rating conditions favorable.

Year-on-year comparison

Sentiment is improving at the margin but remains net negative. **Favorable** responses rose from 24% to **28%**, **unfavorable** fell from 50% to **45%**, and **neutral** edged up to **26%**, indicating cautious stabilization rather than genuine momentum.

Regulatory environment and its impact

Regulation acts less as a purely legal burden and more as a broad economic and growth constraint, materially affecting finance, revenues, workforce dynamics, and investment decisions simultaneously.

Regional observation

Regulatory and business-practice friction is the dominant reality, with **55%** describing the environment as either **complex (27%)** or **restrictive (28%)** – directly limiting innovation velocity and adding a compliance “tax” on operations.

Businesses feel regulatory impact most acutely in **finance and tax (53%** reporting negative impact), followed by **sales and revenue (43%)** and **human capital (40%)**.

Operations and supply chain (34%) and **growth and investment (34%)** also show meaningful regulatory drag, confirming that the impact of regulation extends well beyond back-office compliance.

Regulation hits hardest in finance and tax

53%

report negative impact

Country highlights

Poland (24%) and **Kazakhstan (19%)** are clear outliers where entrepreneurs disproportionately perceive regulation as enabling innovation and growth.

Slovakia (55%) is the most restrictive market, with **Romania** close behind. Both are systematic outliers across regulatory impact dimensions, reporting the most severe and broad-based drag on financial planning, workforce management, commercial activity, and investment appetite.

Year-on-year comparison

The regulatory constraint is easing slightly but not structurally. The combined share citing **regulations as complex or restrictive** has moved from 57% to 55%, a marginal improvement rather than a meaningful shift.

“**Restrictive and often hinder growth**” holds flat at **28%** in both years, confirming that the most painful friction points – licensing, inspections, uneven interpretation – do not ease without active policy redesign.

How do local regulations and business practices in your country affect your ability to innovate and grow your business?



Barriers to entrepreneurship

Regional observation

Bureaucracy and regulatory complexity remains the dominant barrier (63%), confirming that **friction in navigating rules and administrative processes** is the primary constraint on entrepreneurial growth.

Talent scarcity is the second-largest barrier (46%), indicating that even where demand exists, skills availability constrains the ability to scale.

Political and economic instability is a major structural drag (41%), affecting risk appetite, investment decisions, and long-term planning.

Access to financing (33%) and **insufficient infrastructure (15%)** are growing in salience, pointing to a widening “scale gap” between firms with access to capital and execution capabilities and those without.

Growth is constrained by bureaucracy

63%

cite regulatory complexity as the primary barrier

Country highlights

Czech Republic (84%) and **Slovakia (81%)** perceive regulatory burden as the defining growth blocker. **Türkiye (45%)** and **Poland (47%)** under-index sharply on this barrier. In these markets, financing or competition may be more dominant constraints.

Slovakia (77%) and **Türkiye (70%)** stand out as the most instability-sensitive markets. **Croatia (11%)** and **Czech Republic (20%)** are at the opposite end, perceiving stability as less of a primary barrier.

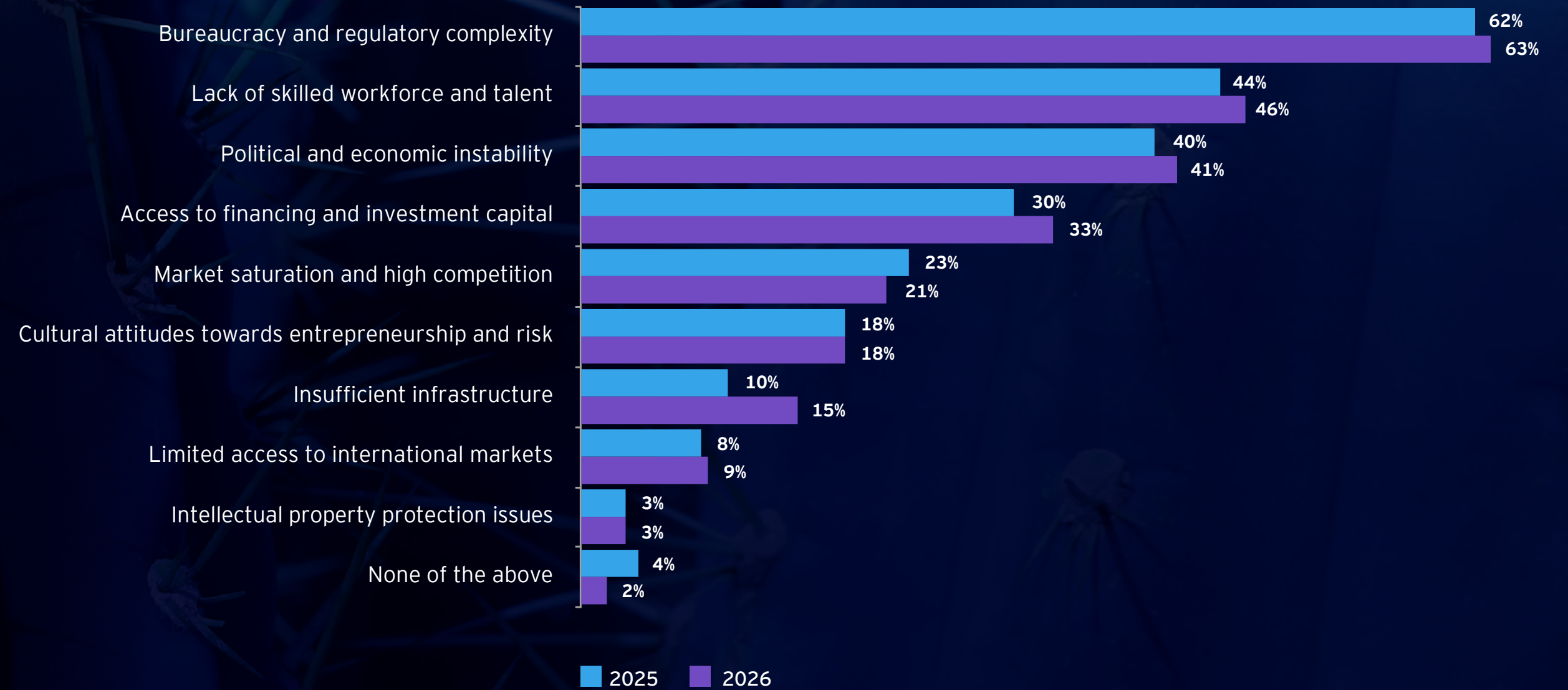
Year-on-year comparison

Bureaucracy and regulatory complexity edges up from 62% to 63%, pointing to continued friction.

Constraints tied to scaling are intensifying. **Lack of skilled workforce** rises from 44% to 46%, **access to financing** from 30% to 33%, and **infrastructure** from 10% to 15%, consistent with more businesses attempting to grow beyond early stage.

Market saturation falls modestly (23% to 21%), suggesting entrepreneurs are less worried about crowded markets than the operating conditions needed to build and deliver.

What are the most significant barriers to entrepreneurship in your country?





Investment and financing



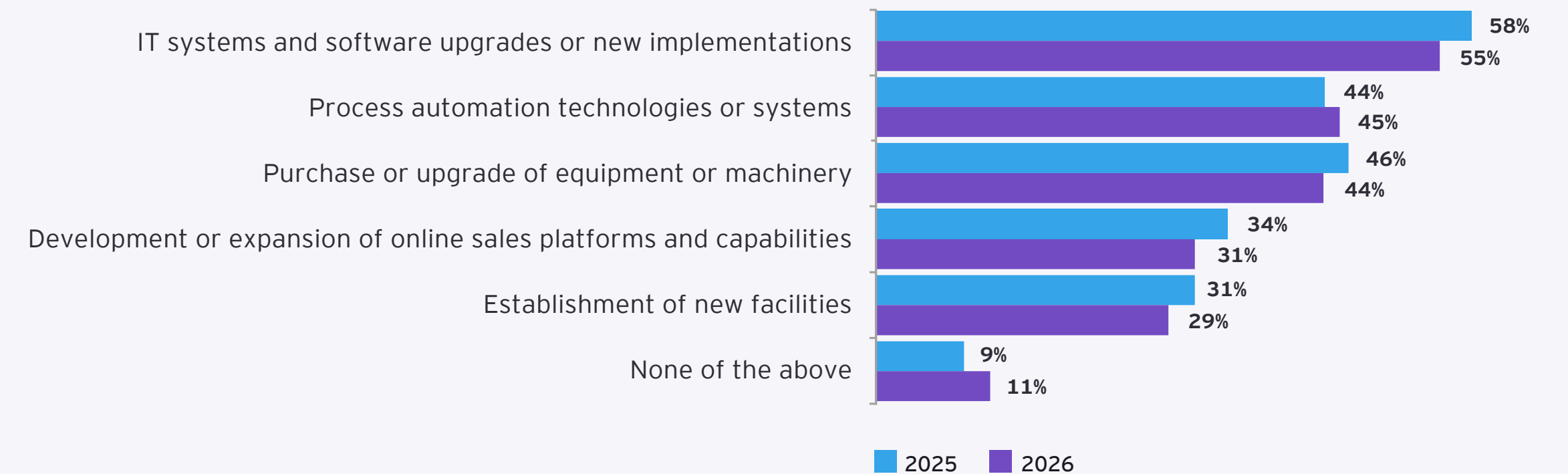
Capital

is becoming more selective – shifting from expansion to disciplined, technology-driven optimization.

Entrepreneurs across the Region continue to invest, but with greater selectivity. Capital is shifting from expansionary to optimization-led and concentrated in technology, automation, and operational efficiency. Financing structures remain conservative, and the bar for committing capital is rising.

Investment intent

Do you intend to make any of the following investments in the next 12 months?



Regional observation

Digital investments dominate Regional intent: IT systems and software upgrades are the top investment priority

55%

confirming that technology modernization remains the primary lever for competitiveness.

Process automation is the second most cited investment

45%

indicating continued focus on efficiency, productivity, and cost control.

Capital expenditure on equipment or machinery remains meaningful

44%

suggesting physical and operational scaling is still relevant alongside digital transformation.

Nearly one-third of respondents intend to **establish new facilities**

29%

reflecting selective but tangible growth ambitions despite the macro environment.

Investment intent

Country highlights

Hungary (55%) and **Serbia (53%)** place greater emphasis on physical asset investment than the regional average. **Slovakia (30%)** and **Romania (33%)** under-index, suggesting more restrained capex cycles.

Croatia (62%) leads the Region in process automation investment, alongside **Serbia (55%)** and **Czech Republic (53%)**. **Hungary (27%)** lags significantly.

Kazakhstan (61%) is a major outlier in digital-commerce investment, highlighting aggressive online channel expansion.

Year-on-year comparison

Investment intent is softening across most categories: **IT systems** declined from 58% to **55%**, **equipment** from 46% to **44%**, and **online sales platforms** from 34% to **31%**. This reflects a more cautious stance toward fewer, higher-confidence initiatives.

Process automation is the one area holding firm, rising modestly from 44% to **45%** and confirming that productivity and consistency gains with faster payback remain the priority.

"None of the above" increased from 9% to **11%**, indicating that a growing share is choosing to pause or defer investment, a signal of rising thresholds for capital commitment.

Technology leads investment

55%

prioritize IT and software upgrades

Investment

Investment barriers

Regional observation

Economic risk and market uncertainty is the primary brake on investment (**57%**), confirming that macro volatility remains the dominant factor shaping capital allocation decisions.

Financial constraints are the second barrier (**41%**), showing that funding availability and internal liquidity remain structurally limiting even when intent exists.

Geopolitical instability is now a top-tier constraint (**40%**), reflecting heightened exposure to external shocks.

Regulatory and political uncertainty remains a material friction point (**37%**), limiting confidence in longer-horizon investment decisions.

Country highlights

Malta (**63%**), **Bulgaria** (**56%**) and **Hungary, Romania, Slovakia**, and **Türkiye** (all **~52%**) show materially higher funding constraints than the regional average.

Serbia (**68%**) is the dominant outlier on geopolitical instability as an investment deterrent. **Poland** (**25%**) and **Hungary** (**27%**) sit well below the Regional average on this measure, indicating that geopolitics is not central to their investment hesitation.

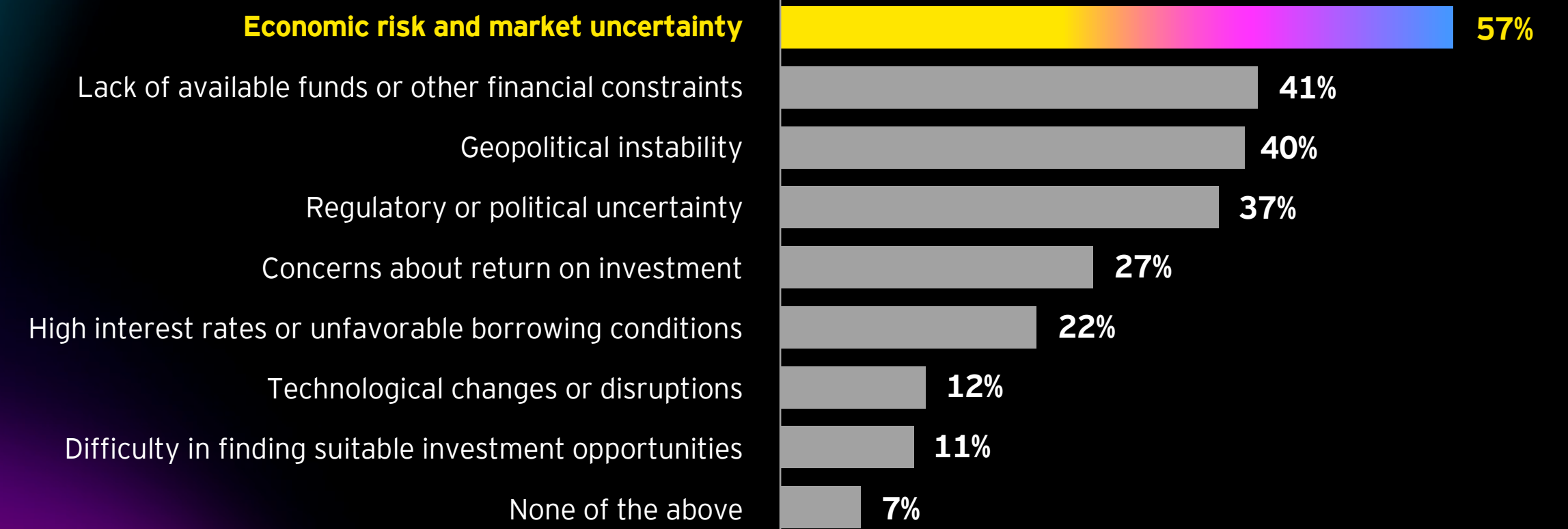
Year-on-year comparison

Geopolitical instability as an investment barrier increased materially (**35%** to **40%**), indicating a clear shift toward external shock-risk as a stronger deterrent.

ROI concerns rose meaningfully (**22%** to **27%**), suggesting entrepreneurs are becoming more cautious about payback and execution certainty – even when they can fund investments.

Macro uncertainty held flat (**58%** to **57%**), confirming it remains the persistent primary constraint across the Region.

What factors could potentially hinder your organization's investment plans in the next 12 months?



Due to change in some of the options for this question, the YOY comparison has not been shown in the chart.

Macroeconomic uncertainty is the top investment barrier

57%

Financing structures

Self-reliance underpins the Region's financing model. This conservatism supports resilience but also places a ceiling on the pace of transformation for firms that cannot fund growth from within.

Self-financing dominates:

65%

of entrepreneurs rely on their own funds and profits

Regional observation

Self-financing dominates: 65% of entrepreneurs rely primarily on reinvested profits and own funds, signaling a Region that is internally funded rather than ecosystem financed.

Bank lending is the clear second pillar (21%), but it remains far behind self-funding, implying debt is available in some markets but is not the prevailing growth engine.

Government grants and subsidies play a limited role (7%), suggesting public support mechanisms are either insufficient, hard to access, or not the primary lever.

Alternative and investor-led sources remain marginal (1%), reinforcing the impression that a narrow set of channels represents the Region's financing landscape.

Country highlights

Malta (88%) has the highest reliance on self-funding, while **Croatia** stands out as the most debt-financed market (41% relying on bank loans) – more than double the Regional average.

Kazakhstan leads on equity and investor-led financing (19%), pointing to a distinctly more investor-driven profile than most peers.

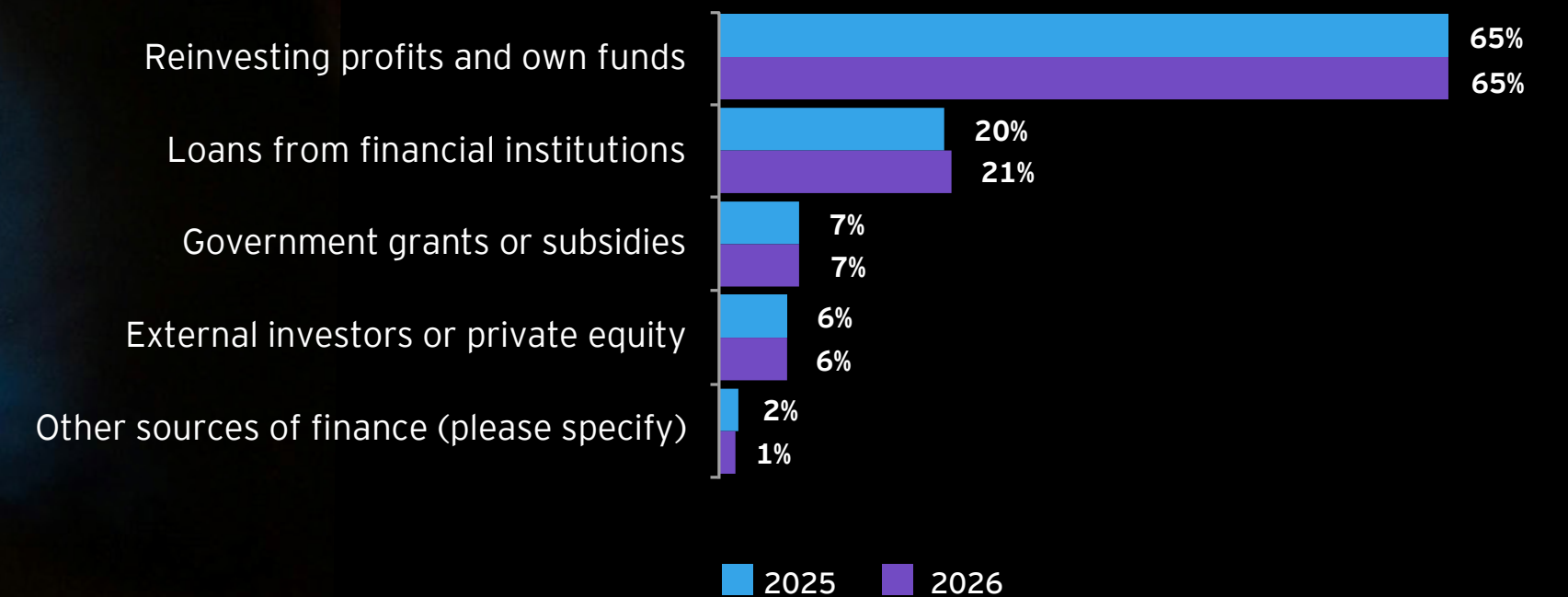
Year-on-year comparison

The Region's financing structure is remarkably stable. **Self-funding** is unchanged at 65% in both 2025 and 2026, indicating no meaningful diversification of primary funding sources.

Croatia shows the most pronounced shift, moving toward bank financing (loans rising from 24% to 41%) while self-funding dropped from 69% to 49%.

Malta moved in the opposite direction, with self-funding rising from 65% to 88% and loans disappearing from the primary financing mix.

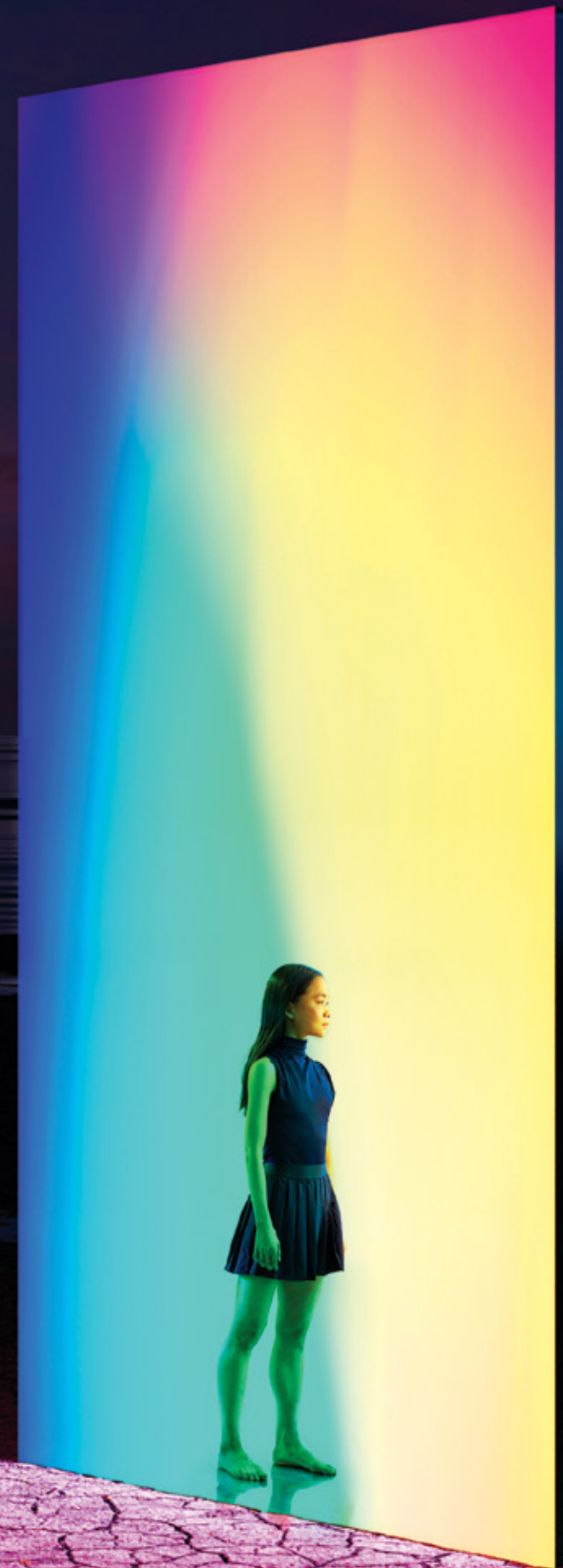
What is your company's primary source of finance?



04 Workforce dynamics

Talent

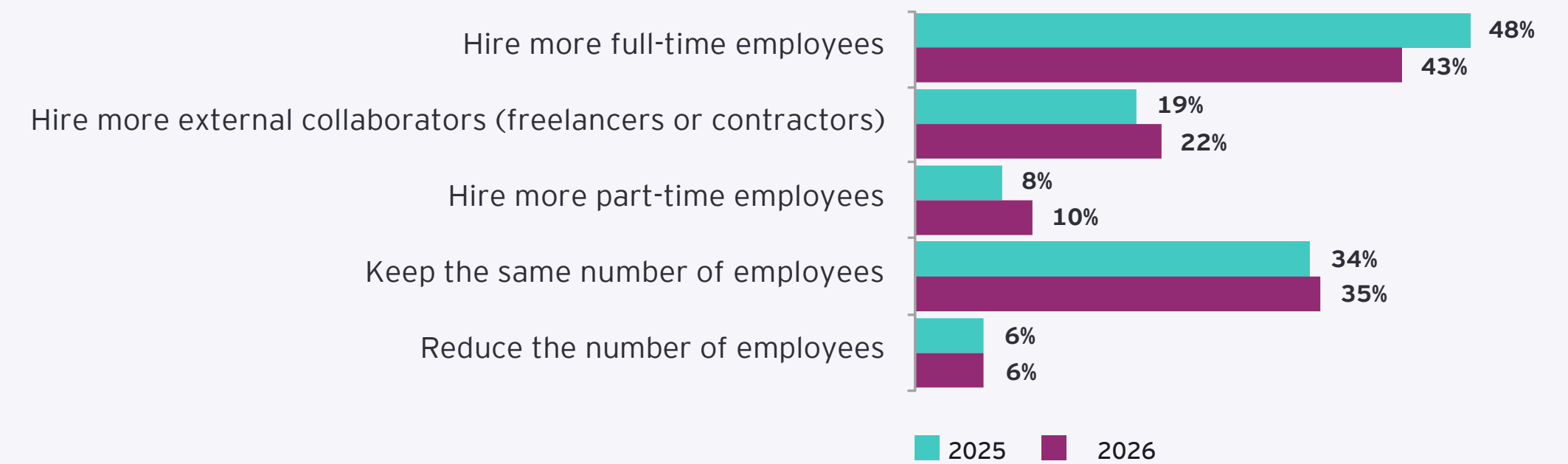
is becoming the constraint – driving a shift to flexible, hybrid workforce models.



Despite increased investment and digital adoption, scaling remains constrained by talent. Skills scarcity is structural, not cyclical and the Region’s workforce models are adapting accordingly, moving from headcount-led growth toward flexible, hybrid operating models. The challenge is no longer just to find talent, but to absorb change at the pace transformation demands.

Hiring plans and workforce composition

What are your plans for hiring new employees in the next 12 months?



Regional observation

Hiring intent remains positive but has cooled:

43%

plan to hire more full-time employees, down from 48% in 2025. Growth ambition persists but with greater caution.

Flexible talent is increasingly part of the operating model:

22%

plan to hire external collaborators (up from 19% in 2025), reflecting a preference for agility and variable cost structures.

Workforce stability is a co-dominant stance:

35%

plan to keep headcount the same, suggesting many firms are prioritizing consolidation and productivity over expansion.

Downsizing intent is limited but visible at

6%

representing a small subset facing demand pressure or cost-containment requirements.

Hiring plans and workforce composition

Country highlights

Croatia (78%) shows the most aggressive growth-hiring posture in the Region. **Kazakhstan (55%)** and **Greece (53%)** also exceed the Regional benchmark.

Malta (56%) is the clear flexibility leader, showing a structural preference for contractors and freelancers over permanent headcount. **Bulgaria (34%)** and **Poland (30%)** also over-index on flexible talent adoption.

Romania (15%) shows elevated downsizing intent relative to the regional norm.

Year-on-year comparison

Full-time hiring intent fell from 48% to **43%**, while **flexible capacity** gained ground. **External collaborators** rose from 19% to **22%** and part-time from 8% to **10%**. Firms still need throughput but are choosing variable capacity to protect cash and stay adaptable.

Full-time hiring intent
fell to

43%

Flexible talent adoption



Hiring challenges

Regional observation

Skills scarcity is the dominant hiring challenge (63%), making capability availability, not headcount demand, the primary constraint on scaling.

Experience scarcity is the second-largest challenge (50%). Even when candidates exist, job-ready depth is harder to find than basic availability.

Compensation pressure is now material (29%), suggesting wage inflation and benefits expectations are increasingly constraining hiring decisions.

Softer but meaningful barriers include meeting evolving **employee expectations** (21%) and **geographic sourcing constraints** (21%).

Country highlights

Croatia (84%), **Czech Republic** and **Kazakhstan** (both 77%) and **Serbia** (74%) are the strongest “skills shortage” markets, indicating acute capability gaps.

Croatia (68%) is the clearest outlier on experience mismatch. **Türkiye** (41%), **Malta** (44%), and **Serbia** (37%) show elevated pay pressure, indicating tighter wage competition.

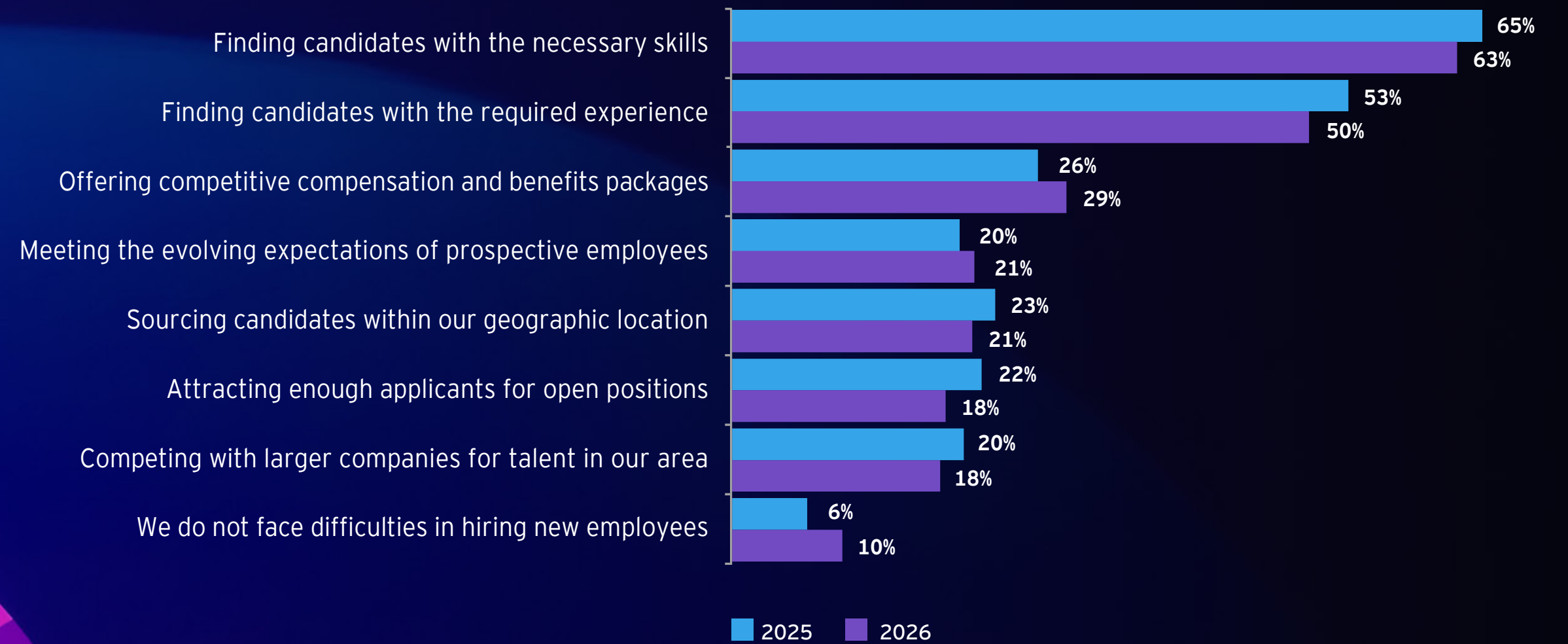
Year-on-year comparison

Skills shortage eased slightly at the Regional level (65% to 63%) but is still the dominant constraint.

Applicant volume challenges declined (22% to 18%), reinforcing the view that hiring constraints are more about quality and fit than quantity.

Compensation pressure rose to 29%, alongside a jump in “no difficulties” to 10%, suggesting the market is becoming more workable for some employers and more expensive for those competing for scarce skilled talent.

What difficulties do you encounter when hiring new employees?



Skills scarcity

63%

is the dominant hiring challenge

Experience scarcity

50%

is the second-largest challenge



Workforce management challenges

Regional observation

Talent attraction and retention is the dominant workforce challenge (44%), confirming that competitiveness in the skilled talent market is the Region's primary workforce constraint.

Managing labor costs while staying competitive on pay is as critical (41%), reflecting sustained wage and benefit pressure.

Employee engagement and company culture is a top-tier issue (37%), suggesting that retention risk is increasingly cultural and experiential, not only financial.

Hybrid work management and compliance are emerging as meaningful new dimensions, signaling that workforce complexity is increasing beyond the traditional core challenges.

Only 23% cite capability alignment with evolving strategy, implying that many firms remain more focused on "getting and keeping people" than on proactive reskilling.

Country highlights

Croatia (59%), Serbia (53%), Kazakhstan (52%), and Greece (50%) significantly exceed the Regional average for talent competitiveness as a challenge.

Bulgaria (25%) and Romania (19%) under-index sharply, suggesting lower hiring intensity or different talent structures.

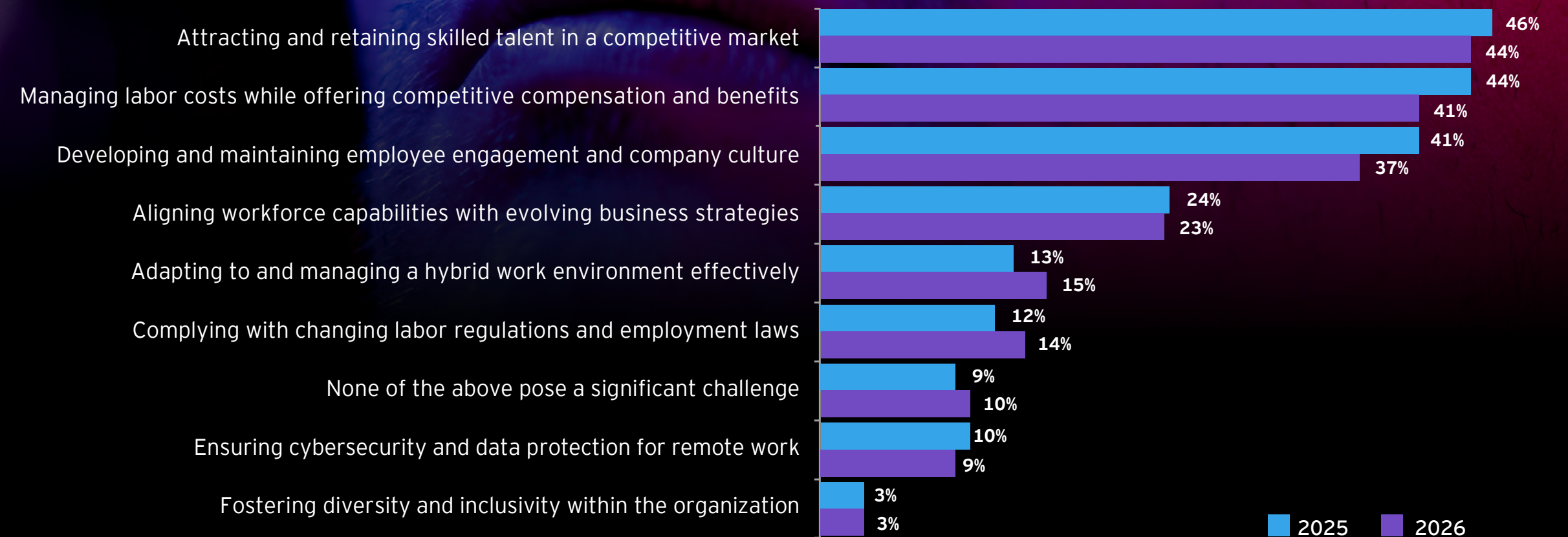
Slovakia (49%) is the strongest outlier in culture and engagement as a challenge, suggesting retention and cohesion are defining issues there.

Poland (24%) is the strongest outlier on remote-work security as a workforce management concern.

Year-on-year comparison

Both top challenges eased slightly year-on-year, **talent attraction and retention** from 46% to 44%, **labor cost pressure** from 44% to 41%, but the gap between them and all other workforce challenges remains wide.

Which of the following pose the greatest challenge to your organization in managing your workforce?



The dominant workforce challenge is talent attraction and retention

44%

Workforce

OE Sustainable growth

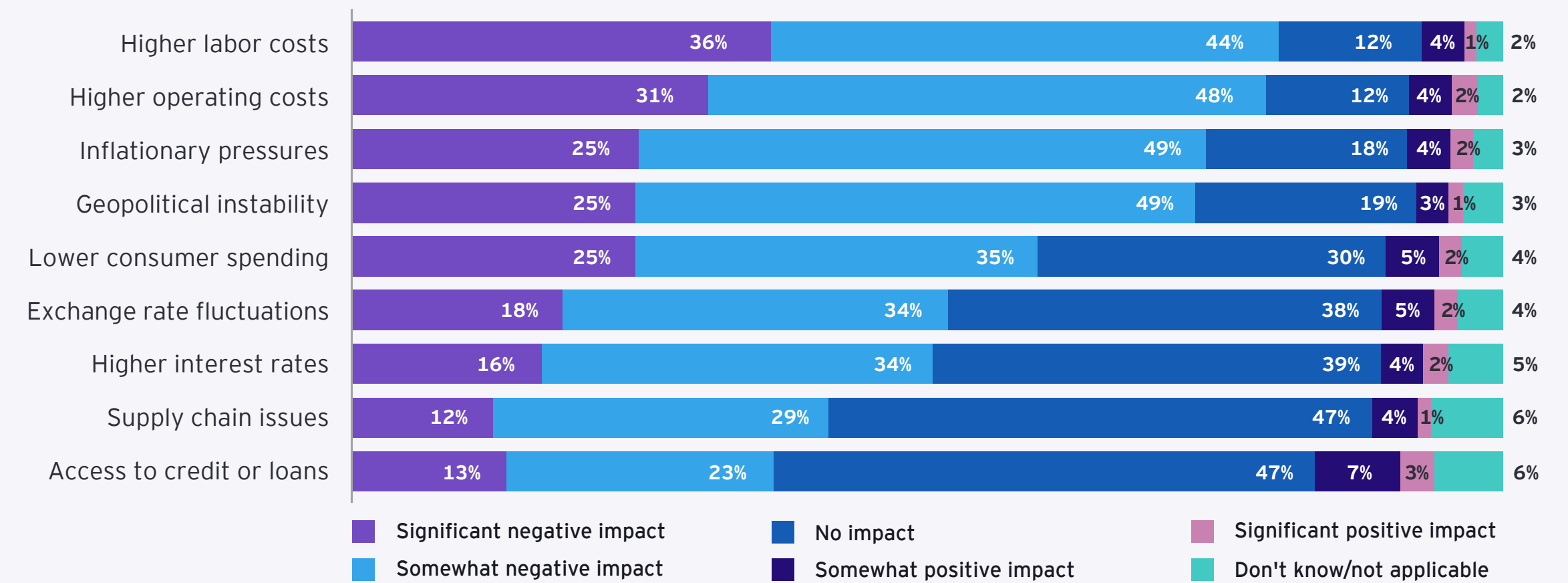


Cost pressure is becoming structural – driving a margin-defense mindset and widening performance gaps.

Persistent cost pressure, constrained talent, and disciplined investment are converging into a clear margin-defense imperative. Transformation is delivering operational gains, but the financial risk landscape is broadening and there is increasing stress on organizational capacity to absorb change.

Financial security risks

How much of an impact do you anticipate each of the following will have on the financial security of your business in the next 12 months?



Regional observation

Cost pressure is the dominant threat. Higher labor costs

80%

and higher operating costs (79%) lead all risk factors, with margin compression as the central financial-security narrative.

Macro volatility reinforces the pressure. Three-quarters of respondents anticipate inflationary pressures

35%

and geopolitical instability (74%) as strongly negative.

Demand risk is meaningful but clearly second tier, while lower consumer spending

60%

suggests many firms expect revenue-side pressure, but less universally than cost-side risk.

Financial security risks

Country highlights

Croatia, Serbia (both **95%**), and **Slovakia** (**92%**) are the most wage-risk exposed markets, implying acute compensation pressure and heightened margin erosion risk.

Romania (**93%**) and **Kazakhstan** and **Serbia** (both **90%**) are the most inflation-exposed markets, exhibiting some of the most severe expectations of price instability in the Region.

Romania (**85%**) and **Türkiye** (**75%**) face the strongest demand-shock risk. **Czech Republic** (**38%**) and **Poland** (**39%**) are low outliers, indicating comparatively stronger confidence in demand conditions.

Year-on-year comparison

Cost pressures remain the top risk but have eased modestly. **Higher labor costs** fell from 85% to **80%**, and **operating costs** from 85% to **79%**, representing slight normalization from peak pressure.

Supply chain issues are the only risk worsening meaningfully year-on-year. **Net negative** rose from 35% to **41%**, shifting the challenge from price volatility to operational reliability. The issue is no longer just cost, but availability and delivery certainty.

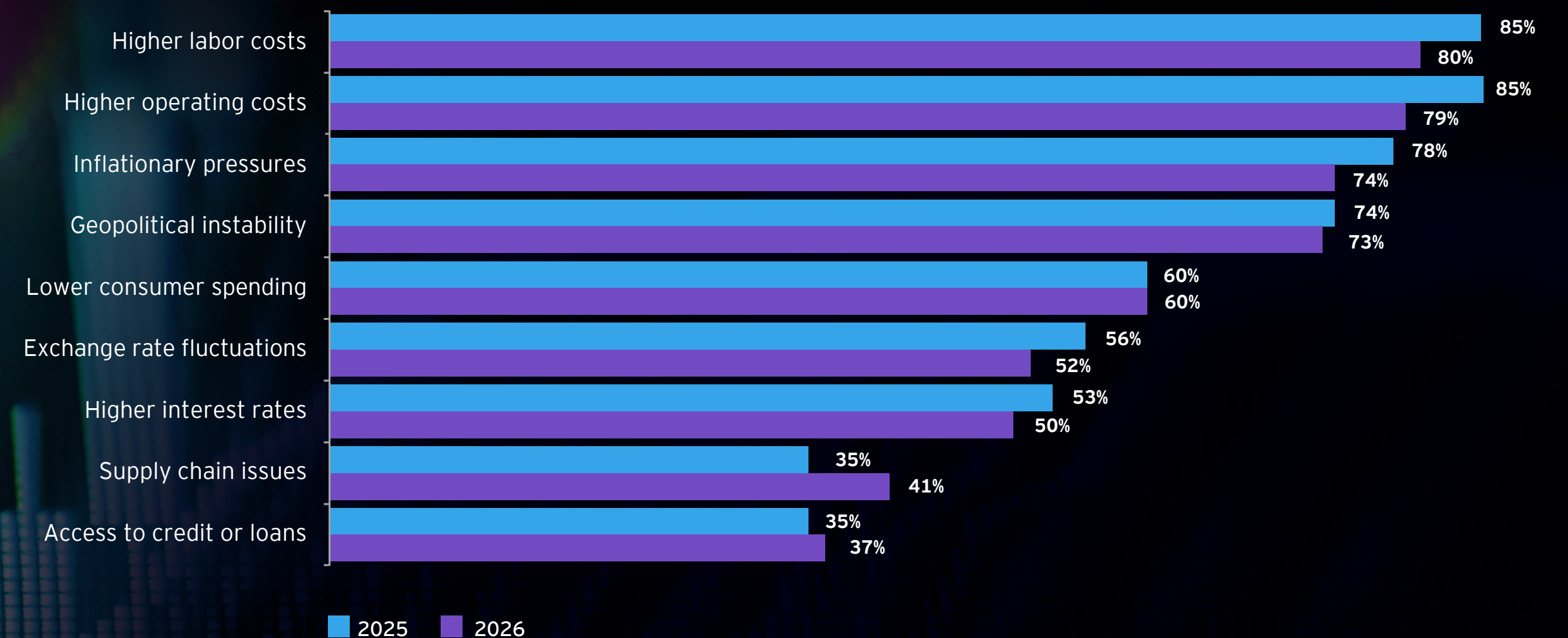
Financial risks improved slightly with exchange-rate risk declining from 56% to **52%** and **interest-rate risk** from 53% to **50%**.

Cost pressures

Supply chain risk is rising

41%

Which of the following do you expect to have a negative impact on the financial security of your business in the next 12 months?



The graph compares net negative responses

Cost drivers

Regional observation

Labor costs are overwhelmingly the #1 cost driver across the Region (**87%**), indicating wage pressure is the most pervasive and immediate source of cost escalation.

The next tier is broad-based and operational. **Technology and equipment upgrades** (**66%**), **energy and utilities** (**65%**) and **raw materials and supply costs** (**62%**) signal multi-source cost inflation rather than a single-input shock.

Marketing and advertising costs are a meaningful mid-tier driver (**55%**), implying that demand generation and customer acquisition are becoming more expensive.

Transportation and logistics (**51%**) sits just below the overhead cluster, reinforcing that distribution and supply-chain execution continues to add cost friction.

Country highlights

Serbia (**98%**) and **Slovakia** (**96%**) are the strongest outliers on wage pressure, indicating extreme labor cost exposure. **Malta** (**56%**) is a structural low outlier with materially less prominent labor costs.

Poland (**70%**) and **Romania** (**67%**) are the strongest logistics-cost outliers, suggesting distribution costs are a material driver of overall cost inflation in these markets.

Year-on-year comparison

Labor costs remain the largest driver but pressure is easing slightly (90% to **87%**), suggesting wage inflation is still widespread but no longer accelerating with last year's intensity.

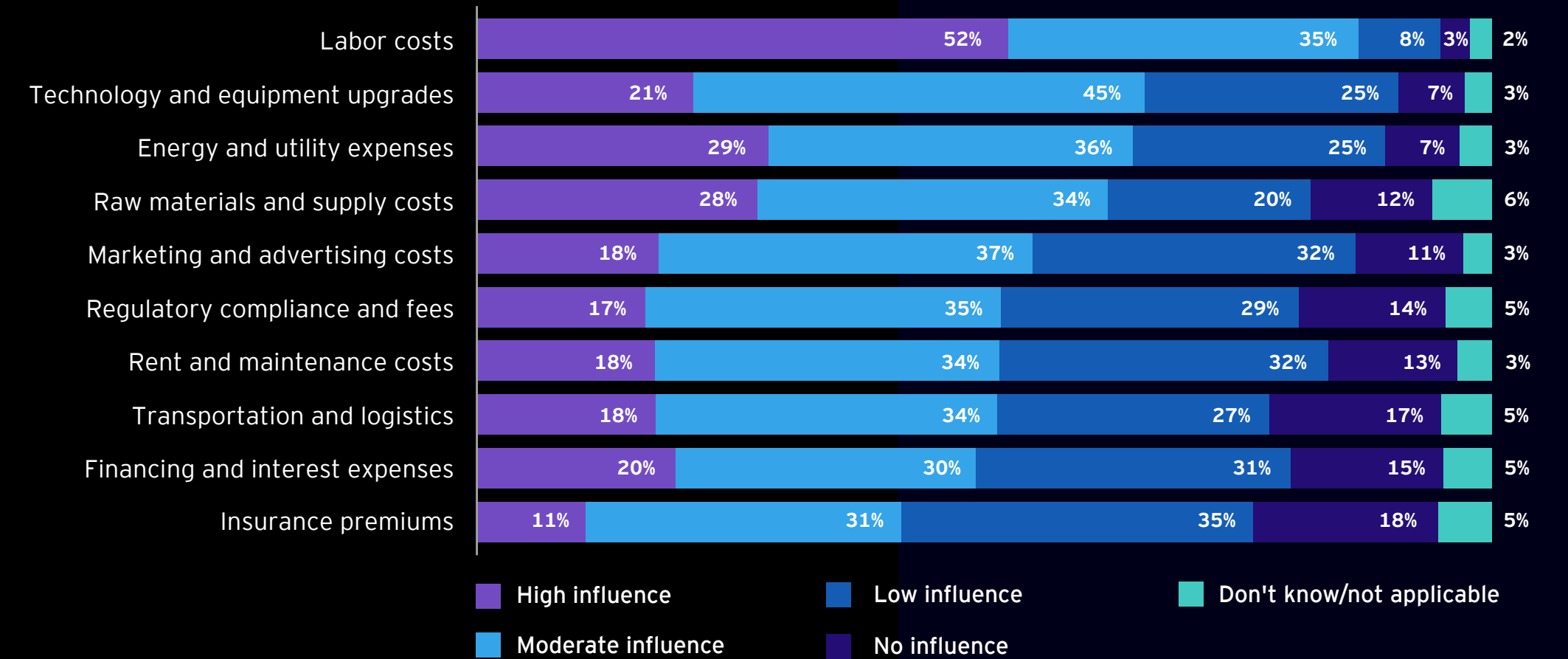
Cost pressure is broadening beyond inputs into structural overhead. Rent and maintenance, regulatory compliance and technology investment all rose as cost drivers, pointing to a shift where firms absorb not just variable cost inflation, but higher baseline operating costs.

Input cost inflation is stabilizing, while go-to-market costs are rising. **Raw materials and energy** stay broadly **flat**, while **marketing and advertising** increased from 52% to **55%** – suggesting rising spend to protect demand and sustain pipeline.

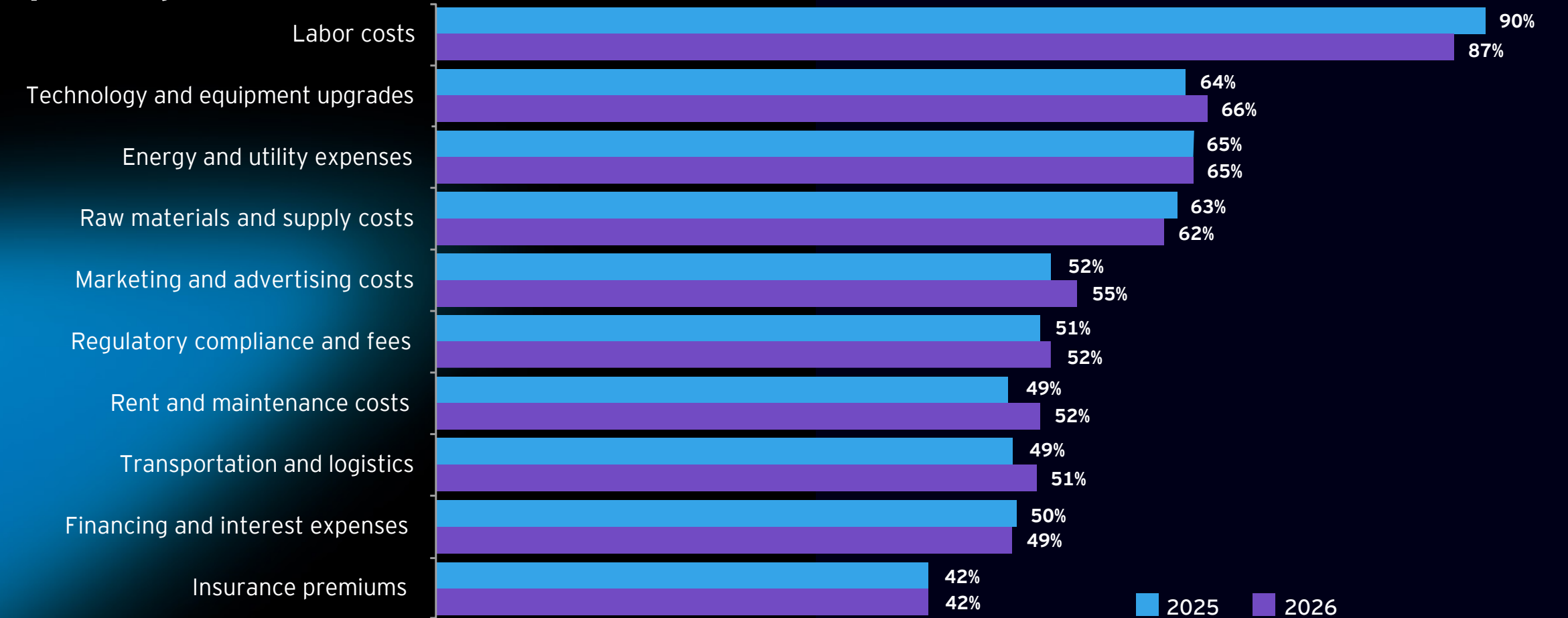
Labor costs dominate as the top cost pressure

87%

Rate the level of influence each of the following factors has on increasing the costs for your organization?



Which of the following factors do you expect to be the main cost drivers for your organization?



The graph compares High influence and Moderate influence responses

Business performance outcomes

Transformation is delivering real operational gains but people outcomes are lagging, creating a growing tension between the pace of change and organizational capacity to sustain it.

Regional observation

The Region shows strong performance-system momentum. **Operational efficiency** improved for **63%** and **digital maturity** for **63%**, indicating broad-based execution improvement rather than isolated pockets of progress.

Innovation is also rising meaningfully (**59%**), suggesting that new ideas and change initiatives, not just cost cutting, are complementing productivity gains.

Training and development investment is net-up for **57%**, implying capability building is happening but at a lower intensity than efficiency and digital gains.

People outcomes lag significantly. Only **40%** report improved **employee satisfaction** while **24%** report **rising turnover**, indicating that stresses exist in organizational capacity to absorb the pace of transformation.

Country highlights

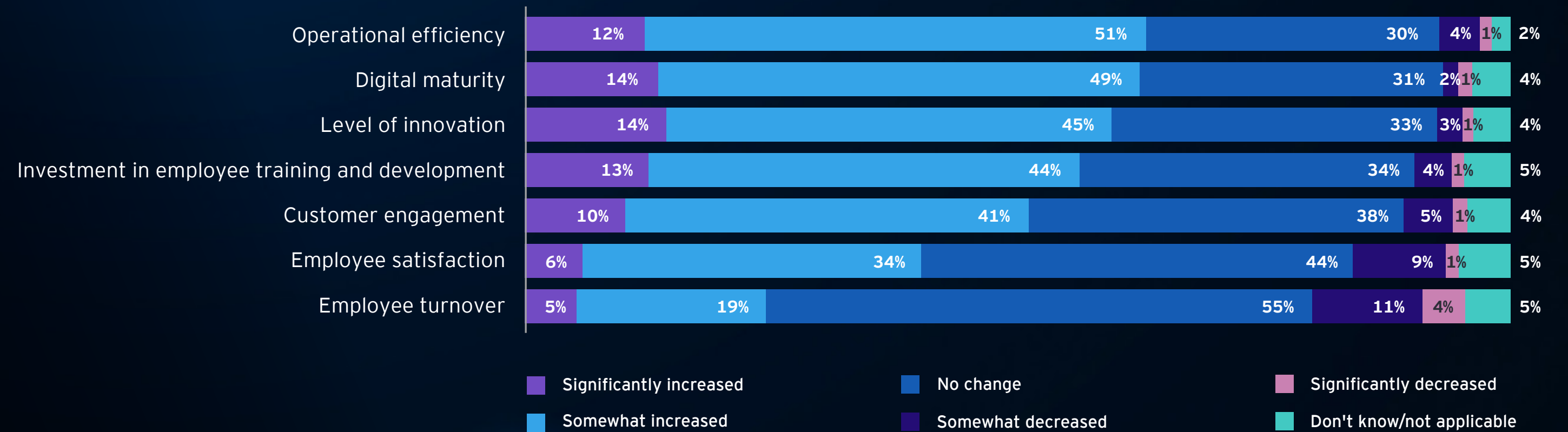
Czech Republic (80%) and **Kazakhstan (77%)** are clear efficiency leaders. **Romania (41%)** is a structural laggard, suggesting limited operational uplift and weaker transformation traction.

Slovakia (77%) and **Kazakhstan (74%)** stand out on innovation acceleration, pointing to stronger forward-looking change agendas.

Malta (81%) and **Türkiye (73%)** are standout leaders in customer engagement improvement. **Czech Republic (34%)** lags sharply, suggesting transformation is internally focused despite strong efficiency gains.

Hungary (36%) is the largest underperformer in training and development investment, a capability-building deficit that may constrain productivity and innovation over the medium term.

How have the following areas of your business changed over the past 12 months?



Operational performance is improving

63%

Improved employee satisfaction lags

40%

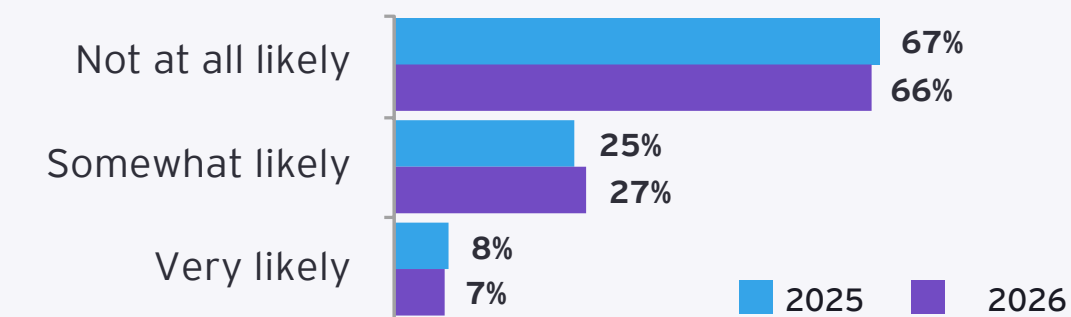
Mergers and acquisitions

Ownership remains patient – though openness to
strategic exits
 is gradually increasing.

The Region retains a predominantly “patient owner” mindset. Most entrepreneurs are not positioning for near-term ownership transitions, and measure exit horizons in years rather than months. Even so, the pipeline of conditional openness to strategic transactions is non-trivial and slowly broadening.

Likelihood to sell

How likely are you to sell part of your company in the next 12 months?



Regional observation

Exit appetite remains low, so that

66%

are “not at all likely” to sell part of their company in the next 12 months, indicating prioritization of control, continuity, and organic growth.

A meaningful minority is open to transactions, with

27%

“somewhat likely” and 7% “very likely” to sell, indicating a non-trivial pipeline of potential partial-sale activity.

The dominant posture is

“optional but not committed,”

with the “somewhat likely” segment four times the “very likely” segment, suggesting interest is conditional on valuation, strategic fit, or financing needs.

Country highlights

Hungary (81%), Malta (81%), and Czech Republic (78%) are the strongest hold markets. At the other end, **Serbia (48%)** and **Türkiye (50%)** are the most open to selling, with **Serbia (46%), Romania (41%)** and **Türkiye (43%)** showing the highest conditional openness to partial transactions.

Year-on-year comparison

The Regional base is stable so that “not at all likely” remained unchanged (67% to **66%**), with no major swing toward exits.

“Somewhat likely” increased modestly (25% to **27%**), suggesting slightly more exploratory openness.

Bulgaria shows the strongest shift toward openness with “not at all likely” falling from 90% to **63%**, indicating a major change from near-universal reluctance to meaningful consideration.

Legacy planning pathways

Regional observation

Two mainstream pathways represent legacy planning: **family succession (40%)** and **sale to another company (39%)**. Together, these account for the dominant Regional mindset.

Third-party capital routes remain secondary: Only **22%** consider a **sale to an investment fund** and **11%** consider an **IPO**, confirming that institutional and market exits remain niche.

Selling to an individual (18%) is a smaller but meaningful route, suggesting some appetite for management buyouts, entrepreneur-to-entrepreneur transfers, or private handovers.

Family succession leads

40%

remaining the dominant legacy pathway

Country highlights

Serbia (62%), **Croatia (54%)**, **Czech Republic (53%)**, and **Kazakhstan (52%)** are the strongest family succession markets.

Malta (19%), **Slovakia (24%)**, and **Romania (26%)** under-index on family succession with weaker reliance on inheritance as a legacy pathway.

Greece and **Romania** (both **19%**), **Malta (19%)** and **Türkiye (18%)** show the highest IPO consideration and represent pockets where public markets are a more credible aspiration.

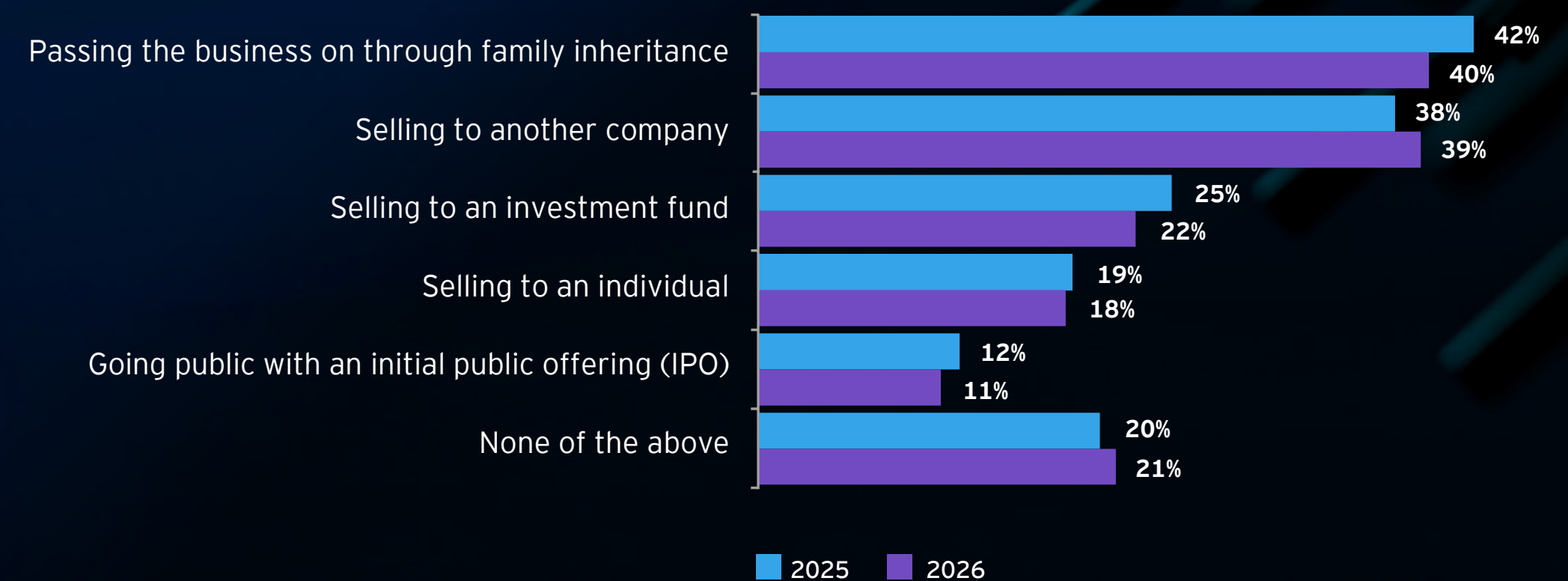
Year-on-year comparison

Family succession declined modestly from 42% to **40%**, indicating a small move away from the default pathway.

Selling to an investment fund declined from 25% to **22%**, implying modest cooling in institutional-exit appetite.

“None of the above” rose from 20% to **21%**, suggesting growing uncertainty or deferred decision-making around succession pathways.

Which of the following legacy planning options for the future management of your company would you consider?



Exit timing

Regional observation

Exit urgency is low. Only **3%** expect an **exit within one year**, indicating minimal short-term transaction pressure.

The dominant planning horizon is mid-term, with **26%** targeting an **exit in one to four years** and another **26%** in **5-10 years**. Roughly half see exit as plausible within a decade.

27%

have no plan to exit ownership, confirming that **long-term control and continuity remains a core entrepreneurial preference**.

Country highlights

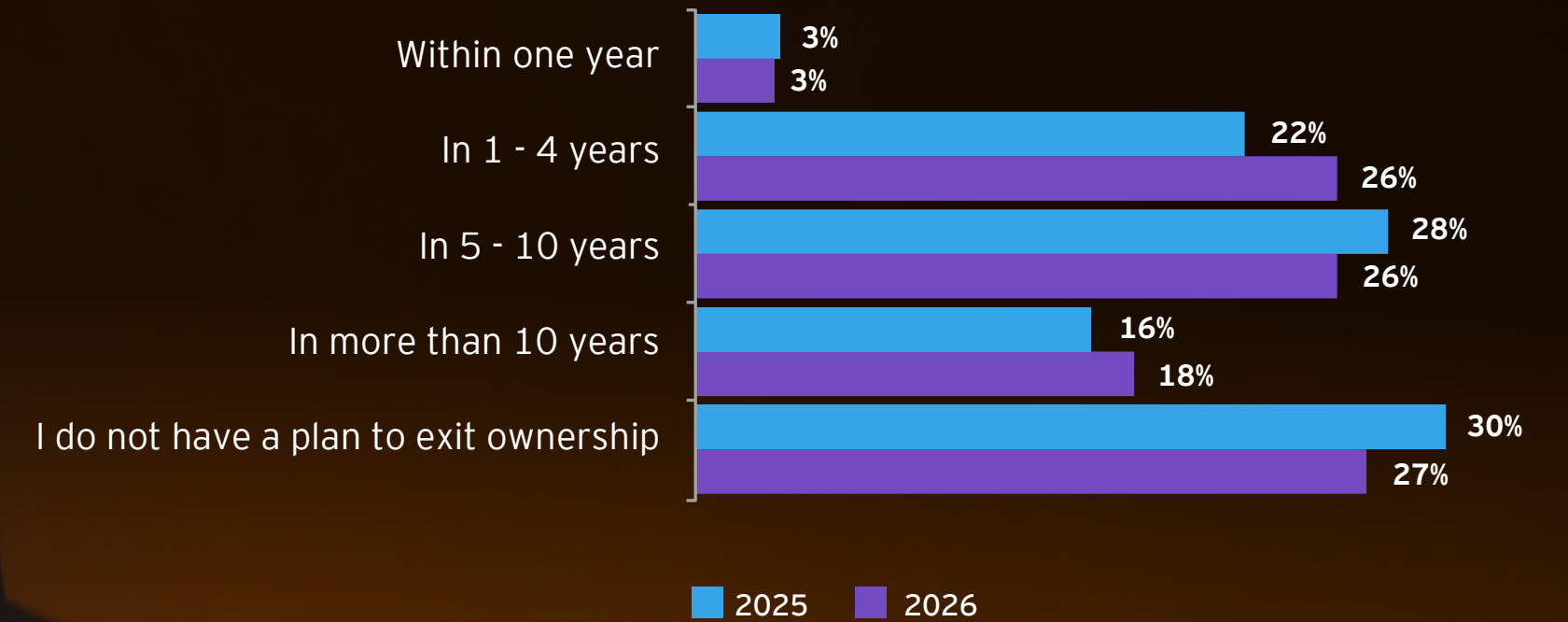
Serbia (12%) is the only market with materially higher near-term exit expectations. **Poland** and **Romania** favor a medium-term 5-10-year build-then-exit profile, while **Hungary** and **Greece** show the strongest long-hold preference.

Year-on-year comparison

The Region is shifting modestly toward earlier exits: the **one to four-year horizon** increased from 22% to **26%**. Some exit timelines are advancing.

Long-horizon planning is also increasing ("**more than 10 years**") rising from 16% to **18%**), suggesting polarization between earlier exits and exceptionally long holds rather than convergence around a single planning window.

When would it be realistic for you to exit the ownership structure of your company?



07

Family business perspectives



Governance

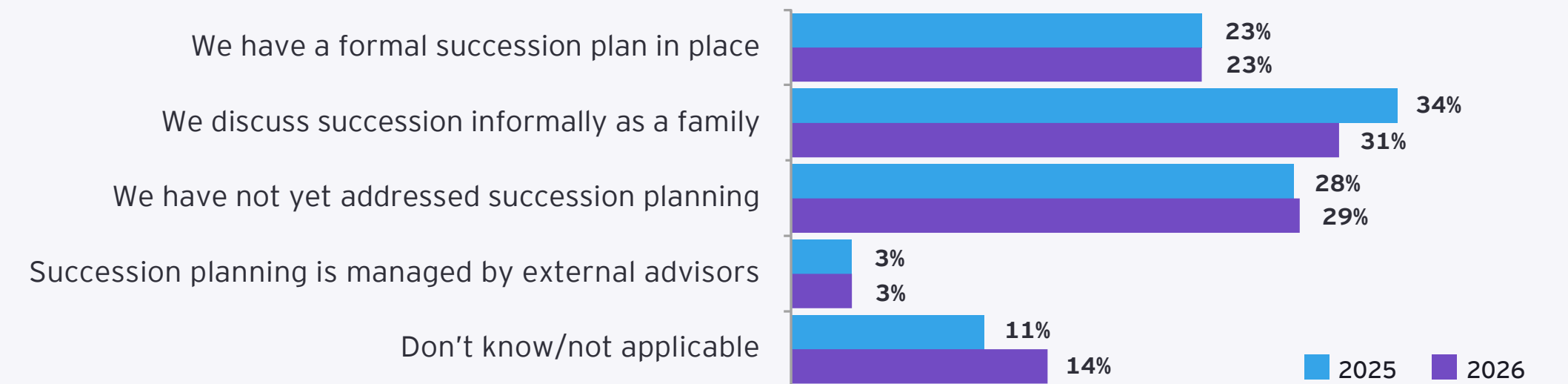
is becoming the gap – exposing risks in succession, ownership, and long-term sustainability.

Family businesses represent 54% of respondents, a structural feature of the Region’s entrepreneurial economy. Yet across succession planning, governance and wealth sustainability, this segment faces challenges distinct from non-family-owned firms, with material implications for long-term competitiveness.

Succession planning

Succession planning governance remains underdeveloped and is one of the most persistent structural risks in the Region’s entrepreneurial economy.

How do you manage succession planning in your family business?



Regional observation

Only

23%

of family businesses have a formal succession plan, confirming that structured continuity planning remains the exception rather than the norm.

A significant

29%

have not addressed succession planning at all, a material continuity risk that can translate into value leakage during leadership transitions.

Informal succession discussions are the most common approach

31%

meaning many family businesses rely on relationship-led planning rather than codified governance.

External advisor-led succession is rare

3%

confirming limited use of professional governance, legal or family office structures to professionalize the process.

Succession planning

Country highlights

Czech Republic (36%), **Croatia (33%)**, and **Greece (31%)** are the strongest formalization markets with greater governance maturity on succession.

Bulgaria (48%), **Slovakia (43%)**, **Czech Republic (43%)**, and **Kazakhstan (42%)** over-index on informal family-led processes.

Malta's (0%) formal planning is a striking outlier, while conversely, **Malta (17%)** leads on external advisor-led succession, suggesting those that plan do so more professionally.

Year-on-year comparison

Formal succession planning is flat at the Regional level (23% to **23%**) with no measurable improvement in structured governance maturity year-on-year.

Informal family discussions declined slightly (34% to **31%**), and **"not yet addressed"** increased marginally (28% to **29%**). The planning gap is not closing and appears persistent.

Governance gap persists with only

23%

having a formal succession plan

Formal succession planning



Unique challenges of family businesses

Regional observation

Balancing family and business interests is the defining challenge for family businesses (44%), confirming that governance and decision trade-offs remain the primary differentiator versus non-family firms.

Succession planning and generational transition is the second-largest challenge (35%), confirming continuity as a persistent structural pressure point.

Interpersonal friction is real but not universal: 25% cite family conflicts affecting the business.

Attracting external talent which respects family culture (22%) and **preserving legacy while modernizing** (22%) are emerging as important secondary tensions which are particularly relevant as family firms seek to digitize and compete.

Balancing family and business remains the core challenge

44%

Country highlights

Romania, Kazakhstan, and Türkiye (all 33%) show elevated conflict pressure between family members.

Kazakhstan (42%) and **Poland and Malta** (both 33%) show strong focus on reputation stewardship as a distinct family-business challenge.

Croatia and Malta (both 33%) are the clearest outliers in attracting external talent, a professionalization challenge that is particularly acute for family firms trying to grow beyond the founding team.

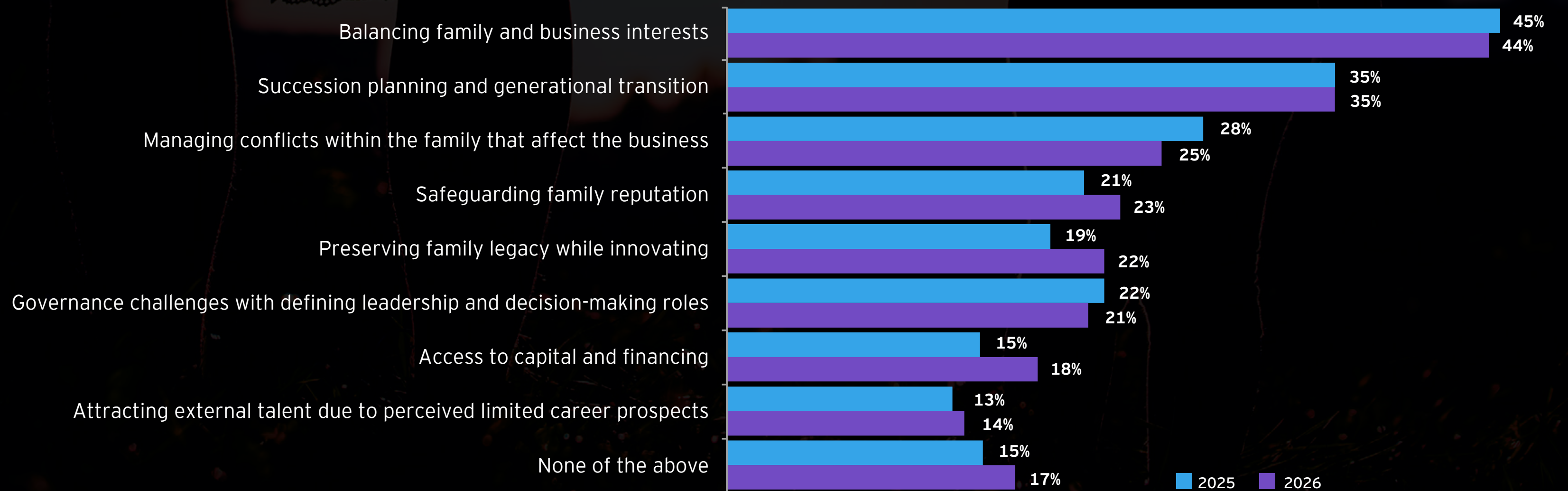
Year-on-year comparison

Balancing family and business interests remains stable (45% to 44%) as the persistent top challenge.

Succession planning complexity is unchanged (35% flat) with no improvement in perceived difficulty.

“Preserving legacy while innovating” rose from 19% to 22%, indicating increasing tension between tradition and modernization as digital transformation accelerates.

What unique challenges does your family business face compared to non-family businesses?



Wealth sustainability strategies

Regional observation

The dominant wealth-preservation strategy is **retaining earnings for reinvestment (56%)**, reflecting a strong preference for compounding value internally rather than distributing capital externally.

Diversification outside the business is the second most common approach (**38%**), indicating a sizeable share is actively reducing concentration risk.

Twenty-nine percent select **succession planning** linked to financial education for heirs, demonstrating recognition of this as important but still not mainstream across the Region.

Formal governance structures have improved, rising from 12% to **18%** year-on-year – the most material shift in this section and a positive signal for long-term planning maturity.

Country highlights

Czech Republic (74%) and **Croatia (71%)** are the strongest reinvestment-led markets. **Kazakhstan (25%)** is the extreme low outlier with internal reinvestment far less central than other strategies.

Slovakia (39%) and **Türkiye (33%)** are the strongest advisor-led planning markets, signaling higher reliance on professional long-term planning discipline.

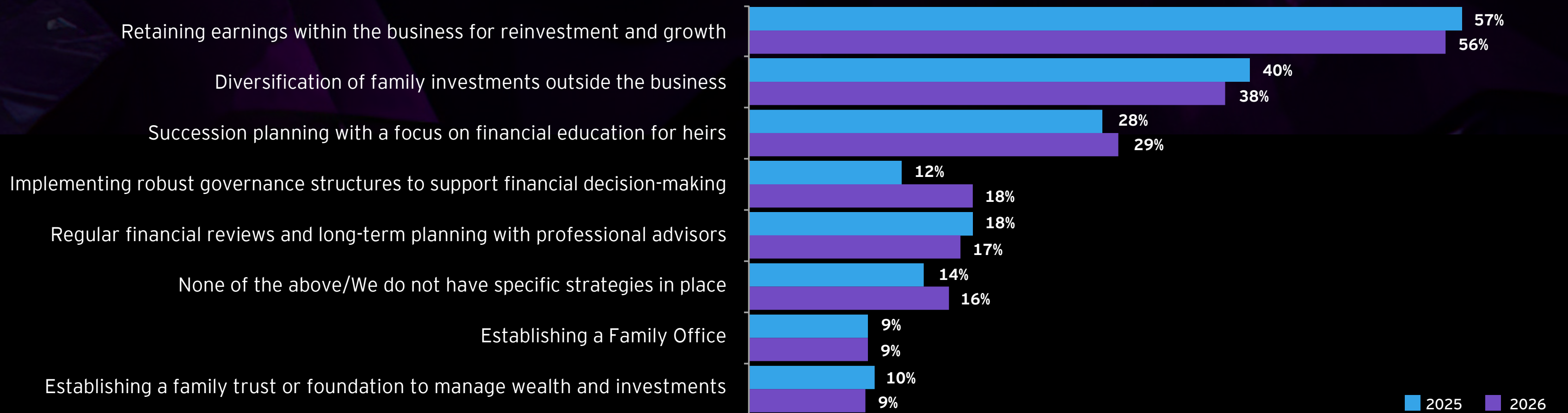
Year-on-year comparison

Retaining earnings remains stable to slightly lower (57% to **56%**), reinforcing reinvestment as the enduring default strategy.

Governance structures show the most material improvement (12% to **18%**) – a meaningful shift toward formal decision frameworks.

Romania records the largest drop in succession education (32% to **7%**), while **Türkiye** shows a major pivot. **Diversification** surged (35% to **67%**) while **succession education** collapsed (20% to **0%**), implying a shift toward financial structuring rather than heir development.

What strategies do you use to preserve family wealth and ensure the long-term financial sustainability of the family business?



Key recommendations

The 2026 Barometer findings point to five areas where entrepreneurs, business leaders and policymakers can take targeted action to move from resilience to systemic advantage.

1

Shift from digital adoption to value realization

Adoption is now widespread and the competitive frontier has moved to deployment quality and commercial outcomes. Businesses need to:

Move beyond pilots by institutionalizing scaling mechanisms and establishing clear business owners, ROI thresholds and change-management frameworks that can carry AI from proof-of-concept to production.

Prioritize customer-facing and revenue-linked use cases alongside internal efficiency for commercial gains requiring more deliberate design, rather than following automatically from operational deployment.

Build country-specific AI playbooks that address the specific data, regulatory and skills constraints of each market, rather than applying uniform regional approaches.

2

Address regulatory friction with evidence-led advocacy

Regulatory complexity is the #1 barrier to entrepreneurship and its impact is measurable, extending to finance, revenue, workforce, and investment decisions. To make progress:

Use Barometer data to quantify the cost of regulation in concrete business terms, shifting the policy dialogue from “compliance is complex” to “this barrier costs us X in revenue and Y in hiring capacity”.

Equip country teams and industry bodies with fact-based regulatory narratives for policy dialogue, using existing data for sharper framing for engagement.

Differentiate markets into high-friction and low-friction clusters to target interventions where they will have the most impact, rather than pursuing undifferentiated regional reform.

3

Rebalance investment toward resilience and optionality

Align digital transformation programs In a high-uncertainty environment, the right investment posture is modular and quick-payback. For businesses:

Prioritize automation, analytics, and process digitization investments where the payback is measurable and there is limited downside.

Develop blended financing pathways for markets heavily reliant on self-funding, combining grants, co-investment and structured debt, to expand the investable horizon without overextending

Embed ROI discipline and scenario planning into investment governance to counter rising investment hesitation and ensure you deploy capital with conviction.

4

Redesign the workforce model around structural scarcity

Skills scarcity is not a cyclical dip; it is a persistent structural feature of the Region's labor market. The workforce model needs to evolve as follows:

Treat skills development as a strategic investment, not an HR cost. Internal mobility, apprenticeships, and reskilling programs should be central to the workforce strategy, not peripheral.

Normalize hybrid talent models, combining a core permanent workforce with flexible contractor and partner capacity with clear governance and performance metrics for each tier.

Align digital transformation programs explicitly with employee experience. The growing gap between efficiency gains (63%) and employee satisfaction improvement (40%) is a warning signal that risks becoming a retention and productivity liability.

5

Professionalize succession, ownership, and family governance

The continuity gap in family business governance is one of the most material, and most underappreciated, risks in the Region's entrepreneurial economy:

Reframe formal succession planning as a value-protection tool, not a legacy conversation. With 29% having no plan at all, the downside risk of deferred governance is tangible and immediate.

Encourage early and ongoing engagement with external advisors for succession, governance, and wealth structuring, rather than treating these as one-time conversations.

Segment family businesses into “prepared” and “at-risk” cohorts and design targeted support journeys that address the specific governance, funding, and talent needs of each group.

Conclusion

Entrepreneurs across wider Europe continue to operate under sustained pressure. The operating environment is not becoming easy – regulatory complexity, cost inflation, talent scarcity, and geopolitical instability remain firmly in place. However, the 2026 Barometer points to a more important shift whereby intent to transform no longer defines businesses while execution does.

AI is scaling. Investment is becoming more disciplined. Workforce models are evolving. But the real differentiator – the factor that will separate the businesses that outperform from those that merely survive – lies in the ability to connect these elements into a coherent, repeatable system of execution.

The firms beginning to build that systemic advantage are not doing so through bold bets or favorable conditions. They are doing it through deliberate design: formalizing what works, funding it with discipline, and building the organizational capacity to sustain it through continued uncertainty.

That is the signature of a business moving from resilience to systemic advantage and it will increasingly be the measurement of entrepreneurial ambition in the Region.

The window to build that advantage is now. Macro conditions will stabilize and when they do, the businesses that have done the work, building systems rather than responding to events, will be in the best position to capture the opportunity.

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