

Embracing change with a realistic outlook





Growth in times of Covid-19

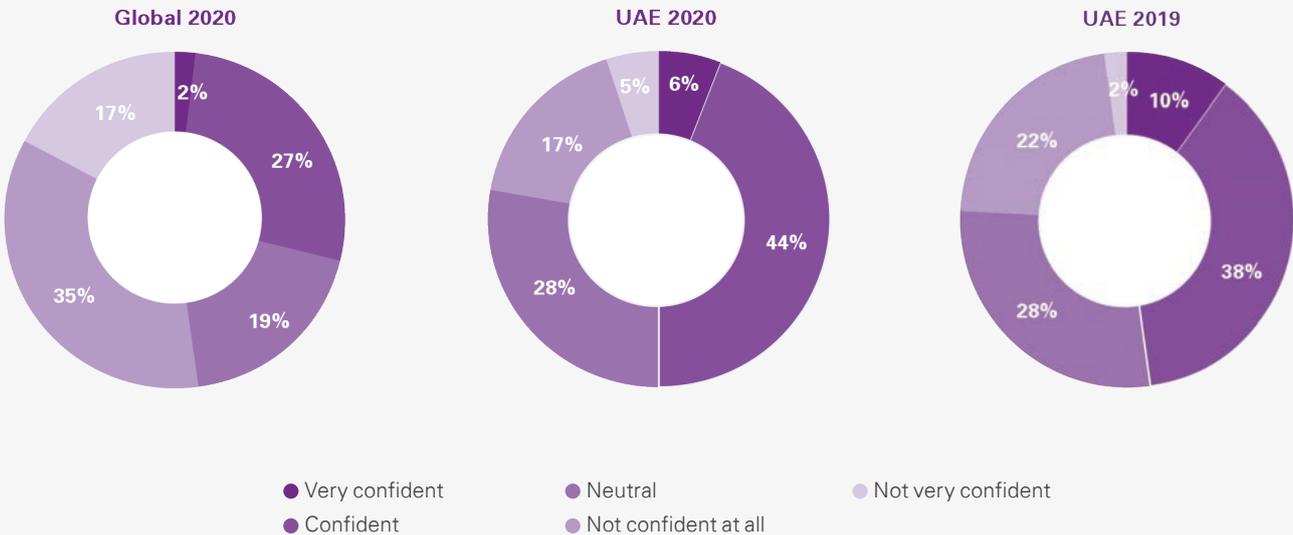
The economic impact of Covid-19 resulted in a sharp economic downturn for many countries around the globe. For the United Arab Emirates (UAE) and other major hydrocarbon-exporting nations, this was compounded by a significant drop in demand for oil and gas which resulted in lower prices.²

Locally, negative economic consequences were addressed with a bevy of financial and regulatory support and relief measures. Recently, the Central Bank of the UAE announced plans to extend its AED 256 billion (20% of GDP) package of measures by six months, starting 1 January 2021.³

Perhaps as a result of such initiatives taken at the federal and emirate levels, one out of two female leaders in the UAE are optimistic about the country’s economic outlook over the next three years (50%) compared with only 29% of their global counterparts. Further underscoring this sentiment, confidence in the local economy is in line with findings from last year’s UAE Female Leaders Outlook report (48%).

Respondents were less bullish about the global economy, however: only one in five (22%) of local female leaders expressed confidence in it, compared with 29% globally.

Level of confidence in your country’s growth prospects over the next three years.



Single response

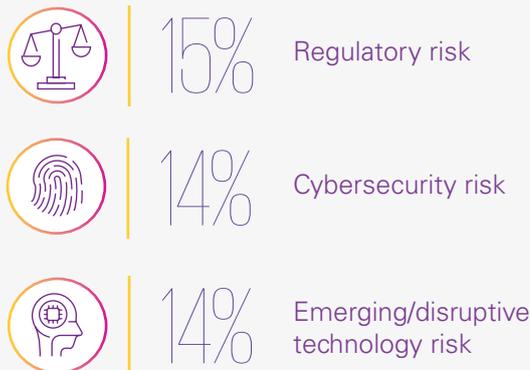
Source: KPMG 2020 Global Female Leaders, KPMG 2020 UAE Female Leaders Outlook, KPMG 2019 UAE Female Leaders Outlook

While Covid-19 has presented ample challenges, other factors are also at play, shaping the business landscape across the supply chain. The pandemic may be described as a global stress event—one which is testing organizations’ financial, operational and commercial resilience.

For female leaders around the globe, regulatory risk tops the list of potential threats. This is clearly linked to the multitude of regulatory changes brought about by Covid-19, resulting in trade restrictions, operational interruptions, and data privacy issues, among others. In a similar vein, we see operational risk top of mind for UAE-based female leaders this year, followed by emerging/disruptive technologies and talent risk. These will likely remain key concerns for the near term, as organizations adapt their operations to the new normal of a rapidly digitalizing market.

Aside from global health security/pandemic risk, what risk poses the greatest threat to your organization’s growth over the next three years?

Global 2020



UAE 2020



Single response

Source: KPMG 2020 Global Female Leaders, KPMG 2020 UAE Female Leaders Outlook

When asked about revenue, two out of three (67%) indicated that their company has the potential for growth in the next three years, while a third (33%) expect their organization’s earnings to increase by at least 5%. Notably, one in ten (11%) expect to experience growth of 20% or more over the same period.

Female leaders in the UAE are more optimistic about headcount than female leaders around the globe, with four out of ten (45%, 36% globally) anticipating an increase in the next three years. This is in line with their confidence in the nation’s economy and expectations for growth in the medium term.

According to **Shabana Begum, Partner, KPMG Lower Gulf**, “The pandemic has transformed the way we think about the future of work. Externally, we are creating future-oriented solutions for our clients that are flexible and technically robust enough to withstand extreme and unexpected change. Internally our high-performance culture promotes a diverse and flexible workforce. To that end, we continue to monitor the development of remote working options in order to ensure we attract and retain the best talent.”

Organizations are pivoting to meet their own changing business needs, as well as those of their stakeholders.

We are creating future-oriented solutions for our clients that are flexible and technically robust enough to withstand extreme and unexpected change.



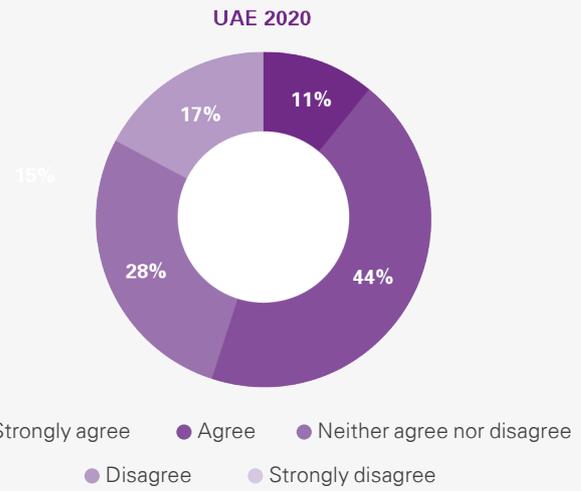
Shabana Begum, Partner,
KPMG Lower Gulf

Digital for the win

In a post-Covid world, business leaders will likely be expected to give greater importance to the customer voice in order to grow. In 2020, we witnessed the rapid evolution of e-commerce and the expansion of digital communication, as consumers sought to avoid face-to-face interaction across most sectors. Providing an omni-channel experience has become more important than ever before. As a result, we have seen brand development and even entire business strategies influenced.⁴

Given the UAE's long-term focus on innovation, it is no surprise that more than half (55%) of local female leaders found their pre-Covid-19 business models enabled them to shift to and/or focus on digital.⁵

**Our business model has enabled us to change easily/
focus on digital business.**



Single response

Source: KPMG 2020 UAE Female Leaders Outlook



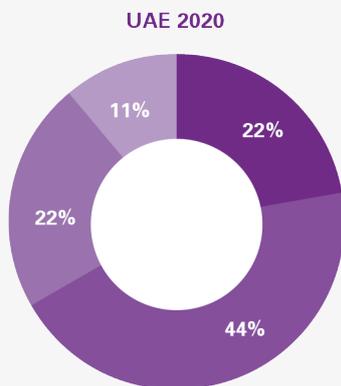
Further highlighting the importance of digitalization, nearly all (95%) female leaders in the UAE (87% globally) are confident that digital economy and e-commerce companies will be the winners coming out of the current crisis. Our findings indicate that two-thirds (66%) of organizations in the UAE are fast tracking digital transformation projects. According to **Dipika Ailani, Director, New Age Insurance Brokers L.L.C.**, “Covid-19 taught us to be adaptable and innovate in a short time span. It put us on a journey of digital transformation, which will enable us to serve our clients better, reduce costs and maintain employee engagement, while becoming a more flexible workplace.”

Covid-19 taught us to be adaptable and innovate in a short time span.



Dipika Ailani, Director, New Age Insurance Brokers L.L.C

The Covid-19 crisis has accelerated many of our digital transformation projects.



- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Single response

Source: KPMG 2020 UAE Female Leaders Outlook

As businesses push to keep stride, the majority (94%) of female leaders in the UAE indicated that they want employees to feel empowered to innovate without worrying about negative consequences if the initiative fails. Given the pace of change in 2020, support for fast failing work culture may make or break an organization’s ability to keep up with the competition.

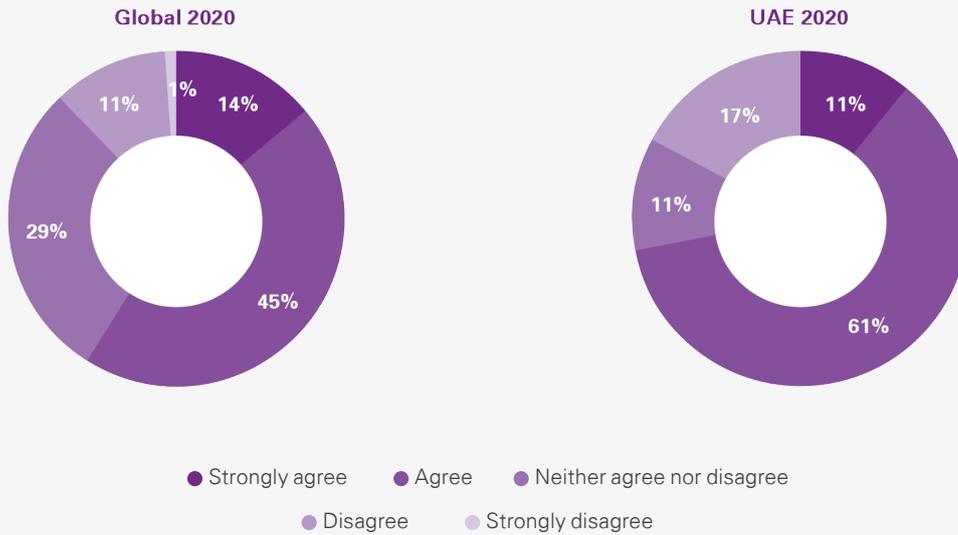
With the rapid and widespread implementation of technological solutions, e-commerce platforms and digitalization in 2020, it is important to note that three-quarters (77%) of female leaders in the UAE (84% globally) believe that protecting customer data is one of their most important responsibilities when it comes to retaining and growing their customer base. This is significant given the surge in cyber attacks witnessed in 2020. According to a recent KPMG report, UAE-based organizations experienced a significant increase in phishing (50%) and email spamming (46%) in 2020. Fort-six percent reported that the pandemic significantly increased their exposure to cybercrime.⁶

An evolving working world

For residents of the UAE, as with most of the world, work-from-home (WFH) arrangements were the exception prior to the pandemic. In March 2020, the landscape changed rapidly when government-mandated restrictions were put in place. Employers and employees adapted to remote working quickly and successfully—thanks in part to the country’s long-term focus on innovation. After months of what may be described as an enforced, large-scale WFH experiment, flexible working arrangements could be here to stay. In fact, six out of ten (61%) female leaders in the UAE (59% globally) plan to downsize their office space.

While the way we work may be shifting, a recent study found approximately two-thirds of UAE-based workers would prefer returning to the office, citing concerns about their physical and mental health.⁷ Perhaps paradoxically, seven out of ten (72%) local female leaders (59% globally) indicate communication with their employees has improved during the crisis. It is not surprising that nearly the same proportion (78%, 64% globally) have made significant changes to policies in order to nurture organizational culture, perhaps in part to address employees’ WFH health-related challenges.

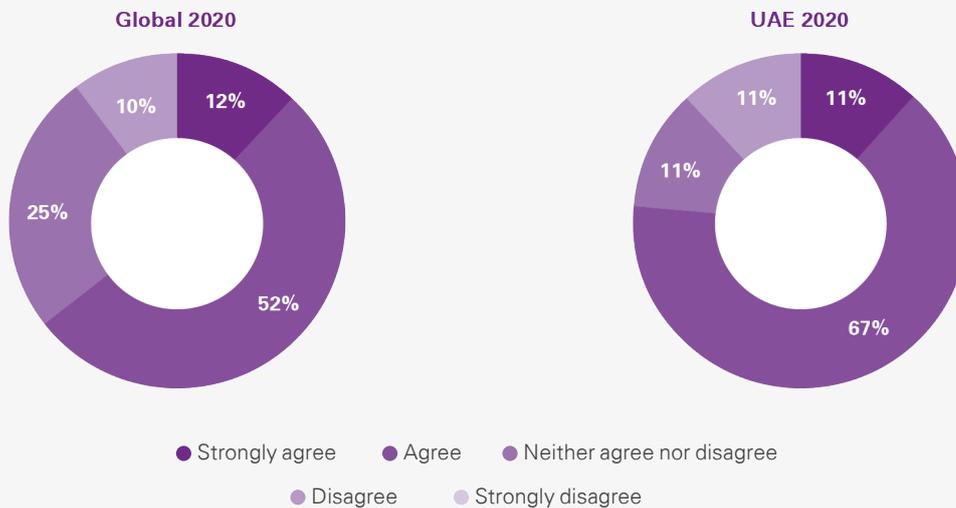
Communication with my employees has improved during the crisis.



Single response

Source: KPMG 2020 Global Female Leaders Outlook, KPMG 2020 UAE Female Leaders Outlook

Remote working has caused us to make significant changes to our policies to nurture our culture.



Single response

Source: KPMG 2020 Global Female Leaders Outlook, KPMG 2020 UAE Female Leaders Outlook

The growing importance of employees as valued stakeholders is a trend that will likely continue for years to come. In fact, some developments can already be seen in this area with respect to the digital working environment. Remote working has, to a degree, pushed leaders into a position of applying a more trust-oriented, rather than control-based, leadership style.⁸

While the right talent will play an increasingly important role in realizing companies' digitalization strategy, whether or not attracting and retaining the most suitable people poses a challenge is debatable. Four out of ten female leaders in the UAE (44%, 49% globally) indicate their talent pool has, in fact, expanded thanks to organizations' increased acceptance of remote working.

According to **Maryam Zaman, Partner, Head of Corporate Governance Services, KPMG Lower Gulf**, "Covid-19 has reduced the dependency on travel and physical presence at our client sites. As a result, we are no longer constrained by the geography in which we operate from. With acceleration of digital technologies enabling us to service our clients from anywhere across the globe, we now have easier access to subject matter experts from our global network of KPMG member firms. Further, it is now easier for us to provide our services to clients spread across geographies, who trust in the quality of work delivered by KPMG despite remote working."

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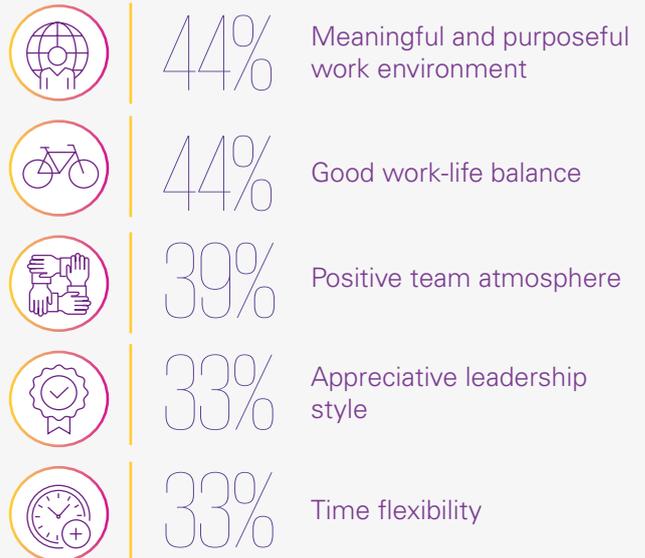


Maryam Zaman, Partner, Head of Corporate Governance Services, KPMG Lower Gulf

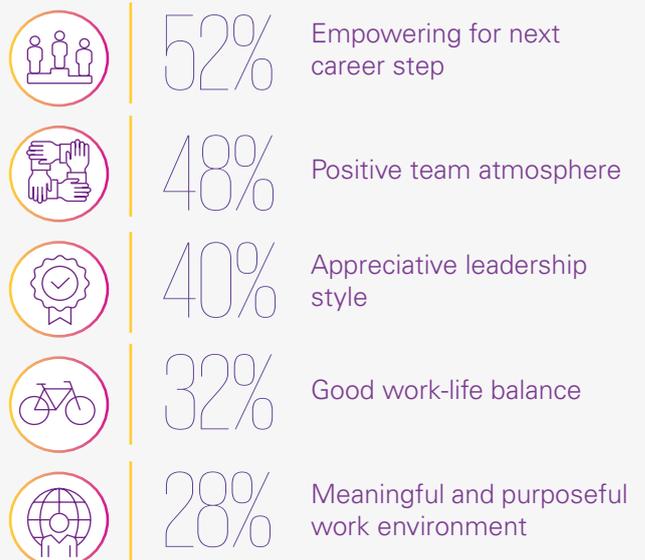
In addition to remuneration, new incentive systems can be introduced to draw and keep the best people, as employee priorities shift. UAE-based female leaders indicated that a meaningful and purposeful work environment, good work-life balance and a positive team atmosphere are most likely to prove effective.

What would you rate most effective to raise employee satisfaction?

UAE 2020



UAE 2019



Multiple choice

Source: KPMG 2020 UAE Female Leaders Outlook, KPMG 2019 UAE Female Leaders Outlook

When examining results year-on-year, we find one particularly notable shift in terms of what may raise employee satisfaction. In 2019, 'meaningful and purposeful work environment' ranked as the fifth most effective approach to raise employee satisfaction (28%). In 2020, four out of ten (44%) cited this as one of the three most effective approaches, tied with work-life balance (44%). This provides a view of the new working world and will help leaders better understand employees' shifting values, as they reconcile family and professional life.

According to **Marketa Simkova, Partner, Head of People & Change at KPMG Lower Gulf**, "Throughout the last nine months, a large number of people have experienced a sense of isolation as they worked from home and avoided social gatherings," she says. "At the same time, the lines between professional and personal spheres have been blurred. For many employees, a meaningful and purposeful work environment—along with good work-life balance—has become increasingly important. The pandemic has provided an opportunity for companies to show employees how they fit into the bigger picture and contribute to their organization's overall strategy. This can only be achieved with support for the physical and mental wellbeing of human capital."

The pandemic has provided an opportunity for companies to show employees how they fit into the bigger picture.



Marketa Simkova, Partner, Head of People & Change, KPMG Lower Gulf

Overall, this year's results reflect a trend we have seen developing over the past few years: traditional, entrenched incentives, such as 'taking on a leadership role', 'additional team bonus equally split' or 'out-of-the-box experience' are losing their significance. Retaining the existing workforce, as well as recruiting the next generation of employees may well force organizations to adapt to fundamental changes in values and priorities



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