



27th Annual CEO Survey: KSA findings

Future forward CEOs drive change with tech innovation and climate action in Saudi Arabia





Introduction

Underpinned by the ambitious goals of Vision 2030, the Kingdom of Saudi Arabia is on a transformative journey. Findings of the 27th Annual CEO survey demonstrate a robust confidence and optimism of Saudi CEOs in long-term economic growth, as they continue to reinvent their businesses, accelerating impact in an evolving business landscape.

With Giga projects, mega-events and tech transformations underway, Saudi business leaders are keen to evolve to remain agile and viable in the long term, despite the threats of geopolitical conflicts and inflation. As their organisations transform, CEOs in Saudi Arabia are embracing emerging technologies, such as GenAI, to significantly strengthen their competitive advantage. Leaders in Saudi are also recognising the need to build climate resilience and are working towards the region's net zero goals by improving energy efficiency of their businesses, innovating new climate friendly products, services and incorporating climate risk into financial planning.

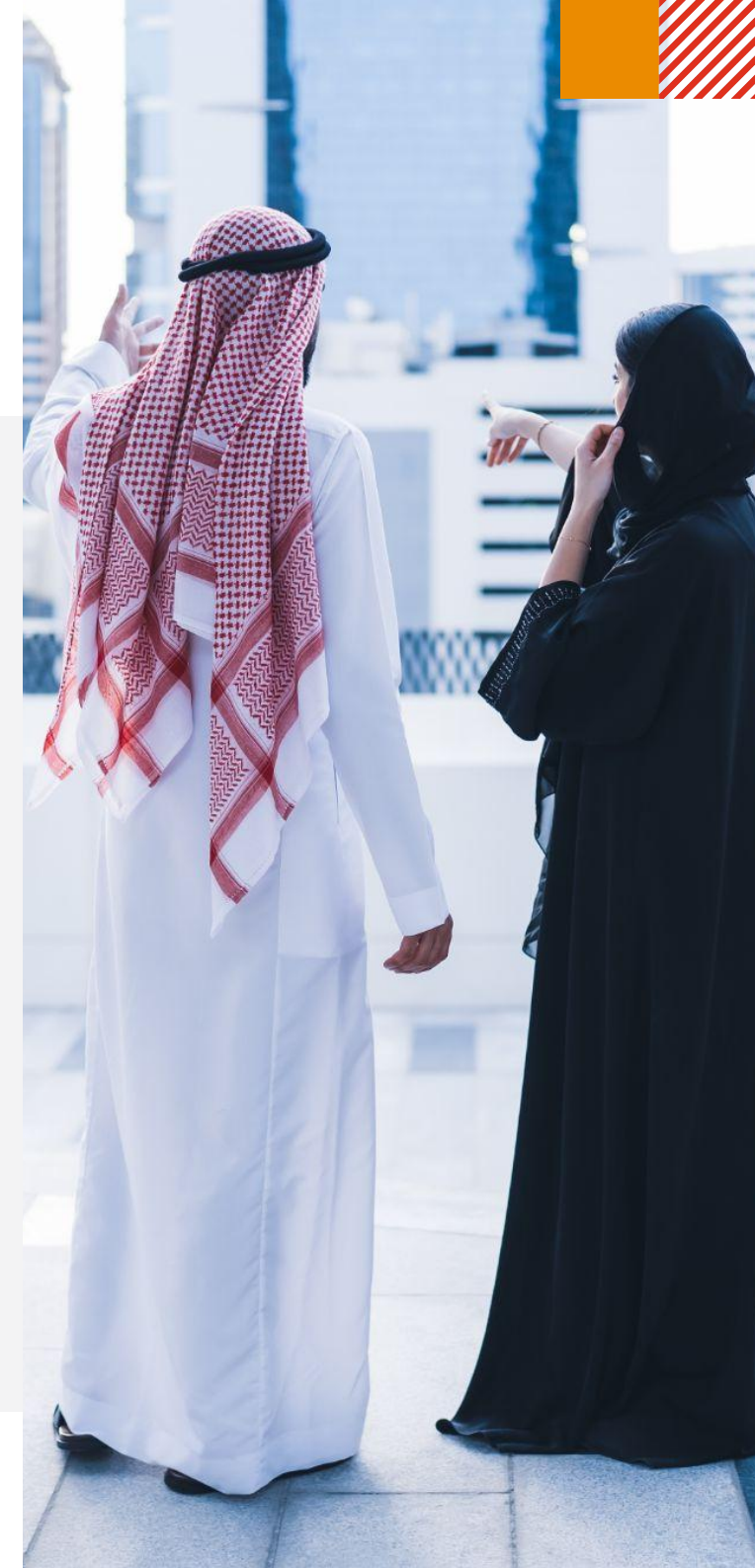




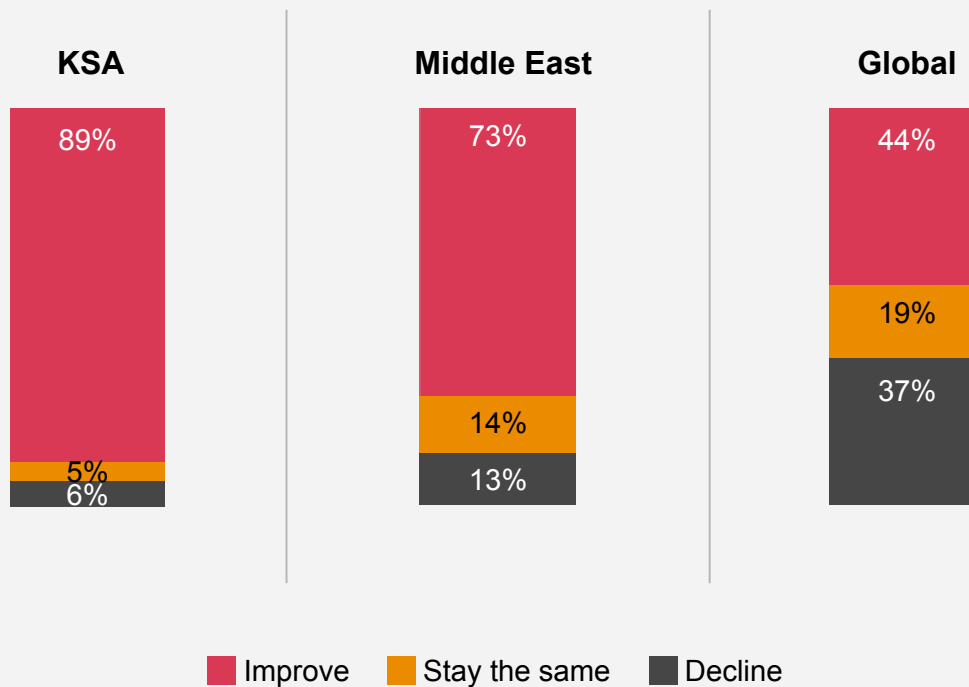
Confidence in
long-term
economic growth
remains robust



Guided by the Vision 2030, the massive transformation in Saudi Arabia has led to a strong economic growth, with reforms aimed at reducing oil dependency, diversifying the economy, and accelerating competitiveness. Unsurprisingly, findings from our survey have revealed an overall confidence, with as many as 89% of CEOs in the Kingdom optimistic about the Kingdom's economic growth in the next 12 months, surpassing the global average of 44%, the Middle East average of 73% and the GCC average of 81%, who feel the same way about their own economies.



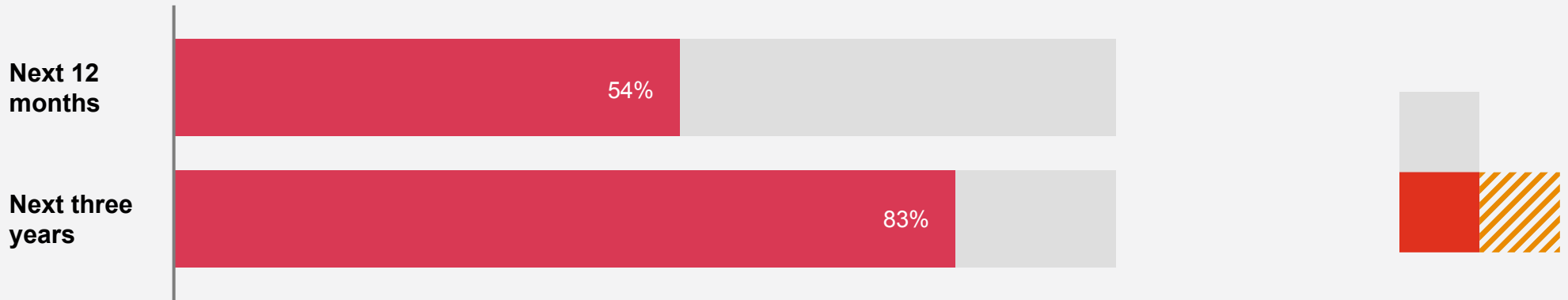
Q: How do you believe economic growth (i.e. gross domestic product) will change, if at all, over the next 12 months in your territory?



PwC Middle East's inaugural Saudi Economy Watch, published mid-way between the launch of the Vision in 2016 and its target date, has also revealed that the Kingdom has risen up the rankings of global economies to 17th largest by size of GDP in 2022, at both market-exchange rates and purchasing power parity (PPP). In 2022, Saudi GDP exceeded \$1trn for the first time and remained above this mark in 2023, with the IMF forecasting growth to \$1.3trn by 2028.

This positivity has translated into the company performance level as well, with more than half of the CEOs (54%) highly confident in their own revenue growth for the next 12 months (vs 37% globally) and 40% moderately confident (vs 32% globally).

Q: Please indicate the extent to which you are confident about your company's prospects for revenue growth?

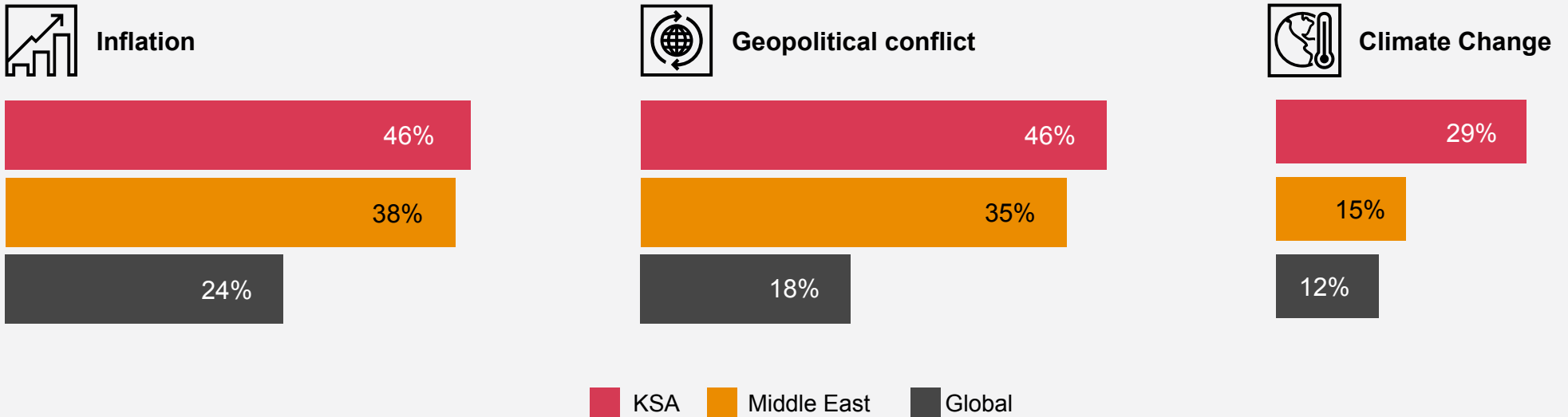


*Sum of responses indicating very and extreme confidence in company's prospects for revenue growth



71% of Saudi CEOs have witnessed a 5% or more increase in market share over the past three years, outperforming the global average of 49%. Looking ahead, optimism continues to surge, with 83% expressing confidence in their organisation's revenue potential over the next three years, significantly exceeding the global confidence level of 49%. This is despite global uncertainties sitting front of mind of Saudi business leaders, with nearly half of the CEOs (46%) remaining keenly aware of geopolitical conflicts.

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

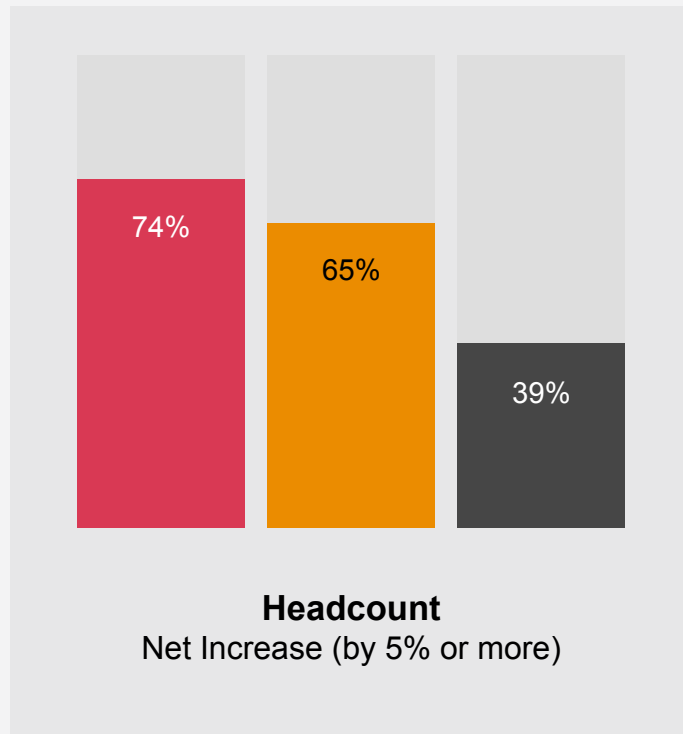


*Sum of responses indicating a 'highly' and 'extremely' level



Given the massive scale of projects that are underway in the Kingdom and the positivity around the economic and financial reforms and initiatives, it's perhaps unsurprising that 74% of Saudi CEOs say they are likely to increase their headcounts, almost double of their global peers (39%). More than half of the leaders surveyed (57%) said they would increase prices of products and services despite inflation remaining a key threat - a possible fallout of the ongoing geopolitical tensions in the region and around the world.

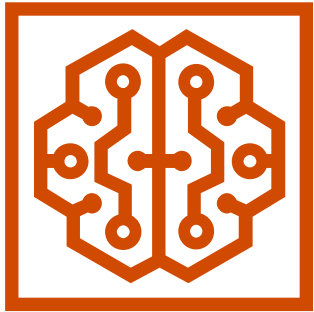
Q: To what extent will your company increase headcount in the next 12 months?



■ KSA ■ Middle East ■ Global



However, when it comes to acquisitions, Saudi CEOs like the rest of their global and regional peers have been cautious, with only 34% reporting a major acquisition (of more than 10% of their assets) made in the last three years. The moderate appetite is indicative of investors being more selective in deal decision-making, with higher interest rates and borrowing costs on their minds.



Reinvention on the cards: A catalyst for change



49% of CEOs believe their companies won't be viable in a decade if they continue on their current path up from 35% last year

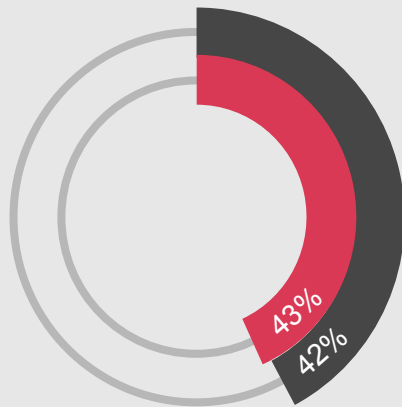
As CEOs in the Kingdom explore opportunities for growth, they have expressed the imperative to evolve, with 49% indicating their company won't be viable in 10 years if they continue on their current path, similar to the global average of 45%.

Over the last five years, more than half of CEOs in Saudi Arabia have formed strategic partnerships, 46% have developed new products and services, and 43% have embraced new technologies to ensure their businesses remain resilient and agile. Partnerships and strategic alliances have played a crucial role in helping the Kingdom navigate a monumental economic shift. This has resulted in fresh insights, deepening regional expertise, and strengthening collaborative innovations. In the same period, 54% of the CEOs indicated that government regulations and 51% revealed supply chain instability were the top factors that have changed how their businesses created, delivered and captured value.

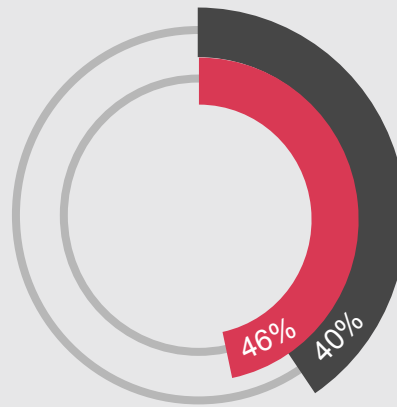
Q: To what extent have the following actions impacted the way your company creates, delivers and captures value over the last five years?

Last 5 years

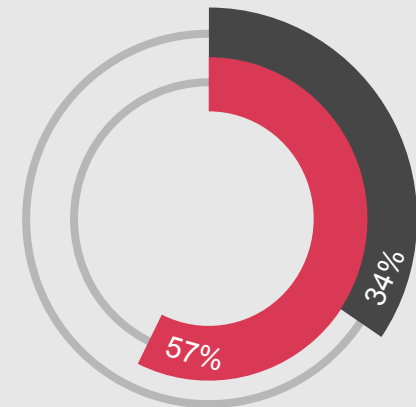
Adopted new technologies for our firm that enhanced our capabilities



Developed novel products or services



Formed new strategic partnerships that enhanced our capabilities



*Sum of responses indicating a 'large' & 'very large' extent

■ KSA ■ Global

Looking forward, CEOs revealed that technological change (60% vs 56% globally) and customer preference (69% vs 49% globally) would be the top factors that would determine how their companies would significantly transform business models, in the next three years.

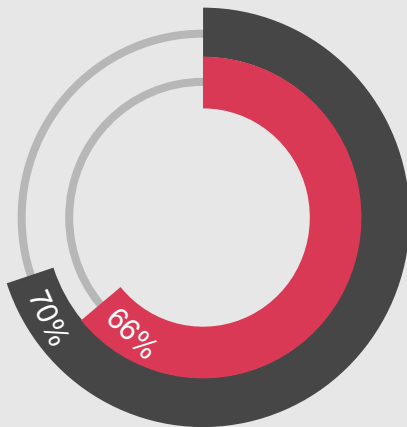
Given the Saudi government's promising line up of strategic investments in tech innovation, CEOs are eager to embrace emerging technologies, such as GenAI, as part of their business growth. In the next 12 months, more than half of the CEOs (54%) said GenAI would improve the quality of their companies' products and services, while in the next three years, 66% indicated that GenAI would significantly change the creation, delivery and capture of value .

71% of leaders in Saudi also indicated that in the next three years, GenAI would require most of the workforce to develop new skills, greater than the global average of 69%, while 74% anticipated a significant impact on their company's competitive advantage in their respective industries as a result of embracing GenAI - higher than the global average of 68%.

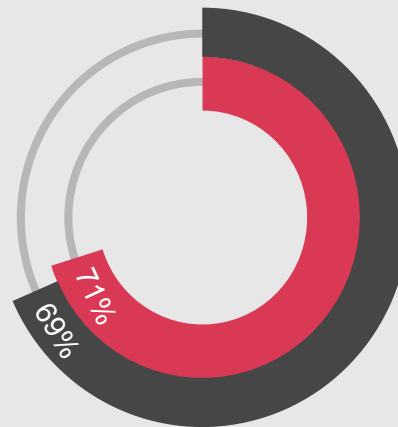
Q: To what extent do you agree with the following statements about generative AI over the next 3 years?

Next 3 years

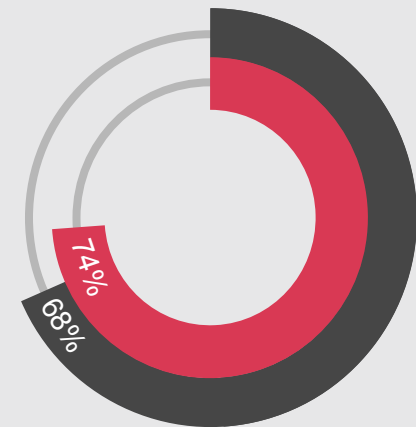
Generative AI will significantly change the way my company creates, delivers and captures value



Generative AI will require most of my workforce to develop new skills



Generative AI will increase competitive intensity in my industry

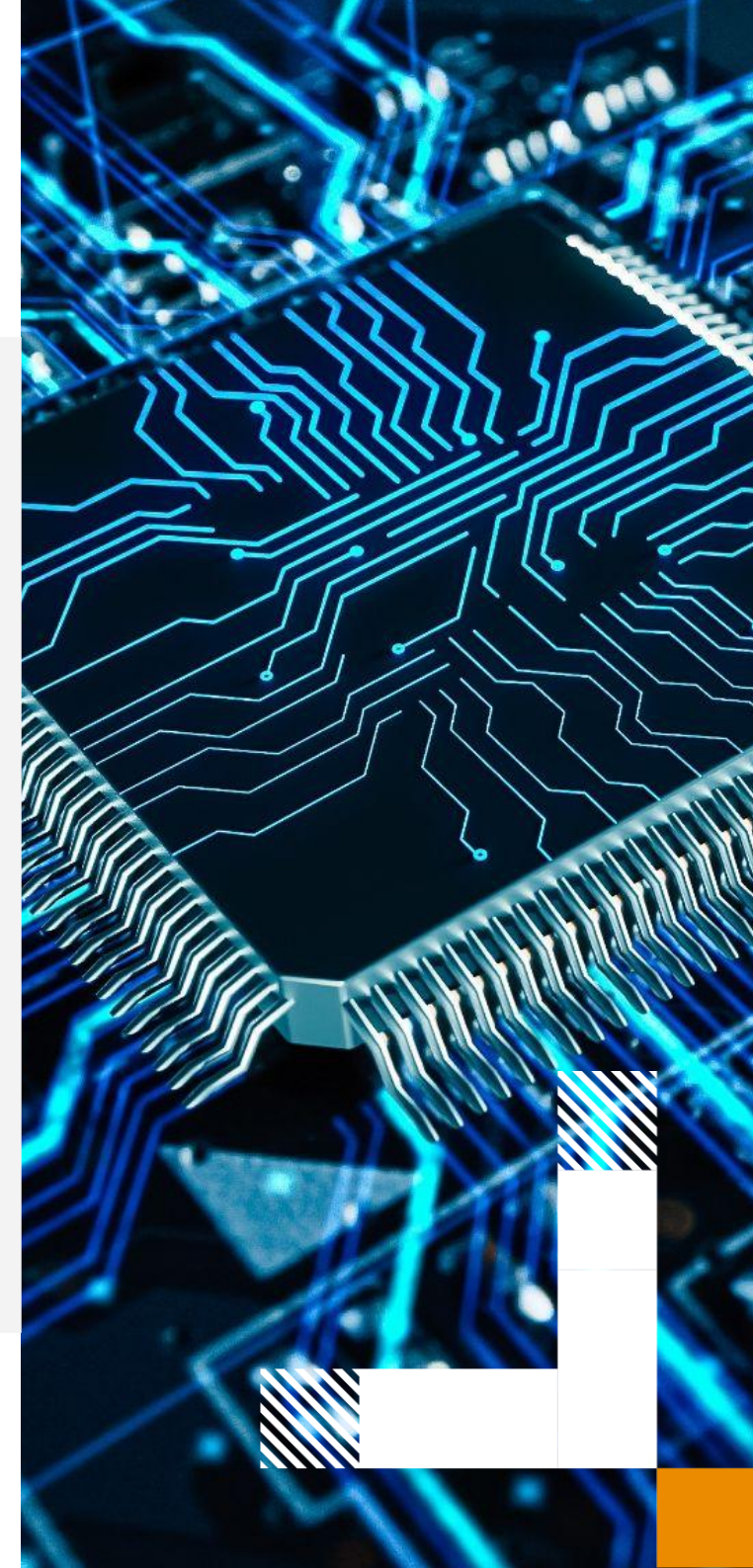


*Sum of responses indicating a 'large' & 'very large' extent

■ KSA ■ Global

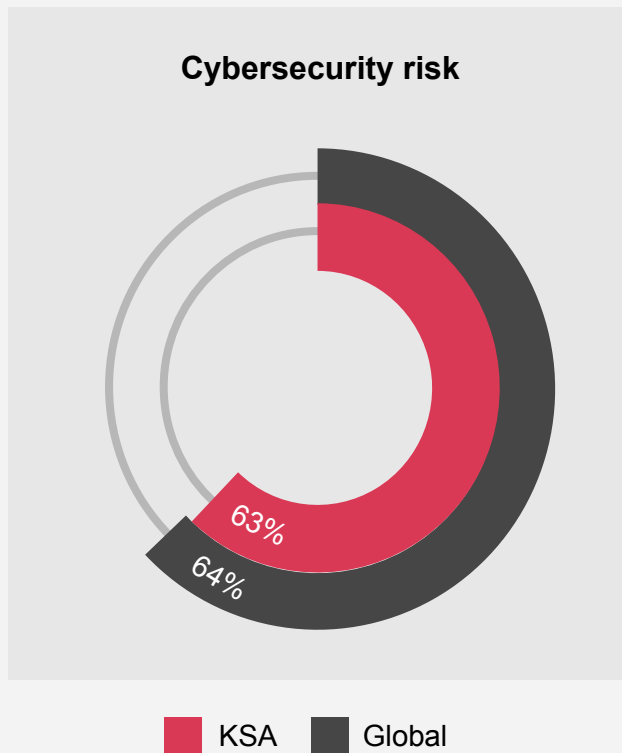
A greater majority of KSA's business leaders (71%) agreed that GenAI will increase their efficiency at work - higher than 59% of their peers, globally - while an equal number felt it would also significantly increase employee efficiency, higher than the global average of 64%. Reflecting on GenAI's potential to reshape business economics, 66% of CEOs in Saudi indicated that it would increase revenue, while more than half (57%) said it would increase profitability in the next 12 months.

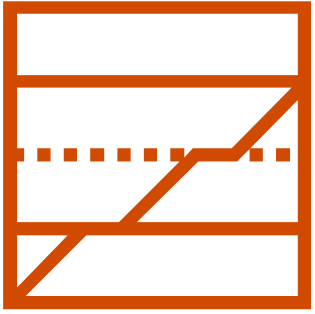
Q: To what extent will generative AI increase the following in your company in the next 12 months?



Despite the keenness around embracing emerging technologies, CEOs in the Kingdom are concerned about cyber risks, with 40% indicating they were moderately exposed and 20% highly and extremely exposed to it in the next 12 months. In fact more than half (63%) of CEOs felt that GenAI would increase cybersecurity risks in the next 12 months, aligned with sentiments of their global peers (64%). Cyber investments concerns were front of mind of 62% of respondents of our [2024 Digital Trust Insights - The KSA perspective](#) who prioritised optimisation of current technology and investments to tackle cyber threats.

Q: To what extent do you agree that generative AI is likely to increase cybersecurity risk in your company in the next 12 months?



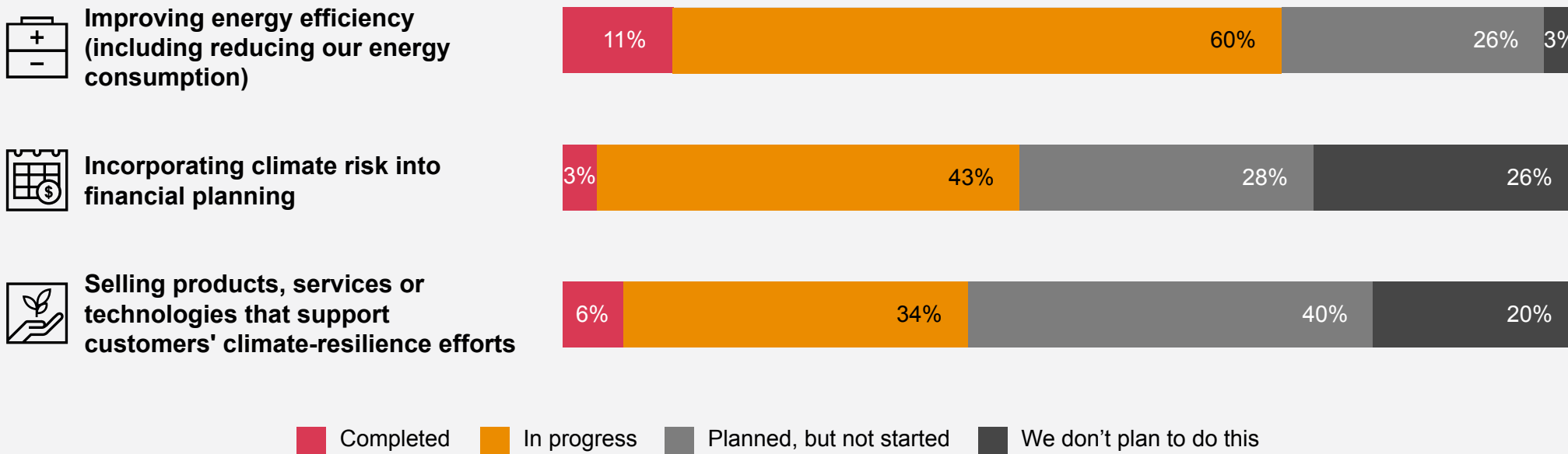


A strong focus on
climate resilience:
narrowing the gap
between ambition
and action

Findings from our [27th Annual CEO Survey](#) point to a renewed determination from regional leaders, with 15% (compared to 12% globally) identifying climate change as a major concern. Interestingly, this figure is higher in the KSA, at 29%, indicating a particularly strong focus on climate issues within the Kingdom.

In the region, CEOs in Saudi Arabia are leading the charge, with 60% keen to improve energy efficiency of their businesses, and more than half innovating new climate friendly products, services or technologies. Around 43% were incorporating climate risk into financial planning.

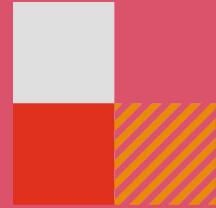
Q: Which of the following best describes your company's level of progress on each of these actions?



However, in the last 12 months, nearly three quarters (74%) of CEOs refused to accept lower returns on climate-friendly investments, indicating the need for a shift in focus to accelerate the path to net zero. 32% of Saudi leaders also highlighted regulatory complexity, while an equal number referred to the lack of climate friendly technologies in their sectors as key challenges.



So, what's next?



To keep pace with rapid transformation, CEOs in Saudi Arabia need to continuously reinvent themselves to improve their business performance in a rapidly changing economic landscape.

They should analyse their growth strategies and manage risks effectively, given the threat of geopolitical risks in the region, primarily driven by the conflict in Gaza. Business leaders must also be prepared for supply chain instabilities, and plan a roadmap to ensure the sustainability of supply chains.

In addition to upskilling their workforce to prepare for climate-driven changes or leverage the opportunities generated by GenAI, leaders must work with their customers and adapt to their changing preferences to drive business value.

CEOs must also implement a mature cybersecurity strategy to tackle the evolving cyber threat landscape and protect business assets. This may include building a cybersecurity workforce and selecting the right technologies to improve an organisation's cybersecurity capabilities and processes. Finally, with only 26% of Saudi leaders willing to accept lower returns for climate-friendly investments, there is an urgent need to tap into the Kingdom's entrepreneurial energy and invest in the right projects to tackle the climate crisis as the Kingdom accelerates its transition to a green economy.



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