

Once-in-a-generation transformation

Hani Ashkar, PwC Middle East Senior Partner, shares his outlook for 2016



We operate in a world which is constantly changing, with more cross-dependency across global markets than ever. Our region is also certainly one of the most dynamic. Looking ahead to 2016, not only do we expect global and regional developments to create challenges but we also expect to see opportunities for those who are able to keep up with the pace of change.

In today's disruptive environment, as we observed in our 18th Global CEO Survey, creating a vision for the future is more challenging than ever; however, to find growth in a world with ever changing boundaries, business leaders will need to create value in new ways through digital transformation; enhance their capabilities by developing new and different partnerships; and find different ways of thinking and doing, supported by a rich and diverse talent pool. More than anything, though, they'll have to develop a flexible vision that allows them to pinpoint their company's strengths even as their customers, sectors and markets change in front of their eyes.

Transformation

The dramatic decline in oil prices, together with the profound impact of the megatrends (technological breakthroughs, demographic and social change, shifts in economic power, rapid urbanisation, climate change and resource scarcity) on our region and the geopolitical tensions have come to form a

perfect storm, and there is of course a cause for concern. But we also see a new determination by regional governments and the private sector to undertake the necessary and long overdue reforms needed to adjust to the new realities which are already upon us.

This means that 2016 will be a year of considerable change, with real momentum around the changes needed to put the region on a more stable long term footing, including the removal of costly subsidies, privatisation, shift of domestic energy consumption to more sustainable sources (renewables, nuclear), fiscal reform (including GCC VAT), overhaul of the public administration, cost optimisation and many other reforms. In short, the region is going through a once in a generation transformation.

Megatrends, reduction in oil prices and regional geopolitical tensions (including the Iran nuclear deal), will present numerous opportunities for investment and growth as the region goes through a period of transformation, while at the same time managing multiple layers of political, social, economic and technological risk. For those businesses focused on advising and supporting their customers to plan and execute transformation programmes and manage their risks, 2016 will be a year with plenty of opportunities, albeit in a cost conscious environment where margins will come under pressure. The businesses that succeed will therefore be those that can identify the opportunities in turmoil, and go after them boldly in the most focused, creative and cost effective way.

The talent challenge

Keeping up with global and regional trends is important, but there is also a growing need for National talent to remain competitive amongst their peers across the globe. In order to keep up with the complexity of the world, we need people who know how to work with

teams, who understand the importance of collaboration, and are willing to listen.

The skills gap will remain a major challenge in the Middle East region in 2016, it's no longer seen as a soft issue but rather as a critical capability to ensure the success of an organisation. According to our latest CEO survey, 81% of CEOs say they are now looking for a much broader range of skills than in the past, and to find the skills they need, they are searching in many more places - 78% of CEOs say they are using multiple channels to recruit, while 71% say they actively search for talent in different geographies, industries and demographic segments. As much as finding talent is important, developing, engaging and retaining talent will continue to be a key challenge, as competition for the top talent, is essential as the regional transformation intensifies. Having a talented, flexible, mobile and diverse (especially female) workforce will be fundamental to the success of an organisation in 2016 and beyond.

Finally...

As the region continues to evolve it will need to address a range of important, complex challenges such as sustained lower oil prices, fiscal imbalances, rapidly shifting demographics, nationalisation programmes, food security and technological advancements. Looking forward to 2016, organisations should focus on not only adapting to global changes, but also enabling and equipping their people with the right skills and tools in order to succeed.

2015 was an interesting year in the Middle East, but 2016 will be pivotal.

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