



KPMG 2021 CEO Outlook - UAE

Plugged-in, people-first, purpose-led

KPMG Lower Gulf

December 2021

“The UAE government has turned a potential crisis into an opportunity by tackling the pandemic head-on with resources, smart technology and encouraging the private sector with a raft of enabling measures.

Thanks to this stable framework, CEOs are emerging stronger and more confident about the economy and their own organizations’ prospects for the future. They are also adopting a forward-thinking strategy towards shifting their resources to disruptive technology and increasingly pushing ESG issues up the business agenda.”

Nader Haffar,

**Chairman, KPMG Middle East & South Asia,
Chairman & CEO, KPMG Lower Gulf**



Foreword

Optimism is back in the boardroom.

It's been roughly 18 months since the World Health Organization declared Covid-19 a global pandemic. KPMG returns with its annual CEO survey to gauge how leadership strategies and concerns have shifted during these demanding times. And if one word could summarize our report, it's optimism — a remarkable and reassuring shift.

CEOs' expectations for growth are approaching pre-pandemic levels — for company, country and the global economy. To capture this growth potential, leaders are hiring, exploring tie-ups and proactively investing in disruptive technology. CEOs are strengthening their organization's purpose to meet stakeholder demands and because they increasingly see it as benefitting their financial performance.

For UAE-based CEOs, the potential perceived impediments to growth have shifted to longer-term concerns like climate change and disruptive technology risk, though potential pandemic-related threats like supply chain risk and new variants still

remain. While the pandemic is still influencing some of these issues, leadership is now able to concentrate on important mainstream items alongside their aggressive growth strategies.

ESG is becoming front and center in most business plans. The survey results show corporates are ready to work closely with government to make good on their ESG commitments and are prepared to be held accountable for delivering on them. It's an encouraging sign, and one I am particularly pleased to see.

We may not be completely back to business as usual just yet, at least globally. But like the many CEOs we interviewed, I share their optimism, and I would like to thank them for taking the time to participate in our survey.

The opportunity to build a stronger, more sustainable future exists only if we work together, for better. Thank you and please stay safe.

Nader Haffar

Contents

Key findings	05
The road to renewal	07
Trusted purpose	14
Digital agility	18
Considerations for CEOs	21
Methodology and About KPMG	24



Key findings

The road
to renewal

Trusted
purpose

Digital
agility

Considerations
for CEOs

Methodology and
About KPMG



Key findings

The KPMG CEO Outlook series offers a unique lens on the ongoing implications of the Covid-19 pandemic and prospects for economic recovery. This major annual survey draws on the perspectives of global and local CEOs. The UAE CEOs represent a significant portion of the economy — all represent companies with revenues higher than US\$500 million and 28% of the companies have revenues higher than US\$10 billion.

Key developments are focused on how today’s CEOs are plugged-in, people-first and purpose-led to grow their organizations and emerge stronger:



CEOs are **optimistic, confident and expect aggressive growth** through acquisitions and partnerships. They continue to put an emphasis on leading with purpose and a focus on digitally transforming their organizations, while upskilling an agile workforce in the new world of work.



With increased stakeholder expectations to invest in a more equitable and sustainable future, UAE **organizations are beginning to formulate environmental, social and governance (ESG) strategies** to stay true to their purpose.



With people returning to places of work, and society increasingly looking for business to lead, CEOs are recognizing employee **demand for continued flexibility**.



Overall, three key themes emerged from this year's UAE survey.



The road to renewal

Despite continued uncertainty and risk volatility, CEOs are confident and optimistic about growth, feeling a connection to their purpose, and are looking to expand.



Rebounding growth

In the UAE, 92% of CEOs are confident about the country's growth prospects and 88% about their company's growth prospects.



Leading with purpose

As the public looks to leaders to drive progress on major societal challenges, 92% of CEOs are using their corporate purpose to address the needs of their stakeholders.



Accelerating growth and the digital agenda

M&A appears to be critical to powering growth and acquiring digital capability — 76% of CEOs say they are looking to make deals in the next three years and 36% feel M&A is the most important strategy for growth.



Trusted purpose

With increased stakeholder pressure to invest in a more equitable and sustainable future, CEOs are beginning to embed ESG into business strategy.



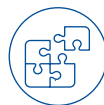
Putting people first to drive societal return

84% CEOs said they will be increasingly held personally responsible for driving progress in addressing social issues. Only 28% felt they may struggle to meet diversity and inclusion expectations, compared with 56% of CEOs globally.



Collaborating to power sustainability

Making progress on climate change requires action from both businesses and government. 52% of CEOs plan to invest more than 10% of their revenues in becoming more sustainable, and 80% say world leaders at COP26 should inject urgency into the climate agenda.



Connecting ESG strategy with financial returns

While 44% of CEOs believe their ESG programs improve financial performance, 28% say such programs can reduce financial performance. Regardless, increased stakeholder pressure will likely drive ESG progress.



Digital agility

CEOs are strengthening their organization's digital advantage by building a more flexible future of work and operating as part of digital ecosystems.



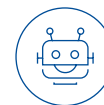
Building a flexible future of work

CEOs need to decide on an operating model for the future that works for both employers and employees. Only 28% say they will have most employees working remotely at least two or more days a week, and only 8% are downsizing office space.



Disrupting the disruptors

CEOs are looking to get on the front foot when it comes to disruption and innovation, with 60% saying their organization is actively disrupting the sector in which it operates.



Partnering for transformation and resilience

68% of CEOs say new partnerships will be critical to continuing the pace of digital transformation, though they are also mindful of building cyber resilience into their approach.

The road to renewal



"DP World has continued to grow during the pandemic, expanding our network of ports and data-driven logistics businesses. We are innovating to make supply chains smarter with more control and visibility for our customers through integrated logistics. Economic recovery is already underway in the UAE and many other countries in which we operate, so the near-term outlook remains positive.

We will continue to see some disruption in supply chains as countries return to business, but I am confident we are on our way back to normalcy."

*HE Sultan Ahmed Bin Sulayem,
Group Chairman & CEO, DP World*



Key findings

The road to renewal

Trusted purpose

Digital agility

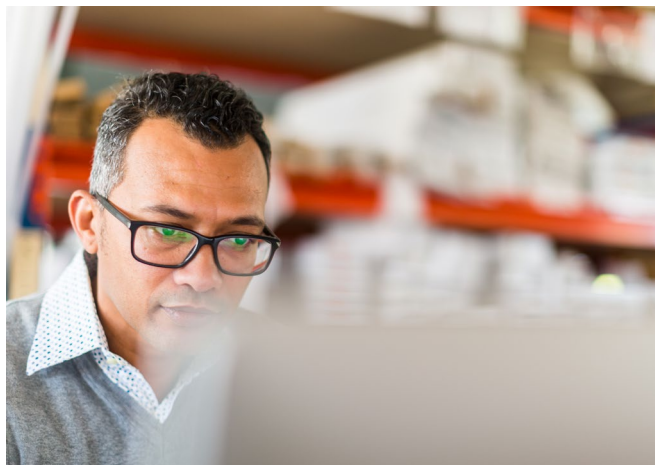
Considerations for CEOs

Methodology and About KPMG



The pandemic was a test of leadership for CEOs. The best leaders protected the health and well-being of their employees, made big decisions amid uncertainty and adapted their leadership approach in a virtual environment.

Today, CEOs are facing new challenges as their organizations manage the ongoing impact of the pandemic. They're balancing the potential to drive growth and transform their business with uncertainty around the potential of an uneven global recovery and the impacts of new virus variants and vaccine inequality.



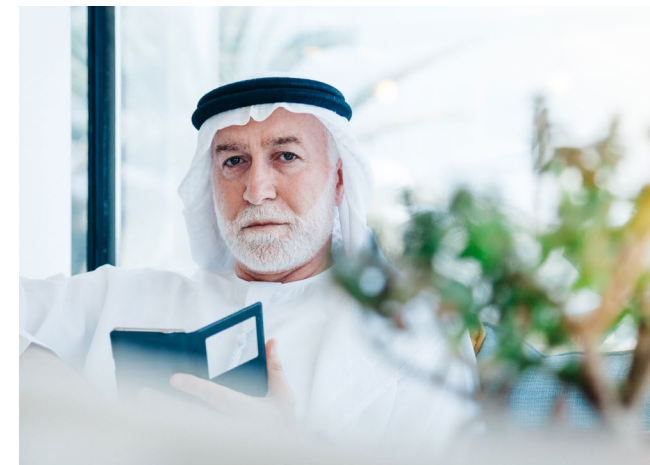
Plugged-in

Connected CEOs recognize the prerequisite for succeeding in a rapidly evolving landscape is being plugged-in. This means building a digital core and connecting back, middle and front-office functions to focus on the customer while being resilient to cyber risk. It also means making sure the business model is relevant — deciding which businesses to divest or add and reallocating capital expenditure to new digital growth opportunities.



People-first

At the same time, CEOs need to have a people-first mindset — not only investing in new technologies, but also human capability.



Purpose-led

Finally, CEOs need to be purpose-led — winning the trust of stakeholders and helping build a more prosperous, equitable and sustainable world. Purpose-led CEOs follow through and deliver on previous commitments and statements with bold ESG programs. Sustained growth is about connecting these priorities.



“The pandemic was the biggest challenge for most businesses worldwide. Sales at Dubai Duty Free dropped by 65% last year, but I am glad we returned to profitability in January this year and, while sales are still way down on 2019, things are moving in the right direction. On the positive side of the past 18 months, I think that we have all learned a great deal about our business, our employees and our customers, and that has to be a good thing. We have had to embrace new online videoconferencing technology in a short space of time and adapt our business model overnight, as we did with our Home Delivery service. We have had to face adversity head on, and overall I think we are emerging stronger than ever as a result.”

Colm McLoughlin,
Executive Vice Chairman & CEO, Dubai Duty Free

Rebounding growth

CEO confidence has returned to pre-pandemic levels. Despite the continued uncertainty of the pandemic in many countries, the survey shows the perspectives and confidence of CEOs have shifted. They are more optimistic about growth than before. In the UAE, 92% of CEOs are confident about the country’s growth prospects and 88% about their company’s growth, and much more so than their global counterparts. (Sixty percent of global CEOs are confident about the growth prospects of the global economy over the next 3 years.)

Reasons to be cheerful

The UAE has overcome the Covid-19 pandemic owing it to wise leadership and teamwork. The government’s response to the pandemic, such as imposing an early lockdown, promoting the vaccination program alongside spreading awareness, and the government stimulus measures announced last year collectively contributed to overcoming the crisis.¹

New long-term visa schemes, particularly the Golden, Green and Freelance visas, have also attracted investors.² Expo 2020 Dubai is also expected to play a big role in driving economic growth this and next year, bringing tourists and foreign investment, contributing to an anticipated economic growth rate of 4.9% in 2022.³

Driven by growing consumer confidence and economic prosperity, the UAE was recently ranked among the top

5 countries to live in, offering a stable, diversified and innovative work environment.⁴

UAE Industry 4.0 is another initiative aimed at facilitating the incorporation of 4IR solutions across the industrial sector.⁵ To maintain its position in the market as an established energy provider to the world, the UAE is investing across its energy supply chain despite the challenges with demand surpassing supply.⁶

The post-pandemic landscape also contributed to highlighting the importance of ESG strategy, especially in terms of social equality. HH Sheikh Khalifa Bin Zayed Al Nahyan recently appointed Dr. Mariam Al Suwaidi as CEO of the Securities and Commodities Authority, the first woman in the history of SCA to hold this position. According to SCA, it is now a requirement for some companies in the UAE to elect at least one woman to their board.⁷

The UAE Government also believes in the success of its private sector and has launched the Nafis program to further promote Emiratisation.

To deliver growth, organizations are taking different approaches to technology and workforce investment. Three-quarters (76%) of UAE CEOs are prioritizing capital investment in new technology over developing their workforce’s skills. (Among global CEOs, this figure falls to 60%). Moreover, CEOs in the UAE are still investing in their workforce, with 72% planning to increase headcount over the next three years.



"The UAE is emerging from a post-Covid world resilient, stronger and more economically vibrant than ever. The federal government's proactive and bold action in legislation, improved regulation and domestic investments have created a strong foundation for openness and sustainable economic growth. In tandem with an era of technologically enabled remote working and cross border connectivity, attracting and retaining talent, one can't help but be bullish on the prospects and outlook for the UAE and the region as a whole."

May Nasrallah, Executive Chairman, deNovo Corporate Advisors; Non-Executive Chairman and Senior Advisor, Middle East, BlackRock

New perceived risks to growth have emerged as the pandemic has evolved. UAE-based CEOs identified disruptive technologies, in particular, and climate change, operational risk and tax risk as potential impediments. (The top three cited by global CEOs were supply chain, cybersecurity and climate change risk).

Economic outlook:

Which of the following risks pose the greatest threat to your organization's growth?



Source: KPMG 2021 CEO Outlook



“Following recent, anticipated tax changes globally and in the UAE, CEOs are having to restructure tax systems to adapt with the international landscape and expand reputational and financial controls.”

Stuart Cioccarelli, Partner, Head of Tax, KPMG Lower Gulf

What also distinguishes potential risks is how they have moved up on the agenda since 2020; three have seen marked rises:



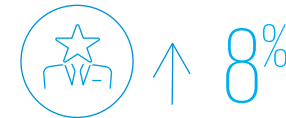
Disruptive technology risk doubled from 14% to 28% from 2020

As a result of this increase, CEOs are shifting resources towards disruptive technology to get ahead of the curve. Over eight in ten (84%) UAE CEOs say they need to be quicker in shifting investment to digital opportunities and divest businesses that face digital obsolescence.



Tax risk saw a 12% rise from 2020

Eight out of ten believe the pressure put on public finances in many parts of the world by the pandemic response has increased the urgency for multilateral cooperation on global tax. At the same time, 88% agree the proposed global minimum tax regime (BEPS 2.0) is of significant, potential concern to their organization’s goals on growth. As businesses aim to invest in a more equitable and sustainable future, 72% are feeling increased pressure to report their tax contributions publicly.



Talent risk saw an 8% rise from 2020

The global talent market was shaken up by the pandemic, leaving several leaders concerned about attracting and retaining talent. UAE-based CEOs are hoping to mitigate talent risk by focusing on their employee’s wellbeing. Eighty-eight percent are strengthening employee engagement through corporate purpose. Rewarding and incentivizing people ranked highest when building corporate purpose, above allocating capital and communicating performance to investors.



Reasons to be wary

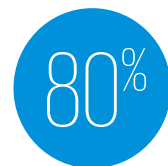
The global economy is still facing ongoing challenges, and this is giving rise to some concerns about fulfilling overall growth potential among the respondents. While the world takes on the battle of vaccine vs. virus, not all countries have yet achieved the same immunization rates.⁸ And as long as new Covid-19 variants persist, some travel restrictions can remain in effect.

Further, potentially high inflation rates are beginning to spook some central banks around the world, partly due to higher energy and fuel prices. We are also witnessing disruptions in shipping and logistics, affecting, for example, the supply of semi-conductor chips used in key manufacturing sectors. Another potential impediment to global growth lies in the shortage of skilled, available labor, accompanied by rising wages in a number of sectors. This can lead to another challenge: the tax implications around people working from home in different jurisdictions.

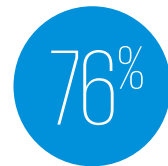
Leading with purpose

The convergence of issues ranging from climate change to social tensions has not just created widespread uncertainty: it has called into question the role institutions play in the world today. In this context, stakeholder expectations of businesses have risen, and the actions of organizations and their leaders are under increasing scrutiny. Today, CEOs aim to deliver the returns that investors expect and help build a better future for society.

The research shows CEOs are embracing this dual challenge:



of UAE CEOs believe that as some confidence and trust in global governments decline, the public is looking to businesses to complement such efforts on societal challenges, such as gender inequality or climate change.



Three-quarters (76%) recognize that large corporations have the resources — both financial and people — to help governments around the world find solutions to pressing global challenges.

Corporate purpose is key to meeting those goals. Now, more than ever, people care about what the companies they buy from stand for. Purpose is connected to a company's role in society, its impact on the environment, how it sustains long-term value and how it operates within its community. It answers the question: "Why is our company in business — and how will it stay relevant?"

CEOs recognize the importance of purpose. For example, 80% of UAE CEOs said purpose is central to building their brand reputation. This reflects the transition of business to multi-stakeholder capitalism, with 60% saying driving long-term value for shareholders is their organization's overall objective. Only 12% say they are focused on economic returns to shareholders.

CEOs are also attentive to embedding purpose into their business and operating models to drive tangible value and growth. Nine in ten (92%) UAE CEOs see corporate purpose as driving total shareholder returns, compared with 81% globally.



"The UAE's rate of sustainability reporting has improved significantly, thanks to the financial regulators' commitment to ESG disclosures. Although the rate remains lower than the global average, local companies that appreciate the importance of comprehensive ESG disclosures and are proactive in getting reliable information attested by the external auditors will be best positioned to benefit from this shift in global sentiment."

Emilio Pera, Partner, Head of Audit, KPMG Lower Gulf



“We, at Standard Chartered, strongly believe that our people are our key assets. As a result, we go the extra mile to ensure that they have all the resources and tools needed to reach their highest potential. We’ve invested heavily in our digital platforms which empower and support our people’s wellbeing and productivity, especially during challenging times.”

*Rola Abu Manneh, CEO,
Standard Chartered Bank, UAE*

Optimism is approaching pre-pandemic levels, with as many as 88% of UAE CEOs confident in their own company’s growth prospects. Inorganic strategies will be key to achieving this ambition:

- Almost seven in ten (68%) of CEOs in the UAE say they will primarily use inorganic tactics, including M&A (the focus for 36%), strategic alliances with third parties (20%) and joint ventures (12%).
- A third (32%) cite organic growth — such as innovation and R&D — as their most important route to growth.

M&A appetite is on the rise. The percent of UAE CEOs with a high appetite for M&A has more than doubled from 23% to 48% over the last year. (Globally, that figure jumped from 32% to 50%).

In addition to M&A, partnerships and industry collaboration will be important for driving digital innovation and acquiring technology capabilities. In pursuing growth, 68% of UAE-based CEOs intend on joining industry consortia focused on developing innovative technologies and 64% intend to partner with third-party data providers.

The research shows UAE-based CEOs are even more ambitious than global CEOs in their technology investment strategies, with 84% saying “we need to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence” (compared with 78% globally).



“We are confident in the growth prospects for the Emirates. In fact, we are already seeing tremendous growth at DIFC, reflecting the optimism our clients have in Dubai and the UAE. Dubai is becoming one of the world’s leading hubs for innovation. Our contribution to that is significant as we focus on providing the most enabling platform for FinTech and innovation firms who will help us drive the future of finance in the Middle East, Africa, South Asia (MEASA) region.”

Arif Amiri, CEO, Dubai International Financial Centre (DIFC) Authority

Trusted purpose



“While the world remains focused on navigating through the pandemic, the UAE is at the forefront of paving the road to recovery. The nation’s secret to this humble resilience is through the genuine value it places on the health of its people. Through accelerating digital transformation and harnessing the power of collaboration, we are seeing the healthcare industry in the UAE grow at an unprecedented rate and quickly emerging as a shining beacon of hope for the rest of the world.”

*Dr. Tarek Fathey, Group Chief Executive Officer,
SEHA - Abu Dhabi Healthcare Company*



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology and About KPMG



“One of our biggest strengths that helped us push through one of the most difficult times in recent history of healthcare has been Our People. Through their dedication, efforts and continued trust in the purpose of our organization we have been able to turn the crisis into a catalyst that enabled us to help as many people and communities as possible and also build a solid foundation to ensure a sustainable future for all. We were agile in quickly adapting to digitization and integrating technology into the core of our operational strategy which we see as an essential element to ensure access to quality and affordable care for all.”

*Alisha Moopen, Deputy Managing Director,
Aster DM Healthcare*

Today, corporate purpose is a business imperative. Key stakeholders — from customers to institutional investors — expect companies to have a positive impact on a range of areas, from driving diversity to helping protect the planet.

But a common challenge with purpose is how CEOs can turn it from a statement of intent to action by executing their high-level commitment. Focusing on a bold ESG program can help identify key opportunities and challenges and allow CEOs to demonstrate how they can fulfill their purpose.

Putting people first to drive societal return

In major economies, social tensions are on the rise, with a focus on addressing inequality. CEOs recognize this public mood and the research shows they embrace the role companies can play in driving both total shareholder return and total societal return.

Today, we see a major focus on the S in ESG, with the vast majority (92%) of UAE-based CEOs saying, “our response to the pandemic has caused our focus to shift toward the social component of our ESG program.”

Eighty-four percent of CEOs in the UAE (71% globally) said they expect to be increasingly held personally responsible for driving progress in addressing social issues. UAE-based CEOs are more confident in their ability to deliver: relatively few (28%, compared with 56% globally) say with public, investor and government expectations of diversity, equity and inclusion (DEI) rising fast, they may be stretched to meet expectations.

The pandemic has had an impact on more than just expectations. In the UAE, 48% of CEOs feel the pandemic’s potential negative impact on women in the workplace may have made it difficult to achieve their gender parity goals at the leadership level.



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology and About KPMG



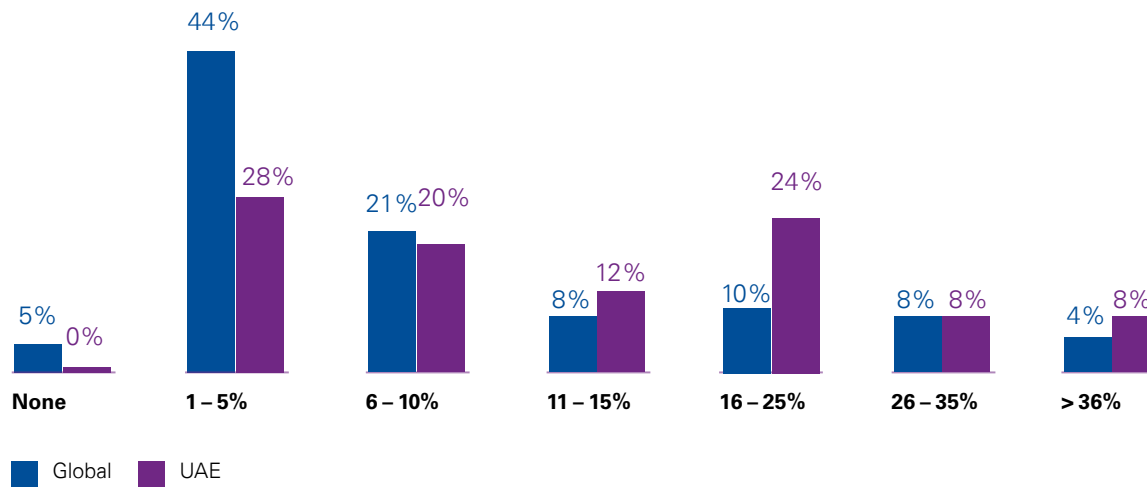
Collaborating to power sustainability

Action to limit climate change and reduce carbon emissions in the race to net zero has never been more important. The latest analysis from the UN's Intergovernmental Panel on Climate Change (IPCC), released in August 2021, amounted to a "code red for humanity"; predicting global warming will hit 1.5°C by 2040.

Making progress on addressing sustainability issues, including climate change and the decarbonization of the economy, will require strong collaboration between business and government. Business leaders are looking to devote significant capital to becoming more sustainable, with more than half (52%) of UAE CEOs planning to invest more than 10% of revenues in their efforts (compared with only 30% of their global counterparts).

Trusted purpose:

What percentage of revenue will you be looking to invest in programs that enable your organization to become more sustainable?



Source: KPMG 2021 CEO Outlook

At the same time, CEOs in the UAE stress progress on sustainability and climate change requires equally strong global government commitment:



Say "international/local government stimulus is required to turbocharge climate investments being made by the business community".



Say "world leaders at COP26 must inject the necessary urgency in the climate change agenda".



Connecting ESG strategy with financial returns

As CEOs plan to devote significant capital to becoming more sustainable, it's important their digital investments are plugged into their ESG needs. Neither can be done in a vacuum. About nine out of ten (88%) of UAE CEOs say their digital and ESG investments are inextricably linked.

At the same time, CEOs in the UAE stress progress on sustainability and climate change requires equally strong global government commitment:

- In the UAE, 44% of CEOs say their firm's ESG program improves financial performance while 28% say it reduces it. ESG-minded investors and conscious consumers may prove key in connecting the two areas.
- ESG-minded investors are already proving critical in enhancing reporting standards. Yet, when we asked UAE-based CEOs to identify the one critical challenge in communicating ESG performance to stakeholders, issues with reporting ranked the highest.

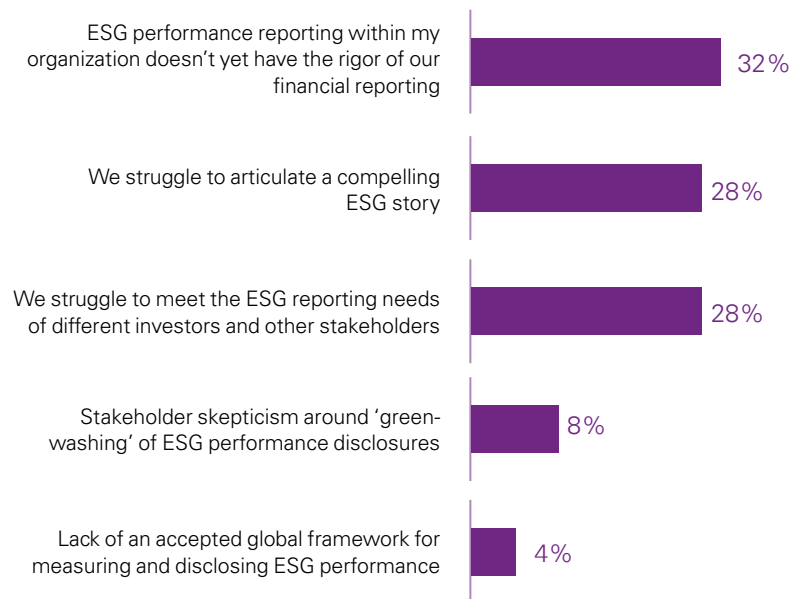


"As attention to environmental, social and governance factors increases among private and public investors in the UAE, CEOs are encouraging projects that promote a sustainable future and are in line with where the country is headed in terms of sustainable development."

Siddharth Behal, Partner, Head of Governance, Risk and Compliance, KPMG Lower Gulf

Trusted purpose:

What is the key challenge in communicating your ESG performance to stakeholder?



Source: KPMG 2021 CEO Outlook

Getting this right is critical, as investor scrutiny of companies' ESG performance is even higher in the UAE than globally. According to those we surveyed, 84% of UAE CEOs are seeing greater demands from stakeholders — such as investors, regulators and customers — for increased reporting and transparency on ESG issues (compared with 58% globally).

Digital agility



"The only constant in this world is change - and the financial sector is no exception. The rapid pace of change across Abu Dhabi, the wider MENA region and globally is the catalyst to the introduction and development of frameworks and working environments that are conducive to innovation and ingenuity. That being said, digital transformation is

a key factor for the augmentation of the financial landscape as financial players strive to introduce progressive solutions to address ever-changing consumer demands. At ADGM, we look to facilitate this transformation and aid the UAE's leadership in its vision of developing a sustainable, knowledge-based economy through enabling frameworks, providing a best-in-class ecosystem, and key strategic partnerships with industry leaders."

Dhaher bin Dhaher Al Mheiri, CEO of ADGM Registration Authority, Abu Dhabi Global Market (ADGM).



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology and About KPMG

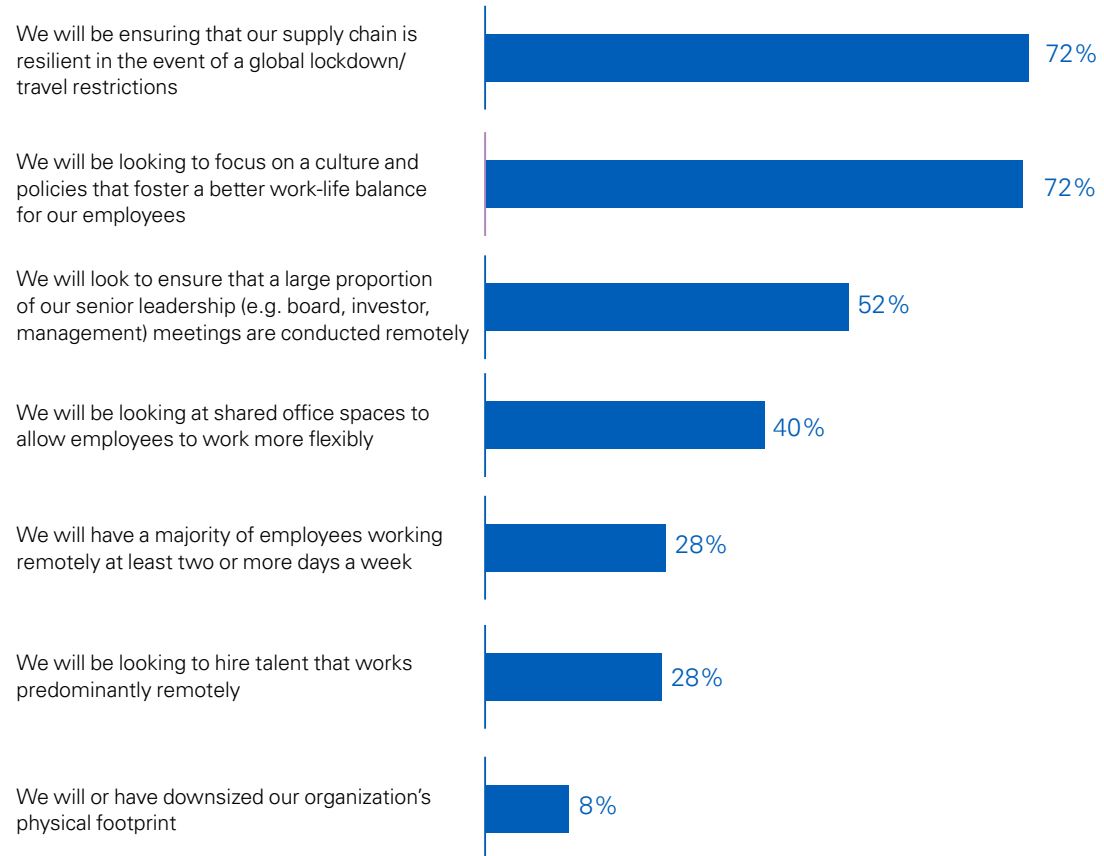
Building a flexible future of work

UAE CEOs are confident about optimizing their physical office space while remaining flexible with remote working. With people returning to places of work, and governments increasingly looking for business to return to normal, CEOs are focusing more on flexibility rather than wholesale changes to office-based work:

- Only 8% percent of UAE CEOs plan to downsize (or already have downsized) their physical footprint or office space because of the pandemic and changing working habits. (This contrasts with 21% of global CEOs).
- 28% of UAE CEOs say their organization will have most employees working remotely at least two or more days a week.
- However, they're prioritizing flexibility: 40% of UAE CEOs are looking to invest in shared office space to allow for increased flexibility. (Globally, 51% might invest in shared office spaces). As well, 28% of UAE leaders indicate they will look to hire talent that works predominantly remotely (lower than the 42% global response).

Digital agility:

What impact do you foresee the Covid-19 pandemic having on your organization in 3 years?



Source: KPMG 2021 CEO Outlook



Key findings

The road to renewal

Trusted purpose

Digital agility

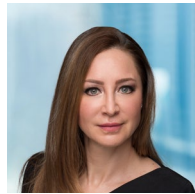
Considerations for CEOs

Methodology and About KPMG



“Looking back at the peak of the Covid-19 pandemic, I am extremely proud of how the CBD team brought a single-minded focus on backing our clients and keeping their, and our, ambitions alive. It clearly showed that our people are truly our most important asset when it comes to delighting customers. With the worst of the crisis behind us, it is crucially important to retain this relentless customer focus as this is the only competitive advantage in the digital era.”

Dr. Bernd van Linder, CEO, Commercial Bank of Dubai



“We have witnessed how taking a forward-thinking approach towards transforming the impact of Covid-19 into an opportunity has allowed CEOs to shift company roles and create an environment that drives higher employee engagement and more

productive, long-lasting connections with their teams.”
Marketa Simkova, Partner, Head of People and Change, KPMG Lower Gulf.

Disrupting the disruptors

CEOs recognize digital lies at the heart of how companies can create new sources of value. While this is an opportunity, it’s also a risk: the acceleration of digital technologies means business models which have existed for years can quickly become obsolete and irrelevant.



“CEOs should take advantage of the new reality and digital enablement to overcome the talent gaps they are facing by hiring beyond borders. After all, it’s not technology that limits us today; it is our imagination.”

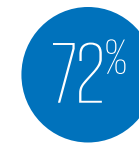
Farhan Syed, Partner, Head of Advisory, KPMG MESA, KPMG Lower Gulf.

Rather than waiting to be disrupted by competitors, 60% of UAE CEOs said they’re actively disrupting the sector in which they operate. However, they are now more wary of the impact of disruption on their business than before the pandemic, with the proportion of CEOs seeing technological disruption as an opportunity rather than a threat dropping from 86% to 60%.

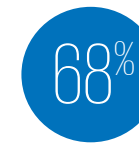
Partnering for transformation and resilience

Companies across the world are collaborating with partners, suppliers and even competitors to drive operational performance, identify new digital revenue streams and create compelling digital customer experiences that deliver on an organization’s purpose. CEOs in the UAE recognize the importance of collaboration and a fluid approach, with 68% saying “new partnerships will be critical to continuing our pace of digital transformation”.

But as they digitally connect their systems and share data with partners, they need to make sure systems and data — especially customer data — are secure. The research shows UAE CEOs recognize the importance of building cyber security into collaborations and ecosystems:



Say “protecting our partner ecosystem and supply chain is just as important as building our own organization’s cyber defenses”.



Say “a strong cyber strategy is critical to engender trust with our key stakeholders”.

With 56% percent of UAE-based CEOs saying their organizations are well-prepared for a cyberattack and 52% saying they have a plan if faced with a ransomware attack, there is still some progress to be made.

Considerations for CEOs



Key findings

The road
to renewal

Trusted
purpose

Digital
agility

Considerations
for CEOs

Methodology and
About KPMG



Although the vast majority of CEOs are confident about growth, there are three action areas today's connected business leaders can focus on as they look to expand on and manage some of the underlying impacts of the pandemic:

Growth and resilience

The pandemic has had three principal effects:

In many cases, consumer behavior and business revenue streams have weakened or may be at risk.

A number of organizations want to transform quickly to create resilience. Because of excess liquidity and capital, many lenders are seeking better returns. Instead, they would be advised to encourage their borrowers to diversify.

With so much digital disruption, CEOs are finding that their organizations should be undertaking tech upgrades themselves, whenever the investment opportunity arises.

As many CEOs in the survey recognise, **mergers and acquisitions (M&A)** can be catalysts for accelerated and strategic transformation, enabling businesses to gain technological edge, capture market share and reallocate capital. Early planning and effective management of integration is critical to unlocking value. This requires a combination of skills, including financial, operational, technological, program-, and cultural-change management. Full deal value can be achieved by a bottom-up synergy analysis, cost/benefit estimation and prioritization, and robust synergy tracking.

CEOs will need to surround themselves with **resilient people**, focusing on two priorities:

- Make sure employees have the digital tools, data and skills they need to collaborate across the organization, enabling them to respond quickly and creatively to emerging threats.
- Having a team of motivated and engaged employees who are determined in the face of crises. This means energizing them behind a compelling purpose.

ESG and financial value

The research shows there's still a significant number of CEOs who remain unconvinced about the positive financial impact of ESG programs. To help build a **connection between ESG and financial growth**, CEOs should focus on two areas:

- Identify the ESG investments needed to drive long-term value (combining financial returns with benefits to society and the environment). This should include investments in digital solutions to address major sustainability opportunities and risks. ESG initiatives can also directly drive revenue growth through opportunities for innovative new products and services.
- Establish metrics and standards for transparency and authenticity on ESG reporting (including attestation by external auditors, and on tax) and performance. These should set the ambition level and ensure the company meets the expectations of stakeholders (particularly employees and customers), as well as the capital markets. This would help communicate a compelling ESG story.

The future of work: transformation and talent

A lot of transformation has been happening in the front office; technology has gradually moved towards the back office and this is continuing (using the cloud, for example). Digital agility is the ability to integrate quickly: to make sure technology, systems and processes talk to each other.

Any tech transformation should be self-funded through operating expenditure; otherwise it risks being ineffective and unproductive: it is about unlocking existing potential. The challenge is to maintain a stream of revenue to fund these transformations.

CEOs recognize the future of work is about more than where people are based. High-performing organizations have a motivated and highly **skilled digital workforce** who operate with speed and agility. Part of the solution will lie in the ability to hire talent remotely, facilitated by technology, although this may lead to a challenge: the tax implications around people working from home in different jurisdictions.

CEOs should also ensure **employees are engaged and committed** to the company. Active listening, empathetic communications and a commitment to a flexible office/remote working model will be key.



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology and About KPMG



In summary

Today's connected CEOs — those who are plugged-in, people-first and purpose-led — embrace these tough leadership challenges. They can deliver on their purpose commitments, making the ESG investments and changes necessary to address inequity and launch the race to net zero. They should look to drive growth and prosperity through digital agility and business model innovation, while aiming to ensure aggressive technology investments are matched by investment in human capabilities and skills. They should pursue purpose to drive profitability and long-term growth while also recognizing their wider responsibilities to planet and people.

Methodology

The KPMG 2021 CEO Outlook provides an in-depth three-year outlook from 1,325 global chief executives, plus 25 from the UAE, of major organizations on enterprise and economic growth.

This latest research is part of the KPMG CEO Outlook series, which offers a unique perspective on the mindset shift of global CEOs over the lifetime of the Covid-19 pandemic and looks forward to post-pandemic recovery.

The 25 UAE-based CEOs represent a significant part of the economy: all worked for companies with revenues higher than US\$500 million and 28% have revenues higher than US\$10 billion. We covered nine industry sectors in the Emirates: banking, energy, consumer and retail, life sciences, technology, asset management, automotive, infrastructure, and telecommunications.

NOTE: some figures may not add up to 100 percent due to rounding.

- <https://gulfnews.com/uae/health/dubais-vision-and-resolve-has-overcome-the-covid-19-crisis-affirms-sheikh-mansoor-bin-mohammed-1.82989998>
- <https://home.kpmg/ae/en/home/insights/2021/10/uae-immigration-updates.html>
- <https://gulfnews.com/business/banking/uae-economy-could-hit-49-growth-in-2022-says-iif-1.82890581#:~:text=We%20expect%20real%20GDP%20growth,vision%20to%20stimulate%20the%20economy>
- <https://www.gulftoday.ae/news/2021/10/19/uae-is-worlds-4th-best-place-to-live-and-work>
- <https://gulfnews.com/uae/year-of-the-50th/projects-of-the-50-uae-signs-agreements-to-launch-fourth-industrial-revolution-programme-1.82921345>
- <https://www.khaleejtimes.com/business/energy/uae-committed-to-indias-energy-security>
- <https://www.sca.gov.ae/en/media-center/news/14/3/2021/board-of-directors-of-sca-approves-the-obligation-of-listed-companies-to-represent-women-in-the.aspx>
- <https://doi.org/10.1016/j.ijid.2021.06.040>



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology

About KPMG

For almost 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates and in the Sultanate of Oman. We work alongside our clients by building trust, mitigating risks and identifying business opportunities.

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. The KPMG network includes approximately 227,000 professionals in over 146 countries. KPMG in the UAE and Oman is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by our clients.

KPMG is widely represented in the Middle East: along with offices in the UAE and Oman, the firm is well established in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan and the Lebanon. Established in 1973, KPMG in the UAE and Oman employs 1,700 people across Abu Dhabi, Dubai and Muscat, including more than 100 partners and directors.

We're committed to a better tomorrow with a multi-year investment program in our environmental, social and governance (ESG) change agenda. The impact of issues are clearer than ever. That's why we're committed to strengthening our global ESG offering — underpinned by recognition of our responsibility to help build a better future for all. ESG is the watermark running throughout our global organization; from empowering our people to become agents of positive change, to providing better solutions and services to our clients. We have an obligation to support the communities we serve — while helping to drive measurable change that has an impact.

As we continue to grow, we aim to evolve and progress, striving for the highest levels of public trust in our work.

Our values are:



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and draw strength from our differences.



For Better

We do what matters.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change.

Our three pillars

- exceptional quality of service, an unwavering commitment to the public interest, and building empowered teams
- are the foundation of our firm.



Key findings

The road to renewal

Trusted purpose

Digital agility

Considerations for CEOs

Methodology and About KPMG

Contact us



Nader Haffar

Chairman, KPMG MESA,
Chairman & CEO,
KPMG Lower Gulf
nhaffar@kpmg.com



Farhan Syed

Head of Advisory,
KPMG MESA,
KPMG Lower Gulf
farhansyed1@kpmg.com



Emilio Pera

Head of Audit,
KPMG Lower Gulf
emiliopera@kpmg.com



Stuart Cioccarelli

Head of Tax,
KPMG Lower Gulf
scioccarelli@kpmg.com



Talal Cheikh Elard

Head of Clients and Markets,
KPMG Lower Gulf
talalelard@kpmg.com

kpmg.com/ae
kpmg.com/om



© 2021 KPMG Lower Gulf Limited, licensed in the United Arab Emirates, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Publication name: KPMG 2021 CEO Outlook, UAE

Publication number: 3635

Publication date: December 2021

