KPMG 2021 CEO Outlook – Oman

Plugged-in, people-first, purpose-led

KPMG Lower Gulf

December 2021

"Well managed by government leadership, Oman has handled the pandemic effectively and is turning a crisis into an opportunity for growth. This stability creates a foundation for CEOs to project a positive, optimistic environment and encourage employee productivity and creativity. To tackle the potential environmental challenges, CEOs would do well to invest in digitalization and disruptive technology. CEOs are also pushing investment in ESG strategies up the business agenda to deliver expected returns and help build a more equitable and sustainable future."

Kenneth Macfarlane

Office Managing Partner – Oman, KPMG Lower Gulf

Foreword

Optimism is back in the boardroom.

It's been roughly 18 months since the World Health Organization declared Covid-19 a global pandemic, and KPMG returns with its annual, global CEO survey to gauge how leadership strategies and concerns have shifted during these demanding times. And if one word could summarize our report, it's optimism — a remarkable and reassuring shift.

CEOs' expectations for growth are approaching pre-pandemic levels — for company, country and the global economy. To capture this growth potential, leaders are hiring, exploring tie-ups and proactively investing in disruptive technology. CEOs are strengthening their organization's purpose to meet stakeholder demands and because they increasingly see it as benefiting their financial performance.

Concerns about operational matters, like supply chain resilience, cyber security and regulatory matters, have climbed back to the top of their priorities. Although the pandemic is still influencing some of these issues, leadership is able to concentrate on important housekeeping items alongside their aggressive growth strategies.

ESG is now front and center in most business plans. The survey results show corporates are ready to work closely with government to make good on their ESG commitments and are prepared to be held accountable for delivering on them. It's an encouraging sign, and one I am particularly pleased to see.

We may not be completely back to business as usual just yet, at least globally — especially with the threat of new variants and supply chain disruption. But like the many CEOs we interviewed, I share their optimism.

The opportunity to build a stronger, more sustainable future exists only if we work together, for better. Thank you and please stay safe.

Kenneth Macfarlane

Contents

Key findings

The KPMG CEO Outlook series offers a unique lens on the ongoing implications of the Covid-19 pandemic and the prospects for economic recovery. Across the trajectory of the pandemic, we've connected regularly with the world's business leaders, reporting on some of the insights through our pulse surveys in July/August 2020 and January/February 2021. The 2021 CEO Outlook, our major annual survey, draws on the perspectives for the future of 1,325 CEOs across 11 major markets.

Key developments are focused on how today's connected CEOs are plugged-in, people-first and purpose-led to grow their organizations and emerge stronger:

CEOs are **optimistic, confident and expect aggressive growth** through acquisitions and other inorganic methods. They continue to put an emphasis on leading with purpose and a focus on digitally transforming their organizations while upskilling an agile workforce in the new world of work.

With increased stakeholder pressure to build back better, **global organizations are supercharged to increase investment into environmental, social and governance (ESG)** priorities and stay true to their purpose.

With people returning to places of work, and society increasingly looking to business leaders to lead a return to normal, CEOs are shying away from making wholesale changes to the future of work — but they recognize employee **demand for continued flexibility**.

Overall, three key themes emerged from this year's survey:

The road to renewal

Despite continued uncertainty and risk volatility, CEOs around the world are confident and optimistic about growth, feel a strong connection to their purpose and are looking to drive expansion.

Rebounding growth

60% of CEOs are confident about growth prospects for the global economy (up from 42% in March of this year). Overall, CEO confidence has returned to pre-pandemic levels of early 2020, despite the Delta variant slowing down the return to normal.

Leading with purpose

As the public looks to leaders to drive progress on major societal challenges, 64% say that their organization's defining objective is to embed purpose into everything they do — creating long-term value for all stakeholders (up from 54% in February/March 2020).

Accelerating growth and the digital agenda

With 87% of CEOs confident in their own company's growth prospects, M&A appears to be critical to powering this growth and acquiring digital capability — 87% say that they are looking to make deals in the next three years.

Trusted purpose

With increased stakeholder pressure to invest in a more equitable and sustainable future, CEOs are embedding ESG into business strategy.

Putting people first to drive societal return

71% said that CEOs will be increasingly held personally responsible for driving progress in addressing social issues. And 56% stated that with public, investor and government expectations of diversity, equity and inclusion rising so fast, they may struggle to meet expectations.

Collaborating to power sustainability

Making progress on climate change will likely require action from both businesses and government, with 30% of CEOs planning to invest more than 10% of their revenues in becoming more sustainable, and 75% saying that world leaders at COP26 need to inject urgency into the climate agenda.

Connecting ESG strategy with financial returns

While 52% of CEOs at high-growth organizations believe that their ESG programs improve financial performance, this drops to 37% across all CEOs.

Digital agility

CEOs are strengthening their organization's digital advantage by building a more flexible future of work and operating as part of digital ecosystems.

Building a flexible future of work

CEOs need to decide on an operating model for the future that works for both employers and employees, with only 37% saying that they will have most employees working remotely at least two or more days a week, but 51% investing in shared office spaces.

Disrupting the disruptors

CEOs are looking to get on the front foot when it comes to disruption and innovation, with 67% saying they will increase investment in disruption detection and innovation processes.

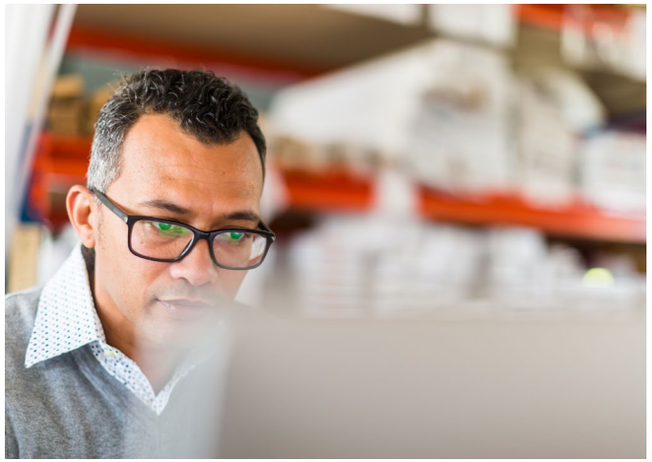
Partnering for transformation and resilience

70% of CEOs say that new partnerships will be critical to continuing the pace of digital transformation, but they are also mindful of building cyber resilience into their approach.

The road to renewal

The pandemic was a test of leadership for CEOs. The best leaders protected the health and well-being of their employees, made big decisions amid uncertainty and adapted their leadership approach in a virtual environment.

Today, CEOs are facing new challenges as their organizations manage the ongoing impact of the pandemic. They're balancing the potential to drive growth and transform their business, amid uncertainty around a potentially uneven global recovery, and the impact of new virus variants and vaccine inequality.



Plugged-in

Connected CEOs recognize the prerequisite for succeeding in a rapidly evolving landscape is being plugged in. This means building a digital core and connecting back, middle and front-office functions to focus on the customer while being resilient to cyber risk. It also means making sure the business model is relevant — deciding which businesses to divest or add and reallocating capital expenditure to new digital growth opportunities.

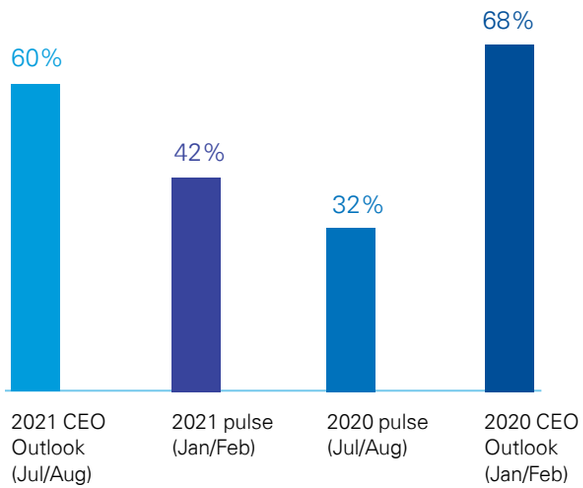
People-first

At the same time, CEOs need to have a people-first mindset — not only investing in new technologies, but also human capability.

Purpose-led

Finally, CEOs need to be purpose-led — winning the trust of stakeholders and helping build a more prosperous, equitable and sustainable world. Purpose-led CEOs follow through and deliver on previous commitments and statements with bold ESG programs. Sustained growth is about connecting these three priorities.

Despite the continued uncertainty of the pandemic, CEOs are confident about growth for the global economy



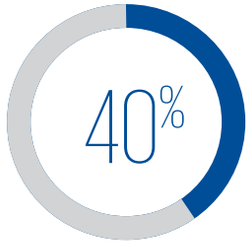
Source: KPMG 2021 CEO Outlook

Rebounding growth

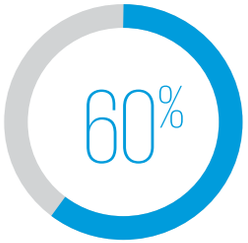
Despite the continued uncertainty of the Covid-19 pandemic, the survey shows that the perspectives and confidence of CEOs have shifted. CEOs are more optimistic about growth: for the first time since January/February 2020, prior to the pandemic, more than half (60%) of global CEOs are confident about the growth prospects of the global economy over the next 3 years.

Overall, CEO confidence levels have returned to the levels of early 2020, despite the Delta variant slowing down the return to normal. But to deliver this growth, organizations will need to make sure they have the right talent with the right skills to bring their growth plans to life. The research found that 88% plan to increase headcount over the next 3 years, with close to one-third (32%) planning an increase of more than 6%. And as Chart 2 shows, CEOs have also narrowed the gap between their digital transformation objectives and investing in a digitally enabled workforce. While more CEOs are prioritizing technology investment when pursuing growth, the 40% who are putting more emphasis on people investments represent a notable increase from 33% in 2020.

Building talent an increasingly important driver of growth



We are placing more capital investment in developing our workforce's skills and capabilities



We are placing more capital investment in buying new technology

Source: KPMG 2021 CEO Outlook

"In 2021, Covid-19 continued to be the main challenge facing the mining industry. As result, companies' efforts in developing new projects were constrained by travel restrictions, as well as logistical issues pertaining to the supply chain, which caused delays and increase costs of development. Another challenge was high interest rates which increased the cost of capital significantly. However, we noticed recovery in the second half of the year, supported by an increase in the demand for minerals and a drop in interest rates."

Nasser Al Maqbali
Chief Executive Officer, Minerals Development Oman

As CEOs look to drive growth, they also face the significant task of leading companies in a time of great uncertainty, where assumptions and forecasts are subject to constant change. As the chart below shows, this means very little is certain and no single risk emerged on top. There is a three-way tie for threats to growth: supply chain, cyber security and climate change. They were very closely followed by disruptive technology, regulatory and operational risk.

Changing threats to growth

2021* Rank		2020 pulse* Rank	
#1	Cyber security risk	#1	Talent risk
#1	Environmental/ climate change risk	#2	Supply chain risk
#1	Supply chain risk	#3	Return to territorialism
#2	Emerging/ disruptive technology risk	#4	Environmental/ climate change risk
#2	Regulatory risk	#4	Cyber security risk
#2	Operational risk	#6	Emerging/ disruptive technology risk

Source: KPMG 2021 CEO Outlook

A sector view on risk

Differentiating between the top three risks comes down to a sector-specific lens, where a clearer picture emerges about their top challenge to growth:

- Over a quarter of retail/consumer segment CEOs (28%) are focused on **supply chain risk**, as are manufacturing (25%) and automotive (26%).
- Energy CEOs (37%) and infrastructure (19%) are focused on **climate change**.
- Technology sector CEOs (31%), telecoms (32%) and banking (17%) are focused on **cyber security**.

"As Oman swiftly makes structural changes to achieve the ambitions of Vision 2040, the broadening of tax sources, achieving efficiency in collection, and adapting to the recent tax changes globally become a priority for the government. It is no wonder that we are seeing tax issues rise to the top of the priority ladder for CEOs in Oman."

Ashok Hariharan, Partner, Tax Operations, KPMG Lower Gulf

What also distinguishes individual risks is how they have moved up on the agenda since 2020 — and two have seen marked rises:

↑ 10%

Supply chain risk (saw a rise of 10 percentage points from 2020):

In the research, 78% of CEOs lead businesses that operate a supply chain, with 56% of that group saying their supply chain has been under increasing stress over the past 18 months.

↑ 8%

Tax risk (saw a rise of 8 percentage points from 2020):

Three out of four (75%) CEOs believe that the pressure put on public finances by the pandemic response has increased the urgency for multilateral cooperation on the global tax system. At the same time, 77% agree that the proposed global minimum tax regime is of significant concern to their organization's goals on growth. Meanwhile, they're more worried about regulatory and tax risks than they were prior to the pandemic. The survey also found that 74% of CEOs recognize the strong link between the public's trust in their businesses and how their tax approach aligns with their organizational values. As businesses aim to build back better, the majority (69%) of CEOs are feeling increased pressure to report their tax contributions publicly as part of their broader ESG commitments.

Leading with purpose

The convergence of various issues, ranging from climate change to social tensions, has not just created widespread uncertainty: it has called into question the role institutions play in the world today. In this context, stakeholder expectations of businesses have risen, and the actions of organizations and their leaders are under increasing scrutiny. Today, CEOs aim to deliver the shareholder returns that investors expect and work towards building a better future for society.

The research shows that CEOs are embracing this dual challenge:

68% say that "as confidence and trust in governments decline, the public is looking to businesses to fill the void on societal challenges, such as gender inequality or climate change".

74% recognize "large corporations have the resources — both financial and people — to help governments find solutions to pressing global challenges".

Corporate purpose is key to meeting those goals. Now, more than ever, people care about what the companies they buy from stand for. Purpose is connected to a company's role in society, its impact on the environment, how it sustains long-term value and how it operates within its community. It answers the question: "Why is our company in business — and how will it stay relevant?"

CEOs recognize the importance of purpose. For example, the research found that 87% said that purpose is central to building their brand reputation. As the chart shows, this reflects the transition of business to multi-stakeholder capitalism, with nearly two-thirds (64%) saying purpose is the defining objective of their business and only 13% focused on managing shareholder value.

CEOs are also focused on driving hard value from purpose and embedding it in their business and operating models to drive tangible value and growth. We found that 89% of CEOs said that purpose plays an important role in driving financial performance.

"Oman's rate of sustainability reporting has improved significantly, thanks to the financial regulators' commitment to ESG disclosures. Although the rate remains lower than the global average, local companies that appreciate the importance of comprehensive ESG disclosures, and are proactive in getting reliable information attested by the external auditors, will be best positioned to benefit from this shift in global sentiment."

Emilio Pera, Partner, Head of Audit, KPMG Lower Gulf

A clear corporate purpose:

Corporate purpose is the defining business objective for the majority of CEOs

Source: KPMG 2021 CEO Outlook

"Customer expectations of superior experience have led banks to significantly increase their investment in digitalization. There is a drive towards better service, and equally importantly, higher financial inclusion. The efficiency and agility of execution of technological systems, while delivering a robust value proposition, is key when it comes to shaping strategies."

Waleed K. Al Hashar
Chief Executive Officer, Bank Muscat

Accelerating growth and the digital agenda

Optimism is high, with 87% of CEOs confident in their own company's growth prospects, and inorganic strategies will be key to achieving this ambition:

69% say they will primarily use inorganic tactics, including strategic alliances with third parties (the focus for 29%), M&A (24%), joint ventures (11%) and outsourcing (6%).

31% make organic growth — such as innovation and R&D — their most important route to growth.

As CEOs look to react quickly to how markets have changed during the pandemic — particularly digital-driven changes in consumer preferences — M&A will likely be key to quickly building new capabilities and capitalizing on growth opportunities. Overall, 87% of CEOs say they're looking to make deals in the next 3 years. Among that number, 50% characterize their M&A appetite as 'high', with CEOs likely to undertake acquisitions that will have a significant impact on their organization.

M&A will likely be particularly important for driving digital innovation and acquiring technology capabilities. To survive and thrive in this era, organizations will need to adopt new models. There has been a reset in the velocity of business, especially in areas such as customer behavior, and CEOs need to ensure their companies are plugged in to this new dynamic. The acceleration in digital technologies we've seen during the pandemic has meant that markets now operate more quickly. Organizations are constantly in competition with large, established technology companies like Google, Amazon, Samsung, Microsoft, and Facebook, as well as a crop of FinTechs which are constantly coming up with innovative and customer-centric solutions. CEOs are shifting toward a cloud-first mindset, with half (50%) saying they intend to partner with a third-party cloud technology partner in the next three years in pursuit of their growth objectives.

The research shows that CEOs are embracing the need to push the boundaries of their business:

75% say "we have an aggressive digital investment strategy, intended to secure first-mover or fast-follower status".

78% say "we need to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence".

Trusted purpose

"Environmental and social sustainability is the starting point and the premise of our growth."

Hironori Kamezawa
President & Group Chief Executive Officer, Mitsubishi UFJ Financial Group

Today, corporate purpose is a business imperative. Key stakeholders — from customers to institutional investors — expect companies to have a positive impact on a range of areas, from driving diversity to helping protect the planet.

But a common challenge with purpose is how CEOs can turn it from a statement of intent to real actions by executing on their high-level commitments. Focusing on a bold ESG program can help identify key opportunities and challenges and allow CEOs to demonstrate how they can deliver on their purpose.

Putting people first to drive societal return

In major economies, social tensions are on the rise, with a focus on addressing inequality. CEOs recognize public sentiment, and research shows they embrace the role companies can play in driving both total shareholder return and total societal return.

Today, we see a major focus on the 'S' in ESG, with 81% of CEOs saying, "Our response to the pandemic has caused our focus to shift toward the social component of our ESG program."

But the research also found a profound tension between the accountability that CEOs feel they have for driving progress on the social dimension of ESG and their ability to meet expectations in the critical area of diversity. 71% of CEOs said they will be increasingly held personally responsible for driving progress in addressing social issues. But on the other hand, over half (56%) admitted that with public, investor and government expectations of diversity, equity and inclusion (DEI) rising so fast, they may struggle to meet expectations. In addition, 46% of CEOs noted the global pandemic's negative impact on women in the workplace has made it difficult to achieve their gender parity goals at a leadership level.

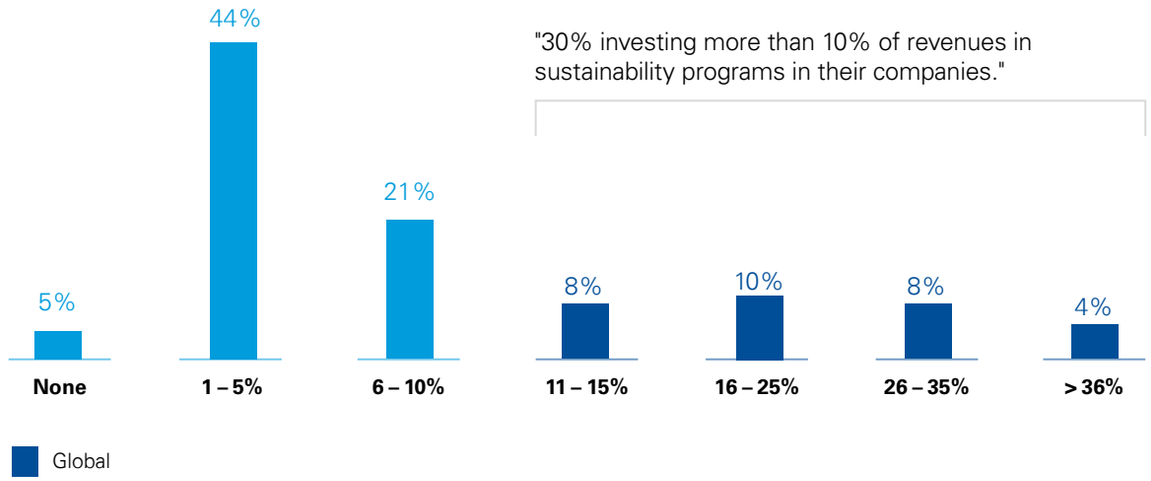
Driving progress on DEI within organizations will likely require action in two areas. First, CEOs will need to actively listen to employees to understand what aspects of DEI are important to them. Secondly, they will need to set clear and measurable targets to achieve progress against those priorities.

Collaborating to power sustainability

Action to limit climate change and reduce carbon emissions in the race to net zero has never been more important. The latest analysis from the UN's Intergovernmental Panel on Climate Change (IPCC) — released in August 2021 — amounted to a "code red for humanity", predicting that global warming will hit 1.5°C by 2040.

Making progress on addressing sustainability issues, including climate change and the decarbonization of the economy, will require strong collaboration between business and government. As the chart shows, CEOs are looking to devote significant capital to becoming more sustainable, with 30% planning to invest more than 10% of revenues in their efforts.

Percentage of revenue CEOs looking to invest in sustainability programs



Source: KPMG 2021 CEO Outlook

But at the same time, they also stress that progress on sustainability and climate change requires equally strong government commitment:

77% say government stimulus is required to turbocharge climate investments being made by the business community.

75% say "world leaders at COP26 must inject the necessary urgency in the climate change agenda".

Connecting ESG strategy with financial returns

The public is demanding more ambitious ESG goals — but have CEOs taken the necessary steps to bring them to life? Today's connected CEOs are those that can deliver on a trusted purpose by responding to increased societal expectations while driving sustainable business performance through digital innovation. Neither can be done in a vacuum, as three-quarters (75%) of global CEOs say that their digital and ESG investments are inextricably linked. As CEOs plan to devote significant capital to becoming more sustainable, it's important their digital investments are plugged into their ESG needs.

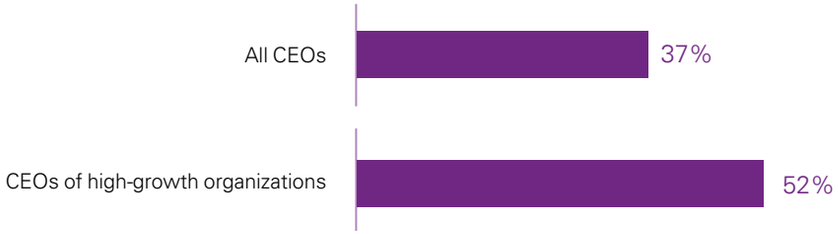
But while CEOs believe that social and environmental priorities are key, they're less convinced about making the connection between ESG programs and hard results. As the chart shows, more needs to be done to connect ESG strategy with financial returns. While 52% of CEOs at high-growth organizations (those who see earnings growth exceeding 5% per annum over the next 3 years) believe that their ESG programs will improve financial performance, this drops to 37% across the wider sample of CEOs. Close to a quarter (24%) of CEOs say ESG programs may reduce financial performance.

"As attention to environmental, social and governance factors increases among private and public investors in Oman, CEOs are encouraging projects that promote a sustainable future and are in line with where the country is headed in terms of sustainable development."

Siddharth Behal, Partner, Head of Governance, Risk and Compliance, KPMG Lower Gulf

Trusted purpose:

High-growth companies more likely to see their ESG programs driving financial value



Source: KPMG 2021 CEO Outlook

CEOs may perceive their current ESG programs to be more about compliance and risk management, and believe that there's still much more that needs to be done before they're convinced their ESG programs are reshaping the business and driving new growth. Secondly, CEOs feel their organizations are struggling to report on and communicate ESG performance in a way that matters to key stakeholders, such as investors. When we asked CEOs to identify the one critical challenge that was undermining their ability to communicate ESG performance to key stakeholders, the standout challenge (selected by 42% of respondents) was that they "struggle to tell a compelling ESG story".

Getting this right is critical, as investor scrutiny of companies' ESG performance is intensifying: 58% of CEOs are seeing increased demands from stakeholders — such as investors, regulators and customers — for increased reporting and transparency on ESG issues.

Digital agility

"The nature of consumer needs will change drastically. Digital transformation will be the road to quicker economic recovery and holistic national growth. Firms will need to embrace diverse frontier technology solutions, supported by faster internet speed. Telecom Infrastructure, efficiency, speed and adaptability will be essential for success."

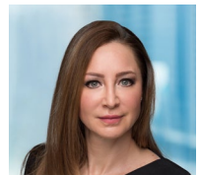
Talal Said Al Mamari
Chief Executive Officer, Omantel

Building a flexible future of work

With people returning to places of work, and governments increasingly looking for business to lead a return to normal, CEOs are focusing more on flexibility rather than wholesale changes to office-based work:

— Only 21% of CEOs plan to downsize (or already have downsized) their physical footprint or office space because of the pandemic and changing working habits. This is a steep decline from the 2020 CEO pulse survey (July/August 2020), where 69% were aiming to downsize. In addition, only 37% said that their organization will have most employees working remotely at least two or more days a week.

— However, they're prioritizing flexibility. Over half (51%) of CEOs are recognizing the demands created by a rapidly evolving future of work and will be looking to invest in shared office spaces to allow for increased flexibility. This is a significant increase from the 14% we saw in the 2021 CEO pulse survey (January/February 2021). 42% indicate they will look to hire talent that works predominantly remotely, seizing the opportunity to expand their reach into a wider pool of talent.

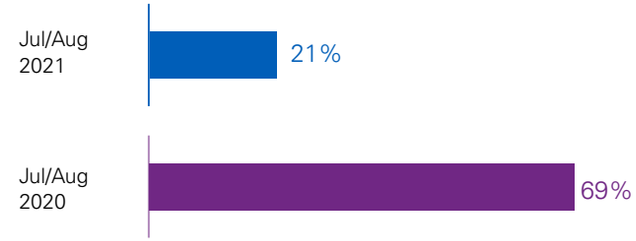


"We have witnessed how taking a forward-thinking approach towards transforming the impact of Covid-19 into an opportunity has allowed CEOs to shift company roles and create an environment that drives higher employee engagement and more productive, long-lasting connections with their teams."

Marketa Simkova, Partner, Head of People and Change, KPMG Lower Gulf.

Digital agility:

CEOs plan to downsize (or already have downsized) their physical footprint.



Source: KPMG 2021 CEO Outlook

Disrupting the disruptors

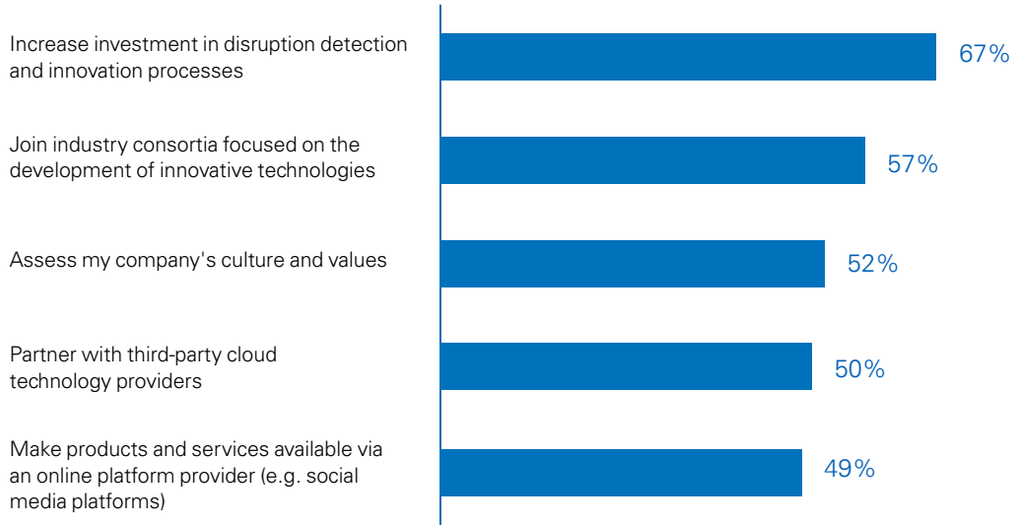
CEOs recognize digital lies at the heart of how companies can create new sources of value. While this is an opportunity, it's also a risk: the acceleration of digital technologies means business models which have existed for years can quickly become obsolete and irrelevant.

"CEOs should take advantage of digital enablement to overcome the talent gaps they are facing by hiring beyond borders. After all, it is not technology that limits us today; it is our imagination."

Farhan Syed, Partner, Head of Advisory, KPMG MESA, KPMG Lower Gulf.

The research shows that CEOs are embracing the need to push the boundaries of their business and question long-held assumptions of what it will take to succeed in the mid- to long-term. When we asked them what action they planned to take in pursuit of their growth objectives, close to two-thirds said they intended to invest in disruption detection and innovation processes (see Chart 7). This is an essential step to enable teams to think disruptively: questioning historical assumptions and traditional mindsets and brainstorming new ideas for a vastly different market environment. And rather than waiting to be disrupted by competitors, CEOs also said they're actively disrupting the sector in which they operate. This went from 61 to 72% in the past 18 months.

CEOs using a range of digital tactics to achive their growth objectives, with a focus on building disruption and innovation capabilities



Source: KPMG 2021 CEO Outlook

Partnering for transformation and resilience

"I remain highly optimistic about Oman's post-Covid outlook. I firmly believe that the country's growth and progress will be fueled by its Vision 2040, which is built upon three pillars—people and society, economy and development, and governance and institutional performance. The second pillar in particular will be key in encouraging economic diversification and private sector partnerships, as well as in providing incentives to corporates for preserving environmental sustainability."

Aqeel Al-Lawati, Partner, Corporate Services, KPMG Lower Gulf

Companies across the world are operating within digital ecosystems — collaborating with partners, suppliers and even competitors to drive operational performance, identify new digital revenue streams and create compelling digital customer experiences that deliver on an organization's purpose. CEOs recognize the importance of collaboration and a fluid approach, with 70% saying "new partnerships will be critical to continuing our pace of digital transformation".

But as they digitally connect their systems and share data with partners, they need to make sure systems and data — especially customer data — are secure. Cyber security threats limit growth and create boundaries to digital development and inclusion. Purpose-led, sustainable cyber security practices help digital ecosystems thrive, bounce back from attacks and instill confidence that a business is well governed. The research shows that CEOs recognize the importance of building cyber security into collaborations and ecosystems:

79% say "protecting our partner ecosystem and supply chain is just as important as building our own organization's cyber defenses".

75% say "a strong cyber strategy is critical to engender trust with our key stakeholders".

With only 58% of organizations saying they're well prepared for a cyber attack, CEOs are focused on ensuring cyber security extends beyond the four walls of the enterprise. Forty-eight percent of CEOs say focusing on the security and resilience of their supply chains and supplier ecosystem is the most important step they're taking to build digital resilience.

Reflections on the way forward

There are three action areas today's connected CEOs can focus on as they look to grow and manage the ongoing impact of the pandemic.

Growth and resilience

Many organizations coped well with the pandemic, showing resilience as they dealt with sudden change, uncertainty and disruption. Such resilience will also be critical to economic recovery, including managing climate risk and other threats, as well as coping with ongoing digital disruption. Along with specific interventions — from managing talent risk to building cyber defenses — CEOs will need to surround themselves with resilient people. There are two priorities:

— Making sure employees have the digital tools, data and skills they need to collaborate across the organization, giving them the ability to respond quickly and creatively to emerging threats.

— Having a team of motivated and engaged employees who are determined in the face of crises. This means energizing them behind a compelling purpose.

ESG and financial value

The research shows that there are still a significant number of CEOs who remain unconvinced about the positive financial impact of ESG programs. To help build a connection between ESG and financial growth, CEOs should focus on two areas:

— Identify the ESG investments needed to drive long-term value, such as decarbonization efforts. This should include investment in digital solutions to address major sustainability opportunities and risks. ESG initiatives can also directly drive revenue growth through opportunities for innovative new products and services.

— Establish metrics and standards for reporting on ESG performance, which ensures the company can communicate a compelling ESG story to investors and other stakeholders.

The future of work

CEOs recognize that the future of work is about more than where people are based. High-performing organizations are those that can flex their technology muscles and their ability to upskill their people. This means having a motivated and highly skilled digital workforce who operate with speed and agility.

— CEOs should ensure that the decisions about the future of work deepen the extent to which employees are engaged and committed to the company. Leaders are obviously keen to see their people return but many employees are still anxious to hang on to those areas of work-from-home that are advantageous. Active listening, empathetic communications and a commitment to finding the right balance in the long-term will be key.

— CEOs would do well to invest in digital skills as well as technology modernization. This isn't simply so that their people can use these new tools, but to help foster a digital-first culture where people naturally look to integrate technology into their work.

Today's connected CEOs — those who are plugged-in, people-first and purpose-led — embrace these tough leadership challenges. They can deliver on their purpose commitments, making the ESG investments and changes necessary to address inequity and launch the race to net zero. They look to drive growth and prosperity through digital agility and business model innovation, while aiming to ensure that aggressive technology investments are matched by investment in human capabilities and skills. They pursue purpose to drive profitability and long-term growth, while also recognizing their wider responsibilities to the planet and to their people.

Methodology

The KPMG 2021 CEO Outlook provides an in-depth 3-year outlook from 1,325 global chief executives of major organizations on enterprise and economic growth.

This latest research is part of the KPMG CEO Outlook series, which offers a unique perspective on the mindset shift of global CEOs over the lifetime of the Covid-19 pandemic and looking forward to post-pandemic recovery. As well as this survey, which took place in July and early August, we also conducted a CEO Outlook pulse survey of 500 chief executives in January and February of this year. This allows us to examine how CEO thinking has evolved over the course of 2021. CEOs are drawn from companies with annual revenue over USD 500 million and a third of the companies surveyed have more than USD 10 billion in annual revenue, with no responses from companies under USD 50 million.

The July/August 2021 survey included leaders from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, the UK and the US) and 11 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology and telecommunications).

NOTE: some figures may not add up to 100% due to rounding.

About KPMG

For almost 50 years, KPMG Lower Gulf Limited has been providing audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the Sultanate of Oman and the United Arab Emirates. We work alongside our clients by building trust, mitigating risks and identifying business opportunities.

KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms. Now entering its 150th year, the KPMG network includes approximately 219,000 professionals in over 147 countries. KPMG in Oman and the UAE is well connected with its global member network and combines its local knowledge with international expertise, providing the sector and specialist skills required by our clients.

KPMG is widely represented in the Middle East: along with offices in and Oman, the firm is well established in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan, and the Lebanon. Established in 1973, KPMG in Oman and the UAE employs 1,485 people across four offices, including about 100 partners and directors.

We're committed to a better tomorrow with a multi-year investment program in our Environmental, Social and Governance (ESG) change agenda. The impact of issues are clearer than ever. That's why we're committed to strengthening our global ESG offering — underpinned by recognition of our responsibility to help build a better future for all. ESG is the watermark running throughout our global organization; from empowering our people to become agents of positive change, to providing better solutions and services to our clients. We have an obligation to support the communities we serve — while helping to drive measurable change that has an impact.

As we continue to grow, we aim to evolve and progress; striving for the highest levels of public trust in our work. Our values are:

Our values are:

Integrity
We do what is right.

Excellence
We never stop learning and improving.

Courage
We think and act boldly.

Together
We respect each other and draw strength from our differences.

For Better
We do what matters.

To meet the changing needs of our clients, we have adopted an approach aligned with our global purpose: Inspiring Confidence, Empowering Change. Our three pillars – exceptional quality of service, an unwavering commitment to the public interest, and building empowered teams – are the foundation of our firm.

Disclaimer: Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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Publication name: KPMG 2021 CEO Outlook, Oman

Publication number: 3820
Publication date: December 2021