



C-Suite Challenge™: Gulf Region COVID-19 Recovery

تحديات المدراء التنفيذيون: التعافي من
تداعيات كورونا المستجد في منطقة الخليج



C-Suite Challenge™: Gulf Region COVID-19 Recovery



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Preface

Since 1999, **The Conference Board CEO Challenge®** has asked CEOs across the globe to identify the most critical issues they face and their strategies to meet them. Since 2017, the **C-Suite Challenge™** has expanded the survey pool beyond CEOs to the entire C-Suite.

The Conference Board Gulf Center for Economic and Business Research was established in October 2018 and issued its first C-Suite Challenge report in May 2020 based on a field survey conducted in October 2019. This special COVID-19 report is based on the results of our midyear survey fielded in early June 2020 and contains the views of 1,316 CEOs and C-Suite executives from 44 countries (including 16 CEOs and 33 C-Suite executives from the Gulf region). The Conference Board issued in tandem with this report its global postpandemic report that is available on its website.

تمهيد

منذ عام 1999 بادرت منظمة ذا كونفرنس بورد بعمل مسح ميداني سنوي لاستقصاء آراء الرؤساء التنفيذيين (أي المدراء العامون) للشركات في مختلف اقتصادات العالم وذلك لمعرفة اهم التحديات والقضايا الساخنة التي تواجههم، وما هي خططهم للتعامل معها. ومنذ عام 2017 تم توسعة نطاق الاستبيان ليشمل بقية المدراء التنفيذيين (أي نواب المدراء العامون) في الشركات.

تم تأسيس مركز ذا كونفرنس بورد الخليج للدراسات الاقتصادية والتجارية في اكتوبر من عام 2018 وصدر التقرير الأول للتحديات التي تواجه المدراء التنفيذيين في منطقة الخليج في شهر مايو الماضي بناء على استبيان ميداني تم قبل بدء الوباء العالمي كورونا المستجد في شهر اكتوبر من عام 2019. ويعد هذا التقرير النصف سنوي الاول من نوعه لمنطقة الخليج بعد انتشار الوباء العالمي حيث تم الاستبيان الميداني في شهر يونيو 2020، وشارك فيه 1,316 مديرا من 44 دولة في العالم، شاملا 16 رئيسا تنفيذيا و 33 مديرا من منطقة الخليج. ولقد اصدرت منظمة ذا كونفرنس بورد تقريرها العالمي بالتزامن مع هذا التقرير ويمكن الحصول عليه من موقع المنظمة على الشبكة العنكبوتية www.conference-board.org.

الملخص التنفيذي

يعرض هذا التقرير آراء قادة الأعمال في منطقة الخليج حول كيفية تعافي الاقتصاد من التأثير الهائل لوباء COVID-19 ، وكيف سيغير الوباء عملياتهم وإدارة المواهب ، وكيف يرون الآثار المترتبة على الوباء على المدى الطويل ، بما في ذلك التأثير على الاقتصاد والأعمال والمجتمع. يركز هذا التقرير على منطقة الخليج وهو جزء من دراسة استقصائية عالمية أجريت في أوائل شهر يونيو 2020، شارك فيها 1,316 من الرؤساء والمدراء التنفيذيين من 44 دولة ، بما في ذلك 16 رئيسا تنفيذيا و 33 مديرا تنفيذيا¹ من منطقة الخليج.

فيما يلي ، نستعرض أهم النتائج التي خلصت إليها هذه الدراسة الميدانية لمنطقة الخليج:

❖ **التعافي الاقتصادي:** يرى معظم الرؤساء والمدراء التنفيذيين في منطقة الخليج - وفي حقيقة الامر في الدول التي شملتها الدراسة - أن الاقتصاد لن يعود سريعا (أي خلال الربع الثالث من العام الحالي 2020) إلى مستويات ما قبل الازمة ، بل يرون أن التعافي الاقتصادي سيستغرق وقتًا طويلا يمتد إلى العام القادم 2021 أو حتى أبعد من ذلك. يرى المتفائلون منهم أنه ربما يتم التعافي خلال الربع الأخير من العام الجاري. بينما خمس الرؤساء التنفيذيين في الصين هم أكثر تفاؤلا من نظرائهم في العالم نظرا لإنحسار تفشي الجائحة هنالك كون انها بدأت بالصين وتم التعامل معها بصرامة وفعالية أكبر من بقية دول العالم.

❖ **عودة الإيرادات إلى مستويات ما قبل الازمة:** أفاد فقط 10 في المئة من الرؤساء والمدراء التنفيذيين في منطقة الخليج أن إيرادات شركاتهم إما لم تتأثر بالوباء أو أنها عادت بالفعل إلى مستويات ما قبل الجائحة وقت اجراء هذا الاستبيان في مطلع يونيو 2020. بينما يعتقد أغلبية الرؤساء والمدراء التنفيذيين في منطقة الخليج (وأبضا في الدول التي شملتها الدراسة بما في ذلك الولايات المتحدة وأوروبا) أن الإيرادات لن تعود إلى مستوياتها السابقة قبل حلول عام 2021. وتكرر الملاحظة مرة أخرى بالنسبة للصين، حيث يرى أربعة من كل عشرة رؤساء تنفيذيين أن الإيرادات ستعود إلى مستوياتها السابقة في وقت لاحق من العام الحالي 2020.

❖ **آثار الجائحة بعيدة المدى على عمليات الشركات:** عند استقصاء آراء الرؤساء و المدراء التنفيذيين عن آثار الجائحة العالمية على قطاع العمليات في شركاتهم من خلال عرض أربعة عشر أثرا محتملا والطلب منهم اختيار أهم ثلاث آثار محتملة ، صوت اغليبتهم (ولو بترتيب متفاوت من دولة إلى أخرى، وتفاوت أيضا بين الرؤساء التنفيذيين والمدراء التنفيذيين) للآثار التالية:

1. تسريع وتيرة التحويل إلى مؤسسة مدفوعة رقميا
2. تقليل سفر رجال الأعمال لأن الاجتماعات الافتراضية عبر الوسائل التكنولوجية اثبتت فعاليتها
3. تعجيل وتيرة إدارة المصروفات وتقليص الميزانيات

وبالنسبة للرؤساء والمدراء التنفيذيين في منطقة الخليج، اختاروا بعض الآثار المذكورة أعلاه كأثار محتملة نتيجة الجائحة العالمية مثل نظرائهم في بقية الدول. حيث يرون ان "تسريع وتيرة التحويل إلى مؤسسة مدفوعة رقميا" له تأثيرا بالغا على عمليات شركاتهم ولا إستغراب في ذلك نظرا لاستمرار العمل - ولو بشكل جزئي - في الشركات التي طورت عملياتها رقميا قبل الازمة. لذلك يري الرؤساء والمدراء التنفيذيون أهمية الاستعجال بالتحويل الرقمي للعمليات الرئيسية في مؤسساتهم في أسرع وقت تحسبا لأي طارئ مستقبلا.

كما أن موضوع "تقليل سفر رجال الأعمال لأن مؤتمرات الفيديو كانت فعالة بالنسبة لغالبية الاجتماعات" جاء أيضا في ترتيب متقدم نظرا لتوقف رحلات السفر خلال هذه الازمة وضرورة الالتزام بقوانين الحجر الصحي التابعة لكل بلد مما دفعهم إلى عقد

¹ تميز في هذه الدراسة بين الرئيس التنفيذي (CEO) والمدراء التنفيذيين (C-Suite Executives) وهم نواب الرئيس التنفيذي.

الاجتماعات والمؤتمرات الافتراضية عبر وسائل التكنولوجيا المتاحة. ولقد اثبتت وسائل التواصل الافتراضية جدواها بشكل لافت إذ شهدت نمواً هائلاً غير مسبوق منذ بداية الجائحة العالمية.

والأمر الثالث من حيث الأهمية من حيث آثار الجائحة على عمليات الشركات هو "تسريع إدارة التكاليف وتخفيضات الميزانية". فقد لجأت الشركات إلى أساليب غير تقليدية لخفض التكاليف للمحافظة على شركاتهم من الانهيار. ويشعر الرؤساء والمدراء التنفيذيون أن بعض الأساليب ستستمر حتى بعد انتهاء الجائحة العالمية نظراً لفعاليتها للسيطرة على التكاليف.

❖ **آثار الجائحة بعيدة المدى على القوى العاملة:** لوحظ تبايناً واضحاً في الرأي بين الرؤساء والمدراء التنفيذيين في دول الخليج من حيث آثار الجائحة على سياسات إدارة الموارد البشرية والتحديات الجديدة التي أتت بها. لعله من الأهمية مناقشتها فيما بينهم للاتفاق بشأنها.

فالرؤساء التنفيذيون في منطقة الخليج اختاروا "عقد أغلب برامج تدريب وتنمية مهارات الموظفين عبر منصات التواصل الافتراضية" في المقام الأول للآثار بعيدة المدى للجائحة بينما جاءت في المقام الثامن للمدراء التنفيذيين الخليجيين. بمقارنة المنافع والتكاليف لعقد برامج التدريب عن بعد بالبرامج التدريبية بالتواجد الشخصي، يبدو أن قيادات الشركات مع السابق أكثر من اللاحق، على الأقل لبعض أنواع البرامج التدريبية. فتكاليف التدريب بالتواجد الشخصي من سفر وإقامة ومخصصات أخرى يمكن توفيرها من خلال التدريب عن بعد.

ولقد اختار الرؤساء التنفيذيون في منطقة الخليج "زيادة مصروفات على مستلزمات السيطرة على العدوى في مواقع العمل" في المقام الثاني للآثار بعيدة المدى للجائحة على الموارد البشرية بينما جاء هذا الأمر في المقام السابع في اختيار المدراء التنفيذيين في الخليج. فحماية العاملين والعملاء أخذت مقاما متقدما للرؤساء التنفيذيين في الخليج مقارنة بنظرائهم في بقية دول العالم حيث جاءت في الترتيب السادس أو أكثر من ذلك.

وجاء "بروز عمالة دائمة صغيرة والاستفادة من خدمات عمالة مؤقتة ومرنة" في اختيار الرؤساء التنفيذيين في منطقة الخليج للآثار بعيدة المدى للجائحة على الموارد البشرية بينما جاء هذا الأمر في المقام السادس في قائمة المدراء التنفيذيين في الخليج. فتعلم البعض خلال الازمة انه لا داعي لعدد كبير من العمالة الدائمة وبالإمكان العمل بفعالية بإعداد أقل من ذلك. فبالإمكان دائما توظيف عمالة مؤقتة عند الحاجة لمواجهة الزيادة في الطلب في بعض المواسم.

❖ **آثار الجائحة البعيدة المدى على الاقتصاد وبيئة العمال والمجتمع:** طلب من المشاركين في الاستبيان إعطاء درجة من واحد إلى خمسة لقائمة تشمل إثني عشرة أثرا محتملا للجائحة على الاقتصاد وبيئة الاعمال والمجتمع. جاء في المقام الأول عالميا "ستتحسن الأنظمة الصحية وستولي عناية أكبر للتعامل مع جوانح مستقبلية"، وفي المقام الثاني "ستظهر سلوكيات شراء جديدة نتيجة تغيير المستهلكون وجهة نظرهم حول المنتجات والخدمات المهمة" وفي المقام الثالث "سيعيد الرؤساء التنفيذيون تعريف غايات وقيم شركاتهم ويتعهدون بقيادة شركاتهم لصالح جميع الأطراف شاملا العملاء والموظفين والمزودين والمجتمعات وملاك الأسهم". ومن الجدير بالذكر بأن الأمور الثلاث التالية التي جاءت في ذيل اختيارات الرؤساء والمدراء التنفيذيين عالميا: "رفع الحد الأدنى للأجور لعمال الخدمات الأقل اجرا والذين اعتبروا ضروريين اثناء الجائحة"، "سينتقل الناس من المدن المكتظة بالسكان إلى الضواحي الخارجية"، و "تعجيل المساعي للحد من الآثار السلبية للتغير المناخي".

Executive Summary

This report presents the views of business leaders in the Gulf region on how the economy will recover from the colossal impact of the COVID-19 pandemic, how the pandemic will change their operations and talent management, and going forward, how they see the long-term implications of the pandemic on many fronts, including the impact on the economy, business, and society. This report focuses on the Gulf region¹ and is part of a global survey conducted in early June of 2020 in which 1,316 CEOs and C-suite executives from 44 countries participated, including 49 CEOs and C-suite executives from the Gulf region.

The main findings for the Gulf region are highlighted as follows:

- **The C-suite in the Gulf and around the globe are not optimistic about the speed of economic recovery** At the time of the survey in June of 2020, most C-suite executives in the Gulf region, and in fact around the world, believed that a quick, V-shaped economic recovery (with a strong recovery in Q3-2020) was unlikely. Instead, they believed the economic recovery in their home country would take much more time: either a U-shape with recovery in Q4-2020 or an L-shape with recovery extending into 2021 or later. However, one-fifth of CEOs in China, where the pandemic broke out a few months earlier than in the rest of the world, were more optimistic and anticipated a V-shaped recovery.
- **Most C-suite executives believe revenue won't fully recover until 2021** Only about one-in-ten CEOs and C-Suite executives reported that their revenues were either not affected by the pandemic or had already returned to prepandemic levels. In fact, the majority of CEOs and C-Suite executives in the Gulf region, and around the world, including the US and Europe, believe that their own revenues won't return to prepandemic levels until 2021. However, four-in-ten CEOs in China believe their revenues will return to previous levels sometime later in 2020.
- **Impact on operations: C-suite executives identify the same challenges as a result of COVID-19** CEOs and C-suite executives in the Gulf region cited the same top three long-term impact/changes to operations resulting from COVID-19 crisis, namely:
 - “Speed up the pace of transformation into a digitally-driven organization;”
 - “Reduced business travel since video conferencing has been effective for a majority of meetings;” and
 - “Accelerate cost management and budget reductions.”

¹ The Gulf region is comprised of the members of the Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia (KSA), and the United Arab Emirates (UAE). Our aggregate Gulf estimates include all six countries, although more detailed discussions refer to Bahrain, Kuwait, KSA, and UAE.

Gulf CEOs and C-suite executives and CEOs in the USA, Europe, China, and globally, also selected some of these issues as their top impacts from COVID-19. CEOs in the US, Europe, China, and Chile also ranked “speed up the pace of transformation into a digitally driven organization” in their top three long-term impacts/changes to operations resulting from the crisis. They now realize, perhaps more than at any other time before, the benefits and resilience of being a digitally-driven organization, especially in operations, in times of crisis. CEOs in the Gulf region however, identified “reduced business travel” as the top challenge. During this crisis, business travel came to almost a complete halt, and video conferencing witnessed unparalleled, exponential growth.

The second top issue related to COVID-19 impact on operations selected by Gulf CEOs and C-suite executives also ranked high among CEOs in the US, Europe, and China, was “accelerate cost management and budget reductions.” With most businesses locked down due to the pandemic, they resorted to cost management tactics to stay afloat. Most CEOs and C-suite executives in the Gulf feel that some, if not many, of the cost-reduction decisions taken during the pandemic period should remain even after the crisis recedes.

Impact on talent management

There is a very clear divergence in views between Gulf CEOs and Gulf C-suite executives on the impact of COVID-19 pandemic on talents/skills and what kind of changes it brought about. They need to discuss these and agree on the way forward.

Gulf region CEOs ranked “move most of our skills training online” as their number-one, long-term impact/change related to managing talent resulting from the COVID-19 crisis; the Gulf C-suite ranked it eighth. Weighing the costs and benefits of online training and in-person training, it looks like business leaders are in favor of the former rather than the latter, at least for delivery of some training program types. Costs associated with in-person training (i.e., for travel, accommodation, and per diem expenses) can be saved by online training.

Gulf region CEOs ranked “increase spending on infection control supplies in business locations” as their second most important impact on talent; the Gulf C-suite ranked it seventh. Protecting workers and customers is high on Gulf CEOs list of priorities compared with CEOs in other parts of the world where this health concern ranked sixth or above.

Gulf CEOs ranked “emerge with a smaller permanent workforce while making greater use of temporary and flexible workforce” as their third most important long-term impact/change to human capital resulting from the COVID-19 crisis; C-suite executives ranked it sixth. During the crisis, businesses learned that they really do not need to have a large permanent workforce and can operate effectively with lower staffing levels. They can always hire temporary help when needed to satisfy occasional increases in demand.

Long-term impact on economy, business, and society CEOs around the globe were asked to give a score (on a scale of one to five) to a list of fourteen potential long-term impacts of the COVID-19 pandemic on economy, business, and society. The top-ranked,

long-term impacts for global CEOs were: “improvement in healthcare systems,” “emergence of new buying behaviors,” and “redefining company mission.” The lowest three long-term impacts were: “higher minimum wages for lower-paid service workers who were deemed essential during the crisis become permanent,” “moving from densely packed city centers to open suburbs,” and “acceleration of efforts to mitigate climate change.”

In contrast to CEOs in all selected economies and in contrast to even Gulf region C-suite executives, only about half (54 percent) of Gulf CEOs consider “emergence of new buying behavior by customers” as a very likely long-term implication of the pandemic.

The vast majority (82 percent) of Gulf CEOs, 72 percent of Gulf C-suite executives, and 71 percent of CEOs globally believe that one of the long-term implications of the COVID-19 crisis will be “improvement in the healthcare systems with more attention paid to future pandemic responses.”

Introduction

In September and October of 2019, The Conference Board fielded the C-Suite Challenge™ 2020 survey² well before the COVID-19 crisis, and the results were published in April 2020. At that point in time, the top-three, hot-button *external* issues for the C-suite were:

- Recession risk
- Global political instability
- Tougher regulatory environment

The top-three hot-button *internal* issues then were:

- Cost reduction
- Disruptive technologies and new business models
- Cash flow

The Conference Board conducted a special COVID-19 C-suite Challenge survey in early June of 2020 of 1,316 C-suite executives, including 606 CEOs, from 44 countries and published the results in July 2020.³ This report is a Gulf Region COVID-19 special *C-Suite Challenge* report, which focuses on the Gulf region. It is published by The Conference Board Gulf Center in Kuwait. There were 49 C-suite executive participants from the Gulf region, including 16 CEOs, from Bahrain, Kuwait, Oman, Saudi Arabia, and United Arab Emirates. The report highlights the breadth and the depth of the impact of the pandemic on Gulf businesses and changes to operations, talent, the economy, and society as a whole.

Before we present the results of the survey, it is worthwhile to highlight the state of the Gulf economy during this crisis.

Gulf Economies during the COVID-19 Crisis

The COVID-19 pandemic has radically changed the prospects of the Gulf economy for the short, medium, and potentially for the long term. In the short term, as governments throughout the world introduce stringent measures limiting physical mobility and social activity to slow the spread of the virus and avert a health crisis, economic activity seriously contracted. The Gulf countries whose economies remain highly dependent on hydrocarbon revenues found themselves suddenly confronted by the aftermath of the COVID-19 pandemic as oil prices lost 54 percent during the first 30 days of the pandemic (day 0=

2 Mahdy Al Jazzaf and Charles Mitchell, *C-Suite Challenge™ 2020: Gulf Region—Risks and Opportunities in an Increasingly Volatile World*, The Conference Board, May 2020.

3 Amy Lui Abel, Denise Dahlhoff, Charles Mitchell, Ataman Ozyildirim, Rebecca L. Ray, and Bart van Ark, *C-Suite Challenge™ 2020: COVID-19 Recovery—What Comes Next (Special Edition)*, The Conference Board, August 2020.

February 17, 2020). Fiscal deficits of the region are expected to widen significantly in 2020 and remain in negative territory in the short term, with most of the countries still trying to recover from the 2014 oil price collapse.

The Gulf countries were among the first to impose strict containment measures early on and started repatriating their citizens as soon as the health situation in Europe and the US started to deteriorate and in time for the Holy month of Ramadan. Despite the soaring number of 73 thousand new cases in the Gulf region during the first 16 days of May 2020, the Gulf countries partially reopened June 1, 2020; Dubai opened its doors to tourism again in early July.

Although business activity is gradually coming back, some sectors remain crippled by the pandemic, and going back to a pre-COVID state anytime soon seems like a distant mirage. Consumer behavior has been reshaped, and health concerns will overrule any consumption decisions. Traveling and dining out will remain subdued in the medium term while online shopping and home improvement goods continue to witness a pickup in activity.

The steep decline in consumer spending in Q2-2020 has resulted in increased layoffs and declining household income, further reducing spending. What started as a supply shock is slowly morphing into a demand shock or recession. As oil prices remain subdued in the medium term, the Gulf economies face a somber outlook, with the GDP of the region expected to contract by 5.9 percent in 2020 (compared to 2019).

In what follows, we highlight the observations and comparisons between top executives around the world: the responses of CEOs and C-suite executives (non-CEO) in the Gulf, between Gulf executives and their counterparts in selected major economies (USA, Europe, China, and Japan), and between the Gulf and the overall global results.

Recovery Scenarios

CEOs and C-suite executives were asked the following question: “Based on your current knowledge, which post-COVID-19 recovery scenario do you expect for your home economy?” They were asked to select the scenario they felt was most likely of the four options below.

- V-shaped (fast recovery in Q3): The peak in the first wave of new COVID-19 cases would occur no later than May 2020, creating a strong recovery in Q3.
- U-shaped (extended contraction in Q3): Managed control of new outbreaks helps to flatten the curve of new COVID-19 cases but stretches the economic impact across Q2 and Q3, with growth resuming only by Q4.

- W-shaped (a second contraction in the second half of 2020): Failure to keep new COVID-19 cases under control requires renewal of shutdowns or other stringent measures during the second half of 2020, causing the economy to contract again.
- L-shaped (long-term growth constraints): Little to no recovery occurs in 2020; most of the recovery is more likely to happen in 2021 or possibly even later.

The responses are shown in Charts 1 and 2 below.

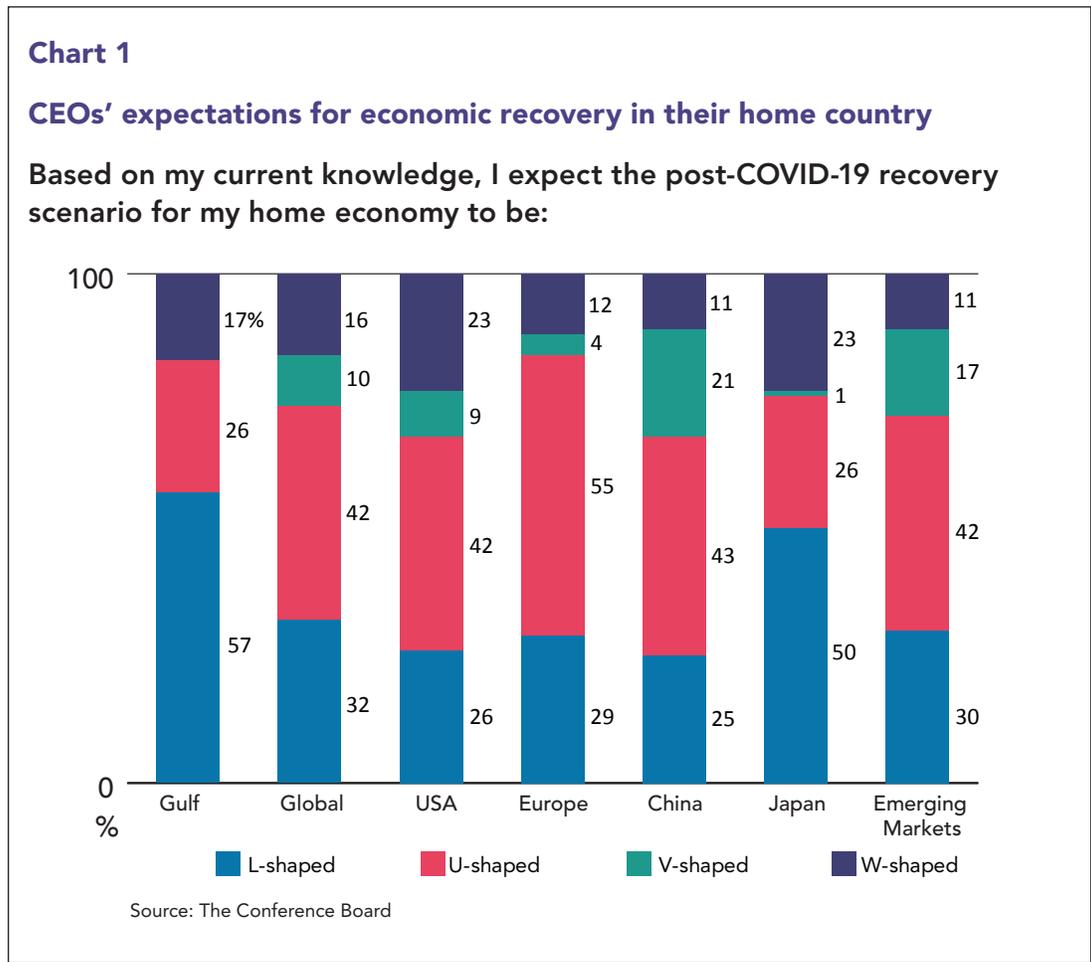
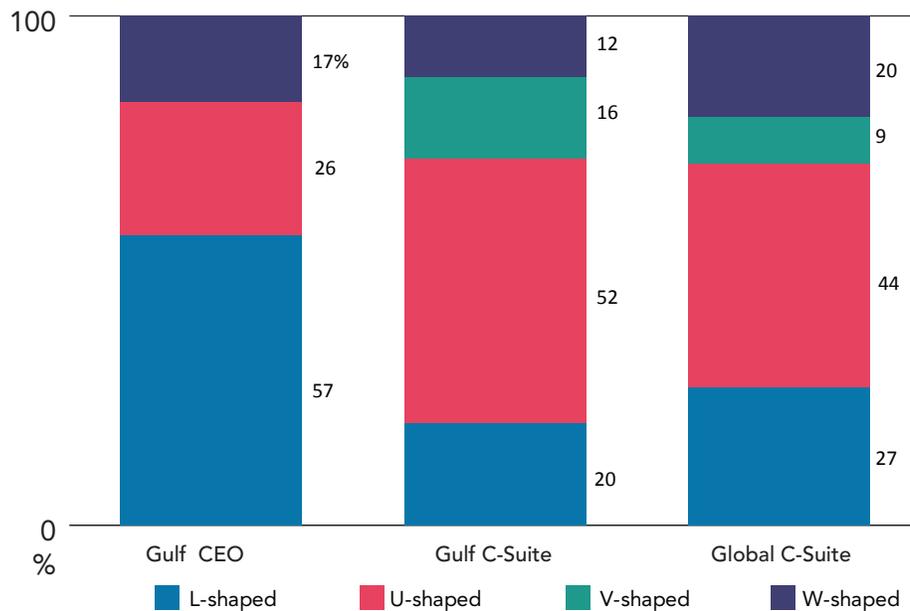


Chart 2

Gulf CEOs' and C-Suite executives' expectations on economic recovery

Based on my current knowledge, I expect the post-COVID-19 recovery scenario for my home economy to be:



Source: The Conference Board

We highlight the following observations:

- **Practically none or very few Gulf CEOs and C-suite executives expect a fast recovery** None of the Gulf region CEOs expect a fast, V-shaped recovery to take place. Only 17 percent of Gulf C-suite executives expect the same. (Only 9 percent of C-suite executives globally expected a fast, V-shaped recovery.) This strong pessimism in the Gulf reflects the magnitude of the damage caused by the pandemic, as viewed by CEOs and C-suite executives alike in the region.
- **CEOs in China are less pessimistic than CEOs in other parts of the world** About 64 percent of CEOs in China expect recovery in either Q3 or Q4. This is perhaps due the fact that the pandemic started first there and perhaps passed its peak earlier than other parts of the world and that stringent containment measures were taken to confront the disease.
- **Most Gulf CEOs expect little or no recovery in 2020** The majority (57 percent) of Gulf CEOs expect a prolonged, L-shaped recovery with most of the economic recovery taking place in 2021. Only 20 percent of Gulf C-suite executives share this pessimistic view, which is also not shared by CEOs in major economies.

- **Most CEOs globally and C-suite executives in the Gulf expect a U-shaped recovery** About 42 percent of CEOs globally as well as 52 percent of Gulf C-suite executives expect growth to start in Q4 of 2020.
- **A significant percentage of CEOs in the USA and Japan expect a W-shaped recovery** This confirms the view that the USA did not take the pandemic seriously from the start and restarted its economy too early, and thus is facing a second wave of the virus.

Return of Revenues to Pre-COVID-19 Crisis Levels

Survey participants were asked: "Considering the specific situation in your country/region and for your business, when do you expect your company's revenue to be back to early 2020 levels?"

Chart 3 and 4 summarize the responses received.

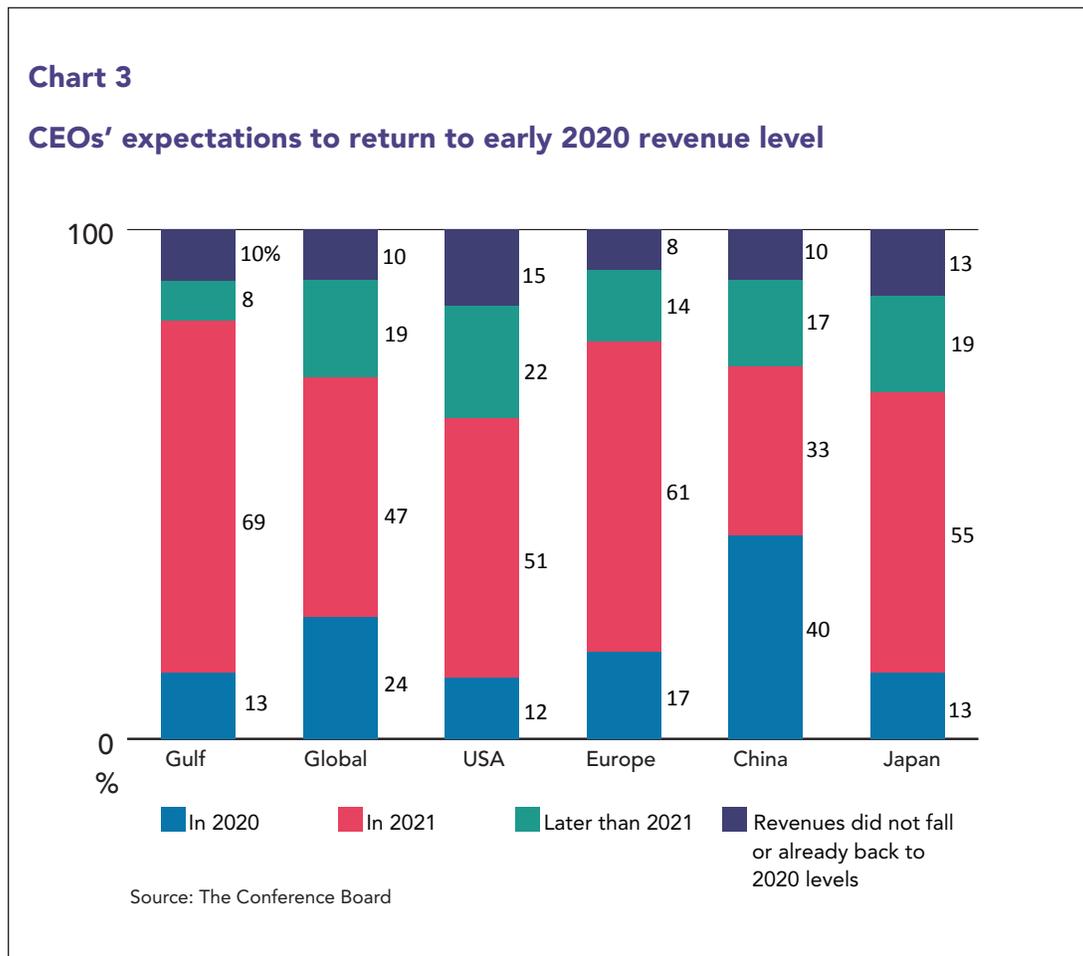
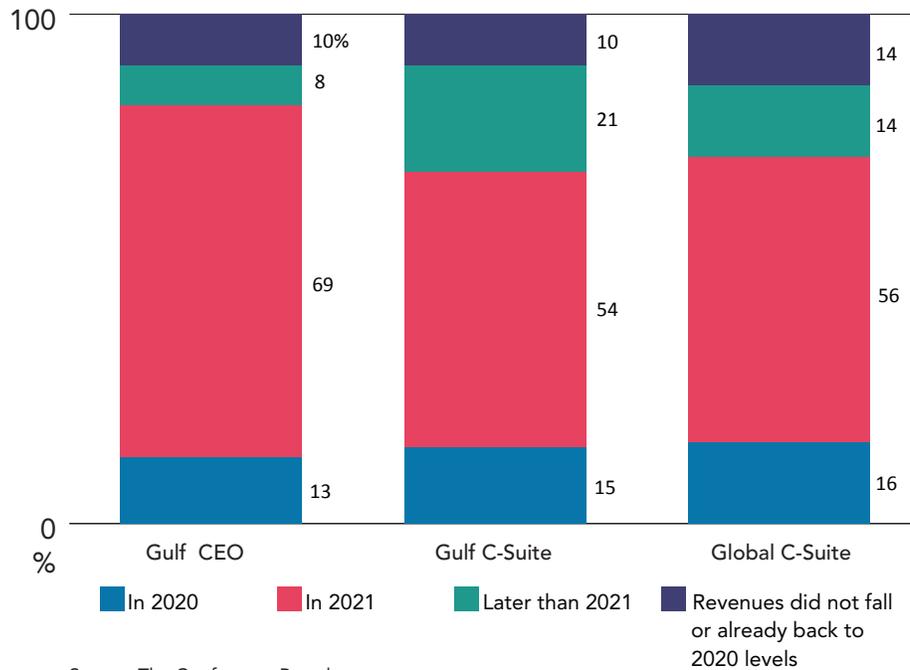


Chart 4

Gulf region CEOs' and C-suite executives' expectations for a return to early 2020 revenue level



We highlight the following observations:

- **Revenues of the vast majority of Gulf businesses were impaired by the crisis**
Only 10 percent of Gulf region CEOs and C-suite executives surveyed reported that their revenues did not fall or are already back to early 2020 levels. This is in line with the revenue decline observed globally and in major world economies.
- **Few in the Gulf region expect their revenues to return to precrisis levels in 2020**
Only 13 percent of CEOs and 15 percent of C-suite executives in the Gulf expect their revenues to return to precrisis levels in 2020. They are more pessimistic than their global peers; 24 percent of global CEOs expect their revenues to return to precrisis levels in 2020.
- **The majority of CEOs in the Gulf region expect it will take even longer, beyond 2021, to return to precrisis levels of revenue**
Only 9 percent of Gulf CEOs, compared with 21 percent of Gulf C-suite executives, expect their revenues to return to precrisis levels *later* than 2021, indicating that CEOs are more pessimistic than C-suite executives in the Gulf region.

COVID-19 Impact on Operations

Most companies in most parts of the world, including the Gulf region, had to shut down on very short notice by orders from health regulatory authorities as an important step to contain the spread of the COVID-19 virus between workers and customers. Most companies' operations were not designed with social distancing in mind. They had to shut down for many months. Companies with automated operations (robots doing work) or those whose operations didn't require face-to-face interaction between workers or customers (e-commerce services) were able to operate, and some of them witnessed a surge in revenues. Also, internet-based communication platforms (video conferencing applications such as Zoom, Microsoft Teams, Google Hangouts, Cisco WebEx, and BlueJeans) all witnessed a surge in the number of users. For example, the number of daily meeting participants in Zoom surged from 10 million in December 2019 to 300 million in May 2020.⁴

In this section we identify the lessons CEOs and C-suite executives have learned with regard to their operations and, in particular, what changes to operations need to take place to avoid total shutdown and effectively maintain operations in future crises. To answer these questions, participants were asked to select a maximum of three out of fourteen impacts/effects to their companies' operations resulting from the pandemic. The results for Gulf region CEOs and C-suite executives are shown in Table 1 and contrasted against responses of CEOs in major economies and globally.

We highlight the following observations:

- **The pandemic is having a great impact on company operations across the globe** Top management feels strongly that their company's operations need to change to allow for operability in times of crisis by exploiting enabling technologies, especially remote operations and cost-saving means of communication.
- **"Speed up the pace of transformation into a digitally-driven organization" topped CEOs' lists** This was the highest ranking impact/change to operations across all regions, except in the Gulf region where CEOs showed more urgency for "reduced business travel since videoconferencing has been effective for a majority of meetings." Of course, the two issues are not mutually exclusive and point in the same direction, albeit with different scope.
- **CEOs and C-suite executives in the Gulf agree on the importance of cost management** Both groups ranked "accelerate cost management and budget reductions" as the second most important long-term impact of the COVID-19 crisis. When a company is shut down by government orders, revenues will stop, but costs continue to accumulate.

⁴ Tom Warren, "Zoom Grows to 300 Million Meeting Participants Despite Security Backlash," *The Verge*, April 23, 2020.

TABLE 1
Long-term impacts/changes to operations resulting from the COVID-19 pandemic.

	Gulf CEOs	Gulf C-suite	Global CEOs	USA CEOs	Europe CEOs	China CEOs	Japan CEOs	Chile CEOs
Reduced business travel since videoconferencing has been effective for a majority of meetings	1	3	3	2	2	4	5	2
Accelerate cost management and budget reductions	2	2	4	3	3	3	4	3
Speed up the pace of transformation into a digitally driven organization	3	1	1	1	1	1	2	1
Cause a rethink of our business model as customer preferences shift	4	4	2	4	4	2	1	4
Stagger work shifts to prevent overcrowding	5	12	12	9	7	14	9	10
Become more appreciative of the personal interactions that contribute to innovation that are lost through remote work	6	11	10	7	12	12	8	7
Be a flatter organization to de-centralize decision-making	7	5	8	10	8	7	10	6
Provide more self-service options (for ex. chatbots, etc) to customers	8	10	13	13	14	11	13	10
Conduct more regular tabletop exercises to stress test crisis management and contingency plans	9	7	14	15	13	13	10	13
Be more transparent in communication and information-sharing at all organizational levels	10	9	5	5	5	10	3	5
Restructure our supply chain by seeking intermediate goods suppliers that are closer to our home base	10	14	11	11	9	8	15	14
Increase our external collaboration efforts with nontraditional partners	12	13	6	8	6	5	7	8
Become more data-driven/make more data-driven decisions	13	6	7	12	10	6	6	8
Aggressively pursue M&As to create efficiencies and spur growth	14	8	9	6	11	9	10	12
Other	15	14	15	13	15	15	13	15
	N=15	N=33	N=591	N=102	N=108	N=119	N=92	N=142

Source: The Conference Board

- **“Reduced business travel” and “speed of digital transformation” were also in the top three** However, Gulf CEOs and C-suite executives disagree on their relative importance: CEOs ranked “reduced business travel since videoconferencing has been effective for a majority of meetings” as their top impact; the Gulf C-suite identified “speed up the pace of transformation into a digitally driven organization” as such.
- **“Cause a rethink of our business model as customer preferences shift” also ranked high on CEOs’ and C-suite executives’ lists in the Gulf** Has the pandemic affected customers’ preferences? Customer preferences have changed due to the pandemic, definitely more in services than in manufactured goods. To protect themselves from being exposed to the COVID-19 virus, customers changed how they engage with service providers in many ways. Examples include payment schemes, service delivery, hospitality, travel, leisure, sports, health, education, and so forth. Are current business models appropriate under this shift in customer preferences? Responses to the survey show that CEOs and C-suite executives regard “rethinking of business model” quite critical for business continuity, and perhaps beyond that, are considering exploiting this shift in preferences to create greater value.

COVID-19 Impact on Talents/Skills

Has the COVID-19 pandemic affected management of talents or skills? To what extent will companies resort to teleworking? How should work be redefined? Would companies resort to a smaller core workforce and use more temporary staffing? Given that technology is enabling some level of teleworking, will companies adopt more flexible working hours? Will companies reduce office workspace? Would training be more widely delivered online? These and many other questions surfaced during this global pandemic. How do CEOs and C-suite executives feel about all this?

Participating CEOs and C-suite executives were asked to select the three most important long-term impacts/changes to their companies resulting from the COVID-19 pandemic out of fifteen. The responses are summarized in Table 2, page 20.

Gulf CEOs' views on the long-term impact/changes to talent are quite different from the views of Gulf C-suites executives and from the views of CEOs in other countries. The top long-term impact/change to talent for Gulf CEOs is "move most of our staff skills training online." In contrast, the top long-term impact/change to talent selected by the Gulf C-suite executives is "increase the number of employees who can work remotely/telecommute on permanent basis;" US CEOs ranked it second.

- "Adopt new work policies to include flexible work hours" and "increase the number of employees who can work remotely/telecommute on permanent basis" crowned the list of long-term impacts/changes to talent across most economies. The lockdown caused by the pandemic forced management and employees to work remotely from their homes for a number of months in most companies. It has proven to be effective and convenient. This shift to remote will persist even after the pandemic resides.
- Gulf CEOs give higher priority to "increase spending on infection control supplies in business locations" and "emerge with smaller permanent workforce while making greater use of temporary and flexible workforce." Gulf C-suite executives give higher priority to "create agile project teams to redefine how work gets done."
- There are varying views and no real agreement among CEOs that office space needs to be reduced as more people telework more days.

TABLE 2
COVID-19's long-term impact/changes to talent/skills.

	GCC CEOs	GCC C-suite	Global CEOs	USA CEOs	Europe CEOs	China CEOs	Japan CEOs	Chile CEOs
Move most of our skills training online	1	8	5	6	5	2	12	9
Increase spending on infection control supplies in business locations	2	7	6	8	9	6	7	8
Emerge with a smaller permanent workforce while making greater use of temporary and flexible workforce	3	6	4	9	8	4	5	6
Reconfigure our physical office space to allow for social distancing	4	10	10	5	4	12	10	5
Create agile project teams to redefine how work gets done	5	2	3	7	3	1	2	4
Adopt new work policies to include more flexible work hours	6	4	1	2	1	3	1	2
Increase the number of employees who can work remotely/telecommute on a permanent basis	7	1	2	1	2	4	6	1
Have leaner functions as tasks shift from humans to machines	8	10	8	9	11	7	4	13
Reduce office space as more people will telework more days	9	3	7	3	6	9	9	3
Bring workers now working remotely because of the pandemic back into the office	10	5	11	4	10	11	13	7
Devote more resources to mental health support/well-being for employees	T-11	T-14	9	11	7	10	7	12
Digitally track employees more closely	T-11	9	12	T-13	12	7	2	10
Improve paid sick leave entitlements	T-11	13	14	12	15	14	T-14	T-14
Other	T-11	T-14	15	T-13	14	15	T-14	T-14
Will have a shorter work week with fewer hours required on the job	T-11	12	13	T-13	13	12	10	11
	N=15	N=33	N=575	N=99	N=105	N=117	N=89	N=137

Source: The Conference Board

COVID-19's Long-Term Impact on the Economy, Business, and Society

The COVID-19 pandemic is expected to have long-term implications for many aspects of our lives, including the economy, businesses, and society as a whole. To what extent do business leaders around the world agree or disagree on these implications? We came up with twelve potential implications that we believe were relevant and important, then asked business leaders in the Gulf and around the world to give a score from one (least likely) to five (most likely) to each. Percentages of average scores greater than four and rankings of these percentages across different economies are reported in Table 3 on page 22.

We highlight the following observations:

- **Top three long-term implications of COVID 19** CEOs across nearly all selected economies gave high likelihood to the following long-term implications of the COVID-19 crisis: emergence of new buying behaviors, improvement in healthcare systems, and redefining company mission.
- **Gulf CEOs differ from global peers in their view of the emergence of new buying behaviors** In contrast to CEOs in all selected economies and in contrast to even Gulf region C-suite executives, only about half (54 percent) of Gulf CEOs consider “emergence of new buying behavior by customers” as a very likely long-term implication of the pandemic crisis. Is this simply a point of view or might this be a sign that Gulf CEOs have distanced themselves from consumer needs and preferences? What we know is that consumers did change their behavior during the crisis in many ways. Some of the buying behavior changes came about as a result of lockdowns (i.e., increases in delivery services, products, and services via e-commerce). Consumers had plenty of time to pause and rethink about the products and services they really need, especially those whose income was significantly affected during the crisis.
- **Improvement in health care systems** The vast majority (82 percent) of Gulf CEOs, 72 percent of Gulf C-suite executives, and 71 percent of CEOs globally believe that a highly likely long-term implication of the COVID-19 crisis will be improvement in health care systems, with more attention paid to future pandemic responses. After witnessing such an unprecedented and massive lockdown on people and closure of businesses, they expect governments around the world will pay a lot more attention to improving health systems to minimize the impact of future pandemics on business continuity and people’s health.

TABLE 3
COVID-19's Long-Term Impact on the Economy, Business, and Society

	GCC CEOs	GCC C-suite	Global CEOs	USA CEOs	Europe CEOs	China CEOs	Japan CEOs	Chile CEOs
Healthcare systems will improve with more attention paid to future pandemic responses	82%	72%	71%	62%	78%	72%	71%	64%
Large firms will have better access to capital markets, giving them an edge over smaller competitors in the recovery	81%	76%	60%	59%	68%	65%	47%	61%
CEOs will redefine company mission and commit to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities, and shareholders.	78%	73%	64%	55%	71%	58%	70%	66%
Public health tracking makes people LESS protective of personal data	78%	54%	49%	39%	48%	50%	61%	52%
Society's trust in capitalism and market economies will be diminished	58%	43%	39%	38%	36%	43%	38%	30%
Governments make substantial new investments in public goods, the social safety net, and public services	55%	49%	62%	49%	55%	75%	60%	71%
New buying behaviors emerge as consumers change their perspective on what products and services are important	54%	82%	68%	59%	82%	65%	80%	79%
Consumers will be willing to pay more for locally produced brands	54%	53%	43%	47%	52%	36%	53%	35%
Globalization will decrease: economic nationalism and protectionism rise as global trade wanes and more production is onshored or nearshored	53%	55%	49%	50%	60%	45%	48%	40%
Efforts to mitigate climate change will accelerate	28%	46%	38%	38%	51%	36%	47%	44%
People will reverse trends and move from densely packed cities to more open suburbs and ex-burbs	23%	45%	39%	50%	43%	23%	60%	33%
Higher minimum wages instituted for lower paid service workers who were deemed essential during pandemic become permanent	18%	36%	35%	42%	30%	31%	38%	40%
Key: Red=Ranked #1 Green=ranked #2 Yellow=ranked #3								

Source: The Conference Board

- **Redefining company mission** Another highly likely long-term impact of the COVID-19 crisis identified by CEOs across the globe is to redefine the mission, vision, and values of the organization and to lead it to the benefit of all stakeholders—customers, suppliers, communities, and shareholders. Execution of the mission, vision, and values by management and employees is particularly challenging during stressful times.
- **The least likely long-term impacts** Very few CEOs and C-suite executives in the Gulf region and globally expected the following long-term impacts of the COVID-19 pandemic: “higher minimum wages for lower-paid service workers who were deemed essential during the crisis become permanent,” “moving from densely packed city centers to open suburbs,” and “acceleration of efforts to mitigate climate change.”

Demographics

About the Survey Sample

To provide a representative view from respondents from around the world, we weighted the responses in aggregates (such as global and major regions) by the square root of the respondent's country share in global output (GDP) divided by the respondent's share in the total number of responses from his/her country. While CEO and C-suite priorities certainly vary on a company-to-company basis, we believe this report can serve as a discussion starter and idea prompter within organizations to ensure that the enterprise understands the challenges it faces, the strategic goals it needs to set to meet those challenges, and the strategies and tactics required to be competitive in a postpandemic global marketplace.

		N=	PERCENT			N=	PERCENT	
What is your Job Title	CEO	606	46%	Industry (CEOs)	Manufacturing	188	40.3%	
	non-CEO	710	54%		Finance	36	7.7%	
	Total	1316	100%		Services	242	51.9%	
			Total		466	100.0%		
Where is your company's global headquarters located? (CEOs)	Australia/ New Zealand	2	0.4%	Region (CEOs)	Chile	146	24.1%	
	Central America	2	0.4%		China	122	20.1%	
	China	107	21.4%		Europe	110	18.2%	
	Europe	112	22.4%		Gulf Region	16	2.6%	
	Indian Subcontinent	1	0.2%		Japan	95	15.7%	
	Japan	89	17.8%		Other	13	2.1%	
	Middle East	14	2.8%		USA	104	17.2%	
	North America	64	12.8%		Total	606	100.0%	
	Rest of Asia	1	0.2%		Revenue (CEOs)	Less than \$100 million	326	48%
	South America	105	21.0%			\$100 million to under \$5 billion	118	33%
	Southeast Asia	2	0.4%	\$5 billion and above		57	19%	
	Total	499	100.0%	Total		501	100%	

Source: The Conference Board

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