




# Oman CEO outlook 2023

**An emphasis on empathy and diversification**



November 2023  
KPMG Lower Gulf



**By harnessing digital innovation for long-term economic growth, Oman is moving away from its reliance on hydrocarbons and establishing itself as a premier destination for digital growth and connectivity.**

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# Foreword

Bucking global trends, leaders in Oman are feeling less pressure to immediately invest in AI, and are instead taking their time seeing how the technology will develop. In the meantime, company leaders are focused on embedding ESG into their businesses to create value, and adopting their growth strategies in response to interrelated challenges such as global recession, climate change and emerging technologies.

These are some of the key takeaways of this year's CEO Outlook, which surveyed 1,325 top executives worldwide, including two dozen in Oman. More than 90% of the local CEOs were confident in their companies' growth prospects, and 84% were confident in their country's growth.

By harnessing digital innovation for long-term economic growth, Oman is moving away from its reliance on hydrocarbons and establishing itself as a premier destination for digital growth and connectivity.<sup>1</sup> To differentiate itself in a competitive region, the country is ramping up investments in cryptocurrency, with USD 1.1 billion earmarked for new crypto mining facilities and infrastructure.<sup>2</sup>

As these projects are completed, we can expect to see more buy-in from companies when it comes to emerging technologies such as AI. These investments are laying the foundation for a broader digital ecosystem capable of housing massive data centers, supercomputers and machine learning projects. They also send a strong signal that Oman is embracing the future.



**Emilio Pera**  
CEO, Senior Partner  
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**Disruptive technology**



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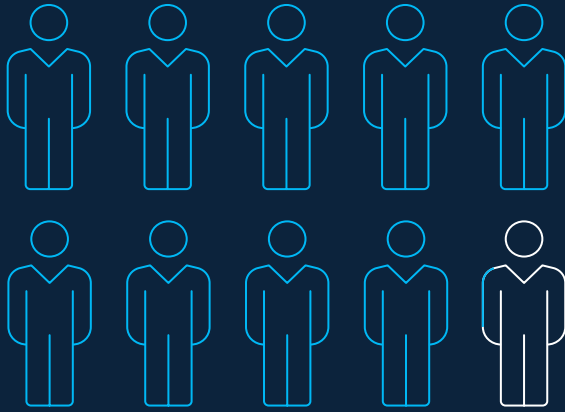
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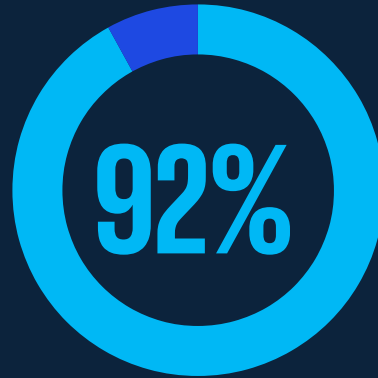
# Executive summary

## Economic outlook



**92%**

of CEOs reported increased revenues



were confident or very confident in growth prospects for company, versus 77% global

## ESG to the fore



60% have fully embedded ESG into business as a means to create value



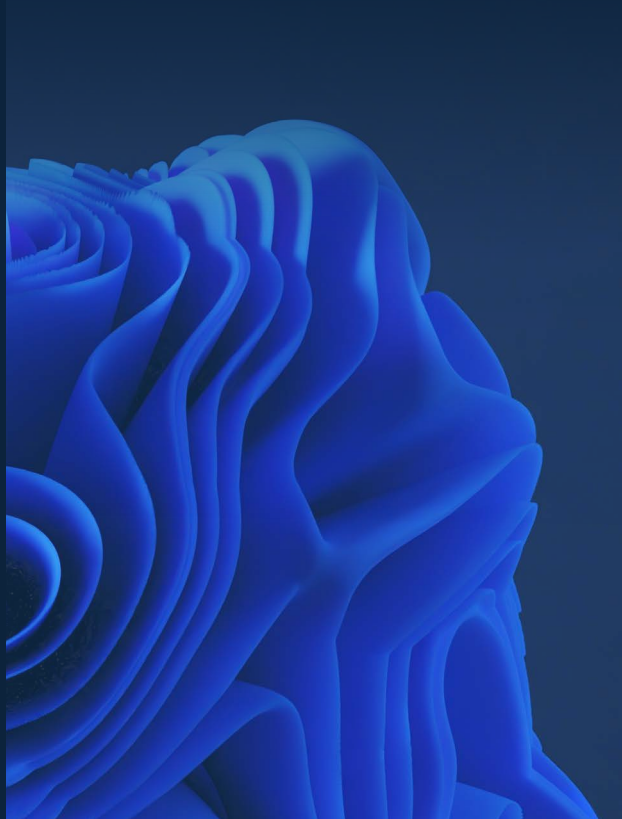
Local CEOs reported the most important impacts of ESG were: building brand reputation (36%), attracting the next generation of talent (32%), and building customer relationships (20%)

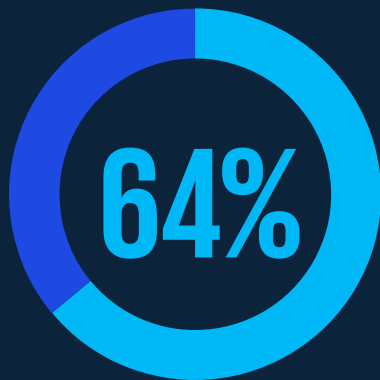


72% said it was impossible to address all ESG priorities simultaneously, compared to just 32% worldwide

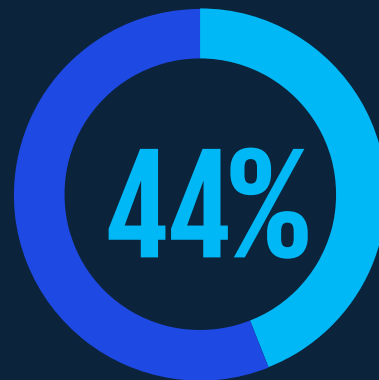


56% reported lack of technical solutions as the biggest barrier to achieving net zero, compared to 18% worldwide





expect to grow by 2.5% or more over the next three years



have already adapted their strategies to prepare for challenges like global recession, climate change and AI

## Disruptive technology



All CEOs surveyed in Oman had started investing in AI, but just 36% said AI was a top investment priority, compared to 69% worldwide



96% said lack of regulation and direction within the industry was a barrier to organizational success, compared to 69% globally



Like their global counterparts, local CEOs see AI as a double-edged sword because it can both block and enable cyberattacks. But 76% felt well-prepared for a cyberattack, compared to just 53% globally

## Managing talent



64% expect to hire new talent in the next three years, though most by less than 5%



92% embrace collaborative leadership styles compared to 72% of global CEOs



72% expect a full return to office in the next three years (global: 64%)

# Economic outlook

Oman experienced a year of strong growth, with 92% of local CEOs reporting increased revenues. More than 90% felt confident or very confident in growth prospects for their companies, compared to 77% globally, and 84% were confident in growth prospects for their country.

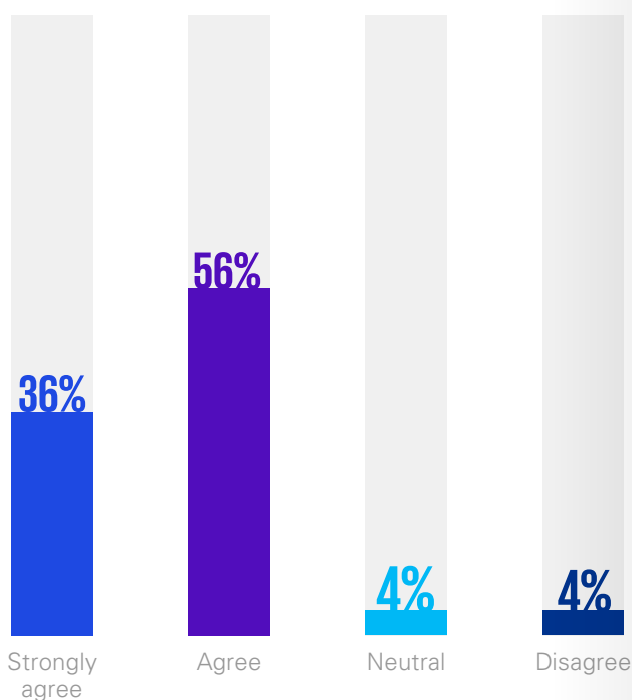
Almost two-thirds, or 64%, expected to grow by 2.5% or more over the next three years. Their top operational priority was organic growth, followed by digitization, attracting and retaining talent, and inflation proofing.

As part of the Oman Vision 2040, the government is committed to transforming the country into a knowledge-based economy and regional hub for trade, investment and cybersecurity. Due to its broad offering of cybersecurity risk assessment, vulnerability testing, and incident response, the country ranks 21<sup>st</sup> in the UN Global Cybersecurity Index.<sup>3</sup>

The International Monetary Fund (IMF) expects GDP to grow by 1.2% in 2023, with inflation falling to just 1.1%, down from 2.8% in 2022.<sup>4</sup> This was driven by strong oil prices and expansion in other parts of the hydrocarbon sector, which grew by 3.5% thanks to significant natural gas activity.<sup>5</sup>

Despite these positive economic signals — or perhaps because of them — CEOs in Oman are yet to catch up with their global counterparts when it comes to adapting their growth strategies in response to interrelated challenges such as global recession, climate change and AI. Only 44% had adapted their plans, compared to 64% worldwide. The remaining 56% are working to ensure their strategies for growth reflect these realities. Like CEOs worldwide, local leaders listed political uncertainty as the greatest threat to growth over the next three years, followed by emerging/disruptive technology and operational risk.

**Rising interest rates and tightening monetary policies could prolong any potential recession.**





**The International Monetary Fund expects  
GDP to grow by 1.2% in 2023, with inflation  
falling to just 1.1%.**

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**The government is keen to capitalize on the country's digital-native demographics and expects the digital sector to grow by 10% annually over the next several years.**

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## Paving the way to the future

Oman is an oil-producing nation laying the foundation for a thriving post-hydrocarbon future. A major exporter since 1967, oil is responsible for about 40% of GDP and about 75% of government revenues. In the 1990s, the government began developing the country's natural gas reserves and diversifying and privatizing the economy, expanding the stock market, selling government-owned companies and creating a more liberal investment environment.<sup>6</sup>

Today, the government views the digital economy as a key lever for reducing the nation's reliance on hydrocarbons. With 21 internet submarine cables converging in Oman, the country is well-poised to invest in its future as a pivotal hub for digital connectivity and a promising regional destination for emerging technologies and data centers.<sup>7</sup>

The government is particularly keen to capitalize on the country's digital-native demographics — more than 60% of the country is under the age of 30 — and expects the digital sector to grow by 10% annually over the next several years. That would result in 100,000 new jobs in the digital domain and more than USD 5 billion added to Oman's economy by 2025.<sup>8</sup>

In the longer term, under the Vision 2040 Plan, Oman aims to become a global leader in innovation, reduce oil to just 10% of GDP, reach the top 20 of the global Environmental Performance Index, and increase foreign direct investment to 10%, while experiencing overall growth of 10%.<sup>9</sup> As part of that effort, this year, the government made new investments in renewable energy and youth employment that have been lauded by the World Bank.<sup>10</sup>



**56% of local CEOs said lack of technical solutions was the biggest barrier to achieving net zero.**

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## ESG to the fore

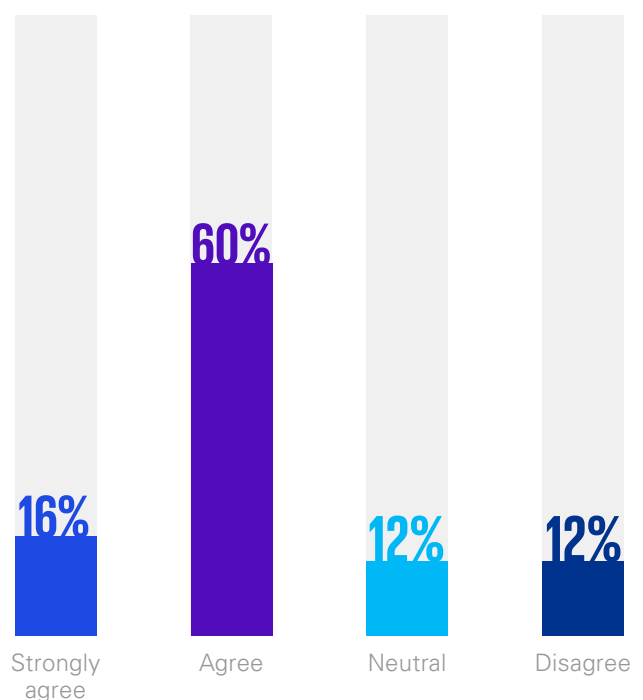
More than half (60%) of CEOs in Oman have fully embedded ESG into their businesses as a means to create value, but leaders are having to make difficult choices when it comes to setting their ESG agenda. A significant majority (72%) said it was impossible to address all ESG priorities simultaneously, compared to just 32% worldwide. The biggest priority for local leaders was governance and transparency, followed closely by environmental challenges and net-zero policies, and then social and DEI initiatives.

In 2022, Oman announced plans to become carbon neutral by 2050, with the Oman Sustainability Centre created to implement a national decarbonization plan.<sup>11</sup> As part of that effort, Oman aims to become a global hub for green hydrogen. This year, the government signed three agreements worth USD 20 billion to develop green hydrogen, with the goal of generating 30% of electricity via renewable sources by 2030, up from 5.5% today.<sup>12</sup>

Achieving these goals will require serious investments in technology and infrastructure: 56% of local CEOs said lack of technical solutions was the biggest barrier to achieving net zero, compared to 18% worldwide. (Costs and lack of skills were of less concern, at 16% and 20% respectively.) Only 12% of CEOs in Oman expect to see a return on their ESG investments in the next one to three years, compared to 27% globally.

But given the high stakes, executives are willing to wait. Local leaders recognize the benefits of ESG for building brand reputation, attracting the next generation of talent and building customer relationships. Almost half (48%) said that failure to meet stakeholders' ESG expectations would result in higher costs and difficulty raising finance, compared to 25% globally, while a quarter (24%) said failure to deliver on ESG would hurt employee engagement.

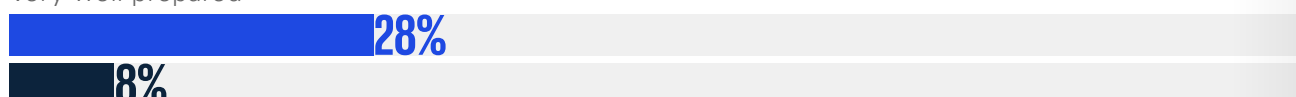
**Achieving gender equity in our C-suite will help to assure we can meet our growth ambitions:**



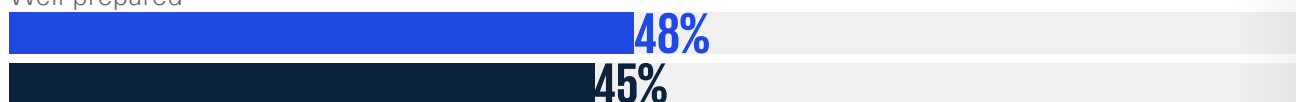
# Disruptive technology

## How well prepared is your organization for a future cyber attack?

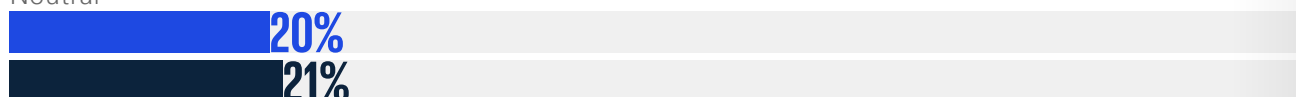
Very well-prepared



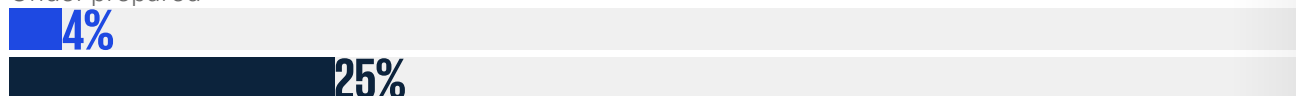
Well-prepared



Neutral



Under-prepared



**Oman** **Global**

All of the CEOs surveyed said their companies had started investing in AI, but just 36% said it was a top investment priority, compared to 69% worldwide. Still, local CEOs recognized the value of investing in AI to increase profits and innovation. Similar to their global counterparts, local CEOs did not expect to see a return on their investments for at least three years.

Oman's government is taking proactive measures to increase AI adoption and investment. In 2020, the Ministry of Transport, Communications and Information Technology launched the National Program for AI & Advanced Technology with the goal of encouraging adoption and localization of emerging technologies.<sup>13</sup> The program is responsible for preparing and executing a national action plan to build technological capacity and promote research, innovation, and industrialization within the public and private sectors, as well as adopting policies and legislation.<sup>14</sup> Developed in line with various international reports and best practices, the plan

is built on four pillars: enhancing productivity of key sectors, developing human capabilities in AI, accelerating AI adoption, and adopting good governance promoting the ethical, fair, and safe use of AI applications.<sup>15</sup> Its executive program was published in October 2022.<sup>16</sup>

These initiatives will likely go a long way toward addressing the concerns of local CEOs when it comes to AI. Survey respondents reported that the biggest challenges facing their companies were ethics, technical capabilities and skills for implementation, and costs. 96% also said lack of regulations and direction within their industries posed a barrier to their organization's success with AI, compared to 69% globally. Finally, local CEOs are wary of AI's potential for harm; 88% see AI as a double-edged sword capable of thwarting cyberattacks but also of launching them. Fortunately, over three quarters (76%) said they felt well-prepared for a cyberattack, well above the global response rate of 53%.





**88% of Oman CEOs see AI as a double-edged sword, capable of thwarting cyberattacks but also of launching them.**

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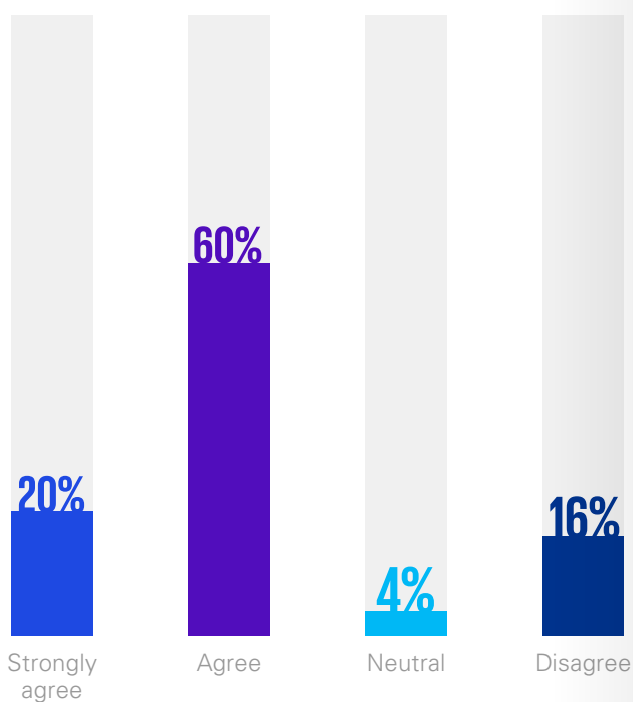
# Managing talent

The vast majority of Oman's CEOs have embraced a collaborative leadership style, with 92% saying that shared management and operational responsibilities enable greater success, compared to 72% of global respondents.

Local leaders are also investing in human capital: 64% of companies expected to hire new talent in the next three years, though most did not expect the head count to grow by more than 5%, and more than half (56%) are investing more in their workforce than in acquiring new technology.

Perhaps in part to facilitate this shared management style, more than two-thirds (72%) of CEOs in Oman expect their employees to fully return to the office, compared to 64% worldwide. 83% said those who do will be awarded with raises, promotions and better assignments, similar to 88% of global respondents.

**Ongoing uncertainty about the future has altered how I think about succession planning.**





**64% expect to hire new talent in the next three years, though most do not expect the head count to grow by more than 5%.**

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# Opportunities for growth

CEOs are faced with a pivotal choice: to remain entrenched in traditional paradigms or to champion progressive strategies that acknowledge the transformative power of the knowledge economy, technology, and sustainable practices. Embracing diversification into the knowledge economy signifies a departure from conventional models, placing emphasis on intellectual capital, innovation, and information exchange. CEOs steering their organizations toward the knowledge economy foster a culture of continuous learning, creativity, and adaptability, ensuring long-term relevance and growth.

Simultaneously, the integration of technology has become an indispensable catalyst for organizational evolution. Embracing cutting-edge technologies like artificial intelligence, data analytics, and automation not only enhances operational efficiency but also unlocks new realms of possibilities. CEOs who prioritize technological integration empower their teams to deliver enhanced customer experiences. This tech-driven approach not only future-proofs their organizations but also positions them as industry leaders, driving economic growth and job creation in the process.

Furthermore, CEOs must recognize the imperative of ESG principles and sustainability in their strategic agendas. Organizations that prioritize sustainability foster goodwill, attract socially conscious investors, and create resilient supply chains. By reducing their environmental footprint, promoting social equity, and upholding

ethical governance, CEOs not only contribute to a greener planet and a fairer society but also bolster their company's reputation and financial performance.

## Recommendations for the future

### ESG to the fore:

**Position ESG as a driver for value creation** when it comes to business growth, rather than as a risk to be managed.

**Stay attuned to shifting ESG regulations** to help maintain your business' brand reputation and client relationships.

**Focus ESG investments** on areas in line with your values and those of the business.

### Disruptive technology:

**Embrace generative AI** in a way that is ethical, makes the most sense for your business and keeps the needs of your employees and clients at the forefront.

**Stay up to date** with cyber-attack strategies so you and your employees do not expose the business to risk.

### Managing talent:

**Take a long-term** view when it comes to employees' desire for hybrid or remote working to ensure that talent is nurtured and supported.

**Set the tone at the top.** Senior leadership should make IDE a stated priority, set real targets, fund initiatives and appoint management to lead programs with clear accountability.

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## Organizations that prioritize sustainability foster goodwill, attract socially conscious investors, and create resilient supply chains.



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KPMG is widely represented in the Middle East: along with offices in the UAE and Oman, the firm operates in Saudi Arabia, Bahrain, Kuwait, Qatar, Egypt, Jordan, Lebanon, Palestine and Iraq. Established in 1973, the Lower Gulf firm now employs approximately 1,730 people, including 166 partners and directors across the UAE and Oman.

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:



**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 KPMG IMPACT initiative aims to help clients future-proof their businesses amid times of increasing focus towards issues such as climate change and social inequality. The goal is to help them achieve success across 17 major Sustainable Development Goals (SDGs) and become more resilient and socially conscious.

Our three pillars – **exceptional quality of service, an unwavering commitment to the public interest, and building empowered teams** – are the foundation of our firm. Over the coming decades, we commit to lending our support to the UAE's journey as it goes from strength to strength: together, for better.

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