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Industrial focus: How companies in the Middle East are embracing sustainability

Sustainability is gathering momentum in the Middle East industrial sector, interviews with four industry leaders confirm. They share insights on how they are moving sustainability from the periphery to center stage.



“Sustainability is important, and it’s here to stay.” This message, echoed by all the executives in the Middle East we recently interviewed, underscores a growing regional acceptance that companies can and must transform in support of the worldwide push toward a net-zero future and the broader set of societal concerns.

The region has historically been slower to embrace environmental, social, and governance (ESG) issues as central to business strategy. However, as companies seek to globalize and diversify, there is a growing swell of concern and support for ESG—and now it is no longer regarded only as a risk mitigation measure but also as a source of potential value. Indeed, a soon-to-be published survey on board effectiveness in the region found that 89% of board members said they believe ESG and sustainability will create long-term value for their companies.¹

This is true across sectors, but the industrial sector is a critical driver of innovation that underpins the net-zero transition, and the sector will play a key role in the region’s transformation, too. Many industrial sector companies in the Middle East are entering the race to green their operations and products. Getting it right here can unlock sustainability across other parts of the economy.

Making sustainability fundamental to culture

The leaders we interviewed all agreed that sustainability can no longer be treated as a tangent to their operations; it must be integrated into the core of businesses and driven by leaders. One director we spoke to said, “The role of leaders is not solely ‘I have a product and I want to sell it.’ It’s about the broader ecosystem that you create with your people, your partners, your customers—and about how you impact the lives of people outside work.”

While embedding sustainability starts with leadership, it needs to permeate every part of an organization. A leader of a major energy company highlighted how fundamental it has become. “Sustainability is cultural, and a bit like safety. We see clients evaluating our sustainability program as a differentiator. If you are not a safe contractor, some large energy companies, for example, won’t retain you as a service provider. The same applies for sustainability. Some clients are disqualifying contractors on this basis.”

To make culture change last, systemic alignment of culture principles and operations is crucial. Hard metrics are helpful in this area, and industrial companies in the Middle East are increasingly setting and tracking environmental targets—though many companies, leaders say, are still behind the global curve on objective measures. (For example, many companies have net-zero targets, but the exact intermediate milestones are not evaluated with the same sharp focus as, say, financial metrics).

Companies are making more progress in linking environmental performance with compensation. A number of leaders we spoke with, for example, noted that their companies are making a portion of leadership bonuses dependent on fulfilling sustainability targets.

Leaders are also embedding sustainability considerations in their recruitment function. One company is explicitly recruiting leaders who have a track record of performance on sustainability. Given that there is already significant competition for talent in the region and that such expertise is scarce, other companies may soon find themselves in a fierce competition for leaders with relevant expertise.

That said, getting sustainability right may also give some companies an edge in the growing war for talent. The leaders we talked with as well as our own work suggest that, increasingly, talented candidates want to work for companies that ensure favorable social and environmental outcomes.

¹ *Board Effectiveness Review 2023: Determining Board Effectiveness Across the GCC*, GCC Board Directors Institute, forthcoming on gccbdi.org.

Fostering innovation and R&D

Not surprisingly, innovation was a recurring theme in our interviews. Sustainable technologies that have existed for decades—such as carbon capture, sustainable aviation fuel, and hydrogen—have moved from fringe components of some industrial processes to standalone offerings.

Executives across the industrial sector are also reporting increased reliance on sustainable energy generation methods such as hydrogen, solar, and wind. They are finding new ways to integrate these into their processes, too, reinvesting increasing proportions of their profits into R&D.

Innovation is closely linked with culture, and some industry leaders mentioned idea-generation contests as a big part of their strategy on innovation. In these contests, employees are rewarded for designing sustainable innovations with application in business and, sometimes, in their own homes. For example, employees at one company came up with an idea to reduce waste by developing a new take on automatic home composters that convert food waste into high-quality garden fertilizer.

Doubling down on communication and engagement

All these efforts require companies to double down on their strategies for communication and engagement both externally and internally, executives agreed. They need to create public profiles that align with the values of customers and future employees. These profiles, like the spread of information within companies, must be built on top of real-world work on culture and innovation.

As sustainability takes on higher priority, industrial sector leaders in the Middle East agree that their biggest job in seizing the opportunity and avoiding the risks is to lead by example, making investment, operational, and hiring decisions with sustainability at their core.

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Industrial Practice

Heidrick & Struggles' Industrial Practice helps industrial companies identify and recruit the leaders they need to succeed in this diverse sector.

Leading industrial companies need innovative global leaders who possess the strategic, operating, and financial skills required to win in this complex environment. They need commercially focused leaders who can develop distinctive value-added solutions. And, above all, they need leaders who have the ability to make both an immediate impact and a long-term contribution.

Our Industrial Practice experts combine unparalleled search resources with a deeply consultative approach, developing the ideal candidate profile based on each client's unique competitive challenges, business objectives, and leadership culture.

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