

WORKFORCE ENGAGEMENT IN SAUDI ARABIA



WHAT'S WORKING FOR SAUDI NATIONALS —
AND WHAT EMPLOYERS NEED TO KNOW

Forget the old cliché of a comfortable secure job with a corner desk in a government office. Saudi nationals — young and not so young, men and women — are on the move in the country’s hot labor market. And more than ever before, thousands of them are on the lookout for work that means something to them, their families and friends, and to the nation’s boom economy.

Today’s market for qualified and motivated Saudi nationals looks more like a fast-moving river than a mill pond, as employers and employees struggle to define what’s needed to attract and retain best-fit employees, and what else needs to be done. Employers don’t need to install a revolving-door at their entrances — yet — but with the nation’s leadership determined to transform the labor market, they want the latest trends and data to help shape their value proposition.

With mounting evidence that workplace turnover among Saudi nationals is on the rise, Mercer’s KSA consulting team conducted a two-pronged What’s Working™ study designed to capture employer and employee views on issues of attraction, development, and retention. Responses from 116 HR managers, business owners, and senior executives, along with more than 400 men and women currently in the Saudi workforce, produced some surprising findings.

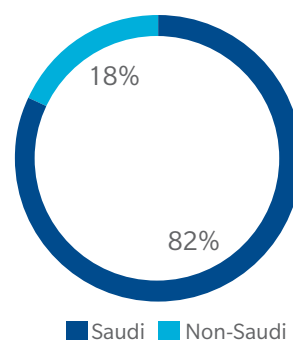
Due to the existing workforce structure in Saudi Arabia, 80% of the responses were from men and 20% from women. The majority of men (61%) have less than 10 years of experience in the workforce, and an even higher majority of women (88%) reported less than 10 years’ experience in the workforce. On the education level, close to half of men surveyed had graduate degrees (47%) while the number for women (65%) was much higher.

Companies that participated in the survey were from a range of sectors, with a quarter in the engineering industry, followed by FMCG at 14%, and finance and diversified both at 12%.

Primary among these was the significant disparity between what employers and Saudi employees consider important when it comes to attraction, development, and retention of Saudi nationals.

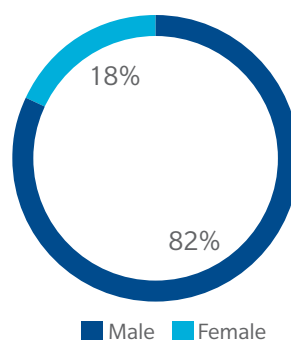
EMPLOYEE PARTICIPANTS NATIONALITY

Employee respondents by nationality
Number of responses: 416



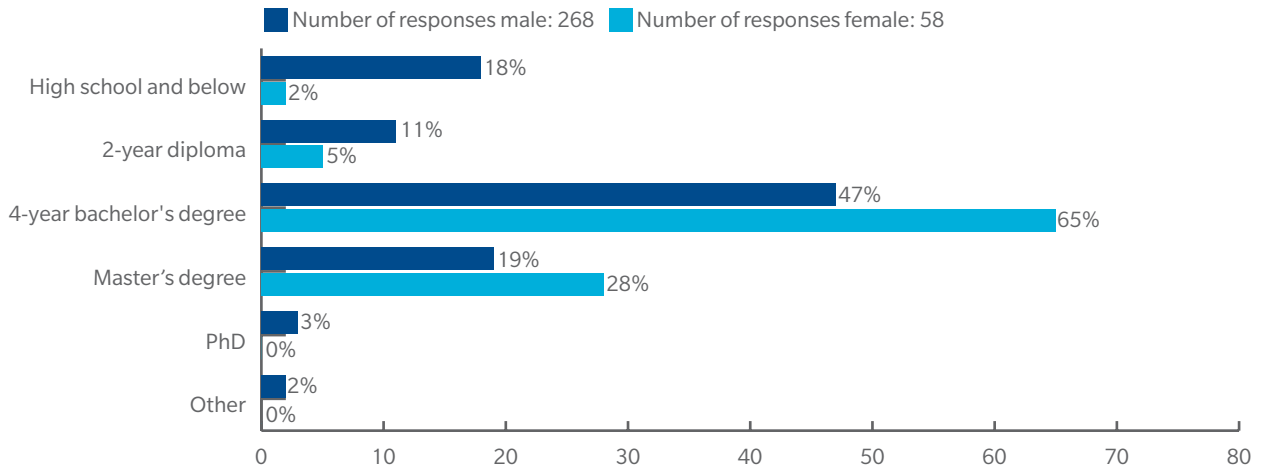
GENDER

Employee respondents by gender
Number of responses: 416

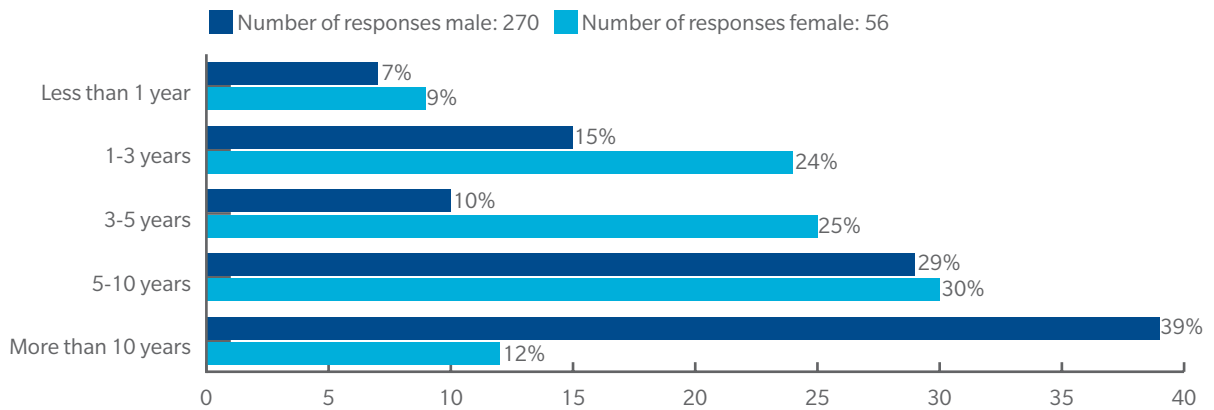


The graphs and charts related to the employee participants in the following pages encompass only Saudi nationals’ responses.

EDUCATION

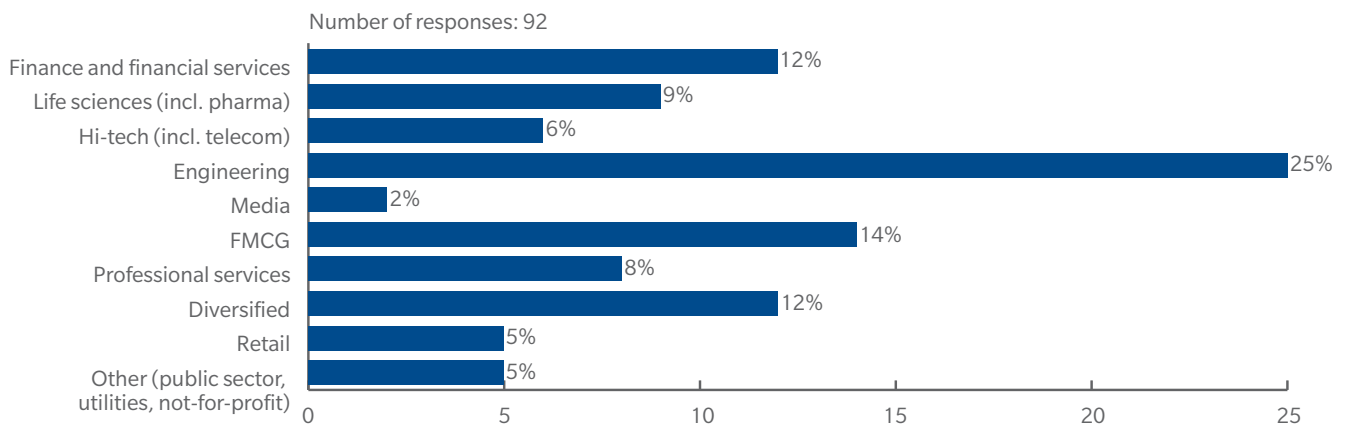


WORK EXPERIENCE

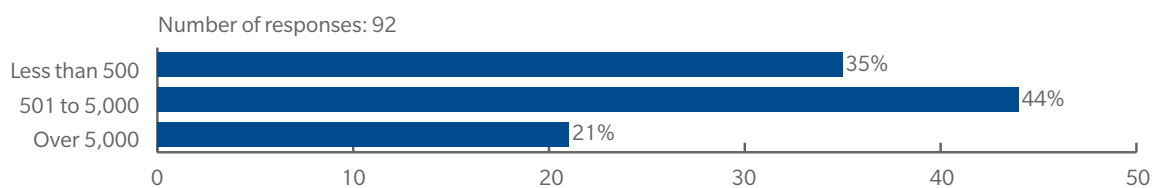


EMPLOYER PARTICIPANTS

Industry



HEADCOUNT



“One in four Saudi men and one in three Saudi women indicated they planned to stay with their current employer no more than one to three years.”

LENGTH OF EMPLOYMENT

As employers work to retain key Saudi talent for the long term, employees appear to be working to a far shorter time horizon. Of those surveyed, one in four Saudi men and one in three Saudi women indicated they planned to stay with their current employer no more than one to three years. Furthermore, up to 17% of respondents across all age groups (from 21 to 50+ years of age) said they planned to stay with their current employers less than one year.

VARIABLE PAY

Two-thirds of employers and HR managers surveyed ranked short and long-term variable pay as having either a moderate or a weak impact as an element of reward alongside annual or off-cycle adjustments to basic pay. That was in stark contrast to the nine out of 10 (90%) of Saudi nationals who saw this component of compensation as either important or somewhat important.

HOW IMPORTANT IS EACH OF THE REWARD ELEMENTS? — PAY

Employers' response:	Strong impact	Moderate impact	Weak impact
Annual base salary increases	77%	20%	3%
Off-cycle base salary increases/adjustments	35%	48%	17%
Short- and long-term variable pay	28%	40%	32%

Saudi nationals' response:	Important	Somewhat important	Unimportant
Annual base salary increases	89%	9%	2%
Off-cycle base salary increases/adjustments	49%	46%	4%
Short- and long-term variable pay	46%	41%	12%



On a wider scale, the data suggests that the older you get, the more important you see variable pay (short-term incentives such as bonus and commission, and long-term incentives designed either as wealth creators or retention tools) in the overall compensation mix provided by an employer. While 33% of 21-25-year-olds see it as important, this figure rises to 40% for 26-30-year-olds (40%), it then jumps to 52% for those aged 31-35 and 82% for those aged 41-45.

BENEFITS

Views on benefits varied significantly too, specifically on the value and use of non-cash rewards. Forty-one percent of HR managers rated retirement benefits as having a weak impact in the reward mix. Moreover, the majority of HR managers (70%) ranked time-off programs as having either a moderate or a weak impact. In stark contrast, the majority of Saudi employees ranked both retirement benefits (78%) and time-off programs (58%) as important elements to consider in the pay mix.

When asked to rank specific non-cash elements, HR's view about the importance of non-cash recognition programs (27%) differed from employees (60%), as it did with work-life programs such as telecommuting and flexible work (40% v 66%) and workplace facilities and perks such as free drinks and food (32% v 63%).

“Saudi nationals ranked training and development and competitive benefits closely behind competitive pay as the most important elements in their career choice.”

HOW IMPORTANT IS EACH OF THE REWARD ELEMENTS? — BENEFITS

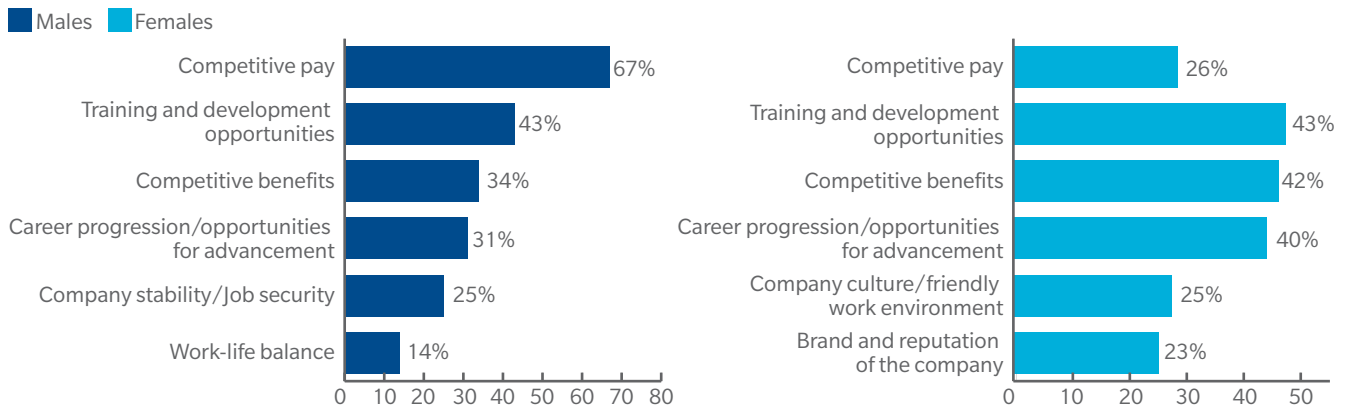
Employers' response:	Strong impact	Moderate impact	Weak impact
Health care benefits	59%	28%	13%
Retirement benefits	34%	25%	41%
Time-off programs	30%	50%	20%

Saudi nationals' response:	Important	Somewhat important	Unimportant
Health care benefits	87%	11%	1%
Retirement benefits	78%	16%	6%
Time-off programs	58%	40%	2%

CAREER DRIVERS

The market view of the so-called Saudi dash for cash appears to be somewhat overrated. Or at least in need of a rethink when it comes to what drives Saudi nationals to enter or stay on in a job. Based on the survey findings, competitive pay is at the top, but it's followed very closely by training and development and competitive benefits. In a clear message to HR departments, women respondents ranked training and development first, followed by competitive benefits, then career opportunities.

WHAT ARE THE THREE MOST IMPORTANT ELEMENTS TO EMPLOYEE'S CAREERS?



Just as telling is the fact that the younger is the Saudi national — male or female — the higher is the value placed on training and development: 61% of those aged 21-25 rated it as very important against 6% of those aged 46-50. In contrast, the older the age group, the greater the focus on company stability, job security and work-life balance.



WORK ENVIRONMENT

And another note to HR: Very few respondents across the Kingdom viewed their workplace environment in a favorable way. In every age category bar one, from the youngest (21-year-olds) to the oldest (50+), less than 5% stated that their opinions counted and that they were respected in the organizations where they worked. Only those aged 41-45 felt slightly more confident (9%) that their views counted.

While the labor law is still quite vague, the value that Saudi nationals place on flexible working arrangements (i.e., part-time work, shared jobs, working from home etc.) is not. It is of considerable interest to those newest to the workforce (close to a quarter of 26-30-year-olds rated it highly), but that drops to 8% for 46-50-year-olds and then shoots back up to 33% for those 50 and over. A clear message, nonetheless, to those charged with creating the work environment to suit Saudis across every stage of their productive, working life.

WHERE TO NOW?

The survey has confirmed — and in some cases, uncovered — disparities between what motivates Saudi nationals to choose to stay in or to leave a job, and what employers consider important to achieve the same objective. As talent continues to flow in and out of organizations and getting Saudis embedded into their nation's workforce remains a government imperative, the dialogue between workers and bosses on these topics must continue.

Now more than ever, Saudi nationals with the skills, the opportunities, and the motivation have a feast of choices about where to work. For employers, there is still some work to do. Those with the most enticing value proposition will be best-positioned for success. One thing is certain: A one-size-fits-all value proposition is no longer going to work in a dynamic job environment, and those who ignore the signals will end up paying the price.

ABOUT THE AUTHORS



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