



## ***Press Release***

Date: 20 March 2018

Contact: **Dana Safawi**

Dana.safawi@pwc.com

Pages: 3

Follow: [@PwC Middle East](#)

---

## **Adjusting to the new normal** **What's on the minds of Middle East CEOs?**

- 52% believe that the global economy is set to 'improve', compared to just 26% last year
- 77% of regional CEOs said they feared cyber threats, compared to 66% last year
- 71% of regional CEOs said there is 'increasing pressure for their organisation to deliver business results under shorter timelines
- 81% are working to create transparency around their organisation's values, compared to 73% globally
- 79% of regional CEOs confirm that consumer behaviour will be disruptive to their business over the next five years, compared to 68% globally

**Dubai, UAE 20 March 2018** - From the results of over 1,200 global CEOs, including over 50 in the Middle East, it's clear that the past year has demanded an immense balancing act from regional CEOs. A key focus in our Middle East CEO Survey launched today titled "***Adjusting to the new normal?***"

Despite lacklustre oil prices, looming geopolitical threats and the urgent need of regional corporate reforms, we have seen an overwhelming positivity from our Middle East CEOs with regard to global economic growth. 52% believe that the global economy is set to 'improve', compared to just 26% last year. Whilst this is a steep increase, and shows optimism from our CEOs, this places the region on par with the global average.

81% of respondents were 'confident' that their own company would grow over the next 12 months, this is down from 88% last year. This figure is also downbeat compared to this year's global average (88%).

**On the launch Hani Ashkar, PwC Middle East Territory Senior Partner, said:** “The region is rapidly evolving in the wake of shifting global trends. In particular, it has been a landmark year of change for the Gulf’s largest economy, Saudi Arabia.”

He added: “Given this macro environment, it comes as no surprise that our survey responses are often paradoxical. Our regional CEOs are positive about global and regional growth, yet they are often hesitant about their own corporate growth; they welcome technology but at the same time fear cyber crime.”

When we look at what is keeping our CEOs awake at night, given the recent implementation of VAT in both the UAE and KSA, it was unsurprising that 85% were concerned about 'increasing tax burdens' compared to 74% last year.

We also saw 77% of the region's CEOs more concerned with cyber threats this year in comparison to 66% last year. This is likely on the back of a slew of regional high-profile malware and viruses in the last few years.

### **Building trust with customers and employees**

CEO's are also seeing significant change in the behaviour of their customers. Many customer preference trends - with a focus on experience, digital interfaces and cost consciousness - are now impacting the Middle East market. This was evident in the results with 79% of the region's CEOs confirming that consumer behaviour will be disruptive to their business over the next five years, compared to 68% globally.

Transparency is a factor when we look at regional customer strategies, with 58% saying they are creating transparency around their organisation's business strategy to build trust with its customers.

It's encouraging to see that our CEO's desire to build strong and motivated workforces, with 81% of CEOs noting they are working to create transparency in their organisation's values compared to 73% globally.

### **The race for digital innovation and talent**

CEOs, however, are fairly pessimistic when it comes to the issue of recruitment over the next 12 months. A third of regional CEOs said that they expect headcount to 'decrease' in the next 12 months, which is the highest figure globally. This number is likely driven by CEOs cutting back staff in a cost efficiency drive. Corroborating this point, only 76% of Middle East CEOs said that headcount would decrease due to 'automation', compared 80% globally.

### **Embracing the new normal**

The region's social and economic reform agenda is moving at an unprecedented pace. There has been more change afoot in the last year than in the entire previous decade. Sweeping reforms across the board have potential to make the Middle East a better place to do business and attract foreign investment. The boom days are over and it's now time to adjust to the new normal, where oil prices are balanced and managers are accountable for company performance and managing cost pressures.

While the survey results suggest CEO confidence is down in the short term, it's a logical reaction to seismic change and a new pressure on accountability.

**Stephen Anderson, Middle East Clients & Markets Leader, sums up the survey saying:** “ It is clear from the survey that Middle East CEOs are feeling more pressure and accountability on results. The private sector looks set for a sustained period of relatively low growth. CEOs are being asked to drive improved returns but this will not come from riding a market wave. They need to drive market share, differentiate,

embrace digital and to innovate, whilst also keeping a tight rein on cost, efficiency and risk. In short, this is the new normal for regional CEOs.”

**For the Full report: [pwc.com/meceosurvey](https://pwc.com/meceosurvey)**

***ENDS***

***About PwC***

*At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 236,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](https://www.pwc.com).*

*Established in the Middle East for 40 years, PwC has 23 offices across 12 countries in the region with around 4,200 people. ([www.pwc.com/me](https://www.pwc.com/me)).*

*PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](https://www.pwc.com/structure) for further details.*

© 2018 PwC. All rights reserved