



PwC NextGen survey 2024: A Dubai focus

Growth and succession

in an AI world

The rise of GenAI raises critical questions for family businesses and their next generation of leaders



In collaboration with:

DUBAI CHAMBER
COMMERCE

DUBAI CENTRE FOR
FAMILY BUSINESSES



Table of 
Contents



01 Foreword

Page 4

02 Accessing growth

Page 6

03 A cautious approach
to innovation

Page 10

04 Protecting the trust
premium

Page 14

05

Page 18

Succession and the vital role of NextGen

06

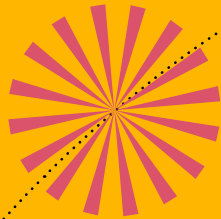
Page 24

Next steps

07

Page 28

About the survey





Foreword





The substantial contribution that family businesses make to local GDP and employment is arguably more pronounced in the Middle East than it is elsewhere in the world. Some of the most successful companies in the GCC region today began as entrepreneurial family businesses a generation or more ago; the largest family businesses hold billions of dollars of assets and the Gulf, widely recognised as a business-friendly base, continues to attract and produce ambitious entrepreneurs.

Over the coming decade, many of these family businesses will transition to a new generation of leaders, resulting in a massive transfer of wealth and responsibility. This group, we call NextGen – the generation of a business-owning family who are aged between 18 and early 40s, who are aiming to become responsible owners, influential board members, or visionary leaders. The succession process is challenging, requiring strong intergenerational communication and robust governance, but this transition will be the most critical in history, because it coincides with the transformational influence of GenAI.

Family businesses around the world are facing up to this challenging evolution, as their competitors around the world race to adopt rapidly evolving technologies. For those that get the transition right, GenAI will help to shape their future success of the business and of economies in the region. But the risks for family businesses are immense.

Our [2023 Family Business Survey](#) examined the role that trust plays in the success of family businesses in our region as they work to maintain their outstanding growth. Protecting this trust premium in the era of GenAI, while maintaining a unified direction among all family stakeholders, represents the most complex challenge family businesses have ever faced.

We believe that NextGens hold the key to successful transition. As future business owners, NextGens have a unique responsibility towards their business, its employees, their families, society, and the environment, and this includes an interest in the business's ability to responsibly implement emerging technologies. This survey shows that NextGen are more optimistic about GenAI than the incumbent generation and understand the need to urgently harness the potential of the technology across the entire enterprise.

There is pressure on family businesses across the region to maintain double-digit growth and uphold family wealth, while also maintaining harmony between intergenerational family members. The implementation of GenAI will test the ability of family businesses to navigate these unique challenges, with a significantly impactful effect on economies and employment in the region if they fail. By working together towards a common goal, the generations within family businesses can power their companies, and our region, to new heights of success.



Adnan Zaidi

Entrepreneurial & Private Businesses
Leader - Assurance Clients & Markets
Leader, PwC Middle East



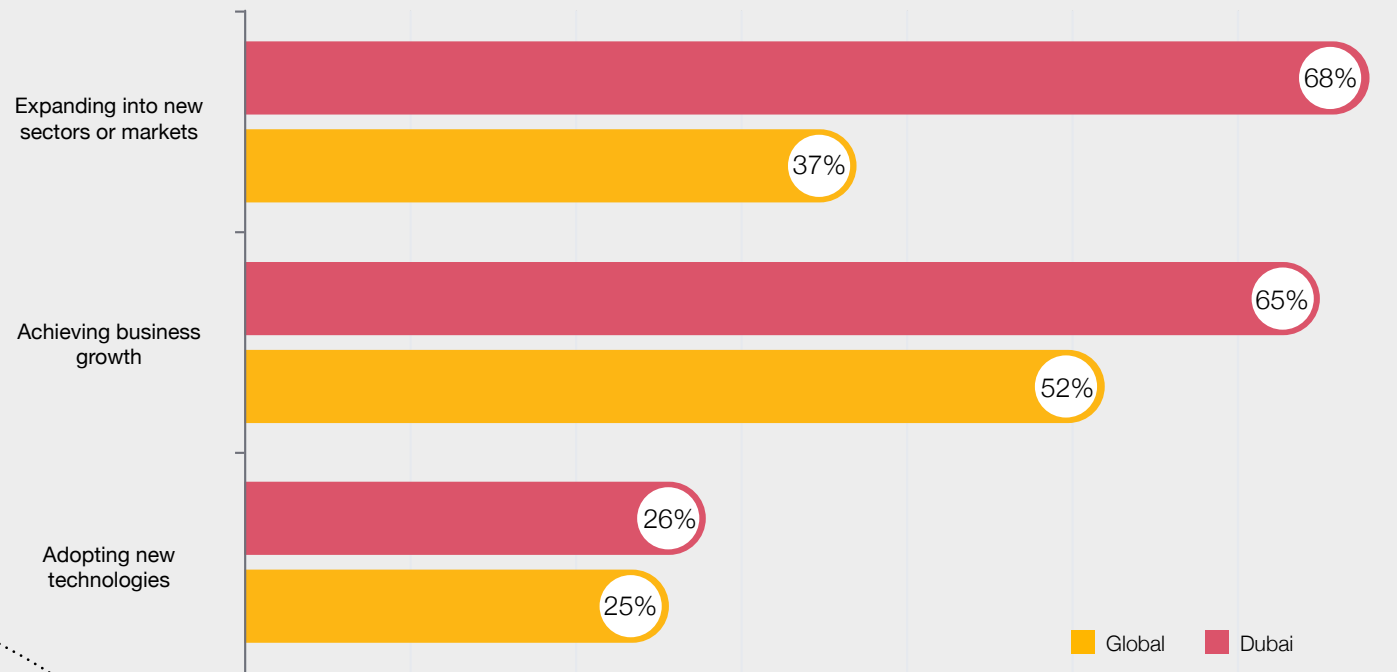
Accessing growth

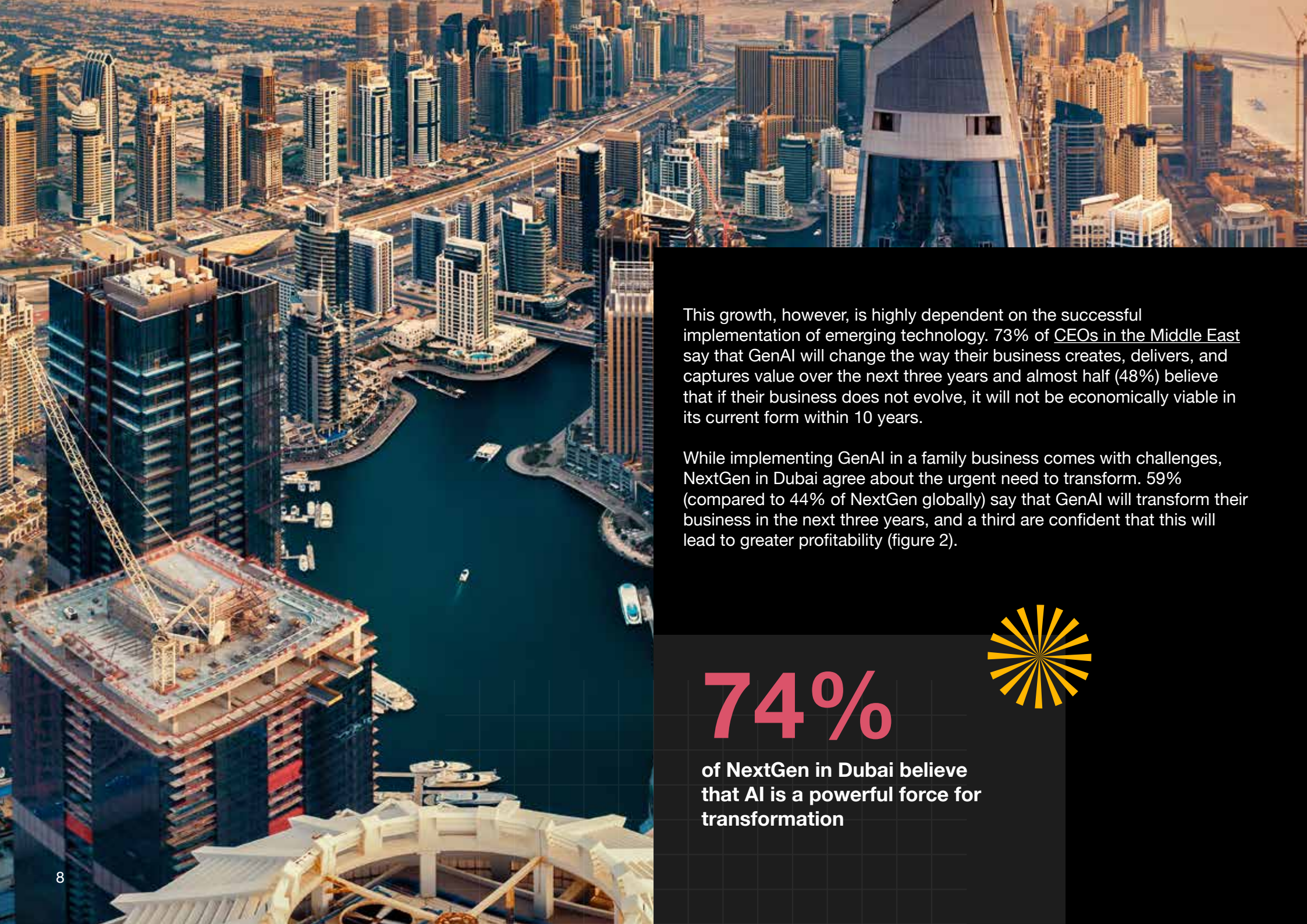


Business leaders across the region remain confident that strong growth will continue – 66% of all CEOs in the Middle East are confident their company will see revenue growth in 2024, compared with just 47% of their global peers¹. Additionally, 73% expect to see economic growth in their own country, compared with 44% globally – although the risks related to geopolitical conflict are a constant concern. Growth remains top of the agenda for family businesses, with nearly three quarters of family businesses in the region expecting to grow this year², and 65% of NextGen based in Dubai name growth as a top three priority for the next two years (figure 1).

Figure 1: Growth on the agenda

From your own personal point of view, what would be your top 3 priorities over the next two years?





This growth, however, is highly dependent on the successful implementation of emerging technology. 73% of CEOs in the Middle East say that GenAI will change the way their business creates, delivers, and captures value over the next three years and almost half (48%) believe that if their business does not evolve, it will not be economically viable in its current form within 10 years.

While implementing GenAI in a family business comes with challenges, NextGen in Dubai agree about the urgent need to transform. 59% (compared to 44% of NextGen globally) say that GenAI will transform their business in the next three years, and a third are confident that this will lead to greater profitability (figure 2).

74%

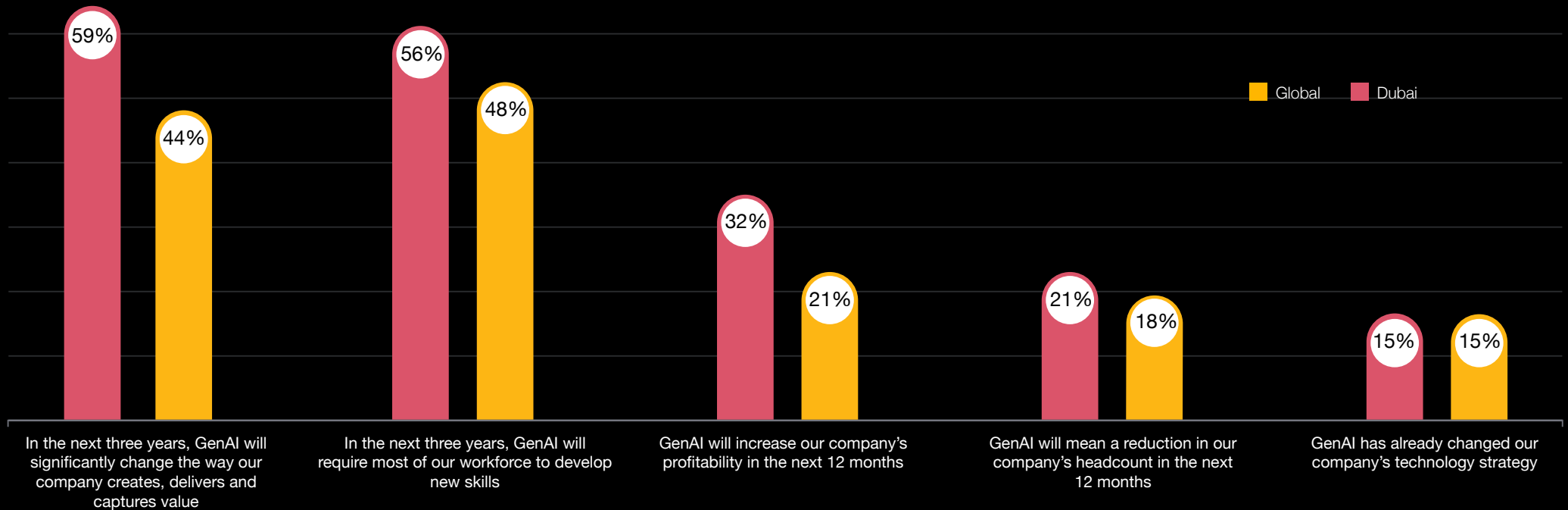
of NextGen in Dubai believe that AI is a powerful force for transformation





Figure 2: Transformation is inevitable

To what extent do you agree or disagree with the following statements about GenAI?



Family businesses across the Middle East are more focused than most on digital transformation – 57% say that improving their digital capabilities is a priority, compared with just 44% globally³ – but this intent is not matched with positive action.



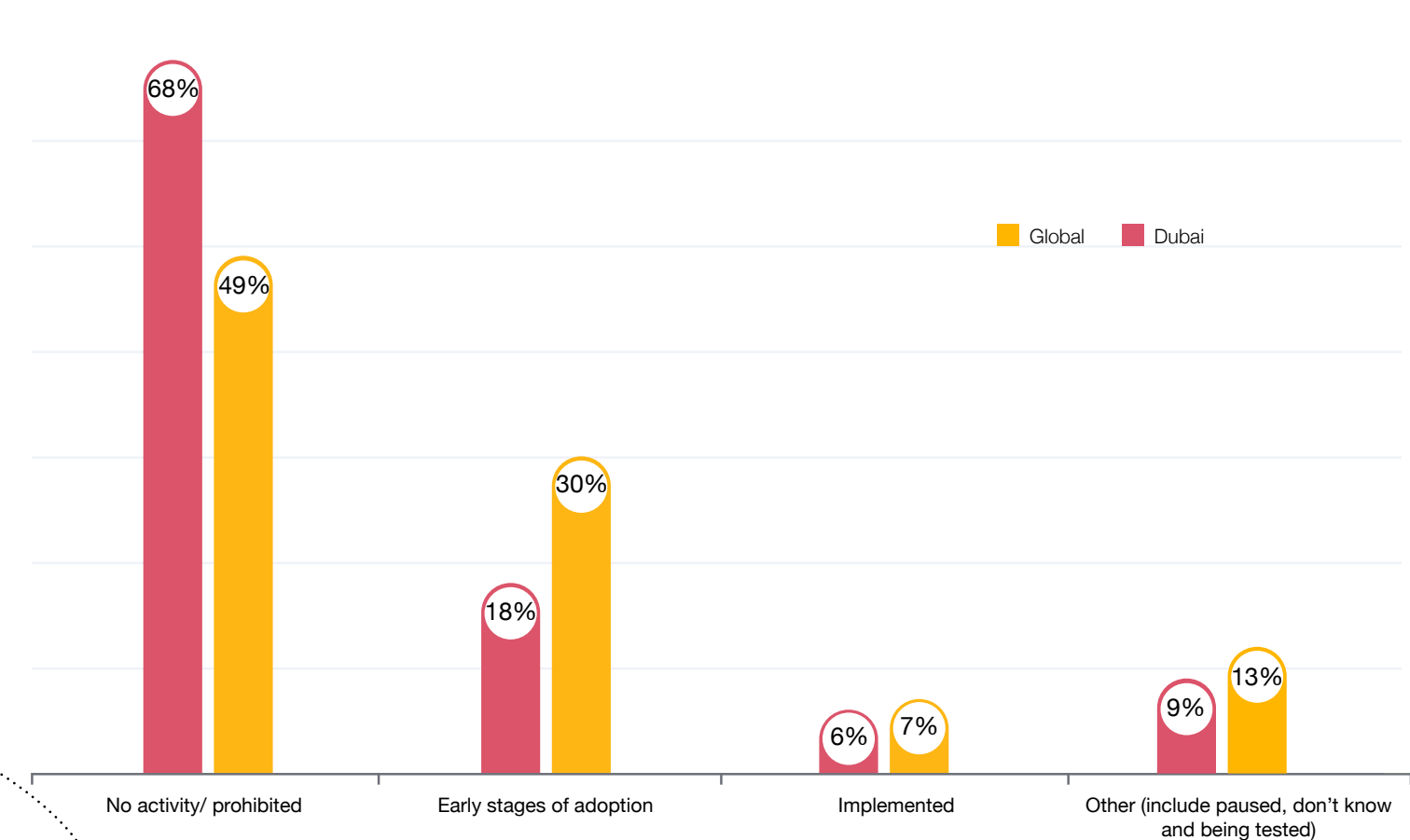
A cautious approach to innovation



Most family businesses across the world are yet to take concrete steps to implement GenAI, placing them at a disadvantage compared to public company competitors. Our 27th Annual CEO Survey: Middle East findings have indicated that among all companies in the GCC, 36% already use GenAI⁴ (common uses include, automated customer service bots, fraud management and Anti-Money Laundering (AML) compliance systems, adding a predictive element to inventory management and procurement, and supporting recruitment and talent sourcing) – but fewer than one in 10 family businesses in Dubai have implemented the technology (figure 3).

Figure 3: A slow start on GenAI

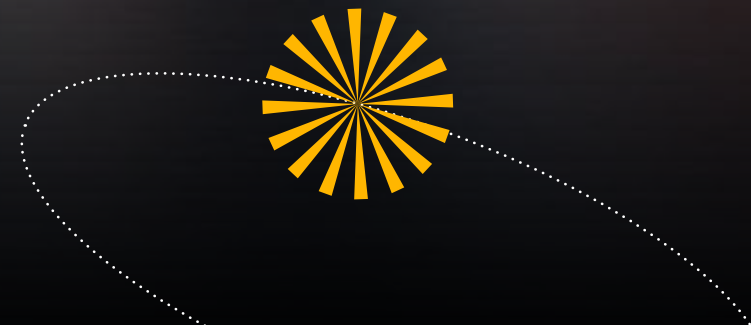
How would you describe your family business's current level of adoption of GenAI?





Historically, family businesses have consistently adopted a more cautious approach to emerging technology. Restricted access to capital has meant that many prefer to rely on proven technology rather than risk a large investment on an uncertain outcome. But the UAE, with its attractive regulatory landscape that has encouraged an influx of family offices in recent years, is at the forefront of the changing investment landscape for family businesses. Strong revenue growth, active family offices looking for investment opportunities, and a willingness to partner with private equity⁵, have significantly improved the access to capital for family businesses who are willing to take the leap on GenAI.

But NextGen recognise that investment in emerging technology comes with unique risks for family businesses. 44% of NextGen based in Dubai are concerned that implementing GenAI could increase the business's cybersecurity risk, while 29% worry about the potential for legal liabilities and reputational damage.





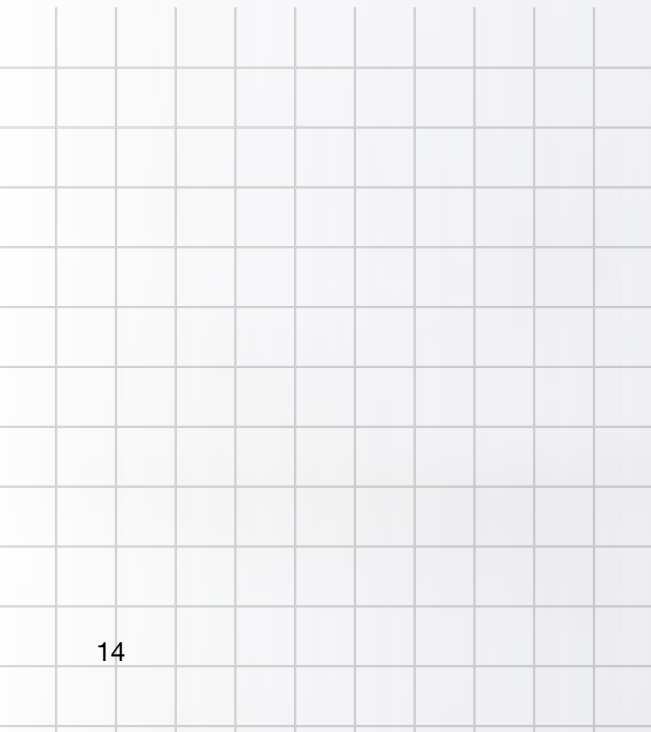
Family businesses have very good reasons for showing caution on adopting AI – they are protective of their businesses and that means avoiding big risks. But AI is moving so quickly, and the potential for competitive advantage is so considerable, that immediate action is required -and an informed leap into the unknown.

- Amin Nasser, Entrepreneurial and Private Businesses Senior Advisor, PwC Middle East



Protecting the trust premium:

The importance of formal governance structures





The trust of customers and employees, and between family members, is essential to the success of family businesses. Family businesses are more trusted than any other business⁶ and those in the Middle East enjoy a particularly strong trust premium. According to our Family Business Survey, two thirds believe they are fully trusted by their customers compared with just over half of the global sample⁷.

Trust in business and trust in technology are inextricably linked; a data breach or poor customer service can damage the bond of trust that family businesses have worked so hard to earn. This means that family businesses cannot afford to experiment with GenAI or take a misstep with implementation.

Only

12%



of NextGen in Dubai believe that consumers fully trust businesses to use emerging technologies responsibly.

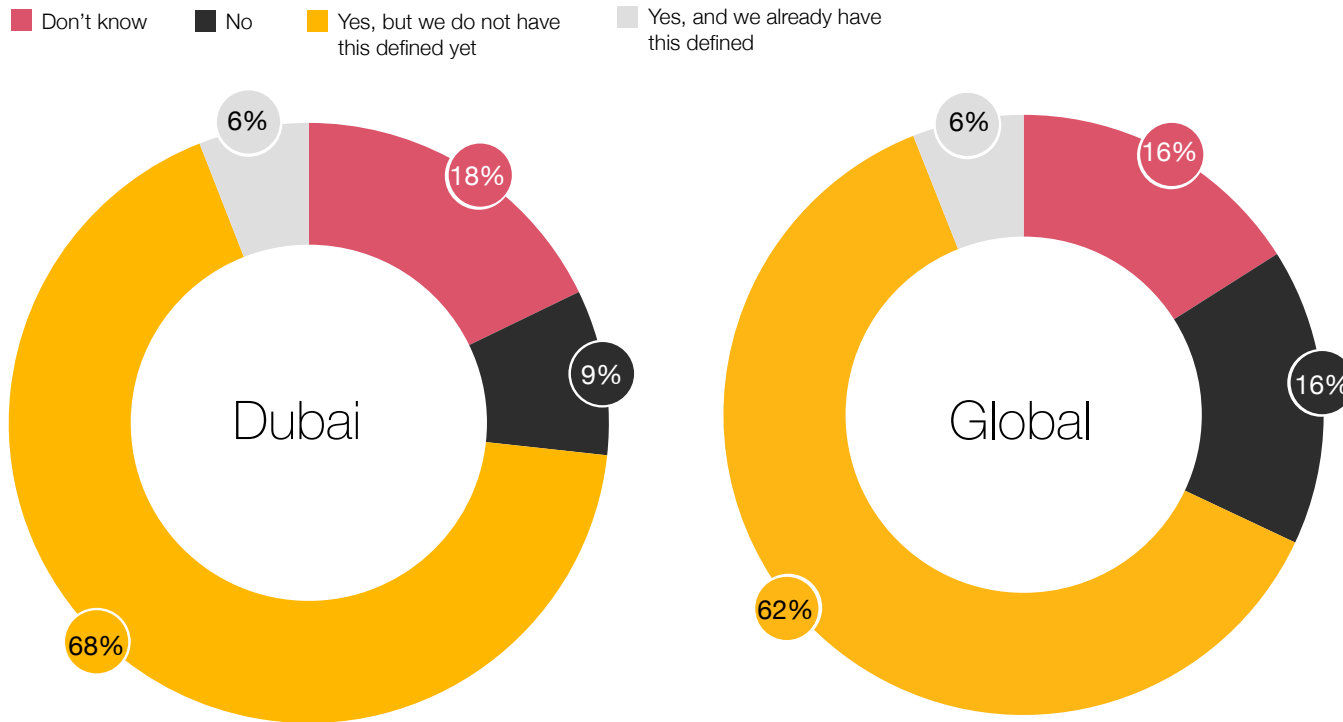
68%

of NextGen in Dubai (vs 50% globally) believe that family businesses have an opportunity to take a leading role in the responsible adoption of AI.

Only conscious, responsible adoption will allow family businesses to gain from the technology while maintaining their vital trust premium. This requires robust and well-defined governance, reflecting the values and purpose of the business, around use of the technology – almost three-quarters of Dubai-based NextGen say this is essential but only 6% of family businesses have already taken this step (figure 4).

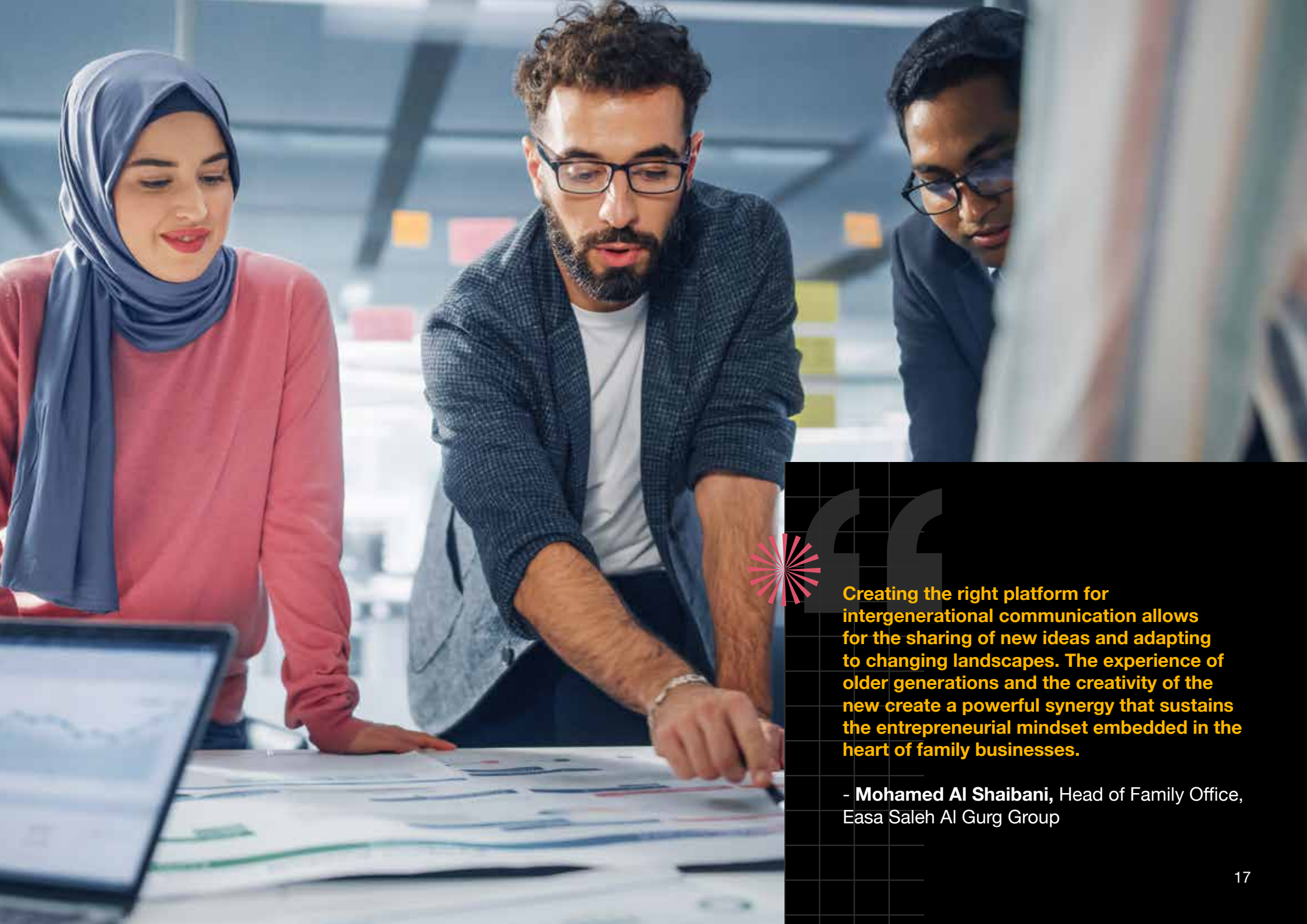
Figure 4: The governance gap

Do you believe your family business should have governance around using AI responsibly?



Family businesses in the Middle East have always understood the role that purpose and family values play in their success, although family conflict is inevitable (and incidences have increased in recent years⁸). The implementation of GenAI is a potential flashpoint for intergenerational tension that needs to be carefully managed, at a time when more than a third of NextGen in Dubai say that trust levels are low between the current and next generations of family members.



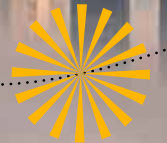


Creating the right platform for intergenerational communication allows for the sharing of new ideas and adapting to changing landscapes. The experience of older generations and the creativity of the new create a powerful synergy that sustains the entrepreneurial mindset embedded in the heart of family businesses.

- Mohamed Al Shaibani, Head of Family Office, Easa Saleh Al Gurg Group



Succession and the vital role of NextGen



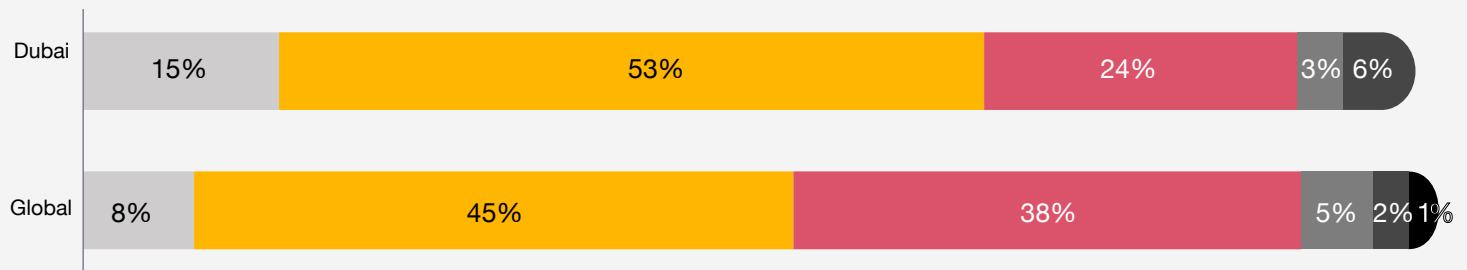
NextGen family members are a valuable resource for family businesses as they race to compete in a rapidly changing world. They have a natural affinity with emerging technology, and this is especially apparent in Dubai. A significant 88% have indicated they are personally interested in GenAI and 68% say they are knowledgeable about the technology, compared to 53% globally – yet only 9% of NextGen are currently engaged in GenAI in the business (figure 5).

Figure 5: Are family businesses making full use of NextGen’s expertise?



How knowledgeable are you about GenAI?

Very knowledgeable Fairly knowledgeable Not very knowledgeable Not at all knowledgeable Don't know Not Applicable



Are you actively engaged at present or likely to be engaged in the future in the area of GenAI?

Don't know Not engaged Likely to be engaged Engaged now



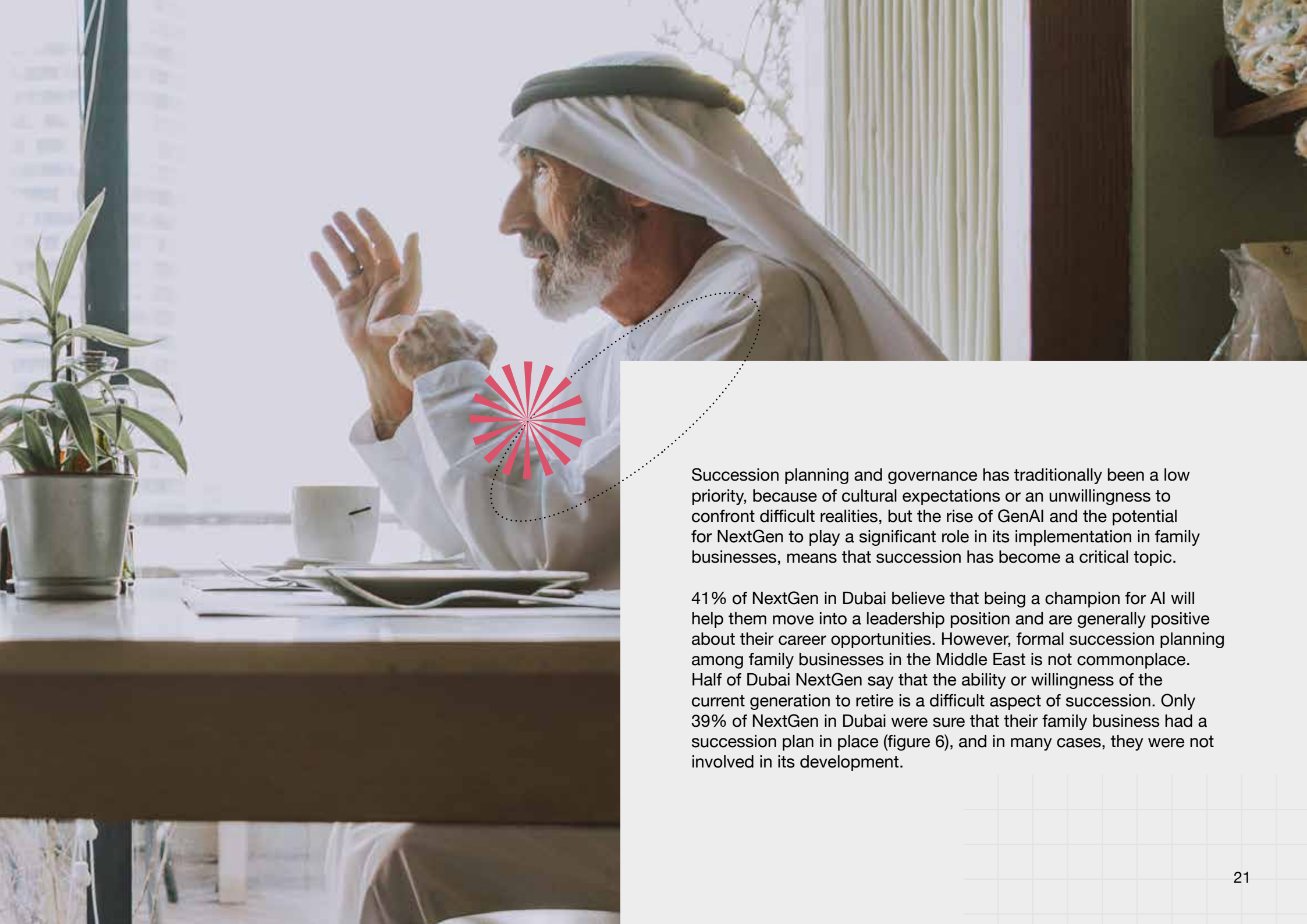
44% of NextGen in Dubai believe they can help their family business navigate emerging technologies and AI and see operational efficiency and greater employee productivity as the main benefits of the technology. At a time when only 6% of family businesses in Dubai have a person or team who is directly responsible for GenAI, NextGen are an untapped resource.



The willingness of NextGen to explore new ideas and technology while contending with the more traditional instincts of the current leadership is a long-standing trend in family businesses. The reality is that each generation has its own capabilities and is working towards the same goal: to secure the business and its legacy.

Internal family politics can place family businesses at a disadvantage when it comes to strategic transformation, by limiting their ability to rapidly respond to changing conditions. The transition of many family businesses in the Middle East to second or third generation ownership in recent years has added to the complexity of stakeholder composition and contributed to a rise in family conflicts.





Succession planning and governance has traditionally been a low priority, because of cultural expectations or an unwillingness to confront difficult realities, but the rise of GenAI and the potential for NextGen to play a significant role in its implementation in family businesses, means that succession has become a critical topic.

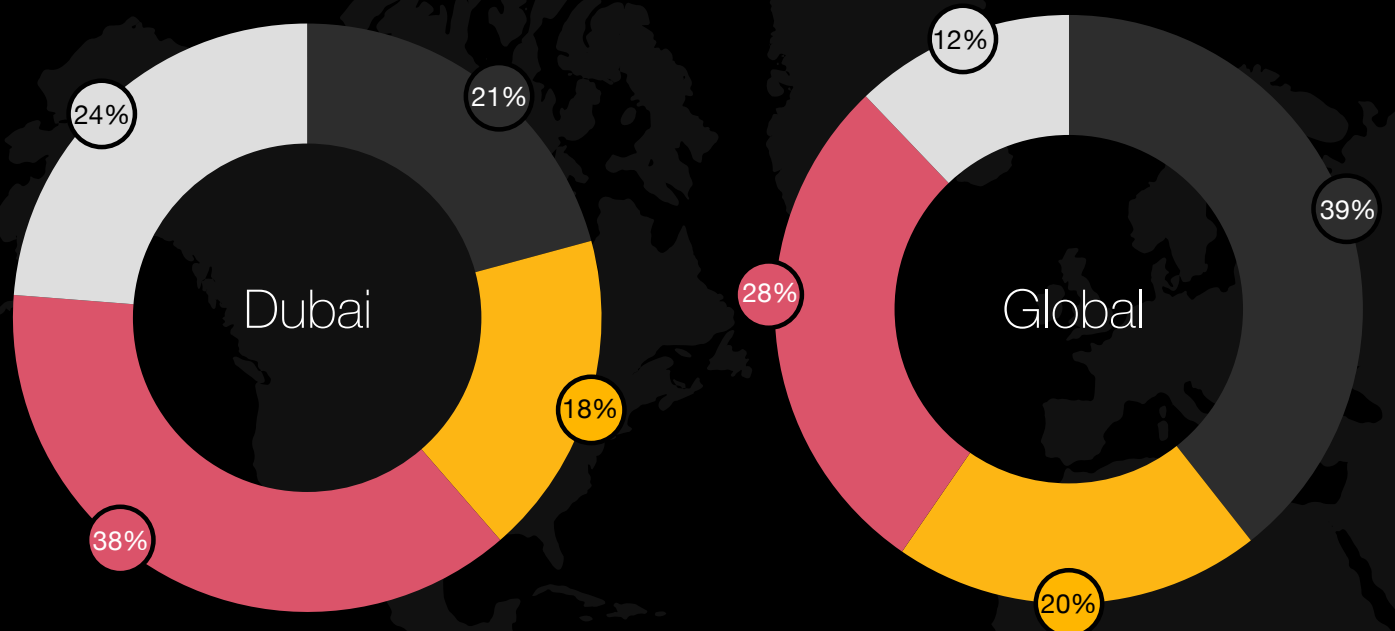
41% of NextGen in Dubai believe that being a champion for AI will help them move into a leadership position and are generally positive about their career opportunities. However, formal succession planning among family businesses in the Middle East is not commonplace. Half of Dubai NextGen say that the ability or willingness of the current generation to retire is a difficult aspect of succession. Only 39% of NextGen in Dubai were sure that their family business had a succession plan in place (figure 6), and in many cases, they were not involved in its development.

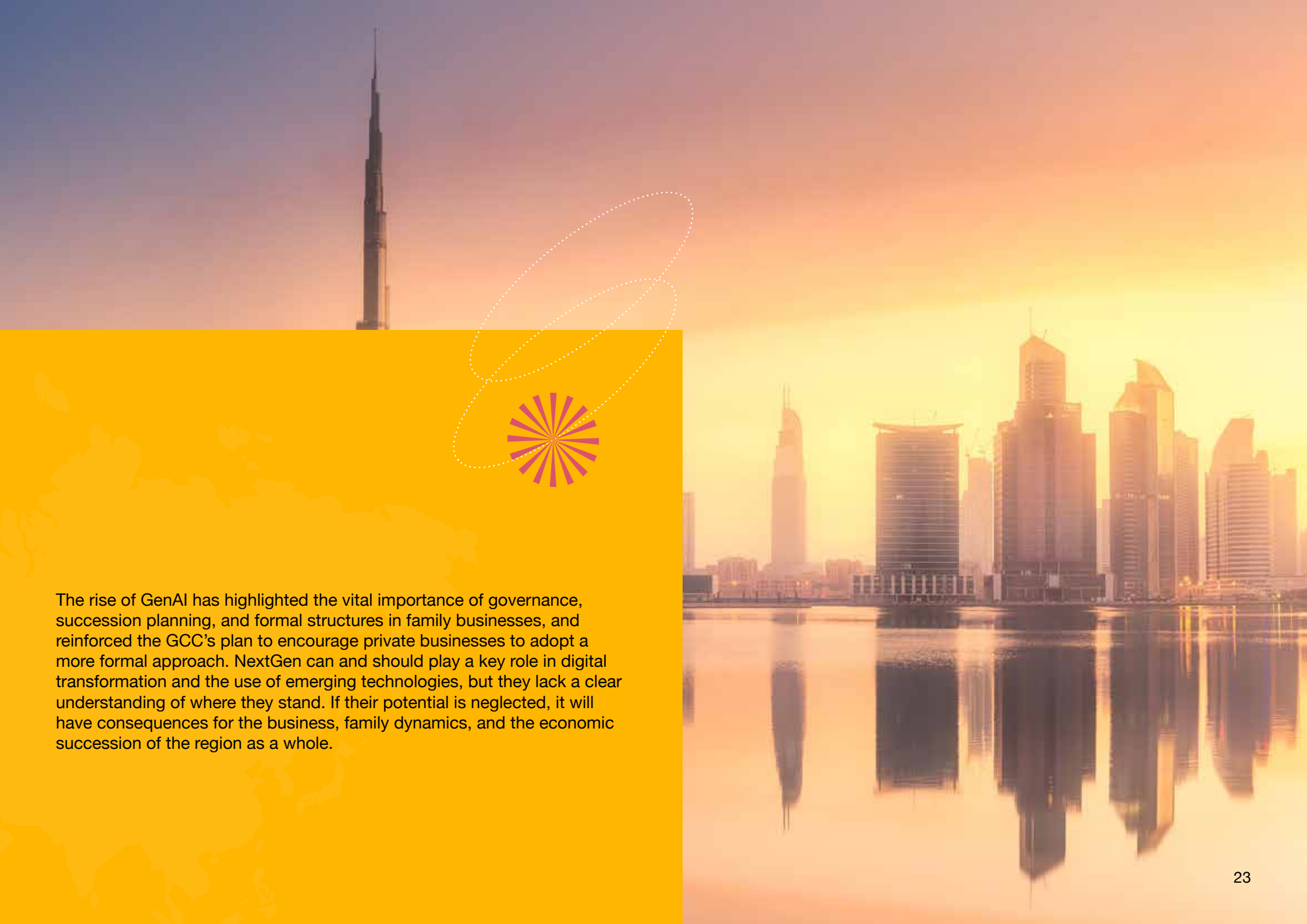


Figure 6: Succession planning is still lacking
Are you aware of your family having a succession plan in place?



■ I don't know if there is a plan ■ No, there is no plan ■ Yes, but I was not involved in its development ■ Yes, and we have developed the plan together





The rise of GenAI has highlighted the vital importance of governance, succession planning, and formal structures in family businesses, and reinforced the GCC's plan to encourage private businesses to adopt a more formal approach. NextGen can and should play a key role in digital transformation and the use of emerging technologies, but they lack a clear understanding of where they stand. If their potential is neglected, it will have consequences for the business, family dynamics, and the economic succession of the region as a whole.



Next steps



The views of the next generation of family business leaders collected for this survey write a compelling narrative for the future of family businesses in Dubai and the wider UAE and particularly for the role of GenAI. Although adoption may currently be limited, NextGen demonstrates a forward-thinking approach and is keen to embrace the technology's transformative capabilities.

NextGen has an enthusiasm for emerging technology and a unique perspective that can help shape the future of family businesses in our region in an era defined by digital disruption. The energy and insights of these younger successors are critical for family businesses as they create new pathways for sustained growth – but the risk is that a lack of focus on governance and succession is getting in the way.

NextGen will be vital to family businesses maintaining and building on their impressive growth story in our region, if the conditions are right for them to flourish.



GenAI is a gamechanger for all businesses and family businesses cannot afford to be left behind. Fortunately, they have a valuable asset in their next generation of future leaders. NextGen have the knowledge and enthusiasm that family businesses in our region need to navigate this rapidly-changing landscape. By working together, the generations within our family businesses will lead our region into a new era of technology-driven prosperity and success.

- **Amin Nasser**, Entrepreneurial and Private Businesses Senior Advisor, PwC Middle East

Next steps for the next generation

01 Seek the opportunity.
Be confident and ask the incumbent generation how you can get involved as a project member or sounding board. There are many ways the company can put your skills and passion to use.

03 Earn trust.
You want to earn recognition and respect in your own right and not rely solely on your birthright. A solid education and relevant working experience outside the family business will give you the confidence to contribute and the ability to earn the trust necessary for future leadership or board positions.

05 Understand your business and its limits.
You need to be knowledgeable about the current business model and the financial and organisational limits of the company before you can challenge them. If you are unfamiliar with the business's culture, capabilities and skills, ask for opportunities to learn and become better acquainted with them.

02 Show that you care.
Show your employees, co-workers and family members that you understand their hopes and concerns when it comes to GenAI. This will allow you to make a better impact and avoid internal resistance when you have the opportunity to get involved in the AI transformation.

04 Become familiar with the rules and regulations.
NextGen should position themselves as being able to navigate ethical considerations and legal frameworks to foster responsible AI adoption and ensure sustained growth in their company.

06 Initiate or volunteer for pilot projects.
Embrace opportunities to learn in order to develop your skills and talents with great passion. Use this potential to initiate or volunteer for GenAI pilot projects, which will allow not only you but also the organisation to learn faster and get familiar with the new technology.



For family businesses and their current leaders

01 Make AI a strategic issue.
GenAI is too important to be delegated to the IT team – strategy must be set and led by the board.

03 Focus on responsible implementation.
Family business's trust premium is too precious to risk. An emphasis on responsible implementation of emerging technology, combined with strong communication of the company's approach and values to customers and employees, is essential.

05 Use NextGen and their enthusiasm to strengthen the board.
45% of family businesses in the region have no-one under the age of 40 on the board. Combine NextGen's acumen for technology with the business experience of older board members. Invite them as guests to your board meetings, and allow them to listen, learn and contribute their fresh ideas and perspectives.

02 Ring fence the money you need to innovate.
Make room in your budget to fund the exploration, development, and implementation of GenAI in the business. It will be money well spent.

04 Involve NextGen.
Involving NextGen family members proactively in strategy-setting ought to automatically pave the way for fresh thinking, especially if they are given opportunities to network and share ideas with peers at events to support regional entrepreneurship and growth in strategic industries.

06 Pay close attention to governance.
Take advantage of UAE government programmes and facilities that are designed to provide targeted help to private businesses on governance and succession planning.



About the survey





PwC's Global NextGen Survey 2024 is an international market survey among next-generation members of family businesses. The goal of the survey is to get an understanding of what NextGen are thinking on the key issues of the day, what role they are playing and what roles they think they should play. The survey was conducted online with 917 interviews in 63 territories; the global analysis was based on survey findings between 13 November 2023 and 23 January 2024.

The Dubai cut of the survey is a collaboration between PwC Middle East and the Dubai Centre for Family Businesses - Dubai Chambers.

Disclaimer: Please note that due to rounding, sum of percentages in the graphs may slightly exceed 100% or fall just below. This does not affect the overall accuracy of the data presented in this report.

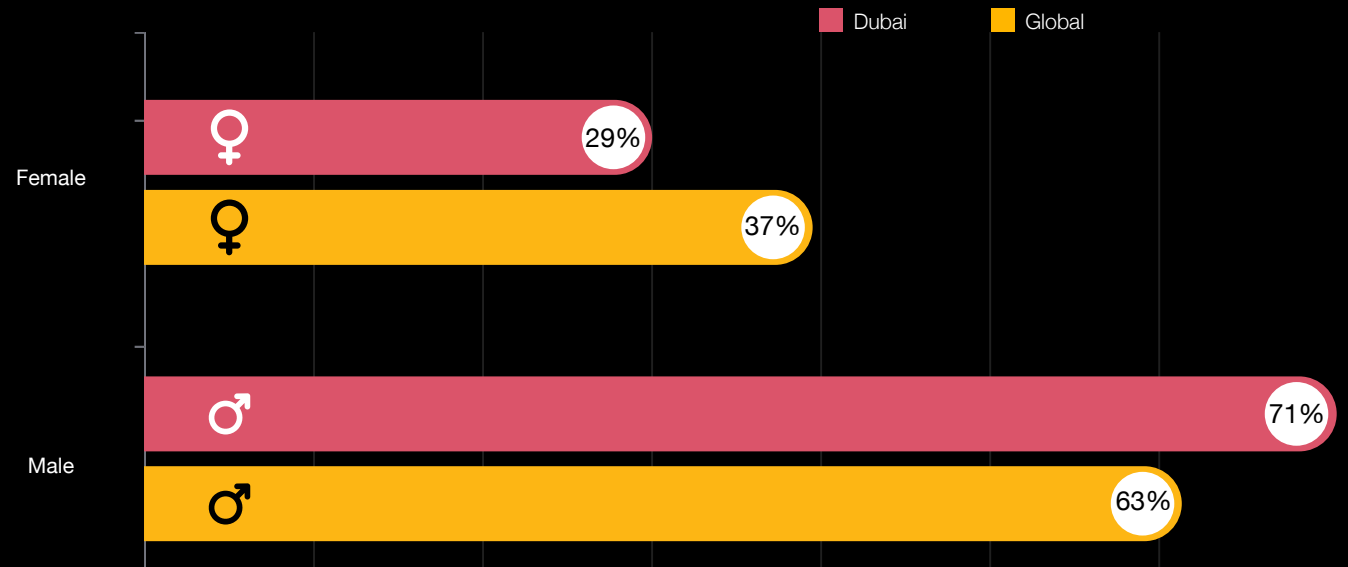
About Dubai Centre for Family Businesses:

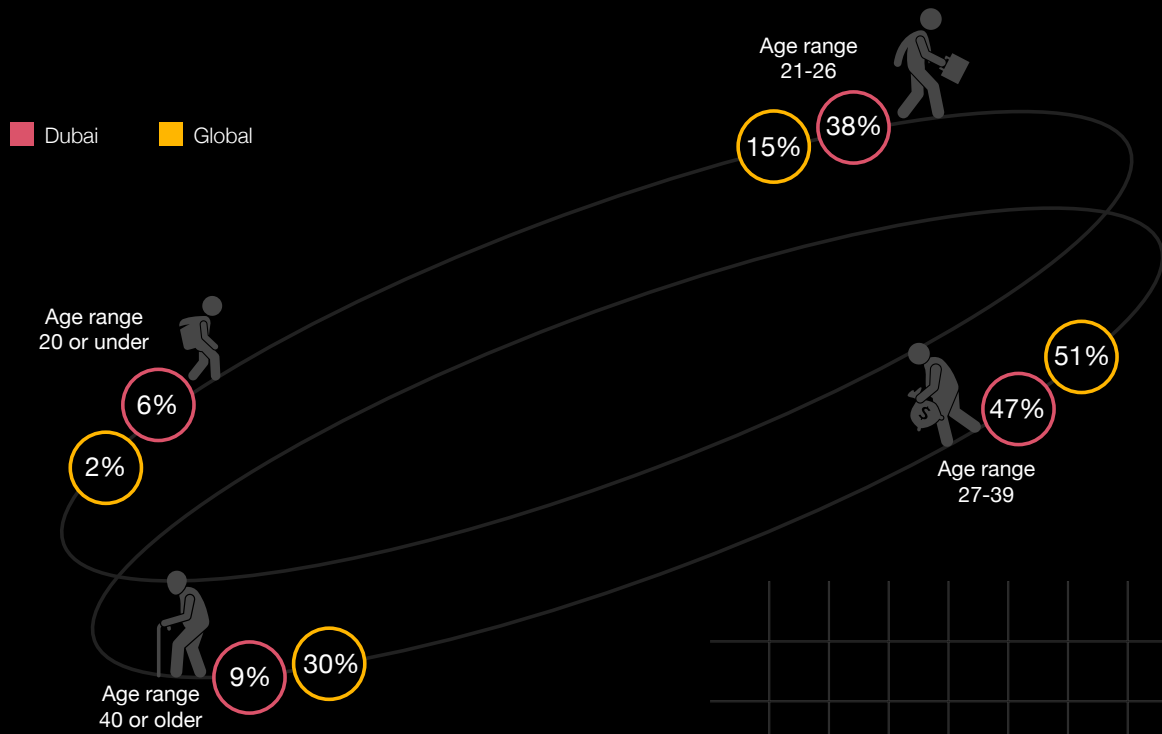
The Dubai Centre for Family Businesses, working under the umbrella of Dubai Chambers, is responsible for ensuring the growth and sustainability of Dubai family businesses, developing this vital sector and enhancing its economic contribution. The Centre is tasked with developing an integrated strategy to support and grow family businesses and their ownership in the Emirates.





Dubai respondent profile - who have we spoken to?





Contacts



Adnan Zaidi
adnan.zaidi@pwc.com

Entrepreneurial and
Private Businesses Leader
- Assurance Clients &
Markets Leader
PwC Middle East



Amin Nasser
amin.n@pwc.com

Entrepreneurial and Private
Businesses Senior Advisor
PwC Middle East



Harendra Kailath
harendra.kailath@pwc.com

Entrepreneurial and Private
Businesses Director
PwC Middle East



Dina Khoury
dina.kk.khoury@pwc.com

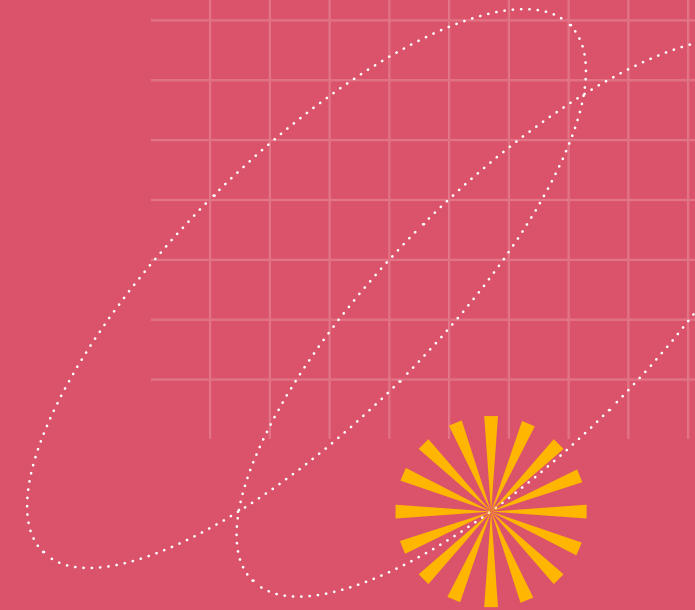
Entrepreneurial and Private
Businesses Manager
PwC Middle East





End notes

1. PwC CEO Survey Middle East 2024 [27th-ceo-survey.pdf \(pwc.com\)](#)
2. PwC 2023 Family Business Survey [Middle East Family Business Survey 2023 - PwC Middle East](#)
3. PwC 2023 Family Business Survey [Middle East Family Business Survey 2023 - PwC Middle East](#)
4. PwC 27th Annual CEO Survey Middle East [27th-ceo-survey.pdf \(pwc.com\)](#)
5. Research by PwC Germany shows that 90% of family businesses would now welcome private equity investment (up from 18% in 2011)
6. Edelman Trust Barometer: The trust scores of family businesses are 12 percentage points higher than the scores for business generally [2024 Edelman Trust Barometer | Edelman](#)
7. PwC 2023 Family Business Survey [Middle East Family Business Survey 2023 - PwC Middle East](#)
8. 42% of family businesses in the Middle East say family conflict occurs from time to time, compared with 33% globally [Middle East Family Business Survey 2023 - PwC Middle East](#)



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