



27th Annual CEO Survey: Middle East findings

Optimism, reinvention and resilience





Foreword

For the last 27 years, our annual PwC survey of CEOs has provided valuable insights into the minds of leaders, globally and in the Middle East, as they navigate shifting global financial, geopolitical and social landscapes.

This year, an optimistic outlook is driving continued ambition for regional growth, alongside confidence in global economic growth - a step change compared to last year, when CEOs in the Middle East were less positive about the broader worldwide economic situation.

Nearly three-quarters of CEOs regionally expect economic growth to improve in the region in 2024 as the global economy moves beyond a high inflation and interest rate environment. As a result, they are more confident about their revenue prospects, with nearly half expecting to see increases this coming year.

Reinvention sits at the heart of some of the biggest changes regional companies are making to their organisations. It is encouraging to see that CEOs in the Middle East are continuing their determination to evolve, diversifying their offerings, embracing emerging technologies and investing in climate innovation. The survey results also indicate that regional companies are more proactive than the global average in these critical areas of reinvention.

40% of regional CEOs told us they have developed new products and services and more than half have adopted new technologies that have enhanced their ability to create, deliver and capture value.

A major theme of 2023 is the rapid emergence of GenAI, largely unexpected at the time of our previous survey. CEOs are embracing GenAI with enthusiasm, adapting their technology strategies and upskilling their workforces as the demands of GenAI continue to evolve.

Our survey findings also reveal that climate change is a particular concern for regional companies, operating in territories already feeling the impacts of rising temperatures and led by economies with national agenda targets to diversify and decarbonise. However, more needs to be done at a corporate level to convert ambitions into actions, and I hope that the recently concluded COP28 will serve as a positive catalyst to narrow this gap. The stakes have never been higher.

When we look at the issues occupying the minds of regional CEOs as they plan for the year ahead, inflation and geopolitical threats - perhaps unsurprisingly - are noted as being among the top concerns.

We thank all the respondents for participating in the survey. The insights in this report are intended to help businesses understand shifting market conditions, highlight areas where they can stay ahead of investor expectations, support their reinvention strategies and navigate opportunities for growth.

Thank you.

Hani Ashkar
Middle East Senior Partner, PwC Middle East

Snapshot of the Middle East findings

01

Accelerated growth and optimism

73%

of Middle East CEOs expect regional growth to improve, compared to 44% of their global peers who feel the same way about their own territories.

66%

of CEOs in our region are confident of revenue growth in 2024, versus an average of 47% of their global peers anticipating growth in their own organisations.

02

The reinvention imperative

48%

of Middle East CEOs don't think their companies will be economically viable 10 years from now if they do not evolve, up from 35% last year.

73%

are optimistic about the potential impact of GenAI, believing that it will significantly change the way their company creates, delivers and captures value in the next three years.

53%

said they were innovating new climate-friendly products or services, closely aligning with 58% globally.

03

A resilient mindset

71%

The risks related to geopolitical conflict are firmly on the risk agenda for 71% of CEOs in our region, with more than a third saying their company is very highly or extremely exposed.

38%

feel that inflation will be a key threat to their organisations over the next 12 months - partly driven by concerns over geopolitical conflict - with cyber security also posing a major potential issue.



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The spirit of reinvention sits at the heart of some of the biggest changes regional companies are making to their organisations. It is encouraging to see that CEOs in the Middle East are continuing this determination to evolve...”

Hani Ashkar

Middle East Senior Partner, PwC Middle East





Optimism and accelerated growth



Optimism in regional growth with continued opportunities to evolve

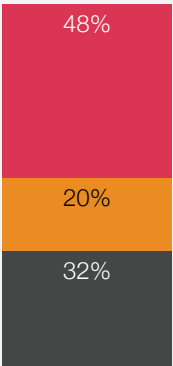
2023 was a transition year for the global economy, as it responded to the twin threats of rising inflation and supply chain disruptions that followed the COVID-19 pandemic and geopolitical shocks. Interest rates were hiked around the world in an effort to moderate inflation, which dampened consumption and investment globally.

But despite slow global growth, the region has remained remarkably resilient, and this sentiment is echoed by CEOs across the Middle East, who share a more optimistic outlook for global and regional economic growth in 2024 than their global peers.

The optimism around global growth is reinforced by growing confidence in the region as countries transform digitally and strengthen their non-oil sectors, creating greater employment opportunities. Additionally, a significant number of CEOs in the Middle East (73%) are optimistic that their countries will experience economic growth in 2024, significantly higher than the 44% of CEOs globally reflecting on their own territories.

Q: How do you believe economic growth (i.e. gross domestic product) will change, if at all, over the next 12 months, both globally and in your territory?

Middle East CEOs' outlook on **global** growth



Middle East CEOs' outlook on **regional** growth



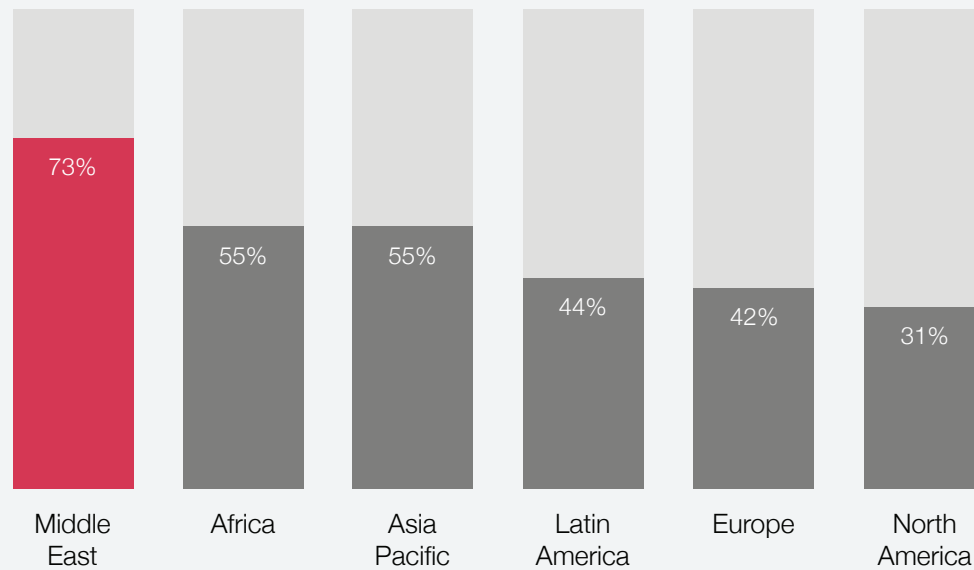
■ Improve ■ Stay the same ■ Decline



When we look at the GCC, CEOs demonstrated even higher levels of confidence, with 81% expecting an improvement in growth prospects in their territories. This optimism is underpinned by relatively strong oil prices and ambitious economic strategies and targets, such as the Saudi Arabia 'Vision 2030' and 'We the UAE 2031' agendas that are accelerating diversification initiatives and establishing the GCC as an investor hotspot. Indeed, the International Monetary Fund (IMF) projects that GCC growth will accelerate from 1.7% in 2023 to 3.7% in 2024, while global growth is expected to slow from 3.0% in 2023 to 2.9% in 2024.¹

In this context, the Middle East continues to be an outlier, with higher expectations around economic prosperity than any other region. In North America, for example, despite a more positive outlook than last year, only 31% of CEOs expect improvement in their local economies in 2024, while in Europe this is 42% and in Asia Pacific, it is 55%.

Q: Do you believe economic growth (i.e. gross domestic product) will improve over the next 12 months in your territory?

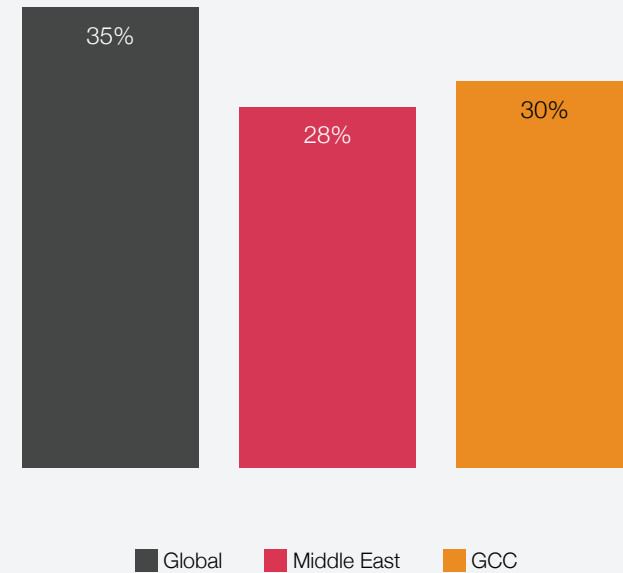


¹ IMF, Economic Prospects and Policy Challenges for the GCC Countries, December 2023, <https://www.imf.org/en/Publications/CR/Issues/2023/12/14/Gulf-Cooperation-Council-Economic-Prospects-and-Policy-Challenges-for-the-GCC-Countries-542513>





Q: Has your company made a major acquisition (more than 10% of assets) in the last three years?



*Responses indicating a major acquisition made

This growth optimism has also translated into a positive financial outlook for companies in the Middle East with 47% of regional CEOs confident in prospects for revenue growth this year and 66% expressing a confidence over the next three years, higher than their global peers. And for the GCC, the expectation is even higher, at 68%. A clear signal of this confidence is the fact that 65% of Middle East CEOs expect to increase their headcount in 2024.

The survey has, however, revealed that regional leaders have been making fewer acquisitions than their global peers, with only 28% reporting a major acquisition (more than 10% of assets) over the last three years, compared to 35% of their global peers. This is likely influenced by higher interest rates and inflationary pressures leading to a prevailing sentiment of cautious optimism, with investors being more selective in deal decision-making, as seen in our 2023 mid-year [Transact Middle East report](#). Within the GCC, the picture is slightly more positive, with around 30% of CEOs reporting major acquisitions over the last three years.





The reinvention imperative



Reinvention driving change with rapid GenAI adoption and a determination to tackle the climate crisis

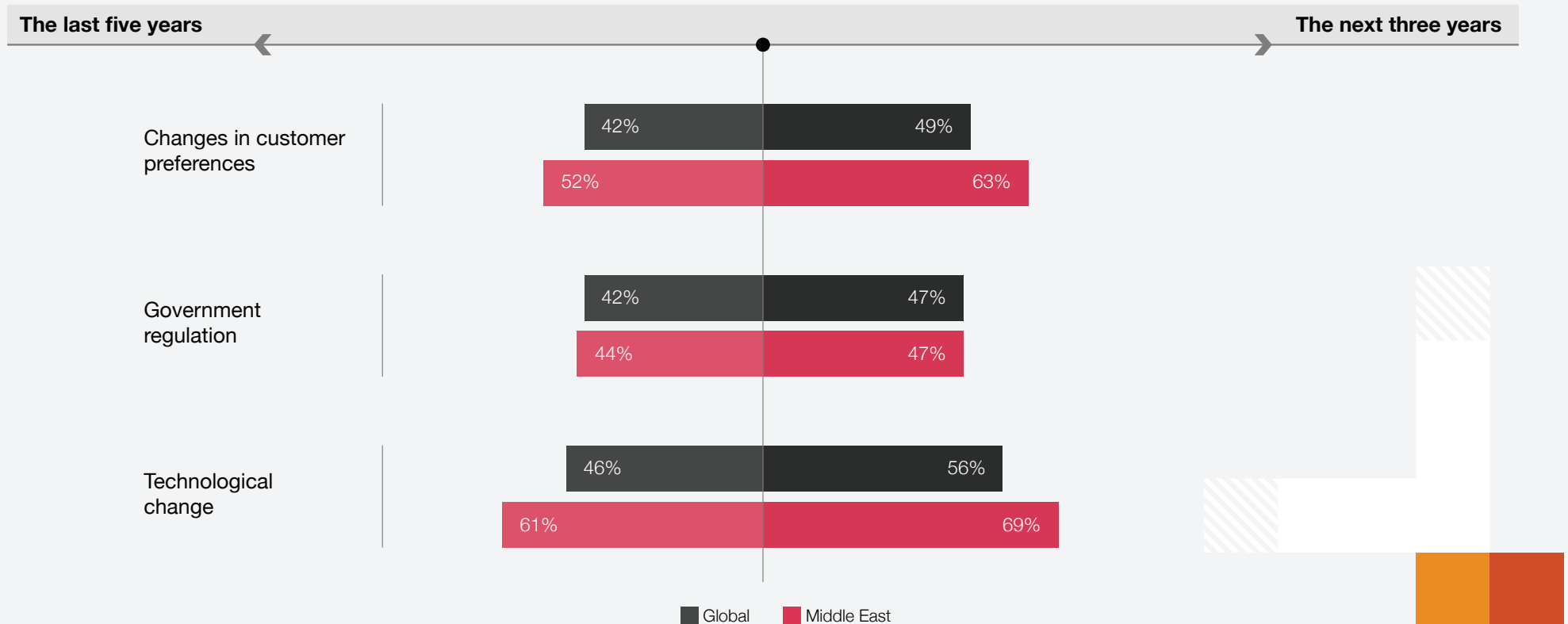
48% of CEOs believe their companies won't be viable in a decade if they continue on their current path

up from 35% last year regionally.

The reinvention imperative is accelerating, especially in the Middle East, which is undergoing massive and fast transformation as it continues to digitise, decarbonise, localise, privatise and modernise. Our latest survey reveals that almost half of CEOs in our region don't believe their companies will be economically viable in 10 years if they continue on their current path, up from 35% last year. Although this imperative has also increased globally (45% this year vs 39% last year), the drive to reinvent is more pronounced in the Middle East.

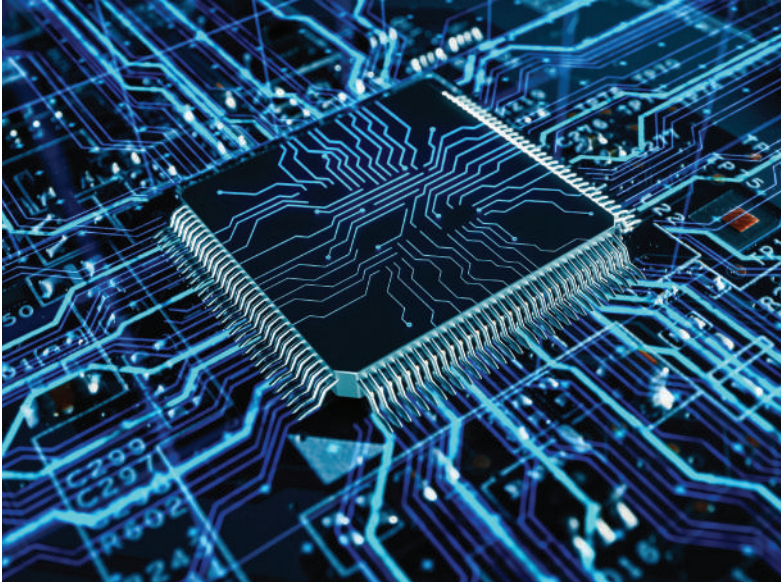
In the last five years, CEOs in the Middle East have been committed to innovation and reinvention, with their organisations being more proactive in several key areas. 40% of regional leaders developed new products and services, while 53% adopted new technologies. For 61% of CEOs in the region, technological change has been the most important driver for reinvention over the last five years, compared to 46% globally. And it's this technological change that will continue to be critical for the creation, delivery and capture of value in the next three years, with 69% considering it as a priority area.

Q: Please indicate the extent to which the following factors have driven changes to the way your company creates, delivers and captures value?

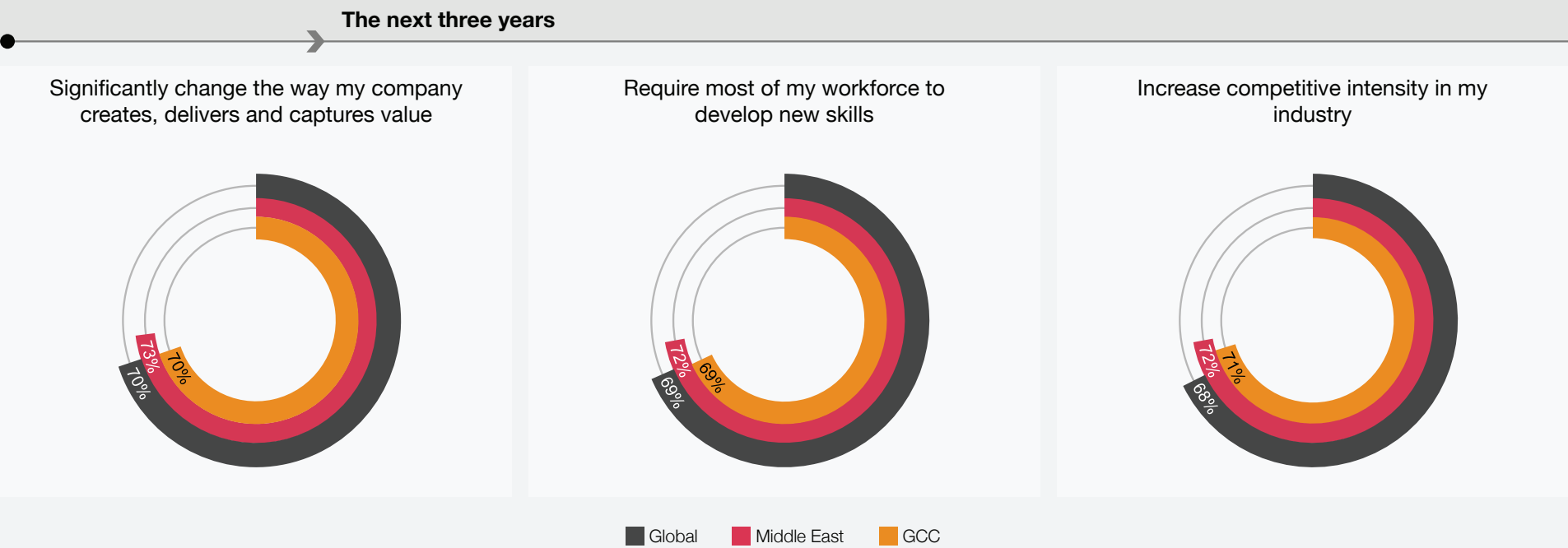


Given the enthusiasm for generative AI (GenAI) reflected in the responses of CEOs in the region - who are clearly leading the charge on adoption - the results below are not surprising. The region's young, tech-savvy population and future-focused national transformation visions have encouraged a proactive and collaborative approach towards GenAI adoption. The recent launch of Falcon, an advanced Arabic-language AI model developed in the UAE, is a game-changer in the field of powerful large language models with wide-ranging implications. Boasting 180 billion parameters, Falcon holds tremendous potential in healthcare - for example with drug discovery - as well as in education and defence, and is a testament to the region's progress in GenAI.

Almost three quarters of Middle East CEOs expect that GenAI will significantly change how their companies create, deliver, and capture value over the next three years, while almost half say they changed their tech strategy last year because of GenAI, ahead of the 31% global average. Moreover, 38% said their companies already used GenAI, indicating that this was to ensure they didn't risk falling behind their competitors.



Q: To what extent do you agree with the following statements about generative AI?



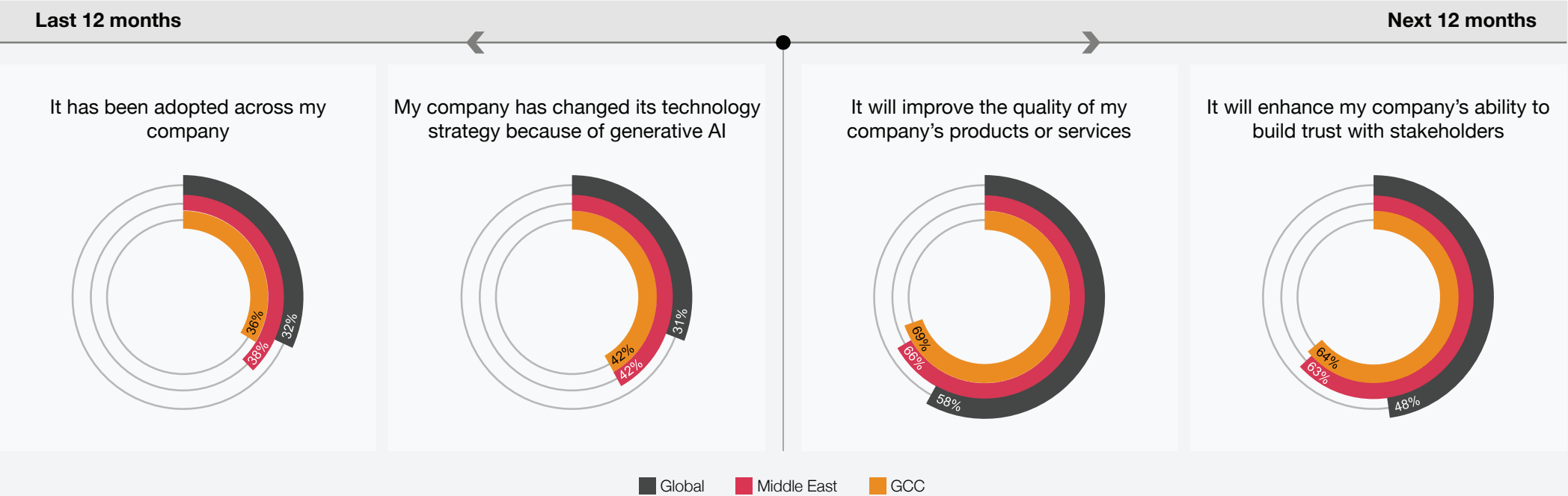
*Sum of responses agreeing to what is expected from GenAI

Our findings also reveal that Middle East CEOs are more optimistic that GenAI will create jobs rather than destroy them. A quarter of regional CEOs expect that GenAI will result in job creation in the next 12 months, ahead of the 13% expecting this globally. In this new business environment, taking a proactive approach towards skills development and education is going to be crucial to preparing the workforce for future opportunities, given the increasing commitment to making GenAI accessible to everyone.



So in the short term, how can CEOs benefit from leveraging GenAI? According to our survey, 66% of CEOs in the Middle East (compared to 58% globally) believe that GenAI can enhance the quality of their company’s products and services. In the Middle East and GCC, this sentiment is even stronger, with more than two thirds of CEOs believing that adopting GenAI can give their organisations a significant competitive advantage.

Q: To what extent do you agree with the following statements about generative AI?



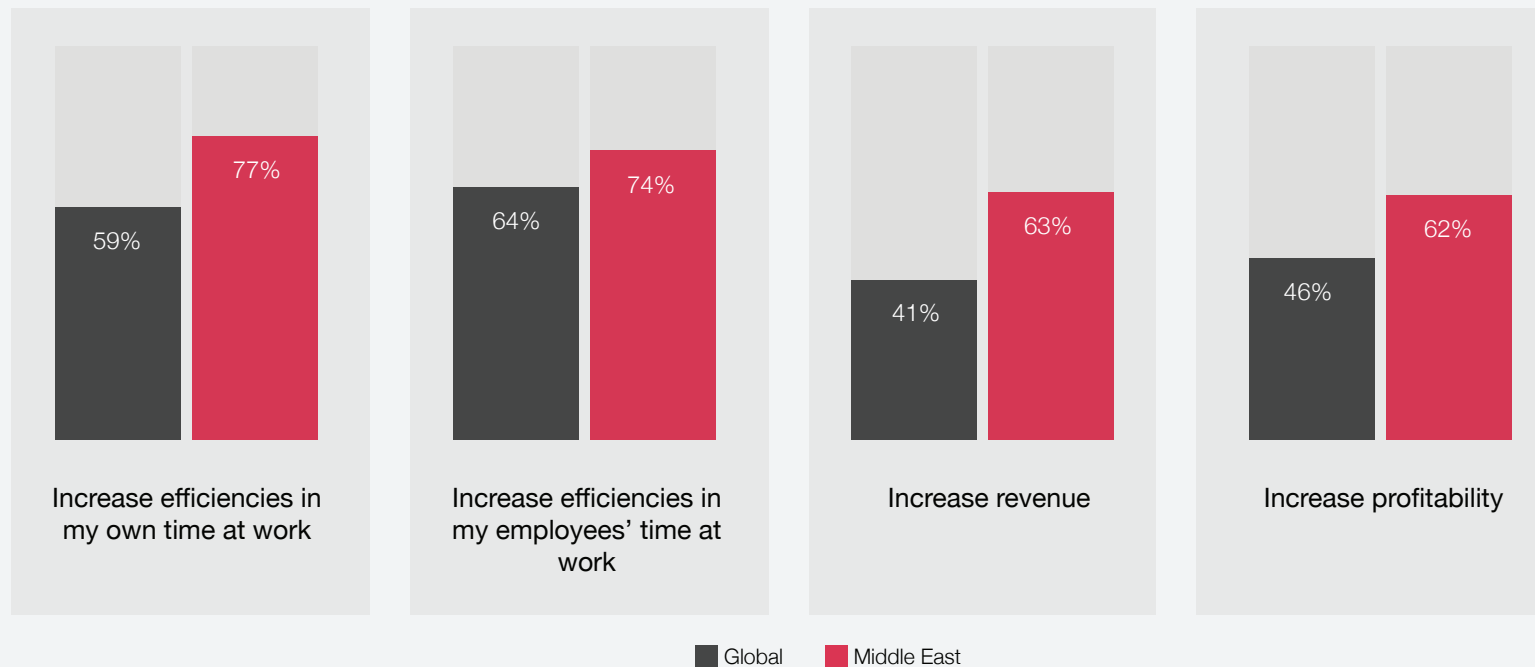
*Sum of responses indicating a ‘large’ and ‘very large’ extent

CEOs in the Middle East are much more optimistic about the potential of GenAI to improve efficiency at work than their global counterparts. Specifically, 77% CEOs believe that GenAI can improve their work efficiency, compared with just 59% globally. Additionally, 74% of regional leaders believe that GenAI can improve their employees' work efficiency, compared with 64% globally.

Middle East CEOs are also optimistic about the financial impact of GenAI, with 63% expecting the adoption of it in their organisation to increase revenue (vs 41% globally) and increase profitability (62% vs 46% globally). In the GCC, enthusiasm is even higher with two thirds expecting revenue increases and a similar number expecting profitability increases. Among other benefits, 63% of CEOs in the Middle East are planning to utilise GenAI in order to better connect with stakeholders and build trust during the next 12 months.



Q: To what extent will generative AI increase the following in your company in the next 12 months?



■ Global ■ Middle East





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GenAI is one the biggest disruptors to have emerged recently. The Middle East is proving to be a pioneer in this new frontier, and companies across the region will benefit from early adoption as they continue to reinvent and seize the transformation opportunities GenAI offers.”

Ali Hosseini

Chief Technology Officer, PwC Middle East



Climate and 'the COP effect'

This year, regional leaders have expressed a renewed determination to address the climate crisis, reiterating the need to reinvent to accelerate climate action. They acknowledge that businesses must play a significant role in pushing forward the region's ambitious climate goals and more have identified climate change as a major concern than the global average (15% vs 12% globally). They were also more likely than the global average (36% vs 30%) to identify climate change as being a key driver for corporate change in the coming three years.

A recurring annual theme in our CEO surveys is that climate impact is becoming of increasing importance, both globally and within the region. PwC's latest [Net Zero Economy Index](#) reveals that the world is dangerously short of the ambition needed to secure ourselves from the climate crisis; in fact, a daunting year-on-year decarbonisation rate of 17.2% from now until 2050 must be achieved if we are to limit global warming to 1.5°C above pre-industrial levels. This provides a stark illustration of the growing divergence between our ambition to tackle climate change and the reality of current progress.

With the recently concluded COP28 hosted in the UAE in 2023, and previously at COP27 in Egypt, the region has taken centre stage in climate negotiations. Announcements made during COP28 present new goals and directives for climate action, including a broad assessment of the core "UAE Consensus" text. This includes the first explicit mention of the need to transition away from fossil fuels - this historic shift reflects the confidence of peers in the sector and the ambition to drive the energy transition.

Our survey asked CEOs about their current activities related to climate and responses indicated that within the Middle East, the UAE reported greater progress in innovating climate-friendly products and implementing initiatives to upskill or reskill the workforce, while in Qatar and Saudi Arabia, there was a slightly stronger focus on energy efficiency. CEOs in KSA were also more likely to incorporate climate risk into financial planning, and those in Qatar were more likely to sell products or services that support customers' climate resilience efforts.

Looping back to technology, climate tech innovation in the Middle East is being driven by some of the most dynamic entrepreneurs in our region, championing new technologies that are pushing the boundaries when it comes to accelerating the path to net zero. The [PwC Middle East Net Zero - Future 50 report](#), launched just before COP28, identified leading organisations in this space, and discussed the challenges they face in their ambition to grow and scale. CEOs leading some of the largest organisations in our region are seeing the potential in investing in some of these businesses to enhance their own.



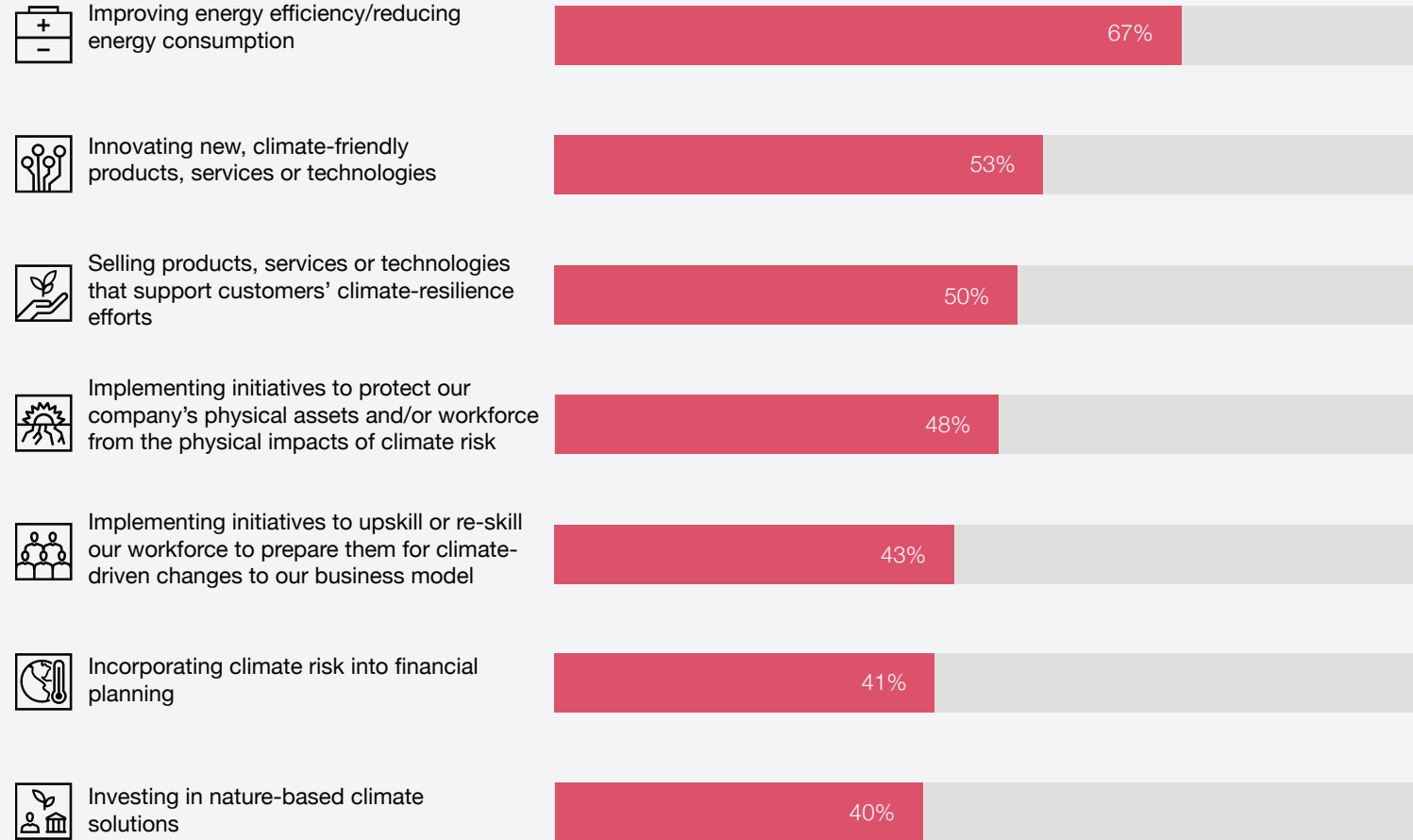
“Announcements made during COP28 present new goals and directives for climate action.”





When it comes to progress made on climate action, CEOs in the Middle East are broadly on par with their global peers.

Q: Which of the following best describes your company's level of progress on each of these actions?



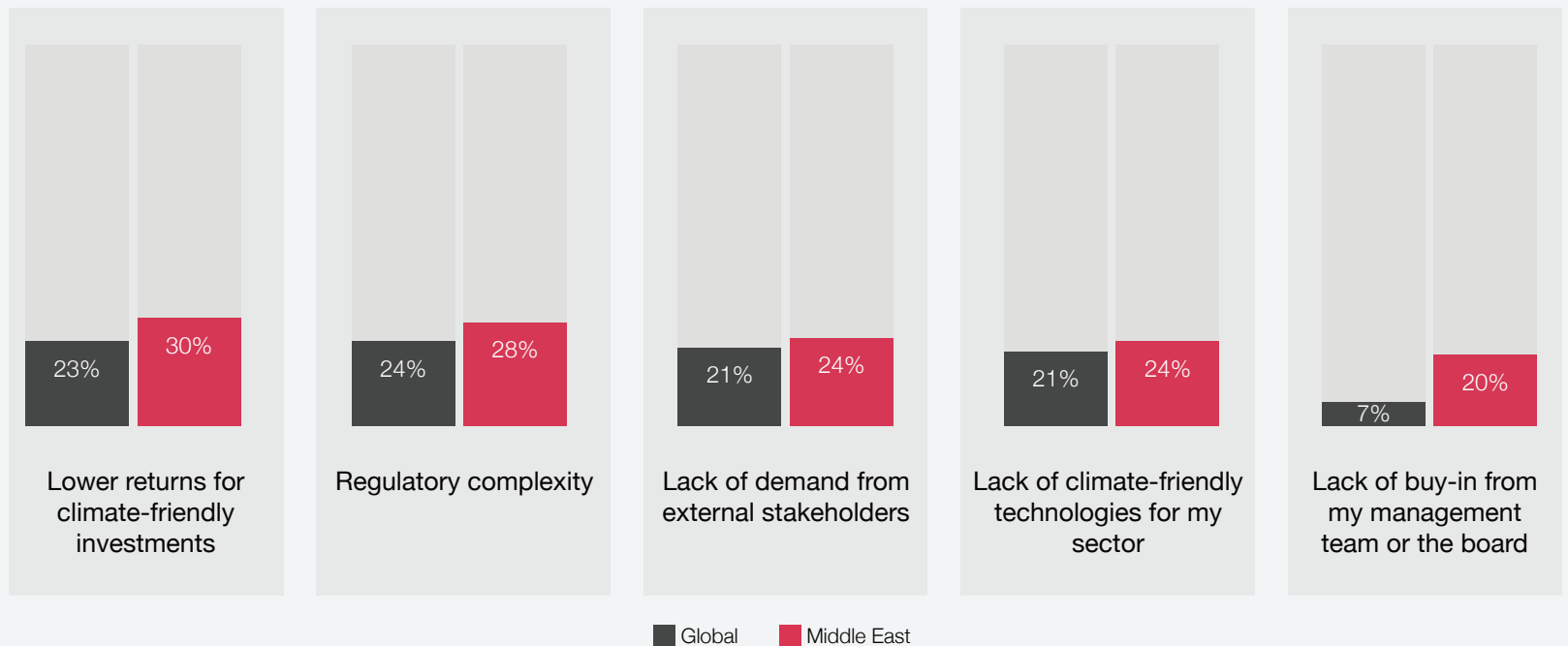
*Sum of responses indicating level of action is 'in progress' or 'completed'



Amongst the majority of companies who said they were looking to decarbonise, the biggest challenge identified was inadequate returns on climate-friendly investments (30% regionally said this was a large or very large challenge vs 23% globally). Along with most companies globally, 63% of Middle Eastern CEOs said that their companies would not be willing to invest in climate-friendly products and services if they perceive a low return on investment.

Complexities in regulations was identified as another significant factor inhibiting decarbonisation (28% vs 24% globally). Clear and predictable government policies are needed to give companies the confidence to invest in decarbonisation. More minor, but still significant challenges, included a lack of suitable climate-friendly technologies relevant to their companies and inadequate demand from stakeholders, although these were only inhibiting factors for 24% of companies - slightly ahead of the global average. When we look at the GCC specifically, however, that lack of external stakeholder demand was stated as being particularly high at 27% compared to 24% regionally and 21% globally.

Q: To what extent, if at all, are the following factors inhibiting your company's ability to decarbonise its business model?



*Sum of responses indicating a 'large' or 'very large' inhibiting factor



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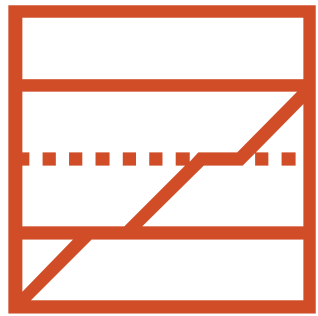
In 2024 it will be critical to see how COP28 catalyses the way leaders advance and prioritise corporate attitudes and actions on climate, unlocking the true power of business, capital markets and competition to spur breakthrough innovation, accelerated emission reductions and mass behavioural change.”

Dr Yahya Anouti

Partner, Strategy &

PwC Middle East Sustainability Platform Leader





A resilient mindset



Resilience in the face of ongoing geopolitical conflict and the threats of inflation and cyber security

Geopolitical conflict, along with inflation and cyber risks are the key threats topping regional CEO's risk agendas. But despite this, the positive outlook and optimism in the region point to the remarkable resilience of leaders who have successfully navigated challenging currents to seek new growth horizons.

These concerns are, however, not unique to Middle East CEOs and are shared by their global peers.

38% of CEOs in the Middle East feel that inflation will be a key threat to their organisations in the next 12 months, partly driven by concerns over regional geopolitical conflicts, compared with 24% of their global peers, who also consider inflation to be amongst their top threats.

Having said this, there has been a notable reduction in global inflation to 5.8% in 2024 from 6.9% in 2023² and in the GCC, inflation has also returned to pre-pandemic levels, as reflected in our recently published report on [Five GCC economic themes to watch in 2024](#). But despite this upside, risks around inflation remain both for global and Middle East economies.

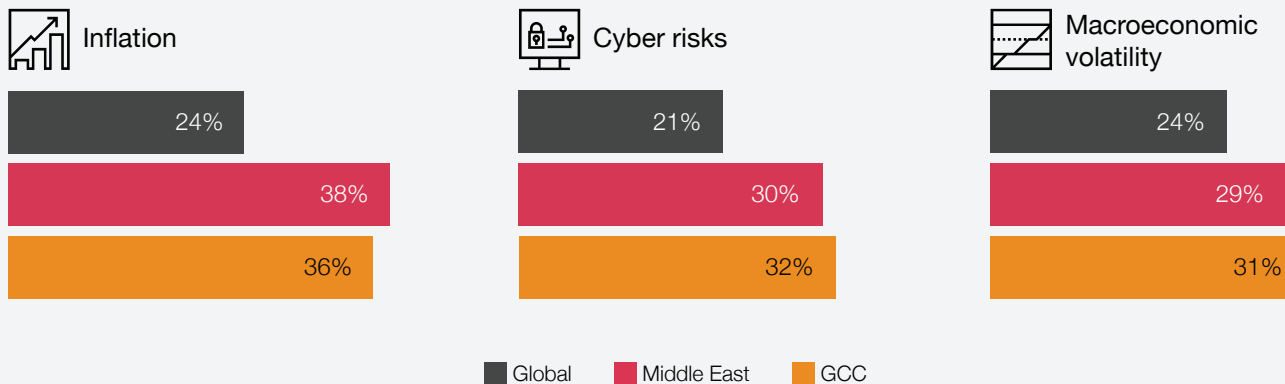
Geopolitical conflict is firmly on the risk agenda for 71% of CEOs in our region, with more than a third saying their company is 'very highly' or 'extremely' exposed. This is largely driven by the war in Gaza and other wider conflicts. Globally, fewer CEOs see geopolitical conflict to be a threat after macroeconomic volatility and cyber risks, and we can attribute this, in part, to the fact that tensions in Ukraine have not escalated at the time of writing and European supply chains have adapted to this particular conflict as it enters its third calendar year.

30% of CEOs in the Middle East see cyber risks as a key threat as organisations are exposed to new digital vulnerabilities, especially as they continue to innovate in emerging digital economies. This means that setting an effective approach to cybersecurity and digital trust is more important than ever.

Geopolitical conflict is firmly on the risk agenda for

71%
of Middle East CEOs

Q: Which key threats do you believe your company to be extremely or highly exposed to?

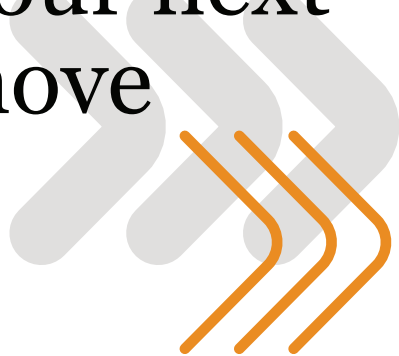


*Sum of responses indicating 'high' and 'extreme' levels of exposure to threats





Your next move



The Middle East findings of our annual CEO Survey serve as an important indication of what leaders can expect across markets in the region over the next 12 months, and how they can tailor their approach to maximise growth in their own organisations.

Buoyed by the spirit of optimism and confidence, Middle East CEOs must leverage opportunities in the region as governments accelerate their transformation plans to diversify their economies away from oil, robustly investing in mass tourism, giga projects and infrastructure developments.

Four key areas of focus for CEOs for the year ahead:

- 01** To pursue a growth strategy and prioritise a comprehensive technology transformation agenda, while scaling technology usage, building organisational agility, and training and redesigning workforce capabilities for the future.
- 02** As GenAI becomes one of the major paradigm shifts of our generation, leaders must upskill their workforce to unlock GenAI's limitless potential and capabilities. They must also realise that there is an urgent need to deploy the technology responsibly, addressing potential privacy, safety and security issues.
- 03** It's critical that CEOs in the region step up and lead the charge in accelerating their commitment to tackle the climate crisis. While governments set the foundation of a country's climate ambitions, it's the private sector that needs to demonstrate their own commitment to tackle the impact their organisations have on climate and the environments in which they operate. Leaders must, therefore, incorporate sustainability into the heart of their business strategies.
- 04** And finally, in a rapidly evolving geopolitical context, CEOs can continue to monitor developments, incorporating a comprehensive geopolitical risk assessment into overall business plans to ensure operational success. To tackle inflation, leaders must swiftly pivot and prioritise cost control techniques, while simultaneously managing customers. Additionally, cybersecurity must be a priority as businesses continue to scale and leaders should implement strong security features that can shield their operations from potential breaches.





PwC surveyed 4,702 CEOs in 105 countries and territories on 3rd October - 10th November 2023. The global and regional figures in this report are weighted proportionally to country or regional nominal GDP to ensure that CEOs' views are representative across all major regions.

Our Middle East findings come from 11 territories. Of the companies surveyed, almost half employ more than 1,000 people, with 16% employing more than 10,000. The majority had turnovers of between \$100m-\$1bn USD, with 20% turning over between \$1bn and \$25bn.

Not all figures in charts will add up to 100% as a result of rounding percentages and the decision in certain cases to exclude the display of "neither/nor," "other," "none of the above", and "don't know" responses.

About the survey



Contacts



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